

FINANCIAL REPORT

2002

The logo for ACTIELEC Technologies is centered on the page. It features the word "ACTIELEC" in a large, bold, white sans-serif font with a blue outline. Below it, the word "Technologies" is written in a smaller, white sans-serif font. The text is set against a background of a blue and white abstract pattern that resembles a circuit board or a stylized globe. Above the word "ACTIELEC", the binary code "0101001 1101 001" is visible. The entire logo is framed by a yellow and orange pixelated border.

ACTIELEC
Technologies

Electronics & Telecommunications

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BOARD OF DIRECTORS' MANAGEMENT REPORT

ACTIELEC TECHNOLOGIES

S.A. Capital of €12,864,906
Headquarters: 25, chemin de Pouvoirville
31400 TOULOUSE
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GENERAL AND EXTRAORDINARY SHAREHOLDERS MEETING

MAY 9, 2003

BOARD OF DIRECTORS' MANAGEMENT REPORT Including Group Management Report

Dear Shareholders,

We have summoned you to the General and Extraordinary Shareholder's Meeting in accordance with the law and our by-laws,

- for general reasons, to present the business activity of the company during the fiscal period ending December 31, 2002, so that you may hear the reports of the Board and the Auditors, and to submit for your approval the accounts for the period, the appropriation of profits and to propose a new share repurchase plan,
- for extraordinary reasons, to present the report of the statutory auditors and to submit for your approval a reorganization of the stated business purpose in our by-laws, and the insertion of a clause authorizing us to carry out TPI (Identifiable Bearer Securities) queries, as well as the establishment of a warrants plan for options or share purchase.

The summonses to this meeting were made as prescribed and the documents required by the applicable rules were sent to you or made available within the prescribed time limits.

The purpose of this report, in particular, is to present the situation of our Company and our Group.

We point out that the accounts for the period ending December 31, 2002 were established according to the same presentation and the same valuation methods as those of the preceding period

However, the analysis and evaluation criteria of certain items have been revised to take into account the extreme uncertainty of the international political context which significantly influenced and continues to influence the investment decisions of our main clients:

- stricter rules were set forth concerning reserves for inventories, which in a period of crisis are not consumed on the same scale as previously recorded,
- a measurable reduction in assets and R&D in programs whose commercial launch has been delayed,
- activation of deferred taxes on profits has also been reconsidered to increase precaution, since a rebound in business in the short term is unpredictable.

I ACTIELEC TECHNOLOGIES: CONSOLIDATED FINANCIAL STATEMENTS

The Group and the Subsidiaries, whose 2002 business activities we describe, make up the following industrial scope:

Name	Headquarters	% Control	Business Sector
ACTIELEC Technologies SA	Toulouse	Consolidating Co.	Holding Company
<u>Automotive</u>			
- ACTIA SA	Toulouse	99.98	Studies and electronic manufacture
- MEIGA SA	Champlan	99.92	Distribution of electronic equipment for garages
- TECNOFRANCE SA	Méry sur Oise	99.5	Business grouped with MEIGA
- AUTOTECH SARL	Méry sur Oise	71.58	Business grouped with MEIGA
- AIXIA SA	Le Bourget du Lac	99.91	Studies and electronic manufacture
- ATON SYSTEMES SA	Maison Alfort	75.97	Studies and electronic manufacture
- BERENISCE SAS	Brest	100.00	Inactive since 2000
- ACTIA UK LTD	Newtown (<i>Pays de Galles</i>)	100.00	Studies and electronic manufacture
- TEKHNE LTD	Farnborough (<i>Angleterre</i>)	100.00	No industrial activity since 1995
- ACTIA VIDEOBUS SAS	Getafe Madrid (<i>Espagne</i>)	100.00	Studies and manufacture of audio and video equipment
- KARFA SA de CV	Mexico (<i>Mexique</i>)	90.00	Investment management
- ACTIA DE MEXICO SA de CV	Mexico (<i>Mexique</i>)	100.00	Distribution of audio and video equipment
- ACTIA DO BRASIL LTD	Porto Alegre (<i>Brazil</i>)	80.00	Electronics studies and manufacture
- ACTIA INC LTD	Elkhart-Indiana (<i>USA</i>)	100.00	Inactive
- ATAL SARL	Tabor (<i>Czech Rep.</i>)	89.98	Electronics studies and manufacture
- ACTIA ITALIA SPA	Torino (<i>Italy</i>)	100.00	Electronics studies and manufacture
- I + ME ACTIA GMBH	Braunschweig (<i>Germany</i>)	100.00	Electronics studies and manufacture
- ACTIA CORP.	Elkhart-Indiana (<i>USA</i>)	100.00	Electronics studies and manufacture
- ACTIA NL BV	Nuenen (<i>Netherlands</i>)	100.00	Electronics studies and manufacture
- ACTIA POLTIK SP Sarl	Lodz (<i>Poland</i>)	70.00	Electronics studies and manufacture
- CIPI SA	Tunis (<i>Tunisia</i>)	65.4	Electronics manufacture
- ACTIA INDIA PRIVATE LTD	New Delhi (<i>India</i>)	51.00	Electronics studies and manufacture
<u>Telecommunication</u>			
- SODIELEC SA	St Georges de Luzençon (<i>France</i>)	90.47	Electronics studies and manufacture
- DATENO SA	Dinard (<i>France</i>)	99.96	Electronics studies and manufacture
- MORS TECHNOLOGIES SAS	Puy-Sainte-Réparate (<i>France</i>)	99.95	Electronics studies
- EBIM SAS	Manosque (<i>France</i>)	100.00	Electronics studies and manufacture
- PILGRIM SA	Toulouse (<i>France</i>)	99.99	No industrial activity since 2001

I - 1 CONSOLIDATED RESULTS

Our Group's consolidated results show income of € 176.096 million, down by 0.87% for constant scope and a Group share of net income before amortization of surpluses with a loss of € 1.746 million, compared to a profit of € 5.083 million for the previous period.

Consolidated results for the 2002 fiscal year were as follows:

Net Sales	€ 176,096,297
Other Operating Income	€ 184,530,760
Operating Result	€ 510,932
Income before tax	€ -4,580,263
Consolidated Net Income (after amortization of goodwill)	€ -3,470,603
Group Share of Net Income (after amortization of goodwill)	€ -3,369,749
Provisions for amortization of goodwill	€ 1,623,507
EBITDA (§I-1.5.)	€ 7,809,457

I - 1 . 1. Overall analysis of 2002 results

The deterioration of the Group's financial indicators had two main causes and particularly impacted ACTIA S.A. in its new scope which resulted from the merger of ACTIA S.A. and ALCYON PRODUCTION SYSTEM S.A.

The first cause was revealed during merger operations in the course of the 2002 period. While the other subsidiaries of the new Automotive Branch all showed a profit or were nearly balanced, as was the case for the entities of the Telecommunications Branch, the situations of the two companies which were formerly heads of the Automotive and Production branches came under close scrutiny during the work leading up to their merger, and resulting in the Services Business Unit (formerly Production).

Dysfunction was revealed at 3 levels:

- poorly controlled production procedures, leftover from two previous non-associated systems,
- poor control of inventories, partly for the same reason,
- duplication of certain human and material resources which increased indirect costs.

The second cause appeared starting in the 2nd quarter of 2002 and affected the Group's two current Branches, aggravating Automotive's situation as indicated above, and penalizing Telecommunications: the main prime contractors, without canceling orders in progress, successively postponed their delivery requests and overlapping into the 2003 period, lowered sales to the break-even point or below. Inventories established to meet the planned objectives according to initial scheduling were not consumed. Immediate actions only partially reduced these inventories, and it is clear that their future consumption may become uncertain because of continuous technological developments which make many components obsolete for their initially planned uses.

I - 1 . 2. Corrective Measures Taken

In the first case, and starting in 2002, necessary actions were taken which affect that period in part, and will lead to the following gains in 2003 for the Automotive Branch:

- Improvement of 3 points in the cost of purchases,
- Decrease of € 2,000,000 in inventories, excluding drastic reserves for 2002 and repurchase negotiations, which reduced them by € 7,623,000
- Improvement of 3 points for payroll costs, by natural reduction of personnel and reassignment of posts through deletion

of duplication revealed at the time of the merger,

- Systematic search for savings on other expenses and external charges, particularly by decreasing R&D subcontracting. Within the scope of ACTIA S.A. alone, for the same activity, the expected savings are around € 3 M for the 2003 Net Result Group Share.

I - 1 . 3. Automotive Branch

Sales	€ 135,505,982
Other Revenues	€ 139,519,366
Operating Result	€ -339,474
Income before taxes	€ -4,475,193
Consolidated Net Income (after amortization of goodwill)	€ -3,912,885
Group Share of Net Income (after amortization of goodwill)	€ -3,762,431
Provisions for amortization of goodwill	€ 919,348
EBITDA (§I-1.5.)	€ 3,032,681

Comments:

- Provisions for inventories and work in-progress were increased by € 1,310,000 because of uncertainties concerning the conditions for consumption of these inventories in relation to developments in the markets,
- The gross flow of R&D capitalizations decreased by € 878,000 for a business showing slow growth,
- The impact of the reinforcement of the euro compared to the US dollar, the Mexican peso and the Brazilian real generated a currency exchange loss of € 618,000

I - 1 . 4. Telecommunications Branch

Sales	€ 37,959,405
Other Revenues	€ 41,640,512
Operating Result	€ 1,297,021
Income before taxes	€ 36,237
Consolidated Net Income (after amortization of goodwill)	€ 9,263
Group Share of Net Income (after amortization of goodwill)	€ 2,274
Provisions for amortization of goodwill	€ 770,982
EBITDA (§I-1.5.)	€ 3,773,966

Comments:

- 'major account' clients greatly reduced their investments in the 2nd quarter of 2002 but postponement of delivery was made progressively, each time with the assurance that the need for those supplies was imminent,
- the implementation was more difficult than foreseen for MORS Technologies CAM, delaying production of important orders which are missing in the 2002 figure for Sales.

I - 1 . 5. EBITDA

	31/12/2002		
	Automotive Branch	Telecom Branch	AT Consolidated
Sales	135 505 982	37 959 405	176 096 297
Operating Result	139 519 366	41 460 512	184 530 760
Consolidated Net Income	-3 912 885	9 263	-3 470 603
(+) Provisions for amortizations of goodwill	919 348	770 982	1 623 507
(+) Taxes due on profits	939 583	477 398	1 395 245
(+) Deferred taxes on profits	-2 323 817	-20 301	-1 509 568
(+) Interest and related charges	3 619 619	1 113 009	4 266 866
(-) Other interest and related income	130 928	25 886	156 872
(-) Net result from sale of securities	0	0	10 544
(+) Provisions for amortization of Assets	3 921 761	1 449 501	5 671 426
EBITDA	3 032 681	3 773 966	7 809 457

I - 2 NOTEWORTHY EVENTS OF THE 2002 FISCAL YEAR

As foreseen, the 2002 period centered on:

I - 2 . 1. The ACTIA – ALCYON merger

The main purpose of this merger, carried out without personnel reductions, was to re-establish the profitability of the Automotive Branch (disappearance of the Production Branch from the organization chart), thanks to:

- rationalization and regrouping of sequencing services, purchasing and industrialization;
- improved management of inventories, by accelerating rotation;
- improvement in reaction time for the new entity to benefit its clients;
- better control of cost prices.

The site of ALCYON PRODUCTION SYSTEM of COLOMIERS became an establishment of ACTIA S.A.

Its CIPI subsidiary became a subsidiary of ACTIA S.A. with the same level of ownership at 65.4 %.

I - 2 . 2. Sale of the OCEANOGRAPHY Branch

On May 2, 2002, and taking effect retroactively as of April 1, the Branch was sold to iXCORE S.A.S., a holding company of iXSEA S.A., with which OCEANO Technologies S.A. merged to become iXSEA OCEANO S.A.S., thus creating an important French player in the field of submarine acoustic positioning and inertial referencing.

The exceptional gain registered by the Group through this transaction amounted to € 1.381 million.

I - 2 . 3. Creations

In collaboration with a local partner in India, ACTIA S.A. created a subsidiary in which it holds a majority (51% of the shares and 3 out of 5 Board seats) and the presidency. Our investment totaled € 52,000

This subsidiary should enable us to:

- Use local capacities to develop certain of the Group's software programs, thus compensating for the lack of software engineers in the American market (needs of ACTIA Corp.),
- To make inroads in the local market (sound, video and onboard electronics): an approach to the Indian market has already begun with very promising results.

I - 2 . 4. Operations concerning inter-group investments

ACTIELEC Technologies subscribed to the increase in capital of ACTIA S.A. in cash for 3,880 new shares with a nominal value of € 153, and an issue premium of € 1,830 per share, in compensation for credit to its subsidiary. The result of this increase in capital, ACTIELEC Technologies' investment in ACTIA S.A. remains at 99.98 %.

ACTIELEC Technologies proceeded with repurchase of 55,360 shares of SODIELEC S.A. from two shareholders (LCFR and IPO) who had to reclassify their securities. At this date, ACTIELEC Technologies holds 90.47% of SODIELEC S.A. compared to 88.00% before repurchase. In case of conversion of the totality of issued conversion options, this ownership figure will decrease to 87.56%.

I - 3 ANALYSIS BY BRANCH

I - 3 . 1. The Automotive Branch

2002 indicators are given in §I-1.3.

The breakdown of activities between the 4 Business Units created by the merger is as follows:

▪ Diagnostics BU	€ 57,680,000
▪ Onboard Electronics BU	€ 57,798,000
▪ Continuity BU	€ 1,395,000
▪ Services BU	€ 18,633,000

Total R&D costs were € 23,933,000 and breakdown as:

▪ sales	€ 11,120,000
▪ assets	€ 3,146,000
▪ charges	€ 9,667,000

Diagnostics B.U.:

Establishing contracts with new clients is more difficult in a mature market.

There has been a general slowdown in order taking in general, related to the economic context, but this decrease seems for the moment to be a passing phenomena.

Noteworthy events for this BU are:

- signature of a contract with RENAULT TRUCK;
- confirmed turnaround of MEIGA S.A.;
- multi-brand market: European leadership position confirmed;
- product development costs decreasing;
- prognostic: the next phase in evolution of the sector is become clearer (feasibility and partnership study with research laboratories, able to extend to major constructors);
- motorist market: potential opening for our particularly well-suited products;
- postponement of deliveries to FIAT and MERCEDES starting in the second semester.

Onboard Electronics BU:

Secured Electronic Chronotachygraph: perspectives are being confirmed for the launch of this business early in 2004. The European law requiring OEM installation on trucks whose gross weight exceeds 3.5 tons and for all public transport carrying more than 8 passengers has been promulgated to go into effect on August 1, 2004. The market offers 3 development prospects:

- OEM installation,
- Replacement of the current systems when they break down,
- Peripheral devices for control organizations.

In addition, the ACTIA POLTIK subsidiary has been granted European certification for its previous-generation chronotachygraph (2 paper disks) which still have many applications in countries outside the European Community.

Dashboard: sector in development in the USA in 2002, definite slowdown in early 2003 (US economic context);

Slowdown in Brazil and Mexico. It should be mentioned that for the latter country, an agreement has been signed with YAMSA (company operating a fleet of 6,000 vehicles) to equip 1,800 buses with sound and video over a 3-year period. This agreement extends to multiplexing products, fleet management, passenger counting systems, and diagnostics.

In the sound and image distribution market, our competitor, Bosch, with its Blaupunkt brand, is showing renewed aggressiveness.

Continuity BU:

Business has remained stable with current clients. 2003 will be a decisive year concerning strategic choices to be made in this sector.

Services BU:

The level of business and results were significantly impacted by:

- A major decrease in orders, particularly outside the Group,
- Significant pressure on prices, due to difficulties encountered by competitor companies which accepted barely reasonable sales conditions.

For 2003, we have undertaken to rationalize our clientele around prime contractors chosen for their loyalty and their permanence in the market, as well as the level of added value we achieve through them.

I - 3 . 2. The Telecommunications Branch

2002 indicators are given in §I-1.4..

Noteworthy events in this branch are as follows:

- A slowdown in activities at the network level, due to postponement of orders for our “major account” clients;
- DAB (digital radio) is still not operational, and sales of transmitters are very weak;
- The delay in the launch of TNT (digital terrestrial telematics). However, the upgrading and continuation of analog network service, thanks to a new frequency adjustable onsite retransmitter ensures EBIM several more years of business;
- Ground stations: the firm portion has been completely delivered and the invoices were paid on December 20, 2002. Two conditional portions have since been confirmed and are in the process of delivery and invoicing. Other conditional portions should be responded on in 2003, which will put us practically out of the reach of potential competitors. The next step in development is to market this know-how to the export market in the civilian sector;
- SODIELEC S.A. and DATENO S.A. are profitable; EBIM S.A.S. is again in the black. However, MORS Technologies S.A.S. shows a certain reticence in adapting to the overall plan of the Branch (H.R. problem): the management system is currently being renovated, and results are slightly negative.

Total R&D costs were € 9,196,000 breaking down as follows:

▪ sales	€ 1,506,000
▪ assets	€ 2,326,000
▪ charges	€ 5,364,000

I - 4 PROGRESS MADE AND DIFFICULTIES ENCOUNTERED

I - 4 . 1. Progress made

The Group's structure has been significantly simplified, centering on the two main businesses of Automotives and Telecommunications, making its organization and strategic choices much more obvious.

The DGA contract has been 'firmed up' and opens important possibilities in systems supply as well as equipment supply, on the national level for both military and civilian applications, as well as in export markets.

I - 4 . 2. Difficulties encountered

The merger of the Automotive and Production Branches revealed serious operational problems, which were partially hidden by parallel management. The extensive efforts to carry out this significant reorganization succeeded, but the 2002 results suffered in particular from this re-ordering process. The economic context accentuated depreciation, at the same time that it cancelled out the growth which the Group had previously recorded, with a corresponding reduction in the capacities required to establish a new framework.

I - 5 RESEARCH AND DEVELOPMENT ACTIVITY

R&D activity remains important, maintaining the high technical level of the Group. The following table summarizes the changes in total R&D costs (sales, capitalization, and expenses for the period).

