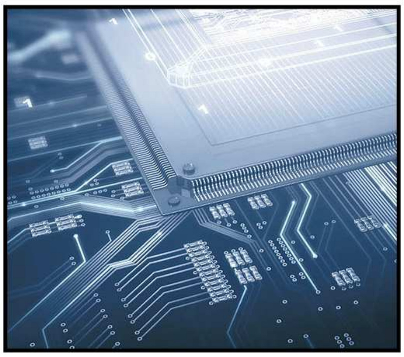


REGISTRATION DOCUMENT 2014

MESSAGE

of the Chairman of the Executive Board of ACTIA Group

Jean-Louis PECH

After serving as a director for some of the Group's subsidiaries for a number of years, on July 1, 2014 I assumed the Chairmanship of the Executive Board of ACTIA Group, succeeding Christian Desmoulins, who will continue to serve the Group as Chairman of the Board of Directors of our two main subsidiaries, ACTIA Automotive and ACTIA Telecom. This voluntary step has ensured an efficient transition and continuity in pursuing the strategic priorities implemented by my predecessor. I would like to take this opportunity to thank him in the name of all teams, for the work he accomplished at the head of the Group for more than ten years and the support he has provided throughout this period.

In terms of business, following the decisive improvement in profitability of the previous year, renewed growth momentum was confirmed in 2014 with an 11.9% increase in revenue compared to 2013, in an environment that is still difficult in Europe and, more particularly, in France.

Operating highlights for the period include:

- Very robust growth by the Telecommunications division directly reflecting the exceptional level for revenue from earth stations. This development, one-off in nature, only serves to highlight the expected upturn for this division after several years of restructuring measures.
- For the Automotive division, the Group benefited in 2014 from ramped up production linked to successes in the automobile and truck telematics sectors, with a significant impacts on our sales and margin. These successes were repeated for trucks and farm machinery, with ACTIA® winning two major calls for tender by top-tier global manufacturers.
- While without an immediate impact on sales, the partnership concluded with GRUAU, the specialty LCV converter-manufacturer (ambulances, delivery vehicles, etc.), bolstered advances by the Group in the electric vehicle segment, after successful inroads with buses and tramways with the Bolloré Group.

ACTIA is today a dynamic group and we are very pleased with its forward momentum. Its development is reflection of our core strengths as a family-owned company defined by the values of respect, commitment, quality and competitiveness in the service of our customers.

Our development furthermore respects the fundamentals of any family-owned business, based primarily on a culture of innovation and an ability to find new applications for electronic systems. These innovations are driven by a strong commitment to customer service and a high degree of responsiveness in a challenging global environment with a track record of success, particularly within our historic markets of buses, coaches and trucks, and now light and electric vehicles.

These multiple challenges position ACTIA Group at the crossroads of major priorities in terms of mobility, environmental protection and energy efficiency.

We look to the future with confidence, confidence in our teams, confidence in our relations with customers.

We are convinced that 2015 will offer us opportunities to cross new milestones in our development, despite a challenging environment in the area of purchasing in light of the EUR/USD exchange rate trends.

Jean-Louis Pech
Chairman of the Executive Board
ACTIA Group

Contents

1. RESPONSIBILITY FOR THE FRENCH VERSION OF THE REGISTRATION DOCUMENT

1.1 Person responsible for the French version of the Registration Document

Jean-Louis Pech – Chairman of the Executive Board
ACTIA Group
5 rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 04
Tel: +33 (0)5 61 17 61 61

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 Registration Document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the consolidated and separate financial statements set out in Section 8.1 "Consolidated financial statements" and Section 8.2 "Separate financial statements" were drawn up pursuant to applicable accounting standards and give a fair view of the assets, financial position and earnings of the Company and the companies included in the consolidation taken as a whole as well as a description of the principal risks and uncertainties that they face, and that the Management Report set out on Section 6 "Management Report of the Executive Board including the Group's Management Report" presents an accurate description of business developments, earnings and the financial position of the Company and of its consolidated group of companies.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this Registration Document and read the whole Registration Document.

The Statutory Auditors' reports on the financial information presented in the original French language version of this document are reproduced on pages 200 and 216 of the original document.

The Statutory Auditors' reports on financial information for the period ended December 31, 2013, presented in the original French language version of the Registration Document filed with the AMF on April 14, 2014 incorporated by reference, and that includes emphasis of matter paragraphs, are reproduced on pages 177 and 193 of the original French document.

The Statutory Auditors' reports on financial information for the period ended December 31, 2012, presented in the original French language version of the Registration Document filed with the AMF on April 18, 2013 incorporated by reference, and that includes emphasis of matter paragraphs, are reproduced on pages 176 and 192 of the original French document.

Jean-Louis PECH
Chairman of the Executive Board

2. STATUTORY AUDITORS

2.1 Statutory Auditors

- **KPMG AUDIT** – a department of KPMG S.A. Rue Carmin - BP 17610 – 31676 Labege Cedex

  Appointed by the Combined Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 26, 2000.

- **Eric Blache** - 11, rue Laborde - 75008 Paris

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

2.2 Alternate Auditors

- **Christian Liberos** – Rue Carmin – BP 17610 – 31676 Labege Cedex

  Appointed by the Combined Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

  Date of commencement of first term of office: Ordinary General Meeting of April 30, 2001.

- **Muriel Correia** – 4, impasse Henri Pitot – 31500 Toulouse,

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

3. INFORMATION RELATING TO THE ISSUER

3.1 Statutory information

3.1.1 Legal and commercial name

Legal name: ACTIA Group

3.1.2 Place of registration and registration number

The issuer is registered with the Toulouse Companies Register under number: 542 080 791.

3.1.3 Date of incorporation and term

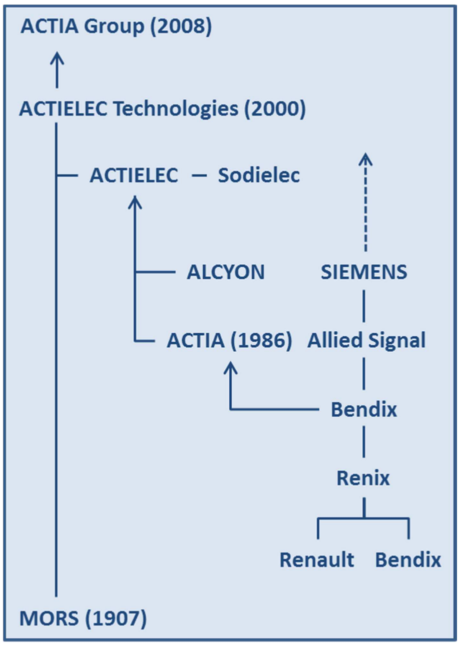
Article 5 of the articles of association

"The Company's term, initially set at fifty years from September 27, 1907, the date of its incorporation, was extended, by a resolution of the Extraordinary General Meeting of December 18, 1956, for 99 years, from September 27, 1957, unless dissolved before that or extended by the Extraordinary General Meeting."

3.1.4 Registered office and legal form

Registered office: 5, rue Jorge Semprun – Toulouse (Haute-Garonne)
Legal form: A French corporation with an Executive Board and a Supervisory Board
Share capital: €15,074,955.75
Legislation governing the issuer's activities: French law
Country of origin: France
Postal address: 5 rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 04
Tel: + 33 (0)5.61.17.61.61

3.2 History of the Company



ACTIA Group originated from the acquisition in 1986 by ACTIA, a French limited corporation (*Société Anonyme*), created for this purpose, of the "Special Products" Division of Bendix Electronics S.A., itself originating from Renix S.A., a joint venture created in the early 1970s by Renault and Bendix to invent a solid-state electronic ignition, precursor of embedded electronics on light vehicles.

The original funding round for ACTIA S.A. included Louis Pech and Pierre Calmels, prominent business figures from the Midi-Pyrenees Region, the current Chairman and Vice-Chairman of the Supervisory Board of ACTIA Group S.A., who directly and indirectly hold a majority interest, and Eric Chabrerie.

To lay foundations for future growth, ACTIA S.A. acquired majority stakes, in regional companies such as Alcyon Production System S.A. (Electronics Manufacturing) and Sodielec S.A. (Telecommunications). In 1991, the core of what would become ACTIA® Group had been formed, then comprising 315 employees with consolidated sales of €26.8 million and operating cash flows of €1.2 million.

In 1992, following the very rapid development of ACTIA S.A. and its subsidiaries, through a legal reorganization, the role of holding company was transferred to ACTIELEC S.A., created for this purpose, and the industrial entities were organized by sector according to their recognized areas of expertise:

- ACTIA S.A., the company at the head of the Automotive division;
- SODIELEC S.A., the company at the head of the Telecommunications division;
- ALCYON Production System S.A., the company at the head of the Electronics Manufacturing division;

In 2002, the Toulouse-based companies, Alcyon Production System S.A. and ACTIA S.A. merged, to better respond to the Group's needs in terms of electronics production and the optimization of resources.

The Group continued to develop its businesses in particular through a series of acquisitions or creations including notably:

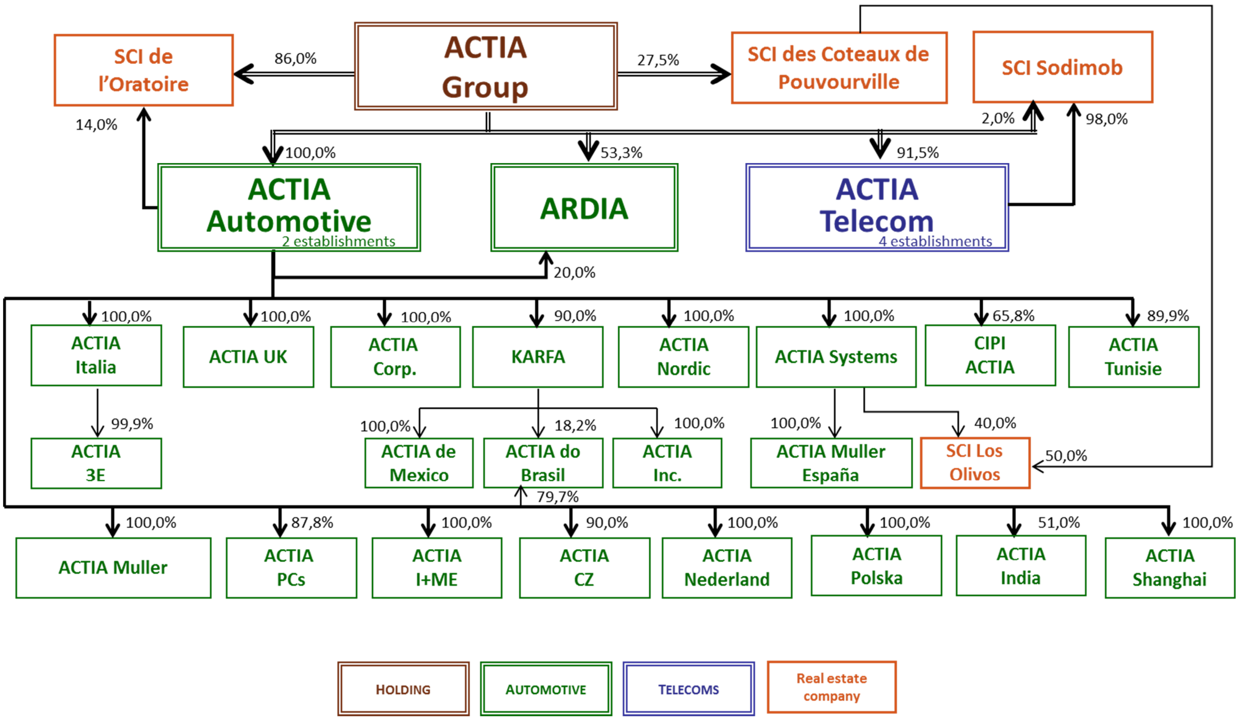
- 1989: MEIGA (renamed ACTIA Muller - France),
- 1990: AIXIA (renamed ACTIA 3E – France) and ACTIA UK (UK),
- 1991: TEKHNE (renamed ACTIA Muller UK – UK),
- 1992: VIDEO BUS (renamed ACTIA Systems - Spain) and ATAL (renamed ACTIA CZ – Czech Republic),
- 1993: ACVIBUS (renamed ACTIA de Mexico - Mexico) and I+Me, renamed ACTIA I+Me (Germany),
- 1994: ACTIA INC (US) and DATENO S.A. (France),
- 1996: ATON Systèmes (renamed ACTIA PCs – France),
- 1997: ACTIA Do Brasil (Brazil) and CIPI (renamed CIPI ACTIA –Tunisia),
- 2000: ACTIA Italia (Italy), Advanced Technology Inc. (renamed ACTIA Corp. – U.S.A.), Berenisce SAS (France), ACTIA Nederland (Netherlands) and merger of Actielec S.A. and Mors S.A. (listed company),
- 2001: ACTIA Polska (Poland) and EBIM S.A. (France),
- 2002: ACTIA India (India);
- 2003: ACTIA Shanghai (China), LUDICAR (renamed ACTIA Muller España – Spain) and acquisition of MULLER Bem (France) and MEIGA/BERENISCE SAS/MULLER Bem merger to become ACTIA Muller,
- 2004: NIRA Components A.B. (renamed ACTIA Nordic – Sweden),
- 2005: ARDIA (Tunisia),
- 2008: ACTIA Tunisia (Tunisia).

Following the merger of MORS S.A. and ACTIELEC S.A. on May 26, 2000, the Group was renamed ACTIELEC Technologies. On September 15, 2008, the Extraordinary and Ordinary General meeting approved the change of the company's name to ACTIA Group to organize it under a single banner ACTIA®. On that basis, since 2008, the ACTIA® brand has been integrated into the company names of Group entities, and namely its main subsidiaries ACTIA S.A. and Sodielec S.A., companies heading the Automotive and Telecommunications divisions, having been renamed respectively ACTIA Automotive S.A. and ACTIA Telecom S.A.

4. ORGANIZATIONAL CHART

4.1 Organizational chart

The Group's organizational chart at December 31, 2014 was as follows:



4.2 Group structure

This topic is covered in Note 2 to the consolidated financial statements on "Consolidated companies".

In 2014, ACTIA Muller UK, a subsidiary of ACTIA UK, operating in the garage equipment segment, was wound up. This measure was taken for economic reasons and the personnel having been integrated into the company were able to develop other activities while continuing to monitor this sector.

4.3 Brief description of the group

ACTIA Group is the Group's holding company. The notes to the separate annual financial statements of ACTIA Group S.A. in Section 8.2.3 "Notes to the financial statements" provide a clearer explanation on its role and its balance sheet structure.

The Group is organized as follows:

- **Two Divisions** specialized respectively in:
  - The design, manufacture and diagnostics for embedded electronic systems for small and medium-sized production runs (Automotive);
  - The design and production of professional and military equipment using microwave beam technologies (Telecommunications).

Every subsidiary, under the control of the holding company, has full responsibility in respect of legal, commercial, technological, industrial, economic, financial and labor issues.

- **A family holding company LP2C**, the Group's main shareholder tasked with helping ACTIA Group set out and implement the Group's strategy and to ensure the governance and control of Group companies. It provides support for:
  - Management: general organization, steering and management methods, financial planning, economic forecasting;
  - Coordinating business activities: defining and managing the industrial strategy, information searching and new technology research in order to adapt products and win new markets; monitoring potential acquisition opportunities, as well as searching for partners;
  - The Group's integration into the regional and national economy: participation in the "Aeronautics, Space and Embedded Systems" competitiveness cluster, management of relations vis-à-vis state agencies and in particular state laboratories on behalf of all Group companies, the chairing of advanced major schools or institutions of higher learning (INSA, IDEI), relations with representatives of regional industrial and financial associations and entities (Tompasse, UIMM, MEDEF, the Bank of France and other banks, for contributions to the French social housing financing measures, etc.);
  - Communications;
  - Accounting, legal, administrative and financial issues.

ACTIA Group, benefiting from these services, makes them available in turn to its subsidiaries, providing them with support notably in the areas of consolidation, organization, quality and information technology.

These dealings result in related party agreements, the scope and financial details of which are set out in Section 6.15.2 "Special Report of the Statutory Auditors on regulated agreements and commitments".

5. SELECTED FINANCIAL INFORMATION

5.1 General comments

The consolidated financial statements at December 31, 2014 were approved by the Executive Board on March 23, 2015.

The basis for preparing consolidated financial statements is set out in Section 8.1.1 "Foreword" of the notes to the consolidated financial statements.

In 2014, ACTIA Group had sales of €339.9 million, up 11.9% with growth exceeding initial guidance of 5% that was revised upwards in the middle of the period.

The two business divisions registered robust growth during this period, both bolstered by multiyear contracts.

This growth remains in line with trends of prior years with international deliveries accounting for an increasing share of revenue. At the end of 2014, international customers accordingly accounted for 64.6 % of revenue, with gains both in Europe and the US that represents 9.5% and the third-largest market for sales after France (35.4%) and Germany (10.6%).

This performance was bolstered by sales for telematics gateways sales both in the truck and light vehicle segments, accompanied by further ramping up of production.

In line with the order book, business for the power chain product for electrical vehicles more than doubled in 2014 with regular deliveries throughout the period for the second year in row.

The Telecommunications Division registered strong revenue growth (+17.3%) both for military earth stations with the success of the COMCEPT (the French defense procurement agency or DGA) contract in partnership with Airbus Defence & Space, and networking infrastructure with the deployment of 4G. Furthermore, it also benefited from exceptional revenues resulting from military contract revisions. On that basis, this division now accounts for 11.5% of total Group revenue.

With a decrease in R&D expense chargebacks (-6.2%), the Group has put greater focus on product development through acquired technological building blocks. This has contributed to winning new calls for tender, particularly in the telematics and the electrical vehicle segments. And even if our customers are continuing to participate in the R&D programs, the level of their participation has decreased.

This growth was accompanied by an improvement in profitability with an EBITDA(1)/Sales margin reaching 10.4%, up from 9.0 % in 2013. Revenue growth made it possible to improve purchasing costs and better absorb fixed costs. Keeping personnel costs and external charges under control was also a priority. With a marginal uptick in headcount (+3.1%), personnel expenses rose 4.6% in 2014. External charges rose significantly (+10.8%), with recourse to subcontracting for production and for R&D, accompanying business growth. This was also the case for transportation and mission expenses.

The implementation of foreign exchange hedges since 2012 led to a recovery in the value of the instruments and made it possible to work with a locked in EUR/USD exchange rate, marginally exceeding the budget and with an improvement on 2013.
On that basis, at December 31, 2014 an amount of €419,000 was recognized under assets (cf. Note 9.2 "Financial instruments at fair value through profit or loss" and "Notes to the consolidated financial statements") and nearly €1 million under net financial income (expense).

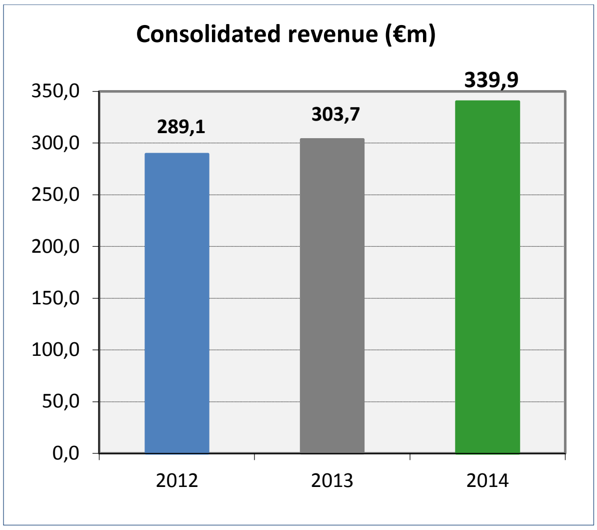
Interest expense rose slightly in the period by 7.5% with an average rate remaining stable at 2.5%.

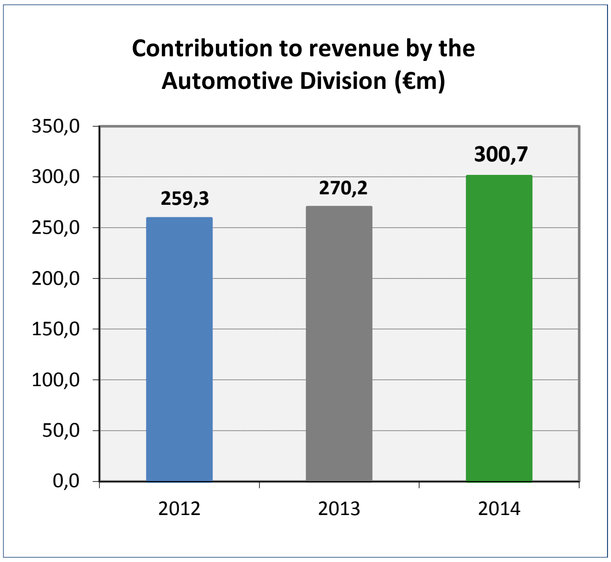
Finally, in light of results, the line item for tax also increased for the period.

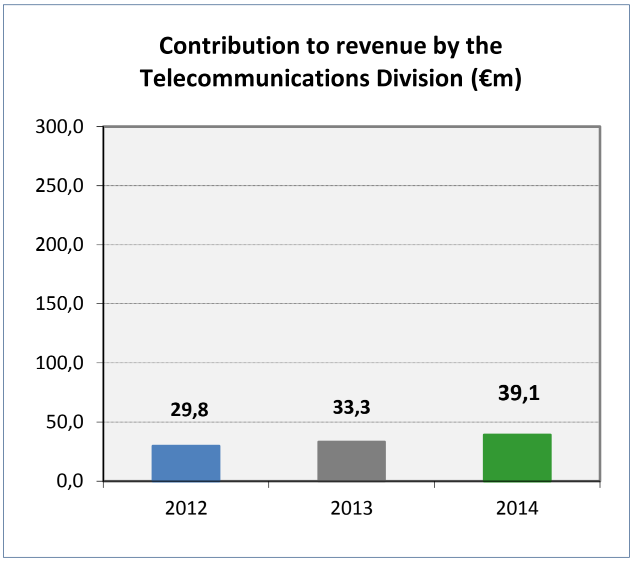
(1) EBITDA: earnings before interest, taxes, depreciation and amortization

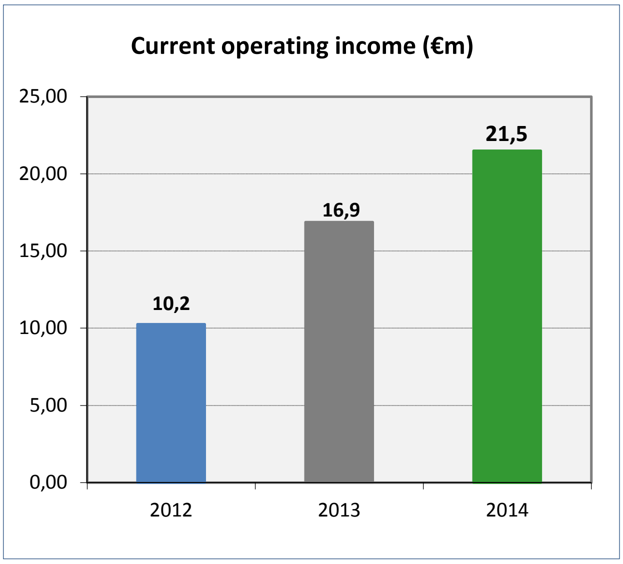
5.2 Key figures

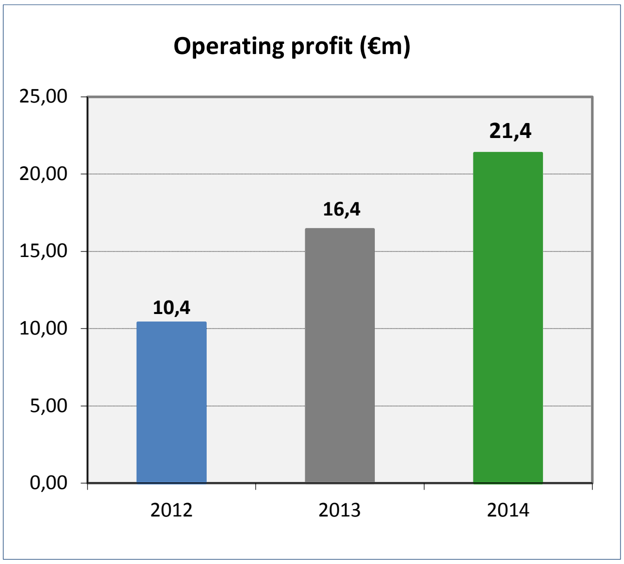
The following charts represent audited figures.

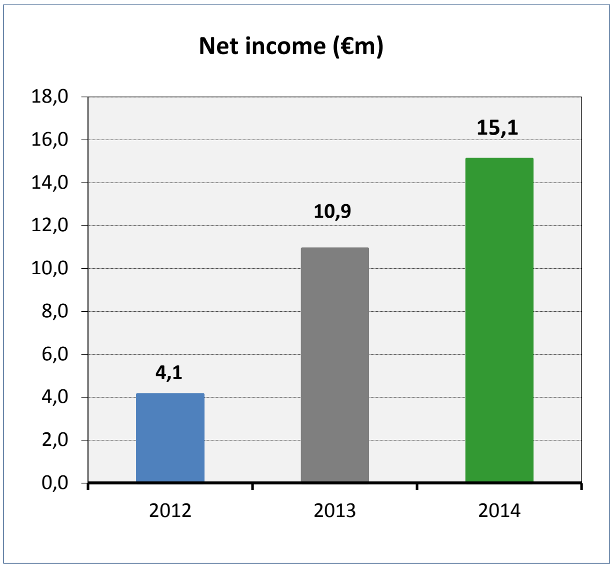


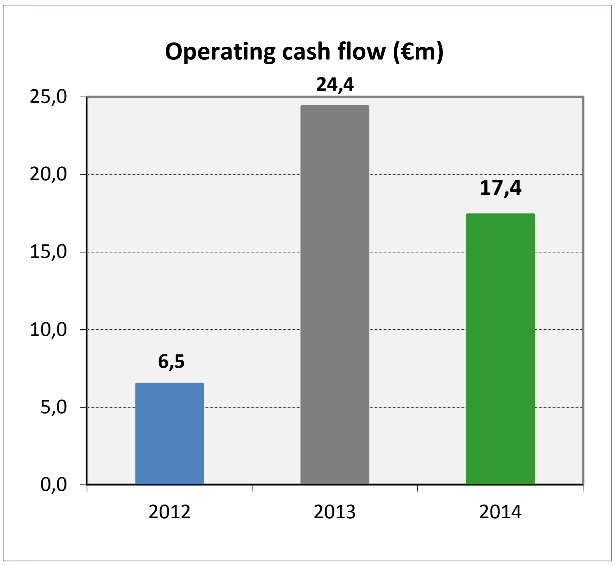


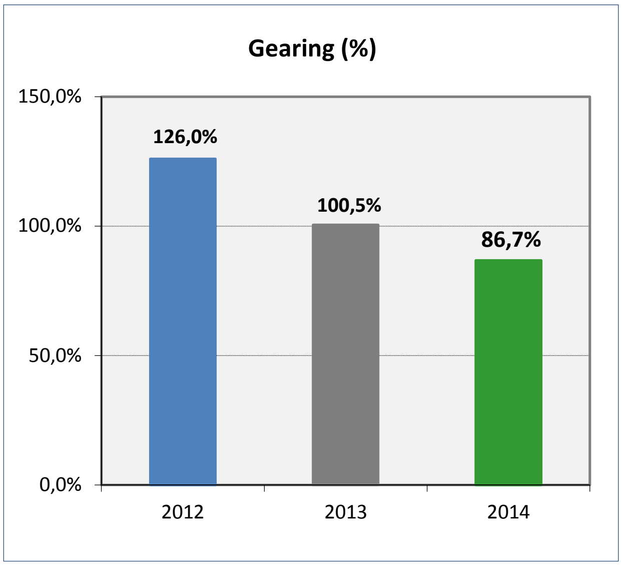












Details on the calculation for gearing are set out in Note 12 to the consolidated financial statements "Financial liabilities".

6. MANAGEMENT REPORT OF THE EXECUTIVE BOARD INCLUDING THE GROUP'S MANAGEMENT REPORT

6.1 Presentation of resolutions

We will call a General Meeting as required by statute and pursuant to the provisions of the Company's articles of association to report on the Company’s activities during the financial year ended December 31, 2014, to present the Reports of the Executive Board, of the Supervisory Board and of the Statutory Auditors, and to ask shareholders to approve the financial statements in respect of this financial year, the allocation of earnings and the agreements covered by Articles L225-86 *et seq.* of the French Commercial Code.

We hereby propose at this General Meeting that the Company's articles of association be updated for the purpose of complying with the following changes in French company law:

- **Article 17 of the Articles of Association with provisions resulting from Law No. 2008-776 of August 4, 2008**

The Modernization of the Economy (LME) Act of August 4, 2008 eliminated the obligation as from January 1, 2009, for Supervisory Board members to own shares of the Company (qualifying shares) by stipulating that only the articles of association can impose such a requirement.

The second paragraph of Article 17 of our Company's Articles requires that Supervisory Board members hold one qualifying share.

We hereby request that you accordingly cancel this obligation under the articles of association.

However, for companies whose shares are admitted to trading on the regulated market having adopted the Middlenext corporate governance code as is the case with ACTIA Group, this code recommends that the number of shares held by each Supervisory Board member be freely determined by the Board and indicated in the board charter.

In light of this recommendation, we accordingly propose that the number of shares to be held by Supervisory Board members be henceforth determined by its own rules of procedure (charter).

To that purpose, we propose in resolution nine that our articles of association be harmonized to comply with these new provisions, modifying article 17 of the Articles as follows:

Former wording of the second paragraph of article 17 of the Articles

"Except where the French commercial code allows for an exemption from this obligation, each Supervisory Board is required to own at least one share".

New wording of the second paragraph of article 17 of the Articles

"The number of shares that each Supervisory Board member must own is determined by the Board charter".

The remaining part of article 17 remains unchanged.

- **Articles 25 and 34 of the Articles of Association with provisions resulting from Decree No. 2007-431 of March 25, 2007**

Decree No. 2007-431 of March 25, 2007 consolidated the regulatory provisions of the French commercial code. In consequence, all provisions of the regulatory section of the French commercial code have been codified by articles added thereto.

On that basis, articles of Decree No. 67.236 of March 23, 1967 were codified in the regulatory section of the French commercial code.

In consequence, we hereby request that you modify those provisions of the Company's articles of association that refer to articles of the decree of March 23, 1967 for the purpose of replacing them with articles having been recodified in the French commercial code.

To that purpose, we propose in resolution ten that our articles of association be harmonized to comply with these new provisions, modifying articles 25 and 34 of the Articles as follows:

ARTICLE 25 – SURETIES – ENDORSEMENTS AND GUARANTEES

Previous wording of article 25 of the Articles

"Granting sureties, endorsements and other guarantees using property of the Company as security requires a special authorization by the Supervisory Board in accordance with the provisions of the French commercial code and notably articles 100, 113 and 113-1 of the Degree of March 23, 1967".

New wording of article 25 of the Articles

"Granting sureties, endorsements and other guarantees using property of the Company as security requires a special authorization by the Supervisory Board in accordance with the provisions of the French commercial code and notably articles R225-40, R225-53 and R225-54 thereto".

ARTICLE 34 – AGENDA – MINUTES

Former wording of the fourth paragraph of article 34 of the Articles

"Proceedings of the General Meeting are recorded in minutes drawn up in a special bound register, with pages numbered and initialed, maintained at the registered office. However, these minutes may be drawn up using loose pages, numbered and initialed, in consecutive unbroken order, in accordance with the conditions set forth in article 85 of the decree of March 23, 1967."

New wording of the fourth paragraph of article 34 of the Articles of Association

"Proceedings of the General Meeting are recorded in minutes drawn up in a special bound register, with pages numbered and initialed, maintained at the registered office. However, these minutes may be drawn up using loose pages, numbered and initialed, in consecutive unbroken order, in accordance with the conditions set forth in article R225-22 of the French commercial code".

The remaining part of article 34 remains unchanged.

- **Article 26 of the Articles of Association with provisions resulting from Law No. 2011-525 of May 17, 2011 and Order 2014-863 of the July 31, 2014**

For the purpose of simplifying disclosures by companies on agreements, the Law of May 17, 2011, in particular eliminated obligations attaching to agreements concerning ordinary operations entered into under arm's-length basis. In effect, even if such agreements are not subject to the same level of formalities applying to regulated agreements, some of them were subject to procedures providing for their declaration and disclosure.

These obligations which were eliminated by the Law of May 17, 2011 continue to be referred to in our articles of association. For that reason, we hereby ask you to modify the second paragraph of article 26 in order to eliminate these references.

Article 5 to 11 of the Order of July 31, 2014 revise legal provisions governing regulated agreements included in, for French joint stock companies (*Sociétés Anonymes*) governed by a Board of Directors and a Supervisory Board, articles L225-86 et seq. of the French commercial code.

These modifications include a provision affecting the wording of our articles of association relating to the absence of control for agreements concluded with wholly-owned subsidiaries. In consequence, it should be specified accordingly in the articles of association that the provisions of article L225-86 of the French commercial code do not apply to agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other, if applicable, less the minimum number of shares required to satisfy the requirements of Article 1832 of the French civil code, or Articles L. 225-1 and L. 226-1 of the French commercial code.

To that purpose, we propose in resolution eleven that our articles of association be harmonized to comply with these new provisions, modifying the first two paragraphs of article 26 of the Articles as follows:

ARTICLE 26 - AGREEMENTS BETWEEN THE COMPANY, AND A MEMBER OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD, OR A SHAREHOLDER

Former wording of the first two paragraphs of article 26 of the Articles

"All agreements entered into between the Company and one of the members of its executive board or supervisory board or a shareholder possessing more than 10% of the voting rights or in the case of an entity shareholder, its controlling company, must be submitted to prior review, authorization and approval as provided by the French commercial code. This shall also be the case for any agreement to which one of the persons referred to under the previous paragraph has an indirect interest or has dealings with the company through a third party. Prior authorization is also required for agreements between the Company and another enterprise if the chief executive officer, one of the deputy chief executive officers or a director of the

company is the owner, partner with unlimited liability, general partner, director, supervisory board member or, in general, is an executive officer thereof.

The foregoing provisions do not apply to agreements concerning current operations and entered into under normal conditions. Despite the above, the concerned party shall disclose such agreements to the Chairman of the Supervisory Board The list of agreements and their purpose shall in turn be disclosed by the Chairman to the members of the Supervisory Board and to the Statutory Auditors of the Company."

New wording of the first two paragraphs of article 26 of the Articles

"In accordance with the provisions of article L.225-86 of the French commercial code, all agreements entered into directly or indirectly, or through an intermediary, between the Company and one of the members of its Executive Board or Supervisory Board or a Shareholder possessing more than 10% of the voting rights or, in the case of an Entity Shareholder, its controlling company within the meaning of article L.233-3 of the French commercial code, shall be subject to the prior authorization of the Supervisory Board. This shall also be the case for any agreements to which one of the persons referred to under the previous paragraph has an indirect interest or has dealings with the Company through a third party. The same applies to agreements between the Company and an entity, if one of the members of the Executive Board or Supervisory Board of the Company is the owner, general partner having unlimited liability, manager, director, member of the supervisory board or, generally, an executive officer of such entity. Such agreements must be authorized and approved in compliance with the provisions of article L.225-88 of the French commercial code.

The provisions of the article L.225-86 of the French commercial code are not applicable to agreements concerning current operations entered into under normal conditions or agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other, if applicable, less the minimum number of shares required to satisfy the requirements of Article 1832 of the French Civil Code, or Articles L.225-1 and L.226-1 of the French Commercial Code."

- **Article 30 of the Articles of Association with provisions resulting from Decree No. 2010-684 of June 23, 2010, Decree No. 2011-1473 of November 9, 2011 and Law No. 2012-387 of March 22, 2012**

Decree No. 2010-684 of June 23, 2010 modified certain rules governing General Meetings of French joint stock companies and notably, increased the period of notice for calling a General Meeting for the second call from 6 to 10 days.

Decree No. 2011-1473 of November 9, 2011 modified procedures for using electronic telecommunications for transmitting meeting notices and documents to shareholders. It also stipulates that the articles of association may provide that Shareholders participating in the Meeting by videoconferencing or other telecommunications technologies be considered present for calculating the quorum and majority.

Law No. 2012-387 of March 22, 2012 provided that Shareholders acting as court-appointed agent to call the Meeting must possess a twentieth of the shares of the relevant class (instead of one tenth previously).

To that purpose, we propose in resolution twelve that our articles of association be harmonized to comply with these new provisions, modifying article 30 of the Articles as follows:

ARTICLE 30 - MEETING NOTICE FORM AND PERIODS

Previous wording of Article 30 of the Articles

"General Meetings are called by the Executive Board.

Failing this, meetings may also be called by:

- *the Supervisory Board,*
- *the Statutory Auditor(s),*
- *a court-appointed agent at the request of either, any concerned party in the event of an emergency, or one or more Shareholders holding together at least 5% of the Share Capital, or in the case of a Special Meeting, a tenth the shares of the relevant class.*

Shareholders' Meetings are to be held at the Registered Office or at any other venue indicated in the notice of meeting.

After fulfilling the preliminary formalities provided for by applicable regulation, the meeting notice shall be published in a publication for legal announcements in the department of the registered office in addition to the French national publication for legal announcements (Bulletin des Annonces Légales Obligatoires or B.A.L.O.).

However, if all shares are registered, the publications provided for in the preceding paragraph may be replaced by a notice sent by ordinary or registered mail at the Company's expense to each Shareholder.

Shareholders holding registered shares for at least one month from the date of publication of the meeting notice, if this method is used, are called to attend by ordinary mail; they may moreover request to be sent this meeting notice by registered letter, if they send the Company payment for the costs of this registered mail.

The period between the date of either the notice's publication or transmission by mail and the date of the Meeting shall be at least fifteen days for the first notice and six days for second notice.

These same rights are conferred to all joint owners of undivided shares registered as such within the period provided for in the preceding paragraph. In the event of separation of the legal and beneficial ownership of a share, these rights shall revert to the holder of the voting right.

When the shareholders' meeting was unable to transact business due to the absence of the required quorum, the second meeting is called according to the same form of procedures as the first and the meeting notice indicates the date. The same applies to a meeting notice for a Meeting that has been postponed in accordance with the law.

Meetings take place according to the date, time and venue indicated in the meeting notice.

Meeting notices must in particular indicate with clarity and precision the meeting agenda.

All Meetings that are not called in accordance with applicable procedures may be annulled. However, the action for annulment will not be admissible when all the Shareholders are present or represented."

New wording of Article 30 of the articles of association

"General Meetings are called by the Executive Board.

Failing this, meetings may also be called by:

- *The Supervisory Board,*
- *Statutory Auditor(s),*
- *a court-appointed agent at the request of either, any concerned party in the event of an emergency, or one or more Shareholders holding together at least 5% of the Share Capital, or in the case of a Special Meeting, a twentieth the shares of the relevant class.*

Shareholders' Meetings are to be held at the Registered Office or at any other venue indicated in the notice of meeting.

After fulfilling the preliminary formalities provided for by applicable regulation, the meeting notice is issued within the deadlines provided for by the provisions of the French commercial code, by being inserted in a publication for legal announcements in the department of the registered office in addition to the French national publication for legal announcements (Bulletin des Annonces Légales Obligatoires or B.A.L.O.).

However, if all shares are registered, the publications provided for in the preceding paragraph may be replaced by a notice sent by ordinary or registered mail at the Company's expense to each Shareholder or by any other electronic means of telecommunications used in accordance with the conditions provided by applicable regulations.

Shareholders holding registered shares for at least one month from the date of publication of the meeting notice, if this method is used, are called to attend by ordinary mail; they may moreover request to be sent this meeting notice by registered *letter, if they send the Company payment for the costs thereof or by any other electronic means of telecommunications used in accordance with the conditions provided by applicable regulations.*

The period between the date of either the notice's publication or its transmission by mail and the date of the Meeting date shall be at least fifteen days for the first notice and ten days for second notice.

These same rights are conferred to all joint owners of undivided shares registered as such within the period provided for in the preceding paragraph. In the event of separation of the legal and beneficial ownership of a share, these rights shall revert to the holder of the voting right.

When the shareholders' meeting was unable to transact business due to the absence of the required quorum, the second meeting is called according to the same form of procedures as the first and the meeting notice indicates the date. The same applies to a meeting notice for a Meeting that has been postponed in accordance with the law.

Meetings take place according to the date, time and venue indicated in the meeting notice.

Meeting notices must in particular indicate with clarity and precision the meeting agenda.

All Meetings that are not called in accordance with applicable procedures may be annulled. However, the action for annulment will not be admissible when all the Shareholders are present or represented."

- **Article 31 of the Articles of Association with provisions resulting from Order No. 2010-1511 of December 9, 2010, Decree No. 2011-1473 of November 9, 2011 and Decree No. 2014-1466 of December 8, 2014**

Order No. 2010-1511 of December 9, 2010 in particular modified rules governing the representation of Shareholders. Henceforth a Shareholder of a French joint stock company (*Société Anonyme*) can be represented at General Meetings by another shareholder or by his or her spouse or civil law partner. Furthermore, shareholders of those companies specifically whose shares are listed on Euronext Paris or Alternext can be represented at General Meetings by any natural persons or legal entities of their choice. The Order, using the option made available by the directive, in this way, established guidelines for proxies given to a person other than one spouse or civil law partner.

Decree No. 2014-1466 of December 8, 2014 in particular modified the date for drawing up the list of Shareholders eligible for participating in General Meetings of the shareholders, by namely reducing it from respectively three to two business days before the Meeting at midnight (Paris time).

Decree No. 2011-1473 of November 9, 2011 modified procedures for using electronic telecommunications technologies. This provision concerns voting by mail or proxy.

To that purpose, we propose in resolution thirteen that our Articles of Association be harmonized to comply with these new provisions, modifying articles 31 of the Articles as follows:

ARTICLE 31 – ATTENDANCE AND REPRESENTATION AT MEETINGS

Previous wording of article 31 of the Articles

"All shareholders may attend or be represented at Meetings provided that their shares are fully paid up, subject to proof of identity and ownership of the shares either the form of:

- *registration in their name,*
- *or a certificate from an authorized intermediary in accordance with Decree No. 83.359 of May 2, 1983 confirming that the shares are not transferable and held in a blocked account up to the date of the Meeting.*

These formalities must be completed at least five days before the meeting. The Supervisory Board may reduce this period by adopting a general measure applying to all Shareholders.

The voting right attached to the share, and in consequence, the right to attend General Meetings, belongs to the beneficial owner at ordinary shareholders' meetings, and to the bare-owner at extraordinary shareholders' meetings.

Undivided joint owners of shares are represented at Meetings by one among them, as indicated in the article governing the indivisibility of shares.

A Shareholder may at any time appoint his/her spouse or another Shareholder as his/her proxy at a Meeting.

The proxy granted to be represented at a Meeting is valid for a single Meeting or for successive Meetings having the same agenda.

In all Meetings, any Shareholder may vote by mail by means of a voting form completed and sent to the Company's address according to the procedures defined by the French commercial code. This voting form may, as applicable, be part of the same document as the proxy form and in this case the common document will contain the references provided for by applicable regulations.

The Company must receive this voting form at least three days before the Meeting, or otherwise it will not be counted.

Shareholders participating by videoconferencing or other means of telecommunications allowing their identity to be established and whose nature and conditions are determined by applicable regulations are deemed present for the purpose of calculating the quorum and majority of shareholders' meetings."

New wording of Article 31 of the articles of association

"Any Shareholder may attend meetings in person, be represented by proxy or vote by mail, regardless of the number of shares owned, provided that the shares are paid up in full and have been registered in the securities account in the name of the shareholder no later than the second business day preceding the date of the shareholders meeting at midnight Paris time, either in the registered securities account maintained by the company or the bearer share account maintained by the authorized intermediary.

All Shareholders of a particular category of shares may participate in special shareholders' meetings for this category under these same conditions.

Shareholders participating by videoconferencing or other means of telecommunications allowing their identity to be established and in compliance with applicable regulations, when the Executive Board decides to use such means of participation, prior to issuing the meeting notice, are deemed present for the purpose of calculating the quorum and majority of shareholders' meetings.

The voting right attached to the share, and in consequence, the right to attend General Meetings, shall belong to the beneficial owner at ordinary shareholders' meetings, and to the bare-owner at extraordinary shareholders' meetings.

Undivided joint owners of shares are represented at Meetings by one among them, as indicated in the article governing the indivisibility of shares.

A Shareholder may be represented by another Shareholder or by his or her spouse or civil law partner. The shareholder may be represented by any other individual or legal entity of his or her choice. The designation or revocation of a proxy holder may be notified by electronic means in accordance with the procedures established by the French commercial code.

Any Shareholder may vote by mail or by means of a voting form taken into account only if received by the Company at least three days before the Meeting. This voting form may, as applicable, be part of the same document as the proxy form.

The form for voting by mail and the proxy form given by a Shareholder are signed by the latter, as applicable, using a secure electronic signature procedure within the meaning of Decree No. 2001-272 of March 30, 2001, in application of article 1316-4 of the French civil code, or by an electronic signature procedure adopted by the Executive Board involving use of a reliable identification process guaranteeing its connection with the instrument to which it relates.

Votes are cast either by a show of hands or by any suitable technical means adopted by the Executive Board."

- **Modification of the age limit for Supervisory Board members and corresponding modification of article 18 of the articles of association**

Finally, we take the opportunity of this General Meeting to submit a proposal for extending the age limit for Supervisory Board members. At the present time, the number of Supervisory Board members having reached the age of 80 cannot exceed one-third of its total members. We hereby propose that this age limit be increased to 90.

To that purpose, we propose that article 18 of the articles of association be modified as follows:

ARTICLE 18 - TERM OF OFFICE FOR BOARD MEMBERS - AGE LIMIT

Previous wording of Article 18 of the articles of association:

"Members of the Supervisory Board are appointed for six years, expiring at the end of the Ordinary General Meeting of the Shareholders called to approve the financial statements for the period ended during which their term of office expires. Members of the Board may be reappointed.

The number of Supervisory Board members having reached the age of 80 cannot exceed one-third of its total members. If this limit is reached, the oldest member is considered to have automatically resigned from this office."

New wording of Article 18 of the articles of association:

"Members of the Supervisory Board are appointed for six years, expiring at the end of the Ordinary General Meeting of the Shareholders called to approve the financial statements for the period ended during which their term of office expires. Members of the Board may be reappointed.

The number of Supervisory Board members having reached the age of 90 cannot exceed one-third of its total members. If this limit is reached, the oldest member is considered to have automatically resigned from this office."

The following resolutions will be submitted to this Meeting.

6.1.1 Agenda

I. MATTERS WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

- Management Report of the Executive Board on the financial year ended December 31, 2014, including the Group's Management Report;
- Reports of the Statutory Auditors on the performance of their engagement for the period ended December 31, 2014;
- Report of the Executive Board on the use of authorizations to proceed with capital increases;
- Report of the Supervisory Board;
- Report of the Chairman of the Supervisory Board provided for in Article L225-68 of the French Commercial Code;
- Report of the Statutory Auditors on the Report of the Chairman of the Supervisory Board on Internal Control;
- Approval of the separate financial statements for the year ended December 31, 2014, approval of non-tax-deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2014;
- Reports of the Statutory Auditors on agreements covered by Articles L.225-86 *et seq*. of the French Commercial Code;
- Appropriation of earnings for the financial year ended December 31, 2014;
- Grant of authority to the Executive Board for the purchase of Company shares in accordance with the procedures provided for under Article L225-209 of the French Commercial Code, length of the authorization, purposes, procedures and maximum amount;
- Reappointment of Supervisory Board members: Pierre Calmels, Alain Costes and Véronique Vedrine.

II. WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING

- Executive Board's report on the proposed modifications of the Company's articles of association;
- Harmonization of article 17 of the Company's Articles with the provisions of Law No. 2008-776 of August 4, 2008 regarding the cancellation the obligation requiring Supervisory Board members to hold shares of the Company and the corresponding modification of article 17 of the Company's Articles;
- Harmonization of articles 25 and 34 of the Company's Articles with Decree No. 2007-431 of March 25, 2007 consolidating the regulatory section of the French commercial code and the corresponding modification of articles 25 and 34 of the Company's Articles;
- Harmonization of article 26 of the Company's Article with the provisions of Law No. 2011-525 of May 17, 2011 and Order No. 2014-863 of July 31, 2014 and the corresponding modification of article 26 of the Company's Articles;
- Harmonization of article 30 of the Company's Articles with the provisions of Decree No. 2010-684 of June 23, 2010, Decree No. 2011-1473 November 9, 2011 and Law No. 2012-387 of March 22, 2012 and the corresponding modification of article 30 of the Company's Articles;
- Harmonization of article 31 of the Company's Articles with the provisions of Order No. 2010-1511 of December 9, 2010, Decree No. 2011-1473 November 9, 2011 and Decree No. 2014-1466 of December 8, 2014 and the corresponding modification of article 31 of the Company's Articles;
- Modification of the age limit for Supervisory Board members and corresponding modification of article 18 of the articles of association;
- Powers for formalities.

6.1.2 Draft resolutions

I. ORDINARY RESOLUTIONS

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The General Meeting, after having considered the Reports of the Executive Board, the Supervisory Board and the Statutory Auditors on the financial year ended December 31, 2014, approves the separate financial statements to said date, as presented, showing a net loss of €3,402,633.30.

The General Meeting also approves the transactions reflected in said financial statements or summarized in these reports.

The General Meeting on that basis fully discharges the Executive Board and the Supervisory Board with regard to the performance of their duties in respect to this financial year.

As provided for in Article 39-4 of the French General Tax Code with respect to corporate income tax, the General Meeting is informed of the non-deductible expenses of €3,699 relating to special additional depreciation allowances on company cars.

RESOLUTION II: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The General Meeting, after having considered the Reports of the Executive Board (including the Group's Management Report), the Supervisory Board and the Statutory Auditors with respect to the financial year ended December 31, 2014, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €14,235,475.

RESOLUTION III: AGREEMENTS COVERED BY ARTICLES L.225-86 *ET SEQ*. OF THE FRENCH COMMERCIAL CODE

Ruling on the basis of the Special Report of the Statutory Auditors submitted to it on the agreements covered by Articles L225-86 *et seq.* of the French Commercial Code, the General Meeting approves the new agreements referred to therein.

RESOLUTION IV: APPROVAL OF THE APPROPRIATION OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2014

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2014 as follows:

Source		
Profit of the period:		€3,402,633.30
Appropriation		
To the "Legal Reserve resulting in a balance of €1,507,495.58	€112,550.46	
To "Retained earnings" resulting in a balance of €6,187,011.06	€1,280,088.74	
Dividends	€2,009,994.10	
TOTAL	**€3,402,633.30**	**€3,402,633.30**

<u>Amount - Payment - Tax regime for dividends</u>

The gross dividend per share is set at €0.10.

The cash dividend shall be payable from the Company's registered office no later than September 30, 2015.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-2 of the French General Tax Code.

It will be subject to a compulsory social contribution levy for a total amount of 15.5% deducted at the source by the Company.

In addition, a 21% income tax prepayment will also be deducted at the source by the Company.

An exemption for this prepayment is granted to single, widowed, or divorced taxpayers whose tax revenue of reference for the preceding penultimate year is less than €50,000. This limit is increased to €75,000 for taxpayers filing jointly.

It is noted that Shareholders who may qualify for this exemption shall provide the Company with a sworn statement certifying their revenue is less than the limits mentioned above no later than November 30 for distributions to be made in the following years.

On that basis, dividends are subject to a total withholding tax of 36.5%.

In consequence, and subject to application as applicable of the exemption provided for above, only 63.50% of the amount of dividends will actually be paid to shareholders who are natural persons.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes the disclosure of dividends paid out by the Company over the past three financial years.

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2011	€0.00		
2012	€0.07		
2013	**€0.07**		

RESOLUTION V: GRANT OF AUTHORITY TO THE EXECUTIVE BOARD TO TRADE IN OWN SHARES WITHIN THE FRAMEWORK OF PROVISIONS PROVIDED FOR UNDER ARTICLE L.225-209 OF THE FRENCH COMMERCIAL CODE

The General Meeting, after having considered the report of the Executive Board, grants an authorization for eighteen months in accordance with the provisions of Articles L225-209 *et seq*. of the French commercial code, to acquire, on one or more occasions at times of its choosing, up to 2 % of the shares of the Company comprising the Share Capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10 % of the Share Capital, may be made for the following purposes:

- Market-making on the secondary market or share liquidity services provided by an investment service provider (ISP) through a liquidity agreement in compliance with the conduct of business rules of the AMAFI recognized by the AMF;
- The retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company’s share capital;
- Set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company Savings Plan or under Bonus Share Grants;
- Set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These purchases may be carried out by any means including through the acquisition of blocks of shares and at times of the Executive Board's choosing. However, these transactions may not be carried out while public tender offers are in effect.

The maximum purchase price is €12 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (by the application of a multiplier factor equal to the ratio between the number of shares comprising the share capital before and after the transaction).

The maximum amount for the purchase of shares under this authorization is €4,823,976.

The shareholders grant all powers to the Executive Board to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

This authorization cancels the authorization granted to the Executive Board by the fifth resolution of the previous General Meeting of May 28, 2014.

RESOLUTION VI: REAPPOINTMENT OF SUPERVISORY BOARD MEMBER PIERRE CALMELS

The General Meeting resolves to reappoint Supervisory Board member Pierre Calmels for a further six-year term, expiring upon conclusion of the Ordinary General Meeting to be held in 2021 to approve the financial statements for the financial year ended December 31, 2020.

RESOLUTION VII: REAPPOINTMENT OF SUPERVISORY BOARD MEMBER ALAIN COSTES

The General Meeting resolves to reappoint Supervisory Board member Alain Costes for a further six-year term, expiring upon conclusion of the Ordinary General Meeting to be held in 2021 to approve the financial statements for the financial year ended December 31, 2020.

RESOLUTION VIII: REAPPOINTMENT OF SUPERVISORY BOARD MEMBER VERONIQUE VEDRINE

The General Meeting resolves to reappoint Supervisory Board member Véronique Vedrine for a further six-year term, expiring upon conclusion of the Ordinary General Meeting to be held in 2021 to approve the financial statements for the financial year ended December 31, 2020.

II. THE EXTRAORDINARY RESOLUTIONS

RESOLUTION IX: HARMONIZATION OF ARTICLE 17 OF THE ARTICLES OF ASSOCIATION WITH PROVISIONS RESULTING FROM LAW NO. 2008-776 OF AUGUST 4, 2008

The Extraordinary General Meeting, having considered the Executive Board's report, decides to harmonize article 17 of the Company's Articles with the provisions of Law No. 2008-776 of August 4, 2008 and to eliminate the requirement under the Articles for Supervisory Board members to hold a share of the Company.

In consequence, the Extraordinary General Meeting decides to modify as follows the second paragraph of article 17 of the Company's Articles:

ARTICLE 17 SUPERVISORY BOARD – COMPOSITION

Former wording of the second paragraph of article 17 of the Articles of Association

"Except where the French commercial code allows for an exemption from this obligation, each Supervisory Board is required to own at least one share".

New wording of the second paragraph of article 17 of the Articles of Association

"The number of shares that each Supervisory Board member must own is determined by the Board charter".

The remaining part of article 17 remains unchanged.

RESOLUTION X: HARMONIZATION OF ARTICLES 25 AND 34 OF THE COMPANY'S ARTICLES WITH THE PROVISIONS RESULTING FROM DECREE NO. 2007-431 OF MARCH 25, 2007

The Extraordinary General Meeting, having considered the Executive Board's report, decides to harmonize article 25 and 34 of the Company's Articles with the provisions of Decree No. 2007-431 of March 25, 2007 consolidating the regulatory section of the French commercial code.

The Extraordinary General Meeting decides in consequence to replace in articles 25 and 34 of the Company's Articles, the provisions referring to Decree No. 67-236 of March 23, 1967 by the recodified article of the regulatory section of the French commercial code.

In consequence, the Extraordinary General Meeting decides to modify as follows article 25 and the fourth paragraph of article 34 of the Company's Articles:

ARTICLE 25 - SURETIES – ENDORSEMENTS AND GUARANTEES

Previous wording of Article 25 of the articles of association:

"Granting sureties, endorsements and other guarantees using property of the Company as security requires a special authorization by the Supervisory Board in accordance with the provisions of the French commercial code and notably articles 100, 113 and 113-1 of the Degree of March 23, 1967".

New wording of Article 25 of the articles of association:

"Granting sureties, endorsements and other guarantees using property of the Company as security requires a special authorization by the Supervisory Board in accordance with the provisions of the French commercial code and notably articles R225-40, R225-53 and R225-54 thereto".

ARTICLE 34 - AGENDA – MINUTES

Former wording of the fourth paragraph of article 34 of the articles of association

"Proceedings of the General Meeting are recorded in minutes drawn up in a special bound register, with pages numbered and initialed, maintained at the registered office. However, these minutes may be drawn up using loose pages, numbered and initialed, in consecutive unbroken order, in accordance with the conditions set forth in article 85 of the decree of March 23, 1967."

New wording of the fourth paragraph of article 34 of the articles of association

"Proceedings of the General Meeting are recorded in minutes drawn up in a special bound register, with pages numbered and initialed, maintained at the registered office. However, these minutes may be drawn up using loose pages, numbered and initialed, in consecutive unbroken order, in accordance with the conditions set forth in article R225-22 of the French commercial code".

The remaining part of article 34 remains unchanged.

RESOLUTION XI: HARMONIZATION OF ARTICLE 26 OF THE ARTICLES OF ASSOCIATION WITH PROVISIONS RESULTING FROM LAW NO. 2011-525 OF MAY 17, 2011 AND DECREE NO. 2014-863 OF THE JULY 31, 2014

The Extraordinary General Meeting, having considered the Executive Board's report, decides to harmonize article 26 of the Company's Articles with:

- The provisions of Law No. 2011-525 of May 17, 2011 that in particular eliminated the obligation of declaration and disclosure attached to agreements concerning ordinary operations entered into under an arm's length basis for companies subject thereto.
- The provisions resulting from Order No. 2014-863 of July 31, 2014 providing in particular that the provisions article L225-86 of the French commercial code do not apply to agreements concerning standard arm's length transactions or to agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other, if applicable, less the minimum number of shares required to satisfy the requirements of article 1832 of the French civil code, or articles L. 225-1 and L. 226-1 of the French commercial code.

In consequence, the Extraordinary General Meeting decides to modify as follows the first two paragraphs of article 26 of the Company's Articles:

ARTICLE 26: AGREEMENTS BETWEEN THE COMPANY, A MEMBER OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD, OR A SHAREHOLDER

Former wording of the first two paragraphs of article 26 of the articles of association

"All agreements entered into between the Company and one of the members of its executive board or supervisory board or a shareholder possessing more than 10% of the voting rights or in the case of an entity shareholder, its controlling company, must be submitted to prior review, authorization and approval as provided by the French commercial code. This shall also be the case for any agreement to which one of the persons referred to under the previous paragraph has an indirect interest or has dealings with the company through a third party. Prior authorization is also required for agreements between the Company and another enterprise if the chief executive officers, one of the deputy chief executive officers or a director of the company is the owner, partner with unlimited liability, general partner, director, supervisory board member or, in general, is an executive officer thereof.

The foregoing provisions do not apply to agreements concerning current operations and entered into under normal conditions. Despite the above, the concerned party shall disclose such agreements to the Chairman of the Supervisory Board The list of agreements and their purpose shall in turn be disclosed by the Chairman to the members of the Board of Directors and to the Statutory Auditors of the Company."

New wording of the first two paragraphs of article 26 of the articles of association

"In accordance with the provisions of article L.225-86 of the French commercial code, all agreements entered into directly, or through an intermediary, between the Company and one of the members of its Executive Board or Supervisory Board or a Shareholder possessing more than 10% of the voting rights or, in the case of an Entity Shareholder, its controlling company within the meaning of article L.233-3 of the French commercial code, shall be subject to the prior authorization of the Supervisory Board. This shall also be the case for any agreements to which one of the persons referred to under the previous paragraph has an indirect interest or has dealings with the Company through a third party. The same applies to agreements between the Company and an entity, if one of the members of the Executive Board or Supervisory Board of the Company is the owner, general partner having unlimited liability, manager, director, member of the supervisory board or, generally, an executive officer of such entity. Such agreements must be authorized and approved in compliance with the provisions of article L.225-88 of the French commercial code.

The provisions of the article L.225-86 of the French commercial code are not applicable to agreements concerning current operations entered into under normal conditions or agreements entered into between two companies, one of which holds, *directly or indirectly, all of the share capital of the other, if applicable, less the minimum number of shares required to satisfy the requirements of article 1832 of the French civil code, or Articles L. 225-1 and L. 226-1 of the French commercial code."*

The remaining part of article 26 remains unchanged.

RESOLUTION XII: HARMONIZATION OF ARTICLE 30 OF THE COMPANY'S ARTICLES WITH PROVISIONS RESULTING FROM DECREE NO. 2010-684 OF JUNE 23, 2010, DECREE NO. 2011-1473 OF NOVEMBER 9, 2011 AND LAW NO. 2012-387 OF MARCH 22, 2012

The Extraordinary General Meeting, having considered the Executive Board's report, decides to harmonize article 30 of the Company's Articles with:

- The provisions resulting from Decree No. 2010-684 of June 23, 2010 that modified certain rules governing General Meetings of French joint stock companies and notably, increased the period of notice for calling a General Meeting for the second call from 6 to 10 days.
- The provisions resulting from Decree No. 2011-1473 of November 9, 2011 modified procedures for using electronic telecommunications for transmitting meeting notices and documents to shareholders. It also stipulated that the articles of association may provide that Shareholders participating in the Meeting by videoconferencing or other telecommunications technologies may be considered present for calculating the quorum and majority;
- The provisions resulting from Law No. 2012-387 of March 22, 2012 providing that Shareholders acting as court-appointed agent to call the Meeting must possess a twentieth of the shares of the relevant class (instead of one tenth previously)

In consequence, the Extraordinary General Meeting decides to modify as follows article 30 of the Company's Articles:

ARTICLE 30 - MEETING NOTICE FORM AND PERIODS

Previous wording of Article 30 of the articles of association

"General Meetings are called by the Executive Board.

Failing this, meetings may also be called by:

- *The Supervisory Board,*
- *Statutory Auditor(s),*
- *a court-appointed agent at the request of either, any concerned party in the event of an emergency, or one or more Shareholders holding together at least 5% of the Share Capital, or in the case of a Special Meeting, a tenth the shares of the relevant class.*

Shareholders' Meetings are to be held at the Registered Office or at any other venue indicated in the notice of meeting.

After fulfilling the preliminary formalities provided for by applicable regulation, the meeting notice shall be published in a publication for legal announcements in the department of the registered office in addition to the French national publication for legal announcements (Bulletin des Annonces Légales Obligatoires or B.A.L.O.).

However, if all shares are registered, the publications provided for in the preceding paragraph may be replaced by a notice sent by ordinary or registered mail at the Company's expense to each Shareholder.

Shareholders holding registered shares for at least one month from the date of publication of the meeting notice, if this method is used, are called to attend by ordinary mail; they may moreover request to be sent this meeting notice by registered letter, if they send the Company payment for the costs of this registered mail.

The period between the Date of either the notice's publication or transmission by mail and the date of the Meeting date shall be at least fifteen days for the first notice and six days for second notice.

These same rights are conferred to all joint owners of undivided shares registered as such within the period provided for in the preceding paragraph. In the event of separation of the legal and beneficial ownership of a share, these rights shall revert to the holder of the voting right.

When the shareholders' meeting was unable to transact business due to the absence of the required quorum, the second meeting is called according to the same form of procedures as the first and the meeting notice indicates the date. The same applies to a meeting notice for a Meeting that has been postponed in accordance with the law.

Meetings take place according to the date, time and venue indicated in the meeting notice.

Meeting notices must in particular indicate with clarity and precision the meeting agenda.

All Meeting that are not called in accordance with applicable procedures may be annulled. However, the action for annulment will not be admissible when all the Shareholders are present or represented."

New wording of Article 30 of the articles of association:

"General Meetings are called by the Executive Board.

Failing this, meetings may also be called by:

- *the Supervisory Board,*
- *the Statutory Auditor(s),*
- *a court-appointed agent at the request of either, any concerned party in the event of an emergency, or one or more Shareholders holding together at least 5% of the Share Capital, or in the case of a Special Meeting, a twentieth the shares of the relevant class.*

Shareholders' Meetings are to be held at the Registered Office or at any other venue indicated in the notice of meeting.

After fulfilling the preliminary formalities provided for by applicable regulation, the meeting notice is issued within the deadlines provided for by the provisions of the French commercial code, by being inserted in a publication for legal announcements in the department of the registered office in addition to the French national publication for legal announcements (Bulletin des Annonces Légales Obligatoires or B.A.L.O.).

However, if all shares are registered, the publications provided for in the preceding paragraph may be replaced by a notice sent by ordinary or registered mail at the Company's expense to each Shareholder or by any other electronic means of telecommunications used in accordance with conditions provided by applicable regulations.

Shareholders holding registered shares for at least one month from the date of publication of the meeting notice, if this method is used, are called to attend by ordinary mail; they may moreover request to be sent this meeting notice by registered letter, if they send the Company payment for the costs of registered mail or by any other electronic means of telecommunications used in accordance with conditions provided by applicable regulations.

The period between the Date of either the notice's publication or its transmission by mail and the date of the Meeting date shall be at least fifteen days for the first notice and ten days for second notice.

These same rights are conferred to all joint owners of undivided shares registered as such within the period provided for in the preceding paragraph. In the event of separation of the legal and beneficial ownership of a share, these rights shall revert to the holder of the voting right.

When the shareholders' meeting was unable to transact business due to the absence of the required quorum, the second meeting is called according to the same form of procedures as the first and the meeting notice indicates the date. The same applies to a meeting notice for a Meeting that has been postponed in accordance with the law.

Meetings take place according to the date, time and venue indicated in the meeting notice.

Meeting notices must in particular indicate with clarity and precision the meeting agenda.

All Meeting that are not called in accordance with applicable procedures may be annulled. However, the action for annulment will not be admissible when all the Shareholders are present or represented."

RESOLUTION XIII: HARMONIZATION OF ARTICLE 31 OF THE COMPANY'S ARTICLES WITH PROVISIONS RESULTING FROM ORDER NO. 2010-1511 OF DECEMBER 9, 2010, DECREE NO. 2011-1473 OF NOVEMBER 9, 2011 AND DECREE NO. 2014-1466 OF DECEMBER 8, 2014

The Extraordinary General Meeting, having considered the Executive Board's report, decides to harmonize article 31 of the Company's Articles with:

- Order No. 2010-1511 of December 9, 2010 that in particular modified rules governing the representation of Shareholders at Meetings;
- Decree No. 2014-1466 of December 8, 2014 that in particular modified the date for drawing up the list of Shareholders eligible for participating in General Meetings of the shareholders (record date);
- Decree No. 2011-1473 of November 9, 2011 that modified in particular procedures for signing mail voting or proxy forms.

In consequence, the Extraordinary General Meeting decides to modify as follows article 31 of the Company's Articles:

ARTICLE 31 - ATTENDANCE AND REPRESENTATION AT MEETINGS

Previous wording of Article 31 of the articles of association:

"Any shareholder may attend or be represented at Meetings provided that his or her shares are fully paid up, subject to proof of identity and ownership of the shares in the form of:

- *registration in their name,*
- *or a certificate from an authorized intermediary in accordance with Decree No. 83.359 of May 2, 1983 confirming that the shares are not transferable and held in a blocked account up to the date of the Meeting.*

These formalities must be completed at least five days before the meeting. The Supervisory Board may reduce this period by adopting a general measure applying to all Shareholders.

The voting right attached to the share, and in consequence, the right to attend General Meetings, shall belong to the beneficial owner at ordinary shareholders' meetings, and to the bare-owner at extraordinary shareholders' meetings.

Undivided joint owners of shares represented at Meetings by one among them, as indicated in the article governing the indivisibility of shares.

A Shareholder may at any time appoint his/her spouse or another Shareholder as his/her proxy at a Meeting.

The proxy granted to be represented at a Meeting is valid for a single Meeting or for successive Meetings having the same agenda.

In all Meetings, any Shareholder may vote by mail by means of a voting form completed and sent to the Company's address according to the procedures defined by the French commercial code. This voting form may, as applicable, be part of the same document as the proxy form and in this case the common document will contain the references provided for by applicable regulations.

The Company must receive this voting form at least three days before the Meeting, or otherwise it will not be counted.

Shareholders participating by videoconferencing or other means of telecommunications allowing their identity to be established and whose nature and conditions are determined by applicable regulations are deemed present for the purpose of calculating the quorum and majority of shareholders' meetings."

New wording of Article 31 of the articles of association

"Any Shareholder may attend meetings in person, be represented by proxy or vote by mail, regardless of the number of shares owned, provided that the shares are paid up in full and have been registered in the securities account in the name of the shareholder no later than the second business day preceding the date of the shareholders meeting at midnight Paris time, either in the registered securities account maintained by the company or the bearer share account maintained by the authorized intermediary.

All Shareholders of a particular category of shares may participate in special shareholders' meetings for this category under these same conditions.

Shareholders participating by videoconferencing or other means of telecommunications allowing their identity to be established and in compliance with applicable regulations, when the Executive Board decides to use such means of participation, prior to issuing the meeting notice, are deemed present for the purpose of calculating the quorum and majority of shareholders' meetings.

The voting right attached to the share, and in consequence, the right to attend General Meetings, shall belong to the beneficial owner at ordinary shareholders' meetings, and to the bare-owner at extraordinary shareholders' meetings.

Undivided joint owners of shares represented at Meetings by one among them, as indicated in the article governing the indivisibility of shares.

A Shareholder may be represented by another Shareholder or by his or her spouse or civil law partner. The shareholder may be represented by any other individual or legal entity of his or her choice. The designation or revocation of a proxy holder may be notified by electronic means in accordance with the procedures established by the French commercial code.

Any Shareholder may vote by mail or by means of a voting form taken into account only if received by the company at least three days before the Meeting. This voting form may, as applicable, be part of the same document as the proxy form.

The form for voting by mail and the proxy form given to a Shareholder are signed by the latter, as applicable, using a secure electronic signature procedure within the meaning of Decree No. 2001-272 of March 30, 2001, in application of article 1316-4 of the French civil code, or by an electronic signature procedure adopted by the Executive Board involving use of a reliable identification process guaranteeing its connection with the instrument to which it relates.

Votes are cast either by a show of hands or by any suitable technical means adopted by the Executive Board."

RESOLUTION XIV: MODIFICATION OF THE AGE LIMIT FOR SUPERVISORY BOARD MEMBERS AND CORRESPONDING MODIFICATION OF ARTICLE 18 OF COMPANY'S ARTICLES

The Extraordinary General Meeting, having considered the Executive Board's report, decides to modify the age limit for Supervisory Board members. For that purpose, the Extraordinary General Meeting duly notes that the number of Supervisory Board members having reached the age of 80 may not exceed one third of the total members and decides to increase this limit from 80 to 90 years of age.

In consequence, the Extraordinary General Meeting decides to modify as follows article 18 of the Company's Articles:

ARTICLE 18 - TERM OF OFFICE FOR BOARD MEMBERS - AGE LIMIT

Previous wording of Article 18 of the articles of association:

"Members of the Supervisory Board are appointed for six years, expiring at the end of the Ordinary General Meeting of the Shareholders called to approve the financial statements for the period ended during which their term of office expires. Members of the Board may be reappointed.

The number of Supervisory Board members having reached the age of 80 cannot exceed one-third of its total members. If this limit is reached, the oldest member is considered to have automatically resigned from this office."

New wording of Article 18 of the articles of association:

"Members of the Supervisory Board are appointed for six years, expiring at the end of the Ordinary General Meeting of the Shareholders called to approve the financial statements for the period ended during which their term of office expires. Members of the Board may be reappointed.

The number of Supervisory Board members having reached the age of 90 cannot exceed one-third of its total members. If this limit is reached, the oldest member is considered to have automatically resigned from this office."

RESOLUTION XV: POWERS FOR FORMALITIES

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

This General Meeting was called in the proper manner and the documentation provided for under applicable regulations was sent to shareholders or made available to them within the prescribed deadlines.

This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

6.2 Selected financial information for the period

The tables presented below represent audited figures. To facilitate the reader's understanding, in the presentation of data in the management report, we have given preference to figures for the contributions of divisions, instead of an in place of consolidated revenue for divisions. The differences between these two figures are minor, though we believe that it was important to harmonize the presentation of data throughout this registration document.

6.2.1 Consolidated results

The Group's consolidated financial statements show sales up 11.9 % to €339.9 million, and Net Income of €14.2 million compared to €10.6 million in 2013.

Consolidated results for the 2014 financial year break down as follows:

Group consolidated results (€ thousands)	**2014**	2013	2012
Sales	**339,893**	303,655	289,110
Current operating income	**21,482**	16,870	10,248
Operating profit/(loss)	**21,351**	16,432	10,374
Net finance income (expense)	**<1,635>**	<2,490>	<5,323>
Net income (A)	**15,126**	10,922	4,126
✓ Attributable to the Group	**14,235**	10,564	4,412
✓ Attributable to non-controlling interests	**891**	358	<286>
Tax (B)	**4,719**	3,153	561
Change in the value of goodwill (C)	**0**	0	500
Interest expense and other financial charges (D)	**2,669**	2,482	2,738
Depreciation and amortization (E)	**12,784**	10,708	9,648
EBITDA (A) + (B) + (C) + (D) + (E)	**35,298**	27,265	17,574

We will ask shareholders to approve these consolidated financial statements.

6.2.2 Summary of the Group's position during the 2014 financial year

Revenue in 2014 was €333.9 million compared to €303.7 million in 2013 with an operating profit of €21.4 million, up from €16.4 million in the prior year. The Automotive Division accounted for 88.5 % of the Group's consolidated sales.

With an initial objective for growth in line with 2013 or at least 5%, this target was raised in the period to above 8%. Ultimately, with the contributions from international growth and the impact of an exceptional invoice in the Telecommunications division resulting from contract revisions, these targets were exceeded.

Automotive Division

The Automotive Division with sales of 11.3 % to €300.7 million, confirmed its forward momentum driven by the success of its innovations in embedded systems that contributes to increase recurrence for contracts.

The year was also marked by ramped up output for deliveries in the segments for Trucks and Light Vehicles, particularly for European manufacturing customers. It should be noted that, with French customers again registering a slowdown in relation to European and North American customers, their share in the customer mix was reduced to only 35.4 % compared to 37.7% in 2013.

The systems and transportation fleet services segment continued to be impacted by adverse weather in fall 2013 in Mexico halted the activities of our fleet management customers. One year later, while activity in this region has resumed, it is still not back up to its previous level. Furthermore, this segment is adversely impacted by the debt of municipalities wishing to implement large programs to improve urban transport in a context of tight budget constraints.

Finally, to support its growth both in terms of production in multiple geographic regions and commercial successes, the division has had recourse to subcontracting and temporary personnel in production and R&D in order to keep committed fixed costs down in a continuing complex international environment. And with an increase also in transportation and mission costs, external charges for this division rose 10%.

With more than US$36 million for component purchases from France, hedging instruments made it possible to work with a EUR/USD exchange rate above budget and largely in line with the average rate for the market in 2014.

Telecommunications Division

Bolstered by multi-year contracts, in particular in the energy and military segments, and significant investments by customers in mobile telephony for the 4G network, revenue for the Telecommunications division rose 17.3% to €39.1 million. This included however exceptional amounts invoiced in the period in the military segment linked to contract revisions.

With an optimized organization, the Telecommunications division's profitability improved despite higher personnel expenses (7.9%) with employees benefiting from a resumption in increases after years of wage freezes.

On that basis, the division had an operating profit of €3.1 million, up from €1.6 million in 2013.

Subsidiaries and dealings in existing inter-company holdings

This information is presented in further detail in Note 2 to the consolidated financial statements on "Consolidated Companies". ACTIA Muller UK was wound up on November 28, 2014.

6.2.3 Progress made and difficulties encountered

The Group has been pursuing efforts for a number of years to improve its cost controls. In 2014, a French engineering department specialized in the automotive sector was launched with a team of engineers and technicians within the same Technologies Department. The goal of pooling expertise with a project-based organization has improved the organization of the teams' work. However, product development, specific customer developments and responses to important calls for tender significantly increased their workload. This in turn led to a resumption in the purchasing of subcontracted R&D services. With higher costs than for in-house teams, this made it possible to address very specific needs and peak periods in terms of workloads.

For production, to support our plants in terms of capacity requirements, the Group acquired for the Tunisian site of CIPI ACTIA, a complete new SMD (surface mounted device) line to replace an older installation that was transferred to another Tunisian site. This operation was carried out in the summer and thanks to the highly efficient performance of teams, the line was in service and fully operational by the fourth quarter. These installations contributed to significant productivity gains and will provide the means to support the Group's activity for several months.

With a favorable EUR/USD exchange rate in the first half, ACTIA® was able to pursue its hedging strategy and further improve its average exchange rate for purchases that was increased to 1.3467, compared to 1.3314 in 2013. With tools enabling it to outperform the market, the Group registered gains in its favor though reduced to the situation at the end of February 2015 in order to take into account the euro's significant drop at the beginning of 2015.

Finally, in a year of strong growth, the Group has paid particular attention to all components of its working capital requirements. Though did not succeed in shortening customer and supplier settlement periods, inventory management was and remains a priority for ACTIA®. Without yet reaping significant benefits from the implementation of consignment stock for selected references for our large-scale production series, the Group nevertheless succeeded in significantly limiting inventories of raw materials. In contrast, though still fully in line with business growth, inventory for R&D and finished products increased in the period due to higher volumes for products subject to buffer stock requirements imposed by customers, with some also requesting that consignment stocks be made available in their own plants.

As a result, changes in ACTIA's working capital requirements represented an expense of €13 million. This was well-managed in the period that ended the year with an improvement in cash and cash equivalents, largely reflecting the good level of cash flows from the financing of our medium term investments and the collateralization of the research tax credit in short term accounts receivable.

6.2.4 Indebtedness

This information is presented in Note 12 to the consolidated financial statements under "Financial liabilities”.

6.2.5 Off-balance-sheet commitments

This information is set out in Note 23 “Off-balance sheet commitments”, Note 24 “Encumbered assets” and Note 26 “Other information” to the consolidated financial statements.

6.3 Business overview

In 2014 there were no changes to ACTIA Group's industrial operations that are organized into two divisions:

- The Automotive division;
- The Telecommunications division.

with descriptions provided below.

For a number of years, the two business divisions have been pursuing the development of their own technologies and specific know-how. Despite this, after several shared developments to respond to customer needs, synergies are starting to be achieved in the railway in public transport sectors where it is possible to propose offerings combining telecommunications equipment with different systems developed by the Automotive division, and also possibly in the energy sector. However, the development of these markets represents a long-term initiative and has not yet led to inter-division business flows which still remain at a very low rate (1.2% in 2014).

6.3.1 Automotive Division

The Automotive Division primarily operates in four markets:

- Embedded electronics for commercial, industrial and military vehicles;
- Vehicle diagnostics and testing devices;
- Systems and services for transportation fleets;
- Electronics manufacturing and long-term maintenance.

Combining expertise in embedded electronics with know-how in electronics production, the division is also developing in the electric vehicle, aeronautics and railway segments.

The Automotive division's contribution to Group results was as follows:

Automotive division's contribution to Group results (€ thousands)	2014	2013	2012
Sales	**300,728**	270,235	259,270
Current operating income	**18,880**	15,731	11,277
Operating profit/(loss)	**18,927**	15,571	11,174
Net income (A)	**12,657**	10,247	5,658
Tax (B)	**4,560**	2,998	483
Change in the value of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**2,377**	2,123	2,243
Depreciation and amortization (E)	**9,951**	9,078	7,754
EBITDA (A) + (B) + (C) + (D) + (E)	**29,545**	24,446	16,138

These figures are presented in compliance with Note 17 to the consolidated financial statements on "Operating segments".

Furthermore, the Group's management control reporting provides a breakdown for sales between the four businesses:

Business activity (€ thousands)	2014	2013	2012
Embedded systems	**173,133**	131,959	116,803
Diagnostics	**76,342**	82,069	81,002
Of which non-recurring deliveries	**2,745**	3,590	7,065
Transportation fleet services	**15,681**	20,936	19,495
Services	**35,569**	35,271	41,970
TOTAL	**300,728**	270,235	259,270

Embedded systems

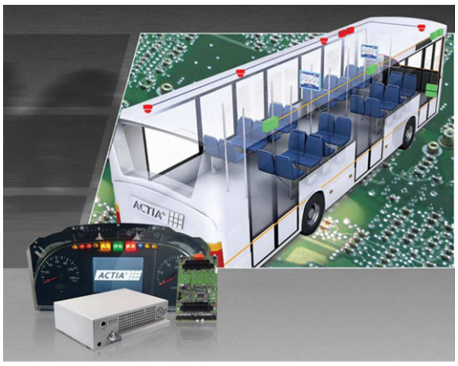
❖ Products

The offering of embedded electronic products for buses was renewed in 2014 with the launch of the Acti-Mux product range and services.

The historical leader in multiplexing solutions for buses and coaches, the Group develops a range of high-performance electronic systems for all small- and medium-sized production run vehicles: buses, coaches, trucks, work vehicles, agricultural machinery, trains, boats and planes.

The embedded systems supplied by the Group are based on an architecture consisting of:

- Electric or electronic organs (multiplexed systems);
- "Instrumentation" modules and driver cockpit ergonomics and control systems;
- A wide range of embedded electronic equipment: instrument panels, tachographs, telematics or equipment for audio and video (also referred to as “infotainment”) to provide passengers with tools destined both for broadcasting information and onboard entertainment including, films, radio, Internet, etc.).
- electrical and electronics engineering power equipment: powertrains, converters, power supply cards.



These products are designed for safety, for vehicle and driver monitoring, the environment or passenger comfort.

To optimize the management of these embedded systems, the Group has developed multiplexed systems. Acti-Mux representing the latest generation and ActiWays, the successors of Multibus. This range includes electronic management modules capable of being adapted to the architectures of commercial vehicles, buses and coaches, trucks, work or farm vehicles. This range integrates Acti-Mux and ActiWays which are capable of integrating and interfacing with Advanced Driver Assistance Systems (ADAS) and different sub-assembly instrumentation modules (gages, clusters, switch-packs, latest generation displays, etc.).

The multiplexed architecture makes it possible to meet a range of needs of manufacturers in response to demands by their customers and regulations.

ACTIA® has historical technological expertise in the telematics field, and namely remote data transmission based on solutions developed in the 2000s to address regulatory requirements for digital tachographs. From this technology building block, the Group developed telematics platforms that include a global positioning (GPS) and telecommunications (GSM, GPRS,…) device, a management unit and storage connected to the vehicle's electronic networks (electrical management, instrumentation and telematics). These features make it possible to implement different functionalities for the driver or fleet manager, adaptable to end customer requirements in terms of:

- optimizing vehicle and driver performance, for example in terms of eco-driving,
- comfort, with remote services, Wi-Fi,
- security, as with automatic emergency calls (E-call),
- diagnostics

In this area, the Group received approval for its remote downloading solution for employee-related data through the GSM network. This exclusive data collection solution that equips ACTIA®’s tachographs streamlines the retrieval process to reduce time and management costs for the end customer.

In this way, the Group offers a broad range of embedded interior and chassis systems:

- Podium® dashboards and instrument clusters,
- power converters,
- control boxes for electrical and hydraulic functionalities,
- flashers for blinkers,
- switch-packs,
- power units,

- audio and video equipment (Infotainment);

The Group introduced in recent years major innovations in this area by means of:

- A modular approach reducing development and production costs;
- Use of a new generation of low-cost and high-performance electronic components;
- The signature of a partnership agreement with a silicon foundry, the market leader;
- The design of a new line of products for buses and coaches and for telematics.

Control modules,
Electrical batteries,

The Group has also developed a range of solutions for light electric cars and utility vehicles using 50 kW electric powertrains, with a 90 kW version currently under development.

These products can be integrated into the electric vehicle fleets for professionals (last mile delivery services) or rental companies.

❖ The market

Each product targets a specific market, the geographic boundaries of which tend to be constantly expanding.

Multiplexing, first focused on coaches and buses, is used in all commercial vehicles, particularly high-end vehicles.

With interior products that can be combined with it and the increased research on safety, respecting the environment and comfort, control and optimization of costs, the growth areas are primarily in the developed markets of Europe, the United States and Asia. However, solutions better adapted to emerging countries are currently under development.

The telematics market covers all vehicle types including light vehicles which naturally involve very significant production volumes.

Audio and video products (Infotainment) address the needs of a particularly profitable market in South America, where overland transportation is favored over air or rail transport and tourism is a major contributor to the local economies.

This market has also been expanded to include the railway segment where the Group is successfully developing a position by providing an increasingly global offering.

❖ Customers

The key customers are manufacturers of commercial and industrial vehicles with small- and medium-sized production runs (from 100 to 100,000 units/year):

- Small production runs: planes, military vehicles, agricultural machinery, trains and tramways,
- Medium-sized production runs: trucks, buses, coaches, specialist vehicles, boats.

To address the needs of premium category light vehicles, ACTIA supplies automobile manufacturers with telematics products involving production volumes in the hundreds of thousands of units.

❖ The competition

The division enjoys a clear technological advantage in these families of products and protection from major equipment makers who find this market less attractive because of the small size of production runs.

With the exception of specific cases such as Continental and Stoneridge in the bus and truck sector as well as Blaupunkt (Europe) and Rey (South America) for Audio & Video, its competitors are generally smaller than the Group and without its international presence that today increasingly represents a major competitive advantage.

In the light vehicle segment, the market leaders are the major automotive part manufacturers, considerably larger than ACTIA in terms of size.

❖ Operating highlights

In 2014, revenue for Embedded Systems registered strong growth, increasing 28.4% from €132 million to €169.6 million. This performance reflects first the production ramp up for new generation telematics products, both for light vehicles and trucks. It should also be noted that these new products were delivered on schedule in line with initial targets.

In the bus and coach segment, ACTIA® benefits from its geographical diversification for revenue streams. This allows it to offset downturns in certain emerging markets, and Mexico in particular, by the strength of other regions like China.

The technical innovations introduced by ACTIA® are incorporated into contracts and destined to become international benchmarks. Sales for onboard computer units for trucks and construction site machinery are on the rise. In the Marine segment, ACTIA® has consolidated its position in the

United States, with revenue doubling even if as a percentage of Group revenue it is still small (1.5% of sales).

Finally, in the electric vehicle segment, powertrain deliveries for the Bolloré Group "Blue Car" have now reached cruising speed with revenue growth of 62%.

Vehicle diagnostic and testing devices

- ACTIA® solutions

In the vehicle diagnostic and testing segment, ACTIA® solutions are based on two core strengths:

- its expertise as an electronic systems designer, manufacturer and integrator;
- its accumulated knowledge in electrical and electronic systems for operating vehicles.

On this basis, the Automotive division designs, develops, manufactures, distributes and provides operating maintenance services and technical inspections for electronic diagnostic systems destined for vehicles (cars, trucks, specialist vehicles, two-wheeled).

- "Manufacturer" diagnostic solutions:

Initially developed for automobile manufacturers, these solutions involve a combination of specialized equipment and engineering services. They are used by our customers in their research and engineering departments, assembly lines and their networks of dealers and authorized repair shops. These products are make specific.

- "Multi-make" diagnostic solutions

The Group is a developer of multi-make solutions for express repair service chains and independent garages, but also for the networks of manufacturers, through its Multi-Diag® line.

This product covers nearly 85% of multi-make vehicles for Europe vehicle population (internal sources). Considered by industry professionals to be one of the best products on the market, the Group has applied all its know-how to making a very complex tool simple. Finally, the Group also markets a line of multi-make diagnostic tools for trucks, buses and utility vehicles considered to be an excellent tool by its customers.

These systems consist of:

- A diagnostics tool, consisting of a hardened PC with human-machine interfaces,
- A communications card linking the vehicle and the Vehicle Communication Interface (VCI) diagnostics tool using modern wireless technologies when available,
- A software using models or case-based (database) reasoning, as appropriate, making it possible to determine the source of the failure and guide the repair.
- Internet servers for updating "connected" functionalities, in particular for the ACTIA Connect offering.
- Solutions for repair workshops and technical inspection centers

Completing this range and supporting the sales engineering network of its aftermarket subsidiary, ACTIA Muller, the Automotive division develops, manufactures and sells two types of solutions:

- technical inspection and repair equipment for light vehicles, utility vehicles or trucks. The main tools provided for garages include wheel balancers, alignment testing equipment, vehicle lifts and complementary products to equip garages.
- With a target market also including technical inspection centers, the Group has developed applications for the pre-inspection diagnostics segment as well as diagnostics for after-market inspections in Europe and international markets. These represent comprehensive solutions integrating precision equipment around a software package and secure communications channel. Equipment included covers break testers, suspension, tire scrubbing, headlamp control equipment and exhaust emission test units for all types of vehicles, (motorbikes, light vehicles and trucks). Paying close attention to local needs, ACTIA® has developed a mobile station for testing light vehicles or trucks ideally suited for regions with low population densities. Henceforth, the Group's multi-make diagnostic solutions are also for vehicle technical inspection operations for access to the pollution data – on-board diagnostic (OBD) systems – in several European countries.

The after-market sector that was particularly impacted by the economic crisis is currently going through a phase of major transformation in Europe. Our subsidiary ACTIA Muller has focused its strategy on the key values sought by professionals of the sector and namely:

- **Innovation**, an essential driver for the market's renewal,
- **Efficiency**, to address requirements with respect to profitability for a sector severely impacted by the crisis,
- **Quality**, in line with the depreciation periods for equipment expected by customers.

Through a strategy of supporting customers, ACTIA Group has also developed solutions integrating diagnostics solutions within the garage's information system, making it possible to either improve interactions with other repair tools or optimize the management of the garage or network of garages. ACTIA® is actively developing solutions linked to technology trends accompanying the emergence of connected garage seeking to provide customers with improved performances, productivity and workshop quality.

This strategy has won ACTIA® numerous industry awards. For example, most recently it was given the "2015 Equipment of the Year Award" by Décision Atelier for its innovation in vehicle wheel alignment and suspension testing by analyzing 3-D images.

❖ The market

The diagnostics market requires calls for continuous adaptation to keep pace with the sustained growth in the amount of embedded electronic equipment in vehicles and their constant renewal. With embedded electronics occupying an increasingly important place in the vehicle ecosystem, diagnostic functions have become a strategic issue for manufacturers. They require the highest levels of quality and service to give their after-sales network a competitive edge. This area may be partially or fully outsourced, while certain manufacturers, notably Asian, seek to retain this segment as a central part of their organization.

However, this represents a full-fledged industry field in its own right subject to constantly evolving regulations and international standards. Most manufacturers assigned these services to external suppliers selected through calls for tender. Contracts typically have terms of five to seven years and cover all or part of the needs from hardware to updating the software, from providing local on-site service to assembly lines up to maintenance for vehicles in the network. Diagnostics equipment also makes it possible to load and update software applications for management units and controls of vehicles on assembly lines.

When a new solution is applied, there are two types of economic flows over this period, for hardware installations at garages over the first two years and periodic software upgrades over the life of the equipment.

Furthermore, the network of express repair services and independent garages that must adapt to changes both with respect to vehicles and regulations, and notably European regulations, today represents a large potential market for the line of Multi-Diag® solutions.

The technological evolutions offered by solutions developed within the framework of the "connected garage" by ACTIA® Group are also a factor behind international development both for the networks of automobile manufacturers and independent repair service providers.

Finally, technical inspections both for automobiles and trucks represent a growing worldwide market bolstered by the adoption of regulations in certain regions such as Africa or the Middle East. Our global offering includes notably management software applications and fixed or mobile station solutions perfectly adapted for the needs of these countries to test their fleets of vehicles and thereby improve road safety.

❖ Customers

The Group currently has some fifteen major manufacturer customers, such as P.S.A., B.M.W., Daimler A.G., Fiat, VW, S.G.M., but also manufacturers of specialist vehicles such as Manitou, Haulotte, Terex.

After making inroads with Chinese manufacturers ACTIA Group now works with the country's largest names: S.G.M., S.A.I.C., Chery, Geely and Chang-Han.

Multi-make diagnostics, heavy garage equipment and testing devices are marketed through Group subsidiaries and a network of distributors and agents organized in 140 countries. In this way, the strength of this organization combined with high quality products has made it possible to meet the needs of express repair networks such as Midas, Feu Vert and Euromaster.

In all these fields, service quality represents a decisive competitive strength supported by the Group's very positive image. However this requires sustained efforts to ensure that it remains at a high level: on-site installation and commissioning, training, software updating, hotline services, remote assistance, financing, after-sales service and maintenance. Innovative service offerings have met with a positive response from customers such as the online repair solution, the "ACTIA Connect" connected-vehicle solution for owners of Multi-Diag® or the "courtesy" service for dismounting tires.

❖ The competition

The profile of competition is divided into compartmentalized markets such as manufacturers, independent garages, repair service networks or networks dedicated to technical inspections.

In all cases, the main barrier to entry is the level of technological sophistication and in consequence the high cost of developing a new diagnostics system, which can run into millions of euros. Sharing R&D for technological building blocks makes it possible to maintain the quality and performance of products at lower cost. This gives ACTIA Group a competitive advantage.

In the case of equipment for repair workshops, there is an additional requirement of access to a distribution network and the appropriate service, as well as brand name recognition.

The competitors of ACTIA® include:

- for "Manufacturer" diagnostics, specialized groups but also automobile part manufacturers. In addition to its expertise, the independence of ACTIA® can also represent an additional selling point for manufacturers.
- for "multi-mark" diagnostics, the main competitors are Swedish, German and Italian. The Group has taken several initiatives to produce ergonomically designed equipment and adapted to capacity requirements for general maintenance while proposing an offering of complementary services, some of which are now accessible through the ACTIA Connect functionality rolled out in 2014.
- in the automotive testing segment, the major competitor is German.

❖ Operating highlights

ACTIA® remained on track in 2014, executing current contracts with customers and resulting in revenue of €76.3 million. This amount that was down 6.9% from 2013 reflects the absence of exceptional one-off items in 2014.

ACTIA India won a major contract in the diagnostics segment for the assembly line of Renault Nissan Automotive India, highlighting the relevance of our solutions for emerging markets.

Also in 2014, the Group renewed the contract for its multi-make tool with one constructor and several independent networks.

Among its manufacturing customers, ACTIA® received vendor certification by PSA Group as a "Major Supplier" with whom it is moreover pursuing a very close technical partnership. ACTIA® supports PSA Peugeot Citroën Group through a complete range of hardware and software solutions as well as services for both industrial sites and the after-market networks of the French auto manufacturer.

Within a sector in difficulty where many players have disappeared from the scene or merged with others, ACTIA® has maintained its level of activity in the garage equipment and vehicle technical inspection segments, where international markets have made it possible to offset the contraction in the European market, particularly in France. ACTIA Muller ramped up its participation in public procurement tenders for technical inspection systems in partnership with large worldwide providers operating in this sector; Business thus acquired (Chili, Qatar, etc.) will be deployed mainly starting in 2015.

Systems and Services for Transportation Fleets

❖ Products

The ACTIA® offering covers a range of products and services closely linked to those developed by the Group and supplemented by solutions originating from partners.

Similarly, products proposed by ACTIA® are frequently integrated into complete solutions assembled by integrator customers.

This offering includes:

- Onboard management units for industrial or commercial vehicles, including particularly onboard tracking and communication systems of the Telematic Gateway Unit (TGU) range,
- Remote vehicle diagnostics systems and services,
- The industrial integration and deployment of systems.

Equipment concerned includes:

- A multiplexing system for buses and coaches, with display screens and instruments like the onboard TGU2 telematics tracking facility,
- Physically embedded systems (SAM ATOM, PES) and Intelligent Human Machine Interaction (IHMI) screens,
- On and off board vehicle telecommunications products,
- Onboard audio and video systems.

ACTIA® thus markets the systems and services originating from the AMIC-TCP program, while incorporating an additional "systems and services" offering for vehicle operators seeking to lower their vehicle ownership and operating costs.

❖ The market

The public policy goal to reduce gas emissions and traffic levels in cities has fueled the strong development of public transit solutions which is a major priority for local and regional government. Major operators exist and are strengthening positions in France and international markets.

In response to the multiplicity and growing complexity of needs, the Group developed a specific approach for this market segment to provide the basis for commercial propositions from the technology building blocks developed by ACTIA®.

The Group has capitalized significantly on the results of the EBSF (European Bus System of the Future) project by participating in the creation of ITxPT (Information Technology for Public Transport). This technology consists of an embedded information technology network installed in buses which is expected to change the playing field in the years ahead, opening up new opportunities in this market.

In addition, user expectations regarding public transit are becoming increasingly demanding and specific in nature. The challenge is in consequence to meet this demand through a diversified offering that provides travelers optimal solutions for optimizing the organization of their itinerary while properly addressing safety and environmental priorities.

With the growing priority of respecting the environment, reducing noise and pollution, needs for solutions based on inter-modal passenger transport are multiplying with central transit hubs, real-time passenger information, single transit passes, Internet or mobile phone ticketing and optimized connections requiring increasingly complex solutions. In this way, the Group is positioned as a provider of innovative solutions for measuring and reducing vehicle consumption, measuring and improving passenger comfort and preventive maintenance for vehicles. The ACTIAFleet Internet gateway devoted to fleet operators provides simple and streamlined information.

Freight transport as well is becoming increasingly demanding both regarding safety criteria and regulatory compliance with respect to driving time durations, traceability and deadlines. The number of projects to reduce CO^2 emissions is increasing. Operating costs concern personnel costs, fuel, the vehicle and its maintenance and efforts to achieve productivity are focused at every level. In this context, potential contributions of electronic systems are significant. However, competition is fierce in all sectors: international, express delivery, distribution, etc.

❖ Customers

Vehicle fleet operators, particularly for buses and coaches require increasingly sophisticated equipment and functionalities to ensure optimal performances while providing passengers with the necessary information, timetables, comfort, etc. Fleet operators, are increasingly demanding that vehicle manufacturers provide this additional equipment for operating functionalities.

In freight transport, focused on the OE market for the last 10 years, the Group has developed a remote data collection solution built around the "EasyTach" platform which has opened up the market of managers of transport fleets for goods.

With its international organization comprising both direct sales subsidiaries and distribution networks, the ACTIA's offering is deployed in Europe, the Americas and Asia.

❖ The competition

In the hardware segment in which we intervene, competitors include in particular Continental, Transics, Elocom, Oleane-Martec or Faiveley.

The competition has well-established positions developed over many years and the status of market incumbent is decisive as the cost of changing a supplier for a customer can be significant. ACTIA® wins several contracts through its capacity to provide different solutions able to create sufficient value for the customer-user.

❖ Operating highlights

Overall, 2014 was a difficult year with revenue declining 25.1%.

The Infotainment was particularly impacted, notably in the Mexican market. As indicated in the 2013 registration document, adverse weather conditions in September 2013 led to a sharp reduction in investment programs of our customers. In response, our subsidiary registered a 25% decline in revenue starting in September that continued until the summer of 2014. This in turn led to heighten competition and our subsidiary registered an upturn in sales starting in the fourth quarter only, though without reaching the level of 2012.

Another adverse contextual factor has been the level of public entity debt reducing the number of calls for tender and slowing the decision-making process.

Finally, one of our important customers in this segment encounter difficulties with the launch of its product and service offering that served as a springboard for expansion into this segment by ACTIA®.

Despite the above, commercial offers have been maintained and ACTIA® is participating in several ACTIAFleet tests for several dozen vehicles at the sites of operators which is expected to lead to new contracts in 2015. 2014 focused on the industrialization of new functions and improving the performance of the ACTIAFleet gateway.

In addition, the share of services provided through the ACTIAFleet gateway launched at the end of 2012 more than doubled in 2014.

Finally, in the segment for telematics devices, a major integrator renewed its confidence in the Group with a contract for the provision of a rugged onboard PC for applications destined for buses, coaches and tramways.

ACTIA® has chosen to concentrate on added value products in order to preserve its margins. For that reason, revenue contracted in markets where competition is driven by prices, which was the case in several emerging countries.

In contrast, advanced solutions for fleet management held their ground as they approach technological maturity, providing reasons to be confident in the future. ACTIA® is in this way remaining on track with a strategy for development in the sector.

Services

- Products

The Services business covers third-party sourcing solutions for the manufacture cards and electronic systems. ACTIA Group focuses on its expertise in segments for embedded electronics. The main customers naturally include manufacturing companies and systems manufacturers in the railway, aeronautics sectors, etc.

ACTIA's manufacturing capabilities meets the most stringent quality criteria both in the automotive sector (medium-sized and large-scale production runs in Tunis) and aeronautics, railway and healthcare sectors (small, complex production runs in Toulouse).

With dual manufacturing operations in France and Tunisia, the Group is able to meet all internal production needs in line with the highest standards of quality as well as the needs of customers for whom quality control is a strategic factor.

ACTIA Group in this way offers a series of services ranging from the design to the manufacturing of electronic boards, not to mention testing and integration.

ACTIA® also possesses specific expertise in long-term maintenance for complex electronic systems with a team of experts with a platform for monitoring component obsolescence. On this basis, it is able to:

- Monitor systems,
- Propose alternative solutions on a predictive basis,
- Make any necessary changes,
- Carry out functional validations,
- Manage related documentation.

This business is built directly on expertise developed in ensuring operating maintenance services for own products. This ranges from in-depth knowledge of the system that needs be operational for many more years to redesigning sub-assemblies if new components are to be added, up to ultimately the repair of defective parts, in-depth studies and continual updating with respect to the functional obsolescence of electronic components including recommendations regarding the resulting replacement.

With continued focus on improving industrial performances and quality, the Group was rewarded for its efforts in 2008 by the first NADCAP certification (National Aerospace on Defense Contractors Accreditation Program) in Europe for special assembly processes for electronic boards for which certification has since been renewed. The Toulouse plant has also been certified IRIS (railways) and ISO TS 16949 (automotive). The aircraft equipment activity has also been covered by Part 145 certification for repair stations.

- The market

ACTIA Group addresses the market for small and medium production runs, with facilities capable of meeting the most stringent quality criteria.

Focused on its own products, the Group is strengthening services to automotive, aeronautic, railway and healthcare sector customers in order to satisfy their own requirements both in terms of cost and quality and to apply these standards to its own products.

In the field of long-term maintenance, the market is concentrated on companies with products and equipment with very long life cycles where the replacement costs are much higher than the cost of operating maintenance services (OMS), notably for the nuclear and aeronautic sectors.

- Customers

In 2014, Airbus was once again the largest contributor to revenue, though the customer base remains large and diversified.

Electronics manufacturing services are offered to all industrial operators looking for high-quality, small- and medium-sized production runs. The Toulouse site services in particular the aircraft industry, railway and healthcare segments. The Tunisian sites produce medium and large production runs, and are more specifically focused on the automotive and home automation sectors.

In the field of long-term maintenance, our main customers are major industrial users of systems with very long life cycles (up to 30 or more years).

- The competition

Apart from the major large-scale Asian manufacturers, there are fewer and fewer competitors in Europe.

- Operating highlights

Services in 2014 had €35.6 million in revenue (+1% from 2013) without any significant changes to the customer portfolio.

The industrial highlight for the year was the commissioning of the new high-capacity SMD (surface mounted device) line and Tunis. This investment significantly boosted the site's capacity (+30%), while also contributing to productivity gains. This investment supports growth in Group business without adversely affecting our customers in this segment.

6.3.2 Telecommunications Division

The Telecommunications Division operates in four markets:

- Satcom;
- Energy/Aeronautics/Defense (EAD);
- Broadcast/Railways/Transport (BRT);
- Infrastructure/Networks/Telecom (INT).

The Telecommunications division's contribution to Group results was as follows:

Automotive division's contribution to Group results (€ thousands)	2014	2013	2012
Sales	**39,088**	33,333	29,774
Current operating income	**3,327**	1,794	<275>
Operating profit/(loss)	**3,149**	1,630	449
Net income (A)	**2,851**	1,305	<544>
Tax (B)	**92**	90	219
Change in the value of goodwill (C)	**0**	0	500
Interest expense and other financial charges (D)	**100**	159	235
Depreciation and amortization (E)	**2,827**	1,674	1,883
EBITDA (A) + (B) + (C) + (D) + (E)	**5,871**	3,228	2,293

These figures are presented in compliance with Note 17 to the consolidated financial statements on "Operating segments".

The Group's management control reporting provides the following breakdown for sales between the four businesses:

Business activity(€ thousands)	2014	2013	2012
Satcom	**20,870**	15,999	13,520
EAD (Energy/Aeronautics/Defense)	**7,888**	7,895	7,937
BRT (Broadcast/Railways/Transport)	**5,251**	5,001	4,442
INT (Infrastructure/Networks/Telecom)	**5,079**	4,438	3,875
TOTAL	**39,088**	33,333	29,774

The Telecommunications division (11.5% of Group sales), with 17.3% growth, continued its rebound, recovering from a low point in 2012

Satcom

- Products

Using technologies developed in the power amplifier and signal processing sector, the Telecommunications division has established itself in the field of satellite telecommunications earth stations, creating complete, easily transportable systems that meet the needs primarily of the military sector for armed forces deployed in foreign theaters of operation but also of civilian Telecommunications markets.

The Group also offers related products such as amplifiers, encoders and decoders, products and solutions for monitoring earth stations to various systems manufacturers in markets in which it cannot provide a comprehensive offering.

- The market

This market is above all national. For nearly 15 years, the Group has supported the different programs of the French defense procurement agency (DGA) relating to the military telecommunications segment, through multi-year contracts. These also include operating maintenance services (OMS) for stations for periods of more than 10 years after delivery. The last contract signed in partnership with Airbus Defense & Space began in early 2013, through the COMCEPT program.

Addressing these same Telecommunications needs, the Group has also developed relations at the European level, winning its first contract with NATO in 2008 that has been regularly supplemented by annual amendments.

The civilian sector is split between several carriers as well as leading systems manufacturers.

❖ Customers

The armed forces, whose requirements are classified, are the main customers of this segment, directly or indirectly via large private or semi-state companies, leading systems manufacturers in the Telecommunications or Broadcast sectors.

In the civilian or TV/radio sector, customers are satellite telecommunications operators or service bundlers in France and abroad.

Efforts to acquire new customer base should focus on effectively leveraging the successes achieved in France.

❖ The competition

The competitive picture is very complex, especially in the satellite telecommunications sector, due to the size of the competitor companies, the projects as well political and economic factors.

In the sub-systems sector, competition is represented by major Telecommunications groups.

In the equipment sector, the main competitors are US and up to 2014 benefited from a particularly positive US Dollar effect.

Group competitors include Metracom in France, NDSatcom – subsidiary of Airbus Defence & Space – in Germany, Pals in Turkey or CPI, Xicom in the US and EMS in Australia in the field of amplifiers.

❖ Operating highlights

In 2014, the Satcom Business Unit registered significant revenue (>€20 million) originating principally from the following:

- Completion of the development and qualification process for COMCEPT terminals for the French defense procurement agency. Manufacture of HDR-type terminals (transportable theater hub). Confirmation of production tranches for series SDT-type terminals (small size telecom terminals), TMT-type terminals (Theater & Metropolitan Terminal), deployable and fixed, to be delivered in 2015 and 2016.
- Pursuit of the EAC development project for NATO. On a number of occasions, the customer indicated its satisfaction on the management of this project, timeline compliance, the maturity and quality of the technical solutions proposed by the Satcom Operating Business Unit. The division has also benefited from support from the development teams of the Group engineering department in Tunisia, ARDIA.
- Successes in the consultation for stations in Brazil through the prime contractor TAS (Toulouse-based Thales Alenia Space). The development of these four stations (2 trailers, 2 fly-away) commenced in mid-2014 and will be completed in the second half of 2015. The Brazilian subsidiary of the Automotive division, ACTIA do Brasil, was solicited for technical support to assist the Dinard teams in the trailer road qualification process in Brazil
- Success in the consultation for Ka-band Teleports of the CNES (*Centre National d'Etudes Spatiales*), the French space agency, in Toulouse. This solution is based on an ACTIA Telecom amplifier for which development was launched in 2014. Delivery of a complete station is planned for mid-2015.
- A new export success for EHF-band amplifiers in Italy. ACTIA® is the only non-US supplier for this type of product.

To increase the understanding of the subject of earth stations, a promotional film was posted on ACTIA Telecom's website (http://www.actiasodielec.com/fr/actualit-s/film-promotionnel-dek140.html).

Energy / Aeronautics / Defense (EAD)

❖ Products

Energy: with experience of more than 35 years in control units and supervision of electricity networks, the Group provides a full range of equipment for electrical power transmission and distribution.

The Group accordingly proposes a complete range of products and systems adapted to both French and international standards including:

- Remote control systems,
- Digital command and control unit systems for source substations,
- High capacity managed stations (RTU),
- Event recorders,
- Communication gateways,
- High-voltage switch boxes,
- IP modems,

- Remote security systems for renewable energy installations (photovoltaic , wind power),
- Turnkey solutions: control rooms, communication networks…

Aeronautics / Defense: the Group designs and provides conception and long-term equipment maintenance in addition to offering a full range of services, on-board products and systems for different applications:

- Aeronautics: passenger telephony, wireless multimedia, on-board calculators, test benches, etc.
- Defense: design and durability of transmission, telephony, data, image video products, radio navigation equipment, calculators, optronics, test benches, etc..

❖ The market

Energy: the introduction of new Smart Grid-related digital technologies, the integration of renewable energies, and the implementation of networks to operate the future electrical vehicles increasingly require reinforced digital capabilities and the digitization of source substations, a core field of the Group's Energy, Aeronautics, Defense (EAD) business unit.

Aeronautics / Defense: the Defense market is based mainly on providing operating maintenance services (OMS) for equipment and the provision of specific transmission systems.

❖ Customers

Primarily focused on French-speaking markets, the major customers are:

Energy: ERDF, RTE, SNCF for the French, and for export markets, electricity for Burundi, ONCF and ONE in Morocco, Togo, Benin, Luxembourg and a strong position in the segment for insular networks (Tahiti, Mayotte, etc.).

Aeronautics: leading integrators and airlines.

❖ Partners

- Siemens for the PCCN contract for digital substation equipment (ErDF),
- ICE for the PCCN and Electre contracts (RTE and ErDF),
- Fournié Grospaud for the remote control system contract for the high-speed train in Morocco.

❖ The competition

In the Energy sector, our competitors consist mainly of French or European companies comparable to us in size, such as SCLE as well as considerably larger companies like Alstom Grid or Schneider.

Certain major groups may also be both competitors and partners as for example Siemens for the PCCN (*Poste Contrôle Commande Numérique*) contract for digital substation equipment.

For our Aeronautics / Defense activities, competition is more fragmented and involves specific projects through close relationships with our customers

❖ Operating highlights

Energy: This activity continues to be driven by the development of digitization of source substations for energy transmission or distribution and monitoring electrical power networks. Work has been pursued to address the arrival of new ranges of equipment devoted to the Smart Grids networks.

In 2014, we were thus able to strengthen our position for the deployment of Electre "d" for our customer RTE and position ourselves with ERDF for a new ITI/PASA product range (high-voltage switch boxes) that will start to be deployed in the network in 2016 and to consolidate our partnerships for PCCN contracts (Siemens and ICE) for the deployment of the ERDF PCCN level.

ITI/PASA railway integration

We were also selected for the ONCF project for the electrical supervision of the LGV, for the Tanger/Casablanca line with a target date for completion in 2016.

Aeronautics / Defense: As part of our strategy to strengthen positions in this market, we decided to boost our test bench activity. Our actions have paid off and allowed us to win a contract for a first project with Air Liquide to develop a test bench facility for the space segment. In 2015, we expect new test bench projects to be confirmed for the Energy, CEA CESTA and aerospace segments.

Broadcast/Railways/Transport (BRT)

- Products

Broadcast: the Group designs equipment for digital television transmission and broadcasting and radio and TV monitoring and proposes a complete range of products used by radio and TV professionals for transmission and broadcasting with TV DVB-T/T2 transmitters and repeaters.

The division also offers a full range of monitoring equipment for radio and TV channel transmission and broadcasting, including monitoring probes for terrestrial digital radio.

The Group supplies this equipment using microwave beam solutions, particularly in the low and medium power broadcaster market segment. These solutions particularly meet the needs of the supplementary network for the roll-out of digital terrestrial television (DVB standard).

Railways – Transport: ACTIA Telecom designs and supplies a range of innovative and efficient wireless onboard/ground communications tools for trams, metro, trains, high speed trains as well as solutions for onboard control systems. The division also produces collective or individual announcement wireless systems that are easy to use and quickly deployed, based on new technologies and dedicated to the safety of personnel working on railway track maintenance.

- The market

Broadcast:

After the migration to digital radio and TV that opened up a new segment in which the Group achieved some noteworthy successes, the market is currently focused on maintenance and equipment renewal. ACTIA Telecom remains a supplier of low- and medium-power repeaters for DTT and provides operating maintenance services.

Railways – Transport:

One of the major challenges for public transport in the years ahead is increasing capacity while reducing traffic-related disturbances. The use of train control system based on communication-based train control (CBTC) technologies contributes to continuing improvements in railway transportation and provides solutions to issues relating to mobility, security and connectivity. The Group is participating in meeting this new challenge by proposing mobile wireless embedded communication systems.

The increase in traffic and plans for the renovation of network infrastructure require an optimization in the duration of maintenance work while at the same time respecting security constraints. Within this framework, ACTIA Telecom provides innovative, rapid to implement and secure wireless announcement systems.

Furthermore, ACTIA Group released its wireless broadcasting system for the smartphones of public transportation users for VOD content, commercial information or passenger navigation information.

❖ Customers

The French market is divided into two segments:

- Broadcasters and infrastructure operators such as TDF, Towercast, Itas Tim;
- Content providers with television networks such as Canal+ or radio networks such as the Europe group.

In export markets, customers are primarily broadcasters, with the Group’s sales efforts are concentrated on Europe and North Africa.

❖ The competition

ACTIA Telecom is positioned in the low-power TV broadcaster market. Its main competitors are similar-sized European companies also leaders in their domestic markets.

The leading companies in the high-power TV broadcaster market, such as Rhode & Schwarz, may become competitors in system level calls for tender.

❖ Operating highlights

Broadcast: Sales experienced a steep decline in 2014 reflecting the weakness of the French market and the absence of significant export sales, with delays in the deployment of the phases for DTT deployment in France.

Sales were driven mainly by monitoring equipment where ACTIA Telecom has an adapted product offering and good name recognition. This market has remained steady and ACTIA® is continuing to win new contracts for export markets.

This segment accordingly is dependent on future calls for tender.

Railways – Transport:

In 2014 there were several significant projects.

Originating from synergies achieved from the expertise centers of the ACTIA Group's two divisions, our passenger entertainment solution was selected to equip a bus fleet in Mexico.
The ACTIA® offering is an innovative system based on wireless transmission and passenger information (video on demand, commercial information, navigation information for passengers, etc.) to portable devices like smartphones or tablets within the bus or coach.

On September 30, 2013, the SNCF, the French Railway National Operator, confirmed its choice of ACTIA Telecom to realize, supply and provide services for testing a new TVSE system (semi-embedded video transmission) solution under the EAS-NG program (operating with a single agent- New generation). This project could be deployed in 2017.

Continued confidence by our customers in our product range for onboard-ground transmission products integrated in communication-based control systems subway and railway platforms both with Siemens and Alstom and with operators resulted in orders for delivery in 2015 and 2016.

Telecom/Networks/Infrastructures (TNI)

❖ Products

Over the last 16 years, ACTIA Telecom has developed a broad range of telecommunications network infrastructure solutions for mobile phone, broadcast and railway applications.

This offering is developed, qualified and manufactured by our Manosque site in Southeast France.

While proposing optimal solutions in terms of functional needs, ACTIA Telecom combines a mix of production and logistics process adapted to rapid response time and seasonal deployment requirements.

Today this offering ranges from simple electrical powering products up to complex and full systems for the creation of a global broadcasting site incorporating significant innovations and an integrated ecological approach. These include:

- Outdoor units,
- Low voltage power supply systems,
- Continuous power supply systems,
- Quick deployment telecom sites,
- Complementary solutions: fixed or mobile shelters, protection system against lightning, galvanic isolation system, etc.,

❖ The market

Growing communications needs offer the Group growth opportunities based on ease of implementation and the service quality offered.

❖ Customers

Primarily focused on the French market, the major customers are: SFR, Bouygues, Benning and Orange on the deployment of an ambitious national plan for increasing broadband performance. Export markets with a number of possibilities opening up for development.

Outdoor unit

❖ The competition

In the market for French developers and carriers for fixed and mobile phone services, our main competitors are companies of intermediate size based in France that in many cases have adopted a strategy of vertical integration. We also are witnessing the emergent of competition from entities originating from eastern Europe or Asia through French subsidiaries

❖ Operating highlights

With a truly innovative project, a new supply contract was signed with Orange for outdoor units for the deployment of ADSL broadband in areas with low population density in line with the government objective of promoting universal digital access. This contract will be spread out over a minimum period of six years. Significant volumes started to be delivered in 2014 (370 sites) with an acceleration expected in 2015 and 2016 (500 sites /year), followed by a gradual scale-down in 2017 and 2018. Up until now this market has been split among two suppliers.

In contrast to 2013, where the roll out of 4G technologies by the historic operators relaunched the activity, SFR's acquisition by Numéricable blocked further deployment by the new entity resulting from this business combination in 2014. However, discussions are in progress for the supply of new equipment.

6.3.3 Competitive position

In general and for the Group overall, regardless of the business, it should be noted that because of the niche strategy targeted and developed by ACTIA Group, it is not possible to provide a clear and concise presentation on competitive positioning as no official source exists that adequately fits its specific profile.

This strategy has made it possible to position ourselves in product niches that meet the requirements of "certain" client needs. For this reason homogeneous segmentation for the purposes of peer group comparisons is difficult to achieve, since competitors cover only a portion of the products developed by ACTIA® while the Group does not have the same offering as they do.

In general, market data is difficult to obtain. For example, in our Embedded Systems business, ACTIA Group has strong global penetration in the multiplexing field for buses and coaches but specific data quantifying the "number of buses and coaches" likely to use this technology does not exist. The number of buses and coaches manufactured worldwide can be found but the multiplexing technology only targets top-of-the-range buses and coaches. In addition, certain countries, such as China and India, have scarcely begun to incorporate these technologies and the market share that they represent now and in the near future is not known, all the more so given that they are fast growing markets. Relevant statistics can be found but they are only partial. As such, they do not make it possible to produce quantitative data for the worldwide market in which the Group operates.

6.3.4 Factors materially affecting the operating results

The tables presented below represent audited figures.

	2014			2013			2012
	1st half	2nd half	TOTAL	1st half	2nd half	TOTAL	
Sales (excluding intercompany sales)	**163,818**	**176,076**	**339,894**	**145,658**	**157,997**	**303,655**	**289,110**
o.w Automotive	143,913	156,815	300,728	131,029	139,206	270,235	259,270
o.w. Telecommunications	19,875	19,213	39,088	14,600	18,733	33,333	29,774
Current operating income	**7,095**	**14,387**	**21,482**	**5,788**	**11,082**	**16,870**	**10,248**
o.w Automotive	6,704	12,176	18,880	5,605	10,126	15,731	11,277
o.w. Telecommunications	1,692	1,635	3,327	502	1,292	1,794	<275>
Operating profit / (loss)	**8,012**	**13,339**	**21,351**	**5,691**	**10,741**	**16,432**	**10,374**
o.w Automotive	6,790	12,137	18,927	5,604	9,967	15,571	11,174
o.w. Telecommunications	1,713	1,436	3,149	406	1,224	1,630	449
Net income / (loss)	**5,783**	**9,343**	**15,126**	**3,790**	**7,132**	**10,922**	**4,126**
o.w Automotive	4,593	8,064	12,657	3,687	6,559	10,247	5,658
o.w. Telecommunications	1,596	1,255	2,851	377	928	1,305	<544>
Current operating margin/sales	**4.3%**	**8.2%**	**6.3%**	**4.0%**	**7.0%**	**5.6%**	**3.5%**
o.w. Automotive	4.7%	7.8%	6.3%	4.3%	7.3%	5.8%	4.3%
o.w. Telecommunications	8.5%	8.5%	8.5%	3.4%	6.9%	5.4%	<0.9%>
Operating margin (%)/sales	**4.9%**	**7.6%**	**6.3%**	**3.9%**	**6.8%**	**5.4%**	**3.6%**
o.w. Automotive	4.7%	7.7%	6.3%	4.3%	7.2%	5.8%	4.3%
o.w. Telecommunications	8.6%	7.5%	8.1%	2.8%	6.5%	4.9%	1.5%

With growth based on ramped up production for telematics gateways, the Group's operating characteristics remained unchanged. In effect, the Group's profitability was lower in the first half reflecting prices negotiated with customers as from January 1 of the period and the measures to restore margins by lower component prices, also applied as from January 1 by our suppliers, but only impacting the income statement in the middle of the first half due to sourcing and production time lags.

High sales for the Telecommunications division in the first half, balances the impacts, though the deployment of the new production line in Tunisia put into service at the end of September contributed to further productivity gains in the second half.

The Group was able to meet increased demand by one-off use of subcontracting and temporary personnel, which helped keep personnel expenses and external charges down. ACTIA® also benefited from a virtually EUR/USD stable exchange rate compared to 2013, despite the euro's decline beginning in the third quarter, through hedging instruments (See Note 25.6 to the consolidated financial statements on foreign exchange rate risk).

6.4 Trend information

6.4.1 Material events after the balance sheet date

Without prejudicing the potential commercial benefits to the Group products from EUR/USD exchange rate trends in Asia and the Americas, the euro's rapid devaluation at the start of this year will impact Group purchases in US dollars. Hedging instruments that made it possible to achieve an average purchase price at 1.35 in 2014 will offer an improvement in the exchange rate by only around 10 points compared to the spot purchase price. Measures are also being implemented with our main customers impacted by these purchases in dollars to share the costs linked to this rapid trend towards parity between the euro and the US dollar. The hedging strategy is described in more detail and Note 25.6 "Market risks" to the consolidated financial statements.

6.4.2 Targets – Performance and outlook

Sales performance

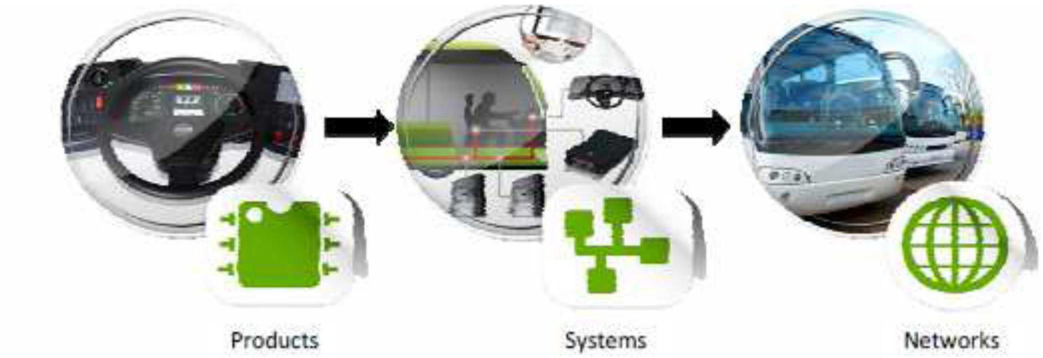
With a solid base of multi-year contracts, and in the absence of exceptional invoicing receipts for the Telecommunications division, ACTIA Group has set a target for revenue growth of 8% in 2015.

Outlook

With a diverse customer-market mix, it is difficult to present in the short-term ACTIA Group's future prospects. Despite this, successes achieved over a number of years should contribute to a further sustained growth, in line with the gains of the last two years, according to forecasts for volumes announced by our customers.

- Automotive

ACTIA Group is pursuing its strategy based on know-how developed over 25 years during which it has gradually expanded across the value chain. Beginning with specific products addressing a defined set of precisely defined requirements, Group propositions have evolved from a systems offering allowing for optimal integration of several products and/or functions to a more global offering. This new offering is built around a system designed to contribute to overall optimization.



Successful inroads in the telematics segment provide a good illustration of this positioning in the value chain, with ACTIA® teams having succeeded in imagining and creating the high added value embedded telecommunications platforms of tomorrow. These systems have been successfully sold to major brands of premium vehicles of northern Europe as well as most European manufacturers of industrial vehicles.

- Embedded Systems:

  ACTIA Group will pursue its commercial strategy in 2015 built around complete systems, by proposing an open and modular architecture capable of being adapted to the requirements of end-users. By developing a partnership approach with customers, ACTIA® will continue promote its capacity to tailoring products and/or systems to their specific needs.

  Several contracts are entering the final development phase, with production scheduled to start in 2015. For 2015, the challenge will be to win new calls for tenders to provide a basis for sustained growth beyond 2016, in particular in the segment for commercial vehicles, railway and aeronautics.

- Diagnostics:

  Beginning with the range of equipment for a vehicle repair workshop, and with extensive experience with the diagnostics tool, the Group has developed network-connected tools, optimizing the time and quality of service provided for maintenance operations. Continuing the line of actions carried out in 2014, the Group will pursue its efforts focusing on commercial deployment, particularly in North America where the automotive market is recovering, both at the level of manufacturers and repair and technical inspection networks as they prepare for implementing the maintenance services of the future. While this will not immediately produce growth, it will be decisive for the positions to be occupied in tomorrow's market.

  In the shorter term, regulatory trends in the technical inspection sector, in particular for pollution control, should permit the Group to maintain steady sales, or even achieve market share gains at the European level against within an environment that remains gloomy.

- Systems and Services for Transportation Fleets:

  Using its international network to anticipate calls for tender and monitor its products, ACTIA Group will pursue its efforts to strengthen its position with fleet managers, particularly in Europe.

  The commercial release of a new product in 2015 should address market expectations, in particular in the area of the connected vehicle.

  Furthermore, Mexico and Central America, trailblazing markets for the Group in the area of fleet management services, should return to a level of business closer to that of 2012, after a 2013-2014 period that was significantly impacted by a drop in sales linked to adverse weather conditions.

- Services:

  With the dual Franco-Tunisian production platform tooled for a wide range of certifications (see Section 7.1.7"Certification of Group company quality systems at December 31, 2014") and with a new step in the healthcare segment expected (13485 certification of the Toulouse site), the Group will continue to equip its manufacturing sites for third-party sourcing and ensure its relevance, in terms of quality, productivity and costs. Through this strategy, the Group is able to fulfill external needs for high quality electronics manufacturing.

❖ Telecommunications

Following exceptional contract pricing revisions in 2014, revenue for the division is expected to contract, though without adversely impacting its margins. The order book is expected to remain stable in 2015.

- Satcom:

  This Business Unit will continue to benefit from the COMCEPT (*COMplément de Capacités en Elongation, Projection et Théâtre*) contract to produce the network and ground segment on behalf of the Defense French Procurement Agency (DGA) in partnership with Airbus Defence & Space as well as NATO contract amendments in the process of being executed. Its actions in 2015 will focus on responding to new international calls for tender, notably pursuant to the 2014 commercial initiatives in the Middle East.

- Energy/Aeronautics/Defense (EAD):

  With the multi-year contract for PCCN and Electre "d" in partnership with ICE and Forclum for the energy portion, activity for this Business Unit will remain stable in 2015. Commercial efforts that have resulted in important new contracts for this Operating Business Unit will not impact revenue until 2016.

- Broadcast/Railways/Transport (BRT):

  As it gradually refocuses operations in the transport sector, the Operating Business Unit should bolster its positioning particularly in the railway segment. Despite the gradual decline in Broadcast segments sales, measures taken will allow this Operating Business Unit to stabilize revenue.

- Telecom/Networks/Infrastructures (TNI):

  Continuing to be driven by the introduction of 4G in Europe, and in particular in France, activity for this Business Unit should hold its ground, and remain in line with the level of 2014.

Priorities for 2015

Group priorities remain unchanged for the year ahead:

ACTIA® will pursue measures destined to maintain or improve the level of its margins. The specific context for the year, with the sharp decline in the euro in the first weeks of 2015, has led the Group to concentrate efforts on hedging tools and defining commercial and purchasing strategies designed to reduce its exposure to the US currency.

For the years ahead, the Group will continue to focus on evolving into a provider of advanced high-technology solutions, increase production capacity, improve total quality, lower debt while continuing to grow.

6.5 Strategy

6.5.1 Strategic priorities

ACTIA® designs and manufactures embedded systems Such systems are divided into four constituent parts:

❖ An electronic part produced on a printed circuit board on which electronic components are mounted (control units, memory, resistors, inductors, capacitors, etc.);

❖ A software application representing lines of code written by programmers and stored in the electronic card's memory;

❖ And electrical energy power supply source;

- A mechanical protection unit forming the device box.

ACTIA® is on that basis organized around:

- An engineering department staffed by engineers and highly qualified technicians to design the software, electronic, electrical and mechanical systems making up the embedded systems;
- Manufacturing facilities for producing all material, downloading software and monitoring the quality of corresponding system.

These embedded systems make it possible to process external data obtained from sensors, analyze and synthesize the data and provide instructions to the actuators (for example electrical engines, valves, etc.).

ACTIA® uses raw materials in the form of electronic components (calculators, memories, resistances, inductors, capacitors, etc.) mechanical units (base, top, front) making up the device boxes and items capable of providing electrical power at the desired current and voltage levels.

ACTIA® also uses intangible materials, and namely software.

The products it sells are generally installed on vehicles, whether industrial (trucks, buses, coaches, tractors, worksite machinery, etc.) light vehicles, trains, aircraft, military vehicles, boats, etc.

Today, these embedded systems equip all vehicles. For example, a vehicle today currently is equipped with more computer power than was available for many commercial airlines in the early 80s.

In summary, the underlying trend is for vehicles to be equipped with embedded intelligence able to actively intervene in three main areas:

- Vehicle security (automatic triggering of airbags in the event of shocks, blocking safety belts, automatic calls to the nearest rescue platform, etc.);
- Environmental protection (optimizing fuel consumption by stratification of air and fuel vapor in the pistons before combustion, recycling and processing exhaust gas, etc.);
- Vehicle equipment connectivity (navigation, hands-free phone, Internet access, films, games, etc.).

In this area, ACTIA® devotes a significant percentage of sales to R&D and proposes customers, in a proactive manner, new embedded services for vehicles based on the technological innovations and reliability of the systems it develops.

With an approach focused on sustained development, the intrinsic industrial values of ACTIA® are pursued through **several strategic priorities**:

- Become a cutting-edge high tech company;
- Improving total quality;
- Achieve continuing growth;
- Increase production capacity.

Become a cutting-edge high tech company

ACTIA® has a growth strategy based above all on intelligence with work organized around lines of action such as:

- Acquiring and maintaining expertise with new development tools, systematic validations, widespread adoption of tools like PS NEXT, knowledge management, a network of outside experts, an expanded engineering department, etc.;
- Focusing on a modular and scalable design products built around "bricks" along the lines of the Lego model:
  - a modular architecture in terms of mechanics, electronics, information technology or energy,
  - modules having been validated and able to be reused,
  - taking into account changes in customer needs, evolving market demand and the emergence of new technologies.
- Think globally to express an innovative vision of systems and services by:
  - imagining and validating the systems of tomorrow for garages and technical inspection service centers, vehicles of the future and vehicle fleets,
  - designing specifications for and developing new products,
  - increasing the strength of the brand image,

- developing and selling associated services.

❖ Leveraging the favorable environment of Toulouse-region and act locally by:

- continue to deploy internally the 5S method (of Japanese origin) for increasing the effectiveness of the production system based on workplace organization improvements through five phases: sorting, set in order, systematic cleaning, standardizing, and sustaining (*seiri*, *seiton*, *seiso*, *seiketsu*, and *shitsuke*),
- use of resources supporting innovation: research tax credits, public aid,
- participation in the Toulouse-based IRT AESE technological research institute(aeronautics, space and embedded systems),
- and the three Toulouse-based global competitiveness clusters, "Aerospace Valley", "Agrimip Innovation" and "Cancer-Bio-Health".

Improving total quality

For the Group's specialization in electronic equipment a **total quality** approach has been implemented, recognized by several certifications.

ACTIA® has adopted a continuing improvement process with the implementation of the lean manufacturing approach built around:

❖ Formalized and applied processes;

❖ Shared intelligence and accountability;

❖ An arsenal of tools;

❖ Management guided by indicators;

❖ A process of continuing improvement;

❖ Reducing waste.

This management is consequently based on the principle of a learning organization open to new technologies, managing disruptions and continuing training throughout the careers of employees.

Continuing growth

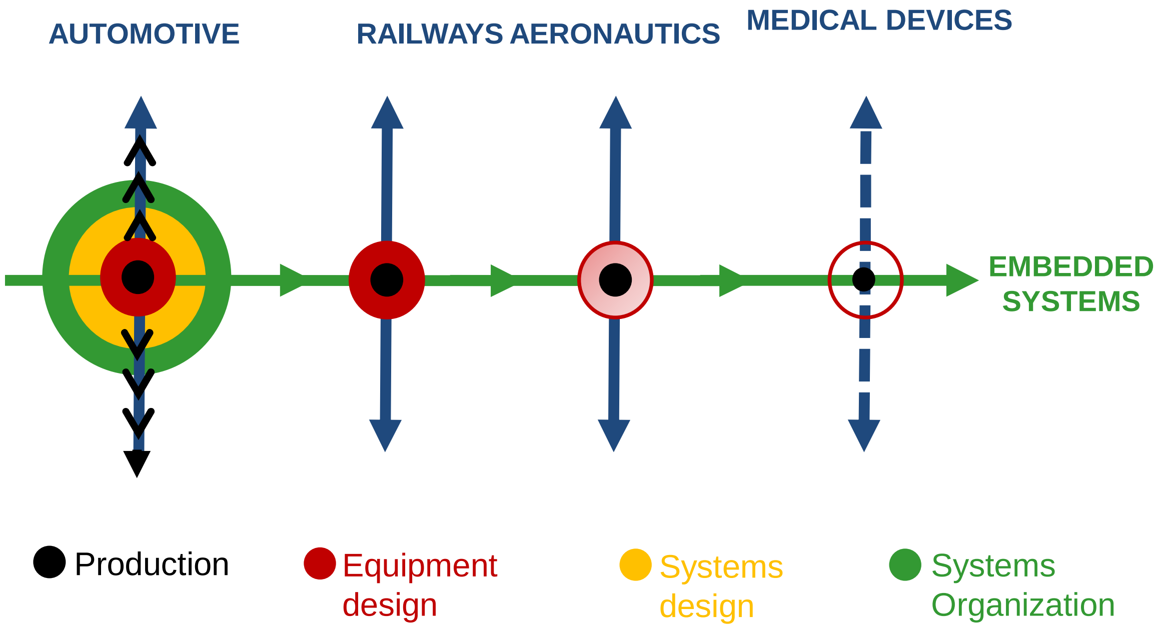
On the strength of its first strategic priority based on technological innovation, quality and competitiveness, ACTIA Group, a mid-sized family-owned business must ensure its sustainability over the long-term, pursue its diversification and in consequence maintain its growth trajectory, reduce debt and focus on more profitable markets.

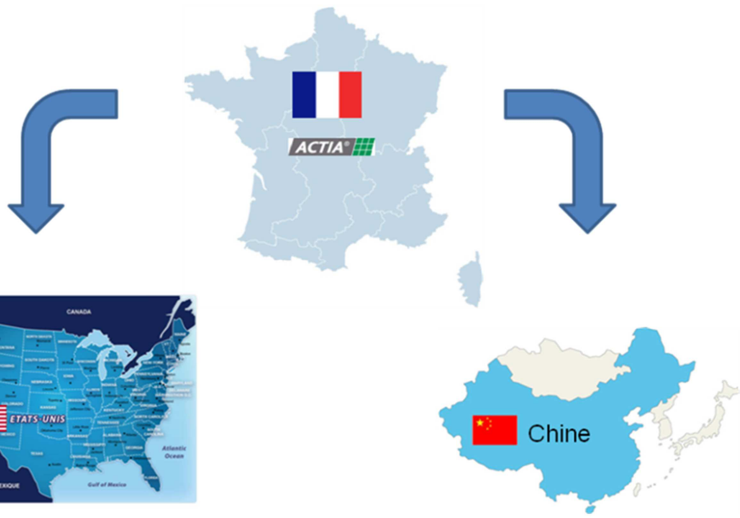
This growth may be pursued by focusing on two areas:

❖ Diversification within its core area of expertise of embedded systems;

❖ Diversification towards the urbanization of systems.

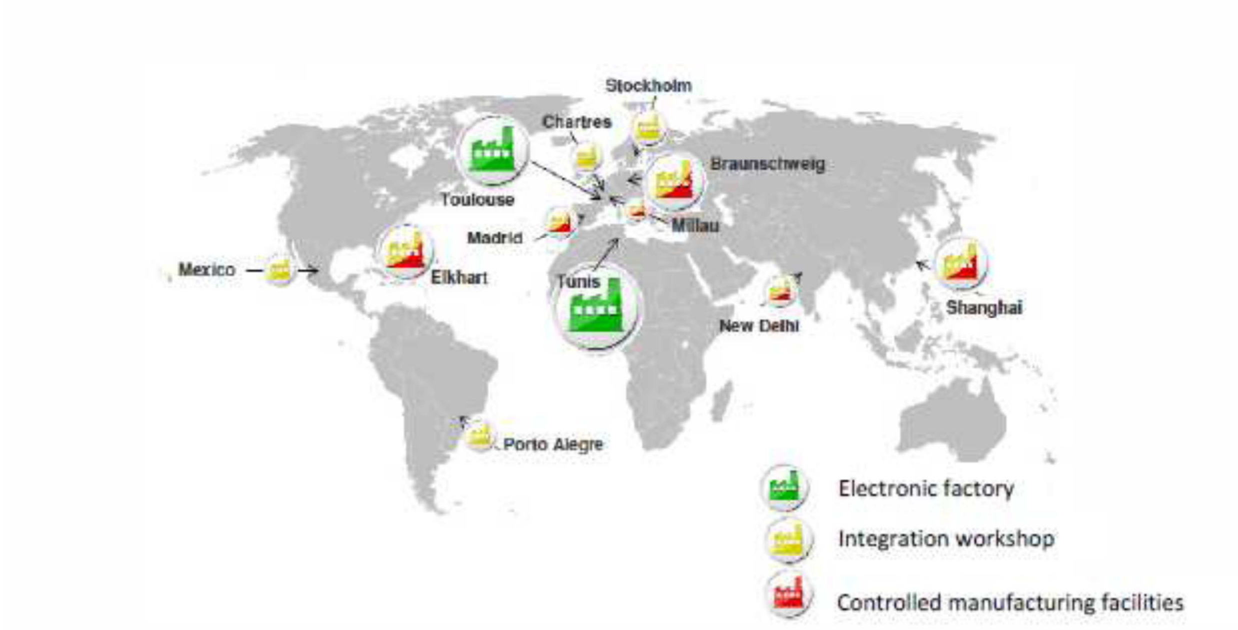
The following diagrams highlight the potential of diversification:





Increasing production capacity

ACTIA Group organizes the industrialization of its products at a worldwide level through electronic factories, integration workshops and controlled manufacturing facilities. To guarantee the capacity of its engineering departments for innovation while maintaining optimal productivity, its tools are supported by an engineering laboratory for Group proprietary processes.



On the strength of contracts recently awarded and assured internal growth, ACTIA® is adapting its organization to expand its production capacity for the future.

By investing in new production capabilities over the last two years, the Group was able to support its revenue growth. Also, investments in 2014 in a new SMD (surface mounted device) line in Tunisia, after the country's commitment to the democratic process was renewed (adoption of the constitution, legislative and presidential elections), significantly increased its production capacities. Based on technological trends for production equipment, new investments can be anticipated (see Section 6.6 Investments).

6.5.2 Research & development as a core ACTIA® priority

Since its creation, ACTIA Group's strategy has remained focused on research and development to develop innovative solutions and sources of differentiation for its customers.

At the heart of its strategy which has remained a priority even during the demanding period of economic crisis requiring rigorous selection investments, the Group has made important investments in R&D that is supported by more than 650 engineers and technicians across all its entities.

The Group's organization has made it possible to set up centers of expertise in specific areas on which ACTIA® can draw to respond to the needs of its customers, with, for example, a center of excellence in Germany for the Vehicle Communication Interface (VCI) communications cards, a tool providing an interface between the vehicle and the diagnostic tool or, in Spain, for developments related to infotainment providing dedicated audio and video services to public transit passengers (bus, coaches, trains, etc.).

Through a procedure resulting in Executive Committee decisions, the corporate governance body comprised of the executive officers of the most important subsidiaries and Business Unit managers, and validated by the Supervisory Board, major R&D programs are selected that will provide the foundations, by business, of tomorrow's strategy.

The challenges

In response to needs expressed internally and in light of the requirements of the highly competitive market for embedded systems and societal changes, the number of challenges to be met is many.

ACTIA® must respond to the following major challenges:

- Strengthen the competitiveness of offerings for customers and users

In response to existing competition and the developing positions of new players in low-cost countries such as China, India or Brazil, the challenge for a mid-sized French company is to increase the economic performance of its products: acquisition costs, operating costs, etc., improve the technical performance and reduce costs and cycle times: development, market release, redesign, etc.

- Improve the efficiency and attractiveness of transportation systems

With traffic for public transit expected to double, it is necessary to develop new concepts, while guaranteeing a high level of performance in terms of punctuality and customer satisfaction.

- Developing new applications and associated services

Already new applications have been identified in the areas of E-health, construction, agriculture, mobility, eliminating the digital divide, etc. Embedded systems represent a formidable vehicle for innovations of interest for many other areas.

- Become a major contributor to sustainable development

The objective is to reduce the environmental footprint of products and services (reducing energy consumption, particle emissions, sound emissions, dismantling aircraft, etc.), developing new approaches for monitoring and managing the environment.

- Guarantee the safety, security and resilience of products and systems

Despite the increase in the complexity and threats that could potentially affect the use of different products and systems ACTIA Group must guarantee a very high level of safety and security.

The drivers

To address these industrial priorities, ACTIA® will pursue its research and development based on **strategic drivers** to respond to the challenges in the area of embedded systems.

A number of these challenges will require breaking down new technological barriers or increasing the scope of innovation initiatives focusing on selected priority areas, and namely:

- Increase the performances of industrial vehicles: Multiplexing - Smart power - ARM - Linux;
- Designing new architectures and innovative configurations: Standardization - Openness - Flexible solutions - Ethernet;
- Optimizing and improving the work environment for drivers: Driver cabin ergonomics - Eco-driving – Intelligent Transportation System;
- Optimizing and improving the work environment of garages: Diagnostic Tools - Connected Garage - Mechatronics;
- Efficient and dynamic energy management for vehicles: Electrical vehicles - Hybrid solution - Embedded climate control systems;
- General adoption and automation of supervision, diagnostics and maintenance: Security - Operating safety - Autonomous conduct;
- Exploit new technologies to develop new applications: Understanding behavior – Multimodal (combining several types of transport) - ITS (intelligent transport system) – GIS (geographical information systems).

6.5.3 ACTIA® and its technological environment

In response to these growing markets and challenges, in particular technological, for the sectors concerned, the Toulouse-Midi-Pyrénées region today occupies a specific, original and key position both at the European and global levels.

In this unique local context, ACTIA® is integrated within this remarkably dynamic hub and organization of stakeholders actively engaged in the Midi-Pyrénées region. This active engagement as a stakeholder is exemplified in particular by our participation in the following:

Type of relation	Designation
Relationship by market segment	Aeronautics: TOMPASSE
	Rail transport: MipyRail
	Automotive: Automotech (ARIA)
	Workshop and diagnostic equipment: GIEC
	Medical: BioMedicalAlliance (BMA)
Relations with the Clusters	Aerospace Valley, a world-class competitiveness cluster (aeronautics, space and embedded systems)
	Agri Sud-Ouest Innovation
	Cancer-Bio-Health cluster
	LUTB Lyon Urban Trucks Bus cluster(transportation and mobility)
Relations and technology	IRT AESE technological research institute in aeronautics, space and embedded
	Excellence Initiative of U.T. and TOULOUSE TECH
	LAAS-CNRS affiliate partners club
	Navigation GUIDE Innovation Platform
	PRIMES Innovation Platform
	CELSIUS / FAHRENHEIT Thermal Innovation Platform
	PFMI collaborative innovation platform: DécidAIE
	e-Health platform
	PLATINES: Information platform on health establishments
	Club: Sensing Valley
	IT Cluster: DigitalPlace
Local relations	CCRDT (*Comité Consultatif Régional pour la Recherche et le Développement Technologique)*
	DRIME network (*Dispositif Régional d'Information sur les Mutations Economiques*)
	CSRF (*Comité Stratégique Régional de la Filière Aerospatiale*)

ACTIA® has submitted several applications within the framework of the program for future investments like BGLE, ADEME, FUI, PSPC, ANR, and the Region

In 2014, the following programs were continued or launched:

- Institute for Technological Research: The positioning of ACTIA® is consistent with the challenges and research programs of Saint-Exupéry Technology Research Institute. ACTIA® is a member of the Board of Directors; Several platforms have today been selected and ACTIA® is involved in two projects.

- MIMOSA: Navigation and telematic system by GPS and hybridization of sensors;
- E-Tag: helicopter turbine engine micro-hybridization project;
- EBSF (European Bus System of the Future): a European research program adopting a comprehensive approach to the bus system rather than focusing on the vehicle by itself;
- BUSINOVA Evolution: a project allowing for work on supervising the multi-hybrid propulsion for urban public transit buses;
- IT-Agro project: innovation supporting intensive agriculture focusing on intra-plot modulations for soil work.

- GENOME: obtaining a prognosis using a Liebherr rotating machine; health monitoring
- RESPECT a monitoring system for at risk seniors (an intelligent footwear insert)
- Serious-Games: for training in the field of automotive diagnostics;
- The VUE-FLEX (*Véhicule Utilitaire Electrique FLEXible*) is a research and development project (*Projet de recherche et développement Structurant Pour la Compétitivité* or PSPC) pursued through the French-government-sponsored "Investing for the Future" program, spearheaded by the Commissariat-General for Investment and run by par Bpifrance. Its aim is to develop a 3.5 ton utility vehicle with an optimized design in terms of electrification, flexibility and intelligence offering a competitive TCO (total cost of ownership) to provide an alternative to today's combustion vehicles.

6.5.4 Production of industrial property

With respect to the protection of the intellectual property of its products, ACTIA Group has a legal department responsible for taking all measures involving patents, brands and models. In addition, the Group has recourse on a periodic basis to an outside firm specialized in this area.

To date, several patents have been filed by the Group both at the national and international levels.

6.6 Investments

The total capital expenditures for property, plant and equipment and intangible assets capitalized by the Group amounted to €16.1 million in 2014 compared to €10.9 million in 2013.

6.6.1 Property, plant and equipment

The details of capital expenditures on property, plant and equipment in the period are set out in Note 4 to the consolidated financial statements on "Property, plant and equipment" of this Registration Document.

In 2014, the Group continued to renew its computer and manufacturing assets to improve productivity at its manufacturing sites. However, to keep pace with strong business growth, ACTIA® fully replaced one of its production lines at the CIPI ACTIA site in Tunisia with a very high capacity SMD line. Installed in the 2014 third quarter, the first electronic cards started to be produced in the fourth quarter of the year. The previous production line was maintained and is in the process (2015) of being redeployed at the second Tunisian site.

6.6.2 Intangible assets

Information on capital expenditures for intangible assets in the period is presented in Note 3 to the consolidated financial statements "Intangible assets" of this Registration Document. These items relate mainly to research and development.

Research and development expenditures in 2014 amounted to €48.1 million, up 6% from the prior year and reflecting increased requirements to support customer programs under development, even if the chargeback rate for R&D costs declined marginally to 46.3%.

This activity remains of strategic importance, since it enables the Group to maintain a high level of technical sophistication. Information provided by the Group's management control presented below summarizes trends in this area:

(€ thousands)	2014	2013
Total cost of R&D	**48,065**	45,360
Cost of R&D services sold	**22,278**	23,754
R&D capitalized during the financial year	**8,925**	7,728
Expensed during the period (A)	**16,872**	13,878
Amortization during the period of capitalized R&D (B)	**7,646**	5,801
Research tax credit recognized under income in the period and grants (C)	**3,732**	3,391
Impact of R&D on the income statement (A) + (B) – (C)	**20,776**	16,287
Headcount	**654**	567

Total R&D costs include payroll costs of the engineers and technicians that work on R&D projects as well as costs that may be incurred for services subcontracted.

It is noted that the Group invests heavily in R&D. In 2014, R&D expenditures amounted to 14.1 % of total consolidated sales. Offering specific solutions to its clients, based on recognized expertise and innovation, a portion of certain specific developments may be carried out by clients.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. Also, the level of R&D expenditures incurred by the Group recognized in the income statement, excluding the portion billed to clients and government subsidies, declined to 6.1 % of sales in 2014 from 5.4 % in the prior period. The share of capitalized R&D expenditures was 18.6% in 2014, closely in line with 2013 (17%). And reflecting significant investments in recent years, the level of allowances for amortization was up 31.8% to €7.6 million.

The increase in R&D expenditures in the 2014 income statement of nearly of €4.5 million was nevertheless fully absorbed by the activity.

Able to benefit from the expertise of its Swedish engineering department, accredited by the Ministry of Higher Education and Research for its work in the field of telematics, in co-development with the Toulouse-based engineering department, ACTIA Group received funding in the form of a research tax credit and subsidies amounting to €3.7 million, up 10.1% on the prior year.

At the business division level, this breaks down as follows:

Automotive Division

Audited figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2014 totaled €41.7 million compared to €39.4 million in 2013, breaking down as follows:

(€ thousands)	2014	2013
Cost of R&D services sold	**18,714**	19,758
R&D capitalized during the financial year	**7,649**	6,625
Expensed during the period	**15,335**	13,017
Headcount	**616**	525

The share of the cost of R&D services sold declined 5.3 % and now represents 44.9% of expenses. Maintaining the practice of taking on R&D expenditures constitutes a major strength of the Group developing partnership relations with our customers. However, the current economic contact does not encourage growth in this participation.

Telecommunications Division

Audited figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2014 totaled €6.4 million compared to €5.9 million in 2013, breaking down as follows:

(€ thousands)	2014	2013
Cost of R&D services sold	**3,564**	3,996
R&D capitalized during the financial year	**1,276**	1,104
Expensed during the period	**1,527**	861
Headcount	**38**	43

A significant portion of R&D expenditures reflects the implementation of the COMCEPT contract executed in early 2013 in the Satcom sector and with the customer covering a significant portion. The division registered a 10.8% decline in the cost of R&D services sold, with the program reaching the final phase.

6.6.3 Committed future investments

On the date this document was issued, the Group has budgeted a certain number of investments relating to its normal operating activities.

These programs concern R&D with the continuation of developments launched in 2014 for a telematic gateway co-financed with our customers, as well as the connected garage or Ka-band earth stations for Telecommunications.

For the last two years, after executing multi-year contracts providing significant growth, the Group is adapting and preparing its manufacturing organization to help support this forward momentum. After an in-depth study for the creation of a new production site, capital expenditures for new generation production equipment (2012, 2014 and 2015) will serve to meet Group needs until 2016. Depending on the success of commercial efforts, geopolitical trends and the needs of its customers, ACTIA® will adapt its production strategy either by renewing equipment at its plants or use of subcontracting for products having reached stable high production volumes, or by setting up facilities near customers, or a combination of these three options.

6.7 Report on Employment, Social and Environmental Information

CSR disclosures on employment-related, social and environmental data are based on the reporting boundary for financial consolidation as set out in Note 2 "Consolidated companies" of the consolidated financial statements.

The reporting boundary is systematically updated to reflect changes in the Group structure.

Data herein covers all Group subsidiaries with an operating activity. On that basis, the following companies, not exercising any activity and without salaried employees are excluded from this reporting boundary:

Name	Registered office	Siren no. or country of incorporation	Activity
SCI Los Olivos	Getafe Madrid	Spain	Real estate
KARFA	Mexico	Mexico	Administration of holdings
SCI SODIMOB	St Georges de Luzençon	419,464,490	Real estate
SCI de l'Oratoire	Colomiers	345,291,405	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	343,074,738	Real estate

Furthermore, in the interest of clarity, information herein is aggregated by segment.

- Automotive France;
- Automotive Europe (outside France);
- Automotive Tunisia;
- Automotive Global;
- Total Automotive
- Telecommunications (France);
- Automotive France;
- Total ACTIA Group

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecommunications	Total France	Total ACTIA Group
	①	②	③	④	⑤	⑥	⑦	⑧
Totals					①+②+③+④		①+⑥ + ACTIA Group S.A.	②+③+④+⑦

It is specified that in the tables and charts, information under the heading "Europe" does not include France that is presented separately.

Finally, figures presented in the following charts and tables are derived from the management control reporting systems.

6.7.1 Employees

For the Group as a whole, changes in headcount including both open-ended and fixed-term employment contracts at 31 December over the last three financial years were as follows:

- 2012 2,768 employees (+1.2 %)
- 2013 2,680 employees (-3.2 %)
- 2014 2,762 employees (+3.1 %)

Human resources and labor relations

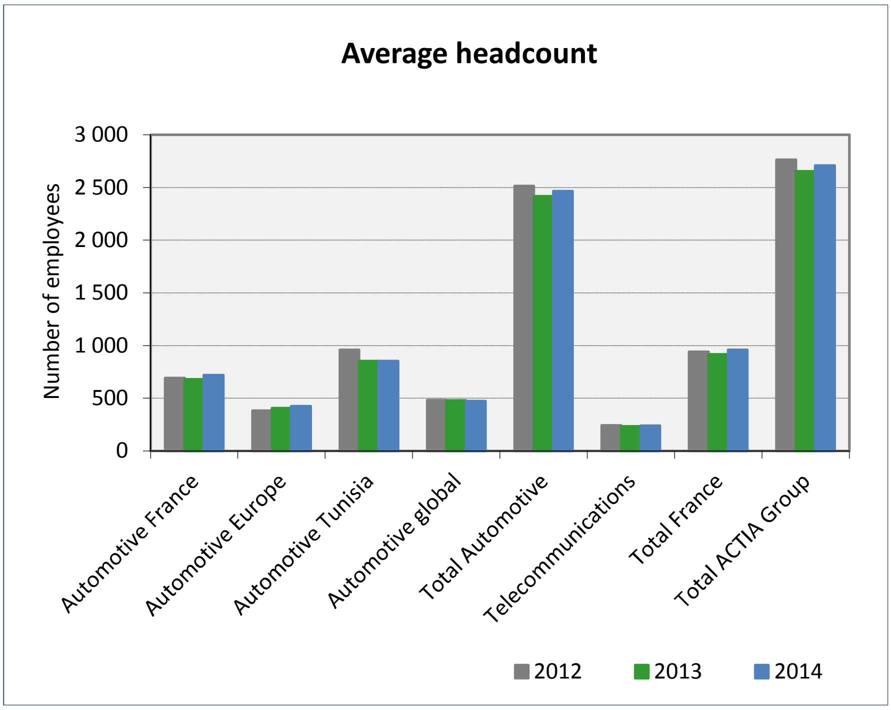
Employment

The **breakdown in staff** at year-end for the last three financial years is presented below:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecommunications	Total France	Total ACTIA Group
2012	692	405	915	511	2,523	239	937	**2,768**
2013	706	425	860	452	2,443	233	943	**2,680**
2014	**731**	**440**	**855**	**493**	**2,519**	**238**	**974**	**2,762**
Change/2013	+ 25	+ 15	<5>	+ 41	+ 76	+ 5	+ 31	+ 82
Change (%)	+ 3.5%	+ 3.5%	<0.6%>	+ 9.1%	+ 3.1%	+ 2.1%	+ 3.3%	+ 3.1%

This headcount includes permanent contracts (defined as contracts without a fixed term that may be interrupted only by a dismissal, retirement, a negotiated termination, or other form of departure) and fixed-term contracts. Employees with an apprenticeship or work-study contract have fixed-term contracts and as such are included in headcount figures.

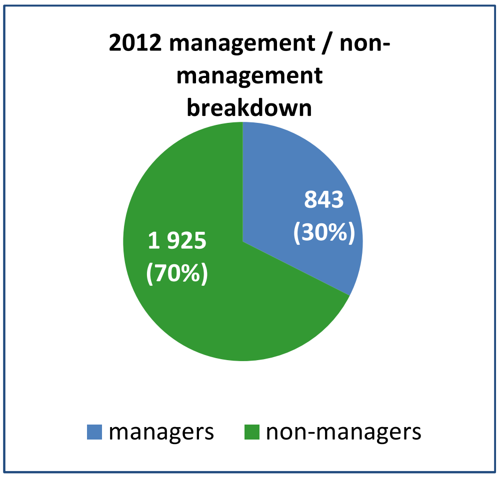
Changes in headcount vary significantly from one structure to another according to the economic context of the country of the operation concerned and the ACTIA Group's development in the regions where it intervenes. Only Tunisia registered a marginal decline linked to measures to improve productivity in the manufacturing plants and address customer needs. In the other geographic regions, headcount has risen. Overall trends for changes in Group headcount thus indicated a 3.1% increase from 2013, and approaching the record level of 2012, breaking down as follows:

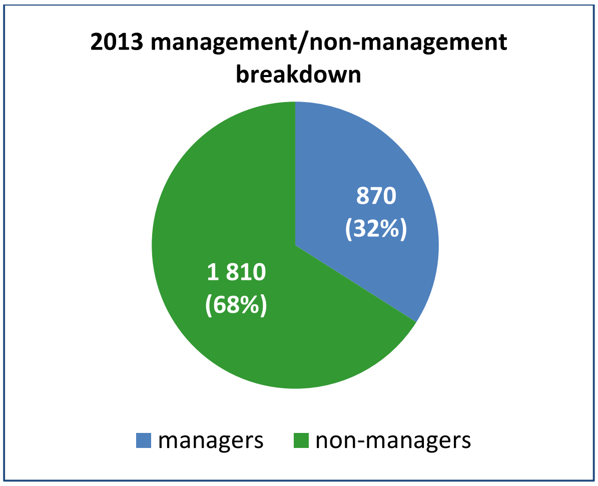


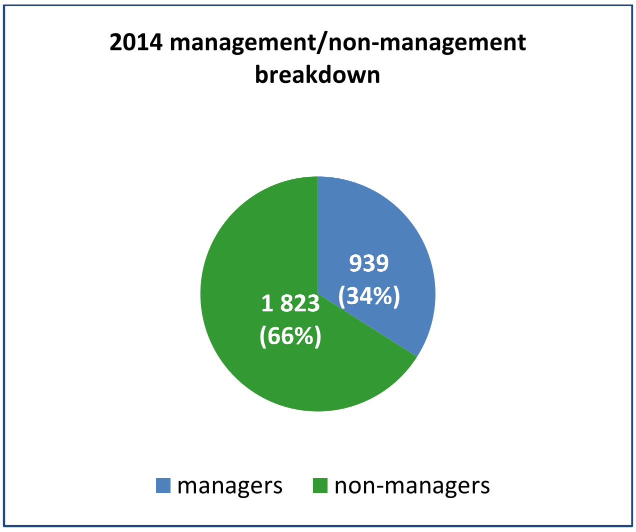
The changes in the **manager / non-manager** break down were as follows:

Management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecommunications	Total France	Total ACTIA Group
2012	325	50	269	76	820	118	448	**843**
2013	311	47	283	108	749	118	432	870
2014	**321**	**56**	**314**	**117**	**808**	**127**	**452**	**939**
Change/2013	+ 10	+ 9	+ 31	+ 9	+ 59	+ 9	+ 20	+ 69
Change (%)	+ 3.2%	+ 19.1%	+ 11.0%	+ 8.3%	+ 7.9%	+ 7.6%	+ 4.6%	+ 7.9%

Non management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecommunications	Total France	Total ACTIA Group
2012	367	355	646	435	1,803	121	489	**1,925**
2013	395	378	577	344	1,694	115	511	**1,810**
2014	**410**	**384**	**541**	**376**	**1,711**	**111**	**522**	**1,823**
Change/2013	+ 15	+ 6	<36>	+ 32	+ 17	<4>	+ 11	+ 13
Change (%)	+ 3.8%	+ 1.6%	<6.2%>	+ 9.3%	+ 1.0%	<3.5%>	+ 2.2%	+ 0.7%







Changes in the breakdown between management and non-management staff reflect significant disparities according to the geographic region. Overall, the number of management staff rose in all regions. For non-management staff headcount rose at a slower pace, except for Tunisia, where it declined in response to measures having been taken over the last few years to improve productivity at the manufacturing sites. As a result, management staff now account for 34.0 % of the total workforce, up from 32.5 % in 2013 and 30.5% in 2012.

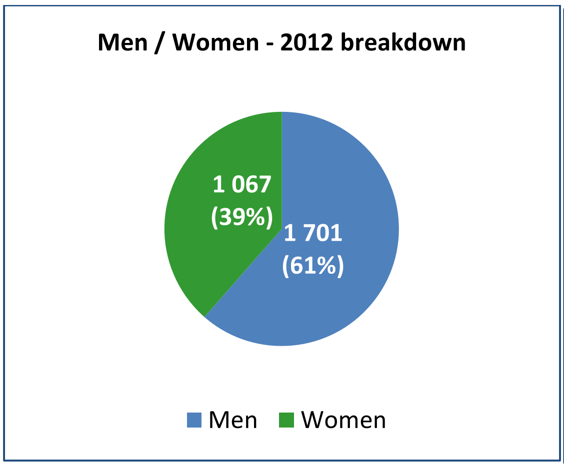
In France, management staff now account for 46.4 % of the total workforce compared to 45.8 % in 2013 and 47.8 % in 2012.

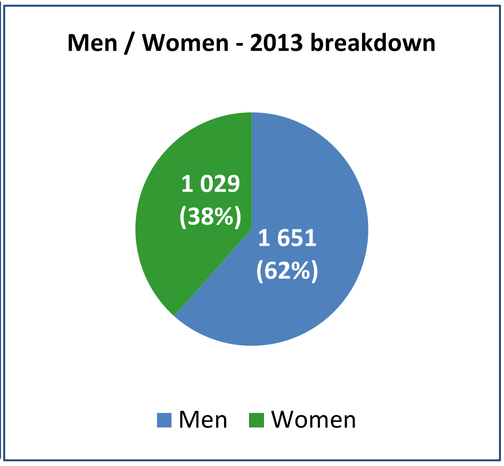
Breakdown in the workforce between men and women: In 2014 women represented 36.3 % of the workforce on average, down from 38.4 % at December 31, 2013. The reduction in headcount for women employees was most pronounced in Tunisia where it declined both in number and as a percentage.

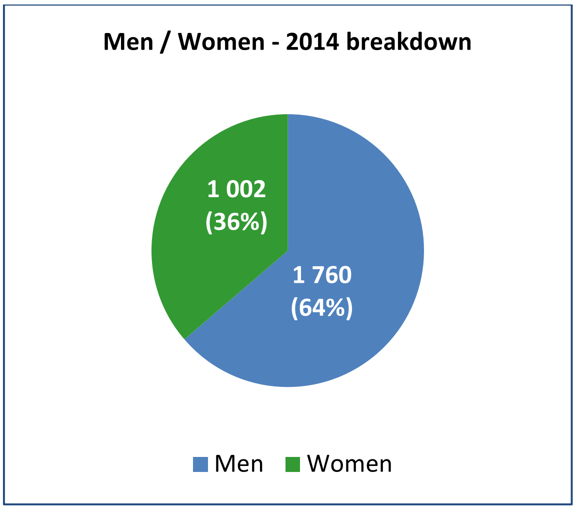
In France, while headcount for women employees remained stable in number, as the overall workforce increase in the period, this figure declined as a percentage.

Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	495 71.5%	317 78.3%	348 38.0%	360 70.5%	1,520 60.2%	179 74.9%	676 72.1%	**1,701** 61.5%
2013	501 71.0%	329 77.4%	350 40.7%	294 65.0%	1,474 60.3%	175 75.1%	678 71.9%	**1,651** 61.6%
2014	**524** **71.7%**	**343** **78.0%**	**379** **44.3%**	**330** **66.9%**	**1,576** **62.6%**	**181** **76.1%**	**708** **72.7%**	**1,760** **63.7%**
Change/2013	+ 23	+ 14	+ 29	+ 36	+ 102	+ 6	+ 30	+ 109
Change (%)	+ 4.6%	+ 4.3%	+ 8.3%	+ 12.2%	+ 6.9%	+ 3.4%	+ 4.4%	+ 6.6%

Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	197 28.5%	88 21.7%	567 62.0%	151 29.5%	1,003 39.8%	60 25.1%	261 27.9%	**1,067** 38.5%
2013	205 29.0%	96 22.6%	510 59.3%	158 35.0%	969 39.7%	58 24.9%	265 28.1%	**1,029** 38.4%
2014	**207** 28.3%	**97** 22.0%	**476** 55.7%	**163** 33.1%	**943** 37.4%	**57** 23.9%	**266** 27.3%	**1,002** 36.3%
Change/2013	+ 2	+ 1	<34>	+ 5	<26>	<1>	+ 1	<27>
Change (%)	+ 1.0%	+ 1.0%	<6.7%>	+ 3.2%	<2.7%>	<1.7%>	+ 0.4%	<2.6%>







Breakdown by age: changes for this data broke down as follows:

≤30	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	46	70	443	265	824	18	65	843
2013	66	72	334	147	619	14	80	633
2014	**87**	**73**	**345**	**193**	**698**	**24**	**111**	**722**
Change/2013	+ 21	+ 1	+ 11	+ 46	+ 79	+ 10	+ 31	+ 89
Change (%)	+ 31.8%	+ 1.4%	+ 3.3%	+ 31.3%	+ 12.8%	+ 71.4%	+ 38.8%	+ 14.1%

>30 and ≤50	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	463	259	419	198	1,339	152	617	1,493
2013	439	272	492	258	1,461	143	583	1,605
2014	**446**	**277**	**464**	**243**	**1,430**	**129**	**577**	**1,561**
Change/2013	+ 7	+ 5	<28>	<15>	<31>	<14>	<6>	<44>
Change (%)	+ 1.6%	+ 1.8%	<5.7%>	<5.8%>	<2.1%>	<9.8%>	<1.0%>	<2.7%>

>50	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	183	76	53	48	360	69	255	432
2013	201	81	34	47	363	76	280	442
2014	**198**	**90**	**46**	**57**	**391**	**85**	**286**	**479**
Change/2013	<3>	+ 9	+ 12	+ 10	+ 28	+ 9	+ 6	+ 37
Change (%)	<1.5%>	+ 11.1%	+ 35.3%	+ 21.3%	+ 7.7%	+ 11.8%	+ 2.1%	+ 8.4%

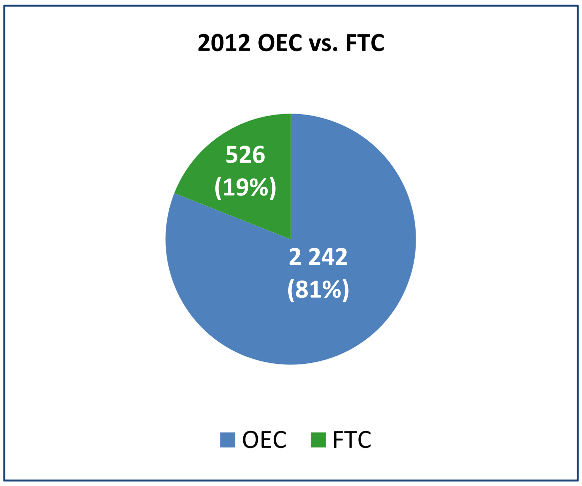
Here again, trends vary according to the regions. The overall trend is a rise in number of employees under 30 years of age, which in 2014 accounted for more than one quarter of the Group's workforce. The number of employees over 50 has also increased, highlighting the relatively low rate of turnover within our operations.

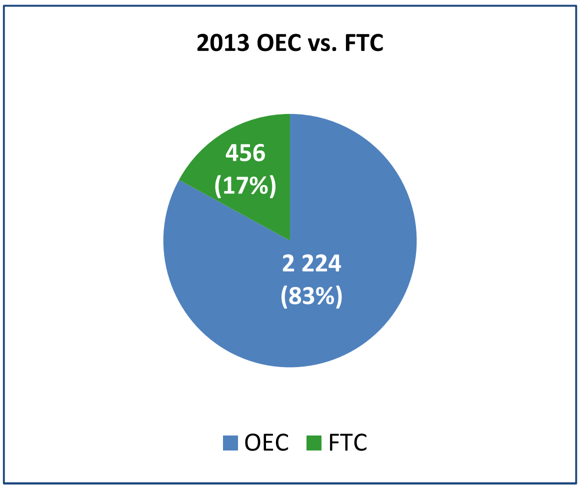
Breakdown between open-ended contracts ("permanent") and fixed contracts: the number of employees with fixed term contracts dropped in 2014 in all regions except France. Indeed, in France 6.4 % of staff had fixed-term contracts at December 31, 2014, up from 4.3% in 2013 and 1.6% at the end of 2012. Fixed-term contracts consequently account for 16.0 % of the total workforce. It should be noted that the length of fixed-term contracts may vary according to local regulations.

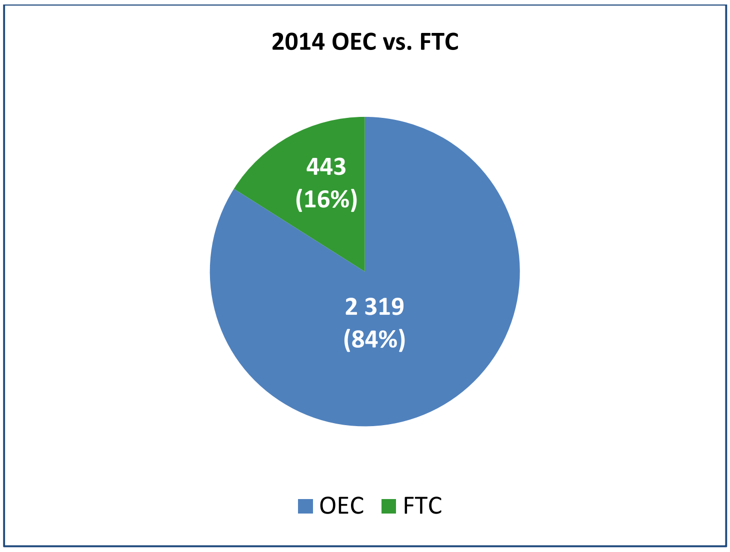
The breakdown between fixed-term and open-ended contracts was as follows:

Open-ended contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	679	373	555	392	1,999	238	922	**2,242**
2013	666	393	570	359	1,988	232	902	**2,224**
2014	**676**	**413**	**594**	**400**	**2,083**	**231**	**912**	**2,319**
Change/2013	+ 10	+ 20	+ 24	+ 41	+ 95	<1>	+ 10	+ 95
Change (%)	+ 1.5%	+ 5.1%	+ 4.2%	+ 11.4%	+ 4.8%	<0.4%>	+ 1.1%	+ 4.3%

Fixed-term contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	13	32	360	119	524	1	15	**526**
2013	40	32	290	93	455	1	41	**456**
2014	**55**	**27**	**261**	**93**	**436**	**7**	**62**	**443**
Change/2013	+ 15	<5>	<29>	0	<19>	+ 6	+ 21	<13>
Change (%)	+ 37.5%	<15.6%>	<10.0%>	0.0%	<4.2%>	+ 600.0%	+51.2%	<2.9%>

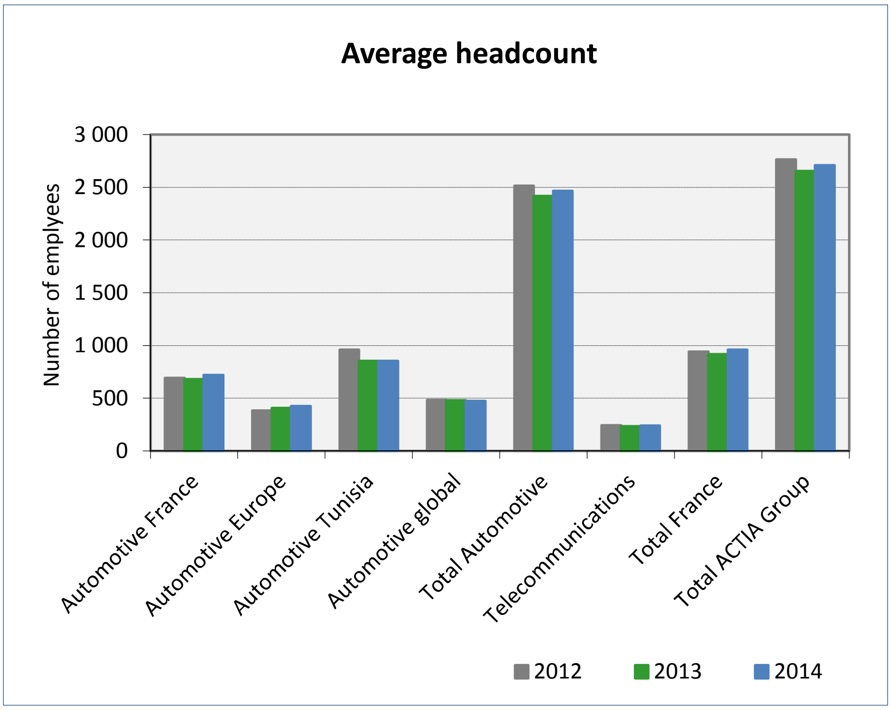






Overall, permanent contract employees now account for 84% of the total workforce compared to 83% in 2013 and 81% in 2012.

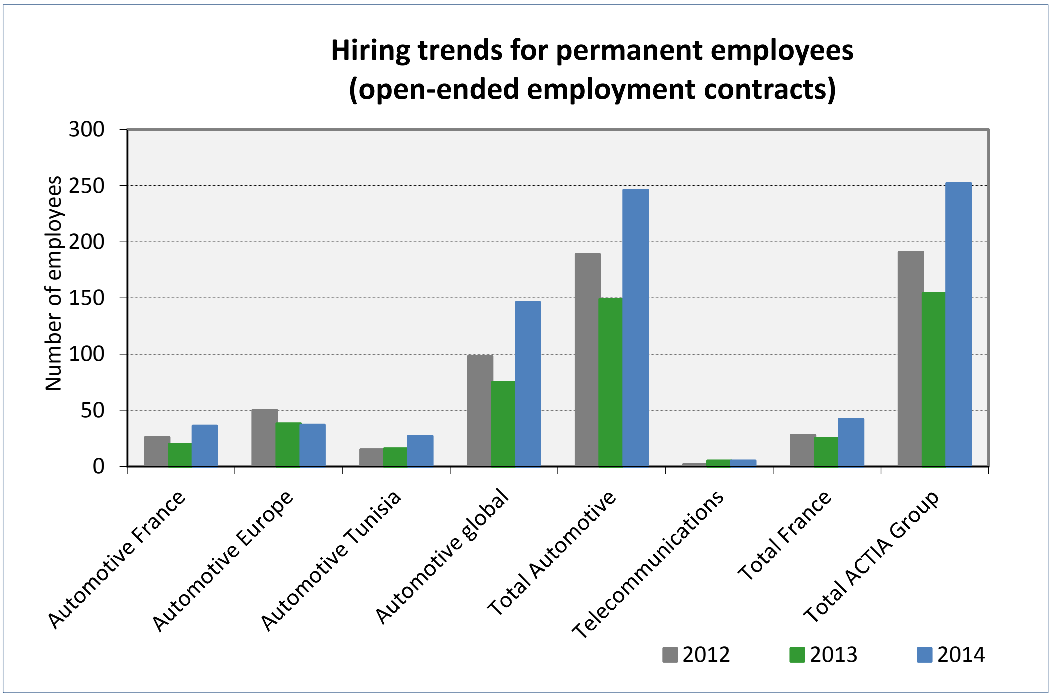
Furthermore, the Group has also observed changes with respect to its **average workforce**. This indicator tracks the headcount trend at the end of the period and provides a means for producing ratios for analyzing the profitability of structures.

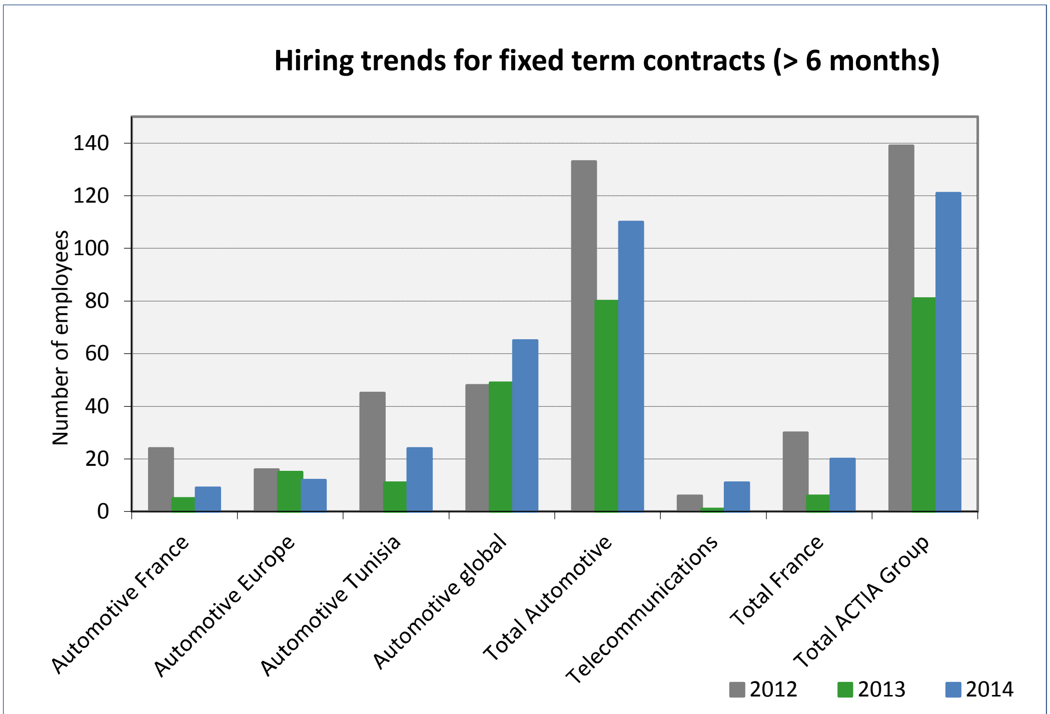


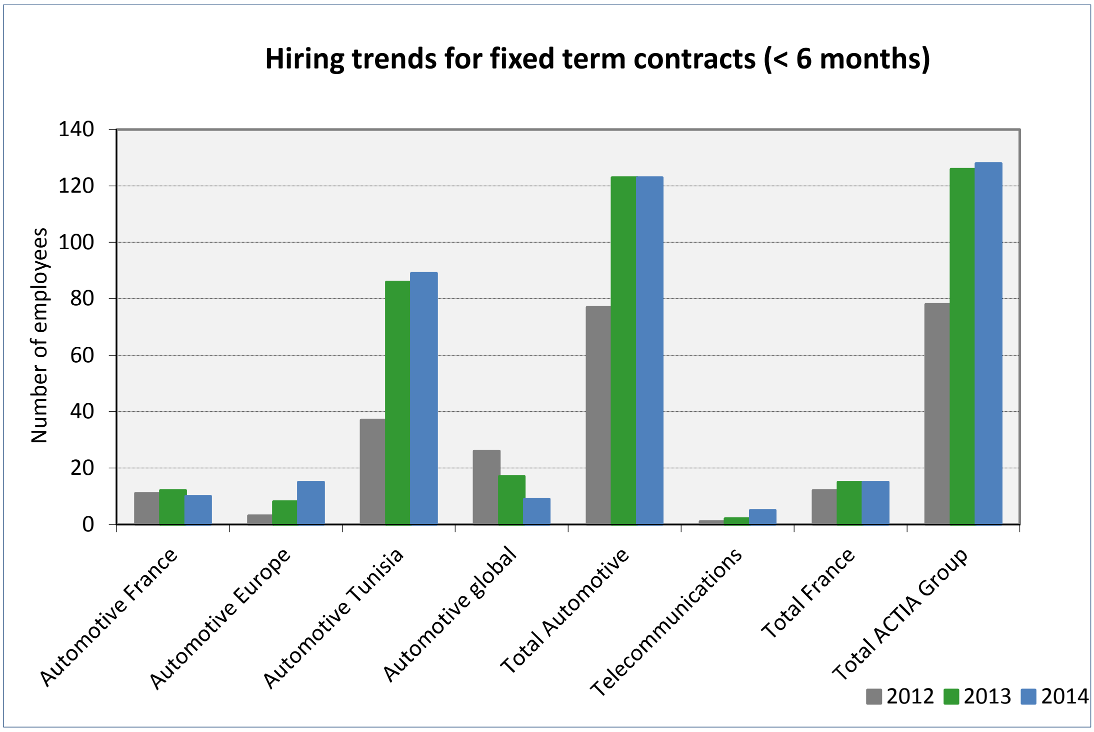
For fiscal 2014, after two years of declines, **recruitment** at the Group level rose, with an increase of 38.8%. These figures do not include subsidized fixed-term contracts such as apprenticeship and work-study contracts, that with elsewhere, in reference to recruitment.

For the entire Group reporting boundary, 501 employees were recruited, compared with 361 in 2013 and 408 in 2012, a direct consequence of necessary adjustments in resources to meet current needs. These recruitments were largely concentrated in subsidiaries in the United States, China, Tunisia and Europe, as was the case in 2013.

It should nevertheless be noted that the economic recovery in the United States led to very high turnover generating certain difficulties and stabilizing staffing for certain positions. With more than 120 employees recruited in the period, headcount thus increased by only 20. To a lesser extent, a similar trend was observed in China.







Fixed-term contracts (FTC) represented one half of employees hired, down in relation to the prior year. Tunisia, China and France accounted for 45.4%, 23.3% and 14.1% respectively of recruitments for fixed-term contracts.

Furthermore, 69 fixed-term contracts signed in 2013 were transformed into permanent contracts in 2014 while 149 such contracts previously signed were renewed.

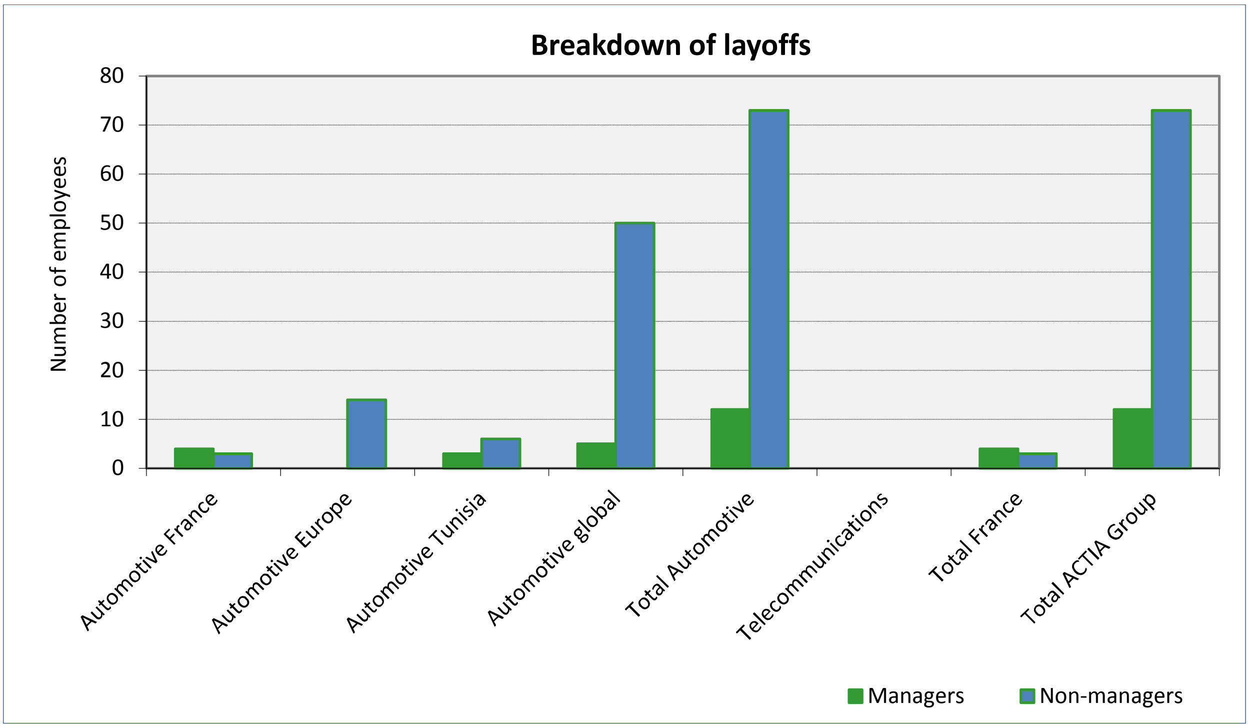
Some difficulties were reported in recruiting for reasons that remain diverse and recurrent in nature: compensation level in relation to the local market, shortages for certain technical expertise, characteristics linked to the Company, lack of mobility, etc.

Representing only 3.1% of jobs in the Group, use of temporary personnel rose 12.9% in 2014, with 86 temporary employees in the period compared to 76 one year earlier. This trend, which reflects growth in business, is reflected uniformly across all structures. The average temporary assignment ranged from eight days to six months, depending on the subsidiary.

ACTIA Group makes use of subsidized contracts (apprenticeship contracts, work-study contracts, etc.) in those countries where permitted by local regulation. On that basis, the Group employed 113 staff under **subsidized contracts** in 2014, representing a 44.9% increase on the prior year. France accounts for 56.6% of such contracts, followed by Tunisia for 42.5%. In 2014, these contracts generated 12 recruitments, including 6 in Tunisia, with their number up twofold on 2013.

Lastly, the Group employed 130 trainees through qualifying professional programs, a number down from the prior year. The duration of these traineeships range from 17 to 360 days with an average period for the Group of 74 days. Twenty-three were hired at the end of their training program. These traineeships are mainly in Tunisia and France.

Dismissals in the period involved 85 employees, mainly outside of France (91.8 %), particularly in the US, a decrease of 35.1 % from the prior year.



The reasons were as follows:

- incapacity: 52.9 %, mainly in the US, linked to the high turnover referred to above and difficulties in recruiting quality personnel;
- economic reasons: 23.5%, mainly in Mexico, reflecting reduced activity of our customers following the hurricanes of September 2013;
- misconduct: 15.3 %;
- serious misconduct: 8.2 %.

Furthermore, the Group registered 312 **resignations**, a figure on the rise, with nearly 70% in Tunisia and United States, resulting from specific characteristics of the local job market. This figure broke down by 276 non-management employees and 36 management employees.

Finally, 25 employees retired including 19 non-management employees, with France accounting for 56% of this number.

With respect to **annual remuneration**, trends for the last three financial periods are presented below:

Average salary expense in €	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Automotive France	Total ACTIA Group
2012	56,554	53,130	7,196	17,521	29,746	57,201	57,115	**32,344**
2013	56,435	54,056	8,087	18,530	31,456	57,091	56,994	**33,879**
2014	**56,369**	**54,718**	**8,795**	**19,181**	**32,530**	**61,508**	**58,085**	**35,271**

The average salary expense corresponds to gross payroll, increased by social charges as presented in the accounting of each subsidiary, divided by average headcount.

Furthermore, the percentage of social charges in relation to the gross salary breaks down as follows:

Social security/salaries and wages	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Automotive France	Total ACTIA Group
2012	46.1%	27.2%	15.9%	28.0%	35.2%	43.5%	45.3%	**36.5%**
2013	47.7%	27.9%	19.0%	27.5%	36.1%	47.3%	47.6%	**37.7%**
2014	**47.8%**	**26.9%**	**15.0%**	**22.1%**	**34.6%**	**52.3%**	**48.9%**	**37.1%**

Human resources policy

An annual **training** plan is implemented by most group entities. These plans are prepared through:

- Annual employee performance assessment meetings;
- Skills forward planning;
- Discussions with staff representatives or the site manager.

Accordingly, in 2014, for the entire Group, 27,206 hours were spent on training which represents an average of ten hours per employee. France remains within the average, whereas Spanish and Chinese subsidiaries provided more than 20 hours of training per employee in the period.

Organized with subsidiaries in 15 countries for a number of years, **diversity** is concretely experienced through meetings and shared initiatives, whether in the area of research, sales, management or cross-corporate functions. The breakdown of the Group's 2,762 employees in terms of country is as follows:

- 96.9 % are of the same nationality as the subsidiary,
- 1.8 % are EU nationals,
- 1.3 % come from other countries.

This breakdown varies very little country by country and remains very stable from one year to the next.

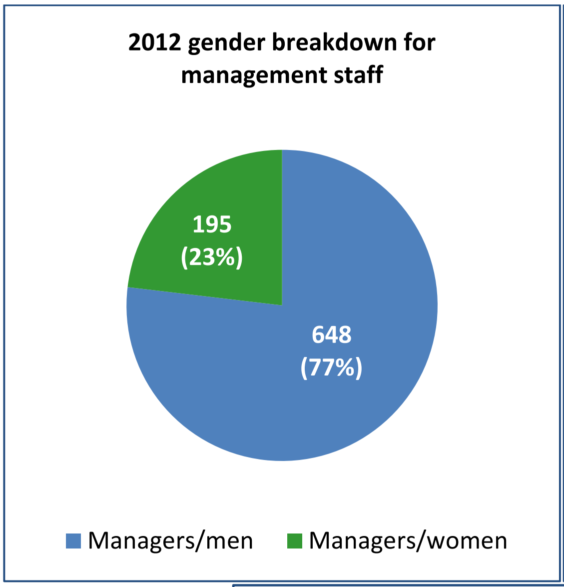
Equal opportunity employment is assured in each structure and internal mobility within the Group is starting to be put into practice. In the absence of a structured information tool in this area, opportunities still are pursued on a case-by-case basis.

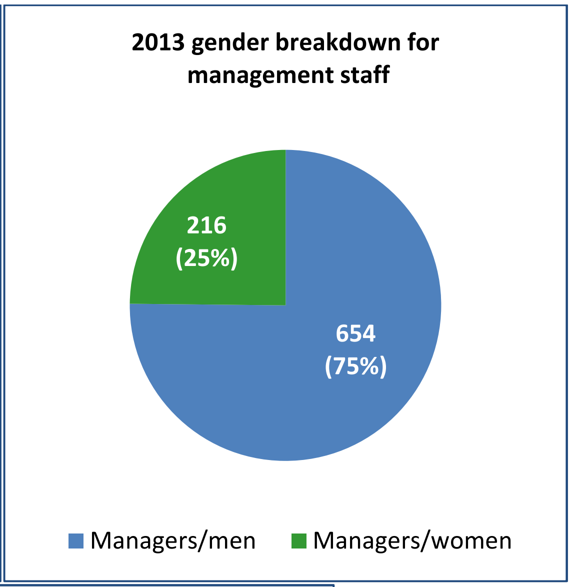
Professional equality between men and women is respected for employees throughout the Group, which has not encountered any signs of discrimination.

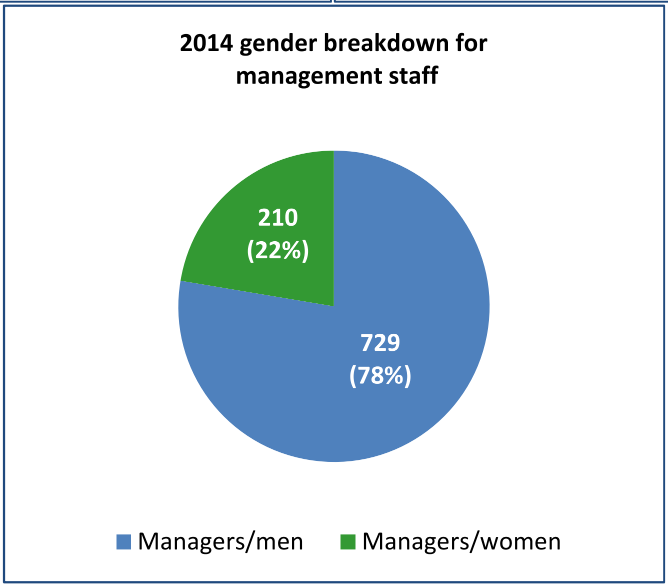
The tables below present the breakdown of management and non-management staff by gender.

Management/ Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	271	41	175	61	548	98	371	**648**
2013	258	38	175	83	554	98	358	**654**
2014	**264**	**48**	**214**	**93**	**619**	**107**	**374**	**729**
Change/2013	+ 6	+ 10	+ 39	+ 10	+ 65	+ 9	+ 16	+ 75
Change (%)	+ 2.3%	+ 26.3%	+ 22.3%	+ 12.0%	+ 11.7%	+ 9.2%	+ 4.5%	+ 11.5%

Management/ Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	54	9	94	15	172	20	77	**195**
2013	53	9	108	25	195	20	74	**216**
2014	**57**	**8**	**100**	**24**	**189**	**20**	**78**	**210**
Change/2013	+ 4	<1>	<8>	<1>	<6>	0	+ 4	<6>
change (%)	+ 7.5%	<11.1%>	<7.4%>	<4.0%>	<3.1%>	0.0%	+ 5.4%	<2.8%>

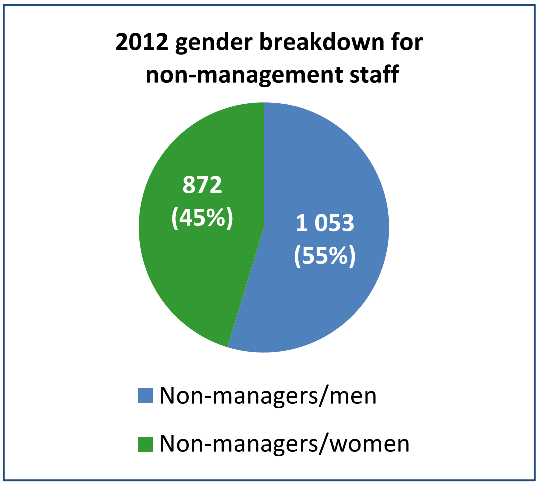


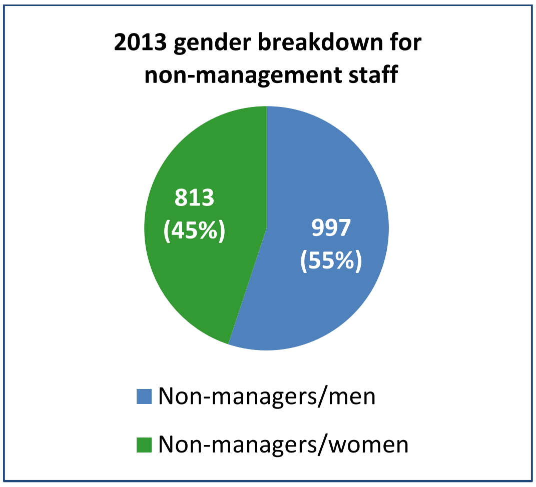


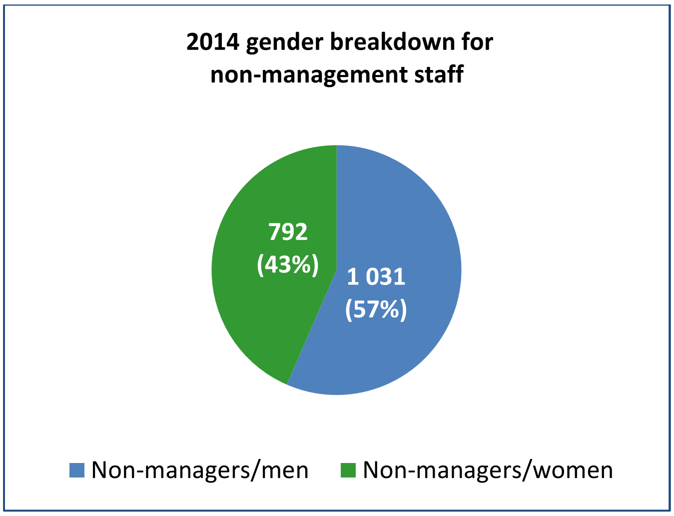


Non-management /Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	224	276	173	299	972	81	305	**1,053**
2013	243	291	175	211	920	77	320	**997**
2014	**260**	**295**	**165**	**237**	**957**	**74**	**334**	**1,031**
Change/2013	+ 17	+ 4	<10>	+ 26	+ 37	<3>	+14	+34
change (%)	+ 7.0%	+ 1.4%	<5.7%>	+ 12.3%	+ 4.0%	<3.9%>	+ 4.4%	+ 3.4%

Non-management /Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	143	79	473	136	831	40	184	**872**
2013	152	87	402	133	774	38	191	**813**
2014	**150**	**89**	**376**	**139**	**754**	**37**	**188**	**792**
Change/2013	<2>	+ 2	<26>	+ 6	<20>	<1>	<3>	<21>
change (%)	<1.3%>	+ 2.3%	<6.5%>	+ 4.5%	<2.6%>	<2.6%>	<1.6%>	<2.6%>







Proportionally, women are thus less well represented amongst managers than non-managers, and this gap has widened. In France, the number and percentage of women increased in the management segment, in contrast to non-management positions.

After a slight improvement in 2013 for the representation of women in the workforce, developments in 2014, particularly in Tunisia, reversed this uptrend. Following the collection of data for this item at the Group level at the end of the year, a warning was issued to management teams regarding this involuntary reversal.

In 2014, 34 **disabled workers** were employed within ACTIA Group. Certain local regulations require the employment of disabled workers and the Group meet the mandatory number for 74 for such positions to be filled by law. On that basis, there exists a shortfall and in response the sites have recourse to sheltered work facilities (*Centres d'Aide par le Travail* or CAT). This outsourcing only covers part of the shortfall, accounting for the equivalent of nine people. The Group was obliged to pay a total fine of €92,000 for noncompliance with its obligations in this area.

For all entities the Group actively promotes the application and compliance with the core conventions of the International Labor Organization, and notably respecting the right of freedom of association and collective bargaining, eliminating discrimination in employment and professional life, abolishing forced labor and the effective abolition of child labor.

Within this framework, CIPI ACTIA, the Tunisian subsidiary, has been a partner of the United Nations Global Compact since 2006.

Finally, 78.9 % of entities using subcontractors declare that they ensure that these subcontractors respect the core conventions of the International Labor Organization.

Working time organization

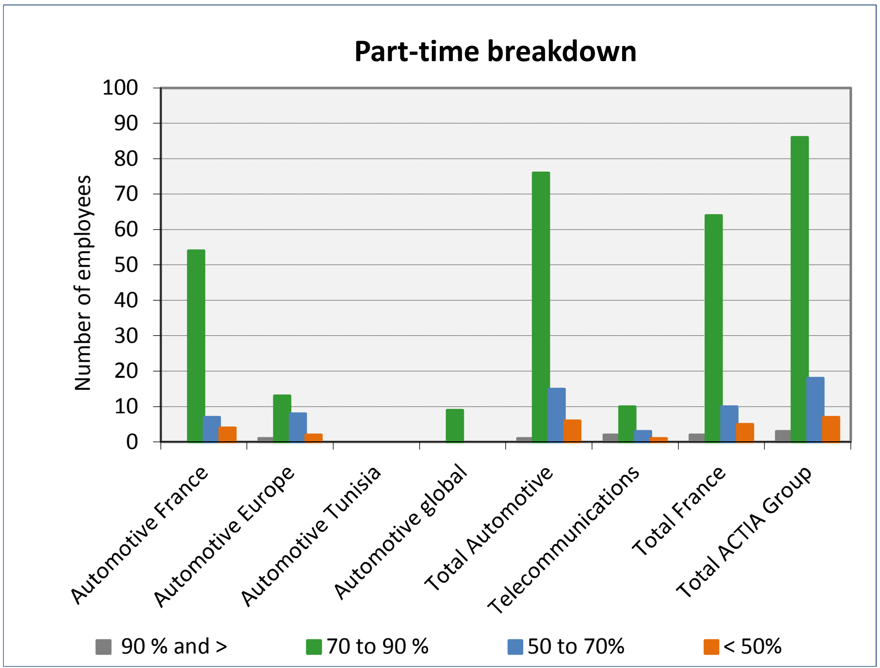
In France, French companies operate on the basis of a five-day workweek. Under applicable law and the provisions of the "35 hour workweek" convention signed by French companies, while managers and other specially exempt staff are employed on the basis of an annual fixed number of workdays (in general 213 days per annum); regular employees benefit from a full time annualized workweek of 35 hours.

In the main French subsidiaries, an agreement on working time was negotiated within the framework of a "competitiveness agreement" concluded for a three-year period. As from July 1, 2014 and for a three-year period, the fixed number of workdays accordingly increased to 218 days work corresponding to the maximum authorized in France.

The Indian and Mexican subsidiaries operate according to six-day work weeks.

As for production sites, work at the Colomiers site generally operates according to 2x8 hour shifts and, if required to meet specific production demand, and operate on 3x8 hour shifts. As for the Tunisian side of CIPI ACTIA, a significant number of production lines are organized on a shiftwork basis (3x8 … 5x8) according to the requirements of production volumes and performance and/or the workload for production units.

Group-wide, the number of **part-time employees** declined in relation to prior periods to 114, with women accounting for 78.2 % of this number. The part-time breakdown is shown in the graph below:



The total number of **overtime hours** was 71,016, a figure up from 2013, 98.7 % of which were worked by non-managers. The Tunisian production sites accounted for 32.3% of overtime, and keeping pace with growth in business before the new production line was put into service.

Labor relations

All the Group's French facilities are subject to the national metallurgy industry **collective bargaining agreement**. The two Tunisian electronic board production sites are covered by the collective bargaining agreement for the electricity and electronics industry. However, not all countries employ the concept of collective bargaining agreements.

51.1 % of the Group's staff work in entities where **labor unions** are present.

There are 106 **employee representatives**.

All Group employees receive information from management through different means of communication that vary from one subsidiary to the next. In general, bulletin boards are systematically used, along with e-mail, meetings and internal letters. Employees at all facilities are informed of Company results and targets. In 2014, measures focused on intragroup communications with the deployment of video screens in each subsidiary for internal information broadcasts starting in 2015 to strengthen Group cohesion and international synergies.

In addition to measures imposed by local legal obligations, the following **benefits** are offered:

- restaurant vouchers: 61.3 % of employees;
- health: supplementary benefits, personal protection: 60.5 % of employees;
- maternity (maternity bonus): 23.3 % of employees;
- supplementary retirement scheme: 12.6 % of employees;

On that basis, 72.3% of employees are eligible for various bonuses including a "13th month" bonus, one-off bonuses, funeral expenses, marriage allowances, travel insurance benefits, supra-legal bonuses relating to quality, attendance, behavior, output, profit-sharing and other bonuses.

With respect to **collective bargaining agreements**, in entities with a labor union, these concerned working time, voluntary profit-sharing schemes, workplace equality between men and women, and statutory profit-sharing. In France, the main subsidiary focused on the coordination between "professional/personal life" with the implementation of a concierge service offered by the company and providing different services to employees to facilitate their life and reinforce employee retention. This new service has been tested since September and will be validated in 2015 based on results and the resulting level of employee satisfaction.

Health and safety

For 2014, 21 **occupational accidents** resulting in lost time days were recorded. It should be noted that the commuting accidents were excluded from this indicator, in contrast to last year, in order to remain comparable to indicators used in France. A uniform indicator will thus provide more reliable reporting process. These accidents accounted for 764 lost workdays

- with a frequency rate of 4.3% in 2014. This corresponds to the number of occupational accidents, excluding work commutes, occurring in the year resulting in a lost time day, X 1,000,000 / the total number of hours worked in the year;
- The frequency index that takes into account the number of occupational accidents excluding work commuter, occurring in the year resulting in a lost time X 1,000 / average Group headcount amounted to 7.8;
- The severity rate that includes the total number of lost time days resulting from accidents occurring in the year or prior years excluding work commutes X 1,000 / total number of hours worked in the year was 0.3.

Due to the change in the definition of these indicators rendering a comparative study impossible, this will be accordingly deferred until next year.

No **occupational illnesses** were reported within the Group.

Sick leave accounted for 11,251 lost-time days in 2014, 6,486 of which in France. This represented a decrease of 13% for the Group from the prior year. The breakdown by business unit and employee is as follows:

Sick leave per employee	Automotive France	Automotive Europe	Automotive Tunisia*	Automotive Global	Automotive average	Telecom	France average	Group average
2012	6.6	4.4	0.4	1.1	2.9	8.9	7.2	**3.4**
2013	7.2	6.8	2.4	3.2	4.6	7.5	7.2	**4.9**
2014	**6.8**	**6.3**	**1.1**	**2.4**	**3.9**	**6.7**	**6.8**	**4.2**
Change/2013	<0.4>	<0.5>	<1.3>	<0.8>	<0.7>	<0.8>	<0.4>	<0.7>
change (%)	<5.3%>	<7.4%>	<53.2%>	<24.5%>	<14.9%>	<11.0%>	<6.2%>	<15.2%>

* In the Tunisian subsidiaries, long-term sick leave was estimated on the basis of approximately 75 days of absence per long-term illness.

With respect to **occupational health and safety**, all Group companies enforce a smoking ban on their premises.

In addition, most of the facilities have put in place workstation ergonomics diagnostics or assessments, generally within the framework of a CHSCT (Health, Safety and Working Conditions Committee). In Germany, the labor inspectorate performed an annual audit.

Fire safety and electrical installation standards are met by all subsidiaries. Subsidiaries that do not perform the inspections themselves benefit from this service specifically provided for under their leases.

For 84.9 % of the workforce, a Health, Safety and Working Conditions Committee (CHSCT) is present at the site. Numbering 13 in total, they are comprised of 92 members.

In 2014, as no specific agreements were concluded with labor organizations with respect to occupational health and safety, the previous agreements have thus been maintained in the relevant entities.

Outsourcing

Most facilities covered have recourse to outsourcing for different tasks.

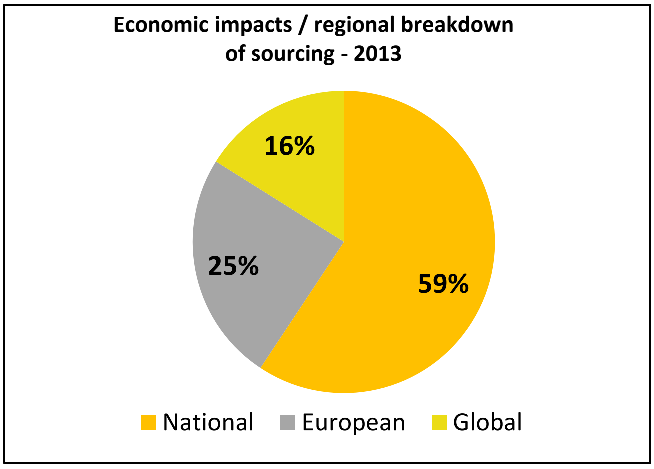
The Group has recourse to two types of outsourcing:

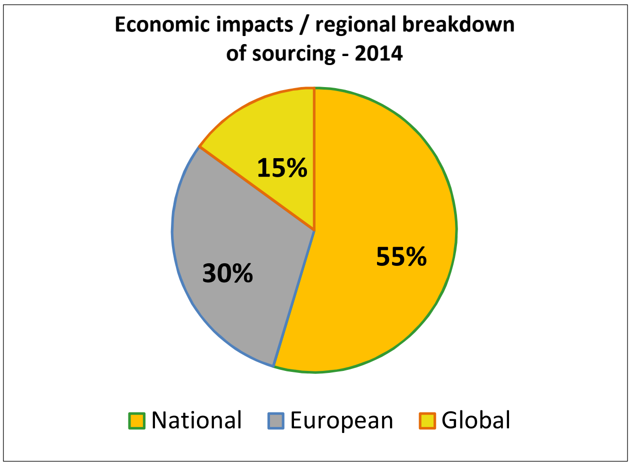
- For manufacturing, certain sub-assemblies, such as in the area of embedded audio and video systems, may be outsourced. This production is assured directly at the site of subcontractors having been approved by the Group.
- In the area of research and development, according to the specific nature of the requests, the subcontractors may intervene directly in the company's premises or externally.

Current subcontractors vary according to Group entity and some subsidiaries have instituted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their level of certification.

Relations with the local environment

The economic impact of the Group's operations is calculated on the basis of the breakdown of production-related purchases that is as follows:





Territorial impact is increasing in the European market.

While it has grown internationally, the Group's lasting position in its national market has made it possible to ensure continuing positive economic impacts in France.

Relations with stakeholders and social works

Certain Group entities are members of professional bodies: The UIMM industry association (*Union des industries et métiers de la métallurgie or the Union of Metallurgies Industries*), the Medef (the French employers union), scientific and industry organizations such as ANRT (French National Association of Technical Research), Aerospace Valley (a bi-regional competitive cluster dedicated to aeronautics, space and embedded systems), Tompasse (Toulouse Midi-Pyrenees Aeronautics Space On-Board Systems). It also contributes to various social programs in France (for example CILEO, an agency that company contributions to finance the construction of social housing in France) and in the international arena, through CIPI ACTIA's adhesion, a supporter of the United Nations Global Compact on human rights and the environment.

The Group also has good relations with educational institutions with whom it participates in research activities and has intern program partnerships both in France and Tunisia. ACTIA Group signed a partnership agreement with six *Grandes Écoles* or leading French institutions for advanced studies: the *École des Mines ALBI-CARMAUX*, the *École Supérieure de*

Commerce of TOULOUSE, ENSEEIHT (*École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique, d'Hydraulique et des Télécommunications*), ENSIL (*École Nationale Supérieure d'Ingénieurs de Limoges*), INSA (*Institut National des Sciences Appliquées de Toulouse*) and ISAE (*Institut Supérieur de l'Aéronautique et de l'Espace*) in pursuing the E$^+$ program of excellence launched by the Group as from 2008.

Lastly, there are no noteworthy lawsuits or disputes with resident associations, or even with individuals living near our facilities.

Fair practices

ACTIA Group set up a commission to establish a charter of ethical conduct at the Group level with the goal of transmitting to all staff the values of respect and integrity upheld by its founding families. Having been adopted in France in 2014, its implementation at the international level remains a priority for 2015.

With respect to matters adopted in favor of consumer health and safety, safety is an integral priority of products developed by the Group in conjunction with improvements in respecting the environment.

ACTIA Group in most cases intervenes in one of the components of a more complex product that may subsequently be used by the end customer. On this basis, the Group respects the requirements established to this purpose set by the manufacturer of the end product.

Profit sharing

The following table summarizes amounts expensed by the Group in connection with statutory and voluntary profit-sharing plan agreements signed by the different subsidiaries:

Statutory profit-sharing (€ thousands)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	0	218	0	101	319	0	0	**319**
2013	0	232	0	113	345	0	0	**345**
2014	**0**	**198**	**0**	**39**	**237**	**0**	**0**	**237**

Voluntary profit-sharing (€ thousands)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012	463	510	0	936	1,908	0	463	**1,908**
2013	302	382	0	126	810	0	302	**810**
2014	**659**	**496**	**0**	**134**	**1,289**	**568**	**1,227**	**1,857**

By geographical sector, the percentage of employees benefiting from such agreements breaks down as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Total France	Total ACTIA Group
2012 statutory profit-sharing	96%	44%	0%	49%	43%	100%	97%	**48%**
2013 statutory profit-sharing	96%	46%	0%	46%	44%	100%	97 %	**49%**
2014 statutory profit-sharing	**97%**	**33%**	**0%**	**42%**	**42%**	**100%**	**97 %**	**47%**
2012 voluntary profit-sharing	99%	38%	0%	90%	51%	100%	98%	**55%**
2013 voluntary profit-sharing	99%	37%	0%	90%	52%	100%	99%	**56%**
2014 voluntary profit-sharing	**99%**	**37%**	**0%**	**91%**	**53%**	**100%**	**99%**	**57%**

For both statutory and voluntary profit-sharing agreements, procedures of application vary from one company and country to the next, according to local regulations.

Group savings plan and international group savings plan

There is no Group Savings Plan or International Group Savings Plan.

Percentage of share capital held at the end of the reporting period

As of the balance sheet date, there was no employee ownership in the Share Capital of ACTIA Group S.A as per the terms of Article L225-102 of the French Commercial Code.

Reserved share capital increase

It is recalled that at the Extraordinary General Meeting of May 28, 2013 the Executive Board was fully empowered, for a period of 26 months from the date of this Meeting, for the purpose of carrying out a rights issue reserved for members of an Employee Savings Plan up to a maximum of 3% of the share capital at the timing and on the terms of its choosing.

Appointment of employee shareholders to the Supervisory Board

As the threshold of 3% in the Share Capital by employees has not been met to date, the Company is not required to appoint employee shareholders as members of the Supervisory Board.

Appointment of Supervisory Board members by employees

With employee ownership as per the terms of Article L225-102 of the French Commercial Code under 3 % of the Company's share capital, there is no need to put in place procedures for the appointment of members of the Supervisory Board by employees.

6.7.2 The environmental impact of the business activities

Internal organization of environmental management

ACTIA Group's Executive Management is responsible for coordinating all environmental actions.

Implementation of environmental management actions is managed by an Environment Manager reporting to the Systems - Quality / Environment Department of ACTIA Automotive S.A. for the two sites. In addition, a technician is in place at the Colomiers (manufacturing) facility to manage its waste.

The Environment Manager has taken environmental management training.

In line with the implementation of the ISO 14001 standard, the general awareness session to train and inform employees on environmental matters was carried out, for the sites concerned. A training plan and awareness planning were drawn up as part of the SME (Environmental Management System) in order to raise the awareness of all new employees. Staff is informed of actions taken and the channels are available to them to report all relevant information.

The internal organization of risk management in the event of an accident was completed at the facilities with an environmental management system in place (ACTIA Automotive S.A., using the AMDEC method). This system requires the identification and assessment of emergency situations (such as pollution accidents) in order to better remedy them, with the requirement to draft an emergency response procedure as well as to identify any such emergencies.

Entities with a dedicated environmental department such as ACTIA Automotive and ACTIA Telecom (France), CIPI ACTIA and ACTIA Tunisia (Tunisia), ACTIA Nordic (Sweden), ACTIA India (India), ACTIA do Brasil (Brazil) have total dedicated staff equivalent to 8 employees. These structures account for 61.6 % of the Group workforce.

In addition, there is regulatory monitoring at these facilities. They also take into account environmental impacts when designing new products and vendor/supplier procedures.

Consumption and waste

Consumption of water resources

Water consumption of the Group totaled 32,636 m^3, declining significantly from 2013, and continuing the trend of 2012. This decline is due to several factors, including in particular, the following:

- our US site has discontinued automatic watering of its green areas;
- due to climatic conditions, our main Tunisian production site did not use water from its well for external watering, resulting in savings in water consumption of 2,100 m^3;
- our Tunisian engineering department implemented significant measures to reduce water consumption, after a significant increase linked to a leak, involving monthly surveillance to detect possible leaks and measures to raise employee awareness about water consumption;
- awareness-raising measures by the Group with the largest consumers of water.

Measures adopted to limit consumption at the most important sites have reduced the Group's total consumption. For example, waterfall faucets equipped with automatic shutoff mechanisms were installed in Tunisia and the watering of green spaces was cut back in France and discontinued in the United States and Tunisia. Overall, water consumption is monitored by the Group which explains these variations and contributes to improved awareness.

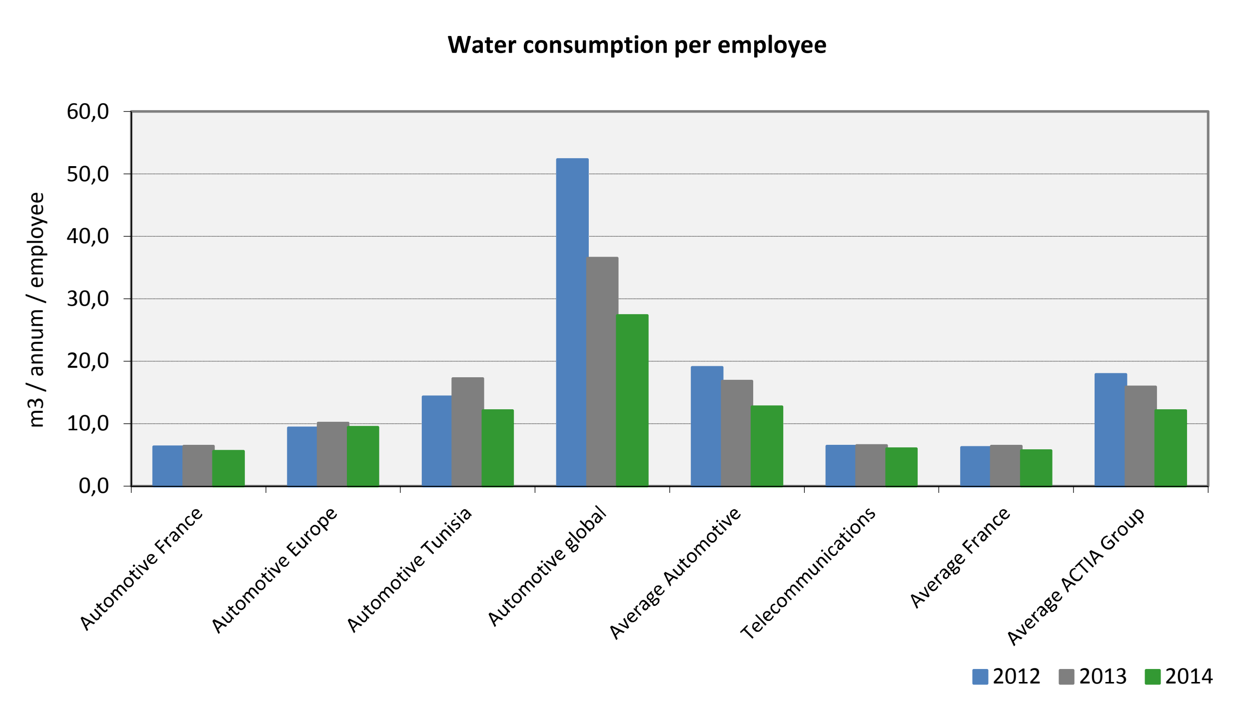
It should be noted that certain subsidiaries do not have access to data on their water consumption whereby this utility service is included in rental charges. For these subsidiaries, the Group has opted to take into account estimated water consumption based on national or sector averages according to available information. This approach concerns subsidiaries in France, the Netherlands, Sweden and India. These subsidiaries represent 4.3% of the Group workforce.

Water consumption at all facilities is drawn from the drinking water system.

On a per employee basis, 2014 consumption across all facilities was approximately 12.1 m^3/annum / employee, and breaking down over the last two years as follows:

m^3/annum/ employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Automotive average	Telecom	France average	Group average
2012	6.3	9.3	14.3	52.3	19.0	6.4	6.2	**17.9**
2013	6.4	10.1	17.2	36.5	16.8	6.5	6.4	**15.9**
2014	**5.6**	**9.4**	**12.1**	**27.3**	**12.7**	**6.0**	**5.7**	**12.1**
Change/2013	**<0.8>**	**<0.7>**	**<5.1>**	**<9.2>**	**<4.1>**	**<0.5>**	**<0.7>**	**<3.8>**
Change (%)	**<12.5%>**	**<6.9%>**	**<29.7%>**	**<25.2%>**	**<24.4%>**	**<7.7%>**	**<10.9%>**	**<23.9%>**

The following chart highlights a steady reduction in water consumption per employee since 2012:



Consumption at the facilities except for the manufacturing sites such as ACTIA Automotive in Colomiers (France), CIPI ACTIA in Tunis (Tunisia) and ACTIA Telecom in Puy-Sainte-Réparade (France) relates to "research services".

Furthermore, the Group seeks to explain changes in consumption. For example, the increase in Brazil in 2014 was a consequence of cleaning the water reservoir. In Brazil, buildings are equipped with water tanks for backup use in the event of disruptions in the water supply. When cleaned, they must be entirely emptied and then refilled, accounting for the variance in 2014.

Consumption of raw materials and packaging

The Group's operations do not directly consume raw materials drawn from the natural environment since it uses only manufactured products (electronic components, electrical wiring, etc.), primarily consisting of metals and plastic. Most facilities have had waste separation systems in place for a number of years notably for packaging (cardboard, wood, packing fill materials, plastics, palettes) and procedures providing for the reuse of wooden crates, plastics and cardboard boxes and promote recovering of materials from these items. Measures in favor of standardization and reducing the number of packaging references are also in place.

With respect to packaging, the Group uses different types of products: cardboard, wood packing fill materials, plastics films, paper, extruded foam. At the present time, it remains very difficult to obtain quantitative reporting data on the consumption of these materials as there is no specific monitoring tool in place. Certain data is today reported in units, tons or m^3.

In line with its increasing commitment to environmental monitoring of its activities, the Group has developed reporting on data relating to its consumption of chemical products. Based on this reporting, the Group uses approximately 50 m^3 of various chemical products, and mainly varnishes, solvents, glues, inks, soldering cream, Isopropyl alcohol. This indicator was up from the prior year, in line with growth in business.

Energy consumption

There are two types of energy that continue to be largely used by all sites:

- **electricity** 11,330.7 MWh, up 6% from 2013, that had previously declined by 5.3%; this increase is the result of growth in business, as the main site of CIPI ACTIA having increased production shift hours in addition to installing a new line;
- **natural gas**: 3,134 MWh, which represents a 12.1 % decline from 2013, following a sharp increase from the previous year. The decline was virtually universal and a consequence of mild weather conditions over the 2013 2014 winter and the beginning of the 2014/2015 winter; only the US subsidiary registered an increase, reflecting a colder start of winter 2014 plus the launch of a new production unit.

Total consumption was 15,194.2 MWh in 2014, up 0.3% from 2013. When analyzed on a per employee basis, consumption declined 1.7%. This overall rise results from new production lines and an increase in the number of working hours in Tunisia.

If the specific items linked to the modification of the organization of working hours at the Tunisian production site were excluded, consumption would have declined overall by 5.9% and 7.7% by employee.

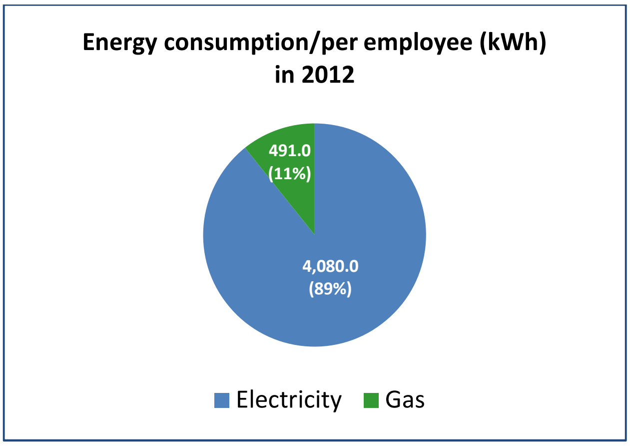
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. Accordingly, certain subsidiaries register increases resulting from growth in their workforce or the development of their activity. For others, declines are registered in response to internal measures including initiative to raise employee awareness about energy savings and responsible practices: turning off equipment at night, controlling heating and air-conditioning settings, etc.

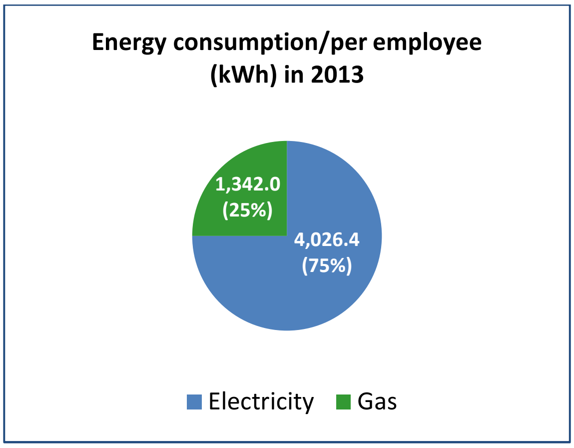
Fuel oil consumption is extremely limited as it is used mainly by the Spanish subsidiary and represents only 0.1 % of total energy consumption.

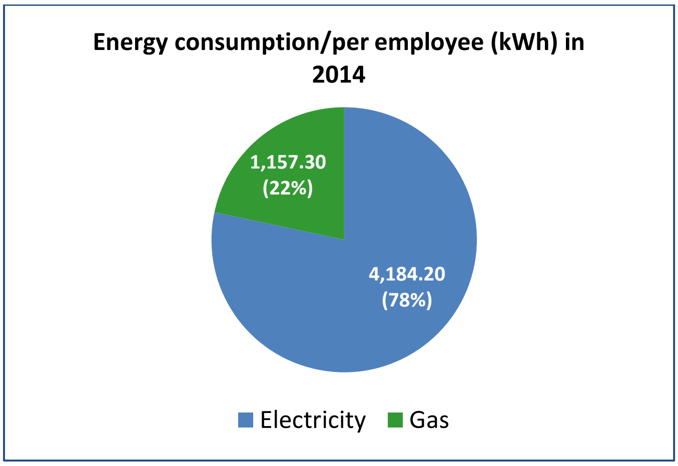
Energy consumption can be summarized as follows:

kWh/annum/employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Automotive average	Telecom	France average	Group average
Electricity 2012	5,529.6	1,622.6	4,669.0	2,754.5	4,028.3	4,728.0	5,289.7	**4,080.0**
Electricity 2013	5,442.8	2,136.6	4,368.6	2,792.3	3,982.4	4,571.1	5,192.3	**4,026.4**
Electricity 2014	**4,597.2**	**2,056.4**	**5,545.3**	**2,903.4**	**4,163.7**	**4,466.4**	**4,545.6**	**4,184.2**
Change/2013	<845.6>	<80.2>	+ 1,176.7	+ 111.1	+ 181.3	<104.7>	<646.7>	157.8
Change (%)	<15.5%>	<3.8%>	+ 26.9%	+ 4.0%	+ 4.6%	<2.3%>	<12.5%>	+ 3.9%
Gas 2012	390.8	683.3	0.0	688.5	356.3	1,924.7	779.6	**491.0**
Gas 2013	2,518.2	1,381.4	0.0	997.2	1,113.7	3,511.1	2,755.9	**1,342.0**
Gas 2014	**1,984.3**	**1,073.2**	**0.0**	**1,257.9**	**1,003.0**	**2,775.1**	**2,172.1**	**1,157.3**
Change/2013	<553.9>	<308.2>	0.0	+ 260.7	<133.7>	<736.0>	<583.8>	<184.7>
Change (%)	<21.2%>	<22.3%>	NA	+ 26.1%	<11.8%>	<21.0%>	<21.2%>	<13.8%>

The graph below illustrates the changes in energy consumption per employee broken down by the type of energy used:







The ratio of energy consumption for the entire Group was 5,610.8 kWh/annum/employee (versus 5,706 kWh in 2013 and 4,878 kWh in 2012).

Renewable energy consumption has remained stable and concerns Tunisia where hot water is provided by solar energy and in Sweden where all electricity consumption is supplied by wind turbines. Accordingly, 245 MWh, without counting solar-heat water for which we do not have any equivalent consumption, originate from renewable energy sources, that account for 1.6 % of the Group's total energy consumption.

As for our German subsidiary, heating is supplied by a **waste-to-energy production system** using municipal waste. This consumption represents 709 MWh, or 4.7 % of the Group's total energy consumption.

Throughout the Group the priority of limiting energy consumption is reflected through a range of actions implemented at local levels for identified targets:

- Buildings: the installation of presence sensors, climate control mechanisms, timers, programmable units, door closing mechanisms to isolate office areas, renovations of certain premises to reduce the usable floorspace, replacing existing boilers by reversible air conditioning/heating units, as the buildings of the Toulouse site are renovated, and by improved insulation;
- Equipment: by instructions given to Purchasing departments for low power consumption equipment, lighting and other energy-efficient equipment, new low-power servers;
- Individual behavior: awareness-raising campaigns on shutting down equipment in the evening, shutting off heating at night, turning off air-conditioning units on weekends, a centralized switch to shut off electricity;
- Organization: through control of air-conditioning settings in the summer and work time organization (through the organization of vacation time) in order to avoid summer consumption peaks, with display indicators on each floor to promote employee involvement, with widespread employee-awareness measures.

These measures, supplement those already undertaken in previous periods, and highlight a strong commitment to environmental responsibility.

Ground use conditions

None of our facilities uses the ground as such, other than to serve as sites for buildings.

The facilities taken together cover a total of 57 acres (23 hectares). Of this surface area, 47.1 % is covered by landscaped green areas (60 % in France). Wooded areas represent 0.6 % of these green spaces.

Air emissions

The operations carried on at the facilities do not generate any significant air emissions. Despite this, certain sites of their own initiative perform quantitative and qualitative assessments of their air emissions, including the two production sites. The results of these assessments are thoroughly satisfactory. It should be noted that ACTIA Automotive, the Toulouse-based subsidiary performed a greenhouse gas emissions assessment in accordance with regulatory obligation and has undertaken to adopt a procedure for performing a carbon assessment.

In an initial approach, we have undertaken to identify greenhouse gas emissions originating from energy consumption of the different Group entities using electricity for industrial purposes (ovens, shouldering machines, environmental test chambers, etc.) and gas used exclusively for heating premises. Emission factors taken into account are based on guidelines of the French Environment and Energy Management Agency (ADEME) guidelines (www.basecarbone.fr), and supplemented by the lPCC (Intergovernmental Panel on Climate Change) (www.ipcc.ch). Emissions expressed in tons of CO_2 equivalent (TCO_2eq) reflect a rigorous policy for monitoring energy consumption through the ISO14001 certified Environmental Management System implemented in more than 60% of the Group.

Expressed in tons of CO2 equivalent (tCO_2eq)	ACTIA Automotive (Toulouse)	Automotive France	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Automotive France	Total ACTIA Group
2012	310	364	2,333	1,207	3,903	266	629	**4,169**
2013	300	700	2,037	1,284	4,021	279	979	**4,300**
2014	**261**	**569**	**2,187**	**1,220**	**3,977**	**228**	**797**	**4,205**

If one excludes the variation linked to use of carbon-based emissions, one notes a decline in all regions except Tunisia which accounted for the major share of production activity to meet the Group's business growth. Based on a fixed rate, total Group emissions amounted to 4,702 Mt CO_2-equivalent.

Water and ground discharges

The operations carried on at the facilities do not generate significant water or ground discharges:

- **wastewater** is "domestic" in nature and is discharged in the sanitation networks for treatment; several alternatives exist: wastewater networks, septic tanks, drainage, and even the spreading of wastes on farming sites in China
- **potential pollutants** (varnish, solvents, …) are not stored on the ground but rather in ad hoc storage containers prior to treatment in compliance with regulations in force (See the section on "Waste").

Noise and odor pollution

Here as well, because our operations produce little noise or odors, no incident of nuisance has been recorded by the various facilities and there were no complaints from neighbors in 2014 nor in the previous year.

Waste

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 8.7 % falling under the category of "hazardous waste". This waste is not eliminated or treated on-site. Instead, it is temporarily stored in areas designated and equipped for each type of waste (skips, compactors, holding tanks, etc.) before being properly removed to approved disposal facilities for recycling, recovery or treatment. Tunisia represents a specific problematic as there do not exist locally viable channels for handling hazardous waste. In consequence this waste is for the time being maintained on-site under optimal storage conditions.

Recycling has already been adopted for the relevant sites, especially for packaging: cardboard, paper, plastic as well as metals; batteries are also recovered through a specific waste separation collection process at several facilities. Certain facilities have implemented a waste sorting and collection system for certain materials such as cardboard, pallets, wooden crates under a reuse policy and above all recycling, promoting the recovery of material instead of energy when feasible.

An active waste separation collection policy is already in place at most facilities and covers 93 % of the total at the global level. The rate of coverage for French sites remained at 100 % in 2014.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In fiscal 2014, 50% of subsidiaries monitored the quantity of their waste, up from 45% one year earlier. Based on assessments performed, it is possible to provide the following summary even though partially reflecting the scope of the recycling activity:

Types of waste treatment/ Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom	Automotive France	Total ACTIA Group
Recycling	98.7	62.0	83.1	28.8	272.6	0.0	98.7	272.6
Energy recovery	56.0	0.0	0.0	0.0	56.0	44.2	100.2	100.2
Controlled disposal	2.8	0.0	32.0	0.0	34.8	0.0	2.8	34.8
Special treatment	0.6	2.9	0.3	0.0	3.8	0.1	0.7	3.9
TOTAL	**158.1**	**64.9**	**115.4**	**28.8**	**367.2**	**44.3**	**202.4**	**411.5**
% HIW* / total waste	5.6%	31.0%	4.7%	0.0%	9.4%	2.9%	5.0%	8.7%

* Specific treatment consists of either use of chemical processes or incineration.
* HIW: Hazardous Industrial Waste

It should be noted that some subsidiaries have a waste separation collection systems but do not systematically produce quantified data for this activity.

Measures taken to limit environmental damage

Operations at the facilities do not cause any significant damage to the ecological balance, the natural environment and animal or plant species.

There are virtually no air emissions, noise pollution or direct use of the natural environment (use of ground, consumption of raw materials, etc.).

Measures to limit wastewater and potential pollutants are already in place: (See Section Air emissions, Section Water and ground discharges and Section on Waste).

47.1 % of the total surface area at the facilities is covered by green areas, reflecting our desire to integrate our activities into their local landscape.

Assessment and certification steps

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisia (Tunisia), ACTIA India (India) and ACTIA do Brasil (Brazil) have been certified ISO 14001. Henceforth, 61.6 % of the Group workforce is concerned by a defined and validated environmental policy compared to 60.6% in 2013. Furthermore, ACTIA do Mexico that had planned the approach has indicated that it was temporarily suspended. In effect, this subsidiary has been required to concentrate efforts on addressing the economic crisis it has faced since the fall of 2013.

Measures taken to ensure compliance

The environmental management systems put in place at the certified facilities, regulatory monitoring and the resulting follow-up processes ensure they remain in compliance with regulations.

It should be noted that the Group is not subject to any specific regulatory constraints with regard to its activities.

As regards ISO 14001 certified facilities, they comply with all the regulations applying to their businesses and facilities, including national and local regulations (for example in France the “Local Town Plan” or “*Plan Local d’Urbanisme*”)

Expenses incurred to prevent environmental impacts

Given the very limited dangers in the event of malfunctions at facilities, measures already in place to limit environmental impacts of the normal operations of facilities (waste removal, disposing of wastewater in the sewage system, etc.) and environmental certification procedures imposing an obligation to pursue continuous improvements and better management of environmental impacts, over the last three years to prevent environmental impacts from our operations the most important Group entities incurred the following expenses:

- Reducing energy consumption:
  - Replacement of boilers with reversible air conditioning units in certain buildings within the E+ program,
  - Efforts focusing on turning off equipment,
  - Expanding use of temperature control mechanisms,
  - Installation of new room thermostats and air-conditioning thermostats,
  - Replacing lighting with less energy-intensive systems, and upgrading the internal electrical system in line with standards,
  - Modifying the organization of summer holidays to reduce electricity consumption,
  - Employee awareness-raising programs on the importance of turning off lights and eliminating air-conditioning in storage areas.
  - Equipment repairs,
  - Installation of a centralized on-off switch to turn off all devices at the same time,
  - Refitting certain premises by reducing usable work areas, improve building insulation and replacing air conditioning/heating systems.
- Reduction and recycling of waste:
  - Installation and rental of waste storage containers and equipment destined for processing waste, and compacting certain categories of waste,
  - Reducing and recovering waste production, recycling and treatment of electrical and electronic waste,
  - Recycling and reprocessing cardboard, paper and used packaging,
  - Increasing the recovery rate and waste management,
  - Renegotiating the national master agreement with the service company for optimized waste management,
  - Encouraging employees, providing for the possibilities for recycling their batteries on site, respect of instructions on the use of paper (rational use, sorting, collection, etc.).
- Pollution prevention:
  - For water: water analysis and maintenance systems, employee awareness-raising on the rational use of water,
  - For air: regular analysis at the Indian site (specific local requirements linked to high levels of general pollution rather than discharges from the structure installed for the purpose of protecting employees), installation of filters,

- For noise: regular analysis of noise at the Indian site,
- For sustainable transport: certain sites promote the use of sustainable transport solutions. For this issue, the Toulouse site took the initiative to perform, in connection with the greenhouse gas emission assessment, a survey on commutes to and from work for the two sites. Based on the results, it was not possible to develop a plan for employee transport.

Climate change and biodiversity

As demonstrated throughout this section, the environmental impact of the Group's activity is limited and all measures have been adopted to take into consideration climate change underway, both with respect to actions taken to limit water and energy consumption and raise employee awareness through:

- Brochures;
- Regularly displaying objectives, plans for improvement and the results of audits;
- Meetings, certification audits and working practice instructions on energy savings;
- Intranet and e-mails;
- At the time employees are hired and/or in the course of the year;
- In Brazil, for example, new employees benefit from environmental-awareness initiatives while existing employees participate in a training program entitled "environmental balance" covering the main items and results linked to environmental issues. Also, during the country's environmental month organized each year, one day per week is devoted to environmental training, including conferences and films.

Furthermore, at certain sites, studies are underway for the adoption of semiannual environmental performance indicators.

Taking into account the environment and biodiversity has also contributed during the design and development process of products in the following areas:

- Adopting a different approach in terms of the choice of materials and certain components;
- Developing products and software contributing to fuel efficiency improvements, by monitoring vehicle fuel consumption and driver performance;
- Taking into account the ecodesign guide for new products;
- Certification criteria or the environmental approach integrated within the system for evaluating suppliers, developing a manual defining requirements for their classification, verification of ISO14001 certification, supplier audits and/or annual evaluations, developing environmental initiatives with key suppliers;
- In Brazil, for example a supplier's manual has been produced to define classification requirements: each supplier classified as having an activity with an environmental impact must present its operating license issued by the relevant environmental agency. The objective is to develop environmental measures with key suppliers;
- The production methods take into account environmental considerations, by brazing and welding without lead, recovery and reuse of raw materials in this process, seeking to reduce use of plastic packaging, waste, reducing the environmental impact of the product, incorporating environmental requirements in the manufacturing documentation;
- Requests for certification audits carried out in each Group structure.

Finally, at the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We note that all Group risks are describe in Note 25 to the consolidated financial statements on "Risk factors".

Amount of provisions and guarantees

Given that the Group’s operations do not present any material environmental risk, no provisions or guarantees were put in place in 2014 nor in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2014 no indemnity had to be paid for any environmental problem or accident and no environmental remediation work was required.

Summary

Changes in water and energy consumption are analyzed and effectively managed.

In addition, the two major manufacturing facilities (Colomiers and Tunis) have proactively put in place a series of measures designed to more accurately assess air emissions from their operations. The results have been excellent and demonstrate the Group's commitment to effectively manage its environmental impacts.

6.8 Statutory auditors' independent third-party report on the employment-related, environmental and societal information

This is a free translation into English of the original 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, professional guidelines applicable in France

To the Shareholders,

As statutory auditors of ACTIA Group designated as an independent third party and certified by COFRAC under No.3-1049[1], we hereby present our report on consolidated employment, environmental and social information (hereinafter referred to as "CSR Information") provided in the management report for the year ended December 31, 2014 pursuant to the provisions of article L. 225-102-1 of the French commercial code.

Responsibility of the company

The Executive Board is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and the procedures used by the Company (hereinafter the "Guidelines") summarized in said report and available on request from the company's headquarters.

Independence and quality control

Our independence is defined by regulations, the code of ethics of the profession and by the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Responsibility of the auditors

It is our responsibility, on the basis of our work to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of disclosure of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was conducted by a team of six persons between November 2014 and April 2015 over a period of approximately two weeks. In the performance of this engagement, we were assisted by our specialized CSR experts.

We performed our work in accordance with the professional auditing standards applicable in France and with the legal order published on 13 May 2013 determining the conditions in which the independent third party performs its engagement and concerning the reasoned opinion of fairness in accordance with the ISAE 3000 international standard[2].

Statement of disclosure of CSR information

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy, according to the impact of the Company's activity on labor and the environment, of its social commitments and any action or programs related thereto.

We compared the CSR Information presented in the management report with the list as provided for in Article R.225-105-1 of the French commercial code;

For certain consolidated information not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French commercial code, and notably the explanation provided to justify the fact that quantitative information relating to the consumption of raw materials is limited to chemical products.

[1] the scope of which may be consulted at www.cofrac.fr

[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

We verified that the CSR 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 within the limitations set out in the methodology note presented in the section "Report on Employment, Social and Environmental Information" (CSR) of the management report.

Based on this work and the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted two interviews with persons responsible for preparing CSR information, 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, reliability, impartiality and comprehensibility, and taking industry best practice into account when necessary;
- verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarize ourselves with the internal control and risk management procedures involved in preparing the CRS Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in light of the nature of the company, the social and environmental challenges of its activities, its sustainable development policy and industry best practice.

With regard to the CSR Information that we considered to be the most important[3]:

- At parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of sites selected by us[4] by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly, and to identify possible omissions and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The sample thus selected represents 20% of the workforce and between 11% and 25% of quantified environmental information.

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

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

We consider that the sampling methods and the size of the samples retained based on our professional judgment allows us to issue a moderate assurance. A higher level of assurance would have required more extensive verifications. 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 has not been detected.

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[3] Employment information:
- Quantitative information: Year-end headcount and breakdown by gender, age and region, number of recruitments, number of dismissals, number of training hours, average salary, number of occupational accidents resulting in lost time days, frequency rate of accidents resulting in lost time days, severity rate.
- Qualitative information: The organization of management-employee dialogue, measures taken to promote gender equality in the workplace.

Environmental information:
- Quantitative information: Water consumption, total energy consumption (electricity, gas and fuel), green house gas emissions linked to energy consumption, quantity of hazardous waste and nonhazardous products.
- Qualitative information: The company's organizational structure to take into account environmental issues, and as applicable, environmental assessment or certification approaches, use of renewable energies.

Qualitative social information: Taking social and environmental issues in the company's purchasing policy, measures to prevent corruption.

[4] ACTIA Automotive S.A. in Toulouse

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Paris-La Défense and Toulouse, April 10, 2015
French original signed by:

KPMG S.A.

Philippe Arnaud Partner Climate Change and Sustainable Development Practice	Jean-Marc Laborie Partner

6.9 Property, plant and Equipment

6.9.1 Existing or planned material items of property, plant and equipment

O: Owner FL: Finance lease L: Lessee SL: Internal Group sub-lessee

Name	Site	Business activity	Form of title
ACTIA Group	Toulouse	Holding company	SL
Automotive			
ACTIA Automotive	Toulouse	Electronics research & manufacturing	SL
ACTIA Muller	Lucé	Manufacturing and distribution of mechanical equipment for garages and inspection centers	L
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	L
ACTIA UK	Newtown *(Wales)*	Electronics research & manufacturing	O
ACTIA Muller UK	Newtown *(Wales)*	Distribution of diagnostics solutions	L
ACTIA Systems	Getafe, Madrid *(Spain)*	Research and manufacturing of audio and video equipment	L
ACTIA Muller España	Getafe, Madrid *(Spain)*	Distribution of diagnostics solutions	L
SCI Los Olivos	Getafe, Madrid *(Spain)*	Real estate	O
KARFA	Mexico City *(Mexico)*	Administration of holdings	L
ACTIA de Mexico	Mexico City *(Mexico)*	Manufacturing and distribution of audio and video equipment solutions	L
ACTIA do Brasil	Porto Alegre *(Brazil)*	Electronics research & manufacturing	L
ACTIA Inc.	Dearborn - Michigan *(USA)*	Electronics research & manufacturing	L
ACTIA CZ	Tabor *(Czech Republic)*	Electronics research & manufacturing	O
ACTIA Italia	Torino *(Italy)*	Electronics research & manufacturing	L
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	L
ACTIA I + Me	Braunsweig *(Germany)*	Electronics research & manufacturing	O
ACTIA Corp.	Elkhart - Indiana *(USA)*	Electronics research & manufacturing	O
ACTIA NL	Helmond *(Netherlands)*	Electronics research & manufacturing	L
ACTIA Polska	Piaseczno *(Poland)*	Electronics research & manufacturing	L
CIPI ACTIA	Tunis *(Tunisia)*	Electronics manufacturing	O
ACTIA Tunisia	Tunis *(Tunisia)*	Electronics manufacturing	L
ACTIA India	New Delhi (India)	Electronics research & manufacturing	L
ACTIA Shanghai	Shanghai (China)	Electronics research & manufacturing	L
ACTIA Nordic	Spanga (Sweden)	Electronics research & manufacturing	L
Telecommunications			
ACTIA Telecom SA	St Georges de Luzençon	Electronics research & manufacturing	O/L
	Dinard	Electronics research & manufacturing	FL/L
	Puy Sainte Réparade	Electronics research & manufacturing	FL
	Manosque	Electronics research & manufacturing	O
SCI SODIMOB	St Georges de Luzençon	Real estate	O
ARDIA	Tunis *(Tunisia)*	Electronics research	L
SCI de l'Oratoire	Colomiers	Real estate	FL/O
SCI Les Coteaux de Pouvourville	Toulouse	Real estate	FL

It should be noted that the core assets are owned by the Group. As these assets were not measured at the time of the first-time adoption of IFRS at the end of 2004, they continue to be carried at their historic cost.

For the purpose of improving the disclosure of information, it has been decided to retain the services of independent firms of appraisers to measure the value of these assets on a regular basis. Property assets of the Group were appraised in 2013. The accumulated appraisal value of these assets came to €39.5 million. The value of these assets will probably be remeasured in 2018.

It is not been possible to reconcile this amount with the carrying value of these assets because:

- These assets are directly or indirectly held by Group subsidiaries, certain of which are accounted for under the equity method;
- Certain of these assets are financed through leaseback arrangements and on that basis it is not possible for us to legally claim ownership.

In accordance with the option adopted by the Group, in order to ensure that its accounts would not be impacted by fluctuations in the real estate market which does not represent its core business, and in accordance with IFRS, ACTIA Group will not perform accounting procedures seeking to remeasure these assets in the consolidated financial statements. From a strategic perspective, the Group has always considered that real estate assets constitute tools made available to it exclusively within the framework of its industrial activities.

Property assets considered strategic relate to, above all, manufacturing activities. Accordingly, the French manufacturing facility, belonging to ACTIA Automotive S.A., located in Colomiers is wholly owned by the Group via SCI de l'Oratoire and financed via a property lease back (expiring in February 2017). The Tunisian manufacturing facility located in Tunis is owned by our subsidiary CIPI ACTIA, which is 66% owned by the Group.

Major industrial equipment of the French site is generally financed through finance leases, whereas equipment in Tunisia is financed through medium term bank loans.

In 2014, the **Colomiers facility** had the following activities:

- Electronic manufacturing;
- A repair center;
- A logistics unit;
- Support services.

These activities made it possible to produce close to 180,000 hours and facility usage stood at an average of 70 % in 2014. Manufacturing infrastructure on that basis has the capacity for increased output of 30%, while the introduction of new production which will increase the workload in 2015 will be accompanied by investments to boost production capacity and ensure production for complex products. Capital expenditures in the period were concentrated on improving quality and reducing production cycles, in preparation for 2015 that will focus on capacity. This important work in 2014 consisted in planning production cycles and reducing in process production and study on our future investment choices for the medium-term. At the end of 2014, the Colomiers site started to transfer equipment to ACTIA Tunisia as part of the renewal cycle in order to gradually prepare the site for the production of electronic boards.

The master plan for our **Tunisian sites** is as follows:

- CIPI ACTIA: manufacture of electronic boards for medium and large production runs, mainly for the automotive sector;
- ACTIA Tunisia: assembly and integration for medium and high-volume production runs for all markets, including automotive that is being gradually put into service.

The CIPI ACTIA electronic board and equipment manufacturing facility achieved close to 520,000 hours of activity in 2014 or an increase of approximately 20 % on a like-for-like basis taking into account the transfer of production to ACTIA Tunisia, and facility usage stood at 80 %. The current plant infrastructure has a capacity for growth of nearly 20%; capital expenditures in 2014 were concentrated on increasing SMD (surface mounted device) capacity for a new high-speed production line for connected products and increasing infrastructure by 1,000 m2 in order to reorganize production flows but also support growth in the workload anticipated for the next two years. Our Tunisian industrial operation became one of the first electronic production sites of the Mediterranean basin. Capital expenditures in 2015 will again focus on ensuring the security of our production capacity, improving production cycles – to reduce our inventories – and transfer medium run production volumes from the main site of CIPI ACTIA to ACTIA Tunisia, that will gradually be equipped with card production capabilities (manual installation, connectivity tests (ICT), coating), supplementing existing activities.

Finally, the plant of ACTIA Tunisia, concentrated on integration, was stable in the year, due to reduced activity linked to a customer. It accordingly had production output of more than 100,000 hours or 60 % of capacity. The site was able to accommodate the transfer of this production without requiring any major investments.

Excluding these three production sites, the Group's other facilities include primarily offices (administrative, research) and integration workshops. As a general rule, these latter facilities are not subject to specific requirements and consequently easier to occupy on a rental basis. Nevertheless, the Group has over the years taken advantage of opportunities to acquire real estate representing notably assets that may originate from entities obtained from acquisitions. It has in this way acquired ownership, directly or indirectly of certain buildings. In 2014, the Group's wholly-owned Toulouse-based property company, SCI de l'Oratoire, acquired a real estate complex next to the site it has financed through a property leaseback arrangement, including two office buildings and warehouse facilities with a total area of 59,341.4 sq.ft (5,513 sq.m). This acquisition for €690,000 was financed by a bank loan.

It should be otherwise noted that the UK, US, Czech and German subsidiaries own their own premises, offices and workshops.

The Telecommunications division's sites are directly owned by ACTIA Telecom, acquired through finance leases or SCI Sodimob that is wholly-owned by the Group. A portion of this property is also financed on a leaseback basis.

Lastly, two sites, considered non-strategic, in Spain and France respectively, are partly held by the Group, partly by management and partly by non-controlling shareholders. In Spain these consist of buildings comprising offices and workshops held via SCI Los Olivos for which the breakdown in the capital is as follows:

Held by:	%
SCI Les Coteaux de Pouvourville	50.0 %
ACTIA Systems	40.0 %
Individuals	10.0 %
Total	**100.0 %**

And in France buildings accommodating ACTIA Group S.A. and ACTIA Automotive S.A., comprising an office complex, held under a leaseback arrangement by SCI Les Coteaux de Pouvourville for which the capital breaks down as follows:

Held by:	%
ACTIA Group	27.5 %
LP2C	50.1 %
Individuals	22.4 %
Total	**100.0 %**

The Group has ensured that the price of rental payments applied for these latter two infrastructure facilities is consistent with market rates, when the leaseback financing arrangements were put into place and subject to lease increases according to the index published by INSEE, the French National Institute for Statistics and Economic Studies.

6.9.2 Environmental impact resulting from their use

This information is set out in the Section "Measures taken to limit environmental damage".

6.10 Risk factors

In line with IFRS 7 B6, ACTIA Group discloses information on financial instrument risks in its financial statements. All Group risks are thus covered in Note 25 to the consolidated financial statements on "Risk factors".

6.11 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €2.3 million, an increase of 8.0 % from the prior period. The resulting net income amounted to €3,402,633, up from €2,169,090 one year earlier. This trend is linked to the distribution of dividends by its subsidiaries.

Highlights of the 2014 separate financial statement are presented below:

Separate parent company results (€ thousands)	2014	2013	2012
Net sales	**2,264**	2,097	2,037
Operating revenue	**2,615**	2,431	2,419
Operating expenses	**3,332**	3,130	3,166
Operating income/(loss)	**717**	699	746
Net financial expenses	**4,162**	2,981	337
Non-recurring items	**0**	70	6
Net income / (loss)	**3,403**	2,169	+ 403

We will ask shareholders to approve these separate financial statements.

6.11.1 Difficulties encountered

ACTIA Group S.A. does not have its own operating activities and all functions exercised on behalf of its subsidiaries or the investment holding company are invoiced to these entities on the basis of actual cost plus a margin of 15 % corresponding to management fees. These amounts invoiced do not cover all statutory auditing expenses, communications, tax and legal consulting services, and other expenses related to the company's status as a listed company that cannot be allocated to all subsidiaries under existing legal and regulatory provisions. Only services specified in support agreements and described in Section 4.3 "Brief description of the Group" are invoiced.

The Company's operating loss accordingly stems from costs incurred as a result of its status as a publicly traded company and its role as a holding company involving external interventions in legal matters, communications, statutory auditing for separate and consolidated financial statements, etc. that by itself represented a cost of €265,400 for the period.

6.11.2 Highlights

No material event has affected the structure of the holding company.

6.11.3 Allocation of earnings

In accordance with statute and our articles of association, the following appropriation of earnings for the period ended December 31, 2014 will be proposed at the General Meeting:

Source		
Profit of the period:		€3,402,633.30
Appropriation		
To the "Legal Reserve resulting in a balance of €1,507,495.58	€112,550.46	
To "Retained earnings" resulting in a balance of €6,187,011.06	€1,280,088.74	
Dividends	€2,009,994.10	
TOTAL	**€3,402,633.30**	**€3,402,633.30**

Amount - Payment - Tax regime for dividends

The gross dividend per share is set at €0.10.

The cash dividend shall be payable from the Company's registered office no later than September 30, 2015.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-2 of the French General Tax Code.

It will be subject to a compulsory social contribution levy for a total amount of 15.5% deducted at the source by the Company.

In addition, a 21.0 % income tax prepayment will also be deducted at the source by the Company.

An exemption for this prepayment is granted to single, widowed, or divorced taxpayers whose tax revenue of reference for the preceding penultimate year is less than €50,000. This limit is increased to €75,000 for taxpayers filing jointly.

It is noted that Shareholders who may qualify for this exemption shall provide the Company with a sworn statement certifying their revenue is less than the limits mentioned above no later than November 30 for distributions to be made in the following years.

On that basis, dividends are subject to a total withholding tax of 36.5%.

In consequence, and subject to application as applicable of the exemption provided for above, only 63.50% of the amount of dividends will actually be paid to shareholders who are natural persons.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes the disclosure of dividends paid out by the Company over the past three financial years.

6.11.4 Previous dividend distributions

Pursuant to the provisions of Article 243 bis of the French General Tax Code, dividends paid out by the Company over the past three financial years are disclosed below:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2011	€0.00		
2012	€0.07		
2013	€0.07		

6.11.5 Non-tax-deductible expenses (Article 39-4 of the French General Tax Code)

The General Meeting will be asked to approve the total amount of expenses covered by Article 39-4 of the French General Tax Code, namely the sum of €3,699, relating to surplus depreciation on company cars.

No tax is due in respect of the 2014 financial year.

6.11.6 Equal opportunity employment

As indicated in Section 4.3 "Brief description of the Group", ACTIA Group S.A. is the Group's holding company. For the performance of its functions as the management holding company, it has 5 employees.

To date, as indicated in the section on "Human resources policy" no incidents of discrimination occurring either in the Group and the holding company or any incidents of professional inequalities with respect to gender have been noted.

The local establishment-level work councils that exist at all the Group's French entities were called upon to rule on these matters.

6.11.7 Analysis of accounts payable

At year-end, the balance of accounts payable of ACTIA Group S.A. (excluding amounts accrued for invoices not yet received from suppliers) by maturity broke down as follows:

(€ thousands)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts payable at December 31, 2013	1,200.2	39.6	18.1	1,257.9
Accounts payable at December 31, 2014	15.2	775.3	0.00	790.5

Less than 2% of invoices outstanding at December 31, 2014 were past due.

6.11.8 Analysis of accounts receivable

At year-end, the aged trial balance for accounts receivable was as follows:

(€ thousands)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts receivable at December 31, 2013	4.4	796.0	0.0	800.4
Accounts receivable December 31, 2014	10.3	934.7	0.0	945.0

Group invoices accounted for 99.9% of the total.

6.11.9 Events after the balance sheet date

No material events have occurred after the 2014 balance sheet date.

6.11.10 Financial results over the past five years

Euros	2014	2013	2012	2011	2010
Financial position at year end					
Share capital	**15,074,956**	15,074,956	15,074,956	15,074,956	15,074,956
Number of shares issued	**20,099,941**	20,099,941	20,099,941	20,099,941	20,099,941
Number of convertible bonds	**0**	0	0	0	0
Results from operations					
Sales excluding tax	**2,264,219**	2,097,228	2,036,521	2,719,056	2,703,323
Earnings before tax , depreciation, amortization and provisions	**3,446,339**	2,221,608	+ 383,444	+ 333,860	+ 715,352
Income tax	**42,203**	42,203	0	0	0
Earnings after tax, depreciation, amortization and provisions	**3,402,633**	2,169,090	+ 403,379	+ 351,004	+ 501,407
Earnings distributed	**2,009,994**	1,406,996	1,406,996	0	0
Earnings per share					
Earnings after tax but depreciation, amortization and provisions	**0.17**	0.11	+ 0.02	+ 0.02	+ 0.04
Earnings after tax, depreciation, amortization and provisions	**0.17**	0.11	+ 0.02	+ 0.02	+ 0.02
Dividends allocated to each share	**0.10**	0.07	0.07	0.00	0.00
Staff					
Number of employees	**4**	5	6	5	5
Payroll for the financial year	**472,840**	449,767	502,495	437,398	582,802
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**200,748**	198,268	207,948	194,624	189,091

6.12 Major shareholders

6.12.1 Breakdown of the share capital and voting rights

Below we provide the identity of those persons directly or indirectly holding over 5 % - 10 % - 15 % - 20 % - 25 % - 33.33 % - 50 % - 66.66 % - 90 % and 95 % of the share capital or voting rights at General Meetings on the dates cited.

Share capital and voting rights at December 31, 2012

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,182,630	45.68%	18,309,124	58.60%	18,309,124	58.60%
SCIPIA	703,859	3.50%	1,398,894	4.48%	1,398,894	4.48%
Individuals Pech and Calmels families	130,265	0.65%	260,530	0.83%	260,530	0.83%
Pech and Calmels families subtotal	10,016,754	49.83%	19,968,548	63.91%	19,968,548	63.91%
SIDMIA International	1,162,549	5.78%	2,319,451	7.42%	2,319,451	7.42%
Individuals Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,162,762	5.78%	2,319,877	7.42%	2,319,877	7.42%
Total concert agreement	**11,179,516**	**55.62%**	**22,288,425**	**71.33%**	**22,288,425**	**71.34%**
SGPFEC	1,037,141	5.16%	1,037,141	3.32%	1,037,141	3.32%
General public	7,879,955	39.20%	7,917,620	25.34%	7,917,620	25.34%
Treasury shares	3,329	0.02%	3,329	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,246,515**	**100.00%**	**31,243,186**	**100.00%**

Share capital and voting rights at December 31, 2013

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,829,890	48.91%	19,651,419	62.91%	19,651,419	62.91%
Individuals Pech and Calmels families	130,265	0.65%	260,530	0.83%	260,530	0.83%
Pech and Calmels families subtotal	9,960,155	49.56%	19,911,949	63.74%	19,911,949	63.74%
SIDMIA International	1,157,629	5.76%	2,314,531	7.41%	2,314,531	7.41%
Individuals Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,157,842	5.76%	2,314,957	7.41%	2,314,957	7.41%
Total concert agreement	**11,117,997**	**55.31%**	**22,226,906**	**71.15%**	**22,226,906**	**71.16%**
SGPFEC	1,037,141	5.16%	1,037,141	3.32%	1,037,141	3.32%
General public	7,941,474	39.51%	7,971,958	25.52%	7,971,958	25.52%
Treasury shares	3,329	0.02%	3,329	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,239,334**	**100.00%**	**31,236,005**	**100.00%**

Share capital and voting rights at December 31, 2014

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,840,899	48.96%	19,662,428	62.82%	19,662,428	62.83%
Individuals Pech and Calmels families	129,818	0.65%	259,636	0.83%	259,636	0.83%
Pech and Calmels families subtotal	9,970,717	49.61%	19,922,064	63.65%	19,922,064	63.66%
SIDMIA International	1,158,586	5.76%	2,315,488	7.40%	2,315,488	7.40%
Individuals Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,158,799	5.77%	2,315,914	7.40%	2,315,914	7.40%
Total concert agreement	**11,129,516**	**55.37%**	**22,237,978**	**71.05%**	**22,237,978**	**71.06%**
SGPFEC	1,037,141	5.16%	1,037,141	3.31%	1,037,141	3.31%
General public	7,929,956	39.45%	8,020,390	25.63%	8,020,390	25.63%
Treasury shares	3,328	0.02%	3,328	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,298,837**	**100.00%**	**31,295,509**	**100.00%**

Gross or theoretical voting rights: the total number of voting rights including those attached to shares deprived of voting rights, and namely those held in treasury.

Net voting rights or rights exercisable in General Meetings: shares held in treasury are not recorded.

LP2C is equally owned by the Pech and Calmels families, as is SCIPIA. Whereas the first entity is meant to be a coordinating holding company, the second entity held only ACTIA Group shares and shares of SCI Les Coteaux de Pouvourville. On July 23, 2013, Société Civile SCIPIA was merged into LP2C.

SIDMIA International, owned by the Thrum family, also owns industrial assets.

The concert agreement between the Pech, Calmels and Thrum family shareholder groups covers all the shares held by the companies and virtually all the shares held by individuals. The shares not included at the outset of the agreement do not represent a sufficiently material percentage to be detailed. It should be noted that the agreement does not have an expiry date. Main provisions of this agreement are described in Section 6.12.3 "Shareholders Agreement".

To the best of the Company's knowledge, there is no other shareholder not mentioned above that holds 5 % or more of the share capital or voting rights of ACTIA Group S.A.

Information on voting rights is presented in Section 9.2.3 “Rights, preferences and restrictions in respect of shares”.

Items having a potential impact in the event of public offerings

Pursuant to Article L225-100-3 items with potential for having an **impact on a tender offer** are duly noted:

- The structure of the share capital as well as the direct and indirect holdings known to the Company and all information in this regard are set out above;
- There is no restriction on the exercise of voting rights in the articles of association;
- To the best of the Company’s knowledge, a shareholders' agreement was signed by the families of the senior executives (Louis Pech and Pierre Calmels) and an industrial operator (SIDMIA International), and described herein in Section 6.12.3 "Shareholders' agreement”;
- There are no shares with special control rights;
- There are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees;
- The rules for appointing and removing members of the Supervisory Board are those prescribed by law and article 19 of the Articles of Association;
- With regard to the powers of the Executive Board, the current authorizations are set out in the capital increase authorizations table in Section 6.12.8 "Authorizations granted in respect of capital increases";
- Amendments to the Company's articles of association are made in accordance with provisions provided for by statute and regulations;
- There are no agreements (sales contracts, financial contracts, etc.) signed by the Company that would be amended or terminated in the event of a change in control at the Company;
- There are no agreements providing for severance payments for members of the Supervisory Board or the Executive Board.

Disclosures concerning the crossing of ownership thresholds

For the last three years, ACTIA Group S.A. was informed that the following **ownership thresholds were crossed**:

- HMG Finance reported having crossed below the 10 % threshold for share capital on February 9, 2012 (AMF notice 212C0426);
- HMG Finance reported having crossed below the 5 % threshold for voting rights on April 2, 2012 (AMF notice 212C0426);
- HMG Finance reported having crossed below the 5 % threshold for share capital on November 20, 2012 (AMF notice 212C0426).
- No ownership thresholds subject to disclosure obligations were crossed either in 2013 or 2014.

Other securities granting entitlement to the share capital

There are no other shares or securities of any nature convertible or exchangeable for shares.

Adjustment of the conversion bases of securities granting rights to the share capital, subscription and purchase options and bonus shares

In 2014, there were no adjustments made to the conversion bases of securities.

Market in ACTIA Group shares

ACTIA Group S.A. is traded on Euronext Paris (Segment C), ISIN Code FR0000076655.

During 2014, total volume of ACTIA Group shares traded was 17,367,476 compared to 9,286,144 in 2013 and 5,785,487 en 2012, representing average daily trading volume of 68,109 shares over 255 trading days compared to 36,416 shares in 2013 and 22,600 shares in 2012.

In 2014, the share price trading range was as follows:

- high: €6.30 (April 4, 2014);
- low: €2.93 (January 27, 2014)
- Closing price on 12/31/2014 €5.24

After profiting from the market recovery in 2013, trading volume of the ACTIA Group share increased again in 2014 by 87% while the share price ended the period up 60.2%. Bolstered by the Group's good results, the share also benefited from increased visibility by being included in several indexes, including the "PEA–PME" index for small and mid-caps, contributing to greater trading volume.

On April 8, 2015, ACTIA Group was included in the following indexes:

INDEX	ACTIA Group index weighting
CAC ALL SHARES	0.01 %
CAC ALL-TRADABLE	0.00 %
CAC EL. & EL. EQ.	0,20 %
CAC INDUSTRIALS	0.04 %
CAC MID & SMALL	0.04 %
CAC PME	0.99 %
CAC SMALL	0.23 %
ENT PEA-PME 150	0.44 %

The following table summarizes trading activity and trends for the ACTIA Group share for the last three years:

	Performance		Volatility	
	ACTIA Group	CAC MID & SMALL	ACTIA Group	CAC MID & SMALL
2012	<14.89> %	20.51 %	32.57 %	16.27 %
2013	172.50 %	26.68 %	43.47 %	11.20 %
2014	**60.24**	**8.40 %**	**51.89 %**	**12.60 %**
Last six months	<1.69> %	<1.40> %	49.81 %	14.01 %

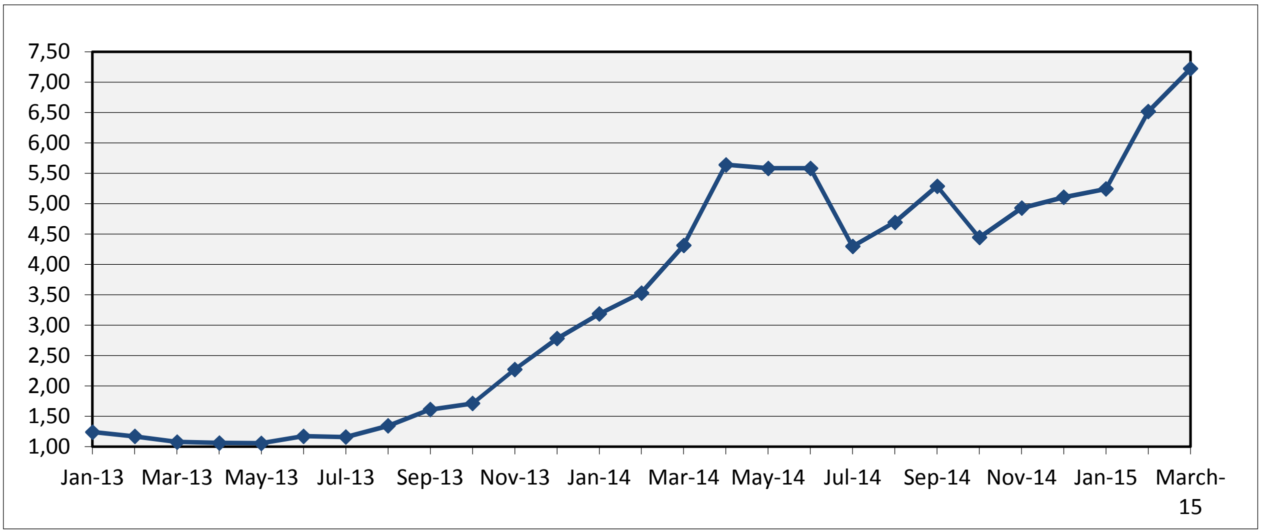
Closing price trends and trading volumes from January 1, 2013 to March 19, 2015 (closing price in euros)

2013	High	Low	Average	Trading volume
Jan-13	1.28	1.20	1.24	359,744
Feb-13	1.25	1.09	1.17	305,931
Mar-13	1.10	1.06	1.08	214,750
Apr-13	1.12	1.04	1.06	116,366
May-13	1.15	1.03	1.06	231,183
Jun-13	1.23	1.12	1.17	270,626
Jul-13	1.18	1.14	1.16	96,012
Aug-13	1.40	1.20	1.35	815,943
Sept-13	1.88	1.34	1.61	1,588,460
Oct-13	1.88	1.60	1.71	865,538
Nov-13	2.78	1.68	2.27	3,093,315
Dec-13	3.27	2.58	2.78	1,328,276

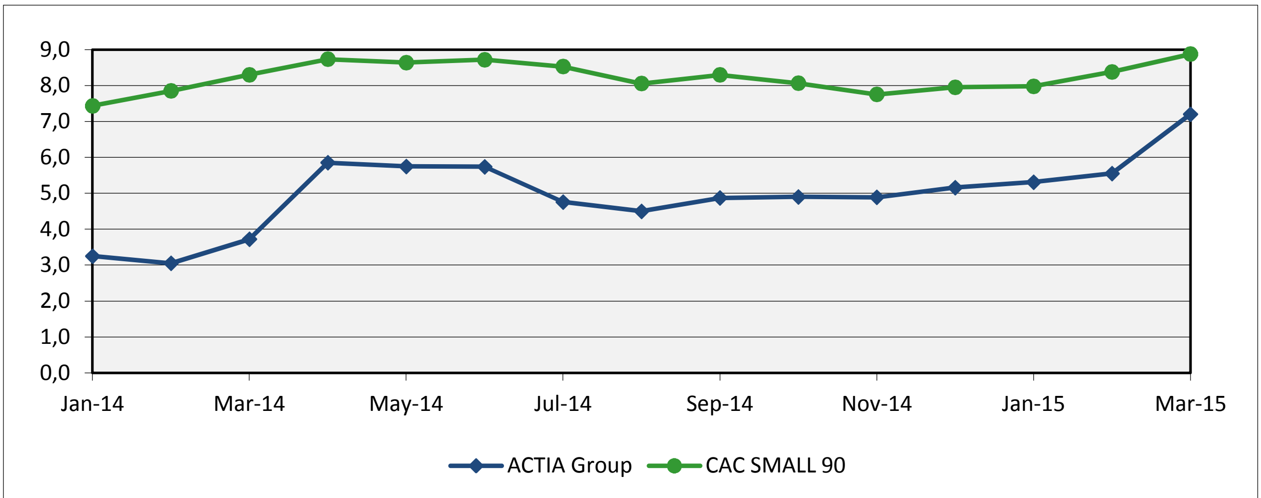
2014	High	Low	Average	Trading volume
Jan-14	3.43	2.93	3.19	2,173,589
Feb-14	3.99	3.05	3.53	1,641,812
Mar-14	5.19	3.72	4.31	1,610,595
Apr-14	6.30	4.88	5.64	1,989,252
May-14	5.90	5.20	5.58	1,324,495
Jun.-14	5.74	5.33	5.58	777,769
Jul-14	4.92	3.86	4.30	1,923,372
Aug.-14	5.03	4.15	4.69	1,521,341
Sep-14	5.59	4.87	5.29	978,037
Oct-14	5.07	3.88	4.44	1,421,221
Nov-14	5.30	4.72	4.93	777,237
Dec-14	5.28	4.76	5.11	1,229,026

2015	High	Low	Average	Trading volume
Jan-15	5.52	5.04	5.24	1,019,574
Feb-15	7.41	5.55	6.52	2,351,629
Mar-15	7.71	6.66	7.22	2,081,387

Share price trends (average monthly closing price in euros)



Share price trends since January 1, 2014 (closing price of 1st day of the month)



6.12.2 Control and ownership

Information on holdings in share capital and voting rights is presented in Section 6.12.1 “Breakdown of the share capital and voting rights”.

As indicated in Section 6.12 “Main shareholders”, the Group is majority owned and controlled, both directly and indirectly by the Pech and Calmels families, notably through the company LP2C.

So as to ensure good governance and that control is not unfairly exercised, the Group adopted a dual Supervisory Board and Executive Board structure, discussed in Section 6.13.1 "Membership of the Supervisory Board and of the Executive Board". The Pech and Calmels families hold the positions of Chairman (Louis Pech) and Vice-Chairman (Pierre Calmels) of the Supervisory Board. Of the five other Board members that are unrelated to each other, four are wholly independent, providing a guarantee of good governance for the Group.

The two Pech and Calmels families are also present at the Executive Board level with Marine Candelon (daughter of Pierre Calmels), Catherine Mallet (daughter of Louis Pech) and since July 1, 2014, Jean-Louis Pech (son of Louis Pech), now serving as Chairman of the Executive Board that was previously chaired by Christian Desmoulins who had no ties with the family owners. After stepping down from the Executive Board, Christian Desmoulins accepted to assist Jean-Louis Pech in his new role as Chairman to facilitate the continuity in pursuing the strategic priorities. On June 27, 2014 the Supervisory Board appointed him as a non-voting observer (*Censeur*).

The founding families have in this way ensured the continuity and long-term development of the Group while maintaining an independent governance within the Board.

6.12.3 Shareholders' agreement

A shareholders' agreement was signed by Louis Pech and Pierre Calmels, on the one hand, and Günther Thrum, on the other hand, on December 11, 2000.

The parties agreed to act in concert with respect to ACTIA Group S.A. primarily with regards to:

- A commitment to consult prior to all Board Meetings and all General Meetings;
- A commitment to maintain the division of seats on the Board;
- A commitment to maintain their interests so that the parties to the agreement may hold a minimum voting rights percentage in the Company;
- A commitment to consult prior to any disposal by any of the signatories of all or part of their interest (including unregistered holdings);
- A reciprocal preemptive right between the two groups of shareholders;
- In the event of a tender offer that either party wishes to accept, all the parties undertake to consult for the purpose of making decisions by mutual agreement in order to be able to carry out the proposed transaction without jeopardizing the basis of this agreement with respect to maintaining control of ACTIA Group and the pursuit of its industrial strategy;
- In the event that for whatever reason ACTIA Group shares are no longer listed on a regulated market, and the "Pech and Calmels" shareholder group wishes to dispose of all or part of its ACTIA Group shares and such disposal is likely to cause it to lose control (40 % of the voting rights) of ACTIA Group, it must offer the shareholders of the "Thrum" group the option of disposing of their ACTIA Group shares on the same price and payment terms as it got from the buyer.

At December 31, 2014, this agreement covered a total of 11,129,516 shares (55.4 % interest) and 22,237,978 voting rights (control of 71.0 %).

6.12.4 Commitments to retain shares

Other than the shareholders' agreement described above there is, to the best of our knowledge, no commitment to retain shares in ACTIA Group.

6.12.5 Share or asset pledges

Name of registered shareholder	Beneficiary	Date pledge was established	Date pledge expires	Exercise conditions	Number of Company shares pledged	% of Company's share capital pledged
LP2C	BNP PARIBAS	28-Apr-10	28-Apr-15	Loan repayment	272,000	1.4%
LP2C	Crédit Lyonnais	27-Jul-12	27-Jul-17	Loan repayment	551,000	2.7%
TOTAL SHARES PLEDGED					**823,000**	**4.1%**

To the best of the Company's knowledge, 823,000 shares were thus pledged in favor of financial institutions at December 31, 2014, representing 4.1 % of the Company's share capital.

6.12.6 Treasury shares

Detailed information about the share buyback program is presented in Section 8.82 in Note 3.7 to the separate annual financial statements, "Treasury shares".

6.12.7 Authorization to implement a share buyback program

We propose that the Executive Board be granted an authorization for 18 months to purchase, on one or more occasions at times of its choosing up to 2 % shares of the Company comprising the Share Capital, where applicable adjusted to take into account subsequent increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10 % of the Share Capital, may be made for the following purposes:

- Market-making on the secondary market or share liquidity services provided by an investment service provider through a liquidity agreement in compliance with the conduct of business rules of the AMAFI recognized by the AMF;
- The retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5 % of the Company's share capital;
- Set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company savings plan or bonus share grants;
- Set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These transactions may not be carried out during periods when public tender offers are in effect.

We propose that the maximum purchase price be set at 12 euros per share with in consequence the maximum amount for the share buyback program at €4,823,976.

The Executive Board shall be vested with all powers to take all actions required for said purpose.

6.12.8 Authorizations granted in respect of capital increases

6.12.9 Share capital increase

At the balance sheet date, the authorizations granted in respect of capital increases still in force were as follows:

ITEM	Extraordinary General Meeting	Expiry	Amount authorized	Increases and issues carried out in previous years	Increases and issues carried out during the financial year	Residual authorization as of the date of drafting of this table
Authorization to increase the capital in favor of members of an Employee Savings Plan	28-May-13	28-Jul-15	3% of the capital	None	None	3% of the capital

6.12.10 Stock option plan

No other stock option plan is in force in the Company or in other Group companies.

6.12.11 Bonus share plan

No other bonus share plan is in force in the Company or in other Group companies.

6.12.12 Authorizations provided in respect of the granting of options

No authorization with respect to granting share subscription options giving rise to a share capital increase was in force as of the balance sheet date.

6.13 Administrative, management and supervisory bodies and senior management

6.13.1 Supervisory Board and Executive Board membership

As indicated in Section 7.1.1 "Corporate governance" the Company has applied the MiddleNext corporate governance code since December 2009. At December 31, 2014, membership of the Supervisory Board and Executive Board was as follows:

Supervisory Board

- Louis Pech — Chairman of the Supervisory Board
- Pierre Calmels — Vice-Chairman of the Supervisory Board

- Henri-Paul Brochet — Supervisory Board member, independent
- Alain Costes — Supervisory Board member, independent
- Carole Garcia — Supervisory Board member, independent
- Günther Thrum — Supervisory Board member
- Véronique Vedrine — Supervisory Board member, independent
- Jean-Philippe Brinet — Non-voting observer (*Censeur*)
- Christian Desmoulins — Non-voting observer (*Censeur*)

Executive Board

- Jean-Louis Pech — Chairman of the Executive Board, son of Louis Pech
- Marine Candelon-Bonnemaison — Executive Board member, daughter of Pierre Calmels
- Catherine MALLET — Executive Board member, daughter of Louis Pech

Pursuant to Christian Desmoulins' resignation from the office of Chairman of the Executive Board, on June 27, 2014, the Executive Board appointed Jean-Louis Pech, son of Louis Pech, as Chairman of the Executive Board. On this same date, the Supervisory Board also appointed Christian Desmoulins as a Non-Voting Observer (Censeur) on the Supervisory Board.

6.13.2 Offices and positions held by corporate officers over the past 5 years – Management expertise and experience of Directors and Officers

❖ **Louis Pech** is Chairman of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28, 2014, and will expire at the General meeting of 2020 called to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Executive Board	LP2C	France
Director	ACTIA Automotive	France
	ACTIA de Mexico	Mexico
	ACTIA Systems	Spain
	KARFA	Mexico
	ACTIA Italia	Italy
	ACTIA India	India
	ACTIA Nederland	Netherlands
	ACTIA Shanghai	China
	ACTIA Nordic	Sweden
	ACTIA Tunisia	Tunisia
	ARDIA	Tunisia
	ACTIA Corp.	USA
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of ACTIA Group	ACTIA Telecom	France
Permanent representative of LP2C	CIPI ACTIA	Tunisia
Permanent representative of ACTIA Automotive	ACTIA Muller	France
	ACTIA 3E	France
Co-Manager	SCI de l'Oratoire	France
Chairman	Midi Capital investment committee	France
Vice-Chairman	Le Cercle d'Oc	France
Regional Advisory Board member	Société Générale	France
	NATIXIS	France
Honorary Advisor	Banque de France de Toulouse	France
	Conseil du Commerce Extérieur de la France	France
Honorary Chairman	CCI de Toulouse	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France
Member of the Comité des Sages	Muséum d'Histoire naturelle	France
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
	ACTIA Automotive	France	2014
Director	Banque Tuniso-Koweitienne	Tunisia	2011
	YMCA Cépière	France	2012
	CIPI ACTIA	Tunisia	2014
	EUROSUD Transport Atlantique Méditerranée	France	2013
Co-Manager	SCI du 4 rue Jules Védrines	France	2013

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on April 27, 1934 in Ferrals-Les-Corbières (Aude)

  Married, 4 children

- ACADEMIC BACKGROUND:

A graduate of the École Supérieure de Commerce of Toulouse	1954-1957

- PROFESSIONAL BACKGROUND

ATELIERS SEMCA – Corporate Secretary	1960-1962
Microturbo on January 2, 1963 after having arranged for the setting up of this company from ABG SEMCA – Sales Manager before becoming Deputy Managing Director Left the company having simultaneously held for a period of three years his position in MICROTURBO and management positions at MERCIE and ACTIA Automotive	1963 – 1989
ACTIA Automotive	since 07/1989
LP2C (Group holding company)	since 07/1994

- DECORATIONS:

  Silver long-service medal

  Officer in the National Order of Merit

  Knight in the Order of Academic Palms

  Officer in the National Order of the Legion of Honor

- AWARDS:

Prix Chivas	1985

- PAST SOCIAL ACTIVITIES:

Associate Member of the Toulouse Chamber of Commerce and Industry	1986 - 1991
Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry	1986 - 1991
Vice-Chairman of the Foreign Trade Committee of the Toulouse Regional Chamber of Commerce and Industry	1988 - 1992
Chairman of the Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	1988-1993
Chairman of the Regional Export Committee (Regional Council)	1990-1993
Chairman of the Midi-Pyrenees Study and Mobilization Group	1991-1993
Chairman of the Committee for the Promotion of International Trade (Export Charter)	1991-1995
Member of the Toulouse Chamber of Commerce and Industry	1991-1997
Advisor of the Banque de France de Toulouse	1993-2005
President of the Toulouse Chamber of Commerce and Industry	1994-1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994-1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994-1997
Chairman of ADERMIP (Association for the development of Education, Economy and Research in Midi-Pyrenees)	1994-1999
Member of the Board of the Haute-Garonne Employers Association	1994-1999

Administrator of the National Polytechnic Institute of Toulouse	1994-2002
Vice-Chairman of the Midi-Pyrenees Regional Chamber of Commerce and Industry	1995-1997
Vice-Chairman of the Departmental Economic Development Committee (General Assembly)	1995-2000
Chairman of IERSET (European Institute for Research into Electronic Systems for Transportation)	1996-2003
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000-2004
Director of Société d'Epargne Locale Toulouse Nord (Groupe Caisse d'Épargne)	2000-2007
Non-voting observer on the Supervisory Board of Tofinso	2003-2005
Director of Espace Sport Technologies (France)	2003 - 2005
Director of the FACE Grand Toulouse Association (France)	2003-2005

- **Pierre Pech** is Vice-Chairman of the Company's Supervisory Board. Appointed at the Combined Ordinary and Extraordinary General Meeting of May 9, 2003, his term of office was renewed on the date of the Ordinary General meeting of May 14, 2009 and will expire at the Annual General Meeting of May 28, 2015 called to approve the financial statements for the fiscal year ended December 31, 2014. He also holds the following offices and positions in the Companies listed below:

- Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Supervisory Board	LP2C	France
Vice-Chairman of the Board of Directors and Director	ACTIA Automotive	France
Director	ACTIA Italia	Italy
	SCI Los Olivos	Spain
	ACTIA Nederland	Netherlands
	ACTIA Systems	Spain
	ACTIA Corp.	USA
	ACTIA Inc.	USA
	KARFA	Mexico
	ACTIA de Mexico	Mexico
Member of the Advisory Board	ACTIA do Brasil	Brazil
Permanent representative of ACTIA Group	CIPI ACTIA	Tunisia
Co-Manager	SCI les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice-Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
Permanent representative of LP2C	Fonderie Mercie Europe	France	2012
Director	ACTIA Muller	France	2010
	ACTIA 3E	France	2010
	ACTIA Telecom	France	2010
	ACTIA PCs	France	2012
	CIPI ACTIA	Tunisia	2014
	Fonderies Financière MERCIE	France	2012
Co-Manager	SCIPIA	France	2013
	SCI du 4 rue Jules Védrines	France	2013

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on November 29, 1936 in Ploubazlanec (Côtes d'Armor)

  Married, 5 children

- ACADEMIC BACKGROUND:

Ecole Polytechnique (School of Engineering)-Paris – AFN	1957-1959
Military service – Marignane Avord	1959-1960
Graduate School of Economics, Statistics and Finance (ENSAE) – Paris	1960 – 1962
ICG – Toulouse	1983-1985

- PROFESSIONAL BACKGROUND:

Aeronautical Test Center of Toulouse (CEAT) Weapons engineer Head of Conditioning Laboratory (3 years) Head of the Materials and Structure Group (4 years)	1962-1969
Microturbo SA – Toulouse Technical Director (7 years) Program Director (9 years) Chief Executive Officer (5 years)	1969-1990
ACTIA Automotive SA – Toulouse	since 12/1990
Joined LP2C (Group holding company)	since 07/1994

❖ **Günther Thrum** is a Member of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28 2014 and will expire on the date of the Annual General Meeting that will be held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the Companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Manager	SIDMIA S.A.S.	France
	SIDMIA International SARL	France
Director	INTELLIGENT GENERATION LLC	USA
Offices and directorships held within the last 5 years		
None		

❖ Address

SIDMIA International – 58, avenue du Général Leclerc – 92100 Boulogne Billancourt

❖ Expertise and experience

- CIVIL STATUS:

  Born on June 9, 1938 in Karlsruhe (Germany)

  Married, 2 children

- ACADEMIC BACKGROUND:

  Technical University – Karlsruhe (Germany) 1957-1963

  Engineering Degree

- PROFESSIONAL BACKGROUND:

  REINZ (Germany) 1963-1969
  Field Applications Engineer
  Head of the Field Applications Unit

  SNECI (Levallois) 1969-1972
  Commercial engineer

  SIDMIA (Boulogne-Billancourt) since 1972
  Manager

  SIDMIA International (Boulogne-Billancourt) since 1988
  Manager

❖ **Alain Costes** is a member of the Company's Supervisory Board. Appointed at the Ordinary General Meeting of November 10, 2003, his term of office was renewed on the date of the Ordinary General meeting of May 14, 2009 and will expire at the Annual General Meeting of May 28, 2015 called to approve the financial statements for the fiscal year ended December 31, 2014. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Board of Directors	Gip RENATER	France
	GROUPE ESC de Toulouse	France
	INP-Ensat de Toulouse	France
	IUT de Figeac	France
Vice-Chairman	CANCEROPOLE de Toulouse	France
	AMPERE	France
Director	ACTIA Automotive	France
	MAPPING Consulting	France
	Cancer-Bio-Health competitiveness cluster	France
	AVAMIP	France
	PRES Université Toulouse	France
	RTRA Aéronautique	France
Associate Member	CCI de Toulouse	France
Chairman of the Scientific Advisory Board	Fondation de Recherche InNaBioSanté	France
Scientific Advisory Board member	Sciences-Animation	France
Consultative Chairman Research/Innovation	CRCI Midi-Pyrénées	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Member	Midi-Pyrénées Innovation	France	2009
	CCRDT Midi-Pyrénées	France	2009

- Posts
  - Professor, INP – 6, Allées Emile Monso – 31000 Toulouse;
  - Career scientist at LAAS-CNRS – 7, Avenue du Colonel Roche – 31077 Toulouse Cedex 04;
  - Member of the French Technology Academy
- Address

MAPPING Consulting – 26, rue Saint-Antoine du T - 31000 Toulouse

- Expertise and experience
  - CIVIL STATUS:

Born on July 29, 1939 in Toulouse (Haute-Garonne)

  - ACADEMIC BACKGROUND:

Licence ès Sciences 1963

Engineering graduate from the ENSEEIHT (École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique
d'Hydraulique de Toulouse (ENSEEIHT) 1963

Doctorate of Science 1966

Docteur ès Sciences 1972

  - PROFESSIONAL BACKGROUND:

Researcher, Higher Education Institute President

Member of the design and validation team for dependable computer systems at the CNRS LAAS
(French National Center for Scientific Research, Laboratory for Analysis and Architecture of Systems)since 1974

Lecturer 1975-1980

Vice-Chairman of the International Federation for Information Professing since 1979

Professeur sans chaire 1981-1983

Deputy Director of LAAS-CNRS and of the Dependable
Computing and Fault Tolerance group 1981 – 1985

Vice-Chairman of the Association for the Development of Teaching, the Economy
and Research in Midi-Pyrenees since 1981

Professeur de 1ère classe (University professor) 1983 – 1988

Technical adviser to the Toulouse Chamber of Commerce and Industry since 1984

Director of LAAS-CNRS and of the Dependable
Computing and Fault Tolerance Group 1985-1996

President of the Computer Science, Automatic Control, and Signal Processing section of the CNRS laboratory 1988-1991

Professeur de classe exceptionnelle (university professor) since 1989

Elected member and committee member of Computer Science, Automatic Control
and Signal Processing section of the CNRS laboratory 1992-1995

Chairman of the Council of the Science Department for the *Ingénieur* 1992-1995

Member of the Scientific Council of the CNRS 1992-1997

Rapporteur Général of the 2nd plenary session of the CNRS 1993

Member of the Advanced Research and Technology Committee of the MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996-2000
Member of the Board of Directors of the CNRS	1996-2000
Member of ENSEEIHT, of the Technological Development Consultative Committee (CCDT)	since 1998
Director of Technology, Ministry of Research	2000-2003
Professor at the National Polytechnic Institute of Toulouse (INPT)	since 2003
Chairman of the 3rd plenary session of the CNRS	
Career scientist at LAAS-CNRS	since 2003
Member of Branch 07 of the National Committee for Scientific Research	
Chairman of the Engineering Science Department Committee and of the CNRS Scientific Committee	

- PUBLICATIONS:

  Countless scientific articles and publications in specialized journals.

- DECORATIONS:

  Commander of the Legion of Honor

  Commandeur des Palmes Académiques

  Member of the French Technology Academy

  Silver Core Award of the IFIP

❖ **Véronique Vedrine** is a member of the Company's Supervisory Board. Her appointment was ratified by the Combined General Meeting of April 30, 2004. Her term of office was renewed on the date of the Ordinary General Meeting of May 14, 2009 and will expire at the Annual General Meeting of May 28, 2015 called to approve the financial statements for the fiscal year ended December 31, 2014. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Director	Bpifrance Régions	France
	Groupe la dépêche du midi	France
Permanent Representative of Bpifrance Investissement on the Board of Directors	IRDI	France
	Midi Pyrénées Croissance	France
Offices and directorships held within the last 5 years		
NONE		

❖ Post

Director of Réseau Sud Bpifrance – a French Limited Corporation (*Société Anonyme*) with a capital of €750,860,784 – Creteil Companies Register (RCS) 320 252 489.

❖ Address

Bpifrance – 27/31 avenue du Général Leclerc – 94710 Maisons Alfort.

❖ Expertise and experience

- CIVIL STATUS:

  Born on June 25, 1959 in Mantes-La-Jolie (Yvelines)

  2 children

- ACADEMIC BACKGROUND:

  A graduate from the École Supérieure de Commerce of Clermont-Ferrand 1977-1980

- PROFESSIONAL BACKGROUND:

  CEPME
  Case Manager – Auvergne Regional Office 1981-1991
  Registered office - Commitments Department: tourism, health, local authorities 1991-1997
  Head of Tourism Department – central agency
  Assistant to the Network Director during the CEPME – SOFARIS merger

  Regional Director, BDPME Midi-Pyrénées 1998-2005

  Director of Réseau Sud Méditerranée OSÉO Bdpme
  (PACA, Corse, Languedoc-Roussillon, Midi-Pyrénées) since 02/2005

  Director of Réseau Sud Méditerranée OSEO
  (OSEO Financement – OSEO Innovation) since 10/2006

  Director of Réseau Sud OSEO
  (PACA, Corse, Languedoc-Roussillon, Midi-Pyrénées, Aquitaine) since 01/2009

  Director of Réseau Sud Bpifrance since 07/2013
  (France's public investment bank formed from the merger of Oseo, CDC Entreprises, FSI and FSI Régions)

- DECORATIONS:

  Knight in the National Order of Merit

  Knight of the Legion of Honor (2015)

- SOCIAL ACTIVITIES:

  Treasurer of the Provence-Alpes-Côte d'Azur Banks Regional Committee

  Chairman of the I.F.A. (French Institute of Independent Directors) - Midi-Pyrénées region.

❖ **Henri Paul Brochet** is a member of the Company's Supervisory Board. Appointed at the Combined General Meeting of September 15, 2008, his term of office was renewed on the date of the Annual General Meeting of May 28, 2014 and will expire on the date of the Annual General Meeting to be held in 2020 to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ Offices

Offices and directorships held within the last 5 years		
Offices	**Company**	**Country**
Chairman	Alliage	France
	CANCEROPOLE Grand Sud-Ouest Société HBIC	France
Manager	Holding MBBCS	France
Director	SOGECLAIR	France
Advisor	CESER	France
Alternate Director	AEROSPACE Valley	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice President Responsible for Integration	For the merger of Alcatel Space and Alenia Spazio	France	2012
Deputy Chief Executive Officer	Thales Alenia Space	France	2012
Vice President	Thales Alenia Space (Toulouse site)	France	2012
Advisor to the Chairman	Thales Alenia Space	France	2012
Permanent representative of THALES ALENIA SPACE	INTESPACE	France	2012

❖ Posts

- Member of the Scientific Advisory Board of Université Paul Sabatier,
- Technical Adviser I.P. to the CCIT.

❖ Address

132, chemin Saint Pierre – 31170 Tournefeuille

❖ Expertise and experience

- CIVIL STATUS:

  Born on September 12, 1945 in Limoges (Haute-Vienne)

- ACADEMIC BACKGROUND:

  Doctorat in physics - microwave option

  Business degree from the Institut d'Administration des Entreprises

- PROFESSIONAL BACKGROUND:

THOMSON- CSF "Microwave Division" Engineer for tests and integration for Microwave Systems	1973-1977
Head of the Local Oscillators Laboratory	1977-1982
Thomson- CSF "Space Division" Head of Microwave and TT&C product lines	1982-1988
Director of Space Equipment, ALCATEL-ESPACE	1988-1993
ALCATEL- ESPACE thereafter ALCATEL- SPACE (following the merger with Aérospatiale "satellites") Chief Industrial Officer and director of the Toulouse site	1993-2003
Alcatel - Space thereafter Alcatel Alenia Space (following the merger with Alenia Spazio) Director of Industrial Engineering and Director of the Toulouse site	2003-2007
THALES ALENIA SPACE Deputy General Manager of Thales Alenia Space France and Director of the Toulouse site	2007-2010

Carole Garcia is a member of the Company's Supervisory Board. Appointed at the Annual General Meeting of May 28, 2014, her term of office expires at the General Meeting to be held in 2020, called to approve the financial statements for the year ended December 31, 2019. She also holds the following offices and positions in the companies listed below:

- Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Chairman	SAS Graine de pastel	France	
Chairman and Director	Financière Graine de pastel	France	
Manager	SCI Clément Laffont	France	
Advisor Member of the Midi-Pyrénées office	Conseil du Commerce Extérieur de la France	France	
Founding member	Académie des Arts et des Sciences du Pastel	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Manager	Cocagne & Compagnie	France	2013

- Address

Graine de Pastel – 4 place Saint Etienne 31000 Toulouse

- Expertise and experience
  - CIVIL STATUS:

    Born on September 10, 1971 in L'Union (Haute-Garonne)

    3 children
  - ACADEMIC BACKGROUND:

    A graduate of the École Supérieure de Commerce of Bordeaux — 1992

    Masters in strategic marketing, Paris Dauphine University — 1993
  - PROFESSIONAL BACKGROUND:

    Pierre Fabre Group, pharmaceutical and cosmetics industry

    Product Marketing Manager — 1994 – 2001

    Creation of Graine de Pastel cosmétiques — Since 2002

❖ **<u>Jean-Philippe Brinet</u>** is a Non-voting observer (*Censeur*) of the Company's Supervisory Board. Appointed by the Supervisory Board on March 14, 2009, his term of office was renewed by the Supervisory Board on September 6, 2013 and will expire on September 6, 2017. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Director	KGF	France	
	Université Bordeaux 4	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
CEO	CIC Société Bordelaise	France	2009
Chairman	Société Financière et Foncière de Participation	France	2009
Director	CIC / Asset Management	France	2009

❖ Posts

- Manager of JPF Conseil

❖ Address

16, rue du Temple – CAVALIERE – 83980 LE Lavandou

❖ Expertise and experience

- CIVIL STATUS:

  Born on March 14, 1943 in Neuilly sur Seine

- ACADEMIC BACKGROUND:

  Business degree from the Institut d'Administration des Entreprises

  Graduate of the Centre d'Études Supérieures de Banque de Paris

  Advanced degree in Private Law

- PROFESSIONAL BACKGROUND:

Research Director for the Québec Ministry of Labor	1968-1969
Assistant to the Chief Financial Officer, Procter & Gamble	1970-1971
Account Manager, Major Accounts Commercial Banking Division, BRED	1971-1974
Assistant to the Chief Operating Officer, BRED	1974-1975
Manager for BRED - Paris-Est	1975-1977
Manager for BRED - Rouen	1978-1981
Regional Director, BRED - Est Parisien	1981-1989
Vice President of Marketing, BRED	1989-1991
Vice President for branch operations, BRED	1991-1993
Managing Director, CIC Société Bordelaise	1994-2009

❖ **<u>Christian Desmoulins</u>** is a Non-voting observer (*Censeur*) of the Company's Executive Board. Appointed at the Supervisory Board Meeting of June 27, 2014 after serving for 11 years as the Chairman of ACTIA Group's Executive Board. He also holds the following offices and positions in the Companies listed below:

❖ Offices

Current offices and directorships

Offices	Company	Country
Chairman of the Board of Directors and Director	ACTIA Telecom	France
	ACTIA Automotive	France
	ACTIA Nordic	Sweden
	ACTIA Corp	USA
	SCI Los Olivos	Spain
	ACTIA 3E	France
	ACTIA Shanghai	China
	ACTIA UK	England
	ACTIA Inc.	USA
	ACTIA Italia	Italy
	ACTIA Systems	Spain
	ACTIA India	India
	KARFA	Mexico
	Toulouse INSA engineering school	France
	Champollion University	France
	Le Cercle D'oc	France
Director	ACTIA Nederland	Netherlands
	ACTIA de Mexico	Mexico
	CIPI ACTIA	Tunisia
	ACTIA Muller	France
	ACTIA PCs	France
	ACTIA Polska	Poland
	ACTIA Tunisia	Tunisia
	YMCA Cépière	France
	Aerospace Valley	France
	Club des Affiliés du LAAS-CNRS	France
	Institut National Polytechnique de Toulouse	France
	IRT Antoine de Saint Exupéry	France
Member of the Advisory Board	ACTIA do Brasil	Brazil
Permanent representative of ACTIA Group	ARDIA	Tunisia
Advisor	Conseil du Commerce Extérieur de la France	France
	Banque de France de Toulouse	France
Board member	Ecole Doctorale Systèmes	France
Manager / Co-Manager	SCI les Coteaux de Pouvourville	France
	ACTIA Muller España	Spain
	SCI Bridge – Bayard	France
Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France
Chairman of the Supervisory Board	Les Ateliers de l'Ayguette	France

Offices and directorships held within the last 5 years

Offices	Company	Country	End of term
CEO and Director	ACTIA Automotive	France	2014
Chairman of the Executive Board	ACTIA Group	France	2014
Permanent representative of ACTIA Group	ARDIA	Tunisia	2014
Chairman of the Board of Directors	ACTIA Muller UK	England	2014
	ACTIA PCs	France	2014

Current offices and directorships			
Offices	Company	Country	
	ACTIA Nederland	Netherlands	2011
Chairman of the Scientific Evaluation Board	Ecole des Mines d'Alès	France	2010
Director	Ecole Nationale Supérieure des Ingénieurs en Arts Chimiques et Technologiques	France	2010
Permanent representative of ACTIA Automotive	ACTIA Tunisia	Tunisia	2014
Observer	OSEO	France	2013
Steering Committee Member	OSEO	France	2013

❖ Posts

- Employment contract with LP2C, a French Limited Corporation with a Supervisory Board and an Executive Board and a share capital of €6,751,560, 5, rue Jorge Semprun - 31400 Toulouse, Toulouse Companies Register (RCS) No. 384 043 352 ,
- Member of the French Technology Academy

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on October 18, 1951 in Safi (Morocco)

  Married, 1 child

- ACADEMIC BACKGROUND:

  Ecole Polytechnique (School of Engineering)

  Civil engineer

- PROFESSIONAL BACKGROUND:

District Manager at the Nièvre Public Works Department	1976-1981
Division Head at the Provence-Alpes-Côte d'Azur DRIRE and Special Assistant to the Regional Prefect	1981-1986
Regional Director of Industry, Research and the Environment and Regional Delegate of Auvergne ANVAR	1986-1991
Midi-Pyrenees DRIRE Director	1991-1998
Director of the Ecole des Mines d'Albi	1991-1998
Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry	1998-1999
Director of Technological Research at the CEA	1999-2003
Chairman of CEA Valorisation	1999-2003
Chairman of the Executive Board of ACTIA Group	2003-2014
Chief Executive Officer of ACTIA Automotive	2003-2014

- DECORATIONS:

  Knight in the National Order of the Legion of Honor

  Knight in the National Order of Merit

  Knight in the National Order of Academic Palms

❖ **Jean-Louis Pech** was appointed Chairman of the Supervisory Board on June 27, 2014. Appointed Director of the Company by the Supervisory Board on March 24, 2014, he was reappointed by the Supervisory Board on September 8, 2014 for a term expiring on November 12, 2018. He also holds the following offices and posts in the Companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Vice-Chairman	GIE France Recyclage Pneumatique	France
Chairman of the Board of Directors and Director	ACTIA Muller	France
Executive Board member	LP2C	France
CEO and Director	ACTIA Automotive S.A.	France
CEO	JLS Invest	France
Permanent representative of ACTIA Automotive	CIPI ACTIA	Tunisia
Manager / Co-Manager	IDE Ingénierie	France
	Alpha Carbone	France
	Sopyram	France
	Soregom	France
	Alpha Recyclage Composite	France
	SCI Jean MERMOZ	France
	SCI du 4 rue Jules Védrines	France
	SCI Louis BLERIOT	France
	SCI La Confluence	France
	ALPHA Recyclage Franche Comte	France
Midi-Pyrénées Regional Chairman	CNPA	France
National Treasurer	CNPA	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	OC-TV	France	2014
	ACTIA 3E S.A.	France	2010
Member, for CGPME (*Confédération Générale des Petites et Moyennes Entreprises*), the French small and medium-sized employers' organization	Commission Consultative sur le Statut de Déchets	France	2014

❖ Post: Chief Executive Officer of JLS Invest, a simplified joint stock company (*Société par Actions Simplifiée*) with a capital of €1 million, 4 rue Jules Védrines – 31400 Toulouse, 501 103 105 RCS Toulouse

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS

  Born on December 19, 1960 in Toulouse

  Married, 2 children

- ACADEMIC BACKGROUND:

  Engineering Degree, INSA, specialization in "Industrial and Environmental Engineering Processes" 1985
  Postgraduate degree (D.E.A.) "Antipollution Engineering"

- PROFESSIONAL BACKGROUND:

Sotracim – Chief Executive Officerl	1987 – 1988
IDE Ingénierie S.A. – Creator and Manager	since 1987
LP2C S.A. Toulouse - Member of the Executive Board	since 1992
Alpha Recyclage Franche Comte – Creator and Manager	since 1998
JLS Invest – Creator and Manager	since 2007
GIE France Recyclage Pneumatique – Chairman	2009-2014
GIE France Recyclage Pneumatique – Vice-Chairman	since 2014
Chairman of the Executive Board of ACTIA Group	since 2014
Chief Executive Officer of ACTIA Automotive	since 2014

❖ **Catherine Mallet** (maiden name Pech) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2018. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships

Offices	Company	Country
Executive Board member	LP2C	France
Director	ACTIA Muller	France
Permanent representative of MEDEF 31	CILEO	France
Permanent representative of CILÉO	CILEO Développement	France
	Promologis S.A. H.L.M.	France
Chairman of the Audit Committee	Promologis S.A. H.L.M.	France

Offices and directorships held within the last 5 years

Offices	Company	Country	End of term
Director	Fonderies Financière MERCIE	France	2012
Co-Manager	SCIPIA	France	2013
	SCI du 4 rue Jules Védrines	France	2013

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Daughter of Louis Pech

  Born on May 26, 1969 in Toulouse (Haute-Garonne)

  Married, 2 children

- ACADEMIC BACKGROUND:

A graduate of the École Supérieure de Commerce of Toulouse	1989-1992

- PROFESSIONAL BACKGROUND:

Crédit Mutuel Île de France Boulogne-Billancourt	1992-1993
ACTIA Automotive S.A Toulouse – Executive Assistant	1993-1996

ACTIA Group S.A Toulouse – Executive Assistant	1996-2003
ACTIA Group S.A Toulouse – Chief Financial Officer	since 2003
LP2C S.A. Toulouse – Executive Board member	since 1999

- **Marine Candelon-Bonnemaison** (maiden name Calmels) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2014. She also holds the following offices and posts in the companies listed below:

- Offices

Current offices and directorships		
Offices	**Company**	**Country**
Executive Board member	LP2C	France
Director	ACTIA Telecom	France
	ACTIA 3E	France
	ACTIA PCs	France
	ACTIA Muller	France
Permanent representative of ACTIA Group	ACTIA Automotive	France
Offices and directorships held within the last 5 years		
NONE		

- Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- Expertise and experience
  - CIVIL STATUS:

    Daughter of Pierre Calmels

    Born on December 2, 1961 in Paris

    Married, 2 children

  - ACADEMIC BACKGROUND:

First Certificate of Cambridge	1979
Proficiency of Cambridge	1980
BTS Executive Secretary	1982

  - PROFESSIONAL BACKGROUND:

Technal France Toulouse: Export Secretary	1982-1985
Maurice Messegue Auch - Executive Secretary	1986
Laboratoires Des Herbes Sauvages Fleurance - Executive Secretary	1986-1990
SARL ACTE Nérac - Executive Assistant	1990-1993
SA M3S Castelginest - Chairman and Chief Executive Officer	1993-2002
LP2C S.A. Toulouse - Member of the Executive Board	since 1999

- The criteria for independence adopted as well as the list of Independent Directors is presented in Section 7.1.1 on "Corporate governance".

6.13.3 Declaration attesting to the absence of prior convictions by Supervisory and Executive Board members

To the best of the Company's knowledge, over the past five years:

- No member of the Supervisory Board or Executive Board has been found guilty of fraud;
- No member of the Supervisory Board or Executive Board has been a party to a bankruptcy, receivership or liquidation, except in respect of the one entity Fonderies Financières Mercie, wound up in 2012. This entity was wound up through an voluntary liquidation linked to the discontinuation of its operating activities. As indicated above under the heading of offices exercised within the last five years, Louis Pech, Pierre Calmels and Catherine Mallet served on the Board of Directors of this entity; Furthermore, in fiscal 2013, SCI du 4 rue Jules Védrines was subject to a voluntary liquidation, for discontinuation of activity. As indicated above, with respect to offices held in the last five years, Louis Pech, Pierre Calmels and Catherine Mallet were co-managers of this entity. Finally, in 2013 Société Civile SCIPIA was merged into LP2C for the Group simplification purposes. This merger resulted in the liquidation of SCIPIA. As indicated above, with respect to offices held in the last five years, Pierre Calmels and Catherine Mallet were co-managers of this entity;
- No charges were brought and / or official sentences handed down against any member of the Supervisory Board or Executive Board by statutory or regulatory authorities (including designated professional bodies);
- No member of the Supervisory Board or Executive Board was banned by a Court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or running of an issuer.

6.13.4 Conflicts of interest within Administrative, Management and Supervisory bodies and Senior Management

To the best of the Company's knowledge, there are no potential conflicts of interest between their duties as members of the Company's Management and Supervisory Boards and their personal interests.

6.13.5 Appointments, reappointments and confirmation of cooption

The terms of office of Pierre Calmels, Vice-Chairman of the Supervisory Board, Véronique Vedrine and Alain Costes, Supervisory Board members, expire at this General Meeting, and the renewal of their appointments will be proposed.

For these three members whose terms of office are submitted for renewal, information sheets are available in section 6.13.2 "Offices and positions held by corporate officers over the past 5 years – Management expertise and experience of Directors and Officers".

6.14 Remuneration and benefits

6.14.1 Remuneration and attendance fees

Pursuant to the provisions of Article L225-102-1 of the French Commercial Code and the recommendation of the French securities market regulator, the AMF (*Autorité des Marchés Financiers*) of December 9, 2012, we hereby notify you of the total remuneration (fixed, variable and non-recurring) and benefits of all kinds paid during this past financial year to each corporate officer, as well as the criteria used to calculate them or the circumstances under which they arose.

We also indicate commitments of all types entered into on behalf of its corporate officers, relating to items of remuneration and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

It is specified that excluding stock option and performance share plans, the remuneration mentioned is paid by LP2C, the consolidating holding company for:

- The offices held in LP2C and approved by its Supervisory Board; this remuneration is therefore not specifically remuneration paid with respect to ACTIA Group;
- Or employment contracts.

In connection with the service agreement, LP2C invoices the Group only a portion of salaries paid, through miscellaneous services described in Section 6.15.3 "Special Report of the Statutory Auditors on regulated agreements and commitments". The balance relating to its own operating costs are charged to LP2C based on time worked. Compensation paid and decisions rendered with respect to the financial year ended December 31, 2014 were as follows: figures provided concern total remuneration paid to each executive officer of ACTIA Group by the issuer and by any other Group company:

Table 1 - Summary of remuneration, stock options and bonus shares granted to each executive corporate officer by the issuer and any other Group company		
Name and function of executive corporate officer:	**Amount received in 2014**	**Amount received in 2013**
Christian Desmoulins – **Chairman of the Executive Board until June 30, 2014**		
Remuneration payable for the period (details provided in table 2)	250,427 (1)	302,555
Valuation of options granted in the period (details provided in table 4)		-
Valuation of performance shares granted in the period (details provided in table 6)		-
TOTAL	**250,427**	**302,555**
Jean-Louis Pech – **Chairman of the Executive Board as from July 1, 2014**		
Remuneration payable for the period (details provided in table 2)	157,950 (1)	-
Valuation of options granted in the period (details provided in table 4)		
Valuation of performance shares granted in the period (details provided in table 6)		
TOTAL	**157,950**	
Catherine Mallet - Executive Board member		
Remuneration payable for the period (details provided in table 2)	93,768	81,803
Valuation of options granted in the period (details provided in table 4)		
Valuation of performance shares granted in the period (details provided in table 6)		-
TOTAL	**93,768**	**81,803**
Marine Candelon - Executive Board member		
Remuneration payable for the period (details provided in table 2)	51,101	47,662
Valuation of options granted in the period (details provided in table 4)		-
Valuation of performance shares granted in the period (details provided in table 6)		-
TOTAL	**51,101**	**47,662**

(1) The remuneration of Christian Desmoulins and Jean-Louis Pech cover all of 2014, without taking into account the resignation of Christian Desmoulins effective as from June 30, 2014 on the one hand and Jean-Louis Pech's appointment taking effect on July 1, 2014. Details are presented at the bottom of the following table.

Table 2 – Summary of remuneration of each executive officer by the issuer and any other Group company				
Name and function of executive corporate officer:	**Amounts payable**	**Amount received**	**Amounts payable**	**Amount received**
	2014		**In 2013**	
Christian Desmoulins – Chairman of the Executive Board				
Fixed compensation	157,950	157,950	210,600	210,600
Variable remuneration	91,000	91,000	90,000	90,000
Exceptional remuneration				
Attendance fees				
Benefits in kind	1,477	1,477	2,107	2,107
TOTAL	**250,427**	**250,427**	**302,555**	**302,555**
Jean-Louis Pech – Chairman of the Executive Board as from July 1, 2014				
Fixed compensation	157,950	157,950		
Variable remuneration				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**157,950**	**157,950**		
Catherine Mallet - Executive Board member				
Fixed compensation	89,577	89,577	79,625	79,625
Variable remuneration				
Exceptional remuneration	1,635	1,635		
Attendance fees				
Benefits in kind	2,556	2,556	2,178	2,178

Table 2 – Summary of remuneration of each executive officer by the issuer and any other Group company				
TOTAL	**93,768**	**93,768**	**81,803**	**81,803**
Marine Candelon - Executive Board member				
Fixed compensation	47,723	47,723	45,890	45,890
Variable remuneration				
Exceptional remuneration	1,300	1,300		
Attendance fees				
Benefits in kind	2,078	2,078	1,772	1,772
TOTAL	**51,101**	**51,101**	**47,662**	**47,662**

Benefits in kind relate to the use of company cars.

For fiscal 2014, Christian Desmoulins received €22,350 for executive officer positions held with ACTIA Group, and ending on June 30, 2014. For his employment contract as an employee with LP2C, he received €228,077.

As for Jean-Louis PECH, he received €22,350 for his executive officer positions with ACTIA Group, commencing on July 1, 2014. The also received €135,600 for the office exercised at LP2C.

Table 3 – Directors' fees and other compensation received by non-executive officers by the issuer and any other Group company.

Non-executive corporate officers – Name and office	Amount received in 2014	Amount received in 2013
Louis Pech - Chairman of the Supervisory Board		
Attendance fees		
Other compensation[(1)]	102,140	101,273
Pierre Calmels Vice-Chairman of the Supervisory Board		
Attendance fees		
Other compensation[(1)]	72,000	72,000
Henri-Paul Brochet – Supervisory Board member	NONE	NONE
Attendance fees		
Other compensation		
Alain Costes – Supervisory Board member		
Attendance fees		
Other compensation		
Véronique Védrine – Supervisory Board member		
Attendance fees		
Other compensation		
Günther Thrum – Supervisory Board member		
Attendance fees		
Other compensation		
Véronique Védrine – Supervisory Board member		
Attendance fees		
Other compensation		
TOTAL	**174,140**	**173,273**

(1) Remuneration for offices exercised at the level of the French limited corporation LP2C.

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
Name of executive corporate officer	Plan date	Nature of options (for purchase of existing shares or to subscribe for new shares)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted in the period	Exercise price	Exercise period
TOTAL	NONE					

Table 5 - Options to subscribe for new shares or purchase existing shares exercised in the period by each executive corporate officer			
Name of executive corporate officer	Plan date	Number of options granted in the period	Exercise price
TOTAL	NONE		

Table 6 - Performance shares allotted by the Shareholders' General Meeting granted in the period to each executive corporate officer granted by the issuer and by any Group company						
Name of the corporate officer	Plan date	Number of shares granted in the period	Valuation of shares according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Conditions of performance
TOTAL	NONE					

Table 7 - Performance shares becoming available for each corporate officer			
Name of executive corporate officer	Plan date	Number of shares becoming available in the period	Vesting conditions
Christian Desmoulins – Chairman of the Executive Board	9/19/2008	20,000	(1)
TOTAL			

- On September 19, 2008, 60,000 shares were granted to Christian Desmoulins, Chairman of the Executive Board. These shares were fully vested on September 20, 2010, after validation of the vesting conditions.

  On September 20, 2012, 40,000 of these shares had become available, with the balance of 20,000 shares remaining subject to lockup restrictions until the end of the term of office of the Chairman of the Executive Board, in accordance with the terms of the decision of the Supervisory Board of December 19, 2008.

  On July 1, 2014 after the termination of the office of the Chairman of the Executive Board, the balance of 20,000 shares became available.

Table 8 - Summary of stock option grants	
Shareholders' Meeting date	NONE
Executive Board meeting date	
Total number of shares that may be subscribed for or purchased	
Inception date for the exercise of options	
Expiry date	
Subscription or purchase price	
Exercise procedures (when the plan provides for several tranches)	
Number of shares subscribed to date	
Total number of options to subscribe for or purchase shares canceled or forfeited	
Options to subscribe for or purchase shares outstanding at year-end	

Table 9 - Options to acquire or purchase shares granted to the ten non-executive salaried employees having received the largest number and exercised by the latter

	Total number of options granted/of shares subscribed or purchase	Weighted average price	Plan 1	Plan 2
Options granted in the period by the issuer and/or any company included in the scope of companies subject to these allotment conditions to the 10 employees of the issuer or any other eligible company, for which the number of options thus granted is the highest	NONE			
Options held of the issuer and the companies indicated above, exercised in the period by the 10 employees of the company and these companies, for which the number of options thus purchased or subscribed is the highest				

Table 10 – History of bonus share grants – Information on bonus share grants

	Plan 1	Plan 2	Plan 3	...
Meeting date	NONE			
Executive Board meeting date				
Number of bonus shares granted of which number granted to:				
Vesting date				
End of the holding period				
Number of shares subscribed at xxx				
Cumulative number of shares canceled or lapsed				
Bonus shares outstanding at year end				

Table 11 - Executive corporate officers	Employment contract	Supplementary retirement plan	Indemnities or benefits payable or that could be payable on termination or change in function	Indemnities relating to a non-compete clause
Name: **Christian Desmoulins** Post: Chairman of the Executive Board Beginning of term: 4/1/2003 End of term: 6/30/2014 Benefits:	**Yes**	No	**No**	**(1)**
Name: **Jean-Louis PECH** Post: Chairman of the Executive Board Beginning of term: 7/1/2014 End of term: 11/12/2018 Benefits:	**No**	**No**	**No**	**No**
Name: **Marine Candelon** Post: Executive Board member Beginning of term: 11/12/2002 End of term: 11/12/2018 Benefits:	**No**	**No**	**No**	**No**

Table 11 - Executive corporate officers	Employment contract	Supplementary retirement plan	Indemnities or benefits payable or that could be payable on termination or change in function	Indemnities relating to a non-compete clause
Name: **Catherine Mallet** Post: Executive Board member Beginning of term: 11/12/2002 End of term: 11/12/2018 Benefits:	**No**	**No**	**No**	**No**

(1) At the present time, Christian Desmoulins, Chairman of the Executive Board until June 30, 2014, is an employee of LP2C, Holding. A non-compete clause is included in the contract whose enforcement may or may not be imposed by LP2C. If it applies this clause, LP2C will be the sole entity to incur a financial expense in connection with this indemnity; in consequence, this indemnity will not be incurred by the issuer.

As a general rule, the fixed portion of compensation of ACTIA Group executive officers tracks trends for employees of the main French structure, except for exceptional periods when the Group is subject to significant pressure, in which case, any increase is lower or nil. In 2014, an in-depth study was carried out on the level of remuneration of Executive Board members, Catherine Mallet and Marine Candelon in relation to levels applied within the ACTIA Group. This study indicated a significant compensation gap in remuneration paid to the detriment of these Board members. In effect, the comparison of their remuneration with that of other members of the Management Committee of the Group's main French subsidiary, ACTIA Automotive, highlighted discrepancies. To rectify this situation, the Chairman of the Executive Board of LP2C proposed that their remuneration be aligned with that of members of the Management Committee of ACTIA Automotive.

The variable portion is paid in the form of target-based bonuses with a minimum indexed to the n^{-1} salary. Qualitative criteria are established and defined with precision in advance before each period. For reasons of confidentiality, they are not disclosed. The level of completion for these objectives was fully reached, justifying payment of the total amount of the bonus thus defined.

Benefits in kind relate to the use of company cars.

No commitment of any kind relating to items of remuneration and benefits payable or likely to be payable upon taking up, leaving or changing duties or subsequent thereto has been entered into other than the commitments discussed above.

Finally, no attendance fees were paid.

6.14.2 Trading in Company shares

To the best of the Company’s knowledge, there have been no transactions involving the Company's shares by corporate officers in 2014.

6.14.3 Statutory Auditors

No Statutory Auditor is up for reappointment at this General Meeting.

6.15 Related-party transactions

No service contract providing for the grant of benefits upon expiration of the contract establishes relations between Executive Board members, Managers or Supervisory Board members with ACTIA Group S.A. or with any of its subsidiaries other than those presented in the paragraph below.

6.15.1 Specific disclosure on related party agreements

In accordance with the last paragraph of article L225-102-1 of the French commercial code, relating to agreements entered into between one of the members of its Executive Board or Supervisory Board or a Shareholder possessing more than 10% of a company's voting rights and, on the other hand a controlling company, possessing directly or indirectly more than half the capital, we hereby inform you that:

- No agreements were entered into falling under these provisions in 2014;
- An agreement was entered into previously and remained in force between ACTIA Muller, subsidiary of ACTIA Automotive, and ACTIA Group; this agreement concerned collateral security granted by ACTIA Group for the benefit of SCI Luce Investissement, for the purpose of guaranteeing the payment of lease payments, charges and related expenses on the lease granted to ACTIA Muller by SCI Luce Investissement. For this guaranty, a fee is paid corresponding to 1% of the outstanding amount and an expense of €3,540 excluding tax was recorded in 2014. At December 31, 2014, the balance outstanding was €286,500 excluding tax.

6.15.2 Nature and amount of related-party agreements entered into by the Company

We will ask shareholders to approve the new agreements covered by Article L225-86 of the French Commercial Code, which were duly authorized by the Supervisory Board. These items are developed in the first part of the Special Report of the Statutory Auditor on regulated agreements and commitments and reproduced in full in Section 6.15.3 "Special Report of the Statutory Auditor on regulated agreements and commitments".

Selected information on this subject is presented in further detail in Note 21 to the consolidated financial statements on “Related-party transactions”.

Furthermore, all agreements were reported to the Statutory Auditors who present all the required disclosures on these agreements in their Special Report reproduced below.

Detailed information on the relations between LP2C and ACTIA Group on the one hand and between ACTIA Group and its subsidiaries on the hand is provided in Section 4.3 ” Brief description of the Group”.

6.15.3 Special Report of the Statutory Auditor on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' report on regulated agreements and 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,

In our capacity as statutory auditors of your Company, we hereby present to you our report on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such other transactions, 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 or discovered in the performance of our engagement, without expressing an opinion on their merits. It is your responsibility, pursuant to article R.225-58 of the French Commercial Code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225.58 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 that we considered 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 require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the shareholders' meeting

Agreements and commitments approved in the period ended

Pursuant to Article L.225-88 of the French Commercial Code, the following transactions, previously authorized by the Board of Directors of your Company, have been brought to our attention.

With ACTIA Automotive S.A.

- Parties concerned: ACTIA Group S.A, director of ACTIA Automotive, represented by Marine Candelon, Louis Pech, Pierre Calmels, Christian Desmoulins, Jean-Louis PECH and Alain Costes
- **Nature and purpose:** service agreement – ad-hoc assignments (guarantees)
- Terms of application:

Within the framework of the service agreement concluded for a five-year period commencing on January 1, 2013, your company may put into place guarantees in favor of its subsidiary ACTIA Automotive S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Automotive S.A with respect to these entities.

For these guarantees, your company receives in exchange a fixed annual fee of 1% excluding tax of the amount owed by ACTIA Automotive S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

On this basis, in fiscal 2014, your company executed in favor of its subsidiary the following commitments:

Type	Outstanding amount at 12/31/2014	Expenses invoiced by your company excluding tax
Letter of guarantee - 1,500,000 € loan	1,400,000 €	3,688 €
Letter of guarantee - 2,500,000 € loan	2,343,750 €	6,250 €
Letter of guarantee - 750,000 € loan	678,158 €	1,785 €
Letter of guarantee - 2,000,000 € note	2,000,000 €	20,000 €
Collateral security - 2,000,000 € loan	1,918,938 €	-

With ACTIA Telecom S.A. (formally ACTIA Sodielec S.A.)

- Parties concerned: ACTIA Group S.A., director of ACTIA Telecom, represented by Louis Pech, Marine Candelon and Christian Desmoulins
- **Nature and purpose:** service agreement – ad-hoc assignments (guarantees)
- Terms of application:

Within the framework of the service agreement concluded for a five-year period commencing on January 1, 2013, your company may put into place guarantees in favor of its subsidiary ACTIA Telecom S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Telecom S.A with respect to these entities.

For these guarantees, your company receives in exchange a fixed annual fee of 1% excluding tax of the amount owed by ACTIA Telecom S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

On this basis, in fiscal 2014, your company executed in favor of its subsidiary:

Type	Outstanding amount at 12/31/2014	Expenses invoiced by your company excluding tax
Letter of guarantee - 250,000 € loan	238,049 €	-
Letter of guarantee - 1,000,000 € loan	888,240 €	€4,801 €
Commitment letter - 600,000 € overdraft facility	600,000 €	6,000 €
Commitment letter -Collateral security for foreign operations of 500,000 €	500,000 €	5,000 €

- **Nature and purpose:** treasury agreements:
- Terms of application:

With the goal of rationalizing and optimizing Group cash management, your company has concluded a treasury agreement with ACTIA Telecom S.A. in order to optimize the use of this subsidiary's surplus cash.

The initial agreement provided for a maximum amount per year for "transferring" up to €1 million in cash paying interest at the intermediary rate between the borrowing rate and the rate for interest income on short-term investments.

After discussions and approval by the Supervisory Board on March 24, 2014, authorization to increase the ceiling for the treasury agreement executed with ACTIA Telecom S.A. on December 17, 2013, to €3 million subject to an intermediate rate between these two rates.

At December 31, 2014, the treasury advance made by ACTIA Telecom S.A. amounted to €1,532,274 million and the interest expense for fiscal 2014 for your company to €17,072.

With SCI de L'Oratoire

- Parties concerned: Louis Pech and Pierre Calmels, executive officers in common
- Nature and purpose: service agreement – ad-hoc assignments (guarantees)
- Terms of application:

In fiscal 2014, your company signed comfort letter vis-à-vis the bank in connection with a €1,200,000 loan. At December 31, 2014, the outstanding balance on this loan was € 700,000. Charges invoiced by your company in fiscal 2014 amounted to € 1,750 excluding tax.

Agreements and commitments previously approved by the General Meeting

Agreements and commitments approved in prior years

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments approved by the Annual General Meetings in prior years, remained in effect in the period under review.

With ACTIA Automotive S.A.

- Parties concerned: ACTIA Group S.A, director of ACTIA Automotive, represented by Marine Candelon, Louis Pech, Pierre Calmels, Christian Desmoulins, Jean-Louis PECH and Alain Costes
- Nature and purpose: service agreement
- Terms of application:

This agreement is concluded for a five-year period commencing on January 1, 2013.

a) Recurring assignments

Your company provides support services to its subsidiary ACTIA Automotive S.A. in the following areas:

- Application of general policy and the overall strategies defined by your company and the parent company, LP2C S.A.;
- Facilitation and coordination of strategic and international management;
- Human resources, quality and information systems;
- Administration, finance accounting, financing, guarantees, etc.), legal and management control services.

Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs.

This fee is invoiced to ACTIA Automotive S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your company invoiced ACTIA Automotive S.A. €1,775,390 excluding tax for fiscal 2014.

b) Non-recurring assignments

- Guarantees:

  Your company may, as necessary, put into place guarantees in favor of its subsidiary ACTIA Automotive S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Automotive S.A with respect to these entities.

  For these guarantees, your company receives in exchange a fixed annual fee of 1 % excluding tax of the amount owed by ACTIA Automotive S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

  On this basis, for the preceding financial periods, your company executed in favor of its subsidiary the following commitments:

Type	Outstanding amount at 12/31/2014	Expenses invoiced by your company excluding tax
Letter of intent - 1,000,000 € loan	196,006 €	3,560 €
Collateral security for 1,560,000 € - 1,300,000 € loan	-	757€
Collateral security - 700,000 € loan	256,342 €	3,447 €
Commitment letter - 1,500,000 € loan	156,357 €	3,495 €
Collateral security for 1,560,000 € - 1,300,000 € loan	167,232 €	4,496 €
Collateral security - 750,000 € loan	117,324 €	2,136 €
Collateral security for 200,000,000 € - contract with Airbus of November 1, 2007	-	None, insurance coverage was obtained by ACTIA Automotive
Collateral security - 1,000,000 € loan	-	782€
Collateral security - 300,000 € loan	-	236€
Commitment letter - 1,000,000 € loan	447,747 €	6,035 €
Commitment letter - 750,000 € loan	291,772 €	4,093 €

Type	Outstanding amount at 12/31/2014	Expenses invoiced by your company excluding tax
Collateral security for 2,640,000 € - 2,200,000 € loan	844,279 €	14,268 €
Collateral security - 1,600,000 € loan	901,185 €	10,984 €
Collateral security - 3,000,000 € loan	2,500,000 €	27,500 €
Letter of guarantee - 500,000 € loan	348,956 €	4,249 €
Letter of guarantee - 1,500,000 € loan	1,042,144 €	12,720 €
Letter of guarantee for 2,400,000 € - 2,000,000 € loan	1,348,799 €	19,869 €
Commitment letter - 500,000 € loan	380,460 €	4,406 €
Letter of guarantee - 700,000 € loan	543,632 €	6,278 €
Letter of guarantee - 1,000,000 € loan	800,000 €	9,250 €
Letter of guarantee - 250,000 € loan	194,416 €	2,243 €
Letter of guarantee - 500,000 € loan	396,384 €	4,564 €
Letter of guarantee - 500,000 € loan	396,901 €	4,566 €

- Current account advances:

  Your company may also make current account advances to ACTIA Automotive S.A. For these current account advances of treasury, your company invoices charges according to the origin of the amounts made available, and namely:

  - - if the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - - if the company has undertaken to secure financing on the market, at the interest rate applied to the loan plus 50 basis points.

  At December 31, 2014, the current account debit balance of ACTIA Telecom S.A. was €6,895,591. In fiscal 2014, your company had interest income of €161,307.

- Ad hoc assignments:

  Your company may execute, pursuant to a formal request by ACTIA Automotive S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

  Among its assignments of a non-recurring nature, your company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

  These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your company and the results obtained for the subsidiary.

  The invoicing for these services are not included in the calculation of the fees for recurring assignments.

  No ad hoc assignments were performed in the period ended December 31, 2014.

With ACTIA Telecom S.A. (formally ACTIA Sodielec S.A.)

- Parties concerned: ACTIA Group S.A., director of ACTIA Telecom, represented by Louis Pech, Marine Candelon and Christian Desmoulins
- **Nature and purpose:** service agreement
- Terms of application: This agreement is concluded for a five-year period commencing on January 1, 2013.

a) Recurring assignments

Your company provides support services to its subsidiary ACTIA Telecom S.A. in the following areas:

- Application of general policy and the overall strategies defined by your company and the parent company, LP2C S.A.;
- Facilitation and coordination of strategic and international management;
- Human resources, quality and information systems;

- Administration, finance accounting, financing, guarantees, etc.), legal and management control services.
  - Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs.
  - This fee is invoiced to ACTIA Telecom S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.
  - With respect to this fee, your company invoiced ACTIA Automotive S.A. €359,023 excluding tax for fiscal 2014.

b) Non-recurring assignments

- Guarantees:

Your company may, as necessary, put into place guarantees in favor of its subsidiary ACTIA Telecom S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Telecom S.A with respect to these entities.

For these guarantees, your company receives in exchange a fixed annual fee of 1 % excluding tax of the amount owed by ACTIA Telecom S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

On this basis, for the preceding financial periods, your company executed in favor of its subsidiary the following commitments

Type	Outstanding amount at 12/31/2014	Expenses invoiced by your company excluding tax
Commitment letter - 300,000 € overdraft facility	Discharge of this guarantee granted by the bank on 09/24/2014	2,250 €
A comfort letter vis-à-vis Astrium for the Athena Fidus contract	Accumulated revenue amounted to € 18,530,177	111,383 €
Collateral security - 1,000,000 € loan	52,222 €	1,819 €
Collateral security - 400,000 € loan	-	394€
A comfort letter for three banks in connection with the finance lease for the properties of Puy-Sainte-Réparade - Finance lease contracted by ACTIA Telecom	794,155 €	9,482 €
Collateral security - 300,000 € loan	-	349€
Collateral security - 300,000 € loan	-	295€
Collateral security - 800,000 € loan	343,159 €	4,434 €
Letter of guarantee - 350,000 € loan	114,023 €	1,693 €
Letter of guarantee - 350,000 € loan	129,025 €	1,840 €
Commitment letter - 250,000 € loan	190,241 €	2,203 €
Letter of guarantee - 500,000 € loan	380,791 €	4,408 €

- Current account advances:

Your company may also make current account advances to ACTIA Telecom S.A. For these current account advances of treasury, your company will invoice charges according to the origin of the amounts made available, and namely:

  - If the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

At December 31, 2014, the current account balance of ACTIA Telecom S.A. was nil. No interest was invoiced in respect to the 2014 financial year.

- Ad hoc assignments:

  Your company may execute, pursuant to a formal request by ACTIA Telecom S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

  Among its assignments of a non-recurring nature, your company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

  These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your company and the results obtained for the subsidiary.

  The invoicing for these services is not included in the calculation of the fees for recurring assignments.

  No ad hoc assignments were performed in the period ended December 31, 2014.

- **Nature and purpose:** authorization for pledging securities
- Terms of application:

  Within the framework of an overdraft facility authorized by a bank, 125,000 shares of its subsidiary ACTIA Telecom S.A. were pledged as security by your company. The outstanding amount at December 31, 2014 was nil.

With LP2C S.A.

- Parties concerned: Louis Pech, Pierre Calmels, Marine Candelon and Catherine Mallet, executive officers in common
- Nature and purpose: service agreement
- Terms of application:

  This agreement is concluded for a five-year period commencing on January 1, 2013.

  a) Recurring assignments

  LP2C S.A. provides support services to ACTIA Group S.A. in the following areas:

  1. Assistance in the application of the Group's general strategy and management, and in particular all matters relating to:
     - The application of general policy and the overall strategies defined by LP2C S.A.;
     - Facilitation and coordination of corporate governance and management methods;
     - Financial engineering;
     - Economic forecasting;
  2. Business coordination support;
  3. Communications support;
  4. Accounting, legal and administrative support;
  5. Financial support.

  LP2C S.A. receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

  Remuneration for services 1 and 4 is calculated on the basis of direct and indirect costs actually incurred by LP2C S.A. plus a 15% margin for direct costs and no margin. This fee is invoiced to ACTIA Group S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted based on the revised budget referred to above.

  Remuneration for services 2 and 3 is based on the time spent by LP2C S.A. according to a daily fee of €3,149 excluding tax. This fee is revised yearly on January 1 according to the changes in the Services Producer Price Index (management consulting) published by INSEE, the French National Institute for Statistics and Economic Studies. The index to be used is that of the first quarter of 2008, with this benchmark representing the same as the one used for the same quarter of the following year.

For the remuneration of the provision of guarantees (service 5), your company is invoiced a fixed annual fee of 1% excluding tax of the amount owed by ACTIA Group S.A. at the beginning of the quarter. The invoices will be established at the end of the quarter with respect to the commitment thus guaranteed.

For the current account advances of treasury, your company will be invoiced charges determined according to the origin of the amounts made available, and namely:

- If the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
- if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

With respect to services for categories 1 to 4, LP2C S.A. invoiced your company €1,719,949 excluding tax in fiscal 2014.

For service 5, no guarantees or current account treasury advances were granted by LP2C S.A. to your company during fiscal 2014.

b) Non-recurring assignments

LP2C S.A. may execute, pursuant to a request by ACTIA Group S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

Among these assignments of a non-recurring nature, LP2C S.A. may intervene in the process of studying, negotiating, purchasing companies and acquiring ownership or controlling interests in outside companies.

These assignments shall be subject to a new agreement drawn up in the same form and according to the same terms as this agreement.

No ad hoc assignments were performed in the period ended December 31, 2014.

- **Nature and purpose:** Accounting and financial services:
- Terms of application:

Your company performed accounting and financial services for LP2C S.A.

For the fiscal year ended December 31, 2014, your company invoiced €76,824 excluding tax for these services.

With ACTIA Muller S.A.

- Parties concerned: ACTIA Automotive S.A. represented by Louis Pech, Christian Desmoulins, Marine Candelon and Catherine Mallet
- Nature and purpose: collateral security in favor of SCI Luce Investissement
- Terms of application:

Your company provides a joint and several guarantee for payment in full of rent, rental charges and related expenses for the lease granted by Luce Investissement to your subsidiary ACTIA Muller S.A. For this guarantee, a fee is payable corresponding to 1% of the outstanding amount.

At December 31, 2013, the outstanding amount for this commitment was €286,500. In fiscal 2014, the corresponding fee invoiced by your company amounted to €3,540 excluding tax.

With Ardia

- Party concerned: ACTIA Group S.A. represented by Christian Desmoulins
- **Nature and purpose:** treasury advance
- Terms of application:

Your company signed a treasury agreement in connection with treasury advances to its subsidiary Ardia.

At 31 December 2012, advances under this agreement amounted to €360. Interest expense received on these advances in the fiscal year amounted to €1,291.

- **Nature and purpose:** service agreement

Your company provides assistance to its subsidiary Ardia in certain areas and in particular all item relating to the following matters:

- General management support;
- Strategic and international management;
- Human resources, quality and information systems;
- Administration, finance accounting, financing, guarantees, etc.), legal and management control services.

Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs. This fee is invoiced to Ardia on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your company invoiced €52,983 excluding tax for fiscal 2014.

With SCI de L'Oratoire

- Parties concerned: Louis Pech and Pierre Calmels, executive officers in common
- **Nature and purpose:** treasury agreements:
- Terms of application:

  Your company concluded a treasury agreement with SCI de L'Oratoire in connection with the leaseback transaction on buildings for the purpose of providing remuneration for the provision of funds of up to €2,00,000 million by SCI L'Oratoire.

  The treasury advanced in favor of your company at December 31, 2014 amounted to €348,970. The corresponding interest expense recognized by your company at December 31, 2014 amounted to €2,431.

- **Nature and purpose:** authorization for pledging shares
- Terms of application:

  Within the framework of a leaseback agreement for a real estate complex for a maximum amount of €3,000,000 with a 12-year term, your company has pledged the total amount of the shares of SCI de L'Oratoire it holds for the duration of the transaction.

With SCI Les Coteaux de Pouvourville

- Parties concerned: Louis Pech and Christian Desmoulins, executive officers in common
- **Nature and purpose:** sub-lease agreement
- Terms of application:

  Under the terms of a sublease agreement, SCI Les Coteaux de Pouvourville leases to your company the premises located at 5 rue Jorge Semprun (formally named 25 chemin de Pouvourville) in Toulouse with a chargeback for the property tax.

  Rental payments made in the fiscal year amounted to €77,756 excluding tax.

  Property tax charged back in the period amounted to €7,259.

- **Nature and purpose:** authorization for pledging securities
- Terms of application:

  Within the framework of a leaseback agreement for a real estate complex for a maximum amount of €4,5000,000 with a 12-year term, your company has pledged the total amount of the shares of SCI Les Coteaux de Pouvourville it holds for the duration of the transaction.

Statutory Auditors

French original signed by:

Toulouse-Labège, April 17, 2015	Paris, April 17, 2015
KPMG Audit A Division of KPMG S.A.	Eric Blache
Jean-Marc Laborie Partner	

6.15.4 Related-party transactions

See Note 21 to the consolidated financial statements, “Related-party transactions”.

6.16 Conclusion

Shareholders are asked to fully and definitively discharge the Executive Board in respect of its management for the financial year ended December 31, 2014, as well as the Statutory Auditors for the performance of their duties described in their report on the annual financial statements.

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

7. PRACTICES OF CORPORATE GOVERNANCE BODIES

7.1 Report of the Chairman of the Supervisory Board

By law, the Chairman of the Supervisory Board of French joint stock companies (*sociétés anonymes*) whose shares are admitted to trading on a regulated market, is required to include a report with the Executive Board report providing information on:

- The composition, conditions of the preparation and organization of the Board's work, limits that may be imposed on the Executive Board's powers, the company's code of corporate governance and special procedures relating to participating in shareholders' general meetings;
- Internal control and risk management procedures established by the Company.

Because the shares of our Company are listed on a regulated market, this report also specifies:

- The principles and rules established to determine the remuneration and benefits of any nature granted to corporate officers;
- Items with a potential impact in the event of a public offering.

This report was submitted to the Supervisory Board for approval on March 23, 2015 and transmitted to the Statutory Auditors.

7.1.1 Corporate governance

The Company's code of corporate governance is based on the code for listed companies of December 2009 issued by Middlenext (the French association of Mid Cap companies) and available for consultation at the Middlenext website (hereinafter the Code). The Supervisory Board duly noted the items presented under the heading "vigilance points".

Certain provisions of this Code have been adapted to the Group's structure in line with the options specifically provided for by this Code:

- Audit committee

In light of its composition, it is noted in this report that the Board must fulfill the functions of audit committee. In compliance with article L823-20 of the French Commercial Code, the Company is accordingly exempted from the obligation to form a specific specialized committee.

In line with the Code recommendations, a study was undertaken of this subject. On that basis, it was considered that such a committee would not make any material contribution to our Company notably as regards to the monitoring and preparation of financial information or the efficiency of internal control and risk management systems.

- Nominating and Compensation Committee

No such committee has been created to date. Decisions concerning appointments and remuneration are made on a collegial basis. Because the percentage of Independent Members serving on the Board is in line with recommendations of the Code and the Company's shareholder base, it is not deemed necessary to create such a committee in the immediate future.

All useful information relating to compliance with the Middlenext Code of December 2009 and relating to compensation of directors and/or corporate officers is provided in Section 6.14 “Remuneration and benefits” of this Registration Document.

Membership of the Supervisory Board

At December 31, 2014, the Supervisory Board had the following members:

- Louis Pech — Chairman of the Supervisory Board
- Pierre Calmels — Vice-Chairman of the Supervisory Board
- Henri-Paul Brochet — Supervisory Board member
- Alain Costes — Supervisory Board member
- Carole Garcia — Supervisory Board member
- Günther Thrum — Supervisory Board member
- Véronique Védrine — Supervisory Board member

- Jean-Philippe Brinet — Non-voting observer (*censeur*)
- Christian Desmoulins — Non-voting observer (*censeur*)

It is noted that no limitation was placed on the powers of the Supervisory Board, as defined by law.

The Chairman's report must provide information on the application of the Copé-Zimmermann Act of January 13, 2011 for the balanced representation on the Supervisory Board between men and women members (with at least one woman serving on the date of the law's publication, 20% on January 1, 2014 and 40% on January 1, 2017). The company shall have been in compliance with this law until December 31, 2016.

Independent Officers

Criteria applied: an independent officer may not be:

- Former employees or executive corporate officers of the Company or a company of the Group having held said status in the last three years;
- Auditors of the Company or a company of the Group having served as such in the last three years;
- The major shareholder;
- Significant suppliers, bankers and customers of the Company or a company of the Group;
- Family members of a corporate officer or a main shareholder.

List of independent corporate officers:

- Alain Costes — Supervisory Board member;
- Véronique Vedrine — Supervisory Board member;
- Henri-Paul Brochet — Supervisory Board member;
- Carole Garcia — Supervisory Board member.

However, and in general, to the Company's knowledge on the date of this report, there are no conflict of interest between the duties of each of the members of the Board vis-à-vis the Company and their private interests or other duties.

7.1.2 Preparation and organization of the work of the Supervisory Board

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

The annual financial statements established by the Executive Board as well as the draft management report were submitted to members of the Supervisory Board within the week preceding the meeting called for the purpose of reviewing them.

Whenever a Board Member so requested, the Chairman provided, to the extent possible, him/her with the additional information and documents she/he wished to receive.

In compliance with the articles of association, the agenda of the meeting is set by the Chairman of the Supervisory Board.

Frequency of meetings

The rules governing the calling, holding, quorum and majority of Supervisory Board meetings are set out in the Company's articles of association and the Supervisory Board charter.

During the past financial year, the Supervisory Board met five times, in line with the law and the Articles of Association.

The Supervisory Board meets as often as is required for the management of any ordinary business within the remit of this body. It is duly convened to review financial statements on the basis of intermediate positions or at the end periods, according to a policy of systematic quarterly, six-monthly and annual analysis, and the positions and strategies to be put in place.

Financing issues, either involving the holding or the subsidiaries, are also looked at together with the related guarantees.

At these meetings, the Supervisory Board hears presentations on:

- The accounting policies and methods applied;
- Key accounting options taken;
- The impact of any changes in method;
- Changes in the scope of consolidation;
- Key figures published relative to the separate and consolidated financial statements (breakdown of net income, presentation of the balance sheet and of the financial position).

It also hears the report of the Statutory Auditors on the scope, progress and conclusions of their work when audits or limited reviews of financial statements are provided for by applicable regulation.

Calling board meetings

In line with applicable regulations, our articles of association and the Company's practices, members of the Supervisory Board were invited to meetings by telephone, email and/or post sufficiently in advance to enable the attendance of the largest possible number at all meetings. The date is normally set two months prior to the meeting and the agenda is communicated 15 days before the meeting.

In addition, in accordance with the provisions of Article L823-17 and R823-9 subsection 2 of the French Commercial Code, the Statutory Auditors were invited to all meetings that reviewed and approved the annual and interim financial statements, by email and by registered letter with acknowledgment of receipt.

To enable the Board members to properly prepare for the meetings, the Chairman makes a point to send them all the necessary information or documentation a reasonable time in advance.

Holding of meetings

Supervisory Board meetings were all held at the Registered Office. In accordance with internal rules of procedure, Supervisory Board members may attend meetings through videoconferencing and any means of telecommunications.

The attendance rate of Supervisory Board members may vary from one meeting to the next, while in compliance with the rules on the necessary quorum and majority. Board members were in regular attendance and no particular non-attendance needs to be censured. The attendance rate of members present or represented at all these Board meetings remained stable at 97 %.

Resolutions adopted

All resolutions put to the Supervisory Board were unanimously approved.

Meeting minutes

Minutes of Supervisory Board meetings are drawn up at the end of each meeting and immediately given to all members, so that they can be checked through. The approval of these minutes takes place at the subsequent Board meeting.

Number of shares that must be held by Supervisory Board members

The Company's articles of association provide that it is necessary to hold one share in the Company in order to be a Supervisory Board member.

It is proposed that Article 7 of the Company's articles of association be revised for the purpose of eliminating this obligation.

In compliance with the recommendations of the Code, we inform you that the number of shares personally held by each corporate officer at December 31, 2014 is presented below:

Corporate officer	Interest	Control / gross voting rights
Louis Pech	61,344	122,688
Pierre Calmels	62,895	125,790
Henri-Paul Brochet	100	200
Alain Costes	5	10
Carole Garcia [(1)]	1	1
Günther Thrum	213	426
Véronique Vedrine	20	40
Christian Desmoulins	80,000	160,000
Jean-Louis Pech	2,996	5,992
Marine Candelon	74	148
Catherine Mallet	796	1,592

(1) This concerns the loan of one share (qualifying share) by ACTIA Group, in connection with her corporate office.

For more complete information on their holdings, year-end details are provided in Section 6.12.1 "Breakdown of share capital and voting rights".

Number of Supervisory Board members elected by employees

All Supervisory Board members were elected or confirmed at our General Meetings. No member was appointed via the process for appointing employee members.

Number of observers appointed

On September 14, 2009, the Supervisory Board appointed a Non-voting observer (*Censeur*). This appointment was renewed by the Supervisory Board on September 6, 2013.

A second non-voting observer was appointed by the Supervisory Board on June 27, 2014.

Supervisory Board charter

The Supervisory Board adopted a Charter setting its rules of procedures that is available for consultation at the Company's registered office. The main provisions of this Charter cover:

- The role of the Supervisory Board;
- Supervisory Board membership;
- The duties and code of conduct of members;
- Supervisory Board meetings;
- Board committees;
- Remuneration;
- Evaluation of the Board's performance;
- Adaptations, modifications and public notifications of the Charter.

Evaluation of the Board's work

In accordance with the Code adopted by the Supervisory Board, on December 22, 2014, the Board's work was reassessed and the procedures carrying out this assessment were discussed. With no irregularities noted, an analysis of the different information reported was carried out to improve operating performances.

Remuneration of corporate officers

The corporate officers of ACTIA Group are not remunerated by the latter.

Certain corporate officers receive remuneration paid by LP2C, the Controlling Company, under their employment contract with LP2C or in respect of the office held in this Holding Company.

This remuneration, under the responsibility of the Supervisory Board of LP2C, was allotted in reference to the office occupied, the market and coherence of this remuneration with that paid to Group executives and with the objective of promoting the retention of officers. This policy covers all compensation including notably fixed, variable and special compensation in addition to benefits of all kinds granted by the Company (company cars, etc.).

In general, fixed remuneration follows the rate of salary increase decided within the Group, except during the recent period of economic crisis.

The variable portion is paid in the form of target-based bonuses with a minimum indexed to the n^{-1} salary.

Benefits in kind relate to the use of company cars.

No "golden parachute" type severance benefits are provided for officers of ACTIA Group.

No policy for the grant of stock options or bonus shares is currently in force within the Group.

7.1.3 Participation in Shareholders' General Meetings

For the purpose of complying with current legislation, a proposition is submitted to the Shareholders to modify article 31 as set forth in section 6.1.2 "Draft resolutions - 13th resolution".

The procedures for participating in Shareholders' General Meetings are set forth in article 31 of the articles of association.

The right to participate in General Meetings is evidenced by an accounting record of shares in the name of the shareholder or with an authorized intermediary at midnight (Paris time) on the second business day preceding the meeting either:

- In the account for registered shares maintained by the Company;
- In the account for bearer shares maintained by the authorized intermediary.

The registration or book entry of bearer shares is evidenced by a special certificate (*attestation de participation*) issued by the authorized intermediary.

If not personally participating in the Meeting, Shareholders may choose one of the following three options:

- Grant a proxy to any individual or legal entity of his or her choice;
- Send a proxy to the Company;
- Vote by mail.

Requests to place draft resolutions on the agenda by Shareholders must be sent to the registered office, by registered letter with acknowledgment of receipt no later than 25 days prior to the meeting.

7.1.4 Items having a potential impact in the event of public offerings

This information is presented in the Executive Board's report in Section 6.12.1 “Breakdown of share capital and voting rights”.

7.1.5 Internal control procedures established by the Company

Our Group has established internal control procedures to ensure financial management and risk control and draw up the information provided to Shareholders on the financial position and the financial statements. The Executive Board has decided to refer to the "Internal control reference framework – Implementation guide for small and midcaps" published by the French securities regulator, the AMF. To date, the Group has not carried out an evaluation of its internal control procedures.

The procedures implemented constitute a framework to prevent and control risks stemming from our activities and the risk of error or fraud, in particular in accounting and financial matters, so as to safeguard the Group's assets and sustainability.

Internal control, implemented by the Group's Executive Board, management and employees at the level of the parent company and all consolidated subsidiaries is designed to provide us with assurance that the financial information is accurate, comprehensive and reliable, drawn up in compliance with the general rules applicable in this regard, and that applicable laws and regulations are respected. This process is subject to regular adjustments by Management, to ensure ongoing improvements and its adaptation to the Group's organization.

Control of operating-related risks

ACTIA Group is an electronics equipment manufacturer operating in two business segments:

- The Automotive division through ACTIA Automotive S.A. and its subsidiaries;
- The Telecommunications division through ACTIA Telecom S.A.

The Company's Executive Board sets out the general policy, strategy and markets in which it wishes to operate.

Business monitoring is structured by division. It should be recalled that this means:

- For the Automotive division:
    - Embedded systems: systems for commercial and specialist vehicles, including multiplexing, tachograph systems, infotainment solutions, up to a complete, modular and open architecture;
    - Diagnostics: diagnostic equipment, software and diagnostic services up to a complete maintenance system for manufacturers and their after-sales service, repair and servicing networks, garages and technical inspection centers;
    - Systems and Services for Transportation Fleets: deployment of hardware and software solutions and operating and fleet management applications: public transit systems, transport of goods, vehicle rental, special vehicles, etc.,
    - Subcontracting services for electronics manufacturing and long-term maintenance for third parties.
- For the Telecommunications division:
    - Satcom: earth station equipment;
    - Energy / Aeronautics / Defense (EAD): energy network transmission and distribution grid control and command equipment, specific transmission systems, operating maintenance services (OMS),
    - Broadcast/Railways/Transport (BRT): equipment and systems for TV and digital radio, equipment for railway applications;
    - Telecom /Networks/Infrastructures (TNI): Equipment and systems for telecommunications destined for carriers.

In all these areas, the Group has obtained the necessary quality certifications to exercise its activities and in particular ISO 9001. Information on certifications is provided in Section 7.1.7 "Certification of Group company quality systems at December 31, 2014". The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing and product control processes. Quality standards are subject to an annual external audit by several authorities and independent certification agencies as well as multiple client audits.

The certifications obtained and/or in the process of being obtained attest to the Group's desire to continue improving quality levels in line with customer demand.

- Stakeholders

The Executive Board of the ACTIA Group holding company, the Boards of Directors, the Management Committees and their related teams in the subsidiaries play an essential role in internal control. In addition, the Group has recourse, as necessary, to specialists, including for example in the field of insurance, research tax credits, social security taxes and fiscal matters.

- Their role

At their regular meetings, the Executive Board of ACTIA Group, the Boards of Directors and the Management Committees of the subsidiaries track the risks already identified, and continually monitor the markets, technological developments and the competition in order to identify possible new risks that may arise.

They are responsible for establishing and regularly checking indicators in various fields under the supervision of the CFO, the Corporate Secretary and the Chairman of the Executive Board, taking appropriate preventive and/or corrective measures and exercising a key role in risk prevention.

They also coordinate the process of putting together budget forecasts at the Divisions and ensure the tracking of actual performance.

- The main areas of intervention identified concern:
    - financial, technological, industrial and commercial risks;
    - risks relating to the main design, purchasing, development, industrialization, procurement, manufacturing and product control processes,

- environmental risks,
- inventory turnover,
- interest rate and exchange rate risks,
- overhead and other expenses,
- R&D goals and monitoring,
- legal and litigation risks.

An analysis of the possible areas of impact and the estimated level of control of the main risks identified is carried out on the basis of the information set out in Note 25 "Risk factors".

Internal communication on risks is mainly carried out, depending on their nature at Management Committee meetings, Budget Meetings, Executive Committee meetings, etc.

Internal control

With respect to accounting and financial matters, management control and internal audit is organized by each division within each Business Department and/or Operating Department.

This internal control is carried out by a dedicated management control team or by the subsidiary’s CFO for subsidiaries with a low number of employees.

Accounting procedures are in place and specifically adapted to the business activity, identified risks, computer systems and the size of the different subsidiaries concerned.

On Group financial control: a dedicated team is responsible for the Group's international financial control.

This control is carried out through reporting procedures that are regularly updated backed up by on-site visits to the subsidiaries as well as, on a more periodic basis, a meeting of the accounting and finance teams of the subsidiaries. The main areas of work cover:

- Supervising, organizing and coordinating the supply and control of financial information by the Group's administrative, accounting and finance departments; ensuring the consistency of the accounting methods applied;
- Collecting all the necessary information from operational managers and statutory auditors;
- Structuring the information representative of the Group's performance for decision-making purposes (balance sheets, income statements, scorecards);
- Advising Senior Management on short and medium-term forecasts;
- Coordinating the monitoring of internal control procedures and the implementation of the recommendations made by the Statutory Auditors;
- Making proposals regarding the Group's management systems, developments and their implementation;
- Carrying out the necessary financial and economic analyses (selection of capital expenditure programs, etc....).

The Group's reporting procedure consists of:

- Monthly reporting using computer applications developed in-house and regularly adapted to evolving conditions;
- A quarterly update on the financial statements;
- The consolidation of the financial statements.

In addition, the Financial Committee, chaired by the Group's Corporate Secretary, is responsible for monitoring the main subsidiaries to ensure the consistency of the various accounting and financial systems and the reliability of the financial and economic summaries drawn up. It primarily operates in the following areas:

- Monitoring budgets and cost accounting structures and in particular, working capital requirements;
- Improving existing reporting procedures;
- The time taken to draft the financial statements;
- Monitoring the Group's accounting rules and methods, and in particular those relating to development costs, capitalized and inventoried, revenue recognition;
- Monitoring local rules on drawing up the separate financial statements;
- Monitoring IFRS developments for the purpose of preparing consolidated financial statements.

The main accounting principles used by Group companies are those required under local GAAP (for example in France, Regulation No. 2014-03 of the CRC, the national standards setting body) for producing separate financial statements (statutory accounts). The accounting policies and IFRS restatements are centralized at the parent company at the time of consolidation.

In light of the regulatory compliance required for all listed companies, a schedule of recurring obligations has been drawn up both with regard to disclosure issues and other regulatory matters (legal, tax, etc.). Regulatory monitoring is the responsibility of the consolidation unit and the Group's Finance Department.

Prior to its disclosure, information from the consolidation unit is submitted to management control and approved by the CFO and the Corporate Secretary. Subsequently, all published information is validated by Senior Management.

The development of **information systems** is designed to satisfy the requirements in terms of the reliability, availability, security and relevance of the accounting and financial information.

The rationalization of servers and of the ERP software used (MOVEX, SAP Business One and AX-dynamis-Microsoft) in the main ACTIA Group structures of both France and foreign operations is ongoing, whereas the ERP software supports operating activities. During a period marked by economic crisis, IT investments have focused on systems' robustness, the deployment of recent developments in terms of networks and software solutions for project management and scientific applications.

As a systematic measure, system access (technical IT systems-ERP, HR, financial, messaging, etc.) is only possible after the user has identified him/herself via a password with a restrictive procedure in place for changing it.

Applications we use are off-the-shelf software packages. The manner they process information is checked when brought on line on-site and over the course of their utilization.

All our servers are managed at third-party sites. We have service level agreements with our IT service providers that guarantee us daily and weekly data backups and the physical integrity of the data on the data servers.

The first audits for IT security certification will be performed in 2015.

Areas for improvement

- Monitoring execution of actions

  Certification monitoring audits were successfully performed in early 2015 and on that basis, the certifications were confirmed, with selected areas for improvement identified but above all with a highly positive assessment regarding the maturity of the system.

  Detailed information on current certifications in force in the Group is provided in Section 7.1.7 “Certification of Group company quality systems at December 31, 2014”.

  With regard to IT systems, the following actions were taken:

  - Office automation: the continuing renewal of office automation equipment (25 %) and harmonization.
  - Communications: IP connection with Tunisian subsidiaries – web conferencing – installation of a private international network – finalization of physical and virtual networks (security and Wi-Fi).
  - Management services: developing productivity and reporting tool for financial functions, integrated configuration management, CRM, EDI contract database management, HRIS.
  - Software developments: project management software upgrade – development tools and software validations.
  - Security services: Group directory – improved business continuity plan – improved archiving systems.

7.1.6 Powers of the Executive Board

The limits of the powers of the Executive Board were laid down by the Supervisory Board at its meeting of February 3, 2004, on the following terms:

"In line with the provisions of Article 16 of the articles of association, the Supervisory Board resolves to change the limits it had set at its meeting of November 12, 2002 and accordingly authorizes the Executive Board to carry out, without prior authorization from the Supervisory Board, the following transactions within the following limits:

- Purchase of buildings worth under €1,000,000 ex. VAT.;
- Purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth under €1,000,000 ex. VAT.;

- Establishment of all entities, both in France and abroad, representing capital expenditure of under €1,000,000 with an obligation to inform the Supervisory Board;
- Borrowings even unsecured for an amount under €1,000,000 per borrowing with a term of less than 7 years. The total annual amount of these borrowings may not exceed €3,000,000 and will be reviewed annually;
- Establishment of companies and taking of interests of all forms in any company or entity, involving less than €1,000,000 per transaction, with an obligation to inform the Supervisory Board;
- Loans, credits or advances granted by the Company with a term of over 1 year and a principal of under €500,000 per transaction and €2,000,000 per annum for all transactions taken together;
- Renting, leasing of all buildings or business assets, for a period of up to 9 years representing annual lease payments of under €500,000 ex. VAT;
- Commercial contracts with terms of less than 3 years and involving amounts under €2,000,000 ex. VAT;
- Direct commitments even without guarantees, involving amounts under €2,000,000;
- Taking on and laying off Company employees with annual salaries of under €300,000.

All transactions exceeding the limits set out above must be authorized in advance by the Supervisory Board. In addition, the Executive Board may not provide deposits, avals or guarantees without the prior authorization of the Supervisory Board. "

7.1.7 Certification of Group company quality systems at December 31, 2014

Company	ISO 9001	ISO TS 16949	ISO 14001	EN 9100	IRIS	NADCAP
	Quality management systems	Quality management systems – automotive industry	Environmental management systems	Quality management systems – aviation, space and defense	Quality management systems – railway industry standard	Aerospace standard for suppliers of electronics printed circuit boards
ACTIA Automotive SA	Certified	Certified	Certified	Certified	Certified	Certified
ACTIA Muller	Certified					
ACTIA PCs	Certified					
ACTIA 3E						
ACTIA Italia	Certified					
ACTIA NL						
ACTIA Polska						
ACTIA I+Me	Certified					
ACTIA Systems	Certified		Prepared for 2018			
ACTIA Nordic	Certified		Certified			
ACTIA UK	Certified					
ACTIA CZ						
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Certified		Planning suspended			
ACTIA Shanghai	Certified	Certified				
ACTIA do Brasil	Certified	Certified	Certified			
ACTIA Corp. and Inc.	Certified					
CIPI ACTIA	Certified	Certified	Certified			
ACTIA Tunisia	Certified	Scheduled for 2015	Certified			
ARDIA	Certified					
ACTIA Telecom	Certified		Certified		Scheduled for 2016	

- Other certifications:
  - ACTIA Telecom: Total Quality according to Appendix V of the R&TTE directive (Telecom) for the Millau and Dinard sites - PART 21 G + PART 145 (aeronautic requirements for the Provence site),
  - ACTIA Muller: Certification of quality system by LNE (legal metrology, gas analyzer and opacimeter repair authorization delivered by the DRIRE for the control of collusion measurement devices).

- ACTIA Automotive: EN 9110; Part 145.

❖ Certifications in the process of being officially recognized:

- ARDIA: ISO 17025 CMMI in progress, scheduled for 2015,
- ACTIA India: OHSAS 18001 V2007 in progress.

Toulouse, March 23, 2015
Louis Pech
Chairman of the Supervisory Board

7.2 Report of the Statutory Auditors on the Report of the Chairman of the Supervisory Board

This is a free translation into English of a report issued in the French language 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 ACTIA Group S.A. and in accordance with the provisions of article L.225-235 of French Commercial Code (), we hereby present our report on the report prepared by the Chairman of the supervisory board of your company in accordance with Article L225-68 of the French Commercial Code for the fiscal year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-68 of French Commercial Code, particularly in terms of corporate governance.

It is our responsibility to:

- Report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and,
- Certify that the report contains the other information required by article L.225-68 of the French Commercial Code, while specifying 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 on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standards 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 reviewing supporting documentation;
- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- Ensuring that any material weaknesses in internal control procedures 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 on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Supervisory Board's report, prepared in accordance with the provisions of article L.225-68 of the French commercial code.

Other information

We certify that the Chairman of the Supervisory Board's report includes the other information required by article L.225-68 of the French commercial code.

Toulouse-Labège, April 17, 2015

Paris, April 17, 2015

French original signed by:

Eric Blache

KPMG Audit
A Division of KPMG S.A.
Jean-Marc Laborie
Partner

7.3 Report of the Supervisory Board

Called to the Ordinary and Extraordinary General Meeting of the shareholders in the legally prescribed manner and in line with the articles of association, the Shareholders were informed of the Reports of the Executive Board, of the Chairman of the Supervisory Board and of the Statutory Auditors in respect of the financial year ended December 31, 2014.

Pursuant to the provisions of Article L.225-68 of the French Commercial Code, we wish to present our observations on the Reports of the Executive Board and the Chairman of the Supervisory Board and on the financial statements for the period ended December 31, 2014.

7.3.1 Observations of the Supervisory Board

- On the Report of the Executive Board:

  The Supervisory Board has no particular comments to make regarding the Report of the Executive Board.

- On the Report of the Chairman of the Supervisory Board:

  The Supervisory Board has no particular comments to make regarding the Report of the Chairman of the Supervisory Board.

- On the financial statements for the financial year ended December 31, 2014:

  As presented, and after having been certified by the Statutory Auditors, the Supervisory Board has no particular comments to make on the financial statements for the financial year ended December 31, 2014.

  The Board asks you to approve the resolutions proposed by the Executive Board.

7.3.2 Scope of work of the Supervisory Board

In accordance with applicable legal provisions, and in addition to reviewing the separate financial statements and the Report of the Executive Board with respect to the observations it has just presented, the Executive Board regularly reports to the Supervisory Board on the Company's performance. It authorizes the granting of sureties, the partial or complete disposal of interests and property assets and rights.

Toulouse
March 23, 2015
The Supervisory Board

8. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

8.1 Consolidated financial statements

8.1.1 Foreword

The consolidated financial statements at December 31, 2014 were approved by the Executive Board on March 23, 2015 and will be submitted for ratification at the General Meeting of May 28, 2015.

Compliance statement

The consolidated financial statements were prepared in accordance with IFRS published by the IASB and as adopted by the European Union, including the definitions and procedures for the recognition and measurement recommended by the IFRS as well as all disclosures required thereunder. The financial statements comply with all IFRS provisions mandatory at December 31, 2014. They were also prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

Basis of preparation of financial statements

The accounting and measurement methods have been consistently applied in an identical manner to each of the periods presented.

The consolidated financial statements have been prepared using the historical cost approach, except for certain classes of assets and liabilities, in compliance with IFRS.

Amounts mentioned in these financial statements are denominated in euros and rounded to the nearest thousand (€ thousands).

Use of estimates

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, income and expenses. These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They are thus used as the basis of judgment required to calculate the carrying amounts of certain assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from estimates.

All estimates and underlying assumptions are reassessed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the change occurs where it only affects that period, or in the period in which the change occurs and subsequent periods where the latter are likewise affected by the change.

The main balance sheet line items affected by these estimates are goodwill (see Note 3 "Intangible assets"), capitalized development costs (Note 3 "Intangible assets"), deferred tax assets (Note 10 "Deferred tax") and provisions (Note 15 "Provisions").

Changes to IFRS

The new IAS/IFRS effective for periods commencing on January 1, 2014 and thereafter and applied by the Group for the preparation of its consolidated financial statements for the period ended 31 December were as follows:

	IASB application date	EU adoption date	EU application date
IFRS 10 – Consolidated financial statements	1/1/2013	12/11/2012	1/1/2014
IFRS 11 – Joint arrangements	1/1/2013	12/11/2012	1/1/2014
IFRS 12 – Disclosure of interest in other entities	1/1/2013	12/11/2012	1/1/2014
Consecutive amendments to IFRS 10, 11, 12 on IAS 27 and IAS 28;	1/1/2013	12/11/2012	1/1/2014

	IASB application date	EU adoption date	EU application date
Amendments for transition to IFRS 10, 11 and 12	1/1/2013	4/4/2013	1/1/2014
Amendments to IFRS 10, 12 and IAS 27 – Investment entities	1/1/2014	11/20/2013	1/1/2014
Amendments to IAS 32 Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	1/1/2014	12/13/2012	1/1/2014
Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting	1/1/2014	12/19/2013	1/1/2014
Amendments to IFRS 36 – Recoverable amount disclosures for non-financial assets	1/1/2014	12/19/2013	1/1/2014

The application of these new standards and interpretations had no impact on the consolidated financial statements.

The new IAS/IFRS, interpretations and amendments having been adopted by the European Union applicable for periods commencing on or after January 1, 2014 are as follows:

	IASB application date	EU adoption date	EU application date
IFRIC 21 – Levies	1/1/2014	6/13/2014	6/17/2014
Annual improvements to IFRS / 2010-2012	1/1/2014	12/17/2014	2/1/2015
Annual improvements to IFRS / 2011-2013	7/1/2014	12/18/2014	1/1/2015
Amendments to IAS 19 - Employee contributions	7/1/2014	12/17/2014	2/1/2015
Amendments to IAS 1 - Disclosure initiative*	1/1/2016	Q4 2015 ?	1/1/2016 ?

* In principle, not applicable in advance in the absence of an official vote of the EU, though clarifications which are not in contradiction with existing standards.

The Group has not elected to apply in advance these standards, interpretations and amendments in preparing its 2014 consolidated financial statements. Today, while it is not possible to assess the impact of their application on the Group's consolidated financial statements, we do not anticipate a material effect.

8.1.2 Consolidated balance sheet

Consolidated assets (€ thousands)	Notes	12/31/2014	12/31/2013
Goodwill	Note 3	21,786	21,786
Development costs	Note 3	34,019	33,369
Other intangible assets	Note 3	623	936
Total intangible assets	**Note 3**	**56,428**	**56,091**
Land	Note 4	2,896	2,420
Buildings	Note 4	5,821	5,891
Plant and equipment	Note 4	8,402	6,543
Other property, plant and equipment	Note 4	4,462	4,380
Total property, plant and equipment	**Note 4**	**21,581**	**19,233**
Investments in associates (equity method)	Note 5	751	644
Non-current financial assets	Note 11	732	908
Deferred tax	Note 10	7,534	8,465
Non-current tax credit	Note 11	8,701	7,168
TOTAL NON-CURRENT ASSETS		**95,727**	**92,509**
Inventory and work-in-process	Note 7	76,700	73,618
Accounts receivable	Note 8	97,069	81,964
Other current receivables from operations	Note 8	4,358	3,073
Current tax credit	Note 11	4,904	4,611
Miscellaneous current receivables	Note 11	828	1,032
Financial instruments	Note 9.2	419	
Total current receivables		**184,278**	**164,298**
Marketable securities	Note 9.1	150	
Cash at bank and in hand	Note 9.1	24,350	16,883
Total cash and cash equivalents	**Note 9.1**	**24,500**	**16,883**
TOTAL CURRENT ASSETS		**208,778**	**181,181**
TOTAL ASSETS		**304,505**	**273,690**

Shareholders' Equity & Liabilities (€ thousands)	Notes	12/31/2014	12/31/2013
Share capital	Note 13	15,075	15,075
Share premiums	Note 13	17,561	17,561
Reserves	Note 13	40,065	32,428
Retained earnings	Note 13	4,907	4,253
Cumulative translation differences	Note 13	<459>	<1,757>
Treasury shares	Note 13	<162>	<162>
Net income	Note 13	14,235	10,564
Shareholders' equity attributable to Group	**Note 13**	**91,221**	**77,961**
Net income attributable to non-controlling interests	Note 13	891	358
Reserves attributable to non-controlling interests	Note 13	2,906	2,787
Non-controlling interests	**Note 13**	**3,797**	**3,146**
CONSOLIDATED SHAREHOLDERS' EQUITY	**Note 13**	**95,018**	**81,106**
Bank borrowings	Note 12	32,923	30,566
Other financial liabilities	Note 12	2,499	2,312
Finance lease liabilities	Note 12	1,837	2,815
Total non-current financial liabilities	**Note 12**	**37,259**	**35,693**
Deferred tax liabilities	Note 10	2,556	2,291
Provisions for pensions and other non-current employee benefits	Note 15	7,467	5,620
TOTAL NON-CURRENT LIABILITIES		**47,282**	**43,603**
Other provisions	**Note 15**	**5,536**	**5,241**
Current financial liabilities	Note 12	69,669	62,743
Financial instruments	Note 9.2	678	1,895
Total current financial liabilities		**70,347**	**64,638**
Accounts payable	Note 16	45,462	41,539
Other operating liabilities	Note 16	31,263	27,456
Tax payables (income tax)	Note 16	1,083	430
Miscellaneous liabilities	Note 16	690	560
Deferred income		7,824	9,116
TOTAL CURRENT LIABILITIES		**162,205**	**148,980**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**304,505**	**273,690**

8.1.3 Consolidated income statement

Consolidated income statement (€ thousands)	Notes	FY 2014	FY 2013
Revenue *(Sales)*	**Note 17**	**339,893**	**303,655**
- Purchases consumed	Note 17	<171,262>	<151,450>
- Staff costs	Note 17	<88,114>	<84,242>
- External charges	Note 17	<47,647>	<42,995>
- Taxes and duties other than on income		<5,431>	<4,479>
- Depreciation and amortization	Note 17	<12,784>	<10,708>
+/- Changes in inventories of work-in-process and finished goods		4,407	3,997
+/- Translation gains and losses on operating transactions		<671>	<19>
+ Research tax credit		3,091	3,111
Current operating income	**Note 17**	**21,482**	**16,870**
+ Other operating income		873	222
- Other operating expenses		<1,114>	<672>
+/- Gains (losses) on disposals of non-current assets		110	12
Operating profit/(loss)	**Note 17**	**21,351**	**16,432**
+ Income on cash and cash equivalents		25	3
- Interest expense and other financial charges	Note 17	<2,669>	<2,482>
+ Other financial income		1,806	974
- Other financial expenses		<797>	<984>
Net financial income (expense)	**Note 20**	**<1,635>**	**<2,490>**
- Goodwill impairment	Note 3		
+ Share in the earnings of equity-method associates	Note 5	128	133
+ Income tax	Note 17	<4,719>	<3,153>
Net income/(loss) for the period	**Note 17**	**15,126**	**10,922**
* Attributable to the Group		14,235	10,564
* Non-controlling interests (minority interests)		891	358
Basic earnings (loss) per share (in €) – attributable to the Group	**Note 14.1**	**0.71**	**0.53**
Diluted earnings (loss) per share (in €) – attributable to the Group	**Note 14.2**	**0.71**	**0.53**

8.1.4 Statement of comprehensive income

Statement of comprehensive income (€ thousands)	FY 2014	FY 2013
Net income/(loss) for the period	**15,126**	**10,922**
Post-employment benefits- actuarial gains and losses	<1,297>	<145>
Deferred taxes on post-employment benefits- actuarial gains and losses	432	48
Cumulative translation differences	1,217	<359>
Income and expenses recognized directly in equity	**352**	**<456>**
Comprehensive income/ (loss) of the period	**15,478**	**10,466**
* Attributable to the Group	14,669	10,075
* Non-controlling interests	810	391

8.1.5 Changes in shareholders' equity

(€ thousands)	Share capital	Treasury shares	Share premiums	Reserves, retained earnings, net income	Cumulative translation differences	Total Attributable to the Group	Non-controlling interests	Total equity including non-controlling interests
At 12/31/2012	**15,075**	**<162>**	**17,561**	**38,189**	**<1,365>**	**69,298**	**2,861**	**72,159**
Net income				10,564		10,564	358	10,922
Changes in translation differences					<392>	<392>	33	<359>
Actual gains and losses on post-employment benefits				<97>		<97>		<97>
Subtotal of income and expenses recognized in the period	**0**	**0**	**0**	**10,467**	**<392>**	**10,075**	**391**	**10,466**
Dividends paid				<1,407>		<1,407>	<66>	<1,473>
Change in share capital						0		0
Changes in scope				0		0		0
Other				<5>		<5>	<40>	<45>
At 12/31/2013	**15,075**	**<162>**	**17,561**	**47,245**	**<1,757>**	**77,961**	**3,146**	**81,106**
Net income				14,235		14,235	891	15,126
Changes in translation differences					1,298	1,298	<81>	1,217
Actual gains and losses on post-employment benefits				<865>		<865>		<865>
Subtotal of income and expenses recognized in the period	**0**	**0**	**0**	**13,371**	**1,298**	**14,669**	**810**	**15,478**
Dividends paid				<1,407>		<1,407>	<133>	<1,539>
Change in share capital						0		0
Changes in scope						0		0
Other				<1>		<1>	<26>	<27>
At 12/31/2014	**15,075**	**<162>**	**17,561**	**59,207**	**<459>**	**91,221**	**3,797**	**95,018**

8.1.6 Consolidated statement of cash flows

Consolidated Statement of Cash Flows (€ thousands)	Notes	FY 2014	FY 2013
Net income/(loss) for the period	**8.1.3**	**15,126**	**10,922**
Adjustments for:			
Depreciation, amortization and provisions	8.1.3	12,451	10,735
(Gains) losses on disposal of non-current assets	8.1.3	<110>	<12>
Interest expense	8.1.3	2,669	2,482
Current income tax (excluding research tax credit)	8.1.3	3,164	2,737
Change in deferred taxes	8.1.3	1,555	416
Research tax credit	8.1.3	<3,091>	<3,111>
Other income and expenses	8.1.3	<256>	424
Share in the earnings of equity-method associates	8.1.3	<128>	<133>
Operating income before change in working capital requirements		***31,380***	***24,461***
Change in working capital requirements from operating activities		<13,001>	2,615
Cash generated by operating activities		18,379	27,076
Income tax paid (excluding research tax credit)		<2,511>	<2,880>
Research tax credit collected		1,565	180
Net cash generated by operating activities		**17,434**	**24,376**
Acquisitions of non-current assets	Note 3	<13,783>	<10,803>
Dividends received from associates		21	21
Proceeds from disposals of non-current assets	8.1.3	155	36
Period acquisitions less cash acquired			
Net cash used by investing activities		**<13,608>**	**<10,746>**
Dividends paid to parent company shareholders		<1,407>	<1,407>
Dividends paid to non-controlling interests in subsidiaries		<138>	<77>
Share capital increase paid in cash at parent			
Share capital increase paid in cash at subsidiaries			
(portion paid by non-controlling shareholders)			
Increases in borrowings	Note 12	23,697	14,019
Repayment of borrowings	Note 12	<20,356>	<16,844>
Interest payments	Note 20	<2,669>	<2,482>
Net cash generated (used) by financing activities		**<874>**	**<6,791>**
Impact of changes in exchange rates		<487>	<290>
Opening cash and cash equivalents	Note 9.1	<29,327>	<35,876>
Closing cash and cash equivalents	Note 9.1	<26,861>	<29,327>
Net cash and cash equivalents		**2,465**	**6,549**

8.1.7 Notes to the consolidated financial statements

NOTE 1. ACCOUNTING POLICIES

Note 1.1 Basis of preparation and consolidation

The financial statements of companies directly or indirectly controlled by ACTIA Group are fully consolidated in the consolidated financial statements. The financial statements of companies in which ACTIA Group has a significant influence are accounted for under the equity method.

The balance sheet date for all companies within the scope of consolidation is December 31.

Companies included in the scope are presented in Note 2 to the consolidated financial statements “Consolidated Companies”.

Note 1.2 Elimination of transactions between consolidated companies

All transactions between consolidated companies as well as internal gains and losses realized and included in the non-current assets and inventories of these companies are eliminated. Internal losses are eliminated in the same way as internal gains though only to the extent they do not represent an impairment loss.

Note 1.3 Translation of annual financial statements of subsidiaries denominated in foreign currencies

The annual financial statements of foreign companies outside the Euro zone are translated as follows:

- Assets and liabilities, including goodwill and fair-value consolidation adjustments are translated at the rate on the balance sheet date, except for goodwill items dating back to before the transition date of January 1, 2005;
- Income statement line items are translated at the exchange rate applicable on the transaction dates or, in practice, an approximate rate that in the absence of any major currency fluctuations corresponds to the average rate for the period. For operations in high-inflation countries, the income statement line items of the subsidiary in question must be translated at the applicable rate at the balance sheet date in line with IAS 29 and IFRIC 7;
- Exchange differences are recognized as a separate component of shareholders' equity and do not impact the income statement.

Note 1.4 Translation of foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Foreign currency liabilities and receivables are translated at the exchange rate applicable on December 31. Unrealized exchange gains (losses) generated as a result are recognized in the income statement.

In accordance with IAS 21 and IFRIC 16 (adopted by the European Union and coming into force for periods beginning on and after July 1, 2009), exchange differences relating to permanent financing constituting part of the net investment in a consolidated subsidiary are recognized in shareholders' equity under cumulative translation differences. Upon the subsequent disposal of these investments, cumulative translation differences initially recognized in shareholders' equity will be recognized in income.

Note 1.5 Revenue recognition principles

Recognition of revenue in the consolidated financial statements depends on the type of revenue:

- Construction contracts;
- Services: research, after-sales service etc.; and;
- Sale of goods.

Revenue is recognized where the following criteria are satisfied:

- The amount of revenue can be reliably measured;
- The costs that have been or are to be incurred can be reliably identified; and
- It is likely that the future economic benefits associated with the transaction will flow to the company.

Construction contracts

IAS 11 construction contract selection criteria:

A construction contract is a contract specifically negotiated for the construction of an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Two or more contracts, whether with a single customer or with several customers, should be treated as a single construction contract where:

- The contracts are negotiated as a single package;
- The contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- The contracts are performed concurrently or in an uninterrupted sequence.

Type of construction contract

Within ACTIA Group, there are two types of construction contracts:

- Research and manufacturing contracts for a specific client; profit is recognized in accordance with the actual stage of completion, or "milestones", or the components manufactured; and
- Specific multi-year manufacturing contracts: sales and profit are recognized in accordance with the amount of costs incurred compared to the estimated cost of the contract.

Where it becomes likely that estimated contract costs will exceed forecast revenue, the expected loss is immediately expensed.

Services:

Revenue from **after-sales services** is allocated on a straight-line basis over the warranty period.

Under **subscription** contracts, companies invoice at the beginning of the period for services that are delivered on a staggered basis. Revenue is recognized on a straight-line basis over the periods in question.

In the case of other services, where the outcome can be reliably measured, the revenue and profit are recognized using the percentage-of-completion method.

Sale of goods

Revenue from the sale of goods is recognized as sales upon transfer of the risks and rewards relating to the goods. In most cases this is the delivery date of the good.

Note 1.6 Business combinations

Business combinations between January 1, 2004 and December 31, 2009 were accounted for in accordance with the previous version of IFRS 3. Business combinations after January 1, 2010 are accounted for in accordance with the revised IFRS 3.

The Group applies the purchase method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

At the acquisition date, goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recorded as an expense as incurred.

In the case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

The initial measurement of goodwill is finalized within a period of twelve months from the acquisition date.

Goodwill is not amortized but tested for impairment annually at the closing date or more frequently if events or changes in circumstances indicate a potential impairment. The main indicators of impairment used by the group are as follows:

- Quantified indicators:
  - A 15% decline in revenue or a 30% decline in operating profit of a CGU at constant structure and exchange rates
  - A carrying value of the net asset that exceeds the market capitalization
- Non-quantified indicators:
  - A performance below forecasts
  - A significant change in the economic, technological, regulatory or political environment in the markets in which the Group operates.

Note 1.7 Other intangible assets

Other intangible assets are presented in the balance sheet at their historical purchase or production cost, less cumulative amortization and impairment losses. They are recognized as assets where they generate future economic benefits for the Group and satisfy the identification criteria below:

- They are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or together with another asset/liability; or
- They stem from contractual or other legal rights.

The various types of intangible assets identifiable in ACTIA Group include notably development costs and patents and brands.
Except for development costs, the other intangible assets are amortized on a straight-line basis calculated over their useful lives of three to seven years.

Development costs

An intangible asset resulting from a development phase is recognized in assets if and only if the following criteria are satisfied:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The entity must intend to complete the intangible asset and use or sell it;
- It must be able to use or sell the intangible asset;
- It must know how the intangible asset will generate probable future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- Adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset; and
- It must be possible to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of this internally generated intangible asset includes all expenses necessary to create, produce and prepare the non-current asset to be exploited as planned by the Group.

Other development costs are expensed as they arise.

No intangible asset arising from research is recognized as an asset. Research costs are expensed as they arise.

The amortization of development costs reflects the expected rate at which economic benefits will be obtained from the asset. The methods used are straight-line amortization or unit of production. The useful lives depend on the assets in question. They run from three to five years, except for the tachograph, which has a useful life of 15 years.

The useful lives are reviewed at each balance sheet date. There are no intangible assets for which the useful life is considered indefinite.

Note 1.8 Property, plant and equipment

Items of property plant and equipment are recognized as assets at acquisition cost less cumulative depreciation and impairment losses. The ACTIA Group has elected to use historical cost as the measurement method.

Cost components include:

- The purchase price, including import duties and non-refundable purchase taxes less trade discounts and rebates;
- Costs directly attributable to transferring and commissioning the asset; and
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

When material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, they are recognized by component as separate items of property, plant and equipment.

The Group recognizes the replacement cost of a component of an item of property, plant or equipment in the carrying amount of that asset when the cost is incurred, if it is likely that the future economic benefits associated with this asset will flow to the Group and its cost can be reliably measured. All ordinary upkeep and maintenance costs are expensed when incurred.

ACTIA Group has identified three components of buildings:

- Building shell: 40-year useful life;
- Finishing work: 20-year useful life;
- Fixtures: 10-year useful life.

The breakdown of certain buildings with very specific structures (exterior glass paneling, etc.) has been adjusted so the useful lives reflect the actual lives of the asset.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives chosen by the Group are as follows:

- Plant and equipment, facilities and tools: 6 to 10 years;
- Other items of property, plant and equipment: 3 to 10 years.

The useful lives are reviewed at each balance sheet date.

The Group has not determined any material residual value for its property, plant and equipment.

Note 1.9 Finance leases

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases.

Assets financed by means of finance leases are presented as assets at the lower of the fair value or the present value of minimum lease payments. This value is subsequently reduced to reflect cumulative depreciation and any impairment losses. The corresponding debt is recognized in financial liabilities and written down over the term of the lease. In income, the lease payment is replaced by an allowance for depreciation and a financial expense.

The asset is depreciated in accordance with the useful life applied by the Group for similar assets.

Note 1.10 Impairment of intangible assets and property, plant and equipment

Annual impairment tests are performed on:

- Goodwill (see Note 3 to the consolidated financial statements: "Intangible assets");
- Indefinite life intangible assets; and
- Intangible assets in-process.

Where there are indications of impairment, an impairment test of the other assets is systematically performed.

This test covers a specific asset or a cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to one or more CGUs. The CGU for goodwill is generally that of the entity originally acquired. In one specific case, namely ACTIA Corp., goodwill has been allocated to various CGUs:

- €2 million to the whole Automotive division, due to synergies relating to the Group's presence in the US; and
- The remainder to the US entities: ACTIA Corp. (Embedded Systems) and ACTIA Inc. (Diagnostics).

The impairment test is intended to compare the carrying amount of the asset or CGU with its recoverable amount. The recoverable amount is the greater of:

- The realizable value less selling costs; and
- The value in use, this being the present value of the future cash flows likely to flow from the asset or CGU. Future cash flows are determined from four-year budgets for the CGU or CGU groups in question, approved by Group management. The growth rates used for subsequent periods are flat. The discount rates are determined by using a risk-free rate for the geographic region in question, plus a specific risk premium for the assets in question.

Where the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement under the line item “goodwill impairment”. Impairment in a CGU is firstly allocated to the goodwill and then to the other assets of the CGU in proportion to their carrying amounts.

Impairment losses recognized in respect of goodwill are never reversed.

Impairment losses recognized in respect of other assets may be reversed where there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset that has been increased due to reversal of impairment, may not exceed the carrying amount that would have existed, net of depreciation or amortization, if no impairment loss had been recognized.

In the event of an impairment loss on an asset or CGU, a provision is systematically recognized. It is allocated to the "Depreciation and amortization expense" line item in the income statement, which is accordingly renamed "Depreciation and amortization expense and impairment loss".

Note 1.11 Inventory and work-in-process

Inventory costs include:

- Purchase cost: purchase price and related expenses;
- Conversion costs: labor and indirect expenses; and
- Other costs: included in inventory costs only if incurred to bring the inventories to their current location and condition.

Inventories of services in process are measured at the cost of production, labor and other personnel expenses directly incurred to provide the service.

Inventory costs are determined according to the weighted average cost method.

Inventories are measured at the lower of cost and net realizable value, this being the estimated selling price in the normal course of business less estimated completion and selling costs.

Note 1.12 Trade and other receivables

Accounts receivable are measured at fair value upon initial recognition and then at amortized cost less any impairment.

Where there are objective indications of impairment, the amount of the loss recognized is the difference between the carrying amount and the present value of estimated future cash flows.

Note 1.13 Transfers of financial instrument assets

Financial assets are derecognized when one of the following criteria is met:

- The contractual rights to the asset's cash flows have expired;
- The Group has substantially transferred all the risks and rewards incidental to ownership of the financial asset.

In the case of a guarantee, the receivables are derecognized except for the amount of the guarantee given.

Otherwise, receivables are maintained as balance sheet assets and the Group continues to bear the risk of debtor default. The sum paid by the bank is recognized in cash with an offset for the bank debt in liabilities. This debt and the receivable are only eliminated from the balance sheet where the debtor has settled its debt with the financial institution. The expenses incurred are recognized using the amortized cost method at the effective interest rate, namely, presented as a deduction from the debt and allocated over its term. Lastly, if there are objective indications of impairment, the amount of the loss equals the difference between the carrying amount of the asset and the present value of the estimated future cash flows.

Note 1.14 Cash and cash equivalents

Cash is comprised of the sums available in bank accounts at the balance sheet date. Instantly repayable bank overdrafts constitute a component of cash and cash equivalents for cash flow statement purposes.

Cash equivalents are very liquid short-term investments comprised of marketable securities readily convertible into a known amount of cash and subject to an insignificant risk of a change in value. They are recognized at the market value at the balance sheet date, with the investment bonus recognized in income.

Note 1.15 Tax credits, grants and other public subsidies

ACTIA Group receives government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government grant management and criteria of IAS 20. Given the projects financed and the strong likelihood that these advances will be repaid, they are presented in the financial statements under borrowings.

The Group's research and development policy results in the receipt of a research tax credit by the companies established in France. This research tax credit is allocated to a specific income statement line item and impacts operating income. However, the portion of research tax credits that may be allocated to capitalized projects is recognized under deferred income and associated with operating income for the duration of the useful lives of the assets for which they were received.

Grants received able to be allocated to capitalized projects are also accounted for in this manner.

The CICE tax credit for competitiveness and employment (*Crédit D'impôt pour la Compétitivité et L'emploi*) was introduced in France by the 3rd Amending Finance Act (*Loi de Finance rectificative*) for 2012 as from January 1, 2013. This tax credit is calculated by calendar year and for 2014 corresponds to 6% of wages equal to or less than 2.5 times the French minimum-wage (SMIC). The Group has not considered the CICE as a subsidy but instead as a tax credit on compensation making it possible to reduce the cost of labor. On that basis, it has been recognized in accordance with IAS 19 as a deduction from staff costs as the corresponding compensation amounts are expensed. The amount of the CICE wage tax credit applied to staff costs for fiscal 2014 amounted to €1,067,000.

Note 1.16 Tax

Income tax includes current and deferred taxes.

Current tax

Current tax is the estimated amount of tax due on taxable profit for the period at applicable tax rates and any adjustment to current tax liabilities in respect of previous periods.

Deferred taxes

Deferred taxes stems in particular from:

- Tax-loss carryforwards; and
- Temporary differences that may exist between the consolidation amount and the tax base of certain assets and liabilities.

In line with the balance sheet liability method, deferred tax is measured on the basis of the tax rates and regulations adopted or substantially adopted at the balance sheet date.

The tax credits of a company may under certain conditions be reduced by the amount of deferred tax losses that may be reasonably allocated as a reverse entry.

Deferred tax assets are recognized when their recovery is likely. Temporary differences or deficits must be attributable to future taxable profit. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. They are presented in the balance sheet according to the case as non-current assets and liabilities.

The CVAE added value business tax

The Group decided not to account for CVAE contributions assessed on added value (*cotisation sur la valeur ajoutée des entreprises*) as a tax on income and instead has opted to treat it as from January 1, 2010 as an operating expense. The Group in effect considers that added value corresponds to an intermediary income statement aggregate for which the amount varies significantly from that on which income tax is assessed.

Tax on dividends

In France, payment of the 3% levy on dividend distributions introduced by the 2nd amending 2012 Finance Act is attached to the date of the decision on the distribution by the General Management. This tax was recognized in full in the income statement under current tax for €132,000.

Note 1.17 Financial instruments

The various financial instrument categories are held-to-maturity assets, loans and receivables issued by the Company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Held-to-maturity assets

ACTIA Group does not have any such assets.

Loans and receivables issued by the Company

These are carried at amortized cost and an impairment may be recognized when there are indications of an impairment loss.

Derecognition of financial assets from the financial statements is dependent on the transfer of the risks and rewards inherent in the asset, as well as the transfer of control over it. Accordingly, discounted bills not yet due and the Dailly-type factored receivables for guarantee purposes are carried in "Accounts receivable".

Financial assets and liabilities at fair value through profit or loss

Purchases and sales of financial assets at fair value through profit or loss are recognized at the transaction date.

Marketable securities are recognized at market value at the balance sheet date.

Other liabilities (interest-bearing loans and borrowings)

These are recognized using the EIR method.

Investment securities

The Group has holdings in companies without having significant influence or control. In accordance with IAS 39, the securities are considered as available for sale and usually accounted for at fair value with the change in value recognized in shareholders' equity, except when the change in value is not material or durable. However, if the fair value cannot be reliably determined, the securities are carried at cost. Where there are objective indications of impairment, an impairment loss is recognized.

Hybrid financial instruments

The Group may also make use of convertible bonds and share warrants. These hybrid financial instruments are broken down into debt and shareholders' equity components.

Derivatives

ACTIA Group uses derivatives to hedge its exposure to interest rate and exchange rate risks arising from its operating, financing and investing activities. In accordance with its treasury management policy, the Group neither holds nor issues derivatives for trading purposes. However, derivatives not satisfying the hedge accounting criteria are treated as speculative.

- Interest rate risk hedging: ACTIA Group has adopted a global interest rate hedging policy; these hedging instruments are not directly attributable to specific borrowings but make it possible to hedge variable rate borrowings as a whole. These derivatives are measured at fair value. Gains or losses resulting from fair value remeasurement are immediately recognized in income;
- Exchange rate risk hedging: for certain ACTIA Group subsidiaries, hedge accounting (cash flow hedges) has been applied where the criteria were satisfied. The effective portion of the fair value of hedging instruments is recognized in shareholders' equity and then recognized in operating income when the underlying is realized. Subsequent fair value changes are treated in the same way as currency-related changes in the value of the underlying. Since the criteria were not satisfied for previous periods, the hedging instruments were recognized as described above in respect of interest rate risk hedging instruments.

Note 1.18 Capital management

Ordinary shares, excluding own shares held in treasury (see Note 1.19 "Treasury shares" to the consolidated financial statements) are recognized in shareholders' equity.

The Group regularly monitors changes to its debt to shareholders' equity ratio.

At present, there is no Group Savings Plan (*Plan d'Epargne Group*, hereinafter "PEG") or International Group Savings Plan (*Plan d'Epargne Groupe International*, hereinafter "PEGI") within ACTIA Group.
In addition, shares held in registered form for more than four years carry double voting rights (see Section 9.2.3. "Rights, preferences and restrictions in respect of shares" of the Registration Document).

Note 1.19 Treasury shares

The treasury shares held by ACTIA Group are deducted from shareholders' equity. No gain or loss is recognized in the income statement upon the purchase, sale or cancellation of treasury shares. The consideration paid or received in these transactions is recognized directly in shareholders' equity.

Note 1.20 Provisions

A provision is recorded:

- When an entity has a legal or constructive obligation stemming from a past event;
- When it is likely that an outflow of resources will be required to settle the obligation; and
- Where the amount of the obligation can be reliably estimated.

The amount provided for corresponds to the best estimate of the expense. If the impact is material, the amount is discounted using a pretax interest rate that reflects the time value of money and the risks specific to the liability.

A provision for warranties is recognized upon the sale of the corresponding good or service. The provision is based on past warranty data and is measured by weighting all possible outcomes in accordance with their likelihood.

Except in special cases that are duly justified, provisions are recognized in the balance sheet under current liabilities.

Note 1.21 Employee benefits

Short-term benefits are recognized in personnel expenses for the period.

Long-term benefits involve:

- Defined-contribution plans: the Group's liabilities are limited to paying periodic contributions to external bodies. The expense is recognized in the period under the "Personnel expenses" line item;
- Defined benefit plans : these are retirement benefits, provided for using the projected unit credit method and taking into account demographic factors such as staff turnover and mortality tables and financial variables such as wage increases. The discount rate used is that of investment grade bonds (i.e. rated “AA”). When there does not exist an active market for these bonds, the rate of government bonds is used. Actuarial gains and losses are recognized in OCI (Other Comprehensive Income).
- Other long-term benefits: provisions are recorded for these benefits as they vest for the employees in question. The amount of the liability is measured using the projected unit credit method. Actuarial gains and losses are recognized in OCI (Other Comprehensive Income).

Note 1.22 Accounts payable

Trade and other payables are recognized at fair value upon initial recognition and then at amortized cost.

Deferred income involves subscription agreements signed with clients. The revenue from these contracts is allocated on a straight-line basis over their term (see Note 1.5 to the consolidated financial statements "Revenue recognition principles")

Note 1.23 Earnings per share calculation methods

Basic earnings per share are calculated using the income attributable to the Group divided by the weighted average number of shares in circulation in the period, less treasury shares.

Diluted earnings per share take into account all arrangements that could grant the holder the right to buy ordinary shares known as dilutive potential ordinary shares.

ACTIA Group's diluted earnings per share take into account the impact, where applicable, of stock option plans and share warrants.

Note 1.24 Operating segments

In line with the analysis of performance based on the internal management approach, information is presented for two distinct operating segments “Automotive” and “Telecommunications”.

Note 1.25 Other financial income and expenses

Other operating income and expenses are clearly identified non-recurring items that are limited in number having a significant impact at the level of the consolidated performance.

NOTE 2. CONSOLIDATED COMPANIES

Name	Registered office	Siren No. or country of incorporation	Controlling interest (%)		Consolidation method		Activity
			Dec-13	Dec-14	Dec-13	Dec-14	
ACTIA Group	Toulouse	542,080,791	Consolidating company		Consolidating company		Holding company
Automotive							
ACTIA Automotive	Toulouse	389,187,360	99.98	99.98	FC	FC	Electronics research & manufacturing
ACTIA Muller	Toulouse	350,183,182	99.99	99.99	FC	FC	Manufacturing and distribution of mechanical equipment for garages and inspection centers
ACTIA PCs	Maison-Alfort	384,018,263	87.80	87.80	FC	FC	Electronics research & manufacturing
ACTIA UK	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Muller UK [2]	Newtown	United Kingdom	100.00	/	FC	/	Distribution of diagnostics solutions
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA Muller España	Getafe Madrid	Spain	100.00	100.00	FC	FC	Distribution of diagnostics solutions
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings
ACTIA de Mexico	Mexico	Mexico	100.00	100.00	FC	FC	Manufacturing and distribution of audio and video equipment solutions
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing
ACTIA Italia	Torino	Italy	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA 3E	Le Bourget du Lac	381,805,514	99.93	99.93	FC	FC	Electronics research & manufacturing
ACTIA I+ME	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Corp.	Elkhart-Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA NL	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Tunisia	Tunis	Tunisia	89.87	89.87	FC	FC	Electronics manufacturing
Telecommunications							
ACTIA Telecom	St Georges de Luzençon	699,800,306	91.51	91.51	FC	FC	Electronics research & manufacturing
SCI SODIMOB	St Georges de Luzençon	419,464,490	100.00	100.00	FC	FC	Real estate
ARDIA	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research
SCI de l'Oratoire (1)	Colomiers	345,291,405	100.00	100.00	FC	FC	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	343,074,738	27.50	27.50	EM	EM	Real estate

(1) SCI de l'Oratoire is 86%-owned by ACTIA Group and 14% by ACTIA Automotive.
(2) ACTIA Muller UK was wound up on November 28, 2014.

NOTE 3. INTANGIBLE ASSETS

The **gross amounts** of intangible assets changed as follows:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2014
Goodwill	23,010					23,010
Development costs	57,478		<80>	8,980	<2,429>	63,949
Other intangible assets	10,719		<58>	326	<49>	10,939
Other intangible assets in process						
Total	**91,207**		**<138>**	**9,307**	**<2,478>**	**97,898**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

- In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2013
Goodwill	23,010					23,010
Development costs	52,560		<490>	7,728	<2,320>	57,478
Other intangible assets	10,639		<158>	295	<56>	10,719
Other intangible assets in process						
Total	**86,208**		**<648>**	**8,023**	**<2,376>**	**91,207**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

No intangible asset at ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2014
Goodwill	1,224					1,224
Development costs	24,109		51	8,200	<2,429>	29,931
Other intangible assets	9,783		<46>	628	<49>	10,316
Total	**35,115**		**5**	**8,828**	**<2,478>**	**41,470**
Of which finance leases						
Other intangible assets	*478*			*35*		*513*

- In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2013
Goodwill	1,224					1,224
Development costs	20,725		<125>	5,801	<2,292>	24,109
Other intangible assets	9,005		<130>	969	<61>	9,783
Total	**30,954**		**<255>**	**6,770**	**<2,353>**	**35,115**
Of which finance leases						
Other intangible assets	*376*			*103*		*478*

Net carrying amounts:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2014
Goodwill	21,786				21,786
Development costs	33,369		<131>	780	34,019
Other intangible assets	936		<12>	<301>	623
Other intangible assets in process					
Total	**56,091**		**<143>**	**479**	**56,428**
Of which finance leases					
Other intangible assets	*35*			*<35>*	*<0>*
Other intangible assets in process					

- In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2013
Goodwill	21,786				21,786
Development costs	31,835		<365>	1,899	33,369
Other intangible assets	1,634		<28>	<669>	936
Other intangible assets in process					
Total	**55,255**		**<393>**	**1,230**	**56,091**
Of which finance leases					
Other intangible assets	*137*			*<103>*	*35*
Other intangible assets in process					

At the end of 2014, the carrying amounts of **goodwill** broke down as follows

(€ thousands)	Net balance sheet amounts at 12/31/2014
CIPI ACTIA	922
ACTIA PCs	390
KARFA	30
ACTIA Corp	7,501
ACTIA MULLER ESPAÑA	88
ACTIA NORDIC	1,351
ACTIA TELECOM	11,415
SODIMOB	88
Total	**21,786**

In accordance with IAS 36, all goodwill was subject to impairment tests. This concerned notably goodwill of ACTIA Telecom and ACTIA Corp with a breakdown of the information from the tests set out below:

The discount rates used for these impairment tests are presented below:

(€ thousands)	2014		2013	
	Europe	Americas	Europe	Americas
AUTOMOTIVE sector	7.5% to 8.0 %	8.5% to 9.0 %	7.7% to 8.6 %	8.5% to 9.0 %
TELECOMMUNICATIONS sector	7.5 % to 8.0 %	-	8.0 % to 9.0 %	-

The perpetuity growth rate is 1 % for all impairment tests conducted in Europe. In light of the prospects for an earlier recovery from the crisis in the Americas, the perpetuity rate was increased in 2012 to 1.5% for the test performed in this region.

❖ Tests of **ACTIA Telecom** goodwill:

ACTIA Telecom's goodwill was allocated to a CGU comprised of all the operating assets of this entity.

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **Cash-flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book for the subsequent four years and the change in the working capital requirement as a result of the higher sales;
- The level of annual capital expenditure;
- Management calculates these assumptions on the basis of its experience as well as prior results;
- The period covered by these cash-flow forecasts is four years (2015 to 2018);
- The rate used to discount the cash flows and terminal values was 8.08 % after tax.
- Below are the assumptions underlying the rates applied:
  - Cost of capital:

    10-year OAT: 2.06 %,
    Average risk premium of companies on Segment C of Euronext restated according to forward-looking calculations: 6.68 %,
    Unlevered beta: 0.91; unlevered: 1.24 (five-year average)
  - Cost of debt:

    Cost of medium to long-term debt before tax of 3.20%,
    A 33.33 % tax rate used to determine the cash flows;
- The AAGR for sales is 0.6 %;
- An EBITDA/Sales ratio used for the calculation of the normalized cash flow of 11.9 % (the actual rate in 2014 of 16.6% was exceptional);
- The terminal value was calculated from cash flows to which a 1 % perpetuity growth rate was applied;
- The discounted cash flow method used to determine the recoverable value involves a sensitivity of the resulting amounts to changes in the discount and perpetuity growth rates used. The impairment test of goodwill on ACTIA Telecom would show an impairment loss with a 0.25 % increase in the discount rate (or a discount rate of 8.15 %), with the EBITDA/Sales ratio and the perpetuity growth rate maintained respectively at 11.9 % and 1 %; A 1.09 % decline of the EBITDA/Sales ratio based on normalized cash flows would also result in a goodwill impairment loss for ACTIA Telecom.

❖ Test of ACTIA **Corp.** goodwill (USA):

The goodwill of ACTIA Corp. is allocated to a series of CGUs:

- €2 million to the whole Automotive division, due to synergies relating to the Group's presence in the US; and
- The remainder to the US entities: ACTIA Corp. (Embedded Systems) and ACTIA Inc. (Diagnostics).

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **Cash-flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book for the subsequent three years and the change in the working capital requirement as a result of sales trends;
- The level of annual capital expenditure;
- Management assumptions are calculated on the basis of past experience;
- The period covered by these cash-flow forecasts is three years (2015 to 2017);
- The rate used to discount the cash flows and terminal values was 8.70 % after tax.
- Below are the assumptions underlying the rates applied:
  - Cost of capital:

    US T-Bonds: 2.25 %
    Risk premium estimated by applying a calculation to companies listed on segment C of Euronext: 7.30 %
    Unlevered beta: 0.88; unlevered: 1.20
  - Cost of debt:

    Cost of medium to long-term debt before tax of 2.10 %,
    A 40 % tax rate used to determine the cash flows;
- An AAGR for sales of 8.6 %;
- An EBITDA/Sales ratio used for the calculation of the normalized cash flow of 10.7 % (the actual rate in 2014 was 7.6%);
- The terminal value was calculated from cash flows to which a 1.5 % perpetuity growth rate was applied, in light of the prospects for a recovery from the crisis in the Americas region;
- The discounted cash flow method used to determine the recoverable value involves a sensitivity of the resulting amounts to changes in the discount and perpetuity growth rates used. The impairment test of goodwill on ACTIA Corp would show an impairment loss with a 3.3 % increase in the discount rate (or a discount rate of 12 %), with the EBITDA/Sales ratio and the perpetuity growth rate maintained respectively at 10.7 % and 1.5 %. A 2.07% decline of the EBITDA/Sales ratio based on normalized cash flows would also result in a goodwill impairment loss for ACTIA Corp.

Other goodwill was also subject to impairment tests. Valuations performed in connection with these impairment tests are sensitive to assumptions (trends concerning markets, costs and capital spending, etc.) and parameters (the discount rate and growth rate to perpetuity) adopted. No indications of impairment were identified relating to this other goodwill.

To date, **impairment charges for goodwill** amounted to €1,224,000 and corresponded to:

- A goodwill impairment loss for ACTIA Polska: €224,000 (recognized in 2008),
- A goodwill impairment loss for ACTIA Telecom: €1 million (€500,000 recognized in 2009 and €500,000 in 2012).

The **main intangible assets** added in the last three fiscal years are presented below:

(€ thousands)	2014	2013	2012
Development costs			
AUTOMOTIVE sector	7,703	6,625	9,593
o.w. Diagnostics	*810*	*1,338*	*993*
o.w. Embedded Systems	*6,893*	*5,286*	*8,600*
TELECOMMUNICATIONS sector	1,276	1,104	1,153
Total	**8,979**	**7,728**	**10,745**
Other intangible assets			
AUTOMOTIVE sector	321	276	322
TELECOMMUNICATIONS sector	6	19	24
Total	**326**	**295**	**346**

New intangible assets:

- Produced in-house (capitalized development costs) for +€9.0m (+ €7.7m in 2013)
- Purchased externally for +€0.3m (+€0.3m in 2013)

The table below summarizes the changes in the total research and development expenditure:

(€ thousands)	2014	2013
Automotive Division	**41,698**	**39,400**
o.w. Cost of research commissioned by clients	*18,714*	*19,758*
non-current assets	*7,649*	*6,625*
o.w. Period expenses	*15,335*	*13,017*
Telecommunications Division	**6,367**	**5,960**
o.w. Cost of research commissioned by clients	*3,564*	*3,996*
non-current assets	*1,276*	*1,104*
o.w. Period expenses	*1,527*	*861*
Total	**48,065**	**45,360**
Amortization of capitalized development costs	*7,646*	*5,801*
not included in the total expenditure calculation		

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 45.2 % (approximately 52.5 % in 2013) I+Me ACTIA (Germany) for 12.2 % (13.1 % in 2013) and ACTIA Nordic (Sweden) 32.6 % (23.4 % in 2013), with the balance of R&D activity equally allocated among the other entities of the division.

In the Telecommunications division, the work is performed by all ACTIA Telecom establishments.

The Group's R&D policy with regard to capital expenditures is focused on three areas:

- Embedded systems for vehicles;
- Automotive diagnostics and technical inspection;
- Professional microwave communications equipment.

In these three areas, ACTIA Group must anticipate the arrival of new products and use the most modern technologies while meeting the requirements of increasing global standardization. ACTIA® must also support its clients with exports or identify new foreign markets.

ACTIA Group operates in 15 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 15.0 % of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€3.9 million for 2014).

In 2014, total R&D expenditures accounted for 14.1 % of Group revenue compared with 14.9 % in 2013. However, these expenses are overall shared with customers, and confirm the Group's commitment to meet market needs through innovation.

The level of R&D expenditures incurred in ACTIA Group's income statement, i.e. adjusting for the portion billed to clients and government subsidies increased to 6.1 % of sales in 2014 from 5.4 % in the prior period. The customer chargeback rate was 46.3% in 2014 compared to 52.4% in 2013. On that basis, capitalized R&D expenditures of the Group increased by 1.9%.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

The gross amounts of **property, plant and equipment** changed as follows:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2014
Land	2,433		35	441		2,910
Buildings	14,753		260	311	<80>	15,244
Plant and equipment Facilities and tools	41,513		52	4,194	<380>	45,378
Other items of property, plant and equipment	17,993		189	1,854	<1,063>	18,973
Total	**76,692**		**536**	**6,800**	**<1,523>**	**82,505**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*7,553*					*7,553*
Other items of property, plant and equipment	*3,607*			*100*		*3,707*

- In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2013
Land	2,590		<157>			2,433
Buildings	14,962		<328>	119		14,753
Plant and equipment Facilities and tools	40,880		<986>	1,776	<157>	41,513
Other items of property, plant and equipment	17,930		<304>	1,013	<646>	17,993
Total	**76,362**		**<1,775>**	**2,908**	**<803>**	**76,692**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*7,390*			*164*		*7,553*
Other items of property, plant and equipment	*3,547*			*61*		*3,607*

Depreciation:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2014
Land	13					13
Buildings	8,862		147	418	<3>	9,423
Plant and equipment Facilities and tools	34,971		13	2,378	<385>	36,976
Other items of property, plant and equipment	13,613		162	1,205	<469>	14,511

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2014
Total	**57,459**		**321**	**4,001**	**<857>**	**60,924**
Of which finance leases						
Land	*13*					*13*
Buildings	*4,939*			*90*		*5,029*
Plant and equipment Facilities and tools	*7,174*			*175*		*7,350*
Other items of property, plant and equipment	*2,410*			*300*		*2,711*

❖ In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2013
Land	13					13
Buildings	8,516		<151>	497		8,862
Plant and equipment Facilities and tools	33,812		<620>	2,202	<422>	34,971
Other items of property, plant and equipment	12,897		<219>	1,293	<358>	13,613
Total	**55,238**		**<990>**	**3,992**	**<781>**	**57,459**
Of which finance leases						
Land	*13*					*13*
Buildings	*4,793*			*146*		*4,939*
Plant and equipment Facilities and tools	*6,931*			*243*		*7,174*
Other items of property, plant and equipment	*2,086*			*324*		*2,410*

Net carrying amounts:

❖ In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2014
Land	2,420		35	441	2,896
Buildings	5,891		114	<183>	5,821
Plant and equipment Facilities and tools	6,543		39	1,820	8,402
Other items of property, plant and equipment	4,380		27	55	4,462
Total	**19,233**		**215**	**2,133**	**21,581**
Of which finance leases					
Land	*247*				*247*
Buildings	*1,140*			*<90>*	*1,049*
Plant and equipment Facilities and tools	*379*			*<175>*	*204*
Other items of property, plant and equipment	*1,197*			*<201>*	*997*

❖ In 2013:

(€ thousands)	12/31/2012	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2013
Land	2,577		<157>		2,420
Buildings	6,446		<177>	<378>	5,891
Plant and equipment Facilities and tools	7,068		<366>	<160>	6,543
Other items of property, plant and equipment	5,034		<85>	<569>	4,380
Total	**21,124**		**<785>**	**<1,106>**	**19,233**
Of which finance leases					
Land	*247*				*247*
Buildings	*1,286*			*<146>*	*1,140*
Plant and equipment *Facilities and tools*	*459*			*<80>*	*379*
Other items of property, plant and equipment	*1,461*			*<263>*	*1,197*

Encumbered property, plant and equipment are set out in Note 24 to the consolidated financial statement "Encumbered assets"

The main acquisitions relate to:

(€ thousands)	2014	2013	2012
Land			
AUTOMOTIVE sector	441		5
TELECOMMUNICATIONS sector	-	-	-
Subtotal	**441**		**5**
Buildings			
AUTOMOTIVE sector	311	38	256
TELECOMMUNICATIONS sector	1	6	
Other (incl. holding)		75	11
Subtotal	**311**	**119**	**266**
Plant and equipment			
AUTOMOTIVE sector	4,006	1,481	2,397
TELECOMMUNICATIONS sector	188	295	64
Subtotal	**4,194**	**1,776**	**2,460**
Other property, plant and equipment			
AUTOMOTIVE sector	1,769	973	2,405
TELECOMMUNICATIONS sector	67	40	97
Other (incl. holding)	19	-	-
Subtotal	**1,854**	**1,013**	**2,503**
Total	**6,800**	**2,908**	**5,234**

All new items of property, plant and equipment were purchased from third-party suppliers.

NOTE 5. INVESTMENTS IN ASSOCIATES

(€ thousands)	Value of securities		Share of net income	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
SCI Los Olivos	408	395	14	18
SCI Les Coteaux de Pouvourville	343	249	115	115
Total	**751**	**644**	**128**	**133**

Negative investments in associates (equity method) were presented under provisions at December 31 (see Note 15 to the consolidated financial statements on “Provisions”).

Financial information on the investments in associates (equity method) is set out below:

- At December 31, 2014:

(€ thousands)	Total assets	Liabilities	Sales	Net income / (loss)
SCI Los Olivos	1,171	149	132	34
SCI Les Coteaux de Pouvourville	1,551	248	761	76

- At December 31, 2013:

(€ thousands)	Total assets	Liabilities	Sales	Net income / (loss)
SCI Los Olivos	1,214	227	132	44
SCI Les Coteaux de Pouvourville	1,516	215	763	100

It should be recalled that at end 2004 SCI Les Coteaux de Pouvourville benefited from a lease-back. The cash obtained was distributed by the SCI in 2005 at the closing of the financial statements in respect of the 2004 financial year, following the capital gain generated by the lease-back. From an accounting perspective, the capital gain must be spread over the term of the lease-back and gives rise to a restatement in the consolidated financial statements. The dividends relating to this capital gain are also restated in the separate financial statements of ACTIA Group, a shareholder in the SCI.

NOTE 6. NON-CURRENT FINANCIAL ASSETS

(€ thousands)	12/31/2014			12/31/2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	325	<240>	**85**	320	<242>	**78**
Receivables on non-consolidated investments	396	<379>	**17**	539	<379>	**160**
Deposits and guarantees	619		**619**	658		**658**
Loans and miscellaneous	11		**11**	11		**11**
Total	**1,350**	**<618>**	**732**	**1,528**	**<620>**	**908**

In 2014 the financial assets generated €66,000 in income, included in the income statement under "Other financial income" (€111,000 in 2013).

NOTE 7. INVENTORY AND WORK-IN PROCESS

The net realizable value of inventory breaks down as follows:

(€ thousands)	12/31/2014	12/31/2013
	Net	Net
Raw materials	30,543	29,791
Work/services-in-process	16,236	14,723
Semi-finished and finished goods	18,998	16,051
Goods held for resale	10,922	13,052
Total	**76,700**	**73,618**

Changes in inventories in 2014 are set out below:

(€ thousands)	Gross	Impairment	Net
At 12/31/2013	**83,389**	**<9,771>**	**73,618**
Change in the period	2,154		2,154
Net impairment		327	327
Changes in scope			0
Impact of changes in exchange rates	668	<67>	601
At 12/31/2014	**86,211**	**<9,510>**	**76,700**

In 2014, scrapped inventories amounted to €2,903,000 (€1,479,000 for 2013) and concerned primarily:

- ACTIA Automotive €763,000 (fully accrued in prior periods);
- ACTIA Telecom €1,528,000 (accumulated provision of €1,200,000 from prior periods);
- ACTIA de Mexico €192,000 (not accrued for in prior periods).

The gross value of inventory increased €2.8 million in 2014 compared with €2.5 million in 2013. The breakdown of these changes is presented below:

In € millions			2014	2013
Raw materials			**+ 0.3**	**<2.2>**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 1.1*	*+ 0.0*
		ACTIA TELECOM	*<0.0>*	*<0.6>*
Work/services-in-progress			**+ 1.5**	**+ 2.3**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 1.3*	*+ 3.3*
		ACTIA TELECOM	*<0.3>*	*<0.4>*
Semi-finished and finished goods			**+ 3.0**	**+ 1.4**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 3.8*	*+ 0.9*
		ACTIA TELECOM	*<0.8>*	*<0.3>*
Goods held for resale			**<1.9>**	**+ 1.0**
	o.w.	*ACTIA AUTOMOTIVE*	*<0.2>*	*<0.0>*
		ACTIA TELECOM	*-*	*-*

Pledged inventories are set out in Note 24 to the consolidated financial statements "Encumbered assets".

NOTE 8. TRADE AND OTHER RECEIVABLES

Trade and other current receivables that fall due to under one year are presented below:

(€ thousands)	Net value at 12/31/2013	Change in the period	Net allowances / reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2014
Accounts receivable	**81,964**	**14,446**	**117**		**543**	**97,069**
Advances and prepayments	**1,203**	875			55	**2,133**
Amounts receivable from payroll tax agencies	**289**	189			0	**478**
VAT receivable	**607**	<178>				**429**
Prepaid expenses	**975**	357			<15>	**1,317**
Other current receivables from operations	**3,073**	**1,244**			**40**	**4,358**
Tax receivables	**1,745**	<75>			9	**1,679**
Other tax and income tax receivables	**450**	360			6	**816**
Research tax credit	**2,416**	<7>				**2,409**
Current tax credit	**4,611**	**278**			**15**	**4,904**
Miscellaneous current receivables	**1,032**	**<201>**			**<3>**	**828**
Total	**90,680**	**15,768**	**117**		**594**	**107,159**

At December 31, 2014, the maturity of gross receivables not due and due (aged trial balance) was as follows:

(€ thousands)	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days	Gross value of total accounts receivable
Gross value at 12/31/2014	76,654	9,892	3,417	1,658	8,381	**100,002**
Gross value at 12/31/2013	62,649	10,900	5,203	1,244	5,009	**85,006**

No **significant losses on bad debt** were recognized in 2014 as in 2013 by ACTIA Group.

NOTE 9. CASH, CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Note 9.1 Cash and cash equivalents

These items changed as follows:

(€ thousands)	12/31/2014	12/31/2013	Change
Marketable securities	150		150
Cash at bank and in hand	24,350	16,883	7,466
Cash and cash equivalents	**24,500**	**16,883**	**7,617**
<Current bank facilities>	**<51,361>**	**<46,210>**	**<5,151>**
Total	**<26,861>**	**<29,327>**	**2,465**

Current bank facilities are included under "Current financial liabilities".

ACTIA Group has been liquidating marketable securities at year-end in order to recognize them at market value.

Note 9.2 Financial instruments at fair value through profit or loss

These include:

- Interest rate hedging instruments break down as follows:

(€ thousands)	Initial amount	Amount at 12/31/2014	Fixed rate	Inception date	Expiry date	Amortization
Swap 1	5,000	5,000	1.68%	9/30/2011	9/30/2015	on maturity
Swap 2	5,000	0	1.54%	10/3/2011	10/3/2014	on maturity
Swap 3	5,000	2,000	1.64%	10/3/2011	10/3/2016	quarterly
Swap 4	5,000	5,000	1.25%	1/2/2012	1/5/2015	on maturity
Swap 5	5,000	5,000	1.25%	1/2/2012	1/5/2015	on maturity
Swap 6	20,000	20,000	2.23%	2/13/2012	2/13/2016	on maturity
Total	**45,000**	**37,000**				

While these interest rate hedges are not associated with specific financing agreements they did cover Group debt for up to €37 million at December 31, 2014 (€43 million at December 31, 2013).

ACTIA Group recognizes interest rate hedging instruments at fair value through profit and loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€ thousands)	12/31/2014		12/31/2013	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
Swap	<678>	507	<1,185>	735
Total	**<678>**	**507**	**<1,185>**	**735**

The interest rate risk incurred by ACTIA Group is analyzed in Note 25 to the consolidated financial statements "Interest rate risk".

- Exchange rate hedging instruments break down as follows:

In foreign currency	Maximum Initial amount	Maximum amount to be acquired at 12/31/2014	Floor	Strike	Inception date	Expiry date
Tunnel - EUR / USD	US$ 2,400,000	US$ 600,000	-	1.3805	7/15/2014	6/15/2015
Accumulator - EUR / USD	US$ 13,600,000	US$ 5,600,000	1.2300	1.3900	3/3/2014	7/6/2015
Tunnel - EUR / USD	US$ 2,400,000	US$ 2,400,000	1.2600	1.3705	1/15/2015	12/15/2015
Accumulator - EUR / USD	US$ 2,600,000	US$ 2,600,000	1.2800	1.4480	1/15/2015	12/28/2015
Accumulator - EUR / USD	US$ 4,400,000	US$ 2,400,000	1.2600	1.4075	4/8/2014	12/29/2015
Accumulator - EUR / USD	US$ 13,200,000	US$ 6,800,000	1.2330	1.4000	9/18/2013	5/13/2016
Accumulator - EUR / JPY	¥ 96,000,000	¥ 96,000,000	124.0000	142.0000	9/12/2014	12/17/2015

ACTIA Group recognizes these exchange rate hedging instruments at fair value through profit or loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€ thousands)	12/31/2014		12/31/2013	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
EUR/USD hedge	406	941	<535>	285
EUR/JPY hedge	13	188	<175>	<139>
Total	**419**	**1,129**	**<710>**	**146**

NOTE 10. DEFERRED TAX

(€ thousands)	12/31/2014	12/31/2013
Tax assets recognized in respect of:		
Temporary differences	3,723	3,806
o.w. provision for retirement severance payments	*1,630*	*1,122*
o.w income from inventory	*520*	*533*
o.w other adjustments	*1,573*	*2,151*
Tax-loss carryforwards	3,811	4,658
Total net tax assets	**7,534**	**8,465**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	2,556	2,291
Total net tax liabilities	**2,556**	**2,291**
Total net deferred tax assets /(liabilities)	**4,978**	**6,174**

Deferred tax assets are recognized when their recovery is likely. Temporary differences or deficits must be attributable to future taxable profit. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Changes in tax regulations with respect to the treatment of losses have resulted in a slower use of tax loss carryforwards for French companies and in accordance with our business plans, ACTIA Group now works with four-year budgets. In consequence unused tax losses for which no deferred tax asset was recognized amount to €37.7 million (€35.5 million at December 31, 2013). The potential tax gain represents €12.4 million (€11.8 million at December 31, 2013). These tax losses do not expire.

NOTE 11. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognized at amortized cost. Three categories of financial instruments are defined by the Group according to the consequences of their characteristics on the valuation method. The Group refers to this classification for the purpose of presenting certain disclosures required by IFRS 13:

- Level I: “Market price” financial instruments with observable fair market values based quoted prices in an active market;
- Level 2 "internal model based on observable inputs": financial instruments valued using inputs other than quoted prices as described for level 1 but which are observable;
- Level 3: "model with unobservable inputs".

Note 11.1 Financial assets

The following table presents the carrying value of financial assets.

(€ thousands)	12/31/2014				12/31/2013			
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)
Non-current assets								
Investments in associates	751			**751**	644			**644**
Non-current financial assets	74		658	**732**	217		691	**908**
Non-current research tax credit			8,701	**8,701**			7,168	**7,168**
Current assets								
Accounts receivable			97,069	**97,069**			81,964	**81,964**
Current tax credit			4,904	**4,904**			4,611	**4,611**
Miscellaneous current receivables			828	**828**			1,032	**1,032**
Financial instruments		419		**419**				**0**
Marketable securities		150		**150**				**0**
Cash at bank and in hand			24,350	**24,350**			16,883	**16,883**
Total	**825**	**569**	**136,510**	**137,904**	**861**	**0**	**112,348**	**113,209**

(*) The fair value, representing valuation at the market price based on observable inputs, is identical to the value recognized in the consolidated financial statements.

(€ thousands)	Category 1 Market price	Category2 With observable inputs	Category3 With unobservable inputs
Financial instruments		419	
Marketable securities	150		
Total	**150**	**419**	**-**

Note 11.2 Total financial liabilities

The following table presents the carrying value of financial liabilities:

(€ thousands)	12/31/2014			12/31/2013		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)
Non-current liabilities						
Bank borrowings	32,923		**32,923**	30,566		**30,566**
Other financial liabilities	1,843	656	**2,499**	1,410	902	**2,312**
Finance lease liabilities	1,837		**1,837**	2,815		**2,815**
Current liabilities						
Current financial liabilities	69,273	395	**69,669**	62,393	349	**62,743**
Financial instruments		678	**678**		1,895	**1,895**
Accounts payable	45,462		**45,462**	41,539		**41,539**
Tax payables (income tax)	1,083		**1,083**	430		**430**
Miscellaneous liabilities	690		**690**	560		**560**
Total	**153,111**	**1,730**	**154,841**	**139,713**	**3,146**	**142,859**

(*) The fair value, representing valuation at the market price based on observable inputs, is identical to the value recognized in the consolidated financial statements.

(€ thousands)	Category 1 Market price	Category2 With observable inputs	Category3 With unobservable inputs
Non-current liabilities			
Other financial liabilities	656		
Current liabilities			
Current financial liabilities	395		
Financial instruments		678	
Total	**1,052**	**678**	**-**

NOTE 12. FINANCIAL LIABILITIES

Financial liabilities by type of financing and maturity break down as follows:

(€ thousands)	12/31/2014				12/31/2013			
	< 12/31/2015	>1/1/2016 <12/31/2019	< 1/1/2020	Total	< 12/31/2014	>1/1/2015 <12/31/2018	< 1/1/2019	Total
Bank borrowings	16,226	31,372	1,550	**49,149**	14,129	28,808	1,758	**44,695**
Other financial liabilities	1,027	2,213	286	**3,526**	1,295	2,140	172	**3,607**
Finance lease liabilities (*)	1,055	1,837		**2,892**	1,109	2,710	104	**3,924**
Bank facilities and overdrafts	51,361			**51,361**	46,210			**46,210**
Total	**69,669**	**35,422**	**1,837**	**106,928**	**62,743**	**33,658**	**2,034**	**98,435**

Changes in financial liabilities in 2014 are set out below:

(€ thousands)	At 1/1/2014	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2014
Bank borrowings	**44,695**	21,350	<17,059>	163	**49,149**
Other financial liabilities	**3,607**	2,347	<2,476>	48	**3,526**
Finance lease liabilities	**3,924**	100	<1,132>		**2,892**
Bank facilities and overdrafts	**46,210**		5,092	59	**51,361**
Total	**98,435**	**23,796**	**<15,574>**	**271**	**106,928**

At December 31, 2014, the maturity of financial liabilities including non-accrued interest breaks down as follows:

(€ thousands)	< 12/31/2015		>1/1/2016 <12/31/2019		< 1/1/2020		Total		
	Face value	Interest	Face value	Interest	Face value	Interest	Face value	Interest	Face value + interest
Bank borrowings	16,226	1,164	31,372	1,647	1,550	16	**49,149**	**2,828**	**51,977**
Other financial liabilities	1,027		2,213		286		**3,526**	**0**	**3,526**
Finance lease liabilities	1,055	112	1,837	120			**2,892**	**232**	**3,124**
Bank facilities and overdrafts	51,361	896					**51,361**	**896**	**52,257**
Total	**69,669**	**2,172**	**35,422**	**1,767**	**1,837**	**16**	**106,928**	**3,955**	**110,883**

Financial liabilities by currency break down as follows:

(€ thousands)	EUR	USD	Other	Total
Bank borrowings	47,789	1,338	21	**49,149**
Other financial liabilities	2,354	325	847	**3,526**
Finance lease liabilities	2,892			**2,892**
Bank facilities and overdrafts	49,297	9	2,055	**51,361**
Total	**102,332**	**1,672**	**2,923**	**106,928**

Bank lines and overdrafts are generally granted for a year and are renewable mid-period. They are impacted by the proportion of accounts receivable financing (Dailly-type factored receivables, bills discounted not yet due and other factoring), which amounted to €25.5 million at December 31, 2014 compared to €24.8 million at December 31, 2013.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€ thousands)	12/31/2014	12/31/2013
Bank borrowings	49,149	44,695
Other financial liabilities	2,892	3,607
Finance lease liabilities	3,526	3,924
Bank facilities and overdrafts	51,361	46,210
Subtotal A	**106,928**	**98,435**
Other marketable securities	150	
Cash at bank and in hand	24,350	16,883
Subtotal B	**24,500**	**16,883**
Total net debt = A - B	**82,428**	**81,552**
Total shareholders' equity	**95,018**	**81,106**
Gearing	**86.7 %**	**100.5 %**

The breakdown between variable and fixed rate debt is set out below:

(€ thousands)	12/31/2014			12/31/2013		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank borrowings	13,380	35,769	**49,149**	13,507	31,189	**44,695**
Other financial liabilities	3,526	0	**3,526**	3,607	0	**3,607**
Finance lease liabilities	2,892	0	**2,892**	3,924	0	**3,924**
Bank facilities and overdrafts	3,522	47,839	**51,361**	2,466	43,744	**46,210**
Total	**23,319**	**83,608**	**106,928**	**23,503**	**74,932**	**98,435**
Breakdown by percentage	21.8%	78.2%	**100.0%**	23.9%	76.1%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 8.9 % of borrowings, or €9.6 million.

In 2014, the trend for ACTIA Group sales had a positive impact on the "Net debt to equity" and "Net debt / EBITDA" ratios:

- An improvement in equity in response to the consolidated profit;
- The increase in gross debt offset by in cash at bank and in hand (see Note 9 to the consolidated financial statements "Cash, cash equivalents and financial instruments at fair value through profit or loss");
- The increase in EBITDA.

Pursuant to these factors, at December 31, 2014, all covenants calculated on the basis of the consolidated financial statements of ACTIA Group or the Automotive division were satisfied.

Detailed information on these covenants at December 31, 2014 is presented below:

Company	Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
	Category (1)	Year of inception	Balance at 12/31/2014 (€ thousands)	Final maturity	Ratios	Basis of calculation (2)	At Dec. 31, 2013	At Dec. 31, 2014	At Dec. 31, 2013	At Dec. 31, 2014
Borrowings										
	L	2010	133	Aug. 2015	Net debt / EBITDA ≤ 5	CA AG	R	R	0	0
					Net debt / Equity < 1	CA AG	R	R		
	L	2010	150	Sept. 2015	Net debt / EBITDA ≤ 5	CA AG	R	R	0	0
					Net debt / Equity < 1	CA AG	R	R		
	L	2010	133	Oct. 2015	Net debt / Equity < 1.15	CA AG	R	R	0	0
					Interest expense / GOS < 30%	CA AG	R	R		
	L	2011	141	Aug. 2016	Net debt / Equity < 1.15	CA AG	R	R	0	0
					Interest expense / GOS < 30%	CA AG	R	R		
	L	2011	350	Aug. 2016	Net debt / GOS < 3.5	CA AG	R	R	0	0
	L	2012	385	Jun. 2016	Net debt (>1 yr.) / equity < 1.12	CA AG	R	R	0	0
	L	2012	500	Jun. 2017	Net debt / Equity < 1.20	CA AG	R	R	0	0
					Interest expense / EBITDA < 30%	CA AG	R	R		
					Net debt / EBITDA < 5	CA AG	R	R		
	L	2012	1,650	Sept. 2017	Net debt / Equity < 1.20	CA AG	R	R	0	0
					Net debt / EBITDA < 4	CA AG	R	R		
	L	2013	1,042	Jul. 2017	Equity / Net debt ≥ 1	CA AD	R	R	0	0
					Net Equity N ≥ 90% x Net Equity N-1	CA AD	R	R		
	L	2013	373	Aug. 2018	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
					Interest expense / EBITDA < 30%	CA AG	R	R		
					Net debt / EBITDA < 5	CA AG	R	R		
	L	2013	397	Nov. 2018	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
					Interest expense / EBITDA < 30%	CA AG	R	R		
					Net debt / EBITDA < 5	CA AG	R	R		
	L	2014	2,344	Jul. 2018	Equity / Net debt ≥ 1	CA AG	-	R	-	0
					Net Equity N ≥ 90% x Net Equity N-1	CA AG	-	R		
	L	2014	1,000	Dec. 2018	Net debt / Equity ≤ 1.15	CA AG	-	R	-	0
					Interest expense / EBITDA < 30%	CA AG	-	R		
					Net debt / EBITDA < 5	CA AG	-	R		
	L	2014	952	Aug. 2019	Net debt / Equity ≤ 1.15	CA AG	-	R	-	0
					Interest expense / EBITDA < 30%	CA AG	-	R		
					Net debt / EBITDA < 5	CA AG	-	R		
Overdraft facility										
	O	-	9	-	Non-Group debt / (Equity + Group debt) <3	CA AC	R	R	-	-
					EBITDA / Interest > 1	CA AC	R	R		
					Equity > US$3.5 million	CA AC	R	R		
Total			**9,558**						**0**	**0**

(1) L = Loan
O = Overdraft

(2) CA AD = Consolidated Accounts - Automotive Division
CA AG = Consolidated Accounts - ACTIA Group
SA AC = Separate Accounts - ACTIA Corp.

(3) R = Respected
B = Breached

(4) Non-current portion of debt reclassified under "Current financial liabilities"

(5) GOS = gross operating surplus (EBE or *excédent brut d'exploitation*)

Guarantees given in respect of borrowings and liabilities are set out in Note 24 to the consolidated financial statements "Encumbered assets".

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans.

NOTE 13. SHAREHOLDERS' EQUITY

The Group's main capital management goal is to maintain the balance between shareholders' equity and debt, so as to facilitate its business and increase shareholder value.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carrying out new capital increases.

The main ratio used by the Group to manage its capital is the debt ratio.

Capital management goals, policies and procedures remain unchanged.

Detailed information about the **share buyback program** is presented in Note 3.7 to the separate financial statements of ACTIA Group S.A. "Treasury shares".

At December 31, 2014, there were no stock option plans established.

The General Meeting of May 28, 2013 authorized the issue of new shares to participants in an employee stock ownership plan (PEE) representing 3% of the capital of ACTIA Group S.A. This authorization was granted to the Executive Board for 26 months. At December 31, 2014, no new shares were issued under this authorization.

The breakdown of the **changes in numbers of shares** over the period is as follows:

Units	12/31/2013	Increase and/or reduction in capital	12/31/2014
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2014, the share capital was comprised of 8,897,717 shares with ordinary voting rights, 11,198,896 shares with double voting rights and 3,328 treasury shares with no voting rights.

There are 12,275,985 registered shares and 7,823,956 bearer shares.

There are no preferred dividend stock or preference shares within ACTIA Group S.A.

The par value is €0.75 per share.

NOTE 14. EARNINGS PER SHARE

Note 14.1 Basic earnings per share

Basic earnings per share at December 31, 2014 were calculated on the basis of consolidated income attributable to the Group calculated as broken down below.

Euros	12/31/2014	12/31/2013
Consolidated net income (loss) attributable to Group *(in €)*	**14,235,475**	**10,563,845**
Weighted average number of shares		
Shares issued at January 1	20,099,941	20,099,941
Treasury shares held at the end of the period	<3,328>	<3,329>
Weighted average number of shares	**20,096,613**	**20,096,612**
Basic earnings (loss) per share *(in €)*	**0.708**	**0.526**

Note 14.2 Diluted earnings per share

Diluted earnings per share at December 31, 2014 were calculated on the basis of net income attributable to the Group. This result was not subject to any adjustments. The weighted average number of potential ordinary shares that may be created for the period totaled 20,096,613. These calculations break down as follows:

Euros	12/31/2014	12/31/2013
Diluted net income *(in €)*	**14,235,475**	**10,563,845**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,612
Impact of share subscription plans	0	0
Diluted weighted average number of shares	**20,096,613**	**20,096,612**
Diluted earnings per share *(in €)*	**0.708**	**0.526**

NOTE 15. PROVISIONS

These changed as follows:

- In 2014:

(€ thousands)	12/31/2013	Changes in scope, translation difference	Allowances	Reversals		12/31/2014
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**5,620**	**<0>**	**2,216**	**<158>**	**<211>**	**7,467**
Other provisions						
Lawsuit contingencies	**225**					**225**
Warranties	**2,517**	18	928	<939>		**2,524**
Losses on contracts	**236**		186	<156>		**266**
Fines/penalties	**418**	<55>	755	<123>	<15>	**981**
Other risks	**1,107**	54	276	<182>		**1,256**
Investments in associates	**0**					**0**
Tax	**0**			<7>	7	**0**
Other expenses	**738**	<1>	97	<538>	<10>	**286**
Other provisions	**5,241**	**16**	**2,242**	**<1,945>**	**<18>**	**5,536**
Total	**10,861**	**16**	**4,458**	**<2,103>**	**<229>**	**13,003**

- In 2013:

(€ thousands)	12/31/2012	Changes in scope, translation difference	Allowances	Reversals		12/31/2013
				Applied	Unused	
Provisions for pension and other non-current employee benefits[(1)]	**4,988**	**<6>**	**695**	**<56>**	**<1>**	**5,620**
Other provisions						
Lawsuit contingencies	**0**		225			**225**
Warranties	**2,708**	<6>	756	<937>	<3>	**2,517**
Losses on contracts	**87**		230		<81>	**236**
Fines/penalties	**50**	58	310			**418**
Other risks	**1,057**	<93>	150	<7>		**1,107**
Investments in associates	**0**					**0**
Tax	**0**					**0**
Other expenses	**835**	<5>	185	<113>	<164>	**738**
Other provisions	**4,737**	**<46>**	**1,856**	**<1,057>**	**<248>**	**5,241**
Total	**9,725**	**<52>**	**2,551**	**<1,113>**	**<249>**	**10,861**

(1) : Allowances take into account +€95,000 for provisions for retirement severance payments for Tunisia prior to 2013 recorded in the consolidated reserves account.

Provisions for other risks are comprised primarily of tax and sales-related lawsuit contingency provisions.

Provisions for other expenses concerned mainly the balance of a provision for reorganization costs for ACTIA Telecom amounting to €83,000 at December 31, 2014 (€361, 000 at December 31, 2013).

At December 31, 2014, ACTIA Group had no noteworthy material contingent liability to be disclosed.

In line with IAS 19 - Employee Benefits, the pension provision recognized in balance sheet shareholders' equity and liabilities is designed to show the pension benefit vested for staff members at period-end. The pension benefit commitment is fully provided for since it is not covered by dedicated assets.

In 2014, provisions for pension and other non-current employee benefits rose €1,847,000 to 7,467,000 at December 31, 2014. This increase in the provision reflects the following items:

- Service cost: €353,000
- Finance cost: €196,000
- Actuarial gains and losses: €1,297,000

The actuarial gain recognized in OCI (Other Comprehensive Income) results from the change in the :

- discount rate of 1.49 % (3.17 % in 2013) for French companies and 6.5 % for Tunisian companies (6% in 2013).

The other assumptions have not changed:

- Retirement age: 67 for French companies and 60 Tunisian companies;
- Salary escalation rate; 2.25% for French companies, 3% for Tunisian companies
- Mortality table: INSEE 2007:

Age of employee	20	30	40	50	60	65
Life expectancy for men	99,076	98,187	96,849	93,532	86,496	81,202
Life expectancy for women	99,382	99,080	98,464	96,858	93,667	91,188

- Low or high turnover rates according to the companies and employee category (managers or non-managers):

Age of employee	20	30	40	50	60	65
Low turnover rate	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%
High turnover rate	18.30%	10.90%	6.30%	4.20%	1.00%	0.00%
(Managers and non-managers)						

A study of the sensitivity of a change in the discount rate indicates that:

- A 1% increase would have a positive impact on consolidated income of €907,000;
- A 1% decrease would have a negative impact on consolidated income of <€1,105,000>.

Provisions for retirement liabilities amounted to:	**2014**	**2013**
All French subsidiaries of the Group	€6,218,000	€4,521,000
For the Italian subsidiary	€1,111,000	€984,000
For the Group's Tunisian subsidiaries	€138,000	€114,000

Provisions for pension liabilities at the balance sheet dates of preceding years were as follows:

- At December 31, 2013 €5,620,000;
- At December 31, 2012 €4,988,000;
- At December 31, 2011 €4,936,000;

Actuarial gains and losses calculated for preceding periods are set out below:

- In 2013 +€40,000;
- In 2012 <€495,000>;
- In 2011 <€23,000>;

Retirement liabilities at the end of the next fiscal period (12/31/2015) should total approximately €6,943,000.

Retirement severance payments paid in fiscal 2014 amounted to €158,000.

Concerning defined contribution schemes, pension contributions paid for fiscal 2014 totaled €3,181,000 versus €3,021,000 for 2013.

NOTE 16. OTHER CURRENT FINANCIAL LIABILITIES

A breakdown of **other current financial liabilities** is presented below:

(€ thousands)	Net value at 12/31/2013	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2014
Accounts payable on goods and services	**41,539**	**3,762**		**161**	**45,462**
Advances and prepayments received	**6,421**	1,219		<3>	**7,637**
Amounts payable to payroll tax agencies	**15,405**	1,619		13	**17,036**
Tax payables (other than income tax)	**5,631**	928		31	**6,590**
Other operating liabilities	**27,456**	**3,766**	**0**	**42**	**31,263**
Tax payables (income tax)	**430**	**647**		**6**	**1,083**
Liabilities on non-current assets	**85**	<85>			**1**
Creditor curr. accs	**111**	<35>		<58>	**18**
Miscellaneous liabilities	**364**	307		1	**672**
Other Miscellaneous liabilities	**560**	**187**	**0**	**<57>**	**690**
Total	**69,985**	**8,362**	**0**	**152**	**78,498**

Advances and prepayments received on orders that increased by €1,219,000 in 2014 included mainly:

	2014	2013
❖ ACTIA Automotive	€270,000	€232,000
❖ I+ME ACTIA	€4,272,000	€2,792,000
❖ ACTIA Telecom	€1,834,000	€2,200,000

NOTE 17. OPERATING SEGMENTS

In compliance with IFRS 8, information provided by operating sector is based on the management approach, i.e. the method used by Management to allocate resources according to the performances of different sectors. At ACTIA Group, the Chairman of the Executive Board is the entity's chief operating decision-maker. The Group has two segments that propose different products and services and are managed separately as they require different technological and commercial strategies. The activities covered by the different segments can be summarized as follows:

- The Automotive segment which includes “Embedded System”, “Diagnostics”, "Systems and Services for Transportation Fleets" and “Services” product ranges;
- The Telecommunications segment that includes Satcom, Energy, Aeronautics, Defense (EAD), Broadcast, Railways, Transport (BRT) and Infrastructure, Networks, Telecom (INT).

In addition to these two operating segments are two other headings:

- “Other” that includes the holding company, ACTIA Group S.A., and the real estate investment company, SCI Les Coteaux de Pouvourville (accounted for under the equity method).

In 2014, the breakdown of key line items by operating segment was as follows:

(€ thousands)	12/31/2014			
	Automotive segment	Telecom segment	Other	Group consolidated financial data
Revenue				
(Sales)				
* Non-Group (external clients)	300,728	39,088	77	**339,893**
Purchases consumed	<158,092>	<13,164>	<5>	**<171,262>**
Staff costs	<74,441>	<12,992>	<680>	**<88,114>**
External charges	<40,253>	<4,789>	<2,605>	**<47,647>**
Allowances for amortization (A)	<9,951>	<2,827>	<6>	**<12,784>**
Current operating income	**18,880**	**3,327**	**<724>**	**21,482**
Operating profit/(loss)	**18,927**	**3,149**	**<724>**	**21,351**
Interest expense and other financial charges (B)	<2,377>	<100>	<193>	**<2,669>**
Goodwill impairment (C)	0	0	0	**0**
Tax (D)	<4,560>	<92>	<66>	**<4,719>**
NET INCOME / (LOSS) (E)	**12,657**	**2,851**	**<382>**	**15,126**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**29,545**	**5,871**	**<118>**	**35,298**
SEGMENT ASSETS				
Non-current assets	78,205	16,985	537	**95,727**
Inventories	66,330	10,370	0	**76,700**
Accounts receivable	79,612	17,451	6	**97,069**
Other current receivables	9,836	598	74	**10,508**
Cash and cash equivalents	21,608	2,517	375	**24,500**
TOTAL SEGMENT ASSETS	**255,592**	**47,920**	**993**	**304,505**
CAPITAL EXPENDITURES				
Intangible assets	8,024	1,282	0	**9,305**
Property, plant and equipment	6,526	255	19	**6,800**
Financial assets	12	0	0	**12**
TOTAL CAPITAL EXPENDITURES	**14,561**	**1,537**	**19**	**16,117**
SEGMENT LIABILITIES				**0**
Non-current liabilities	38,011	4,161	5,110	**47,282**
Current financial liabilities	60,326	1,137	8,205	**69,669**
Accounts payable	41,275	3,400	787	**45,462**
Other current liabilities	34,700	11,686	689	**47,075**
TOTAL SEGMENT LIABILITIES	**174,312**	**20,385**	**14,790**	**209,487**

In 2013, the breakdown of key line items by operating segment was as follows:

(€ thousands)	12/31/2013			
	Automotive segment	Telecom segment	Other	Group consolidated financial data
Revenue				
(Sales)				
* Non-Group (external clients)	270,235	33,333	88	**303,655**
Purchases consumed	<139,234>	<12,214>	<3>	**<151,450>**
Staff costs	<71,544>	<12,043>	<655>	**<84,242>**
External charges	<36,600>	<3,972>	<2,424>	**<42,995>**
Allowances for amortization (A)	<9,078>	<1,674>	45	**<10,708>**
Current operating income	**15,731**	**1,794**	**<656>**	**16,870**
Operating profit/(loss)	**15,571**	**1,630**	**<768>**	**16,432**
Interest expense and other financial charges (B)	<2,123>	<159>	<201>	**<2,482>**
Goodwill impairment (C)	0	0	0	**0**
Tax (D)	<2,998>	<90>	<65>	**<3,153>**
NET INCOME / (LOSS) (E)	**10,247**	**1,305**	**<630>**	**10,922**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**24,446**	**3,228**	**<408>**	**27,265**
SEGMENT ASSETS				
Non-current assets	74,025	18,100	384	**92,509**
Inventories	62,439	11,179	0	**73,618**
Accounts receivable	67,250	14,709	5	**81,964**
Other current receivables	8,029	578	109	**8,716**
Cash and cash equivalents	11,697	5,150	35	**16,883**
TOTAL SEGMENT ASSETS	**223,439**	**49,717**	**534**	**273,690**
CAPITAL EXPENDITURES				
Intangible assets	6,900	1,123	0	**8,023**
Property, plant and equipment	2,267	341	75	**2,683**
Financial assets	72	24	1	**97**
TOTAL CAPITAL EXPENDITURES	**9,240**	**1,488**	**76**	**10,803**
SEGMENT LIABILITIES				**0**
Non-current liabilities	35,389	3,720	4,494	**43,603**
Current financial liabilities	50,450	4,983	7,310	**62,743**
Accounts payable	36,643	3,641	1,255	**41,539**
Other current liabilities	32,754	11,259	686	**44,699**
TOTAL SEGMENT LIABILITIES	**155,236**	**23,603**	**13,745**	**192,584**

NOTE 18. CONSTRUCTION CONTRACTS

The breakdown for **construction contracts** of the Group in progress at December 31, 2014 is as follows:

(€ thousands)	12/31/2014	12/31/2013
Income recognized in the period	18,944	13,216
Advances and prepayments received (<Liabilities>)	<960>	<761>
Accounts receivable	2,161	2,720

NOTE 19. INCOME TAX

The breakdown for Group **income tax** aggregates is as follows:

(€ thousands)	12/31/2014	12/31/2013
Earnings (loss) of the consolidated companies	14,998	10,789
Current tax <credit>	3,164	2,737
Deferred tax <credit>	1,555	416
o.w. *Deferred tax arising from timing differences*	*1,582*	*395*
Deferred tax on change in tax rate	*<27>*	*21*
Pretax earnings (loss) of consolidated companies	**19,717**	**13,942**

The table below provides an analysis of the tax in the consolidated financial statements:

(€ thousands)		12/31/2014	12/31/2013
Theoretical income tax calculated at the standard rate in France	(theoretical tax rate: 33.33%)	6,572	4,647
Research tax credit		<1,030>	<1,037>
CICE wage tax credit		<356>	<240>
Tax on dividends		147	117
Impact on theoretical income tax of:			
- Tax rate differential (between French and foreign rates)		<864>	*<826>*
- Impact of changes in deferred tax rates		27	<21>
- Non-capitalized tax losses		414	614
- Change in outlook for utilization of tax losses		<139>	<140>
o.w.	*Income on the utilization of non-capitalized tax losses*	*<612>*	*<280>*
	Income on modification of capitalization of tax losses	*<488>*	*0*
	Losses on modification of capitalization of tax losses	*961*	*140*
- Tax on capital gains		0	0
- Adjustment of prior year's tax		<18>	21
- Adjustment of current year's tax		0	0
- Other (including permanent differences)		<34>	17
Income tax recognized	(actual tax rate: 23.93%)	**4,719**	**3,153**

This information is presented in Note 10 to the consolidated financial statements on "Deferred taxes".

NOTE 20. NOTE ON NET FINANCIAL EXPENSE

Net financial expense breaks down as follows:

(€ thousands)	12/31/2014	12/31/2013
Income on cash and cash equivalents	25	3
Interest expense and other financial charges	<2,669>	<2,482>
o.w. *Interest expense on financial liabilities*	*<2,669>*	*<2,482>*
Other financial income	1,806	974
o.w. *Interest income*	*66*	*111*
Dividends received	*27*	*<40>*
Income from financial instruments	*1,640*	*901*
Other financial expenses	<797>	<984>
o.w. *Expenses on financial instruments*	*<797>*	*<983>*
Net financial expense	**<1,635>**	**<2,490>**

NOTE 21. RELATED-PARTY TRANSACTIONS

Related party transactions with ACTIA Group have been defined in accordance with IAS 24 and are presented below along with details of transactions in fiscal 2014.

Note 21.1 With the holding company: LP2C S.A.

The **scope of relations** with LP2C is defined in an agreement signed between the two companies on June 14, 2013:

- Recurring assignments:
  - Group general strategy and management;
  - Business coordination support;
  - Communications support;
  - Accounting, legal and administrative support; and
  - Financial support.
- Periodic assignments: ACTIA Group may ask LP2C to carry out on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above. These periodic assignments shall be subject to a new agreement prepared in the same manner and terms as the contract governing the recurring assignments and must be authorized in advance by the Board.

This agreement is concluded for a fixed period of five years from January 1, 2013 to December 31, 2017.

The **financial details** for 2014 are set out below:

(€ thousands)		Dedicated staff No. of persons)	2014
Recurring assignments			**1,721**
o.w.	*Management support*	*4*	*412*
	Business coordination support	*5*	*698*
	Communications support	*5*	*187*
	Accounting, legal and administrative support,	*5*	*298*
	Financial support	*4*	*126*
Non-recurring assignments		**None**	**None**

The **financial details** for 2013 are set out below:

(€ thousands)		Dedicated staff No. of persons)	2013
Recurring assignments			**1,637**
o.w.	*Management support*	*4*	*403*
	Business coordination support	*5*	*678*
	Communications support	*4*	*174*
	Accounting, legal and administrative support,	*5*	*237*
	Financial support	*4*	*144*
Non-recurring assignments		**None**	**None**

No particular benefit was granted under this agreement.

This agreement is also covered in Section 6.15.3 "Special Report of the Statutory Auditors on regulated agreements and commitments" of the Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€ thousands)		2014	2013
Net transaction amount (<expense>)		**<1,639>**	**<1,545>**
o.w.	*Invoicing agreement*	*<1,720>*	*<1,637>*
	Sundry services to the holding company	*81*	*92*
Net balance sheet amount (<liability>)		**<696>**	**<1,176>**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*<696>*	*<1,176>*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

Note 21.2 With equity-method associates

Relations between SCI Los Olivos, SCI Les Coteaux de Pouvourville and the Group concern **real estate** operations:

- SCI Los Olivos owns land and a building in Getafe (Spain) leased to ACTIA System,
- SCI Les Coteaux de Pouvourville has a leaseback agreement with CMCIC Lease and OSEO Financement and subleases this land and the buildings in Toulouse (31) to ACTIA Group and ACTIA Automotive in proportion to floor space used.

The **financial details** concerning SCI Los Olivos are set out below:

(€ thousands)		2014	2013
Net transaction amount (<expense>)		**132**	**132**
o.w.	*Rental charges*	*132*	*132*
	Interest expense and other financial charges	*0*	*0*
Net balance sheet amount (<liability>)		**<20>**	**<1>**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*<20>*	*<1>*
	Trade receivables	*0*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

The **financial details** concerning SCI Les Coteaux de Pouvourville are set out below:

(€ thousands)		2014	2013
Net transaction amount (<expense>)		**<791>**	**<769>**
o.w.	*Rental charges*	*<761>*	*<754>*
	Chargebacks of misc. expenses	*<66>*	*<50>*
	Building security charges	*36*	*35*
Net balance sheet amount (<liability>)		**43**	**42**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Trade receivables	*43*	*42*
Invoicing terms		Quarterly	Quarterly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

Note 21.3 With subsidiaries

These are companies included in the Group's scope of consolidation (see Note 2 to the Consolidated financial statements “Consolidated Companies”).

All transactions with subsidiaries are wholly eliminated in the consolidated financial statements, as are all transactions between fully consolidated subsidiaries of the Group. They are varied in nature:

- Purchase and sale of goods and services;
- Leasing of premises;
- Transfer of research and development;
- Purchase and sale of capitalized assets;
- License agreements;
- Management fees;
- Current accounts;
- Loans....

Note 21.4 With members of management bodies

This involves remuneration paid to **corporate officers of ACTIA Group S.A.**:

- At ACTIA Group: Members of the Executive Board and of the Supervisory Board;
- At the controlling company LP2C: Members of the Executive Board and of the Supervisory Board;
- At the controlled companies, subsidiaries of ACTIA Group.

The **breakdown of remuneration paid** to corporate officers is set out below:

(€ thousands)		2014	2013
Remuneration of corporate officers		**553**	**432**
o.w.	*Fixed*	*456*	*336*
	Variable	*91*	*90*
	Non-recurring	*0*	*0*
	Benefits in kind	*6*	*6*
Other remuneration of non-executive corporate officers		**174**	**173**
Attendance fees		**0**	**0**
Total		**727**	**605**

To date, no other stock option plan is in force in ACTIA Group S.A. or in other Group companies.

Information relating to retirement plans, amounts paid on retirement as well as other benefits is provided in Section 6.14.1 “Remuneration and attendance fees” of the Registration Document.

Note 21.5 With other related parties

- GIE PERENEO

ACTIA Automotive S.A. owns 50% of GIE PERENEO. The goal of this economic interest grouping (EEIG) is to provide operating maintenance services (OMS) and to extend the lifespan of electronic systems, Cassidian Tests & Services, join-partner of the EEIG.

The **financial details** of the agreements with GIE PERENEO are set out below:

(€ thousands)	12/31/2014	12/31/2013
Amount of transaction (<expense>)	1,632	1,478
Balance sheet amount (<liability>)	948	637
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

Key financial aggregates for GIE Pereneo are set out below:

(€ thousands)	12/31/2014	12/31/2013
Total assets	3,567	1,878
Liabilities	3,543	1,861
Sales	4,614	4,143
Net income / (loss) for the period	6	27

NOTE 22. HEADCOUNT

Headcount at December 31	2014	2013
France	974	943
Foreign operations	1,788	1,737
Total	**2,762**	**2,680**

The breakdown of headcount by operating segment at December 31, 2014 was as follows:

Headcount at December 31	Management staff	Non Management	Total
AUTOMOTIVE	808	1,711	2,519
TELECOMMUNICATIONS	127	111	238
Other (including holding company)	4	1	5
Total	**939**	**1,823**	**2,762**

For further information, see section 6.7.1 "Employees".

NOTE 23. OFF-BALANCE-SHEET COMMITMENTS

Off-balance-sheet commitments break down as follows:

(€ thousands)	12/31/2014	12/31/2013
Commitments received		
Bank guarantees	613	300
Total commitments received	**613**	**300**

The above information does not include:

- Amounts owed under finance leases dealt with in Note 12 to the consolidated financial statements “Financial liabilities”;
- Commitments relating to capital leases and operating leases presented in Note 26 to the consolidated financial statements “Other information”;
- Interest on borrowings presented in Note 12 to the consolidated financial statements “Financial liabilities”;

- Commitments relating to forward currency sales and interest rate swaps described in Note 9.2 to the consolidated financial statements "Financial instruments at fair value through profit or loss".

NOTE 24. ENCUMBERED ASSETS

Encumbered assets are assets used as collateral for balance sheet liabilities. They break down as follows:

(€ thousands)	12/31/2014				12/31/2013			
	Automotive Division	Telecom Division	Other subsidiaries	Total	Automotive Division	Telecom Division	Other subsidiaries	Total
Participating interests in consolidated companies (*)	199	1,290	0	**1,489**	199	1,290	0	**1,489**
Balance of debt guarantee	*632*	*0*	*0*	***632***	*916*	*1,298*	*0*	***2,214***
Trade receivables pledged	31,063	0	0	**31,063**	24,571	3,726	0	**28,298**
o.w. Dailly-type, guaranteed	*10,343*	*0*	*0*	***10,343***	*5,824*	*0*	*0*	***5,824***
Dailly-type, with recourse	*20,720*	*0*	*0*	***20,720***	*18,747*	*3,726*	*0*	***22,473***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	7,352	0	0	**7,352**	5,407	0	0	**5,407**
Inventory pledged	9	0	0	**9**	3	0	0	**3**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,980	0	0	**1,980**	360	3	0	**363**
Mortgages / pledges (land / buildings)	5,334	0	0	**5,334**	5,045	0	0	**5,045**
Total	**45,937**	**1,290**	**0**	**47,226**	**35,585**	**5,019**	**0**	**40,604**

(*) Carrying value of pledged securities

NOTE 25. RISK FACTORS

In addition to the other information set out in the Registration Document, shareholders and potential shareholders should carefully consider the factors set out below when assessing the Group and its business activities.

ACTIA Group has conducted assessments of risks that could have a material adverse effect on its business, financial position and ability to meet its objectives. This section presents the relevant material risk factors identified as of the date of publication of the Registration Document. ACTIA Group does not consider that there exist material risks other than those presented below.

Note 25.1 Legal and tax risks

There do not exist any other legal or tax risks relating to the regulatory environment and/or the performance of contracts that could or have had in the last 12 months a material impact on the Group's financial position or profitability.

Note 25.2 Industrial and environmental risks

As mentioned in our environmental report included in the Registration Document in Section 6.7.2 "The environmental impact of the business activities" therein, the Group does not have any particular exposure to environmental risks.

The Group's activities do not pose any material risks to the environment and the Group is not subject to any actual regulatory constraints specifically related to its business.

Note 25.3 Credit and/or counterparty risks

Because of both the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group's exposure to credit risk is limited. The ten largest customers account for 49.9 % of total sales. The largest customer in terms of sales account for 10.6 % of total Group revenue. It is important to note that three of these entities are international groups with many subsidiaries, operate in differentiated markets both in terms of legal form (subsidiaries/divisions) and products addressing the needs of independent segments. The next nine customers account for percentages of between 8.3% and 2.4% of consolidated revenue. This breakdown has changed little in 2014 despite growth in revenue in the period.

The Group does not anticipate any material risks relating to customer default with respect to amounts not accrued for financial receivables due (see NOTE 8 to the consolidated financial statements "Accounts receivable").

Furthermore, the Group may have recourse to credit insurers in certain cases. In 2014, credit insurance covered 7 % of consolidated sales generating a total expense of €37,000.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognized tools such as documentary credit facilities. These deliveries however concerned amounts of only 1% of sales in 2014.

Note 25.4 Operational risks

There were no major events in 2014 having a material impact on Group operations.

In line with measures undertaken for improving Group's productivity, efforts have continued to focus on the plants and particular attention was devoted to executing the inventory action plan in 2014 as a period of growth, without however reaching the target for stability. Measures implemented focused on finished products, also representing a commitment vis-à-vis our customers for maintaining buffer stocks. These efforts will be continued in 2015, and in line with expectations for growth.

The reorganization of the Toulouse-based R&D teams under the Technology Department also contributed to improving productivity for the engineering department, introducing improved scheduling for projects, greater optimization of skills by project and generally. The Group may also on occasion have recourse to external R&D services, in particular for areas involving a high degree of technicality or during intense periods of activity.

It should be specified that trends with respect to political developments in Tunisia have reinforced the Group's position in this country. There were no disruptions in either production or R&D in 2014, and local teams focus on continuous improvements in processes and quality in order to regain recognition of our know-how from customers. The efficacy in implementing the new SMD production line (see Section on Investments) in 2014 once again demonstrated the professionalism of the teams and contributed to productivity gains at our manufacturing plant.

No particular risks were identified with respect to relations with suppliers. Measures undertaken since 2012 with the main suppliers to provide for consignment stock for the primary Tunisian manufacturing structure led to agreements that have now been implemented. 2014 may be described as a test period, with benefits expected in 2015.

Note 25.5 Liquidity risks

The Company is carrying out a specific review of its liquidity risk and considers that it is able to honor its future debt obligations. By performing reviews on a regular basis in this matter, rapid responses can be adopted as necessary.

A detailed analysis of financial liabilities, cash, net debt and other financial liabilities including interest-bearing debt is presented in Note 12 to the consolidated financial statements on "Financial liabilities".

Liquidity risk for ACTIA Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive that account for 74.1 % of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

In 2014, the Group increased its recourse to short-term financing (€5,151,000):

- Accounts receivable financing (Dailly-type): + €701,000
- Overdraft facility: <€5,866,000>
- RTC financing: + €1,291,000
- CICE wage tax credit financing: + €654,000
- Cash credit lines: + €8,371,000, with a demand from the banking partners to replace the overdraft facilities by a SPOT facility in the form of commercial paper.

The level of gross debt increased by €8,492,000.

It should be noted that the increase in collateralized research tax credits (RTC) in 2014 reflects difference between the 2015 tax credit collateralized in 2014 and the 2009 tax credit repaid by the French government in 2014. Total collateralized research tax credits amounted to €6,252,000.

Furthermore, in 2014 cash at bank and in hand rose significantly (+ €7.6 million) (see Note 9.1 to the consolidated financial statements on "Cash at bank and in hand"), in line with objectives to replenish cash while continuing to finance projects (R&D and property, plant and equipment in the medium term).

In addition to the level of Group sales, the operating margin rose in 2014 which in turn resulted in an increase in EBITDA to €35.3 million, up from €27.3 million in 2013.

On that basis, the Group is in compliance for all fourteen relevant covenants (see Note 12 to the consolidated financial statements on "Financial liabilities").

In light of the effective management of debt and the steady improvement in equity, it is possible to confirm that the Group is not subject to any liquidity risks.

A detailed analysis of financial assets and liabilities is provided in Note 11 to the consolidated financial statements on “Financial assets and liabilities" and is presented in the following table by maturity

- At December 31, 2014:

(€ thousands)	< 12/31/2015	>1/1/2016 <12/31/2019	< 1/1/2020	Total
Total financial assets	127,720	8,701	1,483	**137,904**
Total financial liabilities	<117,582>	<35,422>	<1,837>	**<154,841>**
Net position before hedging	**10,138**	**<26,721>**	**<353>**	**<16,937>**
Off-balance-sheet commitments	<613>			**<613>**
Net position after hedging	**9,525**	**<26,721>**	**<353>**	**<17,549>**

- At December 31, 2013:

(€ thousands)	< 12/31/2014	>1/1/2015 <12/31/2018	< 1/1/2019	Total
Total financial assets	104,490	7,168	1,552	**113,209**
Total financial liabilities	<102,982>	<37,842>	<2,034>	**<142,859>**
Net position before hedging	**1,507**	**<30,675>**	**<483>**	**<29,650>**
Off-balance-sheet commitments	<300>			**<300>**
Net position after hedging	**1,207**	**<30,675>**	**<483>**	**<29,951>**

For ACTIA Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and receivables collection. In this respect, there are no difficulties to be reported.

ACTIA Group companies independently manage their cash needs. The parent company only intervenes in the event of difficulties. The cash is generated from the company’s operating activities and sometimes from bank lines put in place locally. Significant investments are decided at the level of Management (buildings, plant and machinery, significant R&D projects) financed partially through borrowing or lease financing by the entity concerned. ACTIA Automotive S.A., as the head of the Automotive division, sometimes finances major capital expenditure programs for its subsidiaries (for example, a telematics equipment investment for ACTIA Nordic).

Lastly, the Group benefits from cash surpluses at certain subsidiaries, and has established bilateral treasury management agreements.

To date, ACTIA Automotive S.A. has signed master agreements for cash pooling with its subsidiaries ACTIA Systems (Spain), ACTIA I+Me (Germany), ACTIA Italia (Italy) and ACTIA PCs (France) to optimize surplus cash flows within the Group. During 2014 and at year-end, ACTIA Automotive S.A. had cash of €1,200,000 originating from its subsidiaries:

- ACTIA PCs: €700,000,
- ACTIA I+Me: €500,000

Similarly, ACTIA Telecom executed a bilateral cash pooling agreement with its parent company ACTIA Group S.A. for €3 million, with €1.5 million used at December 31, 2014.

It should be noted that the purpose of these cash pooling agreements is to make use of available cash within the Group to limit recourse to short-term financing facilities and in this way reduce financial expenses. As such, they do not involve the transfer of bank loans to the subsidiaries.

Note 25.6 Market risks

- Interest rate risk

The Company has conducted an analysis of its **interest rate risk**. Figures obtained from this analysis are provided below:

(€ thousands)	Financial assets* (a)		Financial liabilities* (b)		Net position before hedging (c) = (a) - (b)		Interest rate risk hedges (d)		Net position after hedging (e) = (c) + (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	127,726		57,294	60,273	70,433	<60,273>	37,000	<37,000>	**33,433**	**<23,273>**
1 to 2 years	2,317		4,890	10,140	<2,573>	<10,140>			**<2,573>**	**<10,140>**
2 to 3 years	3,239		3,755	7,100	<516>	<7,100>			**<516>**	**<7,100>**
3 to 4 years	3,145		2,280	4,238	865	<4,238>			**865**	**<4,238>**
4 to 5 years			1,201	1,840	<1,201>	<1,840>			**<1,201>**	**<1,840>**
> 5 years	1,483		1,819	17	<336>	<17>			**<336>**	**<17>**
Total	**137,911**	**0**	**71,239**	**83,608**	**66,672**	**<83,608>**	**37,000**	**<37,000>**	**29,672**	**<46,608>**

* Detailed information on financial assets and liabilities is provided in Note 11 to the consolidated financial statements.

At Group level, the control is carried out on the breakdown of total interest rate risk to ensure that interest expense on bank remains at a reasonable level.

In most cases, bank borrowings are obtained at variable rates and the benchmark rate is the 3-month Euribor. The breakdown of financial liabilities between variable and fixed rate debt is set out in Note 12 herein on "Financial liabilities". Reflecting lower interest rates in recent years, the Group has not considered it necessary to implement new hedging instruments, in order to benefit from the exceptionally low level of floating rates, with most hedging instruments reaching maturity in 2015. A control is regularly performed for the implementation of new instruments to lock in a medium term floating rate (3 month Euribor).

To better distribute the risk between fixed and variable rates, the Group had recourse to hedging instruments. In this way, the variable portion of its bank borrowings was reduced to 46 %. The characteristics of interest rate swaps obtained by ACTIA Automotive S.A. are described in Note 9.2 to the consolidated financial statements “Financial instruments at fair value through profit or loss”.

The sensitivity to a 1% change in the benchmark has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)	12/31/2014	
	Impact on pretax earnings	Impact on shareholders' equity before tax
Impact of a 1% increase in interest rates	<466>	<466>
Impact of a 1% decrease in interest rates	466	466

❖ Exchange rate risk

Foreign currency-denominated commercial and financial transactions present a systematic exchange rate risk.

The Group has invoiced in euros all inter-company flows in countries with the highest currency risks and limited customer payment terms in countries with weakening currencies.

For transactions denominated in foreign currencies (for example in US dollar (USD) or Japanese yen (JPY) denominated purchases or sales by Euro zone entities), the companies involved independently manage their exchange rate risk, putting in place exchange rate hedges when necessary.
At December 31, 2014, ACTIA Automotive obtained foreign exchange hedges for which details are presented in Note 9.2 to the consolidated financial statements "Financial instruments at fair value through profit or loss" for the purpose of ensuring an average purchase price for US dollars (USD) for 2015 to better respond to constraints with respect to the sale prices of products sold to its customers.

Rapid movements in the EUR/USD exchange rate have different impacts depending on the approach adopted by the Group from a short-term or medium-term perspective:

- For the short term, this trend adversely impacts component purchases that are in part bought in US dollars and largely manufactured in US dollar regions. Beyond the use of hedging instruments to limit the impact of rapid changes in exchange rates, measures have been implemented with suppliers as well as customers to make the necessary price adjustments.
- For the medium-term, changes in exchange rates must enable the Group to restore its competitiveness in international calls for tender but with an 18 month-three-year time lag at the level of revenue, reflecting the development (R&D) and industrialization cycle.

With an average exchange rate for purchases in US dollars from France slightly higher than in 2013 (+0.0153 point) and slightly above financial markets, the exchange rate trend for EUR/USD marginally impacted the 2014 accounts in relation to the prior year at the level of cash flows.

The Company has conducted an analysis of its **interest foreign exchange risk** for accounts receivable and payable. Figures obtained from this analysis are provided below:

(€ thousands)	Trade receivables (Gross amounts) (a)	Trade payables (b)	Off-balance-sheet commitments (c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	85,188	<32,873>	613	52,928		52,928
USD	4,479	<6,868>		<2,389>	4,794	2,405
Other currencies	10,336	<5,721>		4,615	306	4,921
Total	**100,002**	**<45,462>**	**613**	**55,154**	**5,100**	**60,254**

The majority of transactions are accordingly in euros. The analysis of the sensitivity to a 1 % increase or decrease in foreign exchange rates was performed on the USD, the second currency most used within the Group. The nine other currencies grouped together in the table under "Other currencies" do not present a material risk.

The sensitivity to a 1% increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)		Impact on pretax earnings		Impact on shareholders' equity before tax	
		Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Net position after hedging in USD		2,405	2,405	2,405	2,405
USD	0.82366	0.83190	0.81542	0.83190	0.81542
Estimated risk		**+ 20**	**-20**	**+ 20**	**-20**

❖ Risks on equities and other financial instruments

There are no investments in equities. Only a limited number of own shares are held for ACTIA Group S.A. (see Note 3.7 to the separate financial statements "Treasury shares"). No financial instruments have been implemented other than those in connection with interest rate and foreign exchange hedging (see Note 1.17 to the consolidated financial statements “Financial instruments at fair value through profit or loss”).

❖ Raw material sourcing and energy supply risks

ACTIA Group does not implement hedges in connection with the sourcing of raw materials and/or energy. In effect, because the Group does not engage in purchases of source materials it is therefore not directly impacted by the current pressure on supplies in certain markets.

Because the Group's energy consumption requirements are limited (see Section 6.7.2 "Energy consumption" of the Registration Document), price increases in this area would not have a significant impact on the cost structure.

❖ Financing strategy

The Group's expertise is based on an active innovation strategy, with research and development accounting for two thirds of investments. This priority guides our financing strategy that is broken down into two parts:

- Medium-term financing: The Group has recourse to this type of funding to ensure the sustainability of its developments and lay the foundations for its future. The major portion of its medium-term financing (80% to 90 %) is in the form of bank loans with maturities averaging between 4 to 5 years. They are destined in particular to finance key strategic R&D projects representing approximately 35% to 45 % of the Group's R&D expenditures (see Section 6.6 "Investments" of the Registration Document). The remaining R&D financing is assured either by customers through different forms of public aid (grants, advances, research tax credits) or equity financing. Other investments concern the renewal of equipment to maintain high quality standards and manufacturing capacity for the Group's products that as a general rule are financed through capital leases (France).
- Short-term financing: short-term credit lines that are generally subject to requests for renewal, have remained stable for several years, except for trade receivables financing that is adapted to business trends. These tools are used to manage working capital requirements.

It should be short-term credit lines are rarely notified. The Group has accordingly requested that they be renewed on the same basis and has not experienced any difficulties as of December 31 with regards to these lines.

NOTE 26. OTHER INFORMATION

❖ Operating leases

Operating leases mainly relate to lease agreements for buildings, vehicles and IT equipment.

At December 31, 2014, the minimum future lease payments under these operating leases are as follows:

(€ thousands)	12/31/2014			
	< 12/31/2015	>1/1/2016 <12/31/2019	< 1/1/2020	Total
Buildings	1,143	2,488	305	**3,935**
Equipment and vehicles	902	859	18	**1,779**
Total	**2,045**	**3,346**	**323**	**5,714**

At December 31, 2013:

(€ thousands)	12/31/2013			
	< 12/31/2014	>1/1/2015 <12/31/2018	< 1/1/2019	Total
Buildings	930	1,543	293	**2,765**
Equipment and vehicles	1,016	972	12	**2,000**
Total	**1,946**	**2,514**	**305**	**4,765**

❖ Finance leases

Finance leases relate to software, buildings and plant and equipment leases.

At December 31, 2014, the minimum future lease payments under these agreements are as follows:

(€ thousands)	12/31/2014			
	< 12/31/2015	>1/1/2016 <12/31/2019	< 1/1/2020	Total
Software	0			**0**
Buildings	639	1,029		**1,668**
Plant and equipment	415	808	0	**1,224**
Total	**1,055**	**1,837**	**0**	**2,892**

❖ At December 31, 2013:

(€ thousands)	12/31/2013			
	< 12/31/2014	>1/1/2015 <12/31/2018	< 1/1/2019	Total
Software	47			**47**
Buildings	615	1,670		**2,285**
Plant and equipment	447	1,041	104	**1,592**
Total	**1,109**	**2,710**	**104**	**3,924**

NOTE 27. EVENTS AFTER THE BALANCE SHEET DATE

There have been no noteworthy events to report since December 31, 2014.

8.1.8 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2014 on

- The audit of the consolidated financial statements of ACTIA Group S.A. enclosed herewith;
- The justification of our assessments,
- The specific procedures and disclosures required by law.

These consolidated financial statements were prepared by the Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis as well through the use of other methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the financial statements for the fiscal year ended December 31, 2014 give a true and fair view of the assets, operations, and financial position of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

Justification of our assessments

In accordance with Article L823-9 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the following items:

- In performing our assessment of the accounting policies applied by your Company, we have verified the criteria adopted for capitalizing development expenditures as well as those applied for their amortization and the estimation of recoverable value. We have also verified that Note 1.7 of Section 8.1.7 to the financial statements provides the appropriate disclosures;
- Note 1.5 of Section 8.1.7 to the financial statements describes the revenue recognition method used for long-term contracts and studies in progress spread over several periods, that involve in part the use of estimates. Our work has consisted in assessing the data and assumptions on which estimated results on completion of these contracts are based, reviewing the company's calculations, comparing estimates of previous years with the actual results and reviewing the procedures for their approval by Executive Management;
- The company systematically tests goodwill for impairment at the end of each reporting period according to the procedures described in Note 1.10 (Section 8.1.7) to the financial statements. We reviewed the procedures implemented for these impairment tests as well as the cash flow forecasts and assumptions applied and verified that Note 3 (Section 8.1.7) to the financial statements provided the appropriate disclosures;
- Note 1.16 (Section 8.1.7) to the financial statements presents the procedures for the recognition and measurement of deferred tax assets. We verified the overall consistency of data and assumptions used for measuring these assets.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

Specific procedures

As required by law we also verified, in accordance with professional standards applicable in France, the information relating to the Group given in the management report.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Statutory Auditors

French original signed by:

Toulouse-Labège, April 17, 2015

KPMG Audit

A Division of KPMG S.A.

Jean-Marc Laborie

Partner

Paris, April 17, 2015

Eric Blache

8.2 Separate financial statements

8.2.1 Balance sheet of ACTIA Group SA

Balance sheet - assets (in €)		12/31/2014			12/31/2013
		Gross	Amortization/ Depreciation	Net	Net
Share capital subscribed and uncalled					
INTANGIBLE ASSETS					
Start-up expenses					
Research and development costs					
Concessions, patents and similar rights		61,642	61,567	75	5,553
Goodwill					
Other intangible assets					
Advances and prepayments on intangible assets					
PROPERTY, PLANT AND EQUIPMENT					
Land					
Buildings		11,627	11,627		
Plant and equipment, facilities and tools					
Other property, plant and equipment		135,441	115,461	19,980	2,780
Property, plant and equipment in process					
Advances and prepayments					
NON-CURRENT FINANCIAL ASSETS					
Investments in associates					
Other holdings		48,587,303	57,314	48,529,988	48,529,988
Receivables on investments		7,202,675	306,724	6,895,951	5,878,508
Other non-current investments		15,550		15,550	15,550
Loans		1,138	104	1,034	1,029
Other non-current financial assets		4,573		4,573	4,573
TOTAL NON-CURRENT ASSETS		**56,019,949**	**552,797**	**55,467,152**	**54,437,981**
INVENTORY AND WORK-IN-PROCESS					
Raw materials and supplies					
Work-in-process - goods					
Work-in-process - services					
Semi-finished and finished goods					
Goods held for resale					
Advances and prepayments on orders					
RECEIVABLES					
Accounts receivable		944,998		944,998	800,417
Other receivables		31,884		31,884	25,808
Subscribed and called capital but not yet paid up					
MISCELLANEOUS					
Marketable securities		313,281	146,535	166,746	10,886
o.w. treasury shares:	162,076				
Cash at bank and in hand		224,620		224,620	35,315
ACCRUAL ACCOUNTS					
Prepaid expenses		41,977		41,977	18,186
TOTAL CURRENT ASSETS		**1,556,760**	**146,535**	**1,410,225**	**890,611**
Deferred expenses					
Bond redemption premiums					
Translation difference - assets					
TOTAL ASSETS		**57,576,709**	**699,333**	**56,877,377**	**55,328,592**

Balance sheet - shareholders' equity and liabilities (in €)		12/31/2014	12/31/2013
Share capital	(of which paid up: 15,074,956)	15,074,956	15,074,956
Share premiums (issue, merger, contribution)		17,560,647	17,560,647
Revaluation reserves	(o.w. equity method revaluation: 0)		
Legal reserve		1,394,945	1,286,491
Reserves under bylaws or agreements			
Tax-based reserves	(including price fluctuation reserve: 0)	189,173	189,173
Other reserves	(including purchases of original works of art: 0)		
Retained earnings		4,906,922	4,253,049
NET INCOME (LOSS) FOR THE PERIOD		3,402,633	2,169,090
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**42,529,277**	**40,533,407**
Proceeds from issues of equity securities			
Subordinated loans			
OTHER SHAREHOLDERS' EQUITY			
Provisions for risks			
Provisions for expenses			
PROVISIONS FOR RISKS AND EXPENSES			
FINANCIAL LIABILITIES			
Convertible bonds			
Other bonds			
Bank borrowings		11,322,181	11,554,948
Other financial liabilities	(o.w. equity loans: 0)	1,881,244	1,548,274
Advances and prepayments on orders			
OPERATING LIABILITIES			
Accounts payable		790,027	1,257,929
Amounts payable to payroll tax agencies		133,718	118,449
OTHER MISCELLANEOUS LIABILITIES			
Liabilities on non-current assets			
Other liabilities		55,931	68,086
ACCRUAL ACCOUNTS			
Deferred income		165,000	247,500
LIABILITIES		**14,348,099**	**14,795,186**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**56,877,377**	**55,328,592**

8.2.2 Income statement of ACTIA Group SA

Income statement (in €)	France	Exports	12/31/2014	12/31/2013
Sales of goods held for resale				
Sales of work				
Sales of services			2,264,219	2,097,228
NET SALES			**2,264,219**	**2,097,228**
Stored production				
Capitalized production				
Operating subsidies				
Reversals of depreciation, amortization and provisions and expense reclassifications			350,322	333,902
Other income				
OPERATING INCOME			**2,614,541**	**2,431,130**
Purchases of goods held for resale (including customs duties)				
Changes in inventories of goods held for resale				
Purchases of raw materials and other supplies (including customs duties)				
Changes in inventories of raw materials and other supplies				
Other purchases and external charges			2,628,878	2,432,768
Taxes and duties other than income tax			22,434	32,459
Wages and salaries			472,840	449,767
Payroll charges			200,748	198,268
OPERATING ALLOWANCES				
On non-current assets: depreciation and amortization			6,972	17,206
On non-current assets: allowances to provisions				
On current assets: allowances to provisions				
For contingencies and expenses: allowances for provisions				
Other expenses			30	
OPERATING EXPENSES			**3,331,902**	**3,130,467**
NET OPERATING INCOME (LOSS)			**<717,361>**	**<699,337>**
JOINT VENTURES				
Profits attributed or losses transferred				
Losses incurred or profits transferred				
FINANCIAL INCOME				
Financial income from investments			4,025,610	2,983,948
Income from other marketable securities and capitalized receivables			343,399	197,818
Other interest and similar income				
Reversals of provisions and expense reclassifications			6,001	7,224
Foreign exchange gains				
Net gains on disposal of marketable securities			396	
FINANCIAL INCOME			**4,375,406**	**3,188,989**
Amortization and allowances to provisions			532	333
Interest and similar charges			213,104	208,012
Foreign exchange losses			20	30
Net losses on disposal of marketable securities				
FINANCIAL EXPENSES			**213,656**	**208,375**
NET FINANCIAL INCOME (LOSS)			**4,161,750**	**2,980,614**
NET INCOME (LOSS) BEFORE NON-RECURRING ITEMS/INCOME TAX			**3,444,388**	**2,281,278**

Income statement (in €)	12/31/2014	12/31/2013
Non-recurring income from hedging transactions	451	13
Non-recurring income from capital transactions		8
Reversals of provisions and expense reclassifications		42,863
NON-RECURRING INCOME	**451**	**42,884**
Non-recurring expenses on hedging transactions	4	112,869
Non-recurring expenses on capital transactions		
Non-recurring depreciation, amortization and allocations to provisions		
NON-RECURRING EXPENSES	**4**	**112,869**
NET NON-RECURRING ITEMS	**448**	**<69,984>**
Statutory employee profit-sharing scheme		
Income tax	42,203	42,203
TOTAL INCOME	**6,990,398**	**5,663,004**
TOTAL EXPENSES	**3,587,765**	**3,493,914**
NET INCOME (LOSS) FOR THE PERIOD	**3,402,633**	**2,169,090**

8.2.3 Notes to the separate financial statements of ACTIA Group SA

NOTE 1. HIGHLIGHTS OF THE FINANCIAL YEAR

ACTIA Group S.A. fulfilled its role as Group coordinating holding company in 2014.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The 2014 annual financial statements were prepared on the basis of French GAAP and notably the provisions of Regulation 2014-03 of the French accounting standard setter (*Autorité des Normes Comptables*) approved by the ministerial decree of September 8, 2014 relating to the French General Chart of Accounts (*Plan Comptable Général*).

Note 2.1 Intangible assets

Rights and concessions are amortized on a straight-line basis over one or two years.

Note 2.2 Property, plant and equipment

The Company complies with regulations CRC 2002-10 on asset amortization, depreciation and impairment and CRC 2004-06 on the definition, recognition and measurement of assets, applicable to periods beginning from January 1, 2005.

These regulations in particular prescribe that capitalized assets should be broken down and amortized or depreciated over their own useful lives if these differ from the principal item of property, plant and equipment.

Items of property, plant and equipment are recognized at acquisition cost. Cost components include:

- The purchase cost, including customs duties and non-refundable purchase taxes less trade discounts and rebates;
- Costs directly attributable to transferring and commissioning the asset; and
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

Borrowing costs are excluded from the cost of non-current assets.

Where material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, the depreciation is recognized by component. To date the treatment by component has not been applied for any non-current asset.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied are as follows:

- Plant and equipment, facilities and tools: 6 to 10 years;
- Other items of property, plant and equipment: 3 to 10 years.

Note 2.3 Non-current financial assets

Investment securities are recognized in the balance sheet at acquisition cost or contribution value.

When the net assets of the company fall below the acquisition cost and there are no grounds to expect a recovery, an impairment loss may be recorded to the extent that the value in use is under the carrying amount of the securities held in this company.

The value in use is assessed using in particular the discounted future cash flow method. This approach is based on the most likely sales and profitability outlook at the balance sheet date. It should be noted that this approach that is subject to unpredictable occurrences and uncertainties like any forecasting method, confirms that the securities in question did not incur any impairment.

Note 2.4 Receivables

Receivables are measured at their nominal value. A provision for impairment is recognized depending on the age of the receivables and risks of non-recovery.

Note 2.5 Pension liabilities

Pension liabilities have been calculated according to the French accounting regulation CNC 2003-R-01 according to an actuarial estimate of potential rights vested by employees on the balance sheet date.

The main assumptions applied at the balance sheet date were:

- A discount rate: 1.49 % (3.17 % in 2013),
- Salary escalation rate; 2.25 %,
- Retirement age: 67
- Low turnover rate:

Age of employee	20	30	40	50	60	65
Employee turnover rate (managers and non-managers)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2007:

Age of employee	20	30	40	50	60	65
Life expectancy for men	99,076	98,187	96,849	93,532	86,496	81,202
Life expectancy for women	99,382	99,080	98,464	96,858	93,667	91,188

Off-balance sheet commitments include pension liabilities of €79,166.

NOTE 3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

The balance sheet date of the financial statements is December 31, 2014 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

(in €)	12/31/2013	Acquisitions	Disposals and write-offs	12/31/2014
Start-up expenses	0			0
Other intangible assets	61,635	150	143	61,642
Total	**61,635**	**150**	**143**	**61,642**

The amortization was as follows:

(in €)	12/31/2013	Allowances	Reversals	12/31/2014
Start-up expenses	0			0
Other intangible assets	56,083	5,628	143	61,567
Total	**56,083**	**5,628**	**143**	**61,567**

Note 3.2 Property, plant and equipment

The gross amounts of **property, plant and equipment** changed as follows:

(in €)	12/31/2013	Acquisitions	Disposals and write-offs	12/31/2014
Land	0			0
Buildings	11,627			11,627
Plant and equipment, facilities and tools	0			0
Other	116,896	18,545		135,441
Property, plant and equipment in process	0			0
Total	**128,523**	**18,545**	**0**	**147,068**

The amortization was as follows:

(in €)	12/31/2013	Allowances	Reversals	12/31/2014
Land	0			0
Buildings	11,627			11,627
Plant and equipment, facilities and tools	0			0
Other	114,116	1,345		115,461
Total	**125,743**	**1,345**	**0**	**127,088**

Note 3.3 Non-current financial assets

These changed as follows:

(in €)	Amounts of Securities in the Balance Sheet				Held at 12/31/14 (%)	Shareholders' equity prior to earnings appropriation at 12/31/2014	2014 sales excl. tax	Net income (loss) at 12/31/14
	12/31/2013		12/31/2014					
	Gross amounts	Carrying amounts	Gross amounts	Carrying amounts				
HOLDINGS								
Subsidiaries and holdings > 10%								
ACTIA AUTOMOTIVE	24,891,882	24,891,882	24,891,882	24,891,882	99.98%	39,681,177	154,460,079	6,968,728
ACTIA TELECOM	23,225,509	23,225,509	23,225,509	23,225,509	91.51%	30,306,072	39,972,478	2,072,034
MORS INC.	0	0	0	0	100.00%	ND	ND	ND
CYT	33,494	0	33,494	0	15.00%	ND	ND	ND
ARDIA (*)	151,680	151,680	151,680	151,680	53.33%	684,809	5,846,726	513,116
SCI ORATOIRE	199,098	199,098	199,098	199,098	86.00%	5,397	386,412	197,909
SCI POUVOURVILLE	41,161	41,161	41,161	41,161	27.50%	1,226,344	760,756	76,270
Subsidiaries and holdings < 10%								
CIPI ACTIA (*)	10,138	10,138	10,138	10,138	0.20%	1,757,525	9,614,744	1,308,219
SCI SODIMOB	7,030	7,030	7,030	7,030	2.00%	216,840	101,332	64,831
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	ND	ND	ND
CONTINENTALE	47	0	47	0	NM	ND	ND	ND
STEM	22,812	0	22,812	0	NM	ND	ND	ND
CGC	960	0	960	0	NM	ND	ND	ND
Total	**48,587,303**	**48,529,988**	**48,587,303**	**48,529,988**				
OTHER NON-CURRENT INVESTMENTS								
1% Construction (French social housing tax)	15,550	15,550	15,550	15,550				
Total	**15,550**	**15,550**	**15,550**	**15,550**				
OTHER NON-CURRENT FINANCIAL ASSETS								
Loan	1,029	1,029	1,138	1,034				
Miscellaneous receivables	4,573	4,573	4,573	4,573				
Total	**5,602**	**5,602**	**5,712**	**5,608**				

NM: Not material - ND: Not disclosed

(*) Foreign subsidiaries for which the balance sheet data is translated at the year-end exchange rate and income statement data at the average exchange rate of the period.

Note 3.4 Inventories

None.

Note 3.5 Advances and prepayments on orders

None.

Note 3.6 Accounts receivable

(in €)	Gross amounts	Carrying amounts	Due < 1 year	Due > 1 year
Investment-related receivables	7,202,675	6,895,951	4,310,951	2,585,000
Accounts receivable	944,998	944,998	944,998	
Other receivables (including deferred expenses)	73,861	73,861	73,861	
Total	**8,221,534**	**7,914,810**	**5,329,810**	**2,585,000**

Note 3.7 Treasury shares

ACTIA Group holds 1,399 treasury shares with a gross value of €153,043. These shares were owned by MORS S.A. at the time of the merger in 2000.

Since the merger with MORS S.A., the Group has proceeded with a number of share buyback programs.

The last share buyback program was authorized by the General Meeting of May 28, 2014 for 18 months. This program complies with articles L.225-209 *et seq.* of the French commercial code. Under this program, shares may be purchased to:

- Ensure the orderly trading of and liquidity in the Company's share;
- Retain shares for future use for payment or exchange in connection with acquisitions;
- Set aside shares for stock option plans;
- Set aside shares to meet requirements relating to securities giving rights to share grants.

Since the inception of the programs to December 31, 2014, ACTIA Group bought back 61,996 shares.

In addition, ACTIA Group also transferred:

- 35 treasury shares to a shareholder upon the exercise of 70 share warrants in 2005; and
- 32 treasury shares to two shareholders upon exercise of 64 share warrants in 2007.

On September 20, 2010, at the end of the grant period 60,000 treasury shares were transferred to Christian Desmoulins, Chairman of the Executive Board.

At December 31, 2014, ACTIA Group S.A. now holds in connection with the buyback programs, 1,929 treasury shares recognized as current assets at a gross value of €9,033, representing an average price of €4.68.

A provision for treasury shares (1,929 shares of the share buyback program and 1,399 shares held pursuant to the MORS SA merger) is calculated on the basis of the closing price, i.e. on December 31, 2014 a provision of €145,726 on the basis of a price of €5.24.

Breakdown of treasury shares at December 31, 2014:

Origin	Number of shares	Gross amount	Provision	Net value
Merger with MORS S.A. in 2000	1,399	153,043 €	145,726 €	7,317 €
Share buyback programs	1,929	9,003€	- €	€ 9,003
Total	**3,328**	**162,076 €**	**145,726 €**	**16,350 €**

On December 2, 2014, ACTIA Group tasked the brokerage firm, Portzamparc, to implement a liquidity agreement compliant with conduct of business rules recognized by the French Association of Investment Firms (Association Française des Marchés Financiers or AMAFI) and approved by the decision of the AMF of March 21, 2011.
This liquidity agreement was concluded for a renewable period of one year. Its purpose is to ensure the orderly trading in the ACTIA Group share on Euronext Paris.

On December 31, 2014, ACTIA Group held through this liquidity contract, 18,297 of its own shares and €54,091.57 in cash.

Note 3.8 Shareholders' equity

At December 31, 2014, there were no stock option plans established by the Company and the Share Capital amounted to €15,074,955.75 divided into 20,099,941 shares with a par value of €0.75 per share. The total amount of share premium is henceforth €14,693,643.96.

Accordingly net assets changed as follows over the period:

(in €)	Balance at 12/31/2013 prior to earnings allocation	Earnings allocation 2013			Share capital increase	Balance at 12/31/2014 prior to proposed earnings appropriation
		Retained earnings	Dividends			
			Paid to shareholders	Treasury shares		
Share capital	15,074,956					15,074,956
Share premiums	14,693,644					14,693,644
Merger premiums	2,867,003					2,867,003
Legal reserves	1,286,491	108,455				1,394,945
Restricted reserves	189,173					189,173
Retained earnings	4,253,049	653,640		233		4,906,922
Net income (loss) for 2013	2,169,090	<762,095>	<1,406,763>	<233>		<0>
Net income (loss) for 2014	0					3,402,633
Total	**40,533,407**	**0**	**<1,406,763>**	**0**	**0**	**42,529,277**

At December 31, 2014, restricted reserves set aside to cover treasury shares totaled €16,350.

Note 3.9 Provisions for expenses

None.

Note 3.10 Liabilities

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

(in €)	12/31/2014			Total
	< 12/31/2014	>1/1/2015 <12/31/2018	< 1/1/2019	
Bank borrowings and debts	6,291,537	5,030,644		11,322,181
o.w. MLT borrowings	*2,787,110*	*5,030,644*		*7,817,754*
ST bank lines and commercial paper	*3,489,587*			*3,489,587*
Interest accruing on financial liabilities	*14,839*			*14,839*
Other financial liabilities	1,881,244			1,881,244
Advances and prepayments on orders				0
Accounts payable	790,027			790,027
Amounts payable to payroll tax agencies	133,718			133,718
Other liabilities (including deferred income)	138,431	82,500		220,931
Total	**9,234,955**	**5,113,144**	**0**	**14,348,099**

Certain medium to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €3,248,468 or 41.6 % of medium and long-term debt. Compliance with these covenants is verified at the end of each period on the basis of ACTIA Group's consolidated financial statements.

At December 31, 2014 the breakdown of the medium to long-term borrowings and covenants is as follows:

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2014	Covenant				
				Ratios at Dec. 31, 2014 (calculated on the basis of the consolidated financial statements)	Compliance (1)		Reclassification under current borrowings (2)	
					At Dec. 31, 2013	At Dec. 31, 2014	At Dec. 31, 2013	At Dec. 31, 2014
750,000	2010	5	117,349	-				
750,000	2010	5	132,529	Net debt / Equity < 1.15	R	R	-	-
				Interest expense / GOS (5) < 30%	R	R		
1,000,000	2010	5	121,677	-				
1,000,000	2010	5	150,000	Net debt / EBITDA ≤ 5	R	R	-	-
				Net debt / Equity < 1	R	R		
1,000,000	2010	5	200,000	-				
700,000	2011	5	256,342	-				
400,000	2011	5	141,396	Net debt / Equity < 1.15	R	R	-	-
				Interest expense / GOS < 30%	R	R		
1,000,000	2011	5	366,684	-				
1,000,000	2012	5	500,000	Net debt / Equity < 1.20	R	R	-	-
				Interest expense / EBITDA < 30%	R	R		
				Net debt / EBITDA < 5	R	R		
1,000,000	2012	5	563,296	-				
500,000	2013	5	372,711	Net debt / Equity ≤ 1.15	R	R	-	-
				Interest expense / EBITDA < 30%	R	R	-	-
				Net debt / EBITDA < 5	R	R	-	-
2,000,000	2013	5	1,515,881	-				
1,000,000	2014	5	951,832	Net debt / Equity ≤ 1.15	/	R		-
				Interest expense / EBITDA < 30%	/	R		
				Net debt / EBITDA < 5	/	R		
1,000,000	2014	4	1,000,000	Net debt / Equity ≤ 1.15	/	R		-
				Interest expense / EBITDA < 30%	/	R		
				Net debt / EBITDA < 5	/	R		
1,500,000	2014	5	1,428,058	-				
Total			**7,817,755**				**0**	**0**

(*) R = Respected - (**) B = Breached
(2) Non-current portion of debt reclassified under "Current financial liabilities"
(5) GOS = gross operating surplus (EBE or *excédent brut d'exploitation*)

In 2014, the trend for ACTIA Group sales had a significant impact on the "Net Debt to Equity" and "Net debt / EBITDA" ratios with:

- An improvement in equity in response to the consolidated profit;
- An increase in gross debt offset by cash at bank and in hand;
- An increase in EBITDA reflecting mainly the upturn in activity combined with the improvement in the operating margin.

Based on these factors, all covenants at December 31, 2014 were satisfied, as at December 31, 2013.

Note 3.11 Revenue

Because of the nature of its activity as a holding company, revenue of ACTIA Group S.A. corresponds to amounts originating from chargebacks to its affiliated undertakings.

Note 3.12 Deferred income

Deferred income corresponds to the share of dividends paid by SCI Les Coteaux de Pouvourville, (27.5%-held) to ACTIA Group S.A. in 2005. These dividends, amounting to €990,000, are spread over a period of 12 years, which is identical to the term of lease-back after the sale of the buildings by SCI Les Coteaux de Pouvourville. This straight-line deferred recognition began in 2005 and will end in 2016.

Note 3.13 Reclassifications of operating expenses

Under operating income, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for subsidiaries:

- Travel and miscellaneous expenses: 7,207 €
- Insurance (including brokerage services): 342,065 €
- Maintenance, repairs: 1,049 €

Note 3.14 Net finance income (expense)

The most material items of financial income are:

- Dividends received from subsidiaries 3,863,011 €
- Interest on current accounts of subsidiaries: 162,598 €
- Income from off-balance sheet commitments in favor of subsidiaries: 343,299 €

Financial expenses are mainly comprised of:

- Interest on commercial paper: 41,275 €
- Interest and similar expenses on bank borrowings: 126,359 €
- Interest on bank current account credit balances: 25,127 €

Note 3.15 Non-recurring items

There were no other material non-recurring items in fiscal 2014.

Note 3.16 Earnings per share

Basic earnings per share at December 31, 2014 are calculated on the basis of a net income of €3,402,633 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

(in €)	12/31/2014	12/31/2013
Net income (loss)	3,402,633	2,169,090
Shares issued at January 1	20,099,941	20,099,941
Issuance of new shares	0	0
Treasury shares	<3,328>	<3,329>
Earnings per share	**0.17**	**0.11**

Note 3.17 Financial commitments and collateral provided

Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €25,322,751 at December 31, 2014 versus € 21,637,593 at December 31, 2013.

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to €201,768,403 breaking down as follows:

- Client guarantees [(1)]: 211,398,376 €
- Lease payment guarantee: 286,500 €

[(1)] *Including a guarantee of €200,000,000 covered by an insurance policy taken out directly by the subsidiary in question.*

Collateral provided by ACTIA Group S.A. for bank borrowings:

- 125,000 shares in its subsidiary ACTIA Telecom;

Lease-back agreement guarantees:

- 1,650 shares in its subsidiary SCI Les Coteaux de Pouvourville;
- 860 shares in its subsidiary SCI Oratoire.

NOTE 4. OTHER INFORMATION

Note 4.1 Accrued expenses

Accrued expenses consist mainly of auditors' fees for €46,254.

Note 4.2 Dividends

The appropriation of 2014 earnings is set out in Section 6.11.3 "Earnings appropriation" of the Registration Document. A proposal will be submitted to distribute a dividend of €0.10 per share compared to €0.07 from the earnings of 2013.

Note 4.3 Unrealized tax position

At December 31, 2014, the unrealized tax position was comprised of losses of €6,744,504 remaining to be carried forward.

Note 4.4 Headcount at the balance sheet date

	2014	2013
Managers and supervisors	4	3
Employees	1	1
Students on work placements		
Workers		
Total	**5**	**4**

In 2014, vested individual training rights (*Droit Individuel à la Formation* or DIF) amounted to 460 hours.

Note 4.5 Related-party transactions

Related-party balances at 12/31/2014	Parent	Subsidiaries	Other related companies
Balance sheet ASSETS			
Investment-related receivables		7,202,675	
Provision for receivables on investments		<306,724>	
Accounts receivable	468	943,434	
Other receivables			
Balance sheet SHAREHOLDERS' EQUITY AND LIABILITIES			
Accounts payable	696,378	1,884,751	
Income statement			
Operating expenses	1,719,949	85,015	5,375
Financial expenses		19,502	
Non-recurring expenses			
Operating income	80,989	2,535,875	
Financial income		4,368,909	
Non-recurring income			

Operating expenses payable to the parent company represent amounts invoiced for services rendered.

Note 4.6 Risks and hedging policy

- Interest rate risk:

The table below provides a breakdown between fixed and variable rate financial debt of ACTIA Group S.A. at December 31, 2014:

(in €)	2014			2013		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Medium and long-term borrowing	1,146,635	6,671,119	**7,817,754**	1,678,298	5,436,024	**7,114,322**
Commercial paper/short-term bank lines		3,489,587	**3,489,587**	0	4,425,625	**4,425,625**
Total in euros	**1,146,635**	**10,160,706**	**11,307,341**	**1,678,298**	**9,861,649**	**11,539,947**
Total in %	10%	90%	**100%**	15%	85%	**100%**

The sensitivity to a 1 % increase in the benchmark (3 month Euribor) was calculated on a pre-hedging basis. At December 31, 2014, this represented €102,000 including €67,000 for medium and long-term borrowings (€99,000 at December 31, 2013 including €54,000 for medium and long-term borrowings).

However, interest rate hedges have been set up at the level of the main subsidiary ACTIA Automotive S.A., with an analysis of interest rate risk at the Group level, which reduces it on a consolidated basis to 46 %.

- Equity risk:

At December 31, 2014, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a 1 point decline in the share price is consequently €3,000.

- Exchange rate risk:

There are currently no foreign currency transactions in progress.

Note 4.7 Remuneration for management body members

Executive Board and Supervisory Board members do not receive any remuneration from ACTIA Group S.A. For further information see Section 6.14 "Remuneration and benefits".

Note 4.8 Events after the balance sheet date

No noteworthy events have taken place since December 31, 2014

Note 4.9 Consolidating company

S.A. **LP2C** with a capital of € 6,751,560

Registered office: 5 rue Jorge Semprun - 31432 Toulouse

Toulouse Companies Register (RCS): No. B 384 043 352

8.2.4 Report of the Statutory Auditors on the annual financial statements of ACTIA Group SA

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2014 on:

- The audit of the annual financial statements of ACTIA Group 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 Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

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 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 and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as at 31 December 2014 and the results of its operations for the year ended in accordance with French accounting standards.

Justification of our assessments

In accordance with Article L823-9 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the following items:

Note 2.3 (Section 8.2.3) to the financial statements presents the accounting rules and methods to determine value in use of investment securities.

Our work has consisted in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the company and examining the procedures for management's approval of these estimations.

These assessments were made as part of our audit of the annual financial statements taken as a whole and, therefore, contribute to the audit opinion we formed which is expressed in the first part of this report.

Specific verifications and information required by law

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

We have nothing to report with respect to the fairness and compliance with the annual financial statements of the information given in the Executive Board's management report and in the documents addressed to the shareholders on the financial condition and annual financial statements,

Regarding the information provided in accordance with the provisions of article L225-102-1 of the French Commercial Code on compensation and benefits paid to corporate officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your company from companies exercising control over or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we have verified that the management report contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Statutory Auditors

French original signed by:

Toulouse-Labège, April 17, 2015	Paris, April 17, 2015
KPMG Audit	
A Division of KPMG S.A.	Eric Blache
Jean-Marc Laborie	
Partner	

8.3 Miscellaneous financial information

8.3.1 Fees paid to the Statutory Auditors

Pursuant to Article 222-8 of the General Regulations of the AMF, the table below presents the amount excluding tax of audit fees paid in respect of the Group's separate and consolidated financial statements. These fees cover services provided and expensed in fiscal 2014 in the accounts of ACTIA Group S.A. and its subsidiaries whose income statements of the period and balance sheets are fully consolidated. For information, the balance of Auditors' fees relating to the period is often invoiced in the first half of the following period. This was the case for the balance of fees for 2013 invoiced in early 2014.

For improved clarity with respect to information on the parent company and subsidiaries, we have opted for a presentation of amounts as agreed in the letter of engagement

Overall, Auditors' fees have remained stable from one period to the next.

(€ thousands)	KPMG				Eric Blache			
	Amount ex-VAT		%		Amount ex-VAT		%	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit fees in respect of the separate and consolidated financial statements:								
Issuer: ACTIA Group S.A.	82	80	16.6%	17.2%	41	40	81.1%	80.8%
Fully consolidated subsidiaries	399	385	81.3%	82.8%	9	9	17.9%	18.2%
Other services directly related to statutory auditing:								
Issuer: ACTIA Group S.A.	10	0	2.0%	0.0%	0	0	0.0%	0.0%
Fully consolidated subsidiaries	0	0	0.0%	0.0%	1	1	1.0%	1.0%
SUBTOTAL	**491**	**465**	**100.0%**	**100.0%**	**50**	**50**	**100.0%**	**100.0%**
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	4	33	79.8%	100.0%	0	12	0.0%	71.5%
Other	1	0	20.2%	0.0%	1	5	100.0%	28.5%
SUBTOTAL	**5**	**33**	**100.0%**	**100.0%**	**1**	**17**	**100.0%**	**100.0%**
TOTAL ACTIA Group	**495**	**497**	**100.0%**	**100.0%**	**51**	**67**	**100.0%**	**100.0%**

Audit fees for the separate and consolidated financial statements for the fiscal periods ended December 31, 2014 and 2013 respectively concern primarily professional services undertaken to review and certify the consolidated financial statements of the Group prepared in accordance with IFRSs as adopted in the European Union and certification of the statutory accounts of certain Group subsidiaries, compliance with local regulations and review of documents filed with the AMF, the French financial market authority.

Other services provided related directly to missions performed by the Auditors or a member of their networks concern those relating to normal statutory auditing missions (drafting of special certificates, performance of due diligence in connection with acquisitions or disposals or companies to be consolidated or deconsolidated).

Other legal, tax, labor services concern services provided by the network to fully consolidated subsidiaries that do not fall under the scope of auditing services rendered by a member of the network of KPMG or by Eric Blache and his firm to consolidated subsidiaries. These assignments concern primarily providing assistance in respect to compliance with tax obligations unrelated to services relating to the statutory audit engagement, and outside of France.

8.3.2 Dividend policy

FY	Dividend per share €	Total dividend distributed €
2007	0.05	992,997.05
2008	0.05	992,997.05
2009	0.00	0.00
2010	0.00	0.00
2011	0.00	0.00
2012	0.07	1,406,995.87
2013	0.07	1,406,995.87

After a period of providing support to the Group, notably in connection with requirements relating to R&D expenditures for electronic diagnostics and the emergence of digital tachographs, ACTIA Group has adopted a dividend policy since the 2007 accounting period, in line with its policy for Shareholders' equity as described in Note 13 "Shareholders' equity" to the consolidated financial statements and in relation with consolidated earnings. This policy was temporarily interrupted for fiscal years 2009 to 2011 in response to the economic situation and was resumed as soon as results returned to the level for equity initially budgeted in order to permit the Group to reduce debt for all Group structures.

It is furthermore specified that this policy covers all qualifying Group companies showing a profit to which is applied a percentage of distribution defined in accordance with their authorized capital spending requirements and legal constraints.

8.3.3 Legal and arbitration proceedings

In the normal conduct of its operating activities, the Group is faced with a certain number of disputes or legal proceedings (involving employees, customers, suppliers, etc.). Provisions are established for these proceedings in accordance with applicable accounting procedures.

As indicated since the 2010 Registration Document, a claim was filed against our subsidiary ACTIA Muller S.A. by the Work Inspectorate in connection with two fatal accidents that occurred at its expert shock absorber units for trucks, arising under very similar circumstances, whereby an error caused by the victims had been identified in both cases.

Charged in 2012 for manslaughter in connection with the workplace in both these cases, on January 8, 2013 ACTIA Muller S.A. was granted a ruling of dismissal for one of these cases. The other case was referred to the criminal Court (*Tribunal Correctionnel*) by a ruling of August 7, 2013 issued by the investigating judge. In connection with this suit, ACTIA Muller has just received a summons to appear before the Criminal Court of Valence.

For a period of at least the last twelve months there have been no other governmental, legal or arbitration proceedings, (including any of which the Company is aware that are pending or threatened), that could have or recently had a material impact on the financial position or profitability of the issuer and/or the Group.

Concerning disputes in progress in 2014, provisions are established on a case-by-case basis according to the degree of risk or the duration of the proceeding (see details provided in the Note 15 to the consolidated financial statements on "Provisions"). However, none of these disputes constitutes material risks for the Group.

8.3.4 Significant changes in the issuer's financial or trading policies

There have been no material events since the balance sheet date of December 31, 2014 in connection with the Group's financial or trading position.

9. ADDITIONAL INFORMATION

9.1 Share capital

At December 31, 2014 and until the publication date of this document, shares of ACTIA Group are included in Segment C of Euronext Paris (companies with a capitalization of less than €150 million) under ISIN code FR0000076655 (see Note 13 to the consolidated financial statements on “Shareholders' equity”).

9.1.1 Subscribed share capital

The Share Capital amounts to €15,074,955.75, split into 20,099,941 shares with a par value of €0.75 each, fully paid up and all in the same class.

Since the last capital increase recorded on September 15, 2008, there have been no changes in the Share Capital up until the date of signature of this document.

9.1.2 Shares not representing capital

Not applicable.

9.1.3 Treasury shares

Information on these securities is provided in Note 3.7 to the separate financial statements on "Treasury shares".

9.1.4 Convertible or swappable securities or securities with warrants

Not applicable.

9.1.5 Vesting conditions

Not applicable.

9.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

9.1.7 History of the Share Capital

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
1993		FFR 50	FFR 113,645,832	FFR 142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	FFR 10	FFR (113,645,832)	FFR 28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	FFR 10	FFR 129,917,897	FFR 92,772,550	9,277,255
January 1995	Capital increase via the exercise of share warrants	FFR 10	FFR 6,696	FFR 92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	FFR 10	FFR 2,400	FFR 92,776,340	9,277,634
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	FFR 4	FFR (129,926,993)	FFR 37,110,536	9,277,634

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
February 1999	Issue of share warrants in favor of Electropar	FFR 4	FFR 1	FFR 37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	FFR 0.5	-	FFR 4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	FFR 0.5	FFR 31,737,488	FFR 77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	FFR 5	-	FFR 77,341,040	15,468,208
May 2000	Conversion of capital into euros	€0.75	-	€11,601,156	15,468,208
October 2000	Recording of the exercise of subscription options by Group employees (5th tranche)	€0.75	€327,168	€11,792,856	15,723,808
December 2000	Capital increase for cash	€0.75	€9,148,160	€12,864,906	17,153,208
October 2004	Capital increase for cash in the form of share warrants	€0.75	€4,875,000	€14,271,156	19,028,208
April 2005	Capital increase for cash following the grant of bonus share warrants	€0.75	€3,606,685	€14,879,024	19,838,699
March 2006	Capital increase for cash, following the subscription of share warrants	€0.75	€79,466	€14,894,956	19,859,941
September 2008	Capital increase for cash, following the exercise of stock options	€0.75	€280,800	€15,074,956	20,099,941

9.1.8 Description of the Company's share buyback program

See Note 3.7 to the separate financial statements on “Treasury shares".

9.2 Memorandum of Incorporation and articles of association

9.2.1 Corporate purpose

“Article 3 of the articles of association: Purpose

The Company's purpose in France and abroad includes:

- The analysis, design, manufacture and after-sales servicing of mechanical, hydraulic, electrical and electronic systems;
- Any transaction of any kind whatsoever directly or indirectly relating to this object and likely to facilitate its development, achievement or sale;

- The concession, franchising of any trademark, patent, product or service and more generally investment by the Company in any existing or future company or entity, that may directly or indirectly relate to the corporate objects or to any similar or connected objects and by any means in particular via the incorporation of new companies, contributions, mergers, alliances or joint ventures;
- The management of its portfolio of securities as well as all movable and real property transactions and related services;
- The provision of services in particular legal, financial, accounting, administrative, organization and management, communications, marketing and in general all financial, commercial, industrial, movable and real property transactions that may directly or indirectly relate to the above objects or to any similar or related activity."

9.2.2 Members of the administrative, management and supervisory bodies

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

Membership of the management bodies, Supervisory Board and Executive Board, is covered in Section 6.13.1 "Membership of the Supervisory Board and the Executive Board" of the Registration Document.

Supervisory Board

“Article 22 of the articles of association: Missions and powers of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. Throughout the course of the year it carries out whatever checks and controls it feels are appropriate and may request any documentation it feels necessary for the performance of its work. It authorizes the Executive Board, to the extent permitted under applicable legislation, to provide deposits, avals or guarantees in the Company's name, to dispose of buildings, to partially or wholly dispose of or acquire interests and to grant sureties."

Executive Board

“Article 16 of the articles of association: Powers and obligations of the Executive Board – Executive Management

The Executive Board is empowered with the broadest possible powers to act on the Company's behalf vis-à-vis third parties in all circumstances, within the scope of the corporate purpose and subject to those powers expressly reserved by the French Commercial Code for the Supervisory Board and General Meetings. In its dealings with third parties, the Company is bound even by the acts of the Executive Board outside the scope of the corporate purpose, unless it transpires that the third party was aware that such acts exceeded these objects or could not but have been aware given the circumstances.

However, other than transactions in respect of which the Supervisory Board's authorization is required by law, it is stipulated for internal purposes and not binding on third parties, that certain decisions may not be taken by the Executive Board and that certain acts or undertakings may not be entered into or signed by the Chairman of the Executive Board or, as the case may be, by a Chief Executive Officer, without prior authorization by the Supervisory Board when they in particular relate to the following:

- Purchase of buildings worth in excess of a sum determined by the Supervisory Board;
- Purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth in excess of a sum determined by the Supervisory Board;
- The setting up of entities of any kind both in France and abroad, representing an investment in excess of a sum determined by the Supervisory Board; closure of these entities;
- Borrowings even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- Incorporation of companies and taking of interests of all forms in any company or entity where the amount exceeds a sum determined by the Supervisory Board;
- Loans, credits or advances granted by the Company for a period and / or amount in excess of those determined by the Supervisory Board;
- Renting, leasing of all buildings or business assets for a period and/or amount in excess of those determined by the Supervisory Board;
- Any contract with a term in excess of that determined by the Supervisory Board;
- Direct commitments even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- Membership of an economic interest grouping or any form of venture or company that may give rise to joint and / or indefinite liability for the Company;

- Taking on and laying off Company employees with annual salaries in excess of a sum determined by the Supervisory Board;
- Representing the Company in respect of legal actions, legal settlements, voluntary liquidation, administration or court-ordered winding up;
- Calling an Ordinary General Meeting where the agenda includes:
  - The nomination of candidates for membership of the Supervisory Board;
  - The dismissal of one or more members of the Supervisory Board;
  - The reappointment of one or more members of the Supervisory Board;
- Calling an Extraordinary General Meeting where the agenda includes:
  - The total or partial contribution of corporate assets, to one or more, existing or future, companies, by way of merger, spin-off or partial asset contribution;
  - The reduction, increase, whether directly or indirectly, immediately or over time, or redemption of the share capital;
  - The amending of one or more provisions of the articles of association;
- The exceeding of the budget for the current financial year, previously approved by the Supervisory Board;

In addition, the acceptance by a member of the Executive Board of an executive, management or supervisory position, as well as a position of employee, in another company should be submitted by the member in question for the approval of the Supervisory Board.

At least once a quarter, the Executive Board presents a report to the Supervisory Board. Within three months of the end of each financial year, it presents to it, for verification and control purposes, the accounting documentation that must be submitted to the Annual General Meeting.

The Chairman of the Executive Board represents the Company in its dealings with third parties. The Supervisory Board may grant the same powers of representation to one or more members of the Executive Board who shall thus carry the title of Chief Executive Officer. The Chairman and the Chief Executive Officer may be dismissed by a decision of the Supervisory Board. Acts binding the Company vis-à-vis third parties may be validly entered into by the Chairman of the Executive Board or by any member having been appointed Chief Executive Officer by the Supervisory Board.

When making appointments, the Supervisory Board sets the type and amount of the remuneration of each Executive Board member."

Established at the General Meeting of November 12, 2002 and comprised of three members as from the Supervisory Board meeting of June 27, 2014, its responsibilities include the setting of the Group's strategy, both at a global level and for each division, in respect not only of industrial matters but also Research & Development (an essential platform for the sustainability of the Group), organization and finance, and its activities extend to operational matters:

- Senior management of the Group's main subsidiary;
- Relations with banks and the implementation of management systems;
- Reporting;
- Negotiation of key contracts;
- Decisions regarding major capital expenditure programs or disposals undertaken by the Group;
- Reviewing the targets it sets.

9.2.3 Rights, preferences and restrictions in respect of shares

"Article 10 of the articles of association: rights attached to ordinary shares - voting rights

Ownership of an ordinary share automatically entails acceptance of the Company's articles of association and of the resolutions duly adopted by all General Meetings in accordance with procedures governing shareholders' meetings.

Shareholders bear losses only up to the amount of their capital contributions.

Each ordinary share carries a right to a portion of corporate assets, earnings and any liquidation surplus in proportion to the share capital they represent.

As the case may be, and subject to any statutory provisions, 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 reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The voting right attached to ordinary shares shall be proportional to the portion of the Capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the articles of association.

Voting rights:

At all Ordinary and Extraordinary General Meetings, voting rights attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the articles of association.

Nevertheless, voting rights double those granted to other ordinary shares, having regard to the portion of the Share Capital they represent, are granted to:

- All fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years,
- Registered ordinary shares granted free of charge to a Shareholder in the event of a Capital increase via the capitalization of reserves, earnings or issue premiums, on the basis of existing shares that enjoyed this right;

Double voting rights shall be automatically revoked for any ordinary share converted to bearer form or transferred.

Nevertheless, the aforementioned period shall not be interrupted and the vested rights retained in the event of:

- Any transfer as a result of inheritance, separation of marital assets or *inter vivos* gift to a spouse or a relation entitled to inherit,
- Any transfer via merger, spin-off or complete transfer of assets by a legal entity shareholder to another company:
    - Of which it directly or indirectly controls more than 50% of the capital and / or voting rights;
    - That directly or indirectly controls more than 50 % of the capital and / or voting rights."

The major shareholders of ACTIA Group S.A. do not have different voting rights other than the same double voting rights to which all shareholders may be entitled (see above).

“Article 12 of the articles of association: Treatment of fractional shares

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 a merger or any other corporate action that might result in the creation of fractional shares, owners of individual shares or a number of shares lower than required, may exercise said rights only if undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares."

9.2.4 Actions necessary to change shareholder rights

The changing of shareholder rights may only legally result from the amending of the articles of association decided by an Extraordinary General Meeting.

9.2.5 General Meetings

For the purpose of complying with current legislation, a proposal has been submitted to the Shareholders to modify articles 30 and 31 as set forth in Section 6.1.2 Draft resolutions - 12th and 13th resolution.

Summary of articles 29 *et seq*. of the Company's articles of association on the publication date of this document.

General Meetings are called according to the conditions, forms and time periods imposed by statutes.

The right to participate in or be represented at General Meetings is subject either to the registration of the shareholder in the share register or by filing, in the case of bearer shares, a certificate confirming the shares are held in a blocked account (*attestation d’immobilisation*) issued by an authorized intermediary, before the third business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

General Meetings are comprised of all shareholders. A Shareholder may at any time appoint his/her spouse or another Shareholder as his/her proxy at a Meeting.

Ordinary and Extraordinary General Meetings, deliberating as per the quorum and majority requirements governing each of them, exercise their powers provided under statute.

9.2.6 Change in control provisions

To the best of the Company's knowledge, no provision of the Memorandum of Incorporation, the articles of association, a charter or bylaws of the issuer could result in delaying, deferring or blocking a change in its control.

A shareholder' agreement exists that is described in Section 6.12.3 “Shareholder’s agreement” of the Registration Document.

9.2.7 Crossing of thresholds

“Article 7 of the articles of association: Issuance of securities conferring special rights - preferred shares -- form of equity securities and other securities - maintaining accounts - identification of shareholders - crossing ownership thresholds

The company may issue securities giving access to the share capital or conferring rights to the allotment of debt securities. Authorizing the issue of such securities is subject to the remit of the Extraordinary General Meeting. Decisions and authorizations to proceed with bond issues are subject to the remit of the Ordinary General Meeting. In accordance with the provisions provided for by law, the Company may issue securities giving access to the capital of a company in which it exercises control or a company exercising control in it. Shareholders have a preferential right to subscribe for securities giving access to the capital, in accordance with the procedures provided for in the case of capital increases carried out immediately by the issuance of shares for cash. On the issue date of the securities giving access to the capital, the Company must take all necessary measures to ensure that the rights of the holders of these securities are maintained according to the cases and conditions provided for by law.

No specific advantages are granted by these articles of association in favor of certain persons, whether partners or otherwise.

The Company may create preferred shares, with or without voting rights, and carrying special rights of any nature, whether temporary or permanent.

Preferred shares without voting rights may not represent more than one half of the Share Capital. Preferred shares may be repurchased or converted into ordinary shares or preferred shares of another category in accordance with statutory provisions. In the case of a change in or redemption of capital, the Extraordinary General Meeting shall determine the impact of these actions on holders of preferred shares.

Except where provided for otherwise by the terms and conditions set forth in the issuance agreement or statutory provisions, equity securities or any other securities that may be issued by the Company shall be in registered or bearer form, according to the choice of their holder. Shares may however be in bearer form only after having been fully paid up. Fully paid up shares may be either in registered or bearer form at the choice of the Shareholder.

At the request of the holder of an equity security (*titre de capital*), a certificate of registration may be issued to said holder by the issuer or by the authorized intermediary.

The Company may at all times ask the entity responsible for clearing securities for the information provided for by law on the identification of holders of securities granting immediate or future voting rights at General Meetings.

The Company is moreover entitled in the manner prescribed by the French Commercial Code to request the identity of security holders where it feels that certain holders, the identity of which has been disclosed to it, hold the securities on behalf of third parties.

The Company may ask any legal entity that owns in excess of 2.5 % of the capital or voting rights to disclose to it the identity of those persons directly or indirectly holding in excess of one third of the share capital of this legal entity or of the voting rights at General Meetings.

All individuals or legal entities, acting alone or in concert, having acquired a number of shares exceeding one of the statutory thresholds must comply with the corresponding disclosure obligations within prescribed time periods. This information must also be provided when holdings in share capital or voting rights fall below these statutory thresholds."

9.2.8 Procedure for changing the capital

“Article 41 of the articles of association: share capital increase

The Share Capital may be increased via the issue at par or with a premium of new, ordinary or preference shares, paid up either in cash, by offsetting definite cash receivables owed by the Company, by capitalizing reserves, earnings or issue premiums, or by contributions in kind all of this pursuant to a resolution of the Extraordinary General Meeting or the Executive Board, specially empowered for this purpose by said Meeting.

Where the Capital increase is via the capitalization of reserves, earnings or issue premiums, the General Meeting must deliberate in line with the quorum and majority requirements for Ordinary General Meetings and the transaction is concluded either by increasing the par amount of the shares or by distributing bonus shares.

No Capital increase for cash may be carried out, at the risk of being voided where the former Capital has not firstly been fully paid up.

In line with the provisions of the French Commercial Code, Shareholders enjoy preferential subscription rights to shares issued for cash as part of a Capital increase in proportion to the number of shares they hold.

The period of time granted to Shareholders to exercise this right may not be shorter than the period prescribed in the French Commercial Code or regulations applicable on the date of commencement of subscription. This right may be traded where it is detached from shares that may themselves be traded; otherwise, it may be disposed of in the same manner as the share itself.

The outstanding shares not fully subscribed for as part of the Capital increase shall be distributed by the Executive Board unless otherwise decided by the Extraordinary General Meeting. Having regard to this distribution, the Executive Board may, moreover, decide to limit the Capital increase to the amount of subscriptions subject to the twin conditions that this represents at least three quarters of the approved increase and that this option has been expressly provided for in respect of the issue.

The Capital increase may be carried out notwithstanding the existence of "fractions" and Shareholders who do not have a sufficient number of subscription or grant rights to be issued a whole number of new shares must make it their business to buy or sell the necessary rights.

The Extraordinary General Meeting deciding the Capital increase may, pursuant to the provisions of the French Commercial Code, waive the exercise of preferential subscription rights and reserve the subscription for the new shares for those persons of its choosing.

Any contributions in kind are subject to the verification and approval procedure provided for in the French Commercial Code."

“Article 42 of the articles of association: Reduction of capital

The Extraordinary General Meeting may also, subject, as the case may be, to the rights of creditors, authorize or resolve to reduce the Share Capital for whatever reason and by whatever means, but in no event may the Capital reduction affect the equal treatment of Shareholders.

Reducing the Capital, for whatever reason, to an amount under the legal minimum may only be approved subject to the condition precedent of a Capital increase designed to take this amount back up to at least the legal minimum unless the Company transforms itself into a type of company that does not require a Capital in excess of the Share Capital following its reduction.

In the event of a failure to do so, any interested party may apply to the Courts to have the Company wound up; this may not be granted if by the day the ruling is handed down by the Court the issue has been corrected. "

10. MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in Section 6.3 "Business overview" of the Registration Document, subject to the limits of authorizations granted by our customers with respect to disclosures to third parties (nondisclosure agreements or clauses), the Group signed no material contract during the two years immediately preceding the publication of this Registration Document.

11. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

12. DOCUMENTS ON DISPLAY

The articles of association, financial statements and reports, minutes of the General Meetings and other corporate documentation may be consulted at the Company's Registered Office: 5, rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 04 or on its website: http://www.actiagroup.com.

Contact information

ACTIA Group

A French corporation with an Executive Board and a Supervisory Board
with share capital of €15,074,955.75
Registered with the Toulouse Companies Register (RCS) number: 542 080 791 – APE: 6420Z

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13. INFORMATION ON HOLDINGS

The information on this topic is set out in Note 2 to the consolidated financial statements on “Consolidated companies”.

14. CONCORDANCE TABLES

14.1 Registration Document concordance table

In compliance with Annex I of EC regulation 809/2004 and article 212-13 subsection 1 of the General Regulation of the French financial market regulator, the AMF (*Autorité des Marchés Financiers*) and to facilitate the reading of the Registration Document, the table below provides cross-references between the AMF Instruction No. 2005-11 of December 13, 2005 and the corresponding pages of the Registration Document.

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14.3 Incorporation by reference of 2013 and 2012 financial statements

The following information has been incorporated by reference in this registration document:

- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2013 as well as the related Statutory Auditors' reports;
- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2012 as well as the related Statutory Auditors' reports;
- Selected financial information.

This information is included in the French language versions of the 2013 Registration Document (*Documents de Référence*) filed on April 14, 2014 and the 2012 Registration Document filed on April 18, 2013 with the AMF.

15. GLOSSARY

To facilitate the reader's understanding, selected technical terms and acronyms are defined below:

- **ACTIA Fleet:** a global solution combining equipment and services for managing commercial vehicle fleets designed and developed by ACTIA®. ACTIA Fleet proposes a modular approach to equipment – telematics devices, displays… and services - global positioning, fuel management, management of and exploitation of driving event data.
- **Acti-Mux**: an embedded multiplexed architecture solution for buses and coaches developed by ACTIA® This solution includes a range of electronic calculators, dashboard clusters and gauges.
- **ActiWays**: an embedded architecture solution for industrial, farm sector, construction and maritime equipment development designed and marketed by ACTIA® This solution includes a range of electronic calculators, dashboard clusters and gauges.
- **Actuator**: A mechanism for ensuring the regular flow and pressure of a fluid (air, diesel, oil) for the purpose of operating another system under specific conditions.
- **After-market**: the secondary market of the automotive industry. In the industrial vehicles sector, a distinction is made between the original equipment manufacturer market (OEM) and the secondary market that covers post-equipment operations, maintenance and repairs.
- **AMIC-TCP:** an acronym for the "*Architecture Multiplexage Informatique Communication - Transport en Commun de Personnes*". AMIC-TCP is a collaborative passenger transport project launched in 2009 that was successfully completed in 2013. In particular, this project made it possible to develop an innovative, open-ended benchmark architecture for coaches and buses.
- **ASNMC**: Advance Satcom Network Monitoring and Control system. A system for monitoring and managing satellite earth stations.
- **CBTC:** Communication Based Train Control. An industry standard for the automatic control of train and subway traffic through a system for continuous communication between the train (or subway) and the computers that pilot the traffic.
- **Chronotachygraphe** (see "Tachograph").
- **Cluster**: a term that in our area (which may have other meanings in other areas) referring to an electronic instrument cluster or panel ("digital dash") that includes different displays: screen, gauges.
- **COMCEPT:** an acronym for *COMplément de Capacités en Elongation, Projection et Théâtre*, a contract awarded by the French military procurement agency (DGA) to Airbus Defence and Space (ex-Astrium) and its partner ACTIA Telecom (ex-ACTIA Sodielec) to provide the French military forces access to Ka-band broadband satellite networks starting in 2014.
- **DGA:** an acronym for *Direction Générale de l'Armement*, the French military procurement agency responsible for designing, purchasing and evaluating military systems for the French forces.
- **DTT:** Digital Terrestrial Television. DTT constitutes the migration to a new broadcasting technology for the transmission of digital content that gradually replaced analog terrestrial television.
- **DVB-T:** Digital Video Broadcasting – Terrestrial, an industry-standard for the broadcast transmission of digital terrestrial television.
- **EAC:** an acronym for Enhance ASNMC (see "ASNMC") Capacity. EAC is a NATO project for local or remote command and control for its network of earth stations.
- **Earth Station:** an earth station (ground station) is a terrestrial radio station for receiving and/or broadcasting satellite communications for civil or military applications.
- **EAS-NG:** an acronym for *Exploitation à Agent Seul – Nouvelle Génération* (Operating with a Single Agent-New Generation. This system allows train operators, when stopped at a station, to visualize the entire platform from his/her cabin in order to verify that the train doors are closed before departure. As such it contributes to passenger safety. The latest generation of the system currently being tested is based on the DVB-T standard for the transmission of digital video traffic (see DVB-T).
- **EasyTach:** a software application developed and sold by ACTIA Group for automatically downloading legal data from the tachograph equipping the commercial vehicles (see "Tachograph").

- **EBSF:** European Bus System of the Future. EBSF is the first joint project for the urban bus system in the form of a consortium of 49 partners from 11 countries. Launched in 2008 and coordinated by UITP, the International Association of Public Transport, this project integrates through a global approach the needs of passengers, operators, transit authorities, and drivers and is focused on addressing issues relating to urban infrastructure and the place of the bus in the city of tomorrow.
- **Electre:** a project for the deployment of digital substations led by RTE (see "RTE").
- **Embedded Systems:** a generic term referring to all onboard electronic equipment on vehicles. These systems are in most cases located at the level of the chassis but communicate with cabin devices, and mainly displays (see "cluster", "gauges", "switch pack").
- **ERDF**: Electricité Réseau Distribution France, a French company managing electricity power distribution.
- **Gauge**: an instrument for measuring and visually displaying indicators on vehicle dashboards. Such instruments provide different indications to the driver: vehicle speed, engine speed, fuel consumption…
- **HDR type terminals:** HDR is an acronym for High Data Rate. An HDR consequently falls within the category of earth stations (see "earth station")
- **IATF**: International Automotive Task Force.
- **Infotainment**: one of the activities of ACTIA® that covers product ranges used to provide passenger entertainment and information services on buses, coaches, subways, tramways and trains
- **IRIS:** International Railway Industry Standard. Created in 2006 at the initiative of UNIFE (see "UNIFE"), this standard is the industry quality benchmark integrating all requirements specific to this sector.
- **ISO/TS 16949:** the international quality management system standard for the automotive sector. Developed by IATF (see "IATF"), the International Automotive Task Force representing European and American automotive manufacturers and equipment manufacturers, with the objective of harmonizing requirements of the different stakeholders in terms of the quality system.
- **ITxTP:** an acronym for *Technologies de l'Information pour les Transports Publics* (Information Technologies for Public Transport). This group represents one of the offshoots of the EBSF project (see "EBSF") since its objective is to promote the deployment of systems linked to information technologies for public transport. A test and integration platform offers services for the purpose of defining, testing, validating and presenting these systems.
- **Lean**: referring to "lean manufacturing", and management theory developed in Japan, in particular by Toyota to reduce waste by applying a continuous improvement approach across the entire organization.
- **MCO**: an acronym for *Maintien en Condition Opérationnelle* (Operating Maintenance Services or OMS). This global support package covers all processes required to guarantee the operations of a system over time. In the case of electronic systems, these processes cover the redesign of the cards, their repair, the storage of components, etc.
- **Microwave**: the microwave technology is based on the emission and analysis of high-frequency radio waves. ACTIA Group uses the technology in transmission equipment for stations (see "earth stations").
- **Multi-Diag®**: is the multi-make offering for diagnostics devices and software developed and marketed by ACTIA Group. This range is designed to maintain and repair electronic parts of passenger and commercial vehicles irrespective of the manufacturer. It is sold to after-market vehicle maintenance and repair service networks worldwide.
- **Multiplexed systems:** an electronic architecture based on the transmission of information and consequently control of the different electrical functions of the vehicle through the controller area network (CAN), also refer to as Bus CAN.
- **NADCAP:** National Aerospace and Defense Contractors Accreditation Program. NADCAP is a quality certification program for subcontractors and suppliers in the aerospace and defense sectors. This program defines the quality standard criteria for each product, manufacturing process and service. This program was developed by major customers like Boeing, Airbus, Safran, Rolls Royce, Bombardier or Zodiac.
- **NATO:** North Atlantic Treaty Organization. Founded on April 4, 1994, a political and military alliance grouping 28 member countries (Europe and North America) with the mission of protecting the liberty and security of its members.
- **OBD**: On Board Diagnostic.
- **ONCF:** an acronym for Office National des Chemins de Fer, the Moroccan national railway company.
- **PCCN:** an acronym for *Poste Contrôle Commande Numérique*, a digital protection and control system This system is used by ERDF (see "ERDF") and defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring costly operating maintenance.

- **RE:** an acronym for Renewable Energy or energy coming from sources that are naturally replenished or replenished at a pace faster than it is used.
- **Remote unloading:** downloading data on a remote basis.
- **RTE**: is the electricity transmission system operator of France. It is responsible for the operation, maintenance and development of the French high-voltage transmission system and ensuring the security of the electrical system.
- **SD:** an acronym for Surface Mounted Device (*Corposant Monte en Surface* or CMS in French). The SD is a method for producing electronic circuits in which the components are mounted and soldered directly on the surface of printed circuit boards instead of being attached by pins.
- **SDT-type terminals:** SDT is an acronym for Small Deployable Terminal. A compact and easy to transport earth station.
- **SMART GRID**: an intelligent electrical grid for optimized energy performance with a remote control capability.
- **Standard DVB:** Standard Digital Video Broadcasting, a term that refers to a group of standards for digital television broadcasting.
- **Switch packs:** set of switches**.** In the areas covered by ACTIA®, this term is used to designate control switches on vehicle dashboards.
- **Tachograph**: a device used for monitoring the activity of commercial vehicles transporting passengers and merchandise. Mandatory in the European Union, this equipment measures driving time and speed in order to regulate the circulation of commercial vehicles by contributing to improved security.
- **Telematics:** etymologically a technology combining telecommunications and information technology. In the areas covered by ACTIA®, telematics refers to vehicle connectivity and covers not only embedded communications devices capable of transmitting data but also user services for the exploitation of data: global positioning, vehicle fleet management, monitoring fuel consumption, etc.
- **TGU2:** Telematic Gateway Unit 2. The TGU2 is an electrical unit designed and manufactured by ACTIA® equipping commercial and industrial vehicles that allows these vehicles to communicate with their environment. This communications capability serves many purposes: global positioning, monitoring fuel consumption, maintenance…
- **TMT-type terminals:** TMT is an acronym for Theater and Metropolitan Terminal. In this range, the Telecommunications division of ACTIA Group proposes a satellite communications station (see "earth station") terminal fitted in box units. It is destined for civil and governmental applications.
- **TVSE:** an acronym for *Transmission Vidéo Semi Embarquée*, a semi-embedded video transmission system, representing one of the tools available to train drivers, to transmit video information when at the train platform. It is part of the general system referred to as EAS: (see this term).
- **UITP**: The International Association of Public Transport (*Union Internationale des Transports Publics*).
- **UNIFE**: The European Rail Industry Association (*Union des Industries Ferroviaires Européennes*).
- **VCI**: Vehicle Communication Interface, referring to the device connected to the OBD (see "OBD") for vehicle connectivity. This device normally located in the vehicle cabin is connected to the vehicle's electronic control units and giving access to a range of vehicle operating data. Exploiting this data through the VCI provides information about the electronic health of the vehicle and as such contributes to its maintenance A VCI is consequently an embedded telematics unit.