



**AUTOMOTIVE & TELECOMMUNICATIONS**



**2006  
FINANCIAL REPORT**

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## 1. EXECUTIVE BOARD'S MANAGEMENT REPORT

### **ACTIELEC TECHNOLOGIES**

A public limited company with an Executive Board and a Supervisory Board,  
with capital of € 14,894,955.75  
Registered office: 25 chemin de Pouvoirville  
31400 TOULOUSE  
FRANCE  
TOULOUSE Trade and Companies Register: 542 080 791

### **ANNUAL SHAREHOLDERS MEETING**

**HELD ON 3 MAY 2007**

## **EXECUTIVE BOARD'S MANAGEMENT REPORT including the Group management report**

Dear Shareholders

We have called on you to meet in the form of a Shareholders Meeting pursuant to law and the provisions of our Articles of Incorporation, to brief you on the Company's business during the financial year ending on 31 December 2006, hear the reports by the Supervisory Board and the Auditors, and ask you to make a ruling on the financial statements for said financial year, the appropriation of the earnings, and the conventions mentioned in Articles L.225-86 et seq of the Code of Commerce.

The notices to attend the present Meeting were regularly served, and the documents provided for under the rules and regulations in effect were sent or made available to you for the required periods.

The particular purpose of the present report is to present the situation of the Company and the Group to you.

The annual financial statements for the 2006 financial year were established on the basis of the accounting principles applied in accordance with the general rules concerning presentation of the annual financial statements provided for in CRC rule 99-03 of 29 April 1999 relative to the General Accounting Plan.

The consolidated financial statements for the financial year ending on 31 December 2006 have been established in accordance with the IFRS frame of reference as adopted in the European Union on 31 December 2006. The accounting methods and calculation procedures have been applied in identical fashion for all periods presented.

## 1.1 ACTIELEC TECHNOLOGIES: CONSOLIDATED FINANCIAL STATEMENTS

The consolidation base for the Group and the Divisions whose activity we describe for you is as follows on 31 December 2006:

Name	Registered office	% of Control	Activity sector
<b>ACTIELEC TECHNOLOGIES</b>	Toulouse	Consolidating Company	Holding Company
<b>AUTOMOTIVE</b>			
ACTIA	Toulouse ( <i>France</i> )	99.97	Design work and electronic products
ACTIA MULLER SERVICES	Toulouse ( <i>France</i> )	99.99	Manufacture and distribution of mechanical equipment for garages and control centres
PARMA	Méry sur Oise ( <i>France</i> )	100.00	Property
AIXIA	Le Bourget du Lac ( <i>France</i> )	99.93	Design work and electronic products
ATON SYSTÈMES	Maison Alfort ( <i>France</i> )	87.81	Design work and electronic products
ACTIA UK	Newtown ( <i>Wales</i> )	100.00	Design work and electronic products
TEKHNE	Farnborough ( <i>England</i> )	100.00	No industrial activity since 1995
ACTIA VIDEOBUS	Getafe Madrid ( <i>Spain</i> )	100.00	Design work and production of audio and video equipment
ACTIA AUTOMOTIVE	Getafe Madrid ( <i>Spain</i> )	80.01	Distribution of diagnostic products
SCI LOS OLIVOS	Getafe Madrid ( <i>Spain</i> )	39.99	Property
KARFA	Mexico ( <i>Mexico</i> )	90.00	Management of holdings
ACTIA DE MEXICO	Mexico ( <i>Mexico</i> )	100.00	Manufacture and distribution of audio and video equipment
ACTIA DO BRASIL	Porto Alegre ( <i>Brazil</i> )	90.00	Design work and electronic products
ACTIA INC.	Elkhart-Indiana ( <i>USA</i> )	100.00	Design work and electronic products
ATAL	Tabor ( <i>Czech Republic</i> )	89.98	Design work and electronic products
ACTIA ITALIA	Torino ( <i>Italy</i> )	100.00	Design work and electronic products
I + ME ACTIA	Braunsweig ( <i>Germany</i> )	100.00	Design work and electronic products
ACTIA CORP.	Elkhart-Indiana ( <i>USA</i> )	100.00	Design work and electronic products
ACTIA NL	Nuenen ( <i>Netherlands</i> )	100.00	Design work and electronic products
ACTIA POLTIK SP	Lodz ( <i>Poland</i> )	70.00	Design work and electronic products
CIPI	Tunis ( <i>Tunisia</i> )	65.80	Electronic products
ACTIA INDIA	New Delhi ( <i>India</i> )	51.00	Design work and electronic products
ACTIA SHANGHAI	Shanghai ( <i>China</i> )	100.00	Design work and electronic products
ACTIA NORDIC	Spanga ( <i>Sweden</i> )	55.56	Design work and electronic products
<b>TELECOMMUNICATIONS</b>			
SODIELEC SA	St Georges de Luzençon ( <i>France</i> )	91.10	Design work and electronic products
SCI SODIMOB	St Georges de Luzençon ( <i>France</i> )	60.00	Property
PILGRIM	Toulouse ( <i>France</i> )	99.99	Design work and electronic products
ARDIA	Tunis ( <i>Tunisia</i> )	60.00	Electronic design work consolidated
SCI DE L'ORATOIRE	Toulouse ( <i>France</i> )	100.00	Property
SCI LES COTEAUX DE POUVOURVILLE	Toulouse ( <i>France</i> )	27.50	Property

### 1.1.1 CONSOLIDATED EARNINGS

Our Group's consolidated financial statements showed a Turnover of 222.1 M€, up 2.1%, and Net Income Attributable to the Group of 1.6 M€ (<1.6>M€ in 2005).

For the 2006 financial year, the consolidated earnings look as follows:

Group's Consolidated Earnings	2005	2006
Turnover	217,570 k€	222,099 k€
Operating profit	2,057 k€	4,669 k€
Cost of net financial indebtedness	<3,030> k€	<2,445> k€
Net income	<1,557> k€	1,677 k€
✓ attributable to the Group	<1,632> k€	1,598 k€
✓ minority interests	75 k€	79 k€
<b>EBITDA (§1.1.3.3.)</b>	<b>10,071 k€</b>	<b>13,743 k€</b>

We request that you approve these financial statements.

#### *Group's general activity during the past financial year*

The turnover resumed its uptrend, as anticipated, during the fourth quarter of 2006.

However, 2006 remains a transition year for the two activity branches, as the "new products" effect bears only on one quarter. The explanation of this will be given in section 1.1.4.2.

The financial commitment increased slightly, particularly at the end of the financial year, because of the increased operating capital need:

- Due to the partial renewal of the medium-term debts;
- Due to the installation of long-term financing by way of a property lease transfer (Telecommunications branch).

Thus the Gearing has stabilised at 121%, after treatment on the basis of the IFRS standards (including financing of the customer item).

### 1.1.2 IMPORTANT EVENTS DURING THE 2006 FINANCIAL YEAR

#### *1.1.2.1 Automotive Division*

PARMA sold its MERY SUR OISE building on 29 November 2006, generating a capital gain of 203 k€. This Non-Trading Property Investment Company, the former owner of that building, must therefore disappear: that matter is under study.

#### *1.1.2.2 Telecommunications Division*

Philippe CABON was appointed SODIELEC's Managing Director in November 2005, so 2006 is the 1<sup>st</sup> full financial year of his term.

In addition, the turnover contained in the budget forecast did not materialise, mainly because of:

- A civilian market difficult to turn into concrete reality within the framework of the land-base stations and poor exports;
- Failures noted on the export market for the Broadcast.

On 13 March 2006, SODIELEC secured a deal for a transfer of the lease on its building located in Puy-Sainte-Réparate with a grouping of 3 banks. The building sale price came to 2.7 M€. The account capital gain connected with this deal is being spread out over the duration of the leasing (12 years) in the corporate financial statements. This contract is restated in the consolidated financial statements, under fixed assets (original value) and debts.

### 1.1.2.3 The international subsidiaries and transactions in connection with the existing intragroup holdings

No creation took place in 2006, which, on the other hand, saw the consolidation of the perimeter by way of:

- ACTIA: the Company repurchased the securities held by the former Managing Director of ACTIA S.A., Guy PELTIER, namely:
  - ✓ repurchase of one ATON share of 22 February 2006, which modified the holding from 87.80% to 87.81%;
  - ✓ repurchase of one AIXIA share on 1 February 2006, which modified the holding from 99.91% to 99.93%;
  - ✓ repurchase of one ACTIA MULLER SERVICES share on 26 January 2006; the holding remains more than 99.99%.
- CIPI: the Company repurchased 10 securities on 27 February 2006 from a minority shareholder, making it possible to increase the holding from 65.60% to 65.80%;
- ACTIA NORDIC: implementation of a share capital increase made it possible to reach a holding level of 55.56% against the previous 52.00%;
- ACTIA MULLER SERVICES:
  - ✓ the loan of one security was arranged in favour of the Chairman of the Company's Board of Directors, in connection with his mandate;
  - ✓ on 31 July 2006, the Company absorbed the companies AUTOTECH and TECNOFRANCE by way of merger-absorption.

## 1.1.3 GROUP BUSINESS BY ACTIVITY DIVISIONS

### 1.1.3.1 Automotive Division

Automotive consolidated earnings	2005	2006
Turnover	177,452 k€	184,848 k€
Operating profit	2,153 k€	6,859 k€
Cost of net financial debt	<2,560> k€	<3,213> k€
Net income	<943> k€	3,047 k€
✓ attributable to the Group	✓ <1,026> k€	✓ 2,888 k€
✓ minority interests	✓ 83 k€	✓ 159 k€
<b>EBITDA (§1.1.3.3.)</b>	<b>6,794 k€</b>	<b>12,609 k€</b>

In the interest of greater readability of activities, the Automotive Division was reorganised in 2006 in "Business Group", referring to the trades, contrary to the prior presentation by "Business Unit" that was based on the customers. The trend of activity of the tree "Business Groups" is as follows:

Heading	2005 by B.U.	2005 by B.G.	2006 by B.G.
Diagnostic BG	79,944 k€	80,044 k€	82,674 k€
On-Board Systems BG	76,783 k€	73,107 k€	81,382 k€
Services BG	20,724 k€	24,301 k€	20,793 k€



#### Diagnostic B.G.:

- 2006 saw a three-fold increase in sales of Multidiag range diagnostic tools, by comparison with the sales recorded in 2005. This sector was affected by the unquestionable success of the new "Mobile" product that really meets the expectations of independent garage operators and fast repair chains. In a general way, this product has been well received and is supported by a fast repair chain.
- At the same time, ACTIA MULLER SERVICES reached its goal of getting back to the break-even point, particularly thanks to marketing the products in the Multidiag range (including the "Mobile" launched in April 2006, and the overall increase in turnover, which reached 36.5 M€ (+ 11%). Hence the net earnings became positive, at 90 k€;
- The factory diagnostic activities for PSA were sustained in 2006. On the other hand, the difficulties encountered by PSA in connection with its group project with one of our competitors led it to reconsider the ACTIA proposals for goods and services, requesting a commitment to permanence of the solutions and services;
- The sales of Multidiag Usine for a truck maker improved during the second quarter of the year;
- The development of the diagnostic activity to the benefit of industrial makers of special vehicles was continued at world level;
- FACELIFT: we noted an excellent end of the year in terms of the marketing of this product in Germany.

#### On-Board Systems B.G.:

- Tachograph:
  - ✓ the trials (winter and summer tests) had a favourable outcome, the result being a start of advance production for MERCEDES;
  - ✓ more than 7,000 tachographs were delivered in 2006;
  - ✓ discussions resumed with potential customers;
- DBOX (a tool for tachograph data downloading): very great success for this product, with sales significantly exceeding forecasts;
- FLEXTACH: due to very substantial delays in homologation, this product did not experience the anticipated development in 2006;
- Telematics: the end of the development of telematic portal products and start-up of mass production at the end of the period;
- Special vehicle constructors: development of products for the Group's leading customers and market prospecting;
- Electronic Speed Limiter: a breakthrough on the Indian market with this product, but special attention must be paid to quality problems;
- Audio Video: development and beginning of the marketing of a passenger information system with train and bus applications;
- Multibus: continuation of commercial success (40% of turnover) with our "Multibus" system dedicated to electronic and electric architectures for buses and cars.

#### Services B.G.:

For this Business Group, 2006 was mainly marked by these two facts:

- The intensification of operation of the Colomiers site for aeronautical activities, with new production of cards or substantial increases in quantities compared with the existing situation;
  - The increasing level of output for SIEMENS VDO (productions without materials purchases), with the introduction of a third calculator in the second half of the year.
- Services B.U.:
    - ✓ initial migrations to lead-free production technologies (RoHS standards);
    - ✓ consolidation of customers, in spite of competition from low-cost countries;
    - ✓ end of disengagement from customers not falling within the company objectives;
    - ✓ the quality results reached are on a very high level, at both the Tunisian and Colomiers site.
  - Permanence B.U.:
    - ✓ a retreat by comparison with 2005, due mainly to the development of the GIE PERENEO, which was restructured in 2006 making it possible to limit the losses, coming to 65 k€.

### 1.1.3.2 Telecommunications Division

Consolidated earnings in TELECOMMUNICATIONS	2005	2006
Turnover	40,041 k€	37,461 k€
Operating profit	133 k€	<1,082> k€
Cost of net indebtedness	<663> k€	<400> k€
Net income	159 k€	<1,049> k€
✓ attributable to the Group	145 k€	<1,063> k€
✓ minority interests	14 k€	15 k€
<b>EBITDA (§1.1.3.3.)</b>	<b>3,318 k€</b>	<b>1,099 k€</b>

The trend of activity for the four "Business Units" looks as follows:

Heading	2005	2006
Broadcast BU	10,647 k€	7,348 k€
Land Stations BU	10,434 k€	7,919 k€
Networks BU	14,748 k€	17,548 k€
Aeronautics / Defence BU	4,212 k€	4,646 k€

The level of the Telecommunications Division's business was down in 2006 by comparison with the 2005 financial year, with turnover easing from 40 M€ in 2005 to 37.5 M€ in 2006, leading to a negative result of <1,049> k€. This situation is explained by:

#### Land Stations B.U.:

- Lower activity, mainly due to the loss of two important contracts included in the budget;
- Diversification of the principals;
- Normal execution of the SYRACUSE contract with the development of new land stations largely made in 2006.

#### Broadcast B.U.:

- Stagnation of Broadcast activity, particularly at TNT level. The authorities did not decide until January 2007 that the financing of the equipment in the additional zones would be provided by the net worth (95% coverage of the French population). The delay in that decision caused delay on this market.
- Erosion of our competitiveness in this segment. We must also mention the appearance on the market of two competitors: one French and one foreign;
- Development of ranges of qualified and selected products;
- Development of products for additional network and design of systems for the digital radio market: SODIELEC retains its full innovation capacity;
- Obtaining an important contract for digital radio (WORLDSPACE).

#### Networks B.U.:

- Very sustained activity (17.5 M€), representing an increase of 2.8 M€ by comparison with 2005, thanks in particular to the development of the supply of wired racks for telephony.
- Winning of an important contract for digitisation of networks, which will be spread out over several years.

#### Aeronautic/Defence B.U.:

- Obtaining a specific contract for military application,
- Qualification and development of the autocom for aircraft (eCTU), 9100 certification in progress.

### 1.1.3.3 EBITDA

	31/12/2006		
	AUTOMOTIVE Division	TELECOMMUNICATIONS Division	A.T. Consolidated
Turnover	€ 184,848,318	€ 37,460,558	€ 222,099,216
Net income	€ 3,046,618	€ <1,048,552>	€ 1,676,816
Tax charge	€ 624,585	€ <433,464>	€ 648,969
Interest and financial charges	€ 3,395,893	€ 424,938	€ 3,609,434
Transfers to depreciation	€ 5,542,225	€ 2,155,640	€ 7,807,469
<b>EBITDA</b>	<b>€ 12,609,321</b>	<b>€ 1,098,562</b>	<b>€ 13,742,688</b>

### 1.1.4 PROGRESS MADE AND DIFFICULTIES ENCOUNTERED

#### 1.1.4.1 The progress made

The progress we made mainly concerns the search for sources of savings, with some important successes scored, particularly at the level of:

- travel expenses;
- renegotiation of insurance premiums, effective starting in 2007.

The other progress concerns the following projects:

- Creation of a position of International Director, responsible for revamping transfer prices;
- Revamp of the method use for the determination of assistance conventions and installation of the associated conventions;
- Definition of commercial responsibilities by geographical zone;
- Changes in the products/markets strategies for the tachographs, diagnostic tools and garage equipment;
- Larger dimension for the Group purchasing function, with the installation of Purchasing Committees.

#### 1.1.4.2 The difficulties encountered

- A virtually sudden halt to sales of the 028 (analogue tachographs) in Poland, having the consequence of a restructuring of ACTIA POLTIK;
- Control of the schedules of the civilian markets for the Land Stations;
- Development of exports proving to be more difficult than anticipated for Broadcast;
- Installation of a long-term sales strategy for Aeronautic / Defence;
- Increased financial expenses (+ 9.9%) due to the rise of short-term rates on financial markets, directly affecting our costs (61% of borrowing with floating rates) as well as the financing of the customer item.

### 1.1.5 RESEARCH & DEVELOPMENT ACTIVITY

The R&D remains substantial, since it makes it possible to maintain the Group at a high technical level. The following table sums up developments in this respect:

In M€	2006
Total cost of R&D	36.7
Cost of R&D sold	20.1
R&D capitalised during the financial year	2.5
Financial year charges	14.2
Depreciation of capitalised R&D in the financial year	3.5
Impact of R&D in the income statement	17.7

We should mention the fact that the cost of the R&D sold represents 54.7% of the total cost, compared with 48.1% in 2005.

#### 1.1.5.1 Automotive Division

Total R&D expenditures in 2006 came to 29,816 k€, broken down as follows:

- ✓ cost of design work sold 17,410 k€,
- ✓ fixed assets 1,015 k€,
- ✓ year's charges 11,391 k€.

#### 1.1.5.2 Telecommunications Division

Total R&D expenditures in 2006 came to 6,889 k€, broken down as follows:

- ✓ cost of design work sold 2,650 k€,
- ✓ fixed assets 1,469 k€,
- ✓ year's charges 2,770 k€.

### 1.1.6 2007 OBJECTIVES – DEVELOPMENTS AND PROSPECTS

#### 1.1.6.1 Development of Turnover

2007 Objective	AUTOMOTIVE	TELECOMMUNICATIONS	TOTAL
Consolidated turnover	193–197M€	38–42M€	235M€

#### 1.1.6.2 Prospects

##### Automotive

Diagnostic B.G.:

- Renewal of PSA confidence in its diagnostic tools;
- Continued deployment of the Multidiag;
- Conquest of new customers, particularly for special vehicles;
- Continuation of the FACELIFTS (upgrading);
- Marketing of automobile hoists and "réglo-phares" following supply agreements with Chinese suppliers, concluded in 2006.

#### On-Board Systems B.G.:

- Sales target: more than 40,000 tachographs;
- Development of the Marine market in the USA, with results hoped for as of 2007;
- Finalisation of a contract for the development of a standard generic calculator for farm machinery and emergence of the special vehicles activity;
- Strengthening of on-board systems for buses and coaches.

#### Services B.G.:

- Services B.U.:
  - ✓ maintenance of the very high quality level reached, with a desire to win new "NADCAP" aeronautical certification in 2007;
  - ✓ maintenance of our actions for further strengthening the quality of all levels (design work, suppliers, etc.).
- Permanence B.U.:
  - ✓ revamp of the strategy and upgraded competitiveness of the services for launching this activity.

### **Telecommunications**

#### Land Stations B.U.:

- Qualification of the H D station and active prospecting on export markets.

#### Broadcast B.U.:

- Start-up of the contract for digital radio (supplying the Italian market and awaiting our customer's approval for a second year European country);
- Delivery of additional systems in connection with the TNT network (product redesigned in 2006).

#### Networks B.U.:

- Continuation of the intensification of the PCCN;
- End of contracts for the rail constructors in connection with the Train/Land connections, which will result in a decline in turnover to 12.5 M€ in 2007.

#### Aeronautic / Defence B.U.:

- Development of services for defence.

### ***1.1.6.3 The priorities for 2007***

The 2007 efforts will bear on the following points:

- Resumption of investments in the diagnostic field with a new PC and new core software for electronic diagnostic solutions;
- Continuation of the increase in turnover for ACTIA MULLER SERVICES thanks to the introduction of auto hoists and the increase of the Multidiag, tachograph and technical inspection activities, particularly on export markets;
- For ARDIA, continued development with a staff increase from 30 to 50 persons; structuring and quality improvement; ISO 9001 certification is scheduled for the end of 2007;
- For ACTIA NORDIC, a repurchase is in progress of all shares with eventual holding of 100% of the share capital;
- Deployment on exports market of the Telecommunications products (Land Stations – Broadcast).

### **1.1.7 IMPORTANT EVENTS SINCE THE CLOSE**

On 18 January 2007, the company ACTIELEC TECHNOLOGIES repurchased the 10,001 SODIELEC shares held by the FCPR ADVANCE CAPITAL EUROPE–ACE fund in Paris, raising the holding and control level from 91.10% to 91.51%.

In addition, the company ACTIELEC TECHNOLOGIES used its right of pre-emption in connection with the 941 ACTIA BSA (equity warrants) held by OSEO ANVAR, for an amount of € 650,000. The Company should purchase them in the first half of 2007.

## **1.1.8 THE DEBT SITUATION**

During the 2006 financial year, the "Net Indebtedness/Shareholders' Funds" ratio remained at 121% (121% on 31/12/05), on the basis of the new standards, that is, taking the financing of the customer item into account in net debts.