In millions of €	1999	2000	2001	2002
Automotive	16,28	19,35	23,38	23,93
Telecommunications	3,40	7,97	9,64	9,20
Oceanography	0,00	0,72	1,32	0,40
TOTAL	19,68	28,04	34,34	33,53
% of sales	18,8	20,9	18,7	19,0

By branch, the R&D total breaks down as follows:

- Automotive € 11.12 million
- Telecommunications € 1.51 million
- Oceanography € 0.35 million
- **TOTAL € 12.98 million**

Of total R&D costs for the Group (€ 33.53 million), the sum of € 15.03 million directly impacts the 2002 result.

The net flow of R&D expenses decreased by € 1,634,000 for a nearly constant R&D volume.

I - 6 RESULTS OF SUBSIDIARIES

The consolidated results by branch after amortization for overvalue are given in the table below:

in thousands of €	AUTOMOTIVE	TELECOM	OCEANO	ACTIELEC T.
Sales	135 506	37 959	1 430	9 586
Other income	4 013	3 681	111	59
Op. Result	-339	1 297	5	-372
Net R. Gp Share	-3 762	2	-49	1 713

The data in this table are consolidated or corporate figures for entities and not contributions to the Group consolidation.

I - 7 IMPORTANT EVENTS SINCE THE END OF THE PERIOD

As indicated in our forecasts, the Group reinforced its “garage distribution” business. ACTIA S.A., through its wholly-owned subsidiary, BERENISCE S.A.S., took over the assets of MULLER BEM S.A., in bankruptcy proceedings, by judgment of the *Tribunal de Commerce de Chartres*, on December 28, 2002, with possession starting on January 1, 2003. The synergy of the combined goodwill is quite important. This buyout led to retaining the 104 employees of Muller BEM at their jobs in Chartres.

ACTIA S.A. will issue 943 share warrants at a value of € 1,700 each, of which ANVAR will subscribe 941 warrants, in compensation for a reimbursable advance of € 1,600,714.68, which has arrived at term. Each warrant gives the right to subscribe, within eight years, a share at a nominal value of € 283. This considerably reinforces the stockholders’ equity of the Company and decreases its indebtedness. The Group will sign a repurchase agreement with ANVAR for these warrants before their term and at economic terms related to the valorization of ACTIA S.A..

Following the usual pattern for the creation of new entities, ACTIA S.A. is about to set up a subsidiary in Shanghai, China to:

- support its products, including diagnostics which are already in service in this country (Mercedes, PSA),
- seek new competitive supply sources,
- prospect within this immense market, mainly for the onboard electronics BU, where opportunities are appearing.

The planned initial investment is around € 300,000.

I - 8 2003 OBJECTIVES - EVOLUTION AND OUTLOOK FOR THE FUTURE

The Group’s 2003 budget was established according to the following hypotheses:

- the global political situation will not worsen, but the uncertainty which weighed on the 2nd semester of 2002 will continue,
- the investment policy of our major prime contractors will not be altered either, ensuring us a minimal flow of orders,
- launch of the chronotachygraph, TNT and DAB programs is definitively postponed until 2004.

In this context, given the resources and products at our disposal, as well as the knowledge of irreducible needs of our main clients, we evaluate a minimal level of business at € 195 million, including MULLER BEM, for overall growth of 10.7%.

If, however, our clients return to their previous policy of normal renewal of their equipment and fleets in Automotive and Telecommunications, in a reasonable manner, and only in the 2nd semester of 2003, an additional € 17 million may be made in sales without technical or commercial risks, bringing total sales to 212 million euros, for growth of 20.4%.

The minimum objective is based on zero internal growth for the Automotive Branch, which should have sales of 135 million euros plus sales of 15 million euros in external growth through Muller BEM. For the Telecom Branch, the 2003 sales objective is 45 million euros, primarily in France.

2003 HYPOTHESIS	Automotive	Telecommunications	TOTAL
minimal sales	135 + 15	45	195
possible sales	144 + 17	51	212

All of our actions of organization, consolidation, and expansion are aimed at strictly controlling our indebtedness and improving our leveraging ratio.

I - 9 OFF-BALANCE SHEET CONTINGENT LIABILITIES

I - 9 . 1. OFF-BALANCE SHEET LIABILITIES

As of December 31, 2002, contingent liabilities were as follows:

<i>Figures in thousands of €</i>	31/12/01	31/12/02
Discounted bills	8 796	10 155
Pledged equipment	275	141
Guarantees	3 770	225
Mortgages	1 613	1 549
Total of Commitments and Guarantees Given	14 454	12 070

The information above does not omit the existence of significant off-balance-sheet liabilities according to applicable accounting standards.

I - 9 . 2. CURRENCY RISKS:

In countries where currency risks are highest, the Group has done all inter-group invoicing in Euros since 1999, and has limited customer credit in countries with weak currencies.

I - 9 . 3. INTEREST RATE RISKS:

The Group monitors rates on a daily basis, and depending on the market, uses mechanisms provided by financial establishments.

The Group has taken out 42% of its medium and long-term loans at fixed rates, and 58% at variable rates of which half are at five-year capped rates starting on January 1, 2003.

Short-term loans are at variable rates.

For a total of € 61,227,000 of short, medium and long term debt as of December 31, 2002, the breakdown between fixed and variable rates is as follows:

- Fixed rate: € 14,099,000
- Variable rate: € 46,831,000 including € 9,100,000 capped (rates are based on Euribor in principle)

The ratio of "Net Indebtedness/Shareholder's Equity" was 54.4%% on December 31, 2002.

It should be pointed out that the Group monitors changes in rates on the international market on a daily basis. In March 2003, € 8,600,000 were swapped at 2.76%.

The overall interest spread of bank loans for the Group, is approximately 0.7% per year for the short-term loans.

I - 10 SUMMARY

The 2002 period was difficult for two reasons:

- Internal: necessary reorganization actions were carried out in order to improve the profitability and efficiency of the Group (merger of ACTIA S.A. with ALCYON PRODUCTION SYSTEM S.A., rationalization de MORS Technologies S.A.S., sale of the Oceanography Branch); our industrial apparatus is now correctly dimensioned and structured, and has ownership of the products which give it a leadership position, sometimes at a global level (diagnostics, multi-plexing, sound and video, chronotachygraph, ground stations, seat equipment for civil aviation, etc.),
- External: due to the European and global slowdown in the economy, which kept us from reaching the reasonable objectives which we had set for ourselves.

The 2003 period and those succeeding it give a better outlook, except in the event of major international crisis. This uncertainty leads us to make minimal forecasts which can be met with the tools and products which we now have at our disposal. However, the responsiveness of a better controlled system will enable us to rapidly make the necessary decisions based on the positive or negative circumstances we encounter.

II ACTIELEC TECHNOLOGIES: FINANCIAL STATEMENTS

The financial statements of ACTIELEC TECHNOLOGIES S.A. show sales of € 9.586 million, representing strong growth (154%) due to the powerful factor of the DGA contract, for which the Company is a co-contractor, and a net profit of € 1.713 million, which is quite different from last year's figures, which included a significant exceptional element related to the contributions of the Telecommunications Branch.

For the 2002 period, the main indicators of the financial statements were:

Net Sales	€ 9,585,941
Operating Income	€ 9,644,926
Operating Result	€ - 371,817
Financial Result	€ 758,928
Exceptional Result	€ 1,330,066
Net Income	€ 1,713,366

II - 1 DIFFICULTIES ENCOUNTERED

ACTIELEC Technologies S.A. continued to:

- Provide its subsidiaries with significant financial aid (increase in capital, contribution to current accounts). ACTIELEC Technologies S.A. was obliged to compensate for certain banking facilities at the time of the merger of ACTIA / ALCYON PRODUCTION SYSTEM.
- Increase its investment through repurchase of shares in its subsidiary SODIELEC S.A.
- Participate in stock exchange activity of its securities through a share repurchase program. This increased its indebtedness in spite of the sale of the Oceanography Branch, and to reinforce some of the securities because of the slump in share prices.

II - 2 SIGNIFICANT EVENTS

- Commitment to the increase in capital of ACTIA: see § I – 2.4.;
- Repurchase of 55,360 shares of SODIELEC: see § I – 2.4.;
- Sale of the Oceanography branch: see § I – 2.2..

II - 3 ATTRIBUTION OF PROFITS

The attribution of Company profits which we propose is in accordance with the law and our by-laws.

We propose to attribute the results of the period which total € 1,713,365.63 in the following manner:

Origin

Balance to retained earnings “positive balance”	€ 10,406,178.49
Result of the period: profit of	€ 1,713,365.63

Attribution

Account “Retained Earnings” totalling	€ 12,119,544.12	
TOTALS	€ 12,119,544.12	€ 12,119,544.12

II - 3 . 1. Previous distributions of dividends:

In conformity with the stipulations of article 243 bis of the *Code Général des Impôts* (French tax laws), we inform you that during the three previous periods distribution of dividends per share was as follows:

Period	Dividend €	Tax Credit €	Real Income €	Overall distributed dividend €
1999	0.00	0.00	0.00	0
2000	0.00	0.00	0.00	0
2001	0.06	0.03	0.09	1 029 192

II - 3 . 2. Non-deductible tax charges (CGI 39-4)

We ask you to approve the overall sum of expenses and charges designated in articles 39-4 of the *Code Général des Impôts* (General Tax Code), totaling € 2,367.57, corresponding to surplus amortization on company vehicles.

II - 4 SHARE CAPITAL

II - 4 . 1. Distribution of Share Capital:

To the best of our knowledge, distribution of share capital as of December 31, 2002 is as follows:

	Held		Controlled	
		%		%
LP/ PC	8 921 708	52,01%	17 562 680	64,31%
Other shareholders' pacts	4 001 245	23,33%	5 229 465	19,15%
Investors	2 007 930	11,71%	2 356 114	8,63%
Other and company held	2 222 325	12,96%	2 160 940	7,91%
TOTAL	17 153 208	100,00%	27 309 199	100,00%

Through two agreements, the directors (LP/PC), an industrial shareholder and a financial shareholder, hold 12,922,953 shares (75.34%) and control 22,792,145 votes (83.35%).

The floating stock is therefore 24.66% of the total number of shares, including treasury shares.

II - 4 . 2. Treasury share holdings:

Since the merger of ACTIELEC – MORS, the ACTIELEC TECHNOLOGIES Company has held 1,400 of its own shares.

By decision of the Ordinary and Extraordinary Shareholders Meeting of December 29, 2000, the Company is authorized to re-purchase its own shares. As of December 31, 2002, 61,121 had been bought.

Between January 1, 2002 and December 31, 2002 the Company:

- acquired 19,216 shares on the stock market at the average price of € 4.26, for a total cost of € 81,821.03 excluding brokers' fees.
- sold 10 shares on the stock market at the average price of € 5.18, for a total of € 51.80 excluding brokers' fees.

The expenses related to these operations amount to € 22,867.36 in fees, € 273.60 in transaction charges and € 31 in taxes.

At the end of the period, the number of shares registered in the name of the Company was 62,521 for a value of € 441,767.48 evaluated at the average purchase price. This number of shares with a nominal value of € 46,890.75 represents 0.364% of the share capital.

II - 4 . 3. Stock market history of the securities:

The total shares exchanged in 2001 on EUROCLEAR code 7665 (ISIN FR 0000076655) was 399,375 for a daily average of 1,566 shares during 255 market days.

In 2002, the closing values varied as follows:

- Highest	€ 6.11	(08/01/2002)
- Lowest	€ 1.80	(24/12/2002)
- Closing	€ 1.98	(31/12/2002)

II - 5 EVENTS SINCE THE END OF THE PERIOD

No significant events in terms of capital have occurred since the end of 2002.

III FINANCIAL RESULTS FOR THE LAST 5 YEARS

in Euros	1998	1999	2000	2001	2002
Capital End of Period					
Share capital	5 657 465	5 657 465	12 864 906	12 864 906	12 864 906
Number of common shares in existence	9 277 634	9 277 634	17 153 208	17 153 208	17 153 208
Number of privileged shares in existence (without voting rights)	0	0	0	0	0
Maximum number of shares to be created in the future	0	0	0	0	0
Operations and Results for the Period					
Sales	17 873 422	20 564 294	12 729 316	3 770 448	9 585 941
Income before tax and calculated charges (depreciation and provisions)	1 034 221	371 016	-4 506 062	11 602 345	1 914 298
Income tax	11 434	19 056	19 056	0	3 811
Employee share of profits during the period	0	0	0	0	0
Income after tax and calculated expenses (depreciation and provisions)	-865 328	-3 839 000	-2 493 339	11 558 375	1 713 366
Dividends	0	0	0	1 029 192	0
Earnings per share					
Income after tax, but before calculated expenses (depreciation and provisions)	0,11	0,04	-0,26	0,68	0,11
Income after tax and calculated expenses (depreciation and provisions)	-0,09	-0,41	-0,14	0,67	0,10
Dividends attributed to each share (gross)	0,00	0,00	0,00	0,06	0,00
Dividends attributed to each privileged share (gross)	0,00	0,00	0,00	0,00	0,00
Personnel					
AVERAGE number of employees during the period	254	243	140	6	6
Payroll for the period	7 194 358	6 758 170	5 920 010	595 984	716 135
Amount of social security contributions and charitable contributions, etc.	3 002 194	2 947 491	2 836 369	238 617	283 540

IV AUTHORIZATION OF SHARE REPURCHASE BY THE COMPANY:

We submit the following operations for your approval, namely to authorize the Board of Directors, for a period of eighteen months, to repurchase, in one or several transactions and at periods determined by the Board, Company shares within the limit of 0.5% of existing shares making up the share capital.

This authorization terminates the authorization given to the Board by the General Shareholders' Meeting of April 30, 2002.

Acquisitions may be made by any means for the purpose of:

- Regularizing the quote price of our shares by systematic intervention to counteract market trends
- Intervening through sales and purchase in response to the market situation,
- Granting stock options to corporate employees and officers of the Group and sell or attribute shares to employees within the framework of legal procedures,
- Making possible investments and financing through payment in shares in the context either of external growth operations, or issuance of warrants granting the right to attribution of shares in the Company.
- Optimizing management of cash flow and shareholders' equity, and earnings per share,

The maximum purchase price is set at € 6.00 per share and the minimum sales price or transfer value per share is set at € 1.5 .

The maximum amount for the operation is thus set at € 514,596.

We also ask you to delegate to the Board for a period of 18 months, the power to consent to a plan to attribute a maximum of 500,000 option warrants for new or existing shares. The Board proposes establishing the stock option attribution policy as follows: the value of the option will be 95% of the average closing value of the shares on the stock exchange over the preceding 20 days.

V CORPORATE OFFICERS

V - 1 MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF DIRECTORS

Louis Pech	President of the Supervisory Board
Jean Lagasse	Vice-President of the Supervisory Board
SALVEPAR S.A. – permanent representative Pierre Degeorge	Member of the Supervisory Board
Günther Thrum	Member of the Supervisory Board
Pierre Calmels	Chairman of the Board of Directors
Catherine Mallet	Member of the Board of Directors
Marine Candelon-Bonnemaison	Member of the Board of Directors

The Company also has advisors:

- Mr. François Losi
- Mr. Bruno Denis

V - 2 OFFICES AND POSITIONS HELD BY THE COMPANY DIRECTORS

- **Louis PECH**, President of ACTIELEC Technologies, also holds the following mandates and positions in the companies listed below:

. Mandates:

President of ACTIA, S.A. with Capital of € 15,443,593, 25 chemin de Pourvoirville 31400 TOULOUSE, 389 187 360 RCS TOULOUSE;

President of FONDERIES FINANCIERE MERCIÉ, S.A. with capital of € 597,360, 25 chemin de Pourvoirville 31400 TOULOUSE, 550 802 128 RCS TOULOUSE;

Chairman of LP2C, SA à Conseil de Surveillance et à Directoire with capital of € 3,967,820, 25 chemin de Pourvoirville 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board Member of IDE INGENIERIE, S.A. with capital of €57,150, 25 chemin de Pourvoirville 31400 TOULOUSE, 381 438 076 RCS TOULOUSE;

Board Member of ACTIA VIDEOBUS Paher SA, Poligono Industrial “los Olivos”, C/Calidad 66, 28906 GETAFE MADRID (Spain);

Board Member of ACTIA DE MEXICO SA de CV, Prolongacion Saturno N° 456 Bodega N°19, Colonia Nueva Industrial Vallejo, Delegacion Gustavo A. Madero, CP 07700 MEXICO D.F Mexico;

Board Member of KARFA CORPORATIVO SA de CV, a variable capital Mexican company, tax identification number KC 0940810384, with headquarters in MEXICO (CP 07700 MEXICO DF) Prolongacion Saturno n° 456, Colonia Nueva Industrial Vallejo Delegacion Gustavo A. Madero;

Member of the Advisory Committee of ACTIA DO BRASIL (Brazil), Avenida Polônia, 344,90230-110 PORTO ALEGRE RS Brazil;

Management Committee Member of ACTIA ATI (USA), 57459 DeWitt St ELKHART – INDIANA 46517 USA;

Board Member of ACTIA ITALIA Srl, Corso Unione Sovietica 612/3/C, 10135 TORINO Italy;

Board Member of ACTIA CORP (USA), 57459 DeWitt St ELKHART – INDIANA 46517 USA;

Board Member of ACTIA INDIA PRIVATE LIMITED, company under Indian law with capital of 100.000 USD, identification n°: U72200DL2002PTC115786 with Headquarters in New Dehli (110001), 1 Dakshineshwar, 10 Hailey Road (India);

Permanent Representative of ACTIELEC Technologies in PILGRIM, S.A. with capital of € 2,515,843.26, 25 chemin de Pourvoirville 31400 TOULOUSE, 403 566 375 RCS TOULOUSE;

Permanent Representative of ACTIELEC Technologies in SODIELEC, S.A. with capital of € 3,583,056, route de Mayres BP 9, SAINT-GEORGES DE LUZENCON 12100 MILLAU, 699 800 306 RCS MILLAU;

Permanent Representative of LP2C in ALPHA RECYCLAGE FRANCHE COMTE, S.A. with capital of € 100,000, Mairie de Rochefort sur Nenon 39700 ROCHEFORT SUR NENON, 418 167 953 RCS DOLE;

Board Member of LABEL AVENTURES, S.A. with capital of € 170,000, 4 rue Jules Védrières 31400 TOULOUSE, 430 354 779 RCS TOULOUSE;

Permanent Representative of ACTIA in MEIGA, S.A. with capital of € 289,750, 99-101 route de Versailles 91165 CHAMPLAN, 350 183 182 RCS EVRY;

Permanent Representative of ACTIA in AIXIA, S.A. with capital of € 102,600, Allée B 130 – BP 282 Savoie-Technolac 73350 LE BOURGET DU LAC CEDEX, 381 805 514 RCS CHAMBERY;

Permanent Representative of ACTIELEC Technologies in DATENO, S.A. with capital of € 816,000, rue Amiral Bérenger ZAC Ville-es-Passants II 35800 DINARD, 897 280 418 RCS SAINT-MALO;

Permanent Representative of LP2C in CIPI, S.A. with capital of 500,000 Dinars, Rue des Entrepreneurs, ZI Charguia II, 2080 Ariana Aéroport Tunisia, RC B 180122000;

Permanent Representative of LP2C in MORS Technologies, S.A.S. with capital of € 130,000, La Confrerie BP 22 13610 LE PUY STE-REPARADE, 432 005 569 RCS AIX EN PROVENCE;

Permanent Representative of ACTIELEC Technologies in EBIM, S.A.S. with capital of € 945,600, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE.

Board Member of ESPACES SPORTS TECHNOLOGIES (ESPORTEC), S.A with capital of € 38,150.37, Parc Aéronautique, 27 Avenue Georges Guynemer, 31770 COLOMIERS, 400 557 096 RCS TOULOUSE;

General Manager of ORBIEU, Société Civile with capital of € 3,173,058, rue des Vignes, FERRALS LES CORBIERES 11200 LEZIGNAN LES CORBIERES, 384 134 979 RCS NARBONNE;

General Manager of LA VOIX, Société Civile with capital of € 3,173,058, COZ CASTEL 22500 PAIMPOL, 383 737 566 RCS PAIMPOL;

General Manager of SCI DE L'ORATOIRE, SCI with capital of € 1,500, 10 avenue Edouard Serres 31770 COLOMIERS, 345 291 405 RCS TOULOUSE;

General Manager of SCI du 4 Rue Jules Védrières, SCI with capital of € 374,544, 4 Rue Jules Védrières 31000 TOULOUSE, 352 073 944 RCS TOULOUSE;

President of the IERSET Association, 3 Avenue Didier Daurat – 31400 TOULOUSE;

Vice-President of the LE CERCLE D'OC Association, Place Marcel Dassault – 31700 BLAGNAC;

Advisor to BANQUE de FRANCE de TOULOUSE, 4 Rue Deville 31000 TOULOUSE;

Advisor to COMMERCE EXTERIEUR de la FRANCE, 22 Avenue Franklin Roosevelt BP 303 75365 PARIS CEDEX 08;

President of SOCIETE D'EPARGNE LOCALE DE TOULOUSE NORD, 42 Rue du Languedoc 31000 TOULOUSE;

Board Member of the FACE Association, 16 Rue Sébastopol – BP 394, 31007 TOULOUSE Cedex 6.

. *Position:* Contract in LP2C, S.A. à *Conseil de Surveillance et à Directoire* with capital of € 3,967,820, 25 chemin de Pouvoirville 31400 TOULOUSE.

➤ **Pierre Calmels**, President of the Board of Directors of the Company also holds the following mandates and positions as follows:

. *Mandates*

Board Member and Vice-President of ACTIA, S.A. with capital of € 15,443,593, 25 chemin de Pouvoirville, 31400 TOULOUSE, 389 187 360 RCS TOULOUSE;

President of the Board of Directors of SODIELEC, S.A. with capital of € 3,583,056, route de Mayres BP 9, SAINT-GEORGES DE LUZENCON 12100 MILLAU, 699 800 306 RCS MILLAU;

President of PILGRIM, S.A. with capital of € 2,515,843.26, 25 chemin de Pouvoirville 31400 TOULOUSE, 403 566 375 RCS TOULOUSE;

President of the Supervisory Board of LP2C, S.A. à *Conseil de Surveillance et à Directoire* with capital of € 3,967,820, 25 chemin de Pouvoirville 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board Member of AIXIA, S.A with capital of € 102,600, Allée B 130 – BP 282 Savoie-Technolac 73350 LE BOURGET DU LAC CEDEX, 381 805 514 RCS CHAMBERY.

Board Member of IDE INGENIERIE, S.A. with capital of € 57,150, 25 chemin de Pouvoirville 31400 TOULOUSE, 381 438 076 RCS TOULOUSE;

Permanent Representative of ACTIELEC Technologies in MORS Technologies, S.A.S. with capital of € 130,000, La Confrerie BP 22 13610 LE PUY STE-REPARADE, 432 005 569 RCS AIX EN PROVENCE;

Permanent Representative of ACTIELEC Technologies in CIPI, S.A. with capital of 500,000 Dinars, Rue des Entrepreneurs, ZI Chargaia II, 2080 Ariana Aéroport Tunisie, RC B 180122000;

Board Member of ACTIA VIDEOBUS Paher S.A., Poligono Industrial “los Olivos”, C/Calidad 66, 28906 GETAFE – MADRID (Spain);

Board Member of ACTIA DE MEXICO SA de CV, Prolongacion Saturno N°456 Bodega N°19, Colonia Nueva Industrial Vallejo, Delegacion Gustavo A. Madero, CP 07700 MEXICO D.F Mexico;

Board Member of KARFA CORPORATIVO SA de CV, Variable Capital company under Mexican law, identification N° KC 0940810384, with Headquarters in MEXICO (CP 07700 MEXICO DF) Prolongacion Saturno n° 456, Colonia Nueva Industrial Vallejo Delegacion Gustavo A. Madero;

Member of the Advisory Committee of ACTIA DO BRASIL (Brazil), Avenida Polônia, 344,90230-110 PORTO ALEGRE – RS Brazil;

Board Member of ACTIA CORP (USA), 57459 DeWitt St ELKHART – INDIANA 46517;

Board Member of ACTIA ITALIA Srl, Corso Unione Sovietica 612/3/C, 10135 TORINO Italy;

Board Member of ALPHA RECYCLAGE FRANCHE COMTE, S.A. with capital of € 100,000, Mairie de Rochefort sur Nenon 39700 ROCHEFORT SUR NENON, 418 167 953 RCS DOLE;

Board Member of MEIGA, S.A. with capital of € 289,750, 99-101 route de Versailles 91165 CHAMPLAN, 350 183 182 RCS EVRY;

Permanent Representative of SODIELEC in DATENO, S.A. with capital of € 816,000, rue Amiral Béranger ZAC Ville-es-Passants II 35800 DINARD, 897 280 418 RCS SAINT-MALO;

Vice-President and Board Member of FONDERIES FINANCIERE MERCIE, S.A. with capital of € 597,360, 25 chemin de Pouvourville 31400 TOULOUSE, 550 802 128 RCS TOULOUSE;

Permanent Representative of LP2C in FONDERIE L. MERCIE, S.A. with capital of € 500,000, 11 avenue de la Marcaissonne 31400 TOULOUSE, 391 888 062 RCS TOULOUSE;

Permanent Representative of SODIELEC in EBIM, S.A.S. with capital of € 945,600, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE;

Permanent Representative of MEIGA in TECNO FRANCE, S.A. with capital of € 152,000, Z.I Les Bosquets II n° 9 A, 95540 MERY SUR OISE, 342 201 563 RCS PONTOISE;

General Manager of SCI LES COTEAUX DE POUVOURVILLE, Société Civile with capital of € 91,500, 25 chemin de Pouvourville 31400 TOULOUSE, 343 074 738 RCS TOULOUSE;

General Manager of SC LA VOIX, Société Civile with capital of € 3,173,058, COZ CASTEL 22500 PAIMPOL, 373 737 566 RCS PAIMPOL;

General Manager of SC ORBIEU, Société Civile with capital of € 3.173.058, rue des Vignes FERRALS LES CORBIERES 11200 LEZIGNAN LES CORBIERES, 384 134 979 RCS NARBONNE;

General Manager of SCIPIA, Société Civile à Capital Variable, 25 chemin de Pouvourville 31400 TOULOUSE, 344 081 278 RCS TOULOUSE;

General Manager of SCI DE L'ORATOIRE, SCI with capital of € 1.500, 10 avenue Edouard Serres 31770 COLOMIERS, 345 291 405 RCS TOULOUSE;

General Manager of SCI du 4 Rue Jules Védrières, SCI with capital of € 374,544, 4 Rue Jules Védrières 31000 TOULOUSE, 352 073 944 RCS TOULOUSE.

. Other positions: none

➤ **Mrs. Marine Candelon-Bonnemaison**, Board Member of the Company, also holds the mandates and positions as follows:

. Mandates :

Member of the Board of LP2C, S.A. à *Conseil de Surveillance et à Directoire* with capital of € 3,967,820, 25 chemin de Pouvourville 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board Member of ACTIA, S.A. with capital of € 15,443,593, 25 chemin de Pouvoirville, 31400 TOULOUSE, 389 187 360 RCS TOULOUSE.

. *Position:* Contract as Director in LP2C, S.A. à *Conseil de Surveillance et à Directoire* with capital of € 3.967.820, 25 chemin de Pouvoirville 31400 TOULOUSE .

➤ **Mrs. Catherine Mallet**, Board Member of the Company, also holds the mandates and positions as follows:

. *Mandates :*

Board Member of FONDERIES FINANCIERE MERCIE, S.A. with capital of € 597,360, 25 chemin de Pouvoirville 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board Member of MORS Technologies, S.A.S. with capital of € 130,000, La Confrerie BP 22 13610 LE PUY STE-REPARADE, 432 005 569 RCS AIX EN PROVENCE;

Board Member of EBIM, S.A. with capital of € 945,600, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE;

Board Member of PILGRIM, S.A. with capital of € 2,515,843.26, 25 chemin de Pourvoirville 31400 TOULOUSE, 403 566 375 RCS TOULOUSE

Member of the Board of LP2C S.A. à *Conseil de Surveillance et à Directoire* with capital of € 3.967.820, 25 chemin de Pouvoirville 31400 TOULOUSE.

. *Position:* Contract as Management Assistant in ACTIELEC Technologies, S.A. with capital of € 12,864,906, 25 chemin de Pouvoirville 31400 TOULOUSE.

➤ **SALVEPAR Company**, Member of the Company Supervisory Board, also holds the mandates and positions as follows:

. *Mandates :*

Board Member of AFICA – AFFINAGE CHAMPAGNE ARDENNES, with capital of € 1,216,000, BP 13, 51100 BAZANCOURT, 336 780 408 RCS REIMS;

Board Member of CONFLANDEY, with capital of € 1,452,600, 130 rue Amelot 75011 PARIS, 306 844 259 RCS PARIS;

Board Member of CROMETAL, with capital of € 14,056,988.49, 251 boulevard Péreire 75582 PARIS CEDEX 17, 562 086 967 RCS PARIS;

Board Member of FAVI, with capital of € 960,000, LE LAITON INJECTE, BP 5, 80490 HALLENCOURT, 778 151 563 RCS ABBEVILLE;

Board Member of GEODIS, with capital of € 91,991,320, 183 avenue de Clichy 75017 PARIS, 542 084 322 RCS PARIS;

Board Member of GROUPE LIPPI, with capital of € 1,897,000, La Fouillouse 16440 MOUTHIER, 304 541 246 RCS ANGOULEME;

Board Member of NORINCO, with capital of € 2,667,857.80, 25 rue Aristide Briand, BP 157 60111 MERU CEDEX, 592 029 425 RCS BEAUVAIS;

Board Member of PARSA – SOCIETE SAVOISIENNE DE PARTICIPATIONS, with capital of € 1,600,000, 21 boulevard de la Madeleine 75038 PARIS CEDEX 01, 322 791 740 RCS PARIS;

Board Member of RG SAFETY, with capital of € 18,563,825, 74 rue du Docteur Lemoine 51100 REIMS, 420 625 394 RCS REIMS;

Board Member of SAMSE, with capital of € 2,710,754, 26 rue du Colonel Dumont 38000 GRENOBLE, 056 502 248 RCS GRENOBLE.

➤ **Mr. Pierre Degeorge**, Permanent Representative of SALVEPAR Company, Member of the Company Supervisory Board, also holds the mandates and positions as follows:

➤

. *Mandates :*

Permanent Representative of SALVEPAR company, on the boards of:

AFICA – AFFINAGE CHAMPAGNE ARDENNES, *Société à Conseil d'Administration* with capital of € 1,216,000, BP 13 51100 BAZANCOURT, 336 780 404 RCS REIMS;

FAVI, *Société à Conseil d'Administration* with capital of € 960,000, LE LAITON INJECTE BP 5 80490 HALLENCOURT, 778 151 563 RCS ABBEVILLE;

GROUPE LIPPI, *Société à Conseil d'Administration* with capital of € 1,897,000, La Fouillouse 16440 MOUTHIER, 304 541 246 RCS ANGOULEME;

RG SAFETY, *Société à Conseil d'Administration* with capital of € 18,563,825, 74 rue du Docteur Lemoine 51100 REIMS, 420 625 394 RCS REIMS;

SG Finance Praha, *Société à Directoire et Supervisory Board*, in Czech Republic.

PARSA – SOCIETE SAVOISIENNE DE PARTICIPATIONS, with capital of € 1,600,000, 21 boulevard de la Madeleine 75038 PARIS CEDEX 01, 322 791 740 RCS PARIS;

. *Position:* Assistant Managing Director of SOCIETE ALSACIENNE ET LORRAINE DE VALEURS, D'ENTREPRISES ET DE PARTICIPATIONS – SALVEPAR, S.A. with capital of € 12,523,408, 21 boulevard de la Madeleine 75038 PARIS CEDEX 01, 552 004 327 RCS PARIS.

➤ **Mr. Jean Lagasse**, Member of the Company Supervisory Board, also holds the mandates and positions as follows:

. *Mandates :*

Member of the Supervisory Board of BANQUE COURTOIS, S.A. à *Directoire et Conseil de Surveillance* with capital of € 17,383,880, 33, rue de Rémusat BP 615 31001 TOULOUSE, 302 182 258 RCS TOULOUSE.

. *Other positions:* none

- **Mr. Günther Thrum**, Member of the Company Supervisory Board, also holds the mandates and positions as follows:

. *Mandates*

General Manager of SIDMIA, *Société en Commandite Simple* with capital of € 353,400, 58 Avenue du Général Leclerc 92100 BOULOGNE BILLANCOURT, 722 044 764 RCS NANTERRE;

General Manager of SIDMIA INTERNATIONAL, SARL with capital of € 15,000, 58 Avenue du Général Leclerc 92100 BOULOGNE BILLANCOURT, 348 900 564 RCS NANTERRE.

. *Other positions:* none

V - 3 **INDEPENDENT DIRECTORS:**

CRITERIA: an independent director cannot be:

- Any executive, former executive or employee of the Company or any of its subsidiaries,
- Any shareholder, any representative or employee of a shareholder, who acting alone or with others, holds less than 5% of the total number of votes in the Company,
- Any other person who has a relationship with the Company which may conflict with the exercise of his or her responsibilities as member of the Supervisory Board or Board of Directors.

Independent directors:

- Jean Lagasse Vice President of the Supervisory Board

Situation of each of the directors in light of these criteria: The Supervisory Board has examined the situation of each of the directors in terms of the criteria for independence, and has drawn the following conclusions: All of the people listed below correspond to the above criteria:

- Jean LAGASSE is a shareholder on an individual basis.

Number of shares that must be held by a member of the Supervisory Board: Company by-laws stipulate that a member of the Supervisory Board must hold at least one share in the Company.

Number of members of the Supervisory Board elected by the employees: the members of the Supervisory Board were all elected at the General and Extraordinary Meeting of November 12, 2002. No member was elected through the process intended for the designation of salaried members.

Number of standing auditors designated: Two standing auditors were designated by the first Supervisory Board which took place on November 12, 2002.

V - 4 **ROLE AND FUNCTIONS OF THE SUPERVISORY BOARD AND BOARD OF DIRECTORS**

ACTIELEC TECHNOLOGIES S.A., initially a company with a Board of Directors, changed its status under French law to have both a Supervisory Board and a Board of Directors (*Société à Conseil de Surveillance et Directoire*) at its General and Exceptional Shareholders Meeting of November 12, 2002. The Supervisory Board has not yet established its by-laws.

During 2002, the meetings held were:

- Three by the Board of Directors,
- Two by the Supervisory Board.

The rate of participation for all of these meetings is 97% of members present or represented (including 17% of the members represented).

Committee activity during the previous period

✓ Accounts committee:

For the moment, no Accounts Committee has been created. The project is being studied.

✓ Remunerations committee:

For the moment, no Remunerations Committee has been created. The project is being studied.

✓ Nominations committee:

For the moment, no Nominations Committee has been created.

V - 5 NOMINATIONS, RENEWALS AND RATIFICATION OF CO-OPTION

No seat on the Supervisory Board comes up for expiration at the time of this present meeting.

Mr. Pierre Calmels's nomination as a new member of the Supervisory Board will be proposed to the shareholders.

Mr. Pierre Calmels, resigning from his membership on the Board of Directors, is one of the founding members of the Company.

He will not be an independent Director.

V - 6 DIRECTOR'S FEES

No Director's fees were attributed to members of the Board of Directors, or the Supervisory Board during the 2002 period.

Remunerations of Directors during the period:

Directors (whatever the length of office held during the period)	In the Company			In Controlled Companies	
	Remunerations		Payments in kind	Remunerations	Payments in kind
	Related to the office	Other remunerations			
Pierre Calmels	0	0	0	0	0
Marine Candelon	0	0	0	0	0
Pierre Degeorge/Salvepar	0	0	0	0	0
Bruno Denis	0	0	0	0	0
Jean Lagasse	0	0	0	0	0
François Losi	0	0	0	0	0
Catherine Mallet	0	55 500	2 100	0	0
Louis Pech	0	0	0	0	0
Günther Thrum	0	0	0	0	0
TOTAL	0	55 500	2 100	0	0

Sums are gross values.

VI STATUTORY AUDITORS

No position of statutory auditor is due to expire at the time of this present meeting.

VII EMPLOYEES

VII - 1 SHARE OF CAPITAL HELD AT THE END OF THE PERIOD

At the end of the period, the participation of employees as defined in article L225-102 of the *Code de Commerce* accounts for 0% of the Company's share capital.

VII - 2 INCREASE IN RESERVED CAPITAL

The participation of employees as defined in article L225-102 of the *Code de Commerce* being less than 3% of the Company's share capital, and this meeting not having been called for the purpose of increasing the capital reserved for subscribers to a *P.E.E* or a *P.P.E.S.V.*, it is up to this assembly to make a decision concerning such a project.

For that purpose, we propose to delegate all necessary powers to the Board, for a period of 5 years in order to carry out such an increase up to 3 % of the capital, at the time and under the conditions of its choosing.

VII - 3 NOMINATION OF SHAREHOLDER EMPLOYEES AS MEMBERS OF THE SUPERVISORY BOARD

We inform you that the Board received no applications.

VII - 4 DESIGNATION OF MEMBERS OF THE SUPERVISORY BOARD BY EMPLOYEES

The participation of employees as defined in article L225-102 of the *Code de Commerce* being less than 3% of the Company's share capital, it is not necessary to foresee the implementation of procedures involving the designation of Supervisory Board members by the employees.

VII - 5 IMPLEMENTATION OF WARRANT OR STOCK OPTIONS

Shareholders will be asked to delegate to the Directors for a period of 38 months, the power to consent to warrant and stock options.

These options will be granted as incentives for Group managers, in order to continue to improve our profitability with the aim of seeing our value increase on the stock market.

The warrant and stock options granted in the context of this authorization will not open rights to a total of more than 500,000 shares, and must be exercised within a maximum time limit of eight years.

Consequently, the General Shareholders Meeting will give all necessary powers to the Directors, with the possibility of sub-delegation under applicable legal stipulations, to establish the conditions in which these options will be granted, namely determining the companies, members of personnel and company directors concerned, as well as the number of shares which can be reserved or purchased by each person. These conditions may in particular, contain conditional clauses concerning the exercise of these options, in order to meet certain objectives set by the Directors, as well as clauses prohibiting immediate resale of all or part of these shares, with a limitation on the compulsory holding time of three years dating from the date the option is exercised.

The price to be paid when the warrant or stock option is exercised will be set by the Directors, with the restriction that the price cannot be less than the applicable limit stipulated in article L. 225-177 of the *Code de Commerce*.

In the case of a stock purchase option, this price cannot be less than the applicable limit stipulated in article L. 225-179 of the same code either. However, if during the period in which the granted options can be exercised, the Company carries out one of the financial or securities operations stipulated in article L. 225-181 of the code, the Directors will adjust, according to the conditions specified by applicable rules, the number and price of the shares included in the shares covered by the options granted to beneficiaries, in order to take into account the effects of such operations.

The present authorization must include, to the advantage of beneficiaries of warrant options, the Shareholders' explicit renunciation of their preferential right to stock warrants issued as the options are exercised. The increase in share capital resulting from the exercise of these warrant options will definitively take effect solely through the declaration of the exercise of the option, accompanied by presentation of the warrants and payment, which may be made in cash, or by compensation with debts of the Company. The Directors will verify, if necessary, under applicable legal rules, the number and value of shares issued following the exercise of warrant options and will make the necessary modifications to clauses of the by-laws relative to the amount of share capital and the number of shares it represents.

If the shareholders agree, the Directors will be granted all of the powers necessary to set dates for the exercise of the options, to temporarily suspend the exercise in the case of financial operations and to establish all other procedures concerning these options.

The Directors will establish the policy for attribution of the options as soon as they implement the delegated powers granted by the Shareholders during the General Meeting.

VIII REGULATED RELATED PARTY AGREEMENTS

We ask you to approve the agreements specified in article L 225-38 of the *Code de Commerce* authorized according to regulations by the Supervisory Board.

Your Statutory Auditors will present them to you, along with all necessary details, in their special report which will be read to you momentarily.

Some of these agreements have yet to be authorized by the Board. In this case they must be approved according to the terms of article L 225-88 of the *Code de Commerce*.

IX EFFECT OF OPERATIONS ON EMPLOYMENT

IX - 1 OVERALL PERSONNEL FIGURES AND MODIFICATIONS FOR THE 2002 PERIOD

On December 31, 2002, the 28 entities of the Group employed 1,715 people in FRANCE (921 people) and 12 other countries (794 people).

In France, 95 people were hired in 2002, 59 with short-term contracts, and 36 on indefinite duration contracts. Their recruitment posed no particular problem, except for the difficulty of finding high-level sales executives for sites outside of large urban areas.

The monthly average in France for external personnel employed by the Company was 37.

The number of overtime hours applied was insignificant.

IX - 2 WORK SCHEDULES AND ABSENTEEISM

Within the framework of French law, executives and managers are employed for a certain number of work days per year. Other employees benefit from the legal work week of 35 hours for a full time post and 27 hours, 30 minutes for part time.

In France, absenteeism is less than 5%, illness being the main reason. The rate of work-related accidents is low; less than 1.5%.

IX - 3 REMUNERATION AND PROFESSIONAL EQUALITY

The Group's total payroll is € 53.797 million, or 30.55% of gross income.

Compared to 2001 it progressed by 3.7%. The evaluation of the corresponding number of personnel is complicated by changes in scope.

In France, employee investment and incentive programs are applied normally.

Professional equality between men and women is respected, and in particular the executive management of the group is 67% female.

IX - 4 PROFESSIONAL RELATIONS AND ASSESSMENT OF COLLECTIVE BARGAINING AGREEMENTS

Given the relatively small size of even our largest entities (all with fewer than 500 people), professional relations are good to excellent.

In France, the assessment of collective bargaining agreements is positive. The success of the merger between the two Toulouse entities ACTIA S.A. and ALCYON PRODUCTION SYSTEM S.A. is a good example in spite of the major differences in the two types of populations (R&D and sales on the one hand, electronics production on the other).

IX - 5 HEALTH AND SAFETY

(see chapter X covering environmental questions).

IX - 6 TRAINING

In France, training programs are generalized in all entities, with budgets often exceeding the legal minimums.

IX - 7 HANDICAPPED WORKERS

A significant deficit in the number of handicapped workers should be pointed out within the Group in France, compared to the legal level; 1.7% rather than 6.0%. In spite of subcontracting oriented toward specialized centers in particular, additional effort needs to be made in this area.

IX - 8 SOCIAL WORKS

There is no particular comment to be made concerning the functioning of the various organizations in this area.

IX - 9 SUBCONTRACTING

896 people (52.2% of the personnel) are assigned to direct and indirect production jobs, including 403 (23.5%) in final assembly or product mounting. Basic production of components therefore involves 493 employees. This generates a high level of outside subcontracting, which varies according to the geographic location of the different entities compared to the main production centers belonging to the Group.

IX - 10 TERRITORIAL IMPACT

Given the Group's international dimension, with corporate locations in 14 different countries in the near future, growth mainly takes place abroad, without layoffs in France, inasmuch as Group survival is assured.

IX - 11 EXTERIOR RELATIONS

The Group cultivates excellent relations with educational establishments, partly due to relations with the establishments with whom it carries out research programs, and from whom it receives many interns.

Concerning associations for social integration see §IX-7.

No conflicts exist with environmental or consumer associations, nor with neighboring populations.

IX - 12 ETHICS AND SUBCONTRACTING

Subcontractors are regularly audited concerning quality provided to clients, at which time ethical principles related to child or forced labor are verified according to the recommendations of the International Labour Organisation.

IX - 13 FOREIGN SUBSIDIARIES

The same rules governing French entities are applied to the conduct of foreign subsidiaries in the context of their national laws.

X ENVIRONMENTAL CONSEQUENCES OF OPERATIONS

In order to provide **information related to the environmental consequences of the Company's operations**, in conformity with article 2 of decree n° 2002-221 of February 20, 2002 (made in application of article L. 225-102-1 of the *Code du Commerce* and modifying decree n° 67-236 of March 23, 1967 concerning commercial companies), an audit was performed in early 2003 for each of the 9 Group companies in France:

ACTIELEC TECHNOLOGIES

- ACTIA - Toulouse (31)
- MEIGA - Champlan (91)
- AIXA - Le Bourget du Lac (73)
- ATON Systèmes – Maisons Alfort (94)
- ACTIA - Colomiers (31)
- SODIELEC – St Georges de Luzençon (12)
- DATENO – Dinard (35)
- MORS Technologies – Puy Sainte Réparate (13)
- EBIM – Manosque (04)

X - 1 CONSUMPTION AND WASTE

X - 1 . 1. Consumption of water resources

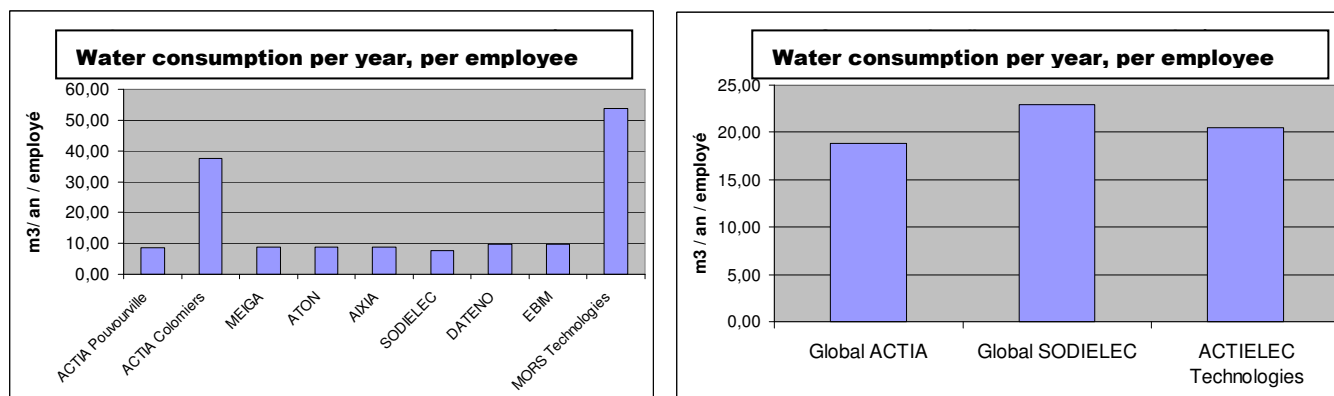
Total water consumption on the 9 sites in 2002 was 18,900 m³.

Most of the water used at out sites comes from the potable water system (13,900 m³ in 2002, for 74% of the total consumed); only the ACTIA site in Colomiers takes water from a private well (5,000 m³ used in 2002).

In terms of the number of employees, consumption for all sites in 2002 is about 20 m³/year/employee.

Sites	ACTIA Pouvourville	ACTIA Colomiers	MEIGA	ATON	AIXIA	Global ACTIA	SODIELEC	DATENO	EBIM	MORS Technologies	Global SODIELEC	ACTIELEC Technologies
Consommation d'eau par employé et par an (m ³ /an/employé)	8,45	37,50	8,96	9	9	18,86	7,74	9,67	9,80	53,81	22,98	20,50

Water consumption per employee for the year 2002 (m^3 /employee/year)



Consumption at the sites (except ACTIA Colomiers and MORS Technologies whose high water consumption is being analyzed internally) are typical of a “services – studies” operation: daily consumption is nearly 50 liters per day per employee, compared to average daily consumption for domestic use which is between 150 and 200 liters per day per person.

X - 1 . 2. Consumption of raw materials

Company operations do not directly consume raw materials directly extracted from nature, because these operations take place using partially manufactured products (electronic components, electrical cables, etc.) essentially made of metal and plastic.

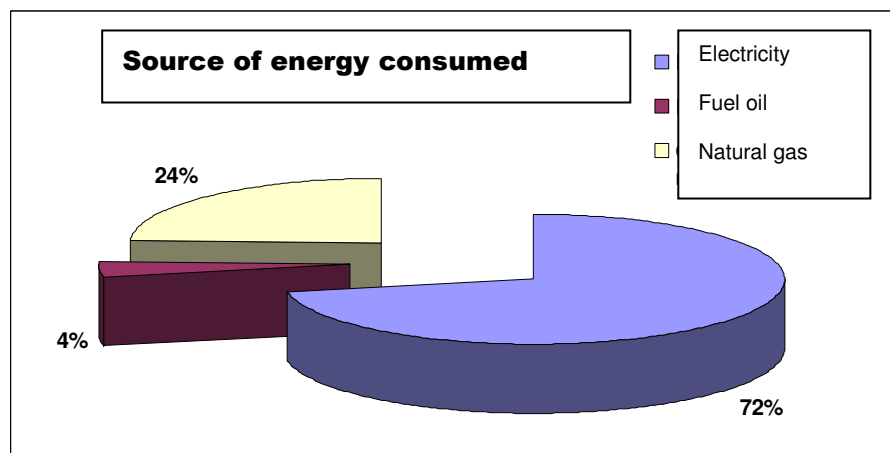
X - 1 . 3. Energy consumption

Three sources of energy are used on the sites:

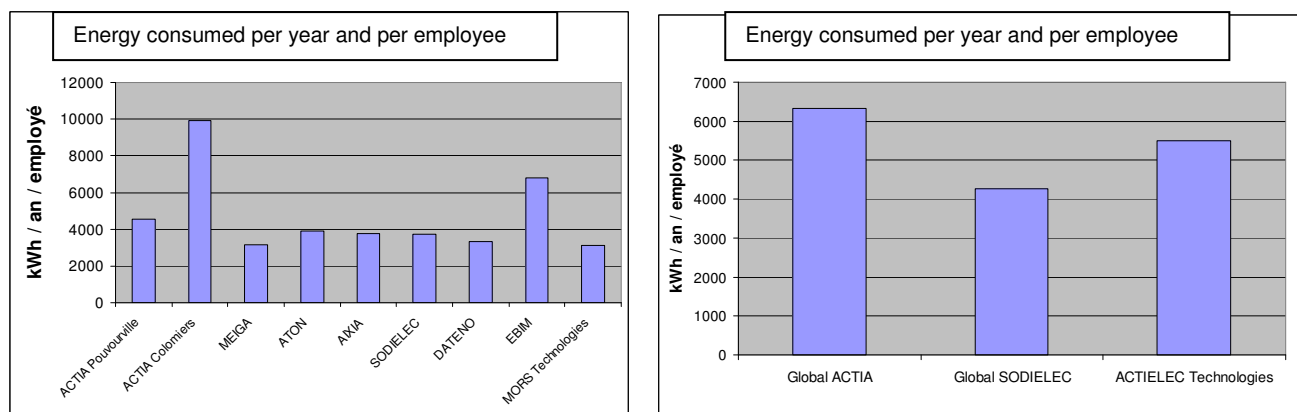
- electricity: 3,531 MWh (2002),
- fuel oil: 188 MWh (2002)
- natural gas: 1,193 MWh (2002)

Total energy consumption for all sites in 2002 amounted to 4,912 MWh.

Energy consumption from the various sources breaks down as follows:



The following graphs illustrate the energy consumed in 2002 by number of employees:



Energy consumption:

Sites	ACTIA Pouvourville	ACTIA Colomiers	MEIGA	ATON	AIXIA	Global ACTIA	SODIELEC	DATENO	EBIM	MORS Technologies	Global SODIELEC	ACTIELEC Technologies
Consommation par employé (kWh / an / employé)	4559	9906	3169	3917	3771	6331	3705	3341	6822	3115	4259	5505

The average annual ratio of energy consumption for all of the sites was 5,505 kWh/year/employee.

X - 1 . 4. Conditions of land use

All of the entities use the land only as building sites.

The total land use of the sites covers 12 hectares, of which 65% of the surface area is landscaped green space.

X - 1 . 5. Emissions into the air

Operations on these sites do not generate significant emissions into the air.

Nearly 75 % of the energy consumed is electric, which does not generate greenhouse gases (CO₂, and others)

Although these emissions into the atmosphere are considered quite low, an estimation of emissions will be made during 2003 as part of a “simplified environmental audit” planned for 9 sites.

X - 1 . 6. Emissions into the water, the soil

Operations on these sites do not generate significant emissions into the water or the soil: waste water is of the “domestic type” and goes into the local sanitation system, linked to waste water treatment plants. Potential pollutant products are not stored directly on the soil. All operations take place inside covered buildings with water-proof floors.

The waste water systems at the ACTIA Colomiers site, the main production plant, separate the water, with rain runoff being collected by the local storm drain system.

As part of the “simplified environmental audit” to be conducted in 2003, management of these systems and effluents will be analyzed.

X - 1 . 7. Noise and odor pollution

Given the low noise factor and non-odorous operations carried out on these sites, no noise or odor pollution was reported in neighboring areas in 2002.

X - 1 . 8. Waste

Waste resulting from operations at all of the sites consists mainly of packaging (cartons, pallets, plastic wrapping, etc.) waste from offices, production rejects, and some dangerous waste.

This waste is not eliminated or processed on site. It is stored temporarily before being removed periodically to recycling or processing centers.

The on-site recycling concerns mainly cartons, paper, plastic and metals.

An active sorting policy has been developed on 5 sites and will be intensified, particular after the “simplified environmental audit” which will take place in 2003.

The 2 ACTIA sites in Toulouse and Colomiers (employing over 50% of the Group’s French personnel), which have implemented environmental management procedures, have evaluated the ratios of waste production for the year 2002 to be:

- 100 kg / year / employee for ACTIA Toulouse (engineering office)
- 290 kg / year / employee for ACTIA Colomiers (production)

In comparison, household waste produced is around 370 kg/ year / inhabitant.

X - 2 Measures taken to limit the impact on the natural environment

Operations on our sites do not have a significant impact on the biological balance, or on natural habitats, or on animal or plant species.

One of the reasons is the almost total absence of atmospheric emissions (very little greenhouse gas, given that 75% of the energy consumed is electrical), the absence of noise and direct use of the natural milieu (use of land, consumption of raw materials).

Another reason is that the measures to limit effluents related to waste water and potentially polluting products are already in effect.

Waste water (essentially of the domestic type) is directed into the sanitation system and processed in a sewage treatment plant.

Potentially polluting products for the water and soil are stored out of contact with the ground.

We mention again that the green spaces on the sites total 65% of the surface area, demonstrating that our operations integrate well into their local context in terms of landscaping.

X - 3 Evaluation and certification procedures

The two sites of ACTIA Toulouse and ACTIA Colomiers (over 50% of the personnel of the 9 sites) have committed to an ISO 14001 certification procedure in 2002.

These two sites should receive ISO 14001 certification during 2003.

The “simplified environmental audit” which will be conducted in 2003 for all 9 sites, is the first step toward a precise environmental evaluation of these sites.

X - 4 Measures taken to ensure conformity

Through the environmental management systems initiated in 2002 on the sites of ACTIA Toulouse and ACTIA Colomiers, a detailed analysis of conformity will be carried out in 2002 on these two sites; the resulting oversight of regulations and processes will ensure that regulatory conformity is maintained.

The “simplified environmental audit” which will be conducted in 2003 on the other sites will enable us to extend the process of verifying conformity to regulations.

X - 5 Expenses involved in preventing consequences

Given:

- the very limited dangers in case of dysfunction on the sites,
- the measures already applied to limit impacts of the sites on the environment during normal operations (removal of waste, connection to the waste water processing system)
- environmental certification procedures underway which commit the sites to continuous improvement and better control of their environmental impacts,

no significant expense has been necessary for the 2002 period to prevent any consequences of the Company's operations to the environment.

X - 6 Internal organization of environmental management

A member of the Board of the ACTIELEC Group is in charge of coordinating all environmental actions with the support of an environmental engineering and consulting office.

When environmental management procedures were implemented for the sites of ACTIA Toulouse and ACTIA Colomiers, an environmental coordinator was assigned, supervised by the ACTIA Systems Division – Quality / Environment. This coordinator has taken a training course in environmental management.

Implementation of the ISO 14001 standard involves training and informing the personnel on environmental matters. A general information session has already been held at ACTIA Colomiers for 202 employees there. A training plan and information program have been established within the framework of the environmental management system.

Internal organization of risk management, in the event of accident has been carried out on the sites which have committed to the implementation procedure for an environmental management system (ACTIA Toulouse and ACTIA Colomiers), which requires the identification and evaluation of emergency situations (such as accidents involving pollution) in order to be better prepared with the obligation of establishing a procedure for "response to emergency situations."

And finally, the Group's sites do not present a risk of polluting accidents with consequences beyond site boundaries.

X - 7 Amounts of provisions and guarantees

Concerning Group operations which do not present a significant risk in terms of the environment, no provisions or guarantees were made for 2002, or in previous periods.

X - 8 Amounts of indemnities and damages paid, or compensatory actions taken during the period

No indemnity or damages related to an environmental problem or accident were paid in 2002.

No compensatory action concerning the environment was taken in 2002.

X - 9 Objectives assigned to foreign subsidiaries

The French sites have committed to progressive steps to better account for the different aspects of the environment involving site operations.

For 2002, an effort was made to centralize information for the French sites. These actions will be pursued in 2003 through a "simplified environmental audit" which will be conducted for all the sites in France.

Sites located abroad have the same characteristics as the French sites; therefore the impact of their operations on the environment are extremely limited.

However, awareness of environmental impact will progressively be extended to the foreign subsidiaries, in conformity with the legislation applicable in the countries where they are located, and beyond legal requirements, as part of the voluntary commitment of the ACTIELEC TECHNOLOGIES Group.

XI PRESENTATION OF THE RESOLUTIONS

As indicated in the agenda of this meeting, we will submit a certain number of resolutions to you for approval.

XI - 1 WITHIN THE COMPETENCE OF THE GENERAL SHAREHOLDERS' MEETING

In the first resolution, we ask you to approve the annual accounts for the previous period.

In the second resolution, we ask you to approve the annual consolidated accounts for the year ended December 31, 2001, showing consolidated net income of € 3,470,603.

In a third resolution, we will ask you to approve the agreements concerning article L225-38 of the *Code de Commerce*. Your auditors will present them to you and give you all the necessary information in their special report, which will be read to you momentarily.

If you approve the accounts and balance sheets of the year, in a fourth resolution, we will propose the attribution of the profit as follows:

Origin

Retained earnings "positive balance"	€ 10,406,178.49
Result of the period: profit of	€ 1,713,365.63

Attribution

Balance to retained earnings	€ 12,119,544.12	
TOTAL	€ 12,119,544.12	€ 12,119,544.12

The fifth resolution concerns the nomination of a new member to the Supervisory Board, raising the number of members to five.

The sixth resolution concerns the authorization to the Board enabling the Company to repurchase its own shares as stipulated in article L 225-209 of the *Code de Commerce*.

XI - 2 WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

The seventh resolution will make it possible to modify the Company by-laws to redefine the business purposes of the Company.

The eighth resolution will insert a clause authorizing adoption of an Identifiable Bearer Securities procedure (TPI).

The purpose of the ninth resolution will be to enable your Directors to implement a plan for share warrants or purchase concerning new or existing shares.

The last resolution will concern the powers to be conferred.

XII CONCLUSION

We will ask you to give full and final discharge to your Directors of their financial administration for the period ended December 31, 2002, as well as to the Statutory Auditors for the accomplishment of their mission which they will inform you of in their general report.

Your Directors invite you to examine and approve by your vote, the text of the resolutions they have proposed to you.

THE DIRECTORS

CONSOLIDATED FINANCIAL STATEMENTS 31ST DECEMBER 2002

A - CONSOLIDATED BALANCE SHEET

Consolidated Assets in €	31/12/02		31/12/01	
	Gross	Depreciation / Provision	Net	Net
Uncalled capital				
Goodwill	28 374 371	5 768 378	22 605 993	23 024 632
INTANGIBLE FIXED ASSETS				
Start-up costs	29 564	21 764	7 800	13 289
Research & Development expenditure	16 312 301	1 925 822	14 386 479	12 099 819
Concessions, patents and brands	4 946 890	3 526 740	1 420 150	1 217 816
Purchase goodwill	16 161		16 161	28 984
Other intangible assets	83 920	14 635	69 285	10 970
Advances and payments on account				
TANGIBLE FIXED ASSETS				
Land	1 693 888	16 985	1 676 903	1 845 483
Buildings	12 015 925	4 515 075	7 500 850	8 499 106
Plant, equipment and tools	24 113 604	18 487 259	5 626 345	7 302 032
Other tangible assets	11 371 303	8 237 512	3 133 791	2 953 493
Fixed assets in progress	172 314		172 314	149 176
Advances and payments on account				78 989
FINANCIAL FIXED ASSETS				
Shareholdings	852 070	446 657	405 413	635 836
Equity-accounted investments	586 247		586 247	534 309
Receivables on investments	677 413	420 201	257 212	162 180
Other holdings	166 684	91 184	75 500	80 899
Loans	602		602	
Other financial fixed assets	196 213		196 213	301 467
FIXED ASSETS	101 609 470	43 472 212	58 137 258	58 938 480
CURRENT ASSETS				
Raw materials	22 400 631	3 655 059	18 745 572	25 793 630
Goods in progress	2 882 914		2 882 914	3 817 729
Services in progress	6 014 316	27 390	5 986 926	4 540 908
Intermediate and finished products	9 139 038	684 983	8 454 055	9 485 903
Merchandise	8 407 509	1 350 935	7 056 574	8 299 041
Advances and payment on account for orders	534 311		534 311	1 025 380
Trade accounts receivable	42 564 354	964 564	41 599 790	53 522 726
Deferred tax assets	7 341 907		7 341 907	5 873 139
Other receivables	9 154 709	89 548	9 065 161	13 105 985
Unpaid called-up capital				
Own shares	441 718	317 926	123 792	214 283
Other short-term securities	91 284	809	90 475	255 756
Cash and bank	5 239 902	47 145	5 192 757	10 341 096
Prepaid expenses	999 510		999 510	964 877
CURRENT ASSETS	115 212 103	7 138 359	108 073 744	137 240 453
ADJUSTMENT ACCOUNTS				
Deferred charges	112 646		112 646	169 968
Bond redemption premiums				
Unrealized exchanges losses				
TOTAL ASSETS	216 934 219	50 610 571	166 323 648	196 348 901

Consolidated Liabilities in €	31/12/02	31/12/01
Share capital	12 864 906	12 864 906
Issuance premiums	9 276 980	9 276 980
Group revaluation reserves		
Legal reserve	1 286 491	1 160 116
Statutory or contractual reserves		
Regulated reserves	189 173	189 173
Other reserves		
Group reserves	6 913 339	14 457 583
Currency translation reserve	-788 942	392 784
Retained earnings	10 406 178	
Group net income	-3 369 749	3 692 615
Investment subsidies		
Regulated provisions		
Treasury shares		
SHAREHOLDERS' EQUITY	36 778 376	42 034 157
Minority interests in reserve	3 045 353	4 180 370
Minority interests in net income	-100 854	227 765
MINORITY INTERESTS	2 944 499	4 408 135
Proceeds from issuance of participating debt		
Conditional advances	1 205 430	3 356 238
OTHER EQUITY	1 205 430	3 356 238
Negative goodwill		
Provisions for risks	376 085	1 378 115
Provisions for expenses	2 162 489	2 015 005
Deferred tax liabilities	3 264	49 931
PROVISIONS FOR RISKS AND EXPENSES	2 541 838	3 443 051
Convertible bonds	1 443 600	1 143 396
Other bonds		
Loans and debts to financial institutions	64 575 180	65 451 775
Other loans and financial debt	1 842 523	1 800 200
Advances and payments on account for orders	3 098 747	6 028 659
Trade accounts payable and related accounts	27 157 577	38 346 206
Tax, personnel and social security	12 891 699	14 620 203
Due for fixed assets	2 078 489	2 280 663
Other liabilities	3 673 198	6 908 171
Deferred income	6 092 492	6 528 047
TOTAL LIABILITIES	122 853 505	143 107 320
Unrealized exchange gains		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	166 323 648	196 348 901

B - CONSOLIDATED INCOME STATEMENT

	31/12/02	31/12/01
Sales of merchandise	25 354 711	14 940 422
Goods sold	121 804 687	138 861 495
Services sold	28 936 899	29 815 473
NET SALES	176 096 297	183 617 390
Change in production inventories	-410 844	1 265 996
Own work capitalized	4 851 883	4 181 947
Operating subsidies	208 998	399 077
Write-back of depreciation, provisions and transfers	3 716 656	3 390 656
Other income	67 770	206 593
OPERATING INCOME	184 530 760	193 061 659
Purchase of merchandise	16 067 936	15 657 102
Change in merchandise inventories	1 137 485	-4 838 807
Purchase of raw materials	67 417 395	86 798 089
Change in raw materials inventories	2 084 466	-9 877 907
Other purchases and external expenses	31 510 764	31 836 716
Taxes, duties and related payments	2 621 334	3 027 931
Salaries and emoluments	39 847 144	38 718 395
Social security charges	13 950 450	13 182 589
Fixed asset depreciation	5 671 426	5 290 034
Fixed asset provisions		
Provision on current assets	2 598 100	1 807 843
Provisions for risks and expenses	409 541	883 882
Other expenses	703 787	169 225
OPERATING EXPENSES	184 019 828	182 655 092
OPERATING PROFIT	510 932	10 406 567
Profits attributed or losses transferred out		
Losses taken or profits transferred out		
Income from investments	23 361	8 407
Income from other short-term securities	3 570	8 821
Other interests and related income	156 872	141 725
Write-back of provisions and transfer of expenses	126 197	113 391
Exchange gains	1 303 601	889 881
Net profit on sale of short-term securities	10 544	7 104
Currency translation differences		445
FINANCIAL INCOME	1 624 145	1 169 774
Financial provisions and amortizations	323 718	147 043
Interests and related expenses	4 266 866	4 367 055
Exchange losses	2 124 756	732 125
Net loss on sale of short-term securities		7
FINANCIAL EXPENSES	6 715 340	5 246 230
FINANCIAL RESULT	-5 091 195	-4 076 456
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	-4 580 263	6 330 111

	31/12/02	31/12/01
Exceptional income from revenue operations	1 252 983	383 793
Exceptional income on capital operations	5 669 952	975 726
Write-back of provisions and transfer of expenses	62 490	281 997
EXCEPTIONAL INCOME	6 985 425	1 641 516
Exceptional expenses on revenue operations	473 414	624 651
Exceptional expenses on capital operations	4 297 923	769 100
Exceptional provisions and amortization	291 283	106 017
EXCEPTIONAL EXPENSES	5 062 620	1 499 768
EXCEPTIONAL RESULT	1 922 805	141 748
Employee profit sharing		
Income tax, current	1 395 245	1 036 829
Income tax, deferred	-1 509 568	230 130
CONSOLIDATED COMPANIES' RESULT	-1 981 535	5 204 900
Result of equity-accounted investment	134 439	105 385
Amortization of goodwill	1 623 507	1 389 905
CONSOLIDATED NET INCOME	-3 470 603	3 920 380
GROUP SHARE OF NET INCOME	-3 369 749	3 692 615
MINORITY INTERESTS' SHARE OF NET INCOME	-100 854	227 765
Profit per share (group share before amortization of goodwill)	-0,102	0,296

C- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Principles of Consolidation

These consolidated Statements are established in accordance with accounting practices applicable in France, and in particular Rule 99/02 of the Accounting Regulation Committee (*Comité de la Réglementation Comptable*).

Application of rule N° 2000-06 to liabilities starting with the 2002 fiscal period has no incidence on the presentation of the consolidated accounts.

1. Consolidation Scope and Criteria

Companies controlled exclusively by ACTIELEC TECHNOLOGIES are fully consolidated. The statements for companies in which ACTIELEC TECHNOLOGIES exercises significant influence are consolidated by the equity method.

The list of consolidated companies is included in note III. The Oceanography branch was sold on May 2, 2002, and has been removed from the scope of consolidation, and has no significant incidence on the comparability of operating results for the periods presented herein.

Two companies, ACTIA and ALCYON Production System, merged on June 28, 2002, with retroactive effect as of January 1, 2002. The merger was carried out with the application of net book value, and has no incidence on the consolidated statements.

2. Elimination of Operations between Consolidated Companies

All significant transactions between consolidated companies as well as unrealized intra-group results included in tangible assets and in inventories of consolidated companies have been eliminated.

3. Goodwill

On acquiring a new company, its identifiable assets and liabilities are entered in the consolidated statements at the fair market value on the date of acquisition. The residual differential between the cost of acquisition and the portion of revalued shareholders' equity is included in the assets under the heading of "Goodwill" or in the liabilities under the heading of "negative goodwill".

Goodwill is amortized according to a straight line amortization plan, currently between 5 and 20 years. The details concerning goodwill appear in note IV.

4. Translation of Annual Statements of the Subsidiaries Reporting in Foreign Currencies

The annual statements of foreign companies are translated as follows:

- Assets and liabilities are converted according to exchange rates at the end of the period,
- Items in the income statement are translated using the average exchange rate for the period, (except for those of subsidiaries in countries with high inflation, converted according to rates at the end of the period),
- Differences of translation are included in shareholders' equity and do not affect the result,
- In accordance with rule CRC 99-02, translation differences related to permanent financing, which are part of the net investment in a consolidated subsidiary, are included in shareholders' equity.

II. Accounting Principles

1. Intangible Fixed Assets

Research and Development Expenditures

Research and Development (R&D) expenditures which concern R&D operations without immediate commercial applications during the accounting period under consideration can be capitalized if a future commercial application is practically certain with serious chances for technical success.

These expenses include:

- The part of R&D not covered by a customer's order,
- R&D work undertaken for "potential clients,"
- R&D business corresponding to the implementation of plans and studies for the production of new or highly improved materials, devices, products, processes, systems or services, in application of discoveries made or knowledge acquired before the start of commercial production,
- Activities also corresponding to operations undertaken to profoundly modify a product in order to significantly prolong its design lifetime.

These expenses do not include simple maintenance operations on a product, which are expensed as incurred.

The operations in question should be clearly **individualized** for each project having **serious chances for technical success and commercial application** at the time that the financial statements are established.

The expenses relating to a project are distinctly identified through cost accounting allocations.

R&D expenditure by project is amortized according to a plan, within a maximum period of five years, except for any operation requiring exceptionally longer amortization suited to a specific situation. In no case can the maximum period exceed 10 years starting from the end of the accounting period in which the fixed asset was recorded.

R&D expenditure is amortized over the period defined above for expenses capitalized in each year of the project.

At the end of each period, fixed assets related to a project may be totally amortized if the project is not technically successful, or in the absence of adequate forecast profitability and sales.

2. Tangible Fixed Assets

Tangible fixed assets are entered at their acquisition cost and include, when applicable, interest expense related to the period of construction. The effect of intra-group transfers has been completely eliminated.

Depreciation is calculated on a straight-line basis over the probable lifetime of the assets as follows:

- Buildings and Improvements: 10 to 20 years
- Plant, Equipment, and Tools: 6 to 10 years
- Other Tangible Assets: 3 to 10 years
- Assets being acquired under lease purchase-contracts: See above according to the type of asset.

Significant real estate and other assets acquired through lease purchase-contracts are entered as fixed assets. Corresponding debts are included in financial liabilities.

3. Financial Fixed Assets

Shares in non-consolidated companies are recorded at their acquisition costs.

When the net equity of an acquired company is less than its acquisition price, and if its recovery is not foreseeable, an amortization can be established, as long as the value is less than the share capital of the company held.

4. Inventories

Inventories and goods in progress are valued at cost according to the weighted average cost method, or at the probable sales value, whichever is lower.

Services in progress and long-term contracts are evaluated according to the percentage of completion method. When a loss is probable on completion, a provision is set aside.

5. Trade Accounts Receivable and Related Accounts

Provisions are estimated to cover the risk of non-payment related to customers in the process of debt recovery procedures or to those in financial difficulties.

6. Income Taxes

Deferred taxes are entered according to the liability method.

In particular, they result from:

- Tax losses carried over,
- Timing differences between the moment a revenue or expense item is entered in the accounts and its inclusion in the fiscal result of a later period,
- Consolidation restatements.

Deferred tax assets are entered when it is probable that they will be recovered (cf. note VIII).

7. Conversion of Items in Other Currencies

Payables and receivables in other currencies are converted at the exchange rate applying on December 31, 2002. Latent exchange rate differences resulting at that time are entered in the income statement.

8. Retirement Bonuses

Contractual or legally required indemnities payable to employees at their retirement are included in the consolidated financial statements on the basis of an actuarial estimation of potential benefits of employees at year end (cf. note XIII).

9. Provisions for Risks and Expenses

Provisions are established in accordance with rule N° 2000-06 concerning liabilities. Application of this rule did not have an incidence on the consolidated statements.

10. Deferred Income

Companies may invoice for maintenance services at the beginning of a period, in the framework of subscription contracts which will be delivered on a regular basis during the period. Income is recorded on a straight-line basis for the periods concerned.

III. Consolidated Companies

Company	Headquarters	SIREN N° (France)	% of Control		Method of Consolidation		Business Sector
			DEC 01	DEC 02	DEC 01	DEC 02	
ACTIELEC Technologies	Toulouse	542 080 791	Consolidating Company				Holding
<u>Automotive</u>							
- ACTIA	Toulouse	389 187 360	99,98	99,98	I.G.	I.G.	Electronic development and manufacture
- MEIGA	Champlan	350 183 182	99,92	99,92	I.G.	I.G.	Distribution of electronic equipment for garages
- TECNOFRANCE	Méry sur Oise	342 201 563	99,50	99,50	I.G.	I.G.	Operations grouped with MEIGA
- AUTOTECH	Méry sur Oise	392 235 586	71,58	71,58	I.G.	I.G.	Operations grouped with MEIGA
- PARMA	Méry sur Oise	400 812 897	100,00	100,00	I.G.	I.G.	Real Estate
- AIXIA	Le Bourget du Lac	381 805 514	99,91	99,91	I.G.	I.G.	Electronic development and manufacture
- ATON Systemes	Maison Alfort	384 018 263	66,66	75,97	I.G.	I.G.	Electronic development and manufacture
- ACTIA UK	Newtown (Wales)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- TEKHNE	Farnborough (England)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA VIDEOBUS	Getafe Madrid (Spain)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- SCI Los Olivos	Madrid (Spain)		39,99	39,99	M.E.	M.E.	Real Estate
- KARFA	Mexico DF (Mexico)		90,00	90,00	I.G.	I.G.	Investment management
- ACTIA DE MEXICO	Mexico DF (Mexico)		100,00	100,00	I.G.	I.G.	Distribution of audio and video equipment
- ACTIA DO BRASIL	Porto Alegre (Brazil)		80,00	80,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA INC	Elkhart-Indiana (USA)		100,00	100,00	I.G.	I.G.	Inactive
- ATAL	Tabor (Czech Rep.)		89,98	89,98	I.G.	I.G.	Electronic development and manufacture
- ACTIA ITALIA	Torino (Italy)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- I + ME ACTIA	Braunschweig (Germany)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA Corporation	Elkhart-Indiana (USA)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA NL	Nuenen (Netherlands)		100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA POLTIK SP	Lodz (Poland)		70,00	70,00	I.G.	I.G.	Electronic development and manufacture
- CIPI	Tunis (Tunisia)		-	65,60	-	I.G.	Electronics manufacture
- ACTIA INDIA	New Delhi (India)		-	51,00	-	I.G.	Electronic development and manufacture
<u>Production (1)</u>							
- ALCYON	Colomiers		99,97	-	I.G.	-	Electronics manufacture
- CIPI	Tunis (Tunisia)		65,60	-	I.G.	-	Electronics manufacture
<u>Telecommunications</u>							
- SODIELEC	St Georges de Luzençon	699 800 306	88,00	90,47	I.G.	I.G.	Electronic development and manufacture
- SCI Sodimob	St Georges de Luzençon	419 464 490	60,00	60,00	I.G.	I.G.	Real Estate
- DATENO	Dinard	897 280 418	99,97	99,97	I.G.	I.G.	Electronic development and manufacture
- MORS Technologies	Puy-Sainte-Réparate	432 005 569	99,96	99,96	I.G.	I.G.	Electronics development
- EBIM	Manosque	278 940 555	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- PILGRIM	Toulouse	403 566 375	99,99	99,99	I.G.	I.G.	No industrial activity since 2001
<u>Oceanography</u>							
- OCEANO Technologies	Brest		100,00	-	I.G.	-	Electronic development and manufacture
- THETIS	Carqueiranne		79,80	-	I.G.	-	Oceanographic development and production
- OCEANO Instruments	Edinburgh (Scotland)		96,01	-	I.G.	-	Oceanographic development and production
- SCI de l'Oratoire (2)	Colomiers	345 291 405	100,00	100,00	-	I.G.	Real Estate
- SCI Les Coteaux de Pourville	Toulouse	343 074 738	27,50	27,50	M.E.	M.E.	Real Estate

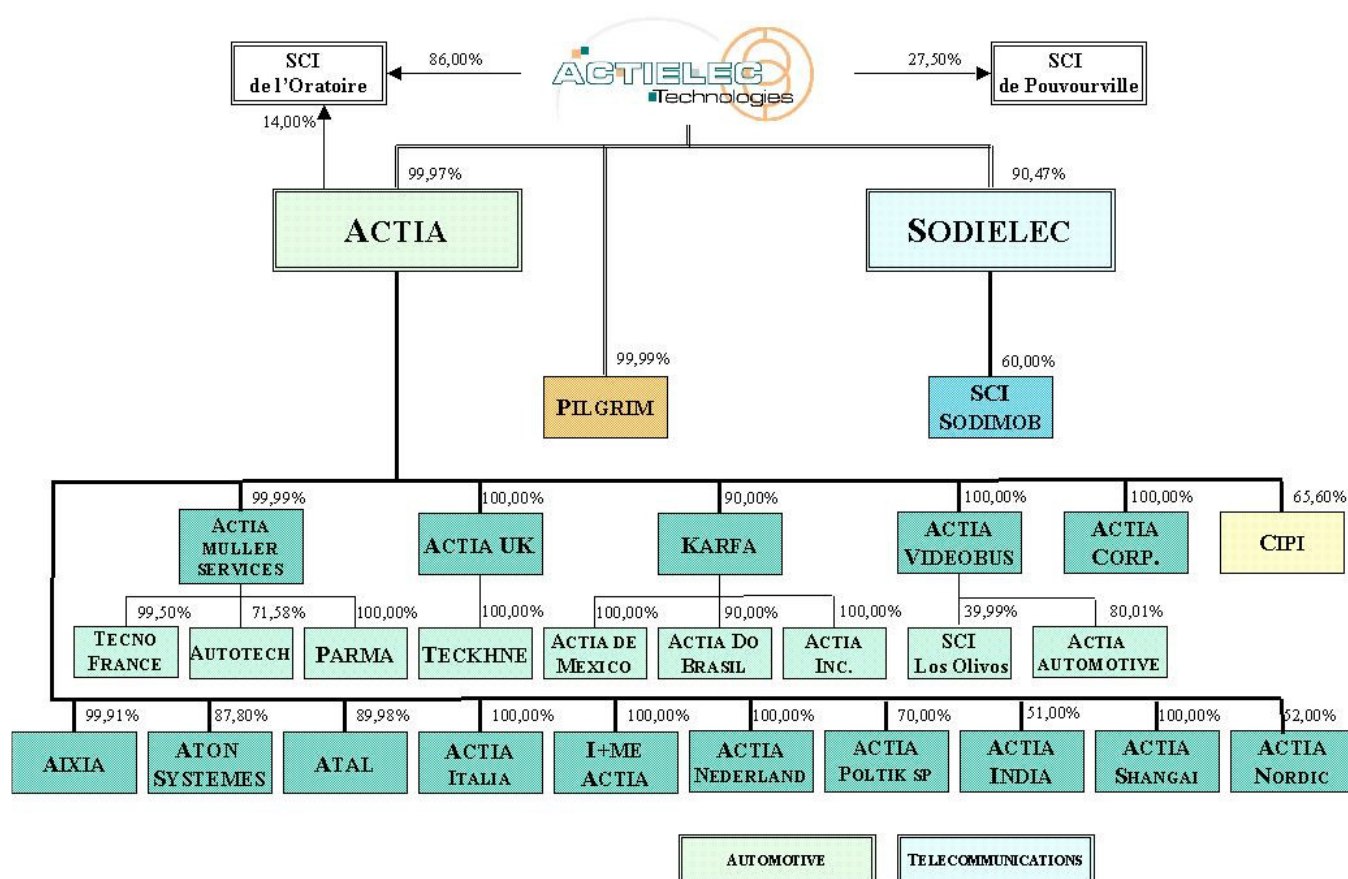
(1) ACTIA and ALCYON Production System merged on June 28, 2002 taking effect retroactively on January 1, 2002. This operation had no incidence on the consolidated statements of the Group. The Production branch is now incorporated into the Automotive branch.

(2) SCI de l'Oratoire 86% owned by ACTIELEC Technologies and 14% by ACTIA (ALCYON as of 31/12/01)

The Oceanography branch, sold on May 2, 2002, is no longer within the scope of the consolidation as of December 31, 2002. The results of this branch have been included in the consolidated statements. The contribution of the Oceanography branch to the net result Group share is €<49,000>, including profit on the sale.

ACTIA S.A. and a local partner created a subsidiary in India, ACTIA INDIA, in which ACTIA S.A. has majority ownership. The initial investment totaled € 52,000.

SCOPE OF CONSOLIDATION AS OF DECEMBER 31, 2002



IV. Intangible Fixed Assets

Changes in **intangible assets** are as follows:

<i>Figures in thousands of €</i>	on 31/12/01	Variation in Scope Translation adjustment	Acquisitions <Transfer>	Sales and other decreases	on 31/12/02
Goodwill	30 201		1 347	3 174	28 374
Start-up costs	29	1			30
R&D expenditure	13 483	<337>	4 919	1 753	16 312
Concessions, patents and licences	4 271	<300>	982	6	4 947
Purchased Goodwill	29	<13>			16
Other intangible assets	13	<13>	84		84
Total	48 026	<662>	7 332	4 933	49 763

and **amortization**:

<i>Figures in thousands of €</i>	on 31/12/01	Variation in Scope Translation adjustment	Attributions <Transfer>	Takeovers and other decreases	au 31/12/02
Goodwill	7 177		1 623	3 032	5 768
Start-up costs	16	<1>	7		22
R&D expenditure	1 384	<31>	1 041	468	1 926
Concessions, patents and licences	3 053	<80>	560	6	3 527
Other intangible assets	2	30	13	31	14
Total	11 632	<82>	3 244	3 537	11 257

New goodwill in 2002 corresponding to:

- Complementary acquisition of SODIELEC (2.47% for € 809,000): € 373,000
- Complementary acquisition of ATON (9.31% for € 274,000): € 223,000
- Complement of goodwill for ACTIA Corporation: € 751,000

A decrease in goodwill for MORS of € 156,000 in gross value and € 14,000 in depreciation, correspond to the initial part of goodwill attributed to the Oceanography branch. The residual goodwill is entirely attributed to MORS Technologies.

Incidentally, the **entirely depreciated goodwill** has been extracted from the balance sheet both as gross value (€ 3,018,000) and as depreciation (€ 3,018,000).

Amortization is calculated over 20 years for acquisitions of market share and/or industrial entities except for CIPI (Tunisian plant) over 10 years, because of the geographic specificity, other acquisitions over 5 years.

The details for **goodwill** are as follows:

<i>In thousands of €</i>	on 31/12/01	Acquisitions and other increases	Sales and other decreases	on 31/12/02
MEIGA	260			260
VIDEObus	741			741
CIPI	2 633			2 633
ATON	129	223		352
KARFA	85			85
ACTIA CORPORATION	8 342	751		9 093
ACTIA POLTIK	298			298
SODIELEC	1 307	373		1 680
MORS TECHNOLOGIES	5 919		156	5 763
EBIM	7 469			7 469
Total	27 183	1 347	156	28 374

and **depreciation of goodwill**:

<i>In thousands of €</i>	on 31/12/01	Attributions	Takeovers Sales	on 31/12/02
MEIGA	244	13		257
VIDEObus	706	22		728
CIPI	1 185	263		1 448
ATON	129	11		140
KARFA	24	15		39
TECHNOFRANCE	215	54		269
ACTIA CORPORATION	626	511		1 137
ACTIA POLTIK	15	30		45
SODIELEC	586	43		629
MORS TECHNOLOGIES	418	288	14	692
EBIM	280	373		653
Total	4 428	1 623	14	6 037

V. Tangible Fixed Assets

Changes in **tangible fixed assets** are as follows:

<i>In thousands of €</i>	on 31/12/01	Variation in scope Translation adjustment Other variations	Acquisitions and Transfers	Sales and other decreases	on 31/12/02
Land	1 862	<168>			1 694
Buildings	12 530	<1 025>	573	62	12 016
Plants, equipment, tools	25 971	<2 657>	1 350	550	24 114
Other fixed assets	10 630	<759>	1 734	234	11 371
Fixed assets in progress	149	<93>	116		172
Advances and payments on account	79	<79>			0
Total	51 220	<4 781>	3 773	846	49 366
Including lease capitalization:					
Land	129				129
Buildings	3 521		559		4 080
Equipment and tools	1 771		247	30	1 988
Other fixed assets	1 404	<13>	712		2 103

Variation in scope concerns the Oceanography branch for € 3.1 million.

Translation adjustments are mainly related to variations in the exchange rates of the following currencies:

- ✓ Brazilian Real
- ✓ Mexican Peso
- ✓ US Dollar

The most significant acquisitions in 2002 concern the following industrial entities:

- ✓ ACTIA Corp. in the USA: € 0.8 million
- ✓ CIPI in Tunisia: € 0.5 million
- ✓ DATENO in France: € 0.8 million.

Amortization:

<i>In thousands of €</i>	on 31/12/01	Variations in scope Translation adjustments Other variations	Attributions	Takeovers	on 31/12/02
Land	16	<3>	4		17
Buildings	4 030	<178>	713	50	4 515
Plants, Equipment, Tools	18 669	<1 822>	2 028	388	18 487
Other fixed assets	7 676	<407>	1 183	214	8 238
Fixed assets in progress	0				0
Total	30 391	<2 410>	3 928	652	31 257
Including Lease Capitalization					
Buildings	1 704		185		1 889
Equipment and Tools	1 348	<13>	256		1 591
Other fixed assets	1 054		386		1 440

The variation in scope concerns the Oceanography branch for € 2 million.

VI. Financial Fixed Assets

<i>In the process of dissolution</i>	on 31/12/01		on 31/12/02		% Held 31/12/02
	Gross Values	Net Values	Gross Values	Net Values	
Share holdings					
C.Y.T.	33	0	33	0	15%
STEM	23	0	23	0	NS
C.G.C.	1	1	1	1	NS
ACTIMUR	53	53	53	53	5%
EURODIO	23	0	23	0	In dissolution
ACEM	129	0	129	0	Bankruptcy filed 1992
CAST	8	0	8	0	In dissolution
3 I S	27	27	27	0	15%
MIDI PYRENEES CREATION	2	2	2	2	NS
INTECS	350	350	350	350	14%
S.T.A.	203	203	203	0	5%
Total	852	636	852	406	
Other holdings					
GTI Siglo XXI	94	3	94	3	
Tunisian shares	62	62	57	57	
Other (shares held by lenders)	16	16	16	16	
Total	172	81	167	76	

VII. Equity Accounted Share Holdings

<i>In thousands of €</i>	Value of shares		Portion of result 31/12/02
	on 31/12/01	on 31/12/02	
SCI Los Olivos	66	77	11
SCI de Pouvoirville	468	509	123
Total	534	586	134

VIII. Inventories

In 2002, inventories were decreased by € 9 million because of:

- ✓ The ACTIA-ALCYON merger of June 28, 2002 which contributed to a decrease of € 7 million in inventories for the AUTOMOTIVE Branch,
- ✓ The sale of the OCEANOGRAPHY branch for a value in inventories of € 2 million.

IX. Trade Accounts Receivable and Related Accounts, Other Receivables

Nearly all **trade accounts receivable** are due within one year.

Other receivables include in particular:

- ✓ The “Research Tax Credit,” totaling € 3.7 million, breaks down as follows:
 - ACTIA € 3.4 million
 - SODIELEC € 0.3 million

If these amounts cannot be set off against taxes due, they will be refunded by the government according to the following timetable:

- in 2003: € 1.7 million
- in 2004: € 1.8 million
- in 2005: € 0.2 million
- ✓ VAT, including a significant deductible portion, including € 2 million for ACTIA SA.

X. Deferred Taxes

<i>In thousands of €</i>	31/12/01	31/12/02
Tax assets attributed to:		
Timing differences between book and fiscal	733	771
Tax losses	5 140	6 571
NET TOTAL OF TAX ASSETS	5 873	7 342
Tax liabilities attributed to:		
Liabilities for deferred taxes:	50	3
NET TOTAL OF TAX LIABILITIES	50	3
Provision for deferred tax assets	<262>	<262>
NET TOTAL OF TAX ASSETS OR LIABILITIES	5 561	7 077

The tax losses carried over, and long-term capital losses of French companies in the Group which have not been activated, represent a total tax base of € 8.7 million (€ 7.8 million on December 31, 2001) for a potential tax saving of € 2.6 million (€ 2.7 million on December 31, 2001).

XI. Share Repurchase Program

The program to repurchase the company's own shares was authorized by the COB on December 14, 2000 and registered under n° 00-2041, and then on April 11, 2002 as n° 02-357.

As of December 31, 2002, ACTIELEC TECHNOLOGIES SA had repurchased 61,121 of its own shares since the beginning of the program, entered in current assets for a gross value of € 288,566, resulting in an average purchase price of € 4.72.

As you know, the purpose of this program is to regularize the share price depending on the market situation.

In addition to the repurchase program, ACTIELEC TECHNOLOGIES also holds 1400 of its own shares for a book value of € 153,152. These shares were held by MORS SA at the time of the merger.

XII. Financial Liabilities and Related Accounts, Conditioned Advances

For the end of the year, financial liabilities break down as follows, according to type and maturity date:

	31/12/01				31/12/02			
	<31/12/02	>01/01/03 <31/12/06	>01/01/07	Total	<31/12/03	>01/01/04 <31/12/07	>01/01/08	Total
<i>In thousands of €</i>								
Conditioned advances	-	3 356	-	3 356	505	700		1 205
Bonds	-	-	1 143	1 143		1 444		1 444
Loans and debts to financial institutions	7 531	27 542	3 885	38 958	8 857	24 849	1 126	34 832
Finance leases	486	1 396	649	2 531	1 175	1 217	956	3 348
Other loans and financial debts	1 752	48	-	1 800	1 843			1 843
Overdrafts	23 963	-	-	23 963	26 395			26 395
Total	33 732	32 342	5 677	71 751	38 775	28 210	2 082	69 067

Overdraft facilities as of December 31, 2002 are generally authorized for a one-year period and are renewable midway through the year.

Except for trade accounts receivable given as collateral, and certain other commitments mentioned in note XX, there are generally no particular guarantees. Any transfers of debt are entered in off-balance sheet commitments.

Convertible Bonds were issued at the end of 2001 by SODIELEC SA under the following conditions:

- Nominative bonds issued at €18 par value,
- Duration of the loan: 6 years from issue date,
- Interest rate: 2.5 % per year payable on June 30 and December 31 of each year,
- Conversion rate: one share for one bond,
- Conversion option can be exercised at any time.

In case of non-conversion, the bonds will be redeemable by thirds during the 4th, 5th, and 6th years; and will be entitled to a non-conversion premium calculated to give an annual gross actuarial rate of 6%.

The ratio of "Net Indebtedness/Shareholder's Equity" was 86% on December 31, 2002 as opposed to 72 % on December 31, 2001.

The net indebtedness consists of:

- In their totality (portions of less than 1 year, and portions of more than one year):
 - Medium and long-term loans,
 - Convertible bonds,
 - Lease financing,
- For the part due over one year only (as the part due under one year partially finances the working capital):
 - Other loans and financial debts,
 - Conditioned advances.

In calculating the ratio, cash and bank is deducted from the total net indebtedness.

Net indebtedness does not include “Daily” advances, discounted trade bills or overdrafts.

In spite of an overall decrease in long-term indebtedness, the decrease in shareholders’ equity explains the 86% indebtedness ratio on December 31, 2002. This decrease in shareholders’ equity is related to:

- Delays in deliveries, and consequently in invoicing, which prevented consumption of inventories of intermediary and finished goods according to the timetable established for the 2nd semester of 2002. Group results were directly impacted by this, and consequently, so was shareholders’ equity.
- The work of reorganizing inventories as a result of the ACTIA / ALCYON Production System merger of June 28, 2002 did not produce its positive effects until the last quarter of the period, and the financial impact will only really be felt in 2003.
- The drop in the value of the Brazilian Real, the Mexican Peso, and the US Dollar (- € 1,694,000 in currency translation).

XIII. Variation in Shareholders’ Equity

<i>In thousands of €</i>	Group Share	Minority Interests	Total
SHAREHOLDERS' EQUITY ON 31.12.2001	42 034	4 408	46 442
Result for the Period	<3 370>	<101>	<3 471>
Currency translation and other	<860>	<837>	<1 697>
Variation in the scope of the Automotive Branch		<2>	<2>
Variation in the scope of the Telecommunications Branch		<411>	<411>
Variation in the scope of the Oceanography Branch		<66>	<66>
Dividends	<1 026>	<47>	<1 073>
SHAREHOLDERS' EQUITY ON 31.12.2002	36 778	2 944	39 722

Changes in shareholders' equity:

<i>In thousands of €</i>	Capital	Premiums	Retained Earnings	Consolidated Reserves	Result for the Period	Currency Translation	Total Shareholders' Equity
Situation as of 31.12.2000	12 864 906	11 994 867		9 643 617	3 022 587	103 020	37 628 997
Appropriation of result of previous period		-2 717 887		5 740 474	-3 022 587		
Result of the period					3 692 615		3 692 615
Currency translation and other				422 781		289 764	712 545
Situation on 31.12.2001	12 864 906	9 276 980		15 806 872	3 692 615	392 784	42 034 157
Appropriation of result of previous period Including dividends €1,025,822)			10 406 178	-7 739 385	-3 692 615		-1 025 822
Result of the period					-3 369 749		-3 369 749
Currency translation and other				321 516		-1 181 726	-860 210
Situation on 31.12.2001	12 864 906	9 276 980	10 406 178	8 389 003	-3 369 749	-788 942	36 778 376

XIV. Share Capital

The share capital of ACTIELEC TECHNOLOGIES consists of 17,153,208 shares, valued at 0.75 Euros each, for total share capital of 12,864,906 Euros.

Changes in the net equity of ACTIELEC TECHNOLOGIES SA during the period were as follows:

<i>In thousands of €</i>	Balance on 31/12/01 before attribution	Attribution of 2001 result		Balance on 31/12/02
		Dividends	Other	
Capital	12 865			12 865
Issue and merger premium	9 277			9 277
Legal reserve	1 160		127	1 287
Undistributable reserve	189			189
Retained earnings (including dividends on treasury shares)	0		10 406	10 406
Net income ACTIELEC Technologies 2001	11 558	<1 026>	<10 532>	0
Net income ACTIELEC Technologies 2002				1 713
Net Equity	35 049	<1 026>	1	35 737

XV. Provisions for Risks and Expenses

Changes for the period are as follows:

<i>In thousands of €</i>	On 31/12/01	Variation in Scope and Currency Translation	Increases	Decreases	On 31/12/02
Provisions for risks	1 378	<12>	214	1 204	376
Provisions for social charges and deferred taxes	363		72	53	382
Provision for retirement indemnities	1 652	<94>	223		1 781
Provisions for deferred taxes	50			47	3
Total	3 443	<106>	509	1 304	2 542

The provisions for risks mainly concern guarantees on income and a provision for interest on delayed payments. The write-back of provisions concerns litigation which was settled during the period.

XVI. Breakdown of Net Sales

The breakdown by geographic region of Net Consolidated sales is as follows:

<i>In thousands of €</i>	31/12/01	31/12/02
Sales realized by French companies	122 260	109 673
<i>* in France</i>	105 378	97 738
<i>* Export (A)</i>	16 882	11 935
Sales realized by foreign companies (B)	61 357	66 423
<i>* in the European region</i>	26 575	39 934
<i>* in the American region</i>	34 782	26 489
Total	183 617	176 096

Total sales abroad either by French companies (A) or foreign subsidiaries (B) combines for a total of:

- on 31/12/01: € 78,239,000
- on 31/12/02: € 78,358,000

Net Consolidated Sales by business segment breaks down as follows:

<i>In thousands of €</i>	31/12/01		31/12/02	
	Consolidated sales by segment	Group Conso. Sales Net Contribution	Consolidated sales by segment	Group Conso. Sales Net Contribution
Automotive (including Production in 2002)	116 691	115 526	135 506	135 411
Telecommunications (*)	41 636	37 359	44 068	39 361
Production	50 583	23 724		
Oceanography	7 008	7 008	1 324	1 324
Total		183 617		176 096

* Including by the Holding company in 2001 and 2002 which concerns the Telecommunications business:

- ✓ for 2001, € 190,000 in sales concerns the contract between the Ministry of Defense and MORS Technologies,
- ✓ for 2002, € 6,109,000 in sales concerns the contract between the DGA and DATENO.

In order to protect our sales network, we have not included a breakdown by foreign country.

XVII. Income Taxes

<i>In thousands of €</i>	31/12/01	31/12/02
Result of consolidated companies after amortization of goodwill	3 815	<3 605>
Tax <credit>	1 267	<114>
Results of consolidated companies before taxes	5 082	<3 719>

The ACTIELEC GROUP, through its ACTIA and SODIELEC branches, assumes significant R&D expenditures. For the last 3 years the average is 19.5% of consolidated sales. The consequences of this policy in terms of taxes is the gain of a Research Tax Credit, which reduces the standard tax rate applicable in France.

The details in the table below explain the tax expense or credit in the consolidated financial statements:

<i>In thousands of €</i>	31/12/01	31/12/02
Theoretical tax calculated at the standard French rate	1 794	<1 277>
Research tax credit	<250>	<57>
Goodwill amortization	491	557
Effect on the theoretical tax		
- Rate differential (abroad, French rate)	<12>	163
- Non-activated tax losses	349	247
- Change in tax rate	133	0
- Recognition of transfer of tax losses by the government during internal restructuring	<435>	0
- Updating of perspectives for use of tax losses	<750>	238
Other	<53>	15
Tax charge or credit	1 267	<114>

Deferred taxes are detailed in note VIII.

Breakdown of taxes between current result and exceptional result is as follows:

<i>In thousands of €</i>	31/12/01	31/12/02
Current result	1 337	<938>
Exceptional Result	<70>	824
Total	1 267	<114>

A tax audit is currently underway concerning ALCYON Production System (before its merger with ACTIA) and ACTIELEC TECHNOLOGIES. No adjustment has been applied as far as we know at this date.

XVIII. Note on the Financial Result

In the financial expenditures, the significant elements are:

	31/12/01	31/12/02
➤ Interest and financial expense from financial institutions:	€ 4,367,000	€ 4,267,000
➤ Exchange losses:	€ 732,000	€ 2,125,000

In financial income, the significant elements are:

	31/12/01	31/12/02
➤ Exchange gains:	€ 890,000	€ 1,304,000

In Mexico, Brazil, and in Great Britain, exchange differences are recorded monthly in the accounts on an individualized basis (expenses and income). Any compensation would reduce the amount of exchange gains / losses indicated above.

XIX. Note on the Exceptional Result

In the exceptional result, the significant elements are:

- Sale of the Oceanography branch, which generated a gain of € 1.4 million, for a total sales price of € 3.8 million. This sale concerned the shares of OCEANO Technologies and all of the related real estate in Brest, transferred to ACTIELEC TECHNOLOGIES,
- For EBIM:
 - Debt cancellation by ANVAR (reimbursable conditioned advances): € 229,000
 - Debt cancellation by the government (VAT + penalties for late payment): € 245,000

XX. Operations concerning related companies

<i>In thousands of €</i>	31/12/01	31/12/02
Balance sheet:		
Trade accounts payable	475	220
Other debts	412	175
Income statement:		
Financial expenses	1	5

XXI. Remuneration of Directors

The Chairman and the President of the Supervisory Board of ACTIELEC TECHNOLOGIES SA are not remunerated by ACTIELEC TECHNOLOGIES. Only one member of the Board receives remuneration in the context of a contract for services, and was paid a gross salary of € 57,600 for the 2002 period.

XXII. Personnel

Average number of personnel by region	31/12/01	31/12/02
France	931	922
Abroad	829	793
Total	1 760	1 715

On December 31, 2001, the personnel of the OCEANO group numbered 42 employees.

Breakdown of personnel on December 31, 2002:

	Managers	TAM	Laborers Office personnel	Total
AUTOMOTIVE	443	340	563	1 346
TELECOM	157	132	74	363
ACTIELEC Technologies	5		1	6
Total	605	472	638	1 715

XXIII. Off-Balance Sheet Contingent Liabilities

As of December 31, 2002, contingent liabilities were as follows:

<i>In thousands of €</i>	31/12/01	31/12/02
Discounted bills	8 796	10 155
Pledged equipment	275	141
Guarantees	3 770	225
Mortgages	1 613	1 549
Total of Commitments and Guarantees	14 454	12 070

The information above does not take into account outstanding lease capitalization commitments, which are dealt with in note V.

XXIV. Risk Coverage Policy

- 1- Currency risks: In countries where currency risks are most likely, the Group has done all inter-group invoicing in euros since 1999, and has limited customer credit in countries with weak currencies.
- 2- Interest rate risks: The Group has contracted 42% of its medium and long-term loans at fixed rates, and 58% at variable rates (of which half are capped).

Short-term loans are at variable rates.

ACTIELEC TECHNOLOGIES S.A. contracted:

- a capped rate on July 11, 2002 for € 4.1 million of loans at a maximum rate of 4.5% for a period of 5 years starting on January 1, 2003
- a floating rate with swap on March 13, 2003 for € 3.6 million of loans at a maximum rate of 2.76% for a period of 2 years starting on July 1, 2003.

ACTIA S.A. monitors rates on a daily basis. The Company contracted:

- a capped rate in September 2002 for € 5 million of loans at a maximum rate of 4.25% in exchange for € 3million for a period of 5 years starting on January 1, 2003,
- a floating rate with swap on March 13, 2003 for € 5 million at a maximum rate of 2.77% for a period of 2 years starting on January 1, 2003.

XXV. Post-Balance Sheet Events

The Group reinforced its “garage distribution” operations. Through its wholly-owned BERENISCE S.A.S. subsidiary (inactive company) ACTIA S.A. took over the assets of MULLER BEM S.A., in bankruptcy procedures, in *the Tribunal de Commerce de Chartres*, on December 28, 2002, with possession effective on January 1, 2003. Synergy between the goodwill of both companies is very significant. This takeover made it possible to maintain the jobs of 104 employees of MULLER BEM, in Chartres.

CONSOLIDATED STATEMENT OF CASH FLOWS

In Euros

	31/12/01	31/12/02
Net income of consolidated companies	3 920 380	-3 605 042
Elimination of expenses and income without effect on the cash flow or not related to the business:		
- Amortization and Provisions (1)	5 473 771	6 298 337
- Change in deferred taxes	230 130	-1 509 568
- Capital gains from sales, net after taxes	-193 076	-1 575 906
Cash flow of consolidated companies	9 431 205	-392 179
Dividend from equity accounted investments	72 441	82 500
Change in operating working capital needs	-18 024 896	1 920 178
Net operating cash flow	-8 521 250	1 610 499
Cash flow related to investment operations:		
Acquisition of fixed assets	-15 303 779	-11 364 127
Sales of fixed assets, net after taxes	924 903	2 603 702
Incidence of variation in scope (2)	-4 006 000	3 605 496
Cash flow related to investment operations	-18 384 876	-5 154 929
Cash flow related to financing operations		
Dividends paid to shareholders of the parent company		-1 025 824
Dividends paid to shareholders of consolidated companies		-26 222
Capital increases by minority holders in consolidated companies	455 791	
Issuance of loans	28 814 543	12 423 980
Loan repayments	-6 328 603	-15 339 445
Net cash flow related to financing operations	22 941 731	-3 967 511
Variation in cash flows	-3 964 395	-7 511 941
Cash at the beginning of the period	-9 374 383	-13 394 746
Cash at the end of the period	-13 394 746	-20 987 718
Effect of variations in currency exchange rates	-55 968	-81 031

1) Excluding provisions for current assets

2) Acquisition or disposal consideration, adjusted by cash in the entities acquired or sold (to be specified in a footnote).

COMPANY FINANCIAL STATEMENTS ON 31ST DECEMBER 2002

A - BALANCE SHEET

Assets in €	31/12/02			31/12/01
	Gross	Depreciation	Net	Net
Uncalled capital				
INTANGIBLE FIXED ASSETS				
Start-up costs				
Research & Development expenditure				
Concessions, patents and brands	34 361	32 945	1 416	2 676
Purchased goodwill				
Other intangible assets				
Advances and payments on account				
TANGIBLE FIXED ASSETS				
Land				27 225
Buildings	50 171	50 171		354 894
Plant, equipment and tools				
Other tangible assets	326 965	288 382	38 583	45 066
Fixed assets in progress				
Advances and payments on account				
FINANCIAL FIXED ASSETS				
Equity-accounted investments				
Other investments	40 491 888	2 700 767	37 791 120	31 386 821
Receivables on investments	10 615 044	342 970	10 272 074	14 193 095
Other holdings	2 519 743	2 286 735	233 008	233 008
Loans				
Other financial fixed assets	7 382		7 382	21 422
FIXED ASSETS	54 045 552	5 701 969	48 343 583	46 264 208
INVENTORIES AND WIP				
Raw materials, supplies				
Goods in progress				
Services in progress				
Intermediate and finished products				
Merchandise	2 148 733		2 148 733	3 764 424
Advances and payments on account for orders				266 389
RECEIVABLES				
Trade accounts receivable and related accounts	3 602 489		3 602 489	1 560 827
Other receivables	2 143 198		2 143 198	2 330 548
Unpaid called-up capital				
OTHER RECEIVABLES				
Short-term securities	442 527	318 736	123 792	379 276
(of which own shares = 441 718)				
Cash and bank	156 502	42 863	113 639	70 037
ADJUSTMENT ACCOUNTS				
Pre-paid expenses	101 048		101 048	55 734
CURRENT ASSETS	8 594 499	361 599	8 232 900	8 427 234
Deferred charges				
Bond redemption premiums				
Unrealized exchange losses				
TOTAL ASSETS	62 640 051	6 063 568	56 576 483	54 961 442

Liabilities in €	31/12/02	31/12/01
Company or individual capital (of which 12 864 906 paid)	12 864 906	12 864 906
Issuance, merger and transfer premiums	9 276 980	9 276 980
Revaluation reserves (of which equivalence reserve)		
Legal reserve	1 286 491	1 160 116
Statutory or contractual reserves		
Regulated reserves (incl. Share price fluctuation provisions)	189 173	189 173
Other reserves (incl. Purchase of original creative works)		
Retained earnings	10 406 178	
RESULT FOR THE PERIOD (Profit or loss)	1 713 366	11 558 375
Investment subsidies		
Regulated provisions		
SHAREHOLDERS' EQUITY	35 757 094	35 049 550
Proceeds from issuance of participating debt		
Conditional advances		
OTHER SHAREHOLDERS' EQUITY	0	0
Provisions for risks		
Provisions for expenses		
PROVISIONS FOR RISKS AND EXPENSES	0	0
FINANCIAL LIABILITIES		
Convertible bond		
Other bonds		
Loans and debts due to financial institutions	13 407 777	11 653 308
Other loans and debts (incl. Investment loans)		
Advances and payments on account for orders in progress		2 714 303
OPERATING LIABILITIES		
Trade accounts payable and related accounts	4 790 122	2 625 580
Tax, personnel and social security	148 294	140 922
OTHER LIABILITIES		
Due for fixed assets and related accounts	1 311 050	1 647 104
Other debts	1 182 146	860 674
ADJUSTMENT ACCOUNTS		
Deferred income		
LIABILITIES	20 839 389	19 641 892
Unrealized exchange gains		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	56 576 483	54 691 442

B - INCOME STATEMENT

	<i>France</i>	<i>Export</i>	<i>31/12/02</i>	<i>31/12/01</i>
Sales of merchandise	6 109 174		6 109 174	189 130
Goods sold				
Services sold	3 476 766		3 476 766	
NET SALES	9 585 941		9 585 941	3 770 448
Inventories				
Own work capitalized				
Operating subsidies				
Write-back of provisions and depreciation, transfers of expenses				
Other income			58 986	75 439
OPERATING INCOME			9 644 926	3 845 887
Purchases of merchandise (incl. Customs duties)			4 493 484	3 953 554
Change in inventories (merchandise)			1 615 690	(3 764 424)
Purchase of raw materials and other supplies (incl. Customs duties)				
Change in inventories of raw material and other supplies				
Other purchases and external expenses			2 802 685	2 764 022
Tax, duties and related payments			80 353	79 128
Salaries and emoluments			716 135	595 984
Social security			283 540	238 617
OPERATING PROVISIONS AND AMORTIZATIONS				
Fixed assets depreciation			24 857	41 394
Fixed assets provisions				
Provisions on current assets				
Provisions for risks and expenses				
Other expenses				
OPERATING EXPENSES			10 016 744	3 908 275
OPERATING PROFIT			(371 817)	(62 388)
Joint venture operations				
Profits attributed or losses transferred out				
Losses taken or profits transferred out				
FINANCIAL INCOME				
Income from investments			1 586 550	1 957 558
Income from other short-term securities and receivables on fixed assets			109 562	27 358
Other interest and related income				228
Write-back of provisions and depreciation, transfer of expenses			7 852	3 607
Exchange gains				
Net profit on sale of short term securities			9 627	4 882
FINANCIAL INCOME			1 713 591	1 993 631
Financial provisions and amortization			172 334	6 183
Interest and related expenses			782 329	598 734
Exchange losses				
Net loss on sale of short-term securities				
FINANCIAL EXPENSES			954 663	604 917
FINANCIAL RESULT			758 928	1 388 715
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX			387 111	1 326 326

	31/12/02	31/12/01
Exceptional income from revenue operations	3 241	5 808
Exceptional income on capital operations	3 851 993	10 825 025
Write-back of provisions, transfer of expenses		
EXCEPTIONAL INCOME	3 855 234	10 830 833
Exceptional expenses from revenue operations	56 008	693
Exceptional expenses from capital operations	2 469 160	598 091
Exceptional depreciation and provisions		
EXCEPTIONAL EXPENSES	2 525 168	598 784
EXCEPTIONAL RESULT	1 330 066	10 232 049
Employee profit-sharing		
Corporate income tax	3 811	
TOTAL INCOME	15 213 751	10 670 351
TOTAL EXPENSES	13 500 386	5 111 976
PROFIT OR LOSS	1 713 366	11 558 375

C - APPENDIX

I. Accounting Principles

1. Significant Events

ACTIELEC TECHNOLOGIES carried out its role as a holding company for the Group in 2002.

However, the signature of the contract with the DGA in 2001 for ground stations in the name of its subsidiaries, SODIELEC and DATENO, leads to recording purchases from its subsidiaries and re-invoicing the DGA. It should be pointed out that in the same context, the contract with the DCN, contract for terminals in the name of MORS TECHNOLOGIES, ended in November 2002.

The main operation of the 2002 period for ACTIELEC TECHNOLOGIES is the sale of its shares in OCEANO Technologies and the buildings related to this organization. This operation generated a gain of € 1,381,000.

During the period, ACTIELEC TECHNOLOGIES also repurchased shares in its subsidiary SODIELEC, bringing its ownership to 90.47%, and within the framework of a repurchase program of its own shares, acquired 19,206 shares of ACTIELEC TECHNOLOGIES.

These repurchases, and the support for the ACTIA subsidiary at the time of the ACTIA-ALCYON merger (June 2002), as well as the resulting restructuring work, led to an increase in indebtedness for the organization to € 1.6 million, in spite of the sale of the Oceanography Branch.

2. Accounting Principles

The annual accounts are presented in accordance with legal recommendations and applicable regulations.

The application of rule N° 2000-06, concerning liabilities, for the first time in 2002, had no incidence on reserves and revenues.

3. Intangible Fixed Assets

Straight-line amortization over two years is used for all rights and concessions.

4. Tangible Fixed Assets

Tangible assets are entered at their acquisition cost.

Depreciation is calculated over the expected lifetime of assets according to the following rules:

- | | |
|-------------------------------|-------------------------------|
| • Buildings, Improvements: | Straight line, 10 to 20 years |
| • Plant, Equipment and Tools: | Straight line, 5 to 10 years |
| • Others: | Straight line, 4 to 10 years |

5. Financial Fixed Assets

Shares are recorded on the balance sheet at their purchase price or contribution value.

When the net equity of the acquired company is less than the acquisition price, and if recovery is not expected, a provision for depreciation can be made, as long as the utility value is less than the share capital of the company held.

6. Retirement Commitments

Within contingent liabilities, retirement commitments total € 88,609.

II. Additional Information on the Balance Sheet and Income Statement

The accounts are recorded up to December 31, 2002 for a period of twelve months.

1. Intangible Fixed Assets

Changes in intangible fixed assets for the period:

Cost	as of 31/12/01	Acquisitions	Transfers Disposals	as of 31/12/02
Start-up costs	0	0	0	0
Other intangible assets	34 383	1 350	1 372	34 361
TOTAL	34 383	1 350	1 372	34 361

Amortization	as of 31/12/01	Expense	Write-backs	as of 31/12/02
Start-up costs	0	0	0	0
Other intangible assets	31 706	2 610	1 372	32 945
TOTAL	31 706	2 610	1 372	32 945

2. Tangible Fixed Assets

Changes in tangible fixed assets for the period:

Cost	as of 31/12/01	Acquisitions	Transfers Disposals	as of 31/12/02
Land	30 293	0	30 293	0
Buildings	554 094	0	503 923	50 171
Plant, Equipment, Tools	0	0	0	0
Other	324 955	3 762	1 752	326 965
Fixed assets in progress	0	0	0	0
TOTAL	909 342	3 762	535 968	377 135

Amortization	as of 31/12/01	Expenses	Write-backs	as of 31/12/02
Land	3 068	385	3 453	0
Buildings	199 199	11 702	160 731	50 171
Plant, Equipment, Tools	0	0	0	0
Other	279 889	10 159	1 666	288 382
TOTAL	482 157	22 246	165 851	338 552

3. Financial Fixed Assets

Subsidiary	Shareholders' Equity before appropriation for the period	%	Carrying value of shares at the time of the Report		Last period	
			31/12/01	31/12/02	Net Sales excl. Tax	Net income
1) Subsidiaries and shareholdings > 10%						
Actia	21 007 782	99,98%	7 025 278	17 974 718	75 950 400	<5 770 629>
Alcyon		0,00%	3 255 762	0	Merger with ACTIA on 28/06/02	
OCEANO Technologies		0,00%	2 098 738	0	Sale on 02/05/02	
SCI Oratoire	<161 229>	86,00%	199 098	199 098	293 415	28 864
Sodielec	25 752 388	90,47%	18 753 877	19 563 240	10 646 803	695 131
SCI Pouvoirville	1 092 849	27,50%	41 161	41 161	565 620	376 172
Acem	In liquidation since 93		128 670	128 670		
Control Y Telemandos	NC	15,00%	33 494	33 494	NC	NC
Pilgrim	<3 121 292>	100,00%	2 515 791	2 515 791	0	<40>
2) Shareholdings < 10%						
DATENO	3 040 253	0,006%	206	206	8 435 191	425 221
MORS Technologies	3 478 357	0,008%	15	10	9 584 588	<45 989>
CIPI	1 298 298	0,200%	10 138	10 138	3 153 006	<314 975>
EBIM	1 143 868	0,000%	17	17	10 395 691	188 313
MORS INC.	NC	100,000%	0	0	NC	NC
Outside the Group						
Continentale d'Entreprise	NC	NS	47	47	NC	NC
STEM	NC	NS	22 812	22 812	NC	NC
CGC	NC	NS	960	960	NC	NC
MPC	NC	0,10%	1 524	1 524	NC	NC
TOTAL			34 087 588	40 491 888		
3) Other holdings						
1% Construction loan			15 550	15 550		
Pilgrim bonds			2 286 735	2 286 735		
Sodielec convert. bonds			217 458	217 458		
TOTAL			2 519 743	2 519 743		
4) Receivables and other financial fixed assets						
Deposits			15 324	0		
Guarantees				30		
Other loans			6 098	7 352		
TOTAL			21 422	7 382		
5) Provisions for financial holdings						
Control Y Telemandos			33 494	33 494		
Pilgrim			2 515 791	2 515 791		
Acem			128 670	128 670		
MORS INC.			0	0		
STEM			22 812	22 812		
TOTAL			2 700 767	2 700 767		
6) Provisions for other holdings						
Pilgrim bonds			2 286 735	2 286 735		

N.S. = Not Significant N.C. = Not Communicated

4. Inventories

In the framework of the contract with the DGA, ACTIELEC TECHNOLOGIES makes purchases from its subsidiary, SODIELEC. On December 31, 2002, inventories totaled € 2,148,733 because of a difference in the scheduling of invoices according to the rules established in the contract.

5. Maturity of Receivables at the End of the Period

	TOTAL	Receivables due within 1 year	Receivables due after 1 year
<i>Receivables</i>			
Receivables linked to shareholdings	10 622 426	1 113 776	9 508 649
Trade accounts receivable	3 602 489	3 602 489	
Other receivables	2 244 246	968 819	1 275 428
TOTAL	16 469 161	5 685 084	10 784 077
<i>Provisions on receivables</i>			
Provisions on current accounts	342 970		

6. Provisions for Depreciation

During the period, the following provisions for depreciation were made in the income statement:

- Operating: €0
- Financial: € 172 264
- Exceptional: €0

7. The Company's Own Shares

The share repurchase program was authorized by the COB on December 14, 2000, and registered under n° 00-2041, and then on April 11, 2002 under n° 02-357. As you know, the purpose of this program is to stabilize the share value depending on the market situation.

Since the start of the program and up to December 31, 2002, ACTIELEC Technologies SA repurchased 61,121 of its own shares recorded in current assets for a gross value of € 288,566 at an average share price of € 4.72.

Unrelated to the repurchase program, ACTIELEC Technologies also holds 1400 of its own shares for a gross value of € 153,152. These shares were held by MORS SA at the time of the merger. A provision for these shares was made according to the value of the market at the end of the period, i.e., December 31, 2002 for a total of € 318,735.64, at a share price of € 1.98.

8. Financial Result

The significant element for financial income was financial income of shareholdings, totaling € 1,586,550. This is the amount of interest on current accounts invoiced to subsidiaries plus dividends received.

➤ Total Financial Income: **€ 1,713,591**

The significant elements for financial expenses were interest and related expenses, amounting to € 782,329 which represents bank interest.

➤ Total Financial Expenses: **€ 954,663**

The **Financial Result** is **€ 758,928**

9. Exceptional Result

The significant element of exceptional income is exceptional income for capital operations, totaling € 3,850,000.

This includes:

- The sale of OCEANO TECHNOLOGIES shares: € 3,031,610
- The sale of the building at BREST: € 818,390

➤ Total Exceptional Income: **€ 3,855,234**

The significant element for exceptional expenses is exceptional expenses on capital operations, totaling € 2,468,942.

This includes:

- The sale of OCEANO TECHNOLOGIES shares: € 2,098,824
- The sale of the building at BREST: € 370,032

➤ Total of Exceptional Expenses: **€ 2,525,168**

The **Exceptional Result** is **€ 1,330,066**

10. Financial Commitment and Real Security Given

Security given by ACTIELEC TECHNOLOGIES to banks:	€ 5,837,872
To non-bank third parties:	€ 0
Other Financial Interest:	€ 1,146,609

11. Share Capital

Share capital consists of 17,153,208 shares of 0.75 euros each, for total share capital of € 12,864,906.

Changes in net equity during the period:

	Balance as of 31/12/01 before Appropriation	Merger	Appropriation of Results for 2001		Capital Increase	Balance as of 31/12/02 before proposed Appropriation
			Retained Earnings	Dividends		
Capital	12 864 906					12 864 906
Issue premiums	6 409 976					6 409 976
Merger premiums	2 867 003					2 867 003
Legal reserve	1 160 116		126 375			1 286 491
Undistributable reserve	189 173					189 173
Regulated reserve	0					0
Retained earnings	0		10 402 808	3 371		10 406 178
Result for 2001	11 558 375		<11 558 375>			0
Dividends in 2002				1 025 822		
Result for 2002						1 713 366
Net Equity (before appropriation of result)	35 049 550		<1 029 192>	1 029 192		35 737 094

12. Liabilities

Maturity of liabilities at the end of the period:

	Balance as of 31/12/02	Maturity		
		at < 1 year	at > 1 year	at > 5 years
Loans and debts to financial institutions	13 407 777	5 731 779	7 457 918	218 080
Trade accounts payable and related accounts	6 101 172	5 119 401	981 772	0
Taxes, personnel and social security	148 294	148 125	169	
Other liabilities	1 182 146	1 182 146		
TOTAL	20 839 389	12 181 451	8 439 858	218 080

Medium and long-term loans and financial debts:

	Initial Amount	Date of Issuance	Duration	Remaining Capital due on 31/12/02
Crédit Agricole	1 676 939	20.02.98	5 years	584 299
Banque Courtois	304 898	30.06.99	4 years	76 225
Société Bordelaise de CIC	457 347	01.10.99	5 years	215 222
Crédit Lyonnais	1 524 490	20.12.00	7 years	1 150 157
Crédit Lyonnais	3 048 980	08.02.01	6 years	2 177 843
Société Bordelaise de CIC	457 347	09.03.01	5 years	365 878
Société Générale	3 050 000	19.04.01	7 years	2 396 480
Société Générale	152 449	16.05.01	10 years	134 990
Natexis Banque	750 000	28.06.01	5 years	600 000
Société Bordelaise de CIC	457 000	11.12.01	5 years	342 750
Crédit Lyonnais	912 000	28.12.01	4 years	684 000
Banque Courtois	500 000	30.09.02	4 years	500 000
Société Bordelaise de CIC	400 000	25.11.02	5 years	400 000
Banque Populaire Toulouse-Pyrénées	1 000 000	23.12.02	5 years	1 000 000
TOTAL				10 627 843

13. Net Sales

Net sales in 2002 totaled € **9,585,940**.

14. Future Tax Benefits and Liabilities

After use during the 2002 period, the amount of tax losses carried forward and ARD (perpetual deferred depreciation without expiry date), usable by ACTIELEC Technologies amount to € 3,092,000 and € 504,000 respectively.

15. Personnel at the End of the Year

	2001	2002
Executives and managers	5	5
Administrative employees	1	1
Interns	-	-
Laborers	-	-
TOTAL	6	6

16. Operations with Related Companies

Amount involving companies on 31/12/02:	related	with which the company has an investment relationship
Receivables related to investments		10 272 074
Other holdings		217 458
Other financial fixed assets		
Trade accounts receivable and related accounts		794 688
Other receivables		1 729 404
Trade accounts payable and related accounts	219 795	4 381 168
Other liabilities	174 964	
Financial expenses	4 528	243 116
Financial income from investments		1 687 734
Income from other short-term securities		
Exceptional income from management operations		

17. Consolidating Company

S.A. **LP²C** share capital of € 5,951,730

Registered Office: 25, Chemin de Pouvoirville
31400 TOULOUSE

R.C.S.: Toulouse B 384 043 352

STATUTORY AUDITORS' GENERAL REPORT,

STATUTORY AUDITORS' SPECIAL REPORT

**STATUTORY AUDITORS' REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL
STATEMENTS**

These reports have not been translated. Please refer to the french language version which shall be deemed authentic.

AGENDA OF THE GENERAL MEETING THAT WAS HELD ON MAY 9, 2003

1. CONCERNING THE ORDINARY GENERAL MEETING

- Board of Directors' management report on the year ended December 31, 2002, including the Group management report,
- Statutory Auditors' reports on the performance of their engagement and on the regulated related party agreements concerned by article L225-86 of the *Code de Commerce*,
- Approval of the financial statements and of the above-mentioned agreements,
- Approval of the Consolidated Financial Statements,
- Appropriation of the result for the year,
- Ratification of the appointment of a new member of the Supervisor Board,
- Empowerment of Board of Directors to allow the Company to purchase its own shares under the provisions of article L. 225-209 of the *Code de Commerce*.

2. CONCERNING THE EXTRAORDINARY GENERAL MEETING

- Report of the Board of Directors,
- Special Report of the Statutory Auditors on the issuance of stock options
- Modification of the purpose of the Company, and correlative modification of statutes' article 3.
- Adoption of a system of identifiable bearershares and related change to article 7 of the company's statutes,
- Authorization given to the management board to grant stock options, in respect of new or existing shares, to employees of the company or its subsidiaries, terms and conditions of the scheme,
- Authorization given to the management board to make a share capital issue reserved to members of a company savings scheme or a voluntary employee savings scheme partly funded by the company
- Powers to be given.

CONTACT DETAILS

Our contact details are:

ACTIELEC TECHNOLOGIES

Public Limited Company with a Capital of 12,864,906 €
RCS TOULOUSE: 542 080 791 – NAF: 741J

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Catherine MALLET: cmallet@actia.fr

Our website:

www.actielec.com