Pursuant to the announced policy, the Group maintained its debt ratio, in spite of very strong activity at the end of the financial year. The financing of the BFR (operating capital need) is supported by realisation of the customer item, which is up by 20% and which represents only 30% of the customer item. The breakdown of the various types of financial debts (financial liabilities) is indicated in section 2.3.11 of the appendix to the consolidated financial statements.

## **1.1.9 OFF BALANCE SHEET COMMITMENTS AND SIGNIFICANT RISKS**

### ***1.1.9.1 Off balance sheet commitments***

The off balance sheet commitments and the guarantees on asset elements are detailed in the appendix to the consolidated financial statements (note 2.3.21 and 2.3.22) and represented the following amounts on 31 December 2006:

➤ Commitments given:	0.6 M€
➤ Commitments received:	0.0 M€
➤ Guarantees on asset elements:	10.0 M€

### ***1.1.9.2 Liquidity risk***

The liquidity risks are detailed in the appendix (notes) to the consolidated financial statements (note 2.3.11).

The financial liabilities at less than one year amount to 58 M€, including financing of the customer item for 21.9 M€.

The details concerning the covenants to be respected are also provided in note 2.3.11.

### ***1.1.9.3 Risk heading policy***

The rate risks are partially hedged by CAP contracts, the amounts and conditions of which are detailed in the appendix to the consolidated financial statements, in note 2.3.23.

## 1.2 ACTIELEC TECHNOLOGIES: CORPORATE FINANCIAL STATEMENTS

The corporate financial statements of ACTIELEC TECHNOLOGIES S.A. show sales of 3.4 M€, down 52.3% from the previous financial year because of the end of deliveries under the DGA contract, for which the Company is a co-contracting party. The invoicing is now connected with Maintenance in Operating Condition. At the same time, one notes a reduction of the charges connected with those contracts. Net income comes to <€ 786,417>, as a loss of <€ 139,722> for the previous financial year.

Here are the main indicators concerning the corporate financial statements for the 2006 financial year:

Net Turnover	€ 3,407,860
Operating Income	€ 3,517,323
Operating Profit	€ <1,157,844>
Financial Net Income	€ 388,206
Extraordinary Net Income	€ 1,972
Net Loss	€ <786,417>

We ask you to approve the said corporate financial statements.

### 1.2.1 THE DIFFICULTIES ENCOUNTERED

During this transition year for the Group, ACTIELEC TECHNOLOGIES continued to support its subsidiaries, which did not experience any real recovery of their activity until the end of the financial year (increase in current accounts of 3.3M€). Belatedly, the structure's debts increased by 2.8 M€ (46% medium term, 54% short term).

The new conventions brought out the structural costs proper to the holding activity.

### 1.2.2 SIGNIFICANT EVENTS

Some thinking was done by the Company Management, at the request of the Supervisory Board and with the help of a Paris law firm, about a revamp of the Group's conventions linking all of the subsidiaries, at the level of assistance services. That thinking led to the development of a new assistance convention with the parent Company and new assistance conventions between each subsidiary, particularly with the installation of tools for evaluating all such services. Being new regulated conventions, they were the object of a vote by the Supervisory Board and will be presented for your approval within the framework of the Auditor's Special Report.

### 1.2.3 APPROPRIATION OF THE EARNINGS

Pursuant to law and our Articles of Incorporation, we propose that you appropriate the earnings for the financial year, namely a loss of € 786,416.78, to Retained Earnings

#### Origin

"Credit balance" retained earnings	€ 11,082,552.14
Financial year net income: a loss of	€ <786,416.78>

#### Appropriation

To the "Retained Earnings" account which will stand at	€ 10,296,135.36
--	-----------------

<b>TOTALS</b>	<b>€ 10,296,135.36</b>	<b>€ 10,296,135.36</b>
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### 1.2.3.1 Previous dividend payments

Pursuant to the provisions of Article 243 bis of the General Code of Taxation, we inform you that no dividends were paid for the last three financial years.

### 1.2.3.2 Non-tax-deductible charges (CGI 39-4)

We request that you approve the total amount of expenditures and charges mentioned in Article 39-4 of the General Code of Taxation, namely an amount of € 2,186.29, corresponding to the excess depreciation of company vehicles.

No tax is due for the 2006 financial year.

## 1.2.4 SHARE CAPITAL

### 1.2.4.1 Breakdown of the Share Capital

We inform you of the identities of the persons holding, directly or indirectly as of 31 December 2006, more than 5% - 10% - 15% - 20% - 25% - 33.33% - 50% - 66.66% - 90% or 95% of the Share Capital or voting rights at Shareholders Meetings.

	Holding		Control/gross voting rights		Control/net voting rights	
LP2C	8,218,769	41.38%	16,182,188	49.13%	16,182,188	49.23%
SIDMIA INT.	1,159,369	5.84%	1,886,266	5.73%	1,886,266	5.74%
Various	826,524	4.16%	1,444,361	4.39%	1,444,361	4.39%
<b>"Pacte Concert" total</b>	<b>10,204,662</b>	<b>51.38%</b>	<b>19,512,815</b>	<b>59.25%</b>	<b>19,512,815</b>	<b>59.36%</b>
SALVEPAR	3,069,617	15.46%	5,839,234	17.73%	5,839,234	17.76%
SGPFEC	977,660	4.92%	1,861,930	5.65%	1,861,930	5.66%
Public	5,544,641	27.92%	5,657,225	17.18%	5,657,225	17.21%
Internally-held	63,361	0.32%	63,361	0.19%	0	0.00%
<b>Total voting rights</b>	<b>19,859,941</b>	<b>100.00%</b>	<b>32,934,565</b>	<b>100.00%</b>	<b>32,871,204</b>	<b>100.00%</b>

This list experienced some modifications during the past financial year, connected primarily with the expiration of the protocol signed on 13 July 2000 between SALVEPAR and the PECH and CALMELS families. That meant that the company LP2C declared that it crossed, downward, the threshold of 2/3 of holding and control. SALVEPAR declared that it crossed, downward, the thresholds of 2/3, 50%, 1/3, 25% and 20% of the capital and voting rights.

A shareholders' agreement between Messieurs Louis PECH and Pierre CALMELS, on one hand, and the THURM family on the other was concluded on 8 November 2000. The parties declare that they are acting in concert vis-à-vis the company ACTIELEC TECHNOLOGIES, mainly with a view to:

- A commitment to concertation prior to any Board meeting and any Shareholders Meeting,
- A commitment to maintain the distribution of the Board's seats,
- A commitment to maintain a holding so that the members hold a minimum percent of the Company's voting rights,
- A commitment to concertation before any transfer made by any one whatsoever of the signatories of all or part of the securities that it holds (including the securities not maintained as registered securities),
- In the event of a public offering to which one of them would like to convey its securities, all parties undertake to consult each other.

The said shareholders' agreement was declared to the CMF on 17 November 2000.



#### ***1.2.4.2 Other information concerning the Share Capital***

In application of Article L. 225-100-3, we inform you of the following points that could have an effect in connection with public offerings:

- The structure of the Share Capital as well as the direct or indirect holdings known to the Company and all information in this connection are described in § 1.2.4.1.;
- There are no restrictions under the Articles of Incorporation on exercise of the voting rights;
- To the Company's best knowledge, a shareholders' agreement was concluded between the families of the senior managers (Louis PECH and Pierre CALMELS) and a manufacturer (the Company SIDMIA International); it is described in § 1.2.4.1;
- There are no securities paired with special control rights;
- There are no control mechanisms provided for in a possible system of employee shareholding with control rights that are not exercised by that staff;
- The rules regarding appointment and removal of the members of the Supervisory Board are the legal rules and those contained in the Articles of Incorporation;
- With respect to the Executive Board's powers, the current delegations are described in the table of delegations concerning capital increases in the appendix;
- The modification of our Company's Articles of Incorporation is made in accordance with the legal and regulatory provisions;
- There are no agreements (commercial contracts, financial contracts, etc.) concluded by the Company that are modified or end in the event of a change of control of the Company;
- The agreements providing for indemnities in the event of a cessation of the duties of the members of the Supervisory Board or Executive Board are described in the report submitted by the Chairman of the Supervisory Board in § IV - 4.

#### ***1.2.4.3 Treasury shares held by the Company***

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

By successive decisions made by the Shareholders Meetings held on 29 December 2000, 30 April 2002, 9 May 2003, 30 April 2004 and 9 May 2005, the Company was authorised to repurchase its own shares.

During the 2006 financial year, the Company did not make any additional acquisitions of securities on the Market. The number of treasury shares held by the Company on 31 December 2006 therefore remains 63,361.

In September 2003, 60,000 of those securities were frozen in a special account to comply with the Stock Option plan (corresponding to the offer of stock options) decided on by the Executive Board on 1 September 2003.

The purchase value is € 443,470 excluding trading expenses. Said number of shares, with a total par value of € 47,521, accounts for 0.32% of the Share Capital.

#### ***1.2.4.4 Other securities offering access to the Share Capital***

We remind you that 11 October 2004, our Company issued securities offering access to the Share Capital, in the form of "Bons de Souscription d'Actions" (equity warrants) (1,875,000 securities), expiring on 14 October 2007.

During the 2006 financial year, no BSA conversions were made.

To date, the number of BSA remaining in circulation is 1,832 530.

In the appendix, you will find the special Report by the Executive Board concerning the share subscription or purchase option plans indicating the currently valid operations.

#### ***1.2.4.5 Adjustment of the conversion bases for the securities offering access to the capital, share subscription and purchase options, and the free shares***

We remind you that our Company has issued securities offering access to the share capital.

During the 2006 financial year, no adjustment was made of the conversion bases.

#### ***1.2.4.6 The Security's Market life***

During the 2006 financial year, the total number of ACTIELEC TECHNOLOGIES shares traded (code ISIN FR0000076655) came to 4,343 993, against 4,744,689 in 2005, a daily average of 17,035 for the 255 Trading days (against 18,534 shares in 2005).

In 2006, the closing prices varied as follows:

✓ Highest	€ 4.82	(02/02/2006)
✓ Lowest	€ 2.60	(18/07/2006)
✓ Closing	€ 2.95	(29/12/2006)

The BSA paired with the new shares, listed for the first time on 22 October 2004 (code ISIN F0010121061), posted the following closing values:

✓ Highest	€ 0.85	(02/02/2006)
✓ Lowest	€ 0.18	(19/12/2006)
✓ Closing	€ 0.22	(29/12/2006)

The average daily trading volume was 9,333 BSA, for 187 trading days.

### 1.3 TABLE OF FINANCIAL EARNINGS IN THE LAST FIVE YEARS

In Euros	2002	2003	2004	2005	2006
<b>CAPITAL AT FINANCIAL YEAR END</b>					
Share capital	12,864,906	12,864,906	14,271,156	14,879,024	14,894,956
<i>Number of existing ordinary shares</i>	17,153,208	17,153,208	19,028,208	19,838,699	19,859,941
Number of existing preferred shares (without voting rights)	0	0	0	0	0
Maximum number of future shares to be issued	0	240,000	1,177,500	1,158,098	1,753,895
<b>OPERATIONS AND RESULTS OF THE FINANCIAL YEAR</b>					
Turnover excluding taxes	9,585,941	12,889,205	16,652,359	7,139,786	3,407,860
Earnings before taxes and calculated charges (depreciation and provisions)	1,914,298	<2,380,375>	91,623	<224,187>	<536,059>
Corporation tax	3,811	15,245	3,750	15,000	18,750
Legal employee profit-sharing for the financial year	0	0	0	0	0
Earnings after taxes and calculated charges (depreciation and provisions)	1,713,366	121,570	<1,018,840>	<139,722>	<786,417>
Earnings paid out	0	0	0	0	0
<b>EARNINGS PER SHARE</b>					
Earnings after taxes but before calculated charges (depreciation and provisions)	0.11	<0.14>	0.00	<0.01>	<0.03>
Earnings after taxes and calculated charges (depreciation and provisions)	0.10	0.01	<0.05>	<0.01>	<0.04>
Dividends paid to each share (gross)	0.06	0.00	0.00	0.00	0.00
Dividends paid to each preferred share (gross)	0.00	0.00	0.00	0.00	0.00
<b>STAFF</b>					
<u>AVERAGE</u> staff employed during the financial year	6	7	7	7	7
Amount of the financial year payroll	716,135	687,909	786,270	1,363,759	709,970
Amounts paid as fringe benefits for the financial year (Social security, social works, etc.)	283,540	282,850	326,414	338,289	302,099

## 1.4 SENIOR EXECUTIVES

### 1.4.1 COMPOSITION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

#### 1.4.1.1 Supervisory Board:

Louis PECH	Chairman of the Supervisory Board
Pierre CALMELS	Deputy Chairman of the Supervisory Board
SALVEPAR S.A. – permanent representative Pierre DEGEORGE	Member of the Supervisory Board
Günther THRUM	Member of the Supervisory Board
Véronique VEDRINE	Member of the Supervisory Board
Alain COSTES	Member of the Supervisory Board

Modification of the composition of the Supervisory Board: by a letter dated 22 November 2006, the Company SALVEPAR submitted to the Board its resignation as a member of the Supervisory Board, effective on 31 December 2006, following the expiration of the protocol signed on 13 July 2000.

#### 1.4.1.2 Executive Board:

Christian DESMOULINS	Chairman of the Executive Board
Catherine MALLET	Member of the Executive Board
Marine CANDELON-BONNEMAISON	Member of the Executive Board

The Executive Board was renewed at the Supervisory Board held on 25 September 2006.

### 1.4.2 LIST OF THE MANDATES HELD AND FUNCTIONS EXERCISED BY THE SENIOR EXECUTIVES IN THE LAST FIVE YEARS

- **Louis PECH** is Chairman of the Supervisory Board of the Company ACTIELEC TECHNOLOGIES. He was appointed by the Extraordinary Shareholders Meeting held on 12 November 2002. His term will expire at the Annual Shareholders Meeting to be held in 2008 and which is to rule on the financial statements for the financial year ending on 31 December 2007. He also holds the following mandates and functions in the indicated companies:

✓ *Mandates*

Function	Company	Country	End of mandate	
Chairman of the Board of Directors	ACTIA S.A.	France	04/04/2006	
	ENERTEC HOLDING S.A.	France		
	IDEI (Institut d'Economie Industrielle)	France		
President and Chief Executive Officer	Fonderies Financière MERCIE S.A.	France		
Chairman of the Executive Board	LP2C S.A.	France		
Director	IDE Ingenierie S.A.	France	04/04/2006	
	ENERTEC S.A.	France		
	ACTIA VIDEOBUS Paher SA	Spain		
	ACTIA DE MEXICO SA de CV	Mexico		
	ACTIA ITALIA Srl	Italy		
	ACTIA INDIA Private Limited	India		
	CIPI SA	Tunisia		
	ACTIA NORDIC AB	Sweden		
	INPT	France		2002
	FACE Grand Toulouse	France		
ESPORTEC	France	01/09/2005		

Function	Company	Country	End of mandate
Director	Groupe ESC de Toulouse	France	
	YMCA Cépière	France	
	Société Locale d'Epargne de Toulouse Nord	France	
	Eurosud Transport Atlantique Méditerranée	France	
Member of the Advisory Board	ACTIA DO BRASIL	Brazil	
Chairman of the Orientation Committee	OSEO ANVAR Midi-Pyrénées	France	
Permanent representative of ACTIELEC TECHNOLOGIES	PILGRIM S.A.	France	30/12/2004
	DATENO S.A.	France	30/12/2004
	EBIM S.A.S.	France	
	SODIELEC S.A.	France	
Member of the Supervisory Board	ACTIA POLTIK	Poland	
Permanent representative of LP2C	Alpha Recyclage Franche Comte S.A.	France	07/01/2005
	MORS Technologies S.A.S.	France	30/12/2004
Permanent representative of ACTIA	ACTIA MULLER SERVICES S.A.	France	
	AIXIA S.A.	France	
Member of the Board of Directors	ACTIA CORP	USA	
	ACTIE CHINA	China	
Co-Manager	ORBIEU S.C.	France	30/12/2004
	LA VOIX S.C.	France	30/12/2004
	SCI de l'Oratoire	France	
	SCI du 4 rue Jules Védrières	France	
President	IERSET	France	2003
	Société d'Epargne Locale de Toulouse Nord	France	2004
	MIDI CAPITAL Investment Committee	France	
Vice-President	LE CERCLE D'OC	France	
Member of the Regional Advisory Board	Société Générale	France	
Advisor	BANQUE DE FRANCE de Toulouse	France	2005
	COMMERCE EXTERIEUR DE LA FRANCE	France	
Honorary Advisor	BANQUE DE FRANCE de Toulouse	France	
Honorary President	CCI de Toulouse	France	
	Advisors to COMMERCE EXTERIEUR de Midi-Pyrénées	France	
Member	Académie d'Occitanie	France	
	Association des Capitouls	France	
"Censeur" Auditor of the Orientation Board and the Supervisory Board	Caisse d'Epargne Midi-Pyrénées	France	

- **Pierre CALMELS** is the Deputy Chairman of the Company's Supervisory Board. He was appointed by the Combined Shareholders Meeting held on 9 May 2003. His term will expire at the Annual Shareholders Meeting to be held in 2009, which will rule on the financial statements for the financial year ending on 31 December 2008. He also holds the following mandates and functions in the companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Chairman of the Board of Directors	SODIELEC S.A.	France	04/04/2006
	ENERTEC S.A.	France	
Member of the Board of Directors	SCI Los Olivos	Spain	
	ACTIA CORP	USA	
Chairman of the Supervisory Board	LP2C S.A.	France	
Deputy Chairman of the Board of Directors	Fonderies Financière MERCIE S.A.	France	
	ACTIA S.A.	France	
Director	IDE Ingenierie S.A.	France	22/09/2005
	ENERTEC S.A.	France	

Function	Company	Country	End of mandate
Director	ENERTEC HOLDING S.A.	France	04/04/2006
	ACTIA ITALIA Srl	Italy	
	AIXIA S.A.	France	
	ATON Systèmes S.A.	France	
	CIPI	Tunisia	
	ACTIA VIDEOBUS Paher SA	Spain	
President and Chief Executive Officer	PILGRIM S.A.	France	
Director	ACTIA DE MEXICO SA de CV	Mexico	07/01/2005
	Alpha Recyclage Franche Comte S.A.	France	
	ACTIA MULLER SERVICES S.A.	France	
Member of the Advisory Board	ACTIA DO BRASIL	Brazil	
Permanent representative of ACTIA MULLER SERVICES	TECNOFRANCE	France	31/07/2006
Permanent representative of FFM	M3S S.A.	France	18/11/2002
Permanent representative of SODIELEC	DATENO S.A.	France	30/12/2004
	EBIM S.A.S.	France	30/12/2004
Permanent representative of ACTIELEC TECHNOLOGIES	MORS Technologies S.A.S.	France	30/12/2004
Permanent representative of LP2C	FONDERIE MERCIE EUROPE	France	
Manager	SCIPIA S.C.	France	
Co-Manager	ORBIEU S.C.	France	30/12/2004
	LA VOIX S.C.	France	30/12/2004
	SCI de l'Oratoire	France	
	SCI les Coteaux de Pouvourville	France	
	SCI du 4 rue Jules Védrières	France	

- **SALVEPAR Company** (SOCIETE ALSACIENNE AND LORRAINE DE VALEURS, D'ENTREPRISES AND DE PARTICIPATIONS) is a Member of the Company's Supervisory Board, having been appointed by the Extraordinary Shareholders Meeting held on 12 November 2002. By a letter dated 22 November 2006, the Company SALVEPAR submitted to the Board its resignation as a member of the Supervisory Board, effective on 31 December 2006. That Company also exercises the following mandates in the companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Director	AFFINAGE CHAMPAGNE ARDENNES	France	08/12/2003
	CONFANDLEY	France	
	CROMETAL	France	
	FAVI-LE LAITON INJECTE	France	
	GEODIS	France	
	LATECOERE	France	
	Groupe LIPPI	France	
	LOHR S.A.	France	
	NORINCO	France	
	Société SAVOISIENNE DE PARTICIPATIONS	France	
	RG SAFETY	France	
	TOUAX	France	
	SAMSE	France	
		19/05/2003	
		17/01/2005	

- **Pierre DEGEORGE**, permanent representative of the Company SALVEPAR is a Member of the Company's Supervisory Board. He also holds the following mandates and functions in the Companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Permanent representative of SALVEPAR	AFFINAGE CHAMPAGNE ARDENNES	France	
	FAVI-LE LAITON INJECTE	France	
	Group LIPPI	France	
	LOHR S.A.	France	
	SG FINANCE PRAHA	Czech Republic	01/08/2003
	Société SAVOISIENNE DE PARTICIPATIONS	France	19/05/2003
	RG SAFETY	France	

✓ *Function*

Assistant Managing Director of SALVEPAR, a public limited company with capital of € 12,523,408, Registered office: Tour Pacific, 11 Cours Valmy, 92800 PUTEAUX, FRANCE.

- **Günther THRUM** is a Member of Company's Supervisory Board. He was appointed by the Extraordinary Shareholders Meeting held on 12 November 2002, and his mandate will expire at the Annual Shareholders Meeting to be held in 2008 which is to rule on the financial statements for the financial year ending on 31 December 2007. He also holds the following mandates and functions in the Companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Director	ENERTEC HOLDING S.A.	France	04/04/2006
Manager	SIDMIA S.A.S.	France	
	SIDMIA INTERNATIONAL SARL	France	

✓ *Function: none*

- **Alain COSTES** is a Member of the Company's Supervisory Board. He was appointed by the Ordinary Shareholders Meeting held on 10 November 2003, and his term will expire at the Annual Shareholders Meeting to be held in 2009 which will rule on the financial statements for the financial year ending on 31 December 2008. He also holds the following mandates and functions in the Companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Chairman of the Board of Directors	RENATER	France	
	Groupe ESC de Toulouse	France	
	IUT de Figeac	France	
Vice President	ADERMIP	France	30/06/2006
	IERSET	France	30/06/2006
	AMPERE	France	
Director	ACTIA S.A.	France	
	Université Technologique de Compiègne	France	October 2006
Partner Member	CCI de Toulouse	France	

✓ *Functions*

- Professor at INP – 6 Allées Émile Monso – 31000 TOULOUSE ;
- Scientific executive at the LAAS-CNRS, 7 Avenue du Colonel Roche, 31077 TOULOUSE Cedex 04, FRANCE;
- Member of the Academy of Technologies.

- **Véronique VEDRINE** is a Member of the Company's Supervisory Board, having been co-opted by the Combined Shareholders Meeting held on 30 April 2004. Her mandate will end at the close of the Annual Shareholders Meeting to be held in 2009 and which will rule on the financial statements for the financial year ending on 31 December 2008. She also holds the following mandates and functions in the Company's designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
"Censeur" auditor	Banque TOFINSO	France	04/2005
	Société Midi-Pyrénées Création S.A.	France	02/2005
Technical Advisor	Institut Régional Développement Industriel	France	02/2005
Director	OSEO SOFARIS régions S.A.	France	
	DEPECHMAG FRANCE	France	

✓ *Function*

Regional Manager of the Banque du Développement des PME Société Anonyme, with capital of € 337,230,064, 27 avenue du Général Leclerc, 94700 MAISONS ALFORT, FRANCE, CRETEIL Trade and Companies Register 320 252 489.

- **Christian DESMOULINS** is the Chairman of the Company's Executive Board. His term was renewed by the Executive Board meeting held on 25 September 2006 and will expire on 12 November 2010. He also holds the following mandates and functions in the Companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Director	SODIELEC S.A.	France	04/04/2006 04/04/2006 2004
	ACTIA MULLER SERVICES S.A.	France	
	CIPI S.A.	Tunisia	
	ACTIA INDIA	India	
	ENERTEC HOLDING S.A.	France	
	ENERTEC S.A.	France	
	OSEO ANVAR	France	
	Ecole Nationale Supérieure des Mines de SAINT ETIENNE	France	
	Ecole Nationale Supérieure des Ingénieurs en Arts Chimiques and Technologiques	France	
	Club des Affiliés du LAAS-CNRS	France	
Association Nationale de la Recherche Technique	France		
Managing Director and Director	ACTIA S.A.	France	
Advisor	BANQUE DE FRANCE de Toulouse	France	
Permanent representative of ACTIELEC TECHNOLOGIES	ARDIA	Tunisia	
Manager	SCI les Coteaux de Pouvoirville	France	
	ACTIA AUTOMOTIVE SARL	Spain	
Chairman of the Advisory Board	ACTIA DO BRASIL	Brazil	
Chairman of the Scientific Evaluation Board	Ecole des Mines d'Alès	France	
Chairman of the Board of Directors	Ecole Nationale Supérieure Mécanique and Microtechnique de Besançon	France	
	ACTIA NORDIC AB	Sweden	
	ACTIA CORP	USA	
	ACTIA POLTIK	Poland	
	ACTIA INC	USA	
	ACTIA DO MEXICO	Mexico	
ACTIA ITALIA	Italy		



Function	Company	Country	End of mandate
Chairman of the Board of Directors	ACTIA CHINA	China	
	ACTIA Vidéobus	Spain	
	SCI Los OLIVOS	Spain	

✓ *Function*

- Employment contract with the company LP2C, a public limited company with a Supervisory Board and an Executive Board, with capital of € 5,876,400, 25 chemin de Pouvoirville, 31400 TOULOUSE, FRANCE, TOULOUSE Trade and Companies Register 384 043 352;
- Member of the Academy of Technologies.

- **Marine CANDELON-BONNEMAISON** is a member of the Company's Executive Board. Her mandate was renewed by the Supervisory Board Meeting held on 25 September 2006 and will expire on 12 November 2010. She also holds the following mandates and functions in the companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Executive Board Member	LP2C S.A.	France	
President and Chief Executive Officer	M3S S.A.	France	18/11/2002
Director	FONDERIES FINANCIERE MERCIE	France	12/11/2002
	ACTIA S.A.	France	

- **Catherine MALLET** is a member of the Company's Executive Board. Her mandate was renewed by the Supervisory Board Meeting held on 25 September 2006 and will expire on 12 November 2010. She also holds the following mandates and functions in the companies designated below:

✓ *Mandates*

Function	Company	Country	End of mandate
Chairwoman of the Executive Board	LP2C S.A.	France	01/12/2006
Member of the Executive Board	LP2C S.A.	France	
Managing Director	ENERTEC S.A.	France	04/04/2006
Director	PILGRIM S.A.	France	
	FONDERIES FINANCIERE MERCIE S.A.	France	30/12/2004
	MORS Technologies SAS	France	30/12/2004
	EBIM SAS	France	30/12/2004
	M3S	France	18/11/2002
Permanent representative of LP2C	ENERTEC HOLDING S.A.	France	04/04/2006
	ENERTEC S.A.	France	04/04/2006

### 1.4.3 APPOINTMENTS, RENEWALS AND RATIFICATIONS OF CO-OPTATIONS

No terms of the members of the Supervisory Board expire at the end of the present meeting.

### 1.4.4 COMPENSATION AND ATTENDANCE FEES

Pursuant to the provisions of Article L. 225-102-1 of the Code of Commerce, we are reporting to you below on the total compensation (fixed, variable and extraordinary elements) and benefits of all kinds paid during the past financial year to each senior executive (authorised agent), as well as on the criteria governing the way they have been calculated or the circumstances under which they have been established.

We also inform you about the commitments of all kinds offered to the Company to its senior executives corresponding to compensation elements, indemnities or benefits that might be due because of taking up, cessation or a change in

such functions, or after them, as well as the procedures for the determination of such undertakings. The compensation paid for the financial year ending on 31 December 2006 is as follows:

Senior executives	In the company, controlled companies and controlling company					
	Compensation			Attendance fees	Benefits in kind	Total
	Fixed	Variable	Extraordinary			
Louis PECH						
- Paid in year n <sup>-1</sup>	€ 216,515	€ 50,000	€ 0	€ 0	€ 3,380	€ 269,895
- Paid in year n	€ 99,667	€ 20,833	€ 45,274*	€ 0	€ 1,431	€ 167,205
- Still to be paid for year n	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Pierre CALMELS						
- Paid in year n <sup>-1</sup>	€ 84,000	€ 0	€ 0	€ 0	€ 0	€ 84,000
- Paid in year n	€ 84,000	€ 0	€ 0	€ 0	€ 0	€ 84,000
- Still to be paid for year n	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Christian DESMOULINS						
- Paid in year n <sup>-1</sup>	€ 184,481	€ 68,962	€ 0	€ 0	€ 1,816	€ 255,259
- Paid in year n	€ 187,800	€ 76,577	€ 0	€ 0	€ 1,844	€ 266,221
- Still to be paid for year n	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Catherine MALLET						
- Paid in year n <sup>-1</sup>	€ 64,240	€ 0	€ 0	€ 0	€ 1,338	€ 65,578
- Paid in year n	€ 68,640	€ 0	€ 0	€ 0	€ 1,541	€ 70,181
- Still to be paid for year n	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Marine CANDELON						
- Paid in year n <sup>-1</sup>	€ 31,915	€ 0	€ 0	€ 0	€ 1,829	€ 33,744
- Paid in year n	€ 32,630	€ 0	€ 0	€ 0	€ 1,858	€ 34,488
- Still to be paid for year n	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0

\*Retirement bonus in accordance with the Collective Bargaining Agreement.

Two types of compensation appear:

- Compensation paid in connection with the mandates exercised at the level of the LP2C Corporation and approved by the latter's Supervisory Board. Hence this type of compensation does not specifically constitute compensation paid in connection with ACTIELEC TECHNOLOGIES;
- Compensation connected with the employment contracts.

In a general way, the fixed remuneration follows the trend of salaries as decided within the Group.

The variable part takes the form of objective-related bonuses, with a minimum indexed on the salary for year n-1.

The benefits in kind correspond to the availability of a company vehicle.

The Chairman of the Executive Board will receive an indemnity in the event of the termination of his employment contract when he has not been guilty of serious or very serious misconduct. The said indemnity is equal to 1.5 times the annual gross salary.

No commitments of any nature whatsoever corresponding to elements of compensation, indemnities or benefits due or which might become due because of the acceptance, cessation or change of function of the authorised agent or after such a function has been offered, outside the commitments mentioned above.

Moreover the Company doesn't pay any attendance fees.

A stock option plan was concluded in 2003. It is detailed in the special report by the Executive Board concerning plans for stock subscription or purchase options.

#### 1.4.5 TRANSACTIONS MADE ON THE COMPANY SECURITIES

The senior executives (authorised agents) did not make any transactions during the 2006 financial year.

## **1.5 THE AUDITORS**

The term of the titular auditor, Eric BLACHE, and the Deputy Auditor, Jean FONTA, expire at the end of the present Meeting.

The Supervisory Board will submit its decision concerning the renewal of those terms to you.

## **1.6 EMPLOYEES**

### **1.6.1 SHARE OF CAPITAL HELD AT THE FINANCIAL YEAR END**

At the end of the financial year, there were no employment holdings as defined in Article L.225-102 of the Code of Commerce in the Company's share capital.

### **1.6.2 RESERVED CAPITAL INCREASE**

The provisions of the law concerning payroll savings of 19 February 2001 require the Senior Managers to submit periodically, namely every three years, a draft resolution to shareholders dealing with the implementation of a capital increase reserved for the members of the Company Savings Plan when those members hold less than 3% of the share capital.

Since the employees' holding as defined in Article L.225-102 of the Code of Commerce is less than 3% of the Company's share capital and since the Shareholders Meeting that ruled on the principle of a capital increase reserved for the members of a P.E.E. goes back to 21 September 2004, the Executive Board is normally required to call a new Shareholders Meeting to rule on such a project.

Hence we propose to you to make a decision on the project for a delegation of power to be granted to the Executive Board making it possible to put through such a capital increase reserved for the members of a Company Savings Plan and made under the conditions of Article L.443-5 of the Labour Code by issue of ordinary cash shares and, if appropriate, a free allocation of ordinary shares or other securities offering access to the capital.

It is specified that, pursuant to the provisions of Article L.443-5 of the Labour Code, the price of the shares to be issued may be no more or less than 20% (or 30% when the duration of unavailability provided for by the plan in application of Article L.443-6 of the Labour Code is greater than or equal to ten years) than the average of the first trading prices of the share during the 20 market sessions prior to the Executive Board's decisions relative to the capital increase and the corresponding issue of shares, and may be no greater than the said average.

The maximum nominal amount of the increase or increases that may be put through by using the delegation is 3% of the share capital reached at the time of the Executive Board's decision to put through the said increase.

To that end, we propose that you grant full powers to the Executive Board, for a duration of twenty-six months, for the purpose of using the delegation.

Within the limits set above, the Executive Board shall hold the necessary powers, particularly for determining the conditions of the issue or issues, recording the realisation of the capital increases resulting there from, carrying out the related modification of the Articles of Incorporation, charging, at its sole initiative, the expenses for the capital increases to the amount of the premiums relating there to, and deducting from the said amount the sums required for bringing the legal reserve up to a level of one-tenth of the new capital after each increase, and more generally for doing whatever is necessary in this connection.

### **1.6.3 APPOINTMENT OF EMPLOYEE SHAREHOLDERS AS MEMBERS OF THE SUPERVISORY BOARD**

We inform you that the Supervisory Board has not received any candidacies.

### **1.6.4 DESIGNATION OF MEMBERS OF THE SUPERVISORY BOARD BY THE EMPLOYEES**

Since the employees' holding, as defined in Article L.225-102 of the Code of Commerce, is less than 3% of the share capital of our Company, there is no need to provide for implementation of provisions relative to designation of members of the Supervisory Board by the employees.

## **1.7 REGULATED CONVENTIONS**

We request you to approve the conventions mentioned in Article L.225-86 of the Code of Commerce that have been regularly authorised by the Supervisory Board.

Your Auditors are presenting them to you and are providing you with all required information on this point in their special report, which will be read you in a few moments.

## 1.8 THE CONSEQUENCES OF THE BUSINESS FOR INDUSTRIAL RELATIONS

For the Group as a whole, the staff numbers for the last three financial years were as follows:

<b>2004</b>	<b>1,942</b>
<b>2005</b>	<b>2,121</b>
<b>2006</b>	<b>2,123</b>

We should point out that the first Company of the Group established, ACTIA S.A., celebrated its 20<sup>th</sup> birthday in November 2006, and the development of this Toulouse SME, which had 50 employees at the end of its first financial year and now employs 484 people in Toulouse and its suburbs.

A detailed portrait of the Group as of 31 December 2006 is as follows:

Division	Company	Staff on 31.12.06			
		Men	Women	Executives	Non-executives
<b>Holding activity</b>	<b>ACTIELEC TECHNOLOGIES</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>1</b>
<b>Automotive</b>	ACTIA	337	147	214	270
	ACTIA Muller Services	131	28	53	106
	ATON Systèmes	11	2	9	4
	AIXIA	7	3	7	3
	<b>Subtotal for France</b>	<b>486</b>	<b>180</b>	<b>283</b>	<b>383</b>
	ACTIA Italy	29	15	6	38
	ACTIA NL	5	3	3	5
	ACTIA POLTIK	6	1	3	4
	I + ME ACTIA	57	15	5	67
	ACTIA Vidéobus	38	9	9	38
	ACTIA Automotive	5	0	2	3
	ACTIA Nordic	15	7	9	13
	ACTIA UK	21	5	7	19
	ATAL	34	11	8	37
	<b>Subtotal for Europe excluding France</b>	<b>210</b>	<b>66</b>	<b>52</b>	<b>224</b>
	ACTIA India	39	2	10	31
	ACTIA de Mexico	78	21	21	78
	ACTIA Shanghai	18	6	7	17
	CIPI	131	329	25	435
	ARDIA	26	8	33	1
ACTIA do Brasil	56	31	16	71	
ACTIA Inc	6	2	1	7	
ACTIA Corp	47	65	12	100	
<b>International subtotal</b>	<b>401</b>	<b>464</b>	<b>125</b>	<b>740</b>	
<b>TOTAL AUTOMOTIVE</b>	<b>1,097</b>	<b>710</b>	<b>460</b>	<b>1,347</b>	
<b>Telecommunications</b>	SODIELEC Ets d'Aveyron	72	28	51	49
	SODIELEC Ets de Bretagne	62	13	31	44
	SODIELEC Ets de Manosque	19	4	68	63
	SODIELEC Ets de Provence	99	32	3	20
	<b>Total telecommunications</b>	<b>252</b>	<b>77</b>	<b>153</b>	<b>176</b>
<b>GROUP TOTAL for France</b>	<b>743</b>	<b>259</b>	<b>442</b>	<b>560</b>	
<b>GROUP TOTAL for Europe outside France</b>	<b>210</b>	<b>66</b>	<b>52</b>	<b>224</b>	
<b>GROUP TOTAL for International sector</b>	<b>401</b>	<b>464</b>	<b>125</b>	<b>740</b>	
<b>GRAND TOTAL FOR THE GROUP</b>	<b>1,354</b>	<b>789</b>	<b>619</b>	<b>1524</b>	

For your more ample information, we detail all of the information on the basis of the following perimeter:

Division	Company	Employees on 31.12.05	Employees on 31.12.06
<b>Holding activity</b>	<b>ACTIELEC TECHNOLOGIES</b>	<b>8</b>	<b>7</b>
Automotive	ACTIA	491	484
	CIPI	497	460
	ACTIA Muller Services	165	159
	ATON	13	13
	AIXIA	10	10
	PILGRIM	1	0
	ACTIA DO BRASIL	Disregarded	87*
<b>SUBTOTAL FOR AUTOMOTIVE</b>		<b>1,177</b>	<b>1,213</b>
Telecommunications	SODIELEC Aveyron	100	100
	SODIELEC Bretagne	67	75
	SODIELEC Manosque	26	23
	SODIELEC Provence	136	131
<b>SUBTOTAL FOR TELECOMMUNICATIONS</b>		<b>329</b>	<b>329</b>
<b>GROUP TOTAL</b>		<b>1,514</b>	<b>1,549</b>

\* These staff numbers include 13 persons under subcontracting contracts that Brazilian regulations treat as definite-term contracts.

A plan for extending data mining to all subsidiaries is being implemented.

As of 31 December 2006, the Group staff stood at 2,123. The staff concerned by this report come to 1,549 persons (73%), against 1,514 (71%) on 31 December 2005.

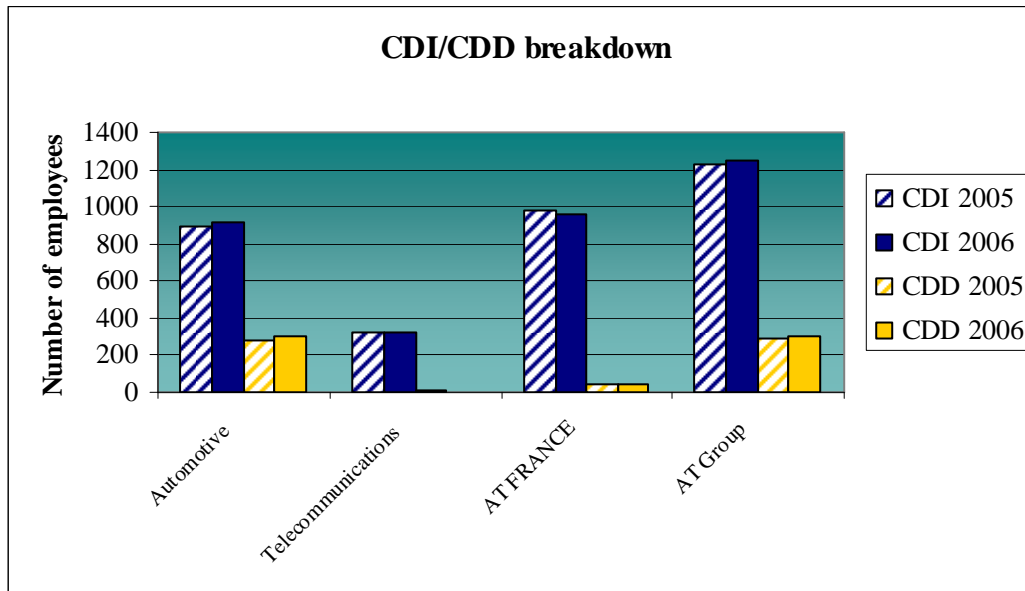
A new structure is being taken into account for the 2006 report on industrial relations: ACTIA DO BRASIL, with its 87 employees constituting an extension of the perimeter taken into account with respect to both the industrial relations developments and environment questions of ACTIELEC TECHNOLOGIES Group.

## 1.8.1 EMPLOYMENT

### 1.8.1.1 The staff

Changes in and the breakdown of the staff as of 31 December 2006 are as follows:

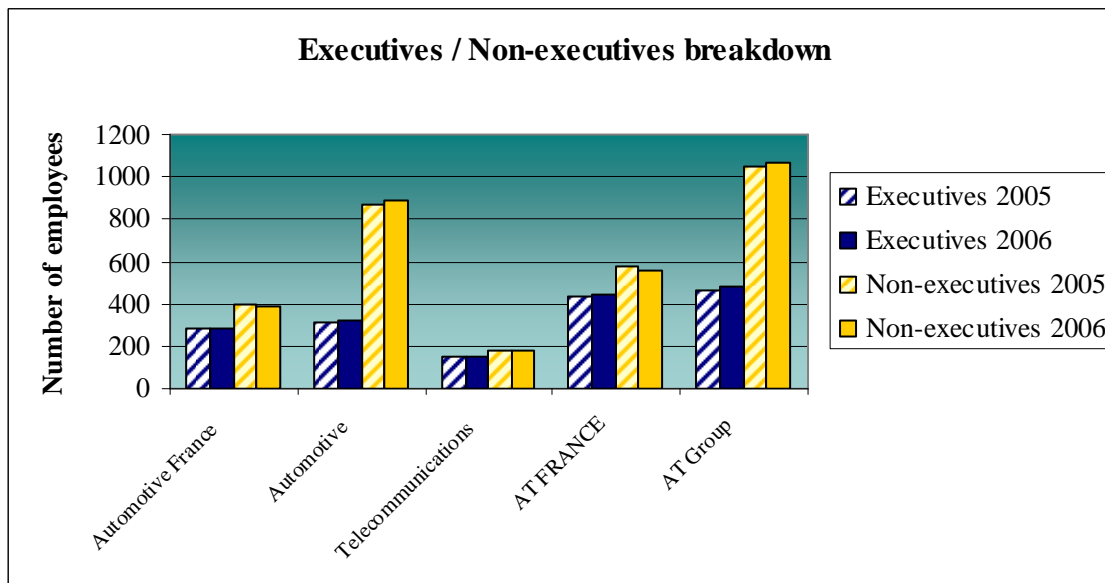
Use of staff on CDD (definite-term contract) is noted above all in Tunisia (50%) and Brazil (39%), as against 4% in France. The statistics, which changed little across the financial year, are as follows:



CDI = Indefinite-term contract - CDD = Definite-term contract

Altogether, the CDD contracts account for 20% of the staff of the queried perimeter.

The executives/non-executive breakdown is as follows as of 31 December 2006.



The staff changes look as follows:

- As of 31 December 2004: 42% executives, 58% non-executives;
- On 31 December 2005: 31% executives and 69% non-executives <sup>(1)</sup>;
- On 31 December 2006, the situation was the same as of 2005, with 31% executives.

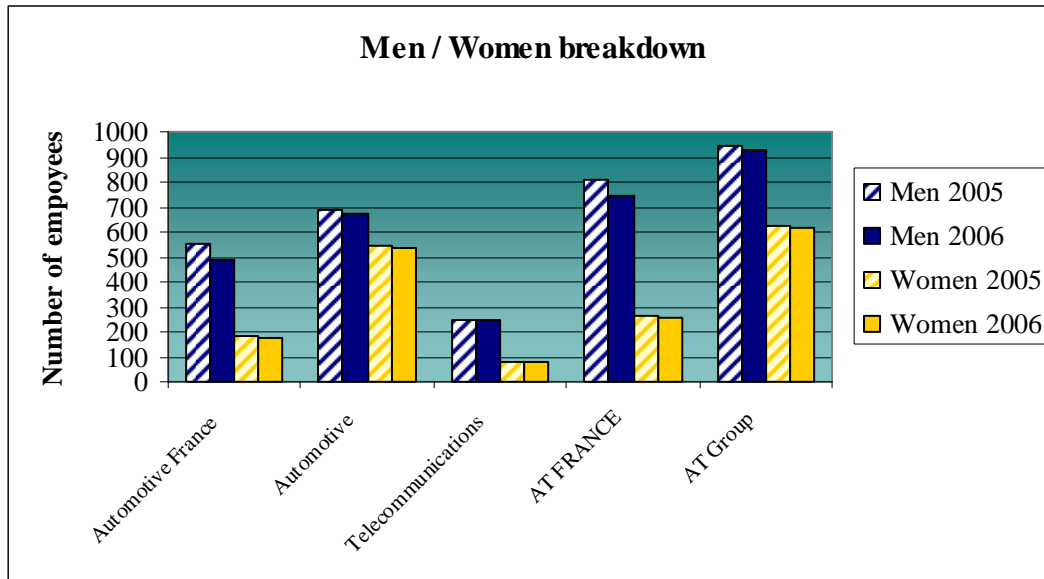
<sup>(1)</sup> The trend of this ratio was due mainly to the modification of the perimeter and the inclusion of the Tunisian entity.

The Brazilian subsidiary has 14% executives, since the structure benefits from a production workshop (integration assembly) locally.

On the national territory, the distribution remains uniform, with 44% executives, slightly up by comparison with the situation on 31 December 2005.

With respect to the men/women breakdown, the Tunisian subsidiary is a very different situation from the French establishments: Tunisia employs 72% women, against 27% at the French sites. ACTIA DO BRASIL is slightly above the French sites with a 36% rate.

In 2006, the average female staff accounted for 40% of the staff of the queried perimeter.



### 1.8.1.2 Hirings

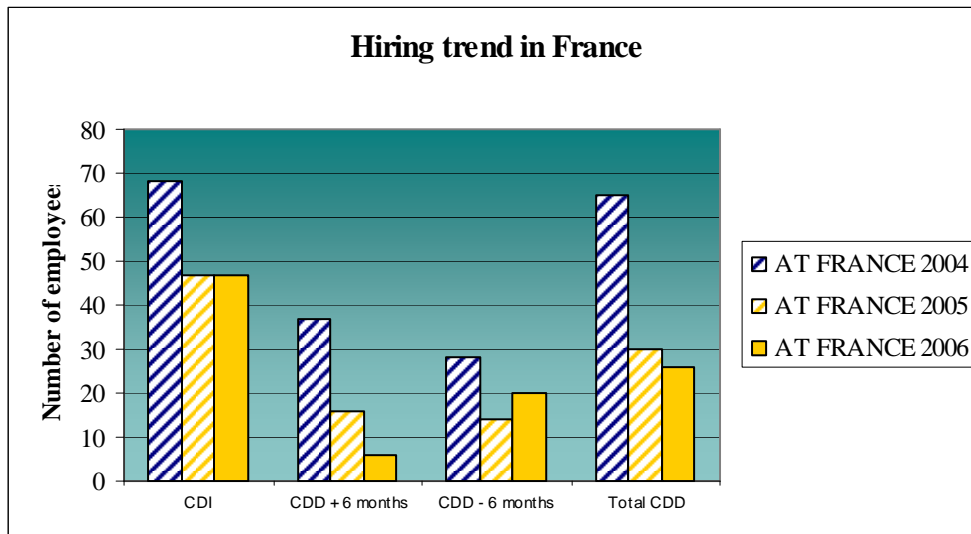
The Group staff did not change as a whole in the 2006 financial year. Hirings as a whole offset the contract ends and dismissals (cf. § 1.8.1.3).

Within the perimeter studies, the Group hired 89 people (192 in 2005 without Brazil), including 42 persons in CDD and 47 in CDI. With respect to the definite-term contracts, the long-duration CDD (more than 6 months) account for 14%.

The sharp slowdown in hirings is connected with the situation in Tunisia, which had experienced a sharp increase in 2005 with 115 hirings, whereas it had only 16 hirings for the 2006 financial year. However, that production site is destined to experience some significant changes, connected with the workload.



Within the French perimeter, the hiring trend was as follows:



A few small recruiting difficulties were noted:

- For SODIELEC, at its Brittany site, because of the specific profile requested: there were no Curriculum Vitae corresponding to this position;
- For ACTIA DO BRASIL, because of a lack of adequate profiles and the competitiveness of that market.

Temporary workers were also used in 2006, with a total of almost 82 for part of the subsidiaries. The average duration of the temporary assignments is about one month, with an average of more three months in Brazil.

The Group also employs 27 persons on an "assisted contract" basis during the 2006 financial year. As of now, those contracts, which can range up to 5 years, have generated five hirings. All of those contracts concerned the Automotive Division.

Finally, the Group called on trainees in connection with training programmes leading to a diploma. Among those trainees, 4 were hired at the end of the work placement.

### 1.8.1.3 Dismissals and resignations

46 people were dismissed in 2006 in the subsidiaries as a whole, broken down as follows:

- ✓ 14 executives and 32 non-executives;
- ✓ 35 men and 11 women;
- ✓ 25 for economic reasons, 18 for serious or very serious misconduct, and 3 for unfitness.

With respect to the resignations, the Group recorded the following among its subsidiaries:

- ✓ 24 resignations of non-executives employees;
- ✓ 22 resignations of executives.

## 1.8.2 WORK-TIME ORGANISATION

Within the framework of French legislation, the French subsidiaries (except for AIXIA) signed a "35-hour" agreement. The executives and others with similar status are employed on the basis of an annual package of work days (generally 213 days per year). The other employees benefit from the legal working week of 35 hours full time on an annual basis.

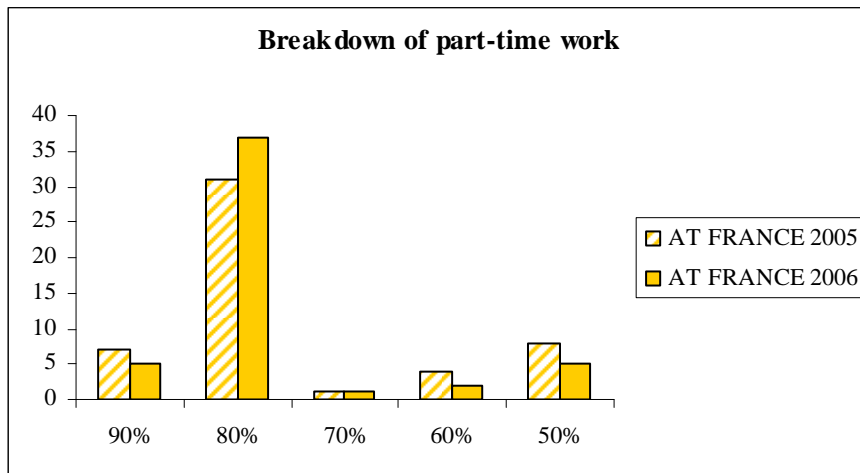
In France, the work is done in five days a week. On the Colomiers site, which is involved in production activity, has a 2X8 organisation.

In Tunisia, the legal workweek applied is 40 hours / week spread out over 6 days. The teams work on a 3X8 basis.

In Brazil, the workweek is 6 days and the teams also work on a 3X8 basis.

Part-time:

Of the 1,549 employees within the perimeter in question, 50 persons are employed part-time, against 51 in 2005. 83% of them are women. The breakdown of part-time work is detailed in the following chart:



Overtime:

The total volume of overtime comes to 20,170 hours, put in by the non-executives. The Tunisian production site accounts for 59% of the overtime put in.

### 1.8.3 PROFESSIONAL AND INDUSTRIAL RELATIONS

Collective bargaining agreement:

All of the Group's French sites are attached to the national collective bargaining agreement for the metal-working industry, via its regional offices. The Tunisian convention is the one for Electricity & Electronics. The Brazilian subsidiary is attached to a national collective bargaining agreement for the metal-working industry equivalent to the one in France, pursuant to Brazilian law.

Representation of the union organisations and personnel representatives:

Of the 11 sites in question, the employees at 6 of them are represented by **union organisations**. Taking the number of employees, that represents 82% of the employees having union representatives within their structure. All of the sites at which union organisations are represented make premises available to them.

The **personnel representatives** on their part come to a total of 71. Those representatives are divided into several colleges: executive / workman / ETAM (clerical staff, technicians and foremen), except in Brazil, where the notion of "college" does not exist.

Industrial relations and information for the employees:

The employees receive information from management in various ways that vary from one subsidiary to another. Overall, board displays are still used, as well as e-mail, meetings, newspapers and letters. The employees at all sites are informed about the company results and objectives. Tunisia meets the same criteria, plus the installation of a joint committee at the site to facilitate communication between staff and Management.

Benefits:

Outside the legal obligations, the following benefits are offered to the employees:

- Health: supplementary, provident... all sites,
- Supplementary retirement: 5 sites out of 11, accounting for 26% of the population,
- Meal tickets: 9 sites out of 11, 69% of the population,
- Maternity (birth bonus): 4 sites out of 11, 47% of the population.

With the exception of ATON, a design office structure, all of the sites hold annual interviews, in the context of the career development policy.

## 1.8.4 HEALTH & SAFETY

### Job accidents:

In 2006, 31 job accidents were recorded, two of them in the Telecommunications Division. Altogether, such accidents represent 81 days of medical leave against 204 in 2005 and 322 in 2004. This is therefore a marked reduction.

### Medical leaves:

Medical leave accounts for 11,912 days in 2006. When broken down by activity division and employee, this is equivalent to:

➤ Automotive France	16.0 days / employee / year
➤ Automotive	8.9 days / employee / year
➤ Telecommunications	3.3 days / employee / year
➤ French Companies	13.4 days / employee / year
➤ Group	10.2 days / employee / year

### Health and safety:

All Group companies respect the EVIN Law concerning smoking and non-smoking areas. In addition, the great majority of sites have implemented analyses or made evaluations of the ergonomics of workstations, the majority of the time within the framework of the CHSCT (Committee on Hygiene, Safety and Working Conditions).

The majority of the sites considered, in addition to the regulation medical examination, see to monitoring staff subject to risks by means of additional medical examinations.

The fire and electrical installation safety standards are respected in all subsidiaries.

Of 11 companies in question, 5 have implemented the single risk assessment document.

## 1.8.5 TRAINING & EDUCATION

All entities specify the existence of an annual training plan. Those plans are developed via:

- Future-oriented skill management,
- Annual interviews,
- Negotiations with the personnel representatives or site manager.

Thus in 2006 and for the Group as a whole, the following training hours were provided:

- 15,021 adult education hours, making 9.7 hours of training per employee (-4.9% by comparison with 2005),
- 3,871 hours under individual training holidays, up markedly (+ 34.8%),
- 1,934 hours of work-study training.

The majority of training hours is in the technical field, with a few training programmes in team management. ACTIA DO BRASIL gave an average of 42.6 training hours per employee for the 2006 financial year, well ahead of other Group companies.

### 1.8.6 DIVERSITY & EQUAL OPPORTUNITY

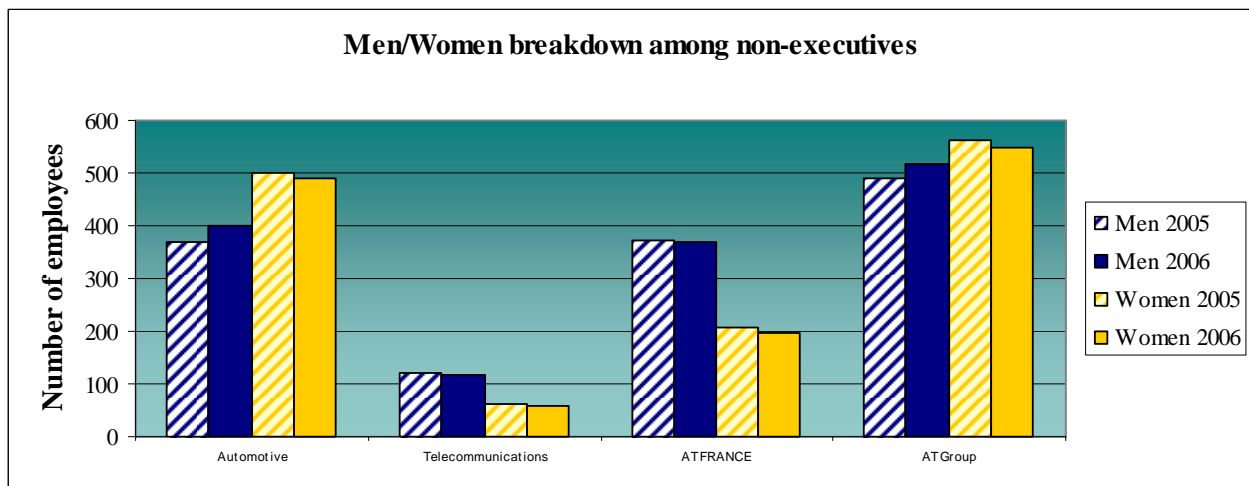
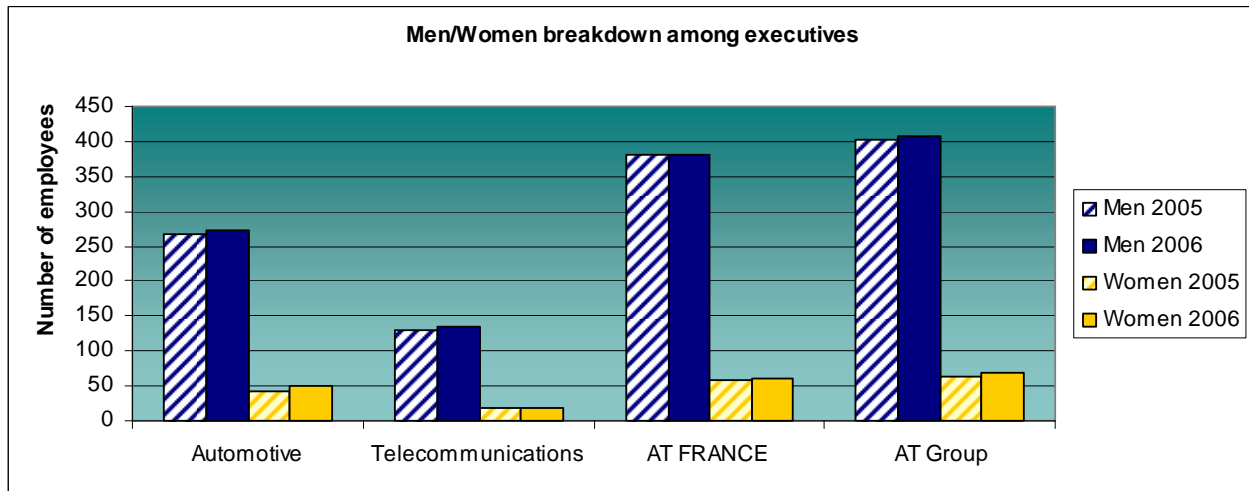
Of the 1,549 employees in the Group perimeter in question, 54.58% are of French nationality. The citizens of the European Union account for 33%, and other nationalities 45.09%.

At national level, these percentages are as follows:

- French nationality: 99.1%;
- European Union: 0.6%;
- Non-EU: 0.3%.

Professional equality between men and women is respected when it comes to salaries

The following charts show the executive/non-executive breakdown for the men's and women's categories.



This shows that in proportion women are less well represented among the executives than non-executives.

Finally, certain sites are required to employ handicapped workers. In the Group as a whole, for 2006 the companies in question employed 17 persons in this category of the 61 legally required. So there is a shortage of the number of handicapped persons employed in the Group.

To compensate for this shortfall, those sites use work via CAT. This subcontracting only covers this shortfall only partly, representing the equivalent of 9 persons.

### 1.8.7 SUBCONTRACTING

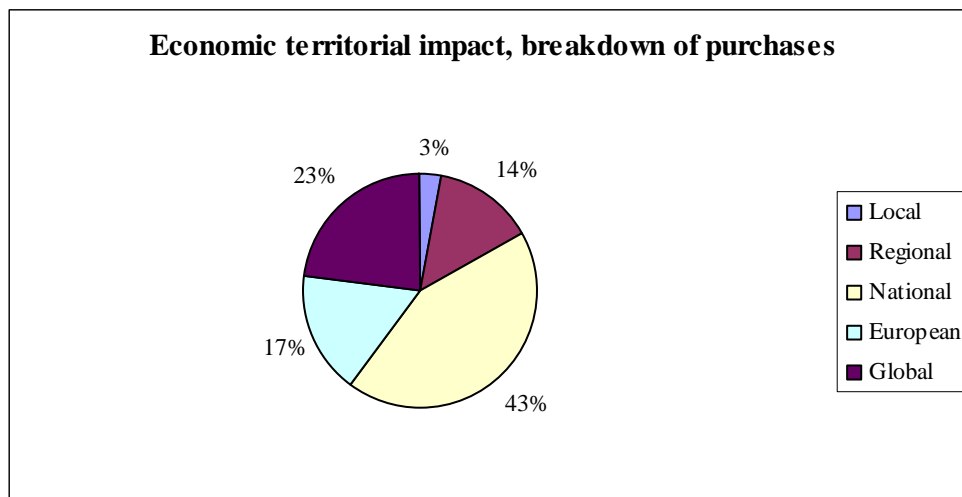
The majority of the sites in question use subcontracting for certain types of work.

The present subcontractors vary depending on the Group entities, and some of our subsidiaries have already established procedures for rating subcontractors (audits) with respect to observance of the quality standards requested and the environmental standards desired in line with their certification level.

With respect to the subcontractors' ethics, none of the partners of the sites considered (on national territory) is now established in developing countries, where observance of the rules of the ILO may be neglected.

### 1.8.8 ECONOMIC TERRITORIAL IMPACT

This impact is calculated on the basis of the breakdown of purchasing, as follows:



For the subsidiaries in question, the territorial impact of our entities occurs mainly on their national territory (60% of purchasing), but a significant decline of this rate can be seen in connection with the increased purchases of components or subsystems in Asia.

In addition, while posting international growth, the Group's survival makes it possible to enjoy some positive effects in terms of economic impact on French territory.

### 1.8.9 RELATIONSHIPS WITH THE PARTICIPANTS AND SOCIAL WORKERS

The Group's entities are members of certain trade organisations (the UIMM — Union des Industries et Métiers de la Métallurgie — for instance). In addition, the Group maintains excellent relationships with the educational institutions via which it conducts substantial research activities.

Finally, no litigation or disputes are to be reported with the associations, or even with individuals living near our sites.

## 1.9 THE ENVIRONMENTAL CONSEQUENCES OF THE ACTIVITY

The information grouped and presented below concerns the following structures:

Division	Name	Employees on 31.12.2005	Employees on 31.12.2006
<b>Holding activity</b>	<b>ACTIELEC TECHNOLOGIES</b>	<b>8</b>	<b>7</b>
<b>Automotive</b>	ACTIA	491	484
	CIPI	497	460
	ACTIA Muller Services	165	159
	ATON	13	13
	AIXIA	10	10
	PILGRIM	1	0
	ACTIA DO BRASIL	Disregarded	87*
<b>Subtotal for Automotive</b>		<b>1,177</b>	<b>1,213</b>
<b>Telecommunications</b>	SODIELEC Aveyron	100	100
	SODIELEC Bretagne	67	75
	SODIELEC Manosque	26	23
	SODIELEC Provence	136	131
<b>Subtotal for Telecommunications</b>		<b>329</b>	<b>329</b>
<b>GROUP TOTAL</b>		<b>1,514</b>	<b>1,549</b>

\* These staff numbers include 13 persons under subcontracting contracts that Brazilian regulations treat as definite-term contracts.

### 1.9.1 CONSUMPTION AND DISCHARGES

#### 1.9.1.1 Consumption of water resources

The total water consumption at the 11 sites in 2006 came to 46,053 m<sup>3</sup> (40,799 m<sup>3</sup> in 2005) making a global increase of 13%, while the population taken into account increased by 3.6%. CIPI accounts for 15,900 m<sup>3</sup> consumed, up 12% from 2005. This increase is also explained by the withdrawals at the Pouvourville site due to the use of city water for cooling stoves. To remedy this situation, the plan calls for installation in 2007 of a closed-circuit cold unit. In addition, we must point out that the value for 2005 at the Colomiers site was wrong because of a defective meter. The latter was changed at the end of 2005, and a leak was plugged in July 2006. Hence logically 2007 should result in a certain decline of water consumption at the Pouvourville and Colomiers sites.

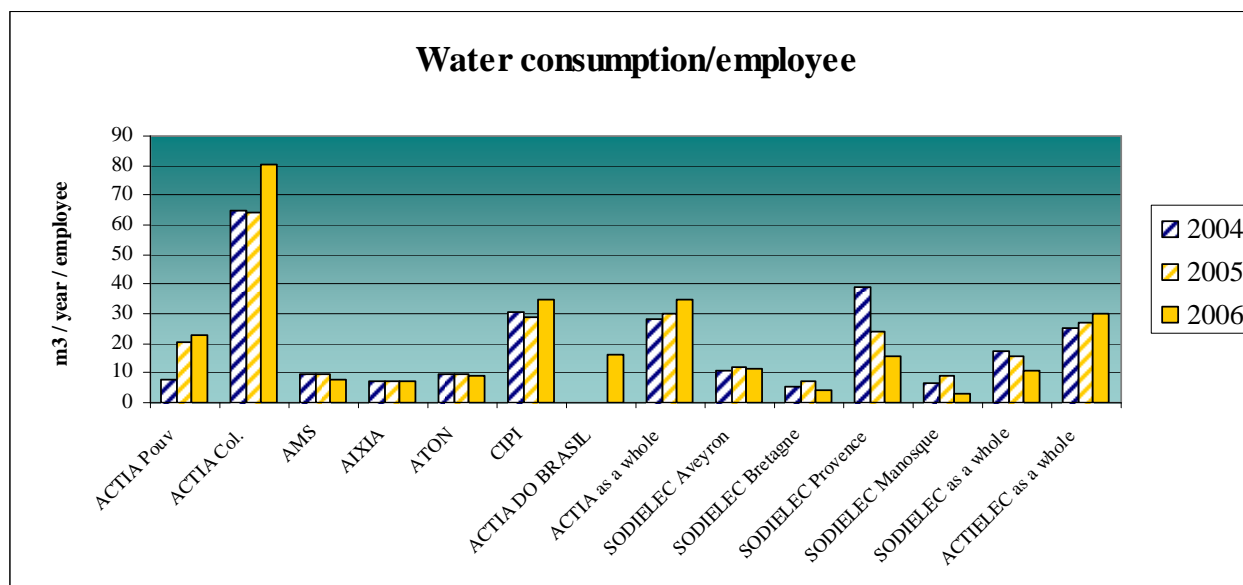
Water consumed at the sites as a whole came to 73% from the drinking water distribution network (29,784 m<sup>3</sup> in 2006 against 25,915 m<sup>3</sup> in 2005). 27% of the water consumed came from private sources. The only two sites with this kind of use are ACTIA Colomiers and CIPI Tunis, which moreover are the two largest group production sites, and hence have the highest water consumption.

On a per-employee basis, the consumption of the sites as a whole in 2006 is close to 29.7 m<sup>3</sup> / year / employee, up 9.7% by comparison with 2005.

m <sup>3</sup> /year/employee	ACTIA Pouv	ACTIA Col.	AMS	AIXIA	ATON	CIPI	ACTIA Do Brasil	ACTIA as a whole
<b>2005</b>	20.2	64.0	9.9	6.9	9.6	28.6		30.3
<b>2006</b>	22.9	80.6	7.7	6.9	9.2	34.6	16.2	35.0

m <sup>3</sup> /year/employee	SODIELEC Aveyron	SODIELEC Bretagne	SODIELEC Provence	SODIELEC Manosque	SODIELEC as a whole	ACTIELEC as a whole
<b>2005</b>	11.8	7.4	24.1	9.2	15.8	27.1
<b>2006</b>	11.3	4.4	15.8	3.1	11.0	29.7

Indicator concerning water consumption per employee for 2006 ( $m^3$  / employee / year)



The consumption figures of the sites (except the production sites, such as ACTIA Colomiers, CIPI Tunis and SODIELEC Provence) are characteristic of a "service - design work" activity. For those sites, the daily water consumption averages 40 litres per employee (for the Group as a whole), by comparison with average consumption of water for domestic use, which is in the order of 150 to 200 litres per day and per person. The consumption of the production sites stands at 120 litres per day and per employee, which results in average consumption at the sites in question of 81 litres per day and per person.

### 1.9.1.2 Consumption of raw materials

The Company's activity does not directly consume any raw materials extracted from the environment, since it takes place only in connection with products that are already partly manufactured (electronic components, electric cables, etc.), consisting mainly of metals and plastics. Several sites have already installed systems for waste sorting: essentially packagings, with reuse of the wood crates and boxes. Standardisation and reduction of the reference number of packagings are also required.

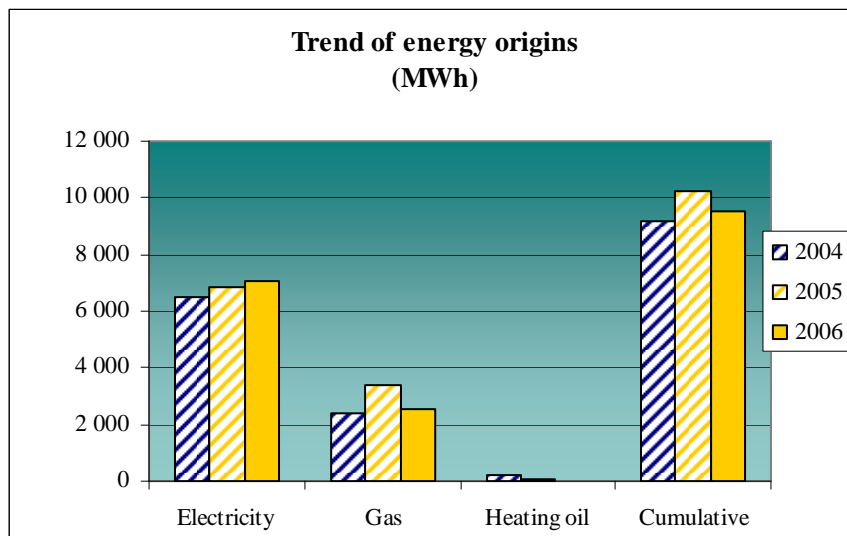
### 1.9.1.3 Energy consumption

Two kinds of energy are used at all sites:

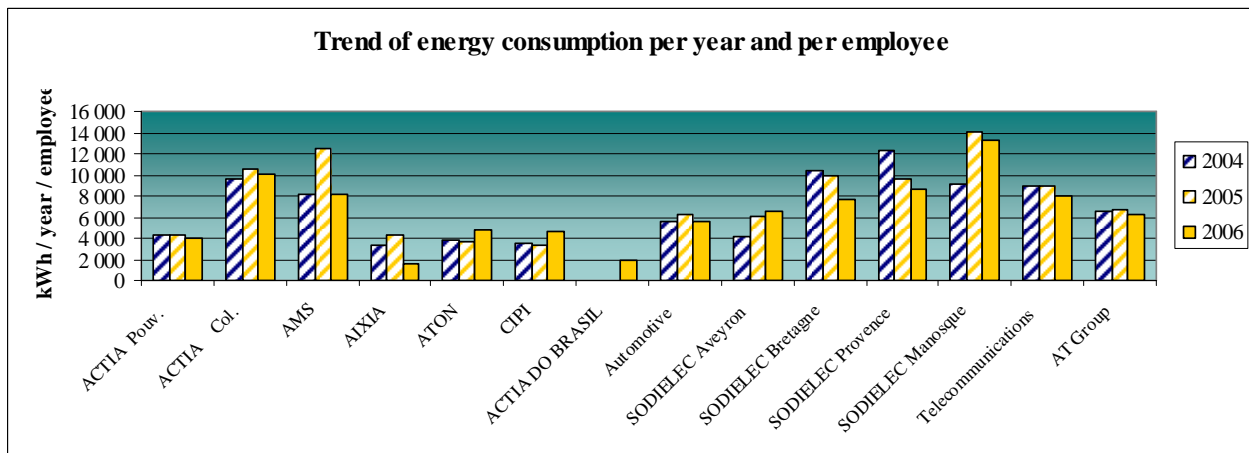
- Electricity: 7,034 MWh in 2006 (6,851 MWh in 2005), a small increase of 3%
- Natural gas: 2,513 MWh in 2006 (3,376 MWh in 2005), a significant decline of 26%.

The total consumption of energy at all sites for 2006 comes to 9,547 MWh (10,268 MWh in 2005), a 7% decline. We particularly note a change in the energy sources used, with an abandonment of heating oil, a decline for natural gas and a slight increase for electricity.

Energy consumption by the various sources breaks down as follows:



The following chart illustrates the trend of energy consumed per employee:



Recapitulative table concerning energy consumption:

	ACTIA Pouv.	ACTIA Col.	AMS	AIXIA	ATON	CIPI	ACTIA DO BRASIL	Automotive
<b>2004</b>	4,255	9,550	8,171	3,363	3,813	3,552		5,665
<b>2005</b>	4,277	10,535	12,403	4,363	3,740	3,421		6,179
<b>2006</b>	3,927	10,153	8,083	1,650	4,777	4,565	1,849	5,647

	SODIELEC Aveyron	SODIELEC Bretagne	SODIELEC Provence	SODIELEC Manosque	SODIELEC as a whole	ACTIELEC as a whole
<b>2004</b>	4,205	10,337	12,285	9,131	8,964	6,485
<b>2005</b>	6,150	9,872	9,595	14,044	8,956	6,782
<b>2006</b>	6,493	7,613	8,631	13,342	8,079	6,163

The ratio of energy consumption for the Group as a whole comes to 6,163 kWh /year / employee. Hence on the basis of a constant perimeter, one notes a consumption decline in the order of 9% per year and per employee. This reduction is explained by lower electricity consumption at the LUCE site by comparison with 2005. Indeed, the figures taken into account in 2005 came from an estimate based on the Colomiers unit cost, whereas the latter is lower than the real value of LUCE. In 2006, the figures are actual ones, based on the invoices received.



#### **1.9.1.4 Conditions regarding use of the land**

The activity of all sites does not use the land as such, except for siting the building.

The sites as a whole account for a total surface area of 10 hectares. Of the total surface area of the sites, 48% is occupied by maintained green spaces.

#### **1.9.1.5 Air emissions**

The activities carried out at the sites do not seem to give rise to any significant discharges into the atmosphere. Approximately 74% of the energy consumed is electrical, which does not generate any greenhouse gases (CO<sub>2</sub>, etc.).

The CIPI site in Tunisia intentionally scheduled a series of measures for 2006 aimed at obtaining a more precise evaluation of the discharges into the atmosphere. Measurements were made of the level of heavy metals and COV (Volatile Organic Compounds). The site is now awaiting quantified results. Depending on those results, actions will be taken.

#### **1.9.1.6 Discharges into water and onto land**

The activities carried out at the sites do not give rise to any significant discharges into water or onto land:

- The waste water of the "domestic" type is dumped into the commune's sanitation networks for treatment at the treatment station,
- Products that can cause pollution are not stored at ground level, since they are confined.

The water networks of the Pouvourville and Colomiers sites, SODIELEC Aveyron and SODIELEC Provence, are of the separating type: the rainwater joins the local rainwater network.

#### **1.9.1.7 Sound or olfactory nuisances**

In view of the activities carried out at the sites, which are not noisy and do not give rise to bad odours, no sound or olfactory nuisances were recorded by the various sites, or even indicated by the neighbourhood during 2006.

#### **1.9.1.8 Waste**

The waste coming from the activities of all sites is mainly packing (boxes, pallets, plastic covers, etc.), office waste, manufacturing scrapping and a few dangerous waste items. Such waste is not eliminated or processed on the spot, but rather is temporarily stored in areas that are dedicated and equipped for receiving each type of waste (dumpsters, compactors, holding tanks, etc.) before being regularly evacuated to the recycling, exploitation or processing areas.

The recycling already installed at the sites mainly concerns packings: boxes, papers and plastics, as well as metals. Certain sites that have installed waste apply a policy of reusing the waste consisting of certain materials, after sorting (boxes, pallets, wood crates, etc.).

An active sorting policy has already been installed in nine sites. However, sites that have not yet installed an environmental management policy do not now produce quantitative summaries of the amount of waste produced.

For the 2006 financial year, the wastes were treated as follows:

<b>Waste</b>	<b>Site</b>	<b>Volume</b>	<b>Methods</b>
Welding waste	CIPI	6.0 t	taken back by the supplier
Packing boxes, papers and metals	France	139.0 t	recycling
Boxes and plastics	Tunisia	160.0 t	recycling
DIB/DIS waste	ACTIA	39.0 t	energy use
Waste (DIB)	ACTIA	5.6 t	incineration
Waste (DIB)	ACTIA and CIPI	38.8 t	incineration

For its 2 sites at Pouvourville and Colomiers, ACTIA S.A., accounting for more than 32% of the Group staff within the environmental perimeter in question, has implemented some environmental management steps. The Company has estimated the waste production ratios for 2006, coming to 198 kg/year/employee, against 193 kg/year/employee in 2005.

For comparison purposes, household waste accounts for approximately 370 kg/year/inhabitant.

The ACTIA MULLER SERVICES production site has a waste production ratio of 597 kg/year/employee for the 2006 financial year, while Tunisia came in at 437 kg/year/employee.

## **1.9.2 MEASURES ADOPTED TO LIMIT THE IMPAIRMENT OF THE NATURAL ENVIRONMENT**

The sites' activities do not give rise to any significant impairment of the biological balance, natural surroundings, or animal and plant species:

- Virtual absence of atmospheric discharges (greenhouse gases), sound emissions and direct use of the natural environment (use of land, consumption of raw materials, etc.).
- The measures for limiting discharges connected with wastewater and products that could cause pollution are already in place.
  - ✓ the wastewater (mainly domestic) goes into the sanitation network and is treated at a treatment station.
  - ✓ the products that might cause water and soil pollution are held in storage, and are not in direct contact with the ground.

The green spaces present at the sites occupy 48% of the total surface area, a fact bearing witness to a concern for landscape integration of the activities in their local context.

## **1.9.3 APPROACHES TO EVALUATION AND CERTIFICATION**

The ACTIA Pouvourville and ACTIA Colomiers sites (approximately a third of the total staff of the perimeter in question) obtained their ISO 14001 certification in July 2003. That certification was renewed in November 2006.

We should point out that the CIPI production site in Tunisia (31% of the staff) committed itself to a similar certification approach for 2006, which led to ISO 14001 certification at the end of January 2007.

The ACTIA DO BRASIL site is also ISO 14001 certified.

## **1.9.4 MEASURES ADOPTED TO ENSURE REGULATORY CONFORMITY**

By way of the environmental management systems installed at the certified sites (Pouvourville, Colomiers and Brazil), the monitoring of changes in rules and regulations and the follow-up processes resulting from that guarantee the maintenance of their conformity to the rules and regulations.

## **1.9.5 EXPENDITURES INCURRED TO PREVENT CONSEQUENCES**

In view of:

- The very limited dangers in the event of the sites' dysfunction,
- The measures already installed to limit the impacts on the environment of the sites when operating normally (waste removal, connection of the wastewater with a network, etc.),
- The steps taken for environmental certification committing the sites to continuous improvement and better control of their environmental impacts,

The following expenditures to prevent the consequences of the activity for the environment were incurred in 2006:

- Pouvourville site: repair of the water network, increased capacity of the cold unit, extension of the waste zone and treatment, casing of machines to reduce sound nuisances, representing a total cost of 37 k€.
- Tunisian site: sand seal for oils at the level of the water networks, installation of holding tanks for the ground, increase in staff dedicated to environmental management.
- Brazil site: equipment of storage areas and improvement of waste elimination, annual anti-noise measures, teams dedicated to the environment, representing a total cost of 4 k€ in 2006.

### **1.9.6 INTERNAL ORGANISATION OF ENVIRONMENTAL MANAGEMENT**

ACTIELEC TECHNOLOGIES Group's Administrative Department is responsible for coordinating all of the environmental actions.

The implementation of the environmental management approaches at both the Pouvourville and ACTIA Colomiers sites is handled by an Environment Manager in the ACTIA Department of Systems – Quality/Environment. In addition, a technician is on site at the Colomiers site for managing the site's waste.

At the CIPI (Tunisia) and ACTIA DO BRASIL (Brazil) production sites, the presence of a section dedicated to the environment, with a total staff of 4, should be mentioned.

The Group's total budget for environmental training is in the order of 5.5 k€ per year.

In addition, monitoring changes in rules and regulations is done at those sites, which also take account of the environmental impacts at the level of designing new products.

The Environmental Manager has received training relative to environmental management.

Pursuant to installation of the ISO 14001 standard, the general awareness training session in connection with training and information for employees in the environmental field was held. A training plan and an awareness training schedule were established within the framework of the SME (Environmental Management System) to make all new employees aware of the question. At the sites in question, the staff are informed of the steps being taken and the means available to them for forwarding any relevant information.

The internal organisation of risk management in the event of an accident was carried out at the sites that launched an approach to installation of an environmental management system (ACTIA Pouvourville and Colomiers, via the AMDEC method), a system that requires the identification and evaluation of emergency situations (such as pollution accidents) in the interest of a better remedy to such situations, with an obligation of drafting a "response to emergency situations" procedure, as well as for identifying such situations.

### **1.9.7 AMOUNTS OF PROVISIONS AND GUARANTEES**

In light of the Group's activities, which do not represent any significant environmental risks, there were no provisions or guarantees in this connection for the 2006 financial year, or for the previous financial years.

### **1.9.8 AMOUNTS OF THE INDEMNITIES PAID FOR THE FINANCIAL YEAR AND REMEDIAL ACTIONS**

No indemnities had to be paid in 2006 due to an environmental problem or accident, and no remedial actions in connection with the environment were required in 2006.

### **1.9.9 OBJECTIVES SET FOR THE FOREIGN SUBSIDIARIES**

The French sites have launched a programme for progress aimed at taking the various aspects of the environment more effectively into account in connection with the sites' activities.

The foreign subsidiaries have been informed of the approach adopted by the Group within the framework of French law and relative to the NRE Law.

Having said this, the sites established abroad have the same characteristics as the French sites: the consequences of their activities are limited.

The process of taking the environment into account is being extended to the foreign subsidiaries, pursuant to the rules and regulations in effect on each territory, and beyond that within the framework of ACTIELEC TECHNOLOGIES Group's voluntary commitment.

### **1.9.10 SYNTHESIS**

On the basis of a constant perimeter, there are no significant modifications in consumption and discharge figures. The fluctuations of water and energy consumption are explained and have been brought under control when human intervention is able to remedy the situation.

The main sites: Pouvourville, Colomiers, Tunisia and Brazil (representing 1,031 employees, more than 48% of ACTIELEC TECHNOLOGIES), are now ISO 14001 certified, which represents an active commitment to environmental progress.

Furthermore the Colomiers site focused on implementing a series of measures aimed at making a more precise evaluation of discharges into the air resulting from the business. The conclusion is excellent, and point to the Group's desire to control environmental nuisances.

## **1.10 HARMONISATION OF THE ARTICLES OF ASSOCIATION WITH THE PROVISIONS OF THE DECREE OF 11 DECEMBER 2006**

We propose to you that we should harmonise the Articles of association with the provisions of Decree no. 2006-1566 of 11 December 2006. Indeed, the said decree, in particular, made some modifications in terms of participation in the Shareholders Meetings: the right to take part in the Shareholders Meetings of a Eurolist company is conditional on entry in an account of securities in the Shareholder's name at least three business days prior to the Meeting at zero hours, Paris time.

As a result of these new provisions, we propose harmonising the Company's Articles with the provisions of Decree no. 2006-1566 of 11 December 2006, with respect to the right of taking part in Meetings, and to modify Article 31 of the Articles of Association concerning "Attendance and representation at Meetings".

## **1.11 PRESENTATION OF THE RESOLUTIONS**

Pursuant to the Meeting agenda, we are going to submit a certain number of resolutions for your approval.

In the first resolution, we ask you to approve the annual corporate financial statements for the past financial year.

In the second resolution, we ask you to approve the financial statements for the consolidation financial year ending on 31 December 2006, showing Consolidated Overall Earnings of € 1,676,816.

In a third resolution, you will then be asked to approve the conventions mentioned in Article L.225-86 of the Code of Commerce.

If you approve the financial statements and balance sheet for the last complete financial year of ACTIELEC TECHNOLOGIES S.A., we propose to you in a fourth resolution, to appropriation of the result. In the fifth and sixth resolutions, it will be appropriate to rule on the renewal of the Auditors' terms.

The seventh resolution will concern the authorisation to be granted to the Executive Board for making a capital increase reserved for the employees belonging to the Company's Company Savings Plan.

The eighth resolution will concern the harmonisation of the Articles of association with the Decree of 11 December 2006.

The last resolution will be devoted to the powers to be granted.

## **1.12 APPENDICES TO THE PRESENT REPORT**

We remind you that pursuant to law, the following is attached to the present report:

- The recapitulative table concerning currently valid delegations granted by Shareholders Meetings to the Executive Board in connection with capital increases, as well as use of said delegations during the financial year.

Pursuant to the provisions of Article L.225-68 of the Code of Commerce, the report by the Chairman of the Supervisory Board will be attached to the present report, as concerns:

- Conditions regarding the preparation and organisation of the Supervisory Board's work,
- Internal control of procedures established within the Company.

## **1.13 CONCLUSION**

We will ask you to grant a full and definitive discharge to your Executive Board for its management for the financial year ending on 31 December 2006, as well as to the Auditors for the execution of their assignment, as they describe for you in their general report.

Your Executive Board invites you to approve, by your votes, the text of the resolutions that it proposes to you.

**THE EXECUTIVE BOARD**

## 1.14 APPENDICES TO THE EXECUTIVE BOARD MANAGEMENT REPORT

### 1.14.1 SPECIAL REPORT OF THE EXECUTIVE BOARD : SHARE SUBSCRIPTION OR PURCHASE OPTION PLAN

A share subscription or purchase option plan was granted in 2003 to the benefit of a Senior Executive in connection with the mandated held.

This share subscription or purchase option plan was decided by the Ordinary and Extraordinary General Meeting of May 9, 2003 in its ninth resolution. It was granted by the Executive Board in its meeting dated September 1<sup>st</sup>, 2003.

It concerned:

I - Options granted by the Company		
Nature	Subscription of shares	Purchase of shares
Number	240,000	60,000
Maturity	August 31, 2008	August 31, 2008
Exercise price	€1.92	€3.76
Single beneficiary	Christian DESMOULINS Chairman of the Executive Board	Christian DESMOULINS Chairman of the Executive Board
II - Options exercised in 2006		
Options exercised in 2006	None	None

Except this plan, there is no other share subscription or purchase option plan in process in the Company or in the other Companies in the Group.

### 1.14.2 APPENDIX TO THE MANAGEMENT REPORT: RECAPITULATIVE TABLE CONCERNING DELEGATIONS

#### 1.14.2.1 In terms of capital increase in process

Heading	Extraordinary General Meeting	Maturity	Authorized amount	Increase and issue of previous years	Increase and issue of the current year	Residual authorization at the time of this table
Authorization to increase the capital with maintaining of subscription preferential right – maximal total with the following one	21-sept-04	21-nov-06	€3,093,750 i.e. 4,125,000 shares at €0.75	€607,868.25 i.e. 810,491 shares at €0.75		
Authorization to increase the capital with cancellation of subscription preferential right – maximal total with the previous one	21-sept-04	21-nov-06	€3,093,750 i.e. 4,125,000 shares at €0.75	€1,406,250 i.e. 1,875,000 shares at €0.75 and 1,875,000 BSA i.e. 939,375 possible shares		
Authorization to increase the capital in favour of the adherents of a P.E.E. (Company savings plan)	21-sept-04	21-sept-09	3 % Capital			3 % Capital

**1.14.2.2 In terms of attribution of share subscription options leading to share capital increase**

Heading	Extraordinary General Meeting	Maturity	Share subscription options granted by E.G.M.	Granted share subscription options offering	Share subscription options offering granted in the current year	Residual subscription options at the time of this table
Authorization to issue share subscription options	9-may-03	9-july-06	500,000 shares	240,000 shares		

## 2. CONSOLIDATED FINANCIAL STATEMENTS ON 31 DECEMBER 2006

### 2.1 CONSOLIDATED BALANCE SHEET

BALANCE SHEET, Consolidated IFRS Standards in k€	Attached notes	Amounts 31/12/2006	Amounts 31/12/2005
<b>NON-CURRENT ASSETS</b>			
Goodwill	2.3.3	22,102	21,998
Development expenses	2.3.3	18,101	18,921
Other intangible fixed assets	2.3.3	1,293	1,766
<b>Total Intangible Fixed Assets</b>		<b>41,495</b>	<b>42,685</b>
Land	2.3.4	1,473	1,606
Constructions	2.3.4	5,506	6,192
Technical installations	2.3.4	7,055	7,042
Other tangible fixed assets	2.3.4	3,454	3,733
<b>Total Tangible Fixed Assets</b>		<b>17,489</b>	<b>18,573</b>
Securities of companies treated by the equity method	2.3.5	167	143
Non-current financial assets	2.3.6	684	1,020
Deferred tax credits	2.3.10	7,857	8,258
Non-current research tax credit	2.3.8	3,472	2,604
<b>TOTAL NON-CURRENT ASSETS</b>		<b>71,165</b>	<b>73,282</b>
<b>CURRENT ASSETS</b>			
Stocks	2.3.7	57,520	53,543
Receivables	2.3.8	72,958	65,716
Other current receivables connected with the business	2.3.8	3,211	3,790
Current tax credit	2.3.8	2,316	1,694
Other various current receivables	2.3.8	1,136	1,287
Financial instruments			
<b>Total Current Receivables</b>		<b>137,140</b>	<b>126,030</b>
Short-term investment securities	2.3.9	118	115
Liquid assets	2.3.9	10,674	8,558
<b>Total Cash and Cash Equivalents</b>		<b>10,791</b>	<b>8,673</b>
<b>TOTAL CURRENT ASSETS</b>		<b>147,932</b>	<b>134,703</b>
<b>BALANCE SHEET ASSETS</b>		<b>219,097</b>	<b>207,985</b>



<b>BALANCE SHEET - LIABILITIES</b> Consolidated, IFRS standards in k€	<b>Attached</b> <b>notes</b>	<b>Amounts</b> <b>31/12/2006</b>	<b>Amounts</b> <b>31/12/2005</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital	2.3.12	14,895	14,879
Premiums	2.3.12	17,280	17,296
Reserves	2.3.12	10,625	12,152
Retained earnings	2.3.12	11,083	11,222
Unrealised foreign exchange gains		<1,057>	<920>
Treasury shares	2.3.12	<443>	<443>
Financial year net income		1,598	<1,632>
<b>Shareholders' equity attributable to the group</b>		<b>53,980</b>	<b>52,553</b>
Earnings of minority interest		79	75
Minority reserves		4,085	3,837
<b>Minority shareholders' equity</b>		<b>4,164</b>	<b>3,911</b>
<b>SHAREHOLDERS' EQUITY OF THE CONSOLIDATED UNIT</b>		<b>58,144</b>	<b>56,465</b>
<b>NON-CURRENT LIABILITIES</b>			
Bond issues	2.3.11		416
Borrowings from credit institutions	2.3.11	15,324	18,337
Various financial liabilities	2.3.11	1,192	2,228
Leasing financial liabilities	2.3.11	6,961	5,026
<b>Total non-current financial liabilities</b>		<b>23,478</b>	<b>26,007</b>
Deferred tax liability	2.3.10	97	112
Provision for retirement and other long-term benefits	2.3.14	2,977	2,656
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>26,552</b>	<b>28,775</b>
<b>CURRENT LIABILITIES</b>			
<b>Short-term provisions</b>	<b>2.3.14</b>	<b>4,996</b>	<b>4,623</b>
Bond issues	2.3.11	912	736
Financial liabilities at less than one year	2.3.11	57,045	50,439
Financial instruments	2.3.23		7
<b>Total current financial liabilities</b>		<b>57,957</b>	<b>51,182</b>
Accounts payable		42,073	37,237
Other operating liabilities		20,505	19,239
Taxation liabilities (corporation tax)		914	644
Other various liabilities		2,521	4,437
Prepaid income		5,434	5,384
<b>TOTAL CURRENT LIABILITIES</b>		<b>134,401</b>	<b>122,746</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>219,097</b>	<b>207,985</b>

## 2.2 CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT Consolidated IFRS Standards in k€	Attached notes	Amounts 31/12/2006	Amounts 31/12/2005
<b>Sales</b>	2.3.15	<b>222,099</b>	<b>217,570</b>
- Purchases consumed	2.3.15	<96,923>	<92,776>
- Payroll charges	2.3.15	<66,114>	<64,245>
- External charges	2.3.15	<45,156>	<46,721>
- Taxes and levies	2.3.15	<3,860>	<3,481>
- Transfers to depreciation	2.3.15	<7,807>	<7,669>
+/- Variation of stocks of products in progress and finished products	2.3.15	2,742	<770>
+/- Exchange gains and losses on operating transactions	2.3.15	<77>	<37>
+ Other operating income	2.3.15	641	456
- Other operating charges	2.3.15	<950>	<229>
+/- values on disposals of fixed assets	2.3.15	73	<39>
<b>Operating profit</b>		<b>4,669</b>	<b>2,057</b>
+ Cash proceeds and cash equivalents	2.3.15	25	113
- Interest and financial charges	2.3.15	<3,609>	<3,281>
+ Other financial income	2.3.15	1,197	149
- Other financial charges <i>(including exchange gains and losses)</i>		<58>	<12>
<b>Cost of net financial debt</b>		<b>&lt;2,445&gt;</b>	<b>&lt;3,030&gt;</b>
+ Share of net income of the companies treated by the equity method	2.3.5	102	94
- Tax charge	2.3.16	<649>	<678>
<b>Net income</b>		<b>1,677</b>	<b>&lt;1,557&gt;</b>
* attributable to the group		1,598	<1,632>
* minority interests		79	75
<b>Basic earnings per share (In €)</b>		<b>0.081</b>	<b>&lt;0.084&gt;</b>
<b>Diluted earnings per share (In €)</b>		<b>0.074</b>	<b>&lt;0.079&gt;</b>

## **2.3 NOTES ATTACHED TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements dated 31 December 2006 were closed out by the Executive Board on 12 March 2007.

### **Basis for preparation of the consolidated financial statements:**

The consolidated financial statements are established in accordance with the IFRS frame of reference as adopted in the European Union on 31 December 2006.

The accounting methods and calculation procedures were applied in identical fashion for all of the periods presented.

The amounts mentioned in the present appendix are expressed in thousands of euros (k€).

The preparation of the financial statements in accordance with the IFRS standards required the exercise of judgement by Management, the development of estimates and the implementation of hypotheses that have an effect on the application of the accounting methods and on the amounts of assets, liabilities, income and charges. The estimates and the underlying hypotheses are developed on the basis of past experience and other factors considered reasonable in the light of the circumstances. Thus they are used as a basis for the exercise of judgement made necessary for determination of the accounting values of certain assets and liabilities, which cannot be obtained directly from other sources. The actual values may differ from the estimated values.

The estimates and underlying hypotheses are re-examined continuously. The impact of the changes in accounting estimates is recorded during the period of change if it affects only that period, or in the period of change and subsequent periods if they are also affected by the change.

The main balance sheet headings concerned by such estimates are the deferred tax credits, consolidated goodwill, capitalised development expenses and provisions.

### **2.3.1 ACCOUNTING PRINCIPLES**

#### ***2.3.1.1 Consolidation perimeter and criteria***

The financial statements of the companies that are controlled, directly or indirectly, by ACTIELEC TECHNOLOGIES are consolidated fully in the consolidated financial statements. The financial statements of the companies in which ACTIELEC TECHNOLOGIES has notable influence are consolidated on the basis of the equity method.

All of the companies included in the consolidation perimeter close out their annual financial statements on 31 December.

The list of the companies included in the consolidation perimeter appears in section 2.3.2.

#### ***2.3.1.2 Elimination of transactions between the consolidated companies***

All transactions between the consolidated companies as well as the internal earnings realised, including in the fixed assets and stocks of the consolidated companies, are eliminated. The internal losses are eliminated in the same way as the internal profits, but only insofar as they do not represent a loss of value.

### **2.3.1.3 Translation of the annual financial statements of the subsidiaries denominated in foreign currencies**

The annual financial statements of the foreign companies, outside the Euro zone, are translated as follows:

- The assets and liabilities, including the consolidated goodwill and adjustments of fair value resulting from the consolidation, are converted at the closing rate (with the exception of the consolidated goodwill prior to the date of transition),
- The headings in the income statement are converted at the exchange rate in effect on the dates of transactions or, in practice, at a rate close to it, and which corresponds, except in the event of substantial fluctuations of exchange rates, to the average rate for the financial year. In the event of an activity located in high-inflation countries, the headings in the income statement of the subsidiary concerned would be translated at the closing rate in application of standard IAS 29,
- The conversion difference is entered as a separate component of shareholders' equity, and does not affect the earnings.

### **2.3.1.4 Translation of transactions denominated in foreign currencies**

- The transactions denominated in foreign currencies are converted at the exchange rate in effect on the date of the transaction,
- The liabilities and receivables denominated in foreign currencies are translated at the rate in effect on 31 December 2006. The unrealised foreign exchange gains and losses resulting in that connection are posted to the income statement,
- Pursuant to the IAS 21, the exchange differences relative to permanent financing constituting part of the net investment in a consolidated subsidiary are recorded under shareholders' equity (in translation reserve). Upon the subsequent disposal of the said investments, the cumulative exchange results recorded in shareholders' equity will be entered under earnings.

### **2.3.1.5 Income recognition principles**

The recognition of income in the consolidated financial statements depends on the nature of the income:

- Construction contracts,
- Provision of services: design work, after-sales service, etc.,
- Sales of goods.

The income from the ordinary activities is recognised when the following conditions are satisfied:

- The amount of the income can be reliably evaluated,
- The costs incurred or yet to be incurred can be reliably evaluated,
- It is likely that the economic advantages associated with the transaction will go to the company.

#### **Construction contracts**

Selection criteria of a construction contract IAS 11:

- A construction contract is a contract that is specifically negotiated for the construction of assets or a set of assets that are closely connected or interdependent in terms of design, technology and function, or purpose or use,
- A set of contracts, whether they are concluded with one customer or a set of different customers, must be dealt with as if it were a single construction contract when:
  - ✓ the said set of contracts is negotiated as a general agreement,
  - ✓ the contracts are so closely linked that they actually constitute part of a single project with a global margin,
  - ✓ the contracts are executed simultaneously or consecutively, without interruption.

Nature of the construction contracts:

Within ACTIELEC TECHNOLOGIES Group, the construction contracts are of two different kinds:

- The design and manufacturing contracts for a specific customer: the margin is recognised on the basis of physical progress (the method known as "milestones" or manufactured parts),
- The multi-year specific manufacturing contracts: the sales and the margin are entered in the accounting as a function of the progress of the costs incurred by comparison with the estimated costs of the contract.

When the estimated costs of the contract are likely to be greater than the estimated income, the anticipated loss is immediately posted to charges.

#### **Provision of services:**

The after-sales service and the subscription contracts:

- The income resulting from after-sales service is spread out linearly over the period covered by the guarantee.
- Within the framework of the subscription contracts, the companies are led to invoice at the beginning of the period for services to be spread out. The income is taken into account linearly for the periods in question.

The other services:

- When the result can be reliably determined, the accounting is done on the turnover and margins in accordance with the degree of progress.

#### **Sales of goods:**

The income resulting from the sale of goods is posted to sales upon the transfer of the risks and advantages connected with the goods. In the majority of cases, this refers to the delivery date of the goods.

### ***2.3.1.6 Grouping of companies:***

For the groupings of companies after 1 January 2004, one evaluates:

- The assets, liabilities and contingent liabilities of the company acquired at their fair value,
- The cost of acquisition of the securities including the attributable direct costs.

The remaining difference between these values corresponds to the consolidated goodwill. When the consolidated goodwill is positive, it is posted to assets in the balance sheet under non-depreciable intangible fixed assets (IFRS 3). When the consolidated goodwill is negative, it is incorporated into the earnings for the period.

Minority interests are recorded to the extent of their shares in the differences between the book values and fair values of the assets, liabilities and contingent liabilities on the date of acquisition.

For the acquisitions prior to 1 January 2004, the consolidated goodwill is maintained at its presumed costs, which represents the amount posted to the accounting on the basis of the previous accounting frame of reference. The classification and accounting treatment of the groupings of companies that took place before 1 January 2004 have not been modified for preparation of the Group's opening balance sheet on an IFRS basis as of 1 January 2004.

The consolidated goodwill is subject to a depreciation test (cf § 2.3.1.10. – Depreciation of the assets) as of the appearance of indications of losses of value, and at least once of a year.

When the test shows a loss of value, the consolidated goodwill is reduced by the corresponding amount definitively.

### ***2.3.1.7 The other intangible fixed assets***

The other intangible fixed assets appear in the balance sheet at their cost reduced by the cumulative amount of depreciation and the cumulative amount of losses of value. They are posted to the accounting if they result in future economic advantages for the Group and if they comply with the identifiability criteria below:

- They can be separated from the entity (can be sold, transferred, assigned, etc.) individually or be connected with another asset/liability, or
- They result from contractual rights or other legal rights.

The various kinds of intangible fixed assets identifiable in ACTIELEC TECHNOLOGIES Group are development expenses, patents and trademarks.

The depreciation of the intangible fixed assets other than the development expenses are calculated on a straight-line basis over use periods of 3 to 5 years.

Development expenses: an intangible fixed asset resulting from the development phase is posted to asset if and only if the following criteria are satisfied:

- The technical feasibility required for completion of the intangible fixed assets with a view to its commissioning or sale,
- The intention of completing the intangible fixed assets and using it or selling it,
- The ability to use or sell the intangible fixed asset,
- The way in which the intangible fixed asset will generate probable future economic advantages. The entity must demonstrate, inter alia, the existence of a market for the production coming from the intangible fixed asset or for intangible fixed asset itself, or, if the latter is to be used in-house, its usefulness,
- The availability of the technical, financial and other resources that are appropriate for completing the development and using or selling the intangible fixed asset,
- Its ability to make a reliable evaluation of the expenditures attributable to the intangible fixed asset during its development.

The cost of the said intangible fixed asset generated in-house includes all costs necessary for creating, producing and preparing the fixed asset so that it can be exploited in the way planned by the Group.

The other development expenses are posted to charges when they are incurred.

No intangible fixed asset resulting from research is posted to assets. The research expenses are entered in the accounting under charges when they are incurred.

The fixed assets are entered at their historical cost of acquisition or production, reduced by the cumulative amount of depreciation and losses of value.

The depreciation of the development expenses reflects the rate of consumption of the economic advantages anticipated from the asset. The methods used are straight-line depreciation or the work units method. The use durations are a function of the assets concerned. They are from 3 to 5 years, except for the tachograph, the use duration of which is estimated at 15 years.

The use durations are reviewed at every closeout. There are no intangible fixed assets for which the use duration is considered indefinite.

### **2.3.1.8 Tangible fixed assets:**

The tangible fixed assets are posted to assets at their acquisition cost reduced by the cumulative amount of depreciation and the cumulative amount of losses of value. ACTIELEC TECHNOLOGIES Group has chosen the historical cost model as the valuation method.

The cost elements include:

- The purchase price, including customs duties and non-refundable taxes, after deduction of the rebates, discounts and refunds granted,
- The direct costs connected with the transfer and commissioning of the asset,
- Where appropriate, the initial estimate of the costs for dismantling, removal and reconditioning of the site.

The borrowing costs are excluded from the cost of the fixed assets.

When the significant elements of tangible fixed assets can be determined and those components have different use durations and depreciation procedures, they are posted to the accounting as separate tangible fixed assets (by component).

The Group records, in the book value of a tangible fixed asset, the replacement cost of a component of the said tangible fixed asset at the time at which the cost is incurred, if it is likely that the future economic advantages associated with the said asset will go the Group and its cost can be determined reliably. All of the costs for current upkeep and maintenance are posted to charges at the time at which they are incurred.

ACTIELEC TECHNOLOGIES Group has determined three components for the constructions:

- The framework: use duration of 40 years,
- The interior fittings: use duration of 20 years,
- The fitting out: use duration of 10 years.

The disintegration of certain buildings having a very specific structure (glass cladding panels, etc.) has been adapted so that the use durations correspond to the real lifetime of the good.

The depreciable amount is systematically spread out over the use duration of the asset. The depreciation is calculated on a straight-line basis, and the use durations adopted by the Group are as follows:

- Technical installations, equipment and tooling: from 6 to 10 years,
- Other tangible fixed assets: from 3 to 10 years.

The use durations are reviewed at each closeout.

The Group has not determined any significant residual value for its tangible fixed assets.

### **2.3.1.9 Financial rental contracts**

The rental contracts having the effect of transferring, to the Group, almost all of the risks and advantages inherent to ownership of an asset are classified as financial rental contracts.

The assets financed by means of financial rental contracts are shown, under assets, at their fair value or at the discounted value of the minimum payments if that is less. The said value is subsequently reduced by the cumulative amount of depreciation and losses of value, if any. The corresponding liability is entered under financial liabilities, and is depreciated over the duration of the contract. In the income statement, the rental charge is replaced by a transfer to depreciation and a financial charge.

The asset is depreciated on the basis of the use duration anticipated by the Group for assets of the same kind.

### **2.3.1.10 Depreciation of intangible and tangible assets:**

Annual depreciation tests are performed on:

- The consolidated goodwill (§ 2.3.1.6),
- The intangible fixed assets with an indefinite lifetime,
- The intangible fixed assets being constituted.

In the event of an indication of a value loss, a depreciation test of the other assets is systematically performed.

That test bears on a given asset or Cash Generating Unit (U.G.T.). A UGT is the smallest identifiable group of assets that generates incoming cash largely independent of the incoming cash generated by other assets or groups of assets.

The consolidated goodwill is assigned to one or several UGT. As a general rule, the UGT for the consolidated goodwill is the entity originally acquired. In a particular case, the consolidated goodwill of ACTIA Corp. is assigned to several UGT:

- To the extent of 2 M€ to the AUTOMOTIVE Division as a whole (because of the synergies connected with the Group's establishment in the United States),
- For the remainder, to the American entities: ACTIA Corp. (On-board systems) and ACTIA Inc. (Diagnostics).

The depreciation test is aimed at comparing the book value of the asset or UGT with its recoverable value. The recoverable value corresponds to the higher of the following two values:

- The realisation value reduced by the sale costs,
- The value in use, the discounted value of the future cash flows that may result from the asset or a UGT. The future cash flows are determined on the basis of the four-year forecasts of UGT or the groups of UGT concerned, validated by the Group management. The growth rates adopted for the subsequent periods are stable. The discounting rates are determined by taking a risk-free rate of the geographical area concerned, increased by a risk premium that is specific to the assets in question.

When the accounting value is greater than the recoverable value, a loss of value is recorded in the operating earnings. The loss of value of a UGT is assigned, as a priority, to the consolidated goodwill, and then to the other assets of the UGT, in proportion to their book value.



A loss of value posted to the accounting under consolidated goodwill is not written back.

A value loss posted to the accounting for another asset is written back if there has been a change in the estimates used to determine the recoverable value. The book value of an asset, increased because of the write-back of a loss of value, must be no greater than the book value that would have been determined, net of depreciation, if no value loss had been entered in the accounting.

### ***2.3.1.11 The stocks***

**The costs of the stocks** include:

- The acquisition costs (purchase price and incidental expenses)
- The processing costs (labour and indirect production costs)
- The other costs are included in the costs of the stocks only if they are incurred to get the stocks to the proper place and in the condition in which they are.

**The stocks of outstanding services** are valued at their production costs (labour and other payroll expenses directly incurred to provide the service).

The cost of the stocks is determined by using the first in first out method (PEPS/FIFO) or the weighted average cost method.

The stocks are valued at the lower figure as between the cost and the net realisation value (estimated sale price in the normal course of business reduced by the estimated costs required for completion and for making the sale).

### ***2.3.1.12 Trade notes and accounts receivable***

The trade notes and accounts receivable are valued at their fair value upon the initial posting, and then at the depreciated cost reduced by the amount of the losses of value.

When there is an objective indication of a value loss, the amount of the loss recorded is the difference between the book value of the asset and the discounted value of the estimated future cash flows.

### ***2.3.1.13 Factoring, discount, Daily and transfers of receivables:***

If there is no possibility of recourse by the banker or factor, the receivables are removed from the accounting. The risks attached to the receivable are indeed transferred.

In the event of a guarantee, the receivables are removed from the accounting, except in the amount of the guarantee granted.

Otherwise, the receivables are maintained under assets in the balance sheet, the Group retaining the risk of the debtor's default. The amount paid by the bank is recorded in the bank account in exchange for the entry of a bank debt under liabilities. That debt and the receivable disappear from the balance sheet only when the debtor has paid its debt to the financial institution. The resulting expenses are posted in accordance with the amortised cost method, at the effective interest rate, that is, presented as a deduction from the liability and spread out over the duration thereof. Finally, if there are objective indications of a loss of value, the amount of the loss to the difference between the book value of the asset and the discounted value of the estimated future cash flows.

### ***2.3.1.14 Cash and cash equivalents***

The **cash** consists of the bank liquid assets in an account on the closeout date. The bank overdrafts repayable at sight constitute one component of the cash position and cash equivalents for the needs of the cash flow table.

The **cash equivalents** are very liquid short-term investments consisting of short-term investment securities that are easily convertible into a known amount of cash and subject to a negligible risk of a value change. They are entered in the accounting at the cash-in value on the closeout date, the investment surplus being recorded in the income statement.



### **2.3.1.15 Subsidies and other governmental aid:**

ACTIELEC TECHNOLOGIES Group has benefited from governmental aid of the "Repayable Advances" type. These kinds of financing bearing interest do not fall within the framework of management of governmental subsidies and the criteria of the IAS 20 standard. In view of the projects financed and the high likelihood of repayment of said advances, they are presented under liabilities in the financial reports.

### **2.3.1.16 Taxes:**

The tax on earnings includes payable tax and deferred tax.

#### **Payable tax:**

Payable tax is the estimated amount of the tax due on the taxable profit for the period, using the tax rate in effect, and any adjustment of the due tax for the previous period.

Payable tax also includes the research tax credit calculated for the period.

#### **Deferred taxes:**

Deferred taxes result from the following, in particular:

- Tax loss carryovers,
- The timing difference that may exist between the value in consolidation terms and the taxation base of certain assets and liabilities.

In application of the balance sheet method of the variable carryover, the deferred taxes are valued by taking account of the tax rates (and the taxation rules and regulations) adopted or virtually adopted as of the closeout date.

The deferred tax credits are entered in the accounting when their recovery is likely. They must be chargeable to the future taxable profits. The deferred tax credits are reduced when it is no longer likely that a sufficient taxable profit will be available.

In application of IAS 12, the deferred tax credits and liabilities are not updated.

### **2.3.1.17 The financial instruments:**

The various types of financial instruments are assets held to maturity, loans and receivables issued by the company, financial assets and liability at fair value by way of the income statement, and other financial liabilities.

- Assets held to maturity: ACTIELEC TECHNOLOGIES Group does not possess any,
- Loans and receivables issued by the company:
  - ✓ These are posted at amortised cost and may be the object of depreciation if there is an indicator pointing to a loss of value,
  - ✓ the removal from the accounting of the financial assets is conditional on transfer of the risks and advantages connected with the asset, as well as on transfer of control of the asset. This means that the discounted bills not due and the Dailly as guarantee are maintained in the heading for trade notes and account receivable.
- Financial assets and liabilities at fair value by way of the income statement:

The purchases and sales of financial assets and fair value by way of the income statement are posted on the transaction date.

The short-term investment securities are posted at their market value on the closeout date.
- Other debts (loans and borrowings bearing interest): these are posted in accordance with the effective interest rate method,
- Long-term securities: the Group has interests in companies without exercising any notable influence or control. Meeting the IAS 39 Standard, the securities are analysed as available for sale and normally entered in the accounting at their fair value with value variations in shareholders' equity. Nonetheless, if the fair value cannot be reliably determined, the securities are posted at cost. In the event of an objective indication of depreciation, a provision for depreciation is posted.
- The Group also uses compound financial instruments of the Convertible Bond or Equity Warrant type. These compound financial instruments are broken down into a debt component and a shareholders' equity component.

- **Derivative financial instruments:** ACTIELEC TECHNOLOGIES Group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks resulting from its operating, financial and investment activities. Pursuant to its cash management policy, the Group does not hold or issue any financial instruments for trading purposes. However, the derivative instruments that do not comply with the hedged accounting criteria are posted as speculative instruments.
  - ✓ **Rate risk hedging:** ACTIELEC TECHNOLOGIES Group has adopted a general rate hedging policy. These hedging instruments are not directly assignable to certain borrowings, but make it possible to hedge the floating-rate borrowings in a general way. These derivative financial instruments are valued at fair value. The profit or loss resulting from the revaluation at fair value is posted immediately to earnings.
  - ✓ **Exchange risk hedging:** for certain ACTIELEC TECHNOLOGIES Group's subsidiaries, the hedging accounting (hedging future flows – cash flow hedge) has been applied when the criteria were respected (the effective share of the fair value of the hedged instruments is recorded in shareholders' equity, and then posted to the operating profit upon the realisation of the underlying, while the subsequent variations in fair value follow the treatment of the variations in value of the underlying connected with exchange). The instruments for hedging the exchange risk that do not comply with the criteria connected with hedging accounting are entered in the accounting as above (rate risk instruments).

### **2.3.1.18 Treasury stock:**

The treasury stock held by ACTIELEC TECHNOLOGIES Group is deducted from shareholders' equity. No profit or loss is posted to the income statement upon the purchase, sale or cancellation of treasury stock. The counterpart paid or received in connection with such transactions is posted directly to shareholders' equity.

The existing stock option plan for which the rights are acquired before the transition date has not been the object of any restatement, pursuant to the exception provided for under IFRS 1.25.

### **2.3.1.19 Provisions**

A provision is posted:

- When there is a legal or implicit obligation resulting from past events,
- When there is likely to be an outflow of resources to satisfy the obligation,
- When the amount thereof can be estimated reliably.

The amount covered by provisions corresponds to the best estimate of the expenditure. If the impact is significant, the amount is discounted by application of a pre-tax rate reflecting the time value of money and the risks specific to the liability.

A provision for guarantees is posted at the time of the sale of the corresponding goods or services. The provision is based on the historical data of the guarantees and is valued by weighing all possible outflows as a function of their likelihood.

### **2.3.1.20 Staff benefits:**

The short-term benefits are posted as payroll charges for the period.

The long-term benefits concern the following:

- systems with definite contributions: the Group's obligations are limited to payment of the periodic contributions to outside entities. The charge is posted during the period under the heading "payroll charges",
- systems with definite allowances: this refers to retirement indemnities, covered by provisions in accordance with the method of projected credit units, taking account of demographic factors (staff turnover, mortality) and financial factors (pay increases). The discounting rate adopted is the rate on government bonds. The actuarial differences are posted immediately to the income statement for the financial year during which they have been calculated,
- the other long-term benefits: these are covered by provisions as a function of when they are earned by the employees concerned. The amount of the obligation is calculated by using the method of projected credit units. The actuarial differences are posted immediately to the income statement for the financial year during which they have been calculated.

### ***2.3.1.21 Trade payables and other debts:***

The trade payables and other creditors are valued at their fair value upon the initial accounting entry, and then at the amortised cost.

Prepaid income concerns the subscription contracts taken out by the customers. The income relative to such contracts is spread out linearly over the contract duration (cf. § 2.3.1.5).

### ***2.3.1.22 Procedures for calculating the earnings per share:***

- The basic earnings per share correspond to the net income for the financial year attributable to the Group divided by the weighted average number of shares in circulation during the financial year restated for treasury stock.
- The diluted earnings per share take account of all contracts that may entitle their holders to purchase ordinary shares, called dilutive potential ordinary shares.

For the ACTIELEC TECHNOLOGIES Group, the effect of share subscription plans and equity warrants is taken into account in the diluted earnings per share.

### ***2.3.1.23 Sectorial information:***

A sector is a distinct component of the Group that is involved in supplying tied products or services (activity sectors), namely in the supply of products or services in a particular economic environment (geographical sector) and which is exposed to different risks and profitability by comparison with the other sectors.

The Group has adopted a breakdown by activity sector for the primary level of sectorial information, and a geographical breakdown for the secondary level, as explained in note 2.3.15.

### 2.3.2 CONSOLIDATED COMPANIES

Name	Registered office	Siren no.	Control%		Consolidation method		Business lines
			12/05	12/06	12/05	12/06	
<b>ACTIELEC TECHNOLOGIES</b>	Toulouse (France)	542 080 791	Consolidating company		Consolidating company		Holding
<b>AUTOMOTIVE</b>							
ACTIA	Toulouse (France)	389 187 360	99.97	99.97	I.G.	I.G.	Design work and electronic products
ACTIA MULLER SERVICES	Toulouse (France)	350 183 182	99.99	99.99	I.G.	I.G.	Manufacture and distribution of mechanical equipment for garages and control centres
TECNOFRANCE (1)	Méry sur Oise (France)	342 201 563	99.50	-	I.G.	-	No industrial activity
AUTOTECH (1)	Méry sur Oise (France)	392 235 586	92.89	-	I.G.	-	No industrial activity
PARMA	Méry sur Oise (France)	400 812 897	100.00	100.00	I.G.	I.G.	Property
AIXIA	Le Bourget du Lac (France)	381 805 514	99.91	99.93	I.G.	I.G.	Design work and electronic products
ATON SYSTÈMES	Maison Alfort (France)	384 018 263	87.80	87.81	I.G.	I.G.	Design work and electronic products
ACTIA UK	Newtown (Wales)		100.00	100.00	I.G.	I.G.	Design work and electronic products
TEKHNE	Farnborough (England)		100.00	100.00	I.G.	I.G.	No industrial activity since 1995
ACTIA VIDEOBUS	Getafe Madrid (Spain)		100.00	100.00	I.G.	I.G.	Design work and production of audio and video equipment
ACTIA AUTOMOTIVE SCI LOS OLIVOS	Getafe Madrid (Spain)		80.01	80.01	I.G.	I.G.	Distribution of diagnostic products
	Getafe Madrid (Spain)		39.99	39.99	M.E.	M.E.	Property
KARFA	Mexico (Mexico)		90.00	90.00	I.G.	I.G.	Management of holdings
ACTIA DE MEXICO	Mexico (Mexico)		100.00	100.00	I.G.	I.G.	Manufacture and distribution of audio and video equipment
ACTIA DO BRASIL	Porto Alegre (Brazil)		90.00	90.00	I.G.	I.G.	Design work and electronic products
ACTIA INC.	Elkhart-Indiana (USA)		100.00	100.00	I.G.	I.G.	Design work and electronic products
ATAL	Tabor (Czech Republic)		89.98	89.98	I.G.	I.G.	Design work and electronic products
ACTIA ITALIA	Torino (Italy)		100.00	100.00	I.G.	I.G.	Design work and electronic products
I + ME ACTIA	Braunsweig (Germany)		100.00	100.00	I.G.	I.G.	Design work and electronic products
ACTIA CORP.	Elkhart-Indiana (USA)		100.00	100.00	I.G.	I.G.	Design work and electronic products
ACTIA NL	Nuenen (Netherlands)		100.00	100.00	I.G.	I.G.	Design work and electronic products
ACTIA POLTIK SP	Lodz (Poland)		70.00	70.00	I.G.	I.G.	Design work and electronic products
CIPI	Tunis (Tunisia)		65.60	65.80	I.G.	I.G.	Electronic products
ACTIA INDIA	New Delhi (India)		51.00	51.00	I.G.	I.G.	Design work and electronic products
ACTIA SHANGHAI	Shanghai (China)		100.00	100.00	I.G.	I.G.	Design work and electronic products
ACTIA NORDIC (2)	Spanga (Sweden)		52.00	55.56	I.G.	I.G.	Design work and electronic products
<b>TELECOMMUNICATIONS</b>							
SODIELEC SA	St Georges de Luzeçon (France)	699 800 306	91.10	91.10	I.G.	I.G.	Design work and electronic products
SCI SODIMOB	St Georges de Luzeçon (France)	419 464 490	60.00	60.00	I.G.	I.G.	Property
PILGRIM	Toulouse (France)	403 566 375	99.99	99.99	I.G.	I.G.	Design work and electronic products
ARDIA	Tunis (Tunisia)		60.00	60.00	I.G.	I.G.	Electronic design work
SCI DE L'ORATOIRE (3)	Toulouse (France)	345 291 405	100.00	100.00	I.G.	I.G.	Property
SCI LES COTEAUX DE POUVOURVILLE	Toulouse (France)	343 074 738	27.50	27.50	M.E.	M.E.	Property

I.G. = Full consolidation M.E. = Equity method

(1) On 31 July 2006, the companies Autotech and Tecnofrance were absorbed by Merger-Absorption by the company Actia Muller Services.

(2) The company ACTIA Nordic put through a share capital increase on 10 July 2006. The company's control percent is now 55.56% against 52% in 2005. This project resulted in posting to the accounting of goodwill amounting to 104 k€.

(3) SCI de l'Oratoire is 86% held by ACTIELEC TECHNOLOGIES and 14% by ACTIA.

### 2.3.3 INTANGIBLE FIXED ASSETS

The gross values of the intangible fixed assets have changed as follows:

- During the 2006 financial year:

<i>Figures expressed in k€</i>	On 31/12/05 IFRS	Perimeter variation	Translation differential	<Transfer> Acquisitions	Disposals and other reductions	On 31/12/06 IFRS
Consolidated goodwill	21,998	104				22,102
Development expenses	27,254		<126>	2,538	<2,679>	26,987
Other intangible fixed assets	6,913	<17>	<40>	298	<100>	7,053
<b>Total</b>	<b>56,165</b>	<b>&lt;87&gt;</b>	<b>&lt;166&gt;</b>	<b>2,836</b>	<b>&lt;2,780&gt;</b>	<b>56,143</b>

- During the 2005 financial year:

<i>Figures expressed in k€</i>	On 31/12/04 IFRS	Perimeter variation	Translation differential	<Transfer> Acquisitions	Disposals and other reductions	On 31/12/05 IFRS
Consolidated goodwill	21,905	93				21,998
Development expenses	24,595		132	3,439	<912>	27,254
Other intangible fixed assets	6,497		5	479	<68>	6,913
<b>Total</b>	<b>52,997</b>	<b>93</b>	<b>137</b>	<b>3,918</b>	<b>&lt;980&gt;</b>	<b>56,165</b>

And the depreciation:

- During the 2006 financial year:

<i>Figures expressed in k€</i>	On 31/12/05 IFRS	Perimeter variation	Translation differential	Increases	Write-backs	On 31/12/06 IFRS
Development expenses	8,333		<32>	3,506	<2,921>	8,886
Other intangible fixed assets	5,147	<17>	<20>	751	<100>	5,761
<b>Total</b>	<b>13,480</b>	<b>&lt;17&gt;</b>	<b>&lt;52&gt;</b>	<b>4,257</b>	<b>&lt;3,021&gt;</b>	<b>14,647</b>

- During the 2005 financial year:

<i>Figures expressed in k€</i>	On 31/12/04 IFRS	Perimeter variation	Translation differential	Increases	Write-backs	On 31/12/05 IFRS
Development expenses	6,042		<6>	3,209	<912>	8,333
Other intangible fixed assets	4,786		<10>	417	<46>	5,147
<b>Total</b>	<b>10,828</b>		<b>&lt;16&gt;</b>	<b>3,626</b>	<b>&lt;958&gt;</b>	<b>13,480</b>

In 2006, the ACTIA Nordic consolidated goodwill (with an initial value of 587 k€ calculated upon the acquisition of the company on 1 April 2004) increased by 104 k€ following a capital increase totally subscribed to by ACTIA SA by way of a debt waiver. The ACTIA SA holding percentage comes to 55.56%, against 52% in 2005.

The new intangible fixed assets:

- were generated in-house (in-house production) +2.5 M€ (+ 3.4 M€ in 2005),
- were acquired outside +0.1 M€ (+ 0.5 M€ in 2005)

The increase in capitalised development expenses comes mainly from:

- ACTIA SA + 0.7 M€,
- ACTIA Muller Services + 0.2 M€,
- SODIELEC SA + 1.5 M€ (including 0.7 M€ concerning TNT).

The following table sums up the changes in the **total costs** of the research and development expenditures:

Figures expressed in k€	2005	2006
<b>Automotive</b>	24,530	29,816
<i>including the cost of design work ordered by customers</i>	12,748	17,410
<i>including fixed assets</i>	2,146	1,015
<i>including year's charges</i>	9,636	11,391
<b>Telecommunications</b>	10,820	6,889
<i>including the cost of design work ordered by customers</i>	2,339	2,650
<i>including fixed assets</i>	1,283	1,469
<i>including year's charges</i>	7,138	2,770
<b>Total</b>	<b>35,350</b>	<b>36,705</b>
Depreciation of the capitalised development fixed assets not included in the calculation of the total cost	3,245	3,495

The details concerning **consolidated goodwill** are as follows:

Figures expressed in k€	Balance sheet values
CIPI	922
ATON Systemes	390
KARFA	31
ACTIA Corp.	7,501
ACTIA Poltik	224
ACTIA Automotive	38
ACTIA Nordic	691
SODIELEC	12,305
<b>Total</b>	<b>22,102</b>

Pursuant to the IAS 36 standard, all of the consolidated goodwill was subjected to depreciation tests, which did not disclose any loss of value.

This refers in particular to the consolidated goodwill of ACTIA Corp. and SODIELEC, for which the information relative to the tests is detailed below:

➤ **Test of the ACTIA Corp. (USA) consolidated goodwill:**

The consolidated goodwill of ACTIA Corp. is assigned to several UGT:

- ✓ To the extent of 2 M€ to the AUTOMOTIVE Division as a whole (because of the synergies connected with the Group's establishment in the United States),
- ✓ For the remainder, to the American entities: ACTIA Corp. (On-board Systems) and ACTIA Inc. (Diagnostics). The recoverable value corresponds to the value in use of the UGT. It has been determined by taking the following assumptions into account:
  - ✓ The cash flow forecasts established by management take account of the changes in sales based on the valuation of the order book for the next four years as well as the changing needs for operating capital calculated in accordance with changes in the activity,
  - ✓ The annual investment level,
  - ✓ Management has developed figures for these assumptions basing itself on past experience,
  - ✓ The period covered for these cash flow forecasts is four years (from 2007 to 2010),
  - ✓ The discounting rate corresponds to the weighted average cost of the capital. It has been established on the basis of a cost of capital of 10.1% and a net cost of debt of 3.6%. The rate adopted for discounting the cash flows and the terminal value comes to 8.5%.
- ✓ Here are the assumptions justifying the rates adopted:
  - Cost of the capital:
    - US T Bonds: 4.59%
    - Average risk premium of the Eurolist Compartment C companies: 5.3%
    - Beta lying between 1.027 (Source: Barra), 1.10 (Source: Bloomberg) and 0.97 (Source: Datastream),

- Cost of the debt:  
Cost of the medium- and long-term debt before taxes of 6%,  
A tax rate of 40%, the rate used as part of the determination of the cash flows.
- ✓ The terminal value was determined on the basis of a cash flow to which a growth rate to infinity of 1% has been applied.

➤ Test on the SODIELEC consolidated goodwill:

The SODIELEC consolidated goodwill was linked to a UGT composed of the entire capital assets of the company SODIELEC SA, accounting for a total net value of **19.9 M€**.

The recoverable value corresponds to the value in use of the UGT. It has been determined by taking the following assumptions into account:

- ✓ The cash flow forecasts established by management take account of the changes in sales based on the valuation of the order book for the next four years as well as the changing needs for operating capital calculated in accordance with changes in the activity,
- ✓ The annual investment level,
- ✓ The management has developed figures for these assumptions basing itself on past experience,
- ✓ The period covered for these cash flow forecasts is four years (from 2007 to 2010),
- ✓ The discounting rate corresponds to the weighted average cost of the capital. It has been established on the basis of a cost of capital of 9.3% and a net cost of debt of 3.7%. The rate adopted for discounting the cash flows and the terminal value comes to 8.1%.
- ✓ Here are the assumptions justifying the rates adopted:
  - Cost of the capital:  
10-year OAT securities: 3.83%  
Average risk premium of the Eurolist Compartment C companies: 5.30%  
Beta lying between 1.027 (Source: Barra), 1.10 (Source: Bloomberg) and 0.97 (Source: Datastream),
  - Cost of the debt:  
Cost of the medium- and long-term debt before taxes of 5.5%,  
A tax rate of 33.33%, the rate used in connection with determination of the cash flows.
- ✓ The terminal value was determined on the basis of a cash flow to which a growth rate to infinity of 1% has been applied.

### 2.3.4 TANGIBLE FIXED ASSETS

The gross values of the **tangible fixed assets** have changed as follows:

- During the 2006 financial year:

<i>Figures expressed in k€</i>	On 31/12/05 IFRS	Perimeter variation	Translation differentials	Acquisitions and transfers	Disposals and other reductions	On 31/12/06 IFRS
Land	1,619		<76>	67	<124>	1,487
Constructions	11,663	<77>	<242>	2,038	<2,335>	11,047
Technical installations and equipment	28,830	<22>	<325>	2,210	<449>	30,245
Toolings						
Other fixed assets	13,421	<74>	<273>	1,456	<1,150>	13,380
<b>Total</b>	<b>55,533</b>	<b>&lt;173&gt;</b>	<b>&lt;916&gt;</b>	<b>5,771</b>	<b>&lt;4,057&gt;</b>	<b>56,159</b>
<b>Including leasing:</b>						
Land	221			67		288
Constructions	4,300			1,837		6,137
Technical installations and equipment	4,706			873		5,579
Toolings						
Other fixed assets	1,633			18		1,651



➤ During the 2005 financial year:

<i>Figures expressed in k€</i>	On 31/12/04	Perimeter variation	Translation differentials	Acquisitions and transfers	Disposals and other reductions	On 31/12/05 IFRS
Land	1,571		48			1,619
Constructions	11,362		291	10		11,663
Technical installations and equipment	25,885		210	3,381	<646>	28,830
Toolings						
Other fixed assets	13,397		364	755	<1,095>	13,421
<b>Total</b>	<b>52,215</b>		<b>913</b>	<b>4,146</b>	<b>&lt;1,741&gt;</b>	<b>55,533</b>
<b>Including leasing:</b>						
Land	62			159 *		221
Constructions	2,256			2,044 *		4,300
Technical installations and equipment	3,451			1,255		4,706
Toolings						
Other fixed assets	2,070				<437>	1,633

\* The increase in leasing is connected with the leaseback of the buildings of SCI ORATOIRE during the 1<sup>st</sup> half of 2005 (2.1 M€).

The totality of the new tangible fixed assets was acquired from outside suppliers.

In 2006, SODIELEC company disposed of its buildings located in Puy-Sainte-Réparade (Gross value in the consolidated financial statements: Land 67 k€, Constructions 1,837 k€) followed by a 12-year leaseback. The fixed assets were posted under Leasing at their historical value in the consolidated financial statements.

The other most significant acquisitions concern the following:

- The technical installations +2.2 M€ (+ 3.4 M€ in 2005),  
Including ACTIA SA 1.2 M€ (1.7 M€ in 2005), CIPI 04 M€ (0.6 M€ in 2005).
- The other fixed assets +0.6 M€ (+ 0.7 M€ in 2005),  
Including ACTIA Corp 0.5 M€ (0.2 M€ in 2005), CIPD.1 M€ (0.1 M€ in 2005).

The tangible fixed assets put up as guarantees are detailed in section 2.3.22 – Guarantees on assets.

The **depreciation**:

➤ During the 2006 financial year:

<i>Figures expressed in k€</i>	On 31/12/05 IFRS	Perimeter variation	Translation differentials	Increases	Write-backs	On 31/12/06 IFRS
Land	13					13
Constructions	5,471	<77>	<48>	2,014	<1,819>	5,541
Technical installations and equipment	21,788	<22>	<173>	2,525	<930>	23,190
Toolings						
Other fixed assets	9,688	<74>	<127>	873	<434>	9,926
<b>Total</b>	<b>36,960</b>	<b>&lt;173&gt;</b>	<b>&lt;347&gt;</b>	<b>5,413</b>	<b>&lt;3,183&gt;</b>	<b>38,670</b>
<b>Including leasing:</b>						
Land	13					13
Constructions	2,022			1,761		3,783
Technical installations and equipment	2,751			786		3,536
Toolings						
Other fixed assets	1,623			10		1,633



➤ During the 2005 financial year:

<i>Figures expressed in k€</i>	On 31/12/04 IFRS	Perimeter variation	Translation differentials	Increases	Write-backs	On 31/12/05 IFRS
Land	13			13	<13>	13
Constructions	4,875		49	547	0	5,471
Technical installations and equipment	19,882		116	2,091	<301>	21,788
Toolings						
Other fixed assets	9,625		164	294	<395>	9,688
<b>Total</b>	<b>34,395</b>		<b>329</b>	<b>2,945</b>	<b>&lt;709&gt;</b>	<b>36,960</b>
<b>Including leasing:</b>						
Land	0			13		13
Constructions	900			1,122		2,022
Technical installations and equipment	2,189			562		2,751
Toolings						
Other fixed assets	2,023			37	<437>	1,623

### 2.3.5 SECURITIES OF THE COMPANIES TREATED ON THE BASIS OF THE EQUITY METHOD

<i>Figures expressed in k€</i>	Value of the securities IFRS		Share of earnings IFRS	
	31/12/05	31/12/06	31/12/05	31/12/06
SCI Los Olivos	143	167	21	25
SCI de Pouvourville			73	77
<b>Total</b>	<b>143</b>	<b>167</b>	<b>94</b>	<b>102</b>

The net worth of SCI de Pouvourville became negative because of the restatement of the capital gain on leaseback in late 2004 and due to the dividend payment in early 2005. The negative securities treated by the equity method are presented under provisions as of 31 December 2006 (cf § 2.3.15).

Financial information relative to the companies treated by the equity method is provided below:

<i>Figures expressed in k€</i>	31/12/05		31/12/06	
	SCI Los Olivos	SCI de Pouvourville	SCI Los Olivos	SCI de Pouvourville
Total assets	1,532	770	1,501	818
Debts (liabilities)	1,175	38	1,083	194
Sales	200	624	205	624
Earnings	52	95	62	86

### 2.3.6 NON-CURRENT FINANCIAL ASSETS

<i>Figures expressed in k€</i>	Net values 31/12/05	Net values 31/12/06
<b>Other long-term securities</b>		
Automotive Division	453	101
Telecommunications Division	0	0
Unassigned	19	18
<b>Receivables attached to holdings</b>		
Automotive Division	206	174
Telecommunications Division	0	0
Unassigned	0	0
<b>Deposits and sureties</b>		
Automotive Division	309	351
Telecommunications Division	21	21
Unassigned	0	7
<b>Loans and various</b>		
Automotive Division	6	6
Telecommunications Division	0	0
Unassigned	5	6
<b>Total</b>	<b>1,019</b>	<b>684</b>

### 2.3.7 STOCKS

The net realisation values of the stocks have changed as follows:

<i>Figures expressed in k€</i>	2005				2006			
	Automotive Division	Telecommu- nications Division	Un- assigned (*)	Group consolidated financial statements	Automotive Division	Telecommu- nications Division	Un- assigned (*)	Group consolidated financial statements
Raw materials	17,161	6,118	0	23,279	16,939	6,721	0	23,660
Goods and services in progress	3,737	7,893	0	11,630	3,850	9,080	0	12,930
Intermediate and finished products	7,351	2,595	0	9,946	8,875	2,702	0	11,577
Merchandise	8,616	72	0	8,688	9,219	46	88	9,353
<b>Total</b>	<b>36,865</b>	<b>16,678</b>	<b>0</b>	<b>53,543</b>	<b>38,883</b>	<b>18,549</b>	<b>88</b>	<b>57,520</b>

(\*)DGA stock carried by ACTIELEC TECHNOLOGIES (Corporate financial statements): 88 k€ (0 k€ in 2005).

ACTIA SA company scrapped a stock of components during the 2006 financial year, the net value of which was 0.4 M€.

The **depreciation** of stocks changed as follows:

Figures expressed in k€	2005				2006			
	Automotive Division	Telecommunications Division	Unassigned (*)	Group consolidated financial statements	Automotive Division	Telecommunications Division	Unassigned (*)	Group consolidated financial statements
Raw materials	1,755	524	0	2,279	1,819	475	0	2,294
Goods and services in progress	117	0	0	117	54	0	0	54
Intermediate and finished products	486	165	0	651	491	130	0	621
Merchandise	1,886	0	0	1,886	2,045	0	0	2,045
<b>Total</b>	<b>4,244</b>	<b>689</b>	<b>0</b>	<b>4,933</b>	<b>4,409</b>	<b>605</b>	<b>0</b>	<b>5,014</b>

### 2.3.8 ACCOUNT RECEIVABLE AND OTHER RECEIVABLES

The **accounts receivable** are due at less than one year. The amount of the account receivable having been the object:

- of Daily financing, comes to 19,244 k€ (16,182 k€ on 31/12/05),
- of discounting not due, comes to 2,647 k€ (2,138 k€ on 31/12/05).

The **taxation and social receivables** come to 4.2 M€ (3.6 M€ on 31/12/05) and include the following in particular:

- The **current Research Tax Credit** (less than one year) in an amount of 0.6 M€ (0.1 M€ on 31/12/05):
  - ✓ AUTOMOTIVE Division 0.5 M€
  - ✓ TELECOMMUNICATIONS Division 0.1 M€
- The **deductible VAT** in an amount of 1.7 M€ (1.8 M€ on 31/12/05) including:
  - ✓ ACTIA SA 0.5 M€
  - ✓ ACTIA Muller Services 0.5 M€
- The **Corporation Tax Credit** in an amount of 1.7 M€ (1.6 M€ on 31/12/05), the following being the main companies concerned:
  - ✓ ACTIA SA 0.6 M€
  - ✓ ACTIA Italie 0.8 M€
- **Social receivables** amounting to 0.1 M€ (0.1 M€ on 31/12/05).

### 2.3.9 CASH, CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE BY WAY OF THE INCOME STATEMENT:

The cash consists of:

- Short-term investment securities in an amount of 118 k€ (115 k€ on 31/12/05),
- Bank cash in an amount of 10,674 k€ (8,558 k€ on 31/12/05),
- Current bank loans, included in the "Financial Liabilities at less than one year" in the Current Liabilities, the amount of which stood at 45,079 k€ on 31/12/06 (39,054 k€ on 31/12/05).

Hence the available net cash amounts to <34,287 k€>(<30,381 k€> on 31/12/05).

The short-term investment securities are posted at their market value on the closeout date. The impact on the reserves and the earnings is detailed in the following table:

<i>Figures expressed in k€</i>	31/12/05				31/12/06			
	Book value	Fair value	Reserves impact	Earnings impact	Book value	Fair value	Reserves impact	Earnings impact
Short-term investment securities	89	115	24	2	90	118	26	2

### 2.3.10 DEFERRED TAXES

<i>Figures expressed in k€</i>	31/12/05	31/12/06
<b>Tax credits recorded in connection with:</b>		
Timing differences	440	1,195
Loss carryovers	7,818	6,662
<b>Total Net Tax Credits</b>	<b>8,258</b>	<b>7,857</b>
<b>Tax liabilities recorded in connection with the:</b>		
Deferred tax liabilities	112	97
<b>Total Net Tax Liabilities</b>	<b>112</b>	<b>97</b>
<b>Total Net Deferred Tax Assets or Liabilities</b>	<b>8,146</b>	<b>7,760</b>

The long-term capital losses of the Group's French Companies come to 2.3 M€ (2.3 M€ on 31/12/05) and are not classified under assets. Starting on 1 January 2007, the French tax system will no longer tax the long-term capital gains, and the potential benefit of the said capital losses will disappear (the recoverable tax would have been 184 k€ on 31/12/05).

### 2.3.11 FINANCIAL LIABILITIES

The financial liabilities by credit nature and due dates break down as follows:

<i>Figures expressed in k€</i>	31/12/05				31/12/06			
	<31/12/06	>01/01/07 <31/12/10	>01/01/11	Total	<31/12/07	>01/01/08 <31/12/11	>01/01/12	Total
Bond issues	736	416		<b>1,152</b>	1,142			<b>1,142</b>
Borrowings from Credit Institutions	9,522	15,513	2,824	<b>27,859</b>	9,680	12,888	2,437	<b>25,005</b>
Various Financial Liabilities	819	2,228		<b>3,047</b>	649	1,192		<b>1,841</b>
Leasing Financial Liabilities *	1,044	2,835	2,191	<b>6,070</b>	1,407	3,956	3,005	<b>8,368</b>
Bank Loans and Overdrafts	39,054			<b>39,054</b>	45,079			<b>45,079</b>
<b>Total</b>	<b>51,175</b>	<b>20,992</b>	<b>5,015</b>	<b>77,182</b>	<b>57,957</b>	<b>18,036</b>	<b>5,442</b>	<b>81,435</b>

\* Cf. section 2.3.4

The financial liabilities by subscription currency break down as follows:

<i>Figures expressed in k€</i>	31/12/06				
	Euro	Dollar	Swedish krona	Others	Total
Bond issues	1,142				<b>1,142</b>
Borrowings from Credit Institutions	23,031	1,974			<b>25,005</b>
Various Financial Liabilities					
Leasing Financial Liabilities	1,734	46		61	<b>1,841</b>
Bank Loans and Overdrafts	8,368				<b>8,368</b>
Bond issues	38,911	2,789	2,664	715	<b>45,079</b>
<b>Total</b>	<b>73,186</b>	<b>4,809</b>	<b>2,664</b>	<b>776</b>	<b>81,435</b>

➤ The "Net Debt/Shareholders' Funds" ratio is as follows:

<i>Figures expressed in k€</i>	31/12/05	31/12/06
Convertible bond issues	1,152	1,142
Financial Liabilities Credit inst.	27,859	25,005
Various Financial Liabilities	3,047	1,841
Leasing Financial Liabilities	6,070	8,368
Bank Loans and Overdrafts	39,054	45,079
<b>Subtotal A</b>	<b>77,182</b>	<b>81,435</b>
Other securities	115	118
Liquid assets	8,558	10,674
<b>Subtotal B</b>	<b>8,673</b>	<b>10,791</b>
<b>Total Net Indebtedness = A - B</b>	<b>68,509</b>	<b>70,643</b>
<b>Total Shareholders' Funds</b>	<b>56,465</b>	<b>58,144</b>
<b>Net Indebtedness / Shareholders' Funds Ratio</b>	<b>121%</b>	<b>121%</b>

This ratio is strongly affected by the financing of the customer heading, the restatement of real property leasing and the BSA (explained below).

➤ The Bank Loans and Overdrafts are generally granted for a period of one year and are renewable in the middle of the financial year. They are affected by the weight of the financing of the customer heading (Daily and Discounted Bills not due) in an amount of 21.9 M€ on 31/12/06 against 18.3 M€ on 31/12/05.

➤ The Issue of Bonds Convertible into Shares was floated in late December 2001 by SODIELEC SA on the following terms:

- ✓ Registered bonds issued at € 18 par value, at par,
- ✓ Borrowing duration: 6 years starting from issue,
- ✓ Annual interest: 2.5% per annum payable on 30 June and 31 December of each year,
- ✓ Conversion right: one share for one bond,
- ✓ Exercise of the conversion right: at any time.

In case of non-conversion, the bonds will be redeemed to the extend of one-third in the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> years. In such an event they will give rise to a non-conversion premium calculated at a rate such that the global gross actuarial rate will be 6% per annum. As of 31 December 2006, no conversion rights had been exercised.

➤ In late 2003, ACTIA SA obtained a borrowing of 4 M€ in connection with financing the development costs of the tachograph. The said borrowing requires observance of covenants connected with the start-up of the tachograph contract, calculated as a function of the indebtedness of the AUTOMOTIVE Division. The debt financial ratios to be respected are as follows:

- ✓ R1 = Consolidated net financial debt divided by consolidated shareholders' funds: less than 1 in 2005,
- ✓ R2 = Consolidated net financial debt divided by the consolidated operating cash flow: less than 4 in 2005 and less than 3 starting in 2006,
- ✓ R3 = Consolidated free cash flow divided by the consolidated financial debt service: greater than 1.1.

The company ACTIELEC TECHNOLOGIES, as surety of its ACTIA subsidiary, undertakes to distribute to its shareholders, starting with the earnings for the 2004 and subsequent financial years, dividends beyond the

amounts needed for paying down debts, only if the net debt ratio on shareholders' funds (disregarding the financing of the customer heading) of ACTIELEC TECHNOLOGIES at consolidated level, and after distribution, is less or equal to 1.

- The guarantees granted on the borrowings and financial debts are listed in § 2.3.22.
- In 2003, the ANVAR, the French Innovation Agency, (which became Oseo Anvar), and ACTIELEC TECHNOLOGIES signed an agreement to convert innovation aid (a repayable advance) into equity warrants (BSA), on ACTIA Company. On 11 June 2003, the ANVAR subscribed to 941 equity warrants on the following conditions:
  - ✓ each warrant issued will make it possible to subscribe to one Company share,
  - ✓ the new shares subscribed to by means of exercise of the warrants will have to be paid up in full upon their subscription, at a price of € 283 per share,
  - ✓ the warrants may be exercised at any time during a period of 8 years starting with the time of the issue authorisation. Beyond that, warrants not exercised will lose their entire value.

The company ACTIELEC TECHNOLOGIES SA committed itself to redeeming the BSA still held by Oseo Anvar in the following cases and in accordance with the following conditions:

- ✓ Insofar as the ACTIELEC TECHNOLOGIES securities were not the object of any filing of a public offer (Take Over Bid, Exchange Offer, OPR, etc.): starting on 1 January 2008, the BSA transfer price will be equal to the higher of the two values defined below:
  - the value of the Company's share as indicated by the last significant transaction known on the date of notification by the ANVAR (transfer of shares, capital increase, etc.),
  - the value of the share established on the basis of the value of the Company, reduced to one share. The value of the Company corresponds to the difference between:
    - ▲ the average market price over a period of 200 days of ACTIELEC TECHNOLOGIES multiplied by the total number of shares, all this divided by 0.85
    - ▲ the sum of the values of the other companies held by ACTIELEC TECHNOLOGIES in proportion to its holding in the capital of each of its companies.
- ✓ in the event that, during the life of the conveyance, the ACTIELEC TECHNOLOGIES capital securities are the object of a filing of a public offer (Take over bid, Exchange Offer, OPR, etc.), the transfer price of the BSA will be equal to the value of the shares established on the basis of the value of the Company reduced to one share. The value of the Company corresponds in this event to the difference between:
  - the transfer price per share of ACTIELEC TECHNOLOGIES adopted at the end of the public offer multiplied by the total number of shares on the date of filing of the public offer, all this divided by 0.85;
  - the sum of the values of the other companies held by ACTIELEC TECHNOLOGIES on the date of filing of the public offer in proportion to its holding in the capital of each of its companies.

Hence as of 31 December 2005, the said Equity Warrants are presented under liabilities in an amount of 1.6 M€.

On 21 December 2006, Oseo Anvar (OSEO) notified ACTIELEC TECHNOLOGIES SA in writing of its intention of transferring the totality of its BSA to a purchaser outside ACTIELEC Group for a total value of 650 k€. On 2 February 2007 and pursuant to the terms of the convention signed by the ANVAR on 11 June 2003, the company ACTIELEC TECHNOLOGIES exercised its right of pre-emption instructions with the said transfer.

The transaction contemplated between OSEO and a third party company makes it possible to determine the fair value of the debt recorded in the ACTIELEC TECHNOLOGIES balance sheet. As a result the said Equity Warrants are presented under current various financial liabilities in an amount of 650 k€. The proceeds connected with the posting of the fair value of the said liability, namely 950 k€, is entered under "other financial income" for the financial year.

## 2.3.12 SHAREHOLDERS' EQUITY

During the 2006 financial year, the variation of the Group's shareholders' equity was connected in particular with the following:

- the perimeter variation connected with the subscription to the ACTIA Nordic capital increase on 10 July 2006,
- the merger-absorption of the companies AUTOTECH and TECNOFRANCE by ACTIA Muller Services on 31 July 2006.

The **programme for repurchase of the company's own shares** was initially authorised by the AMF (COB) on 14 December 2000 under VISA no. 00-2041, then on 11 April 2002 under VISA no. 02-357. Three new programmes for repurchasing the company's own shares were successively authorised by the Shareholders Meetings held on 9 May 2003, 30 April 2004 and 9 May 2006, for respective durations of 18 months. The said new programmes do not need advance authorisation by the AMF, since the possibility of cancelling the repurchased shares (provided for in the two first programmes) was eliminated. We remind that these programmes are conform to Articles L225-209 et seq of the Code of Commerce, and that the objective of these programmes is the regularisation of the share price as a function of market situations.

Since the start of the programme and until 31 December 2006, ACTIELEC TECHNOLOGIES repurchased 61,996 of its own shares and transferred 35 of its own shares to a shareholder upon the transformation of 70 BSA in 2005. During financial year 2006, no acquisition or disposal deals were carried out in connection with the ACTIELEC TECHNOLOGIES security.

As of 31 December 2006, the programme of repurchase of the company's own shares resulted in holding 61,961 shares, posted as a reduction of shareholders' equity for their gross value (€ 290,154). The average purchase price comes to € 4.68.

Outside the repurchase programme, ACTIELEC TECHNOLOGIES also holds 1,400 of its own shares (treasury shares) posted to the accounting as a reduction from shareholders' equity with a gross value of € 153,152. These shares were held by MORS SA at the time of the merger.

Upon the **capital increase** of 16 October 2004, the company ACTIELEC TECHNOLOGIES issued 1,875,000 BSA (ISIN FR0010121061). On 31 December 2006, 42,470 BSA were exercised and gave rise to:

- A capital increase dated 20 March 2006 following the transformation of 42,400 BSA in 2005. The said capital increase brought the number of shares to 19,859,941 shares to € 0.75 each, making a Share Capital of € 14,894,955.75. The company issued 21,242 new shares of € 0.75 par value each, with € 3.741 in premium on shares.
- A transfer of 35 of the company's own shares following a transformation of 70 BSA in 2005, without any effect on the share capital.

As of 31 December 2006, there were still 1,832,530 BSA (ISIN FR0010121061) in circulation. The characteristics of the "bons de souscription" or "bons d'achat d'actions" equity warrants are as follows:

- The Right attached to the warrants: subscribe to or acquire, in exchange for payment of the exercised price, shares to be issued or already existing,
- the exercise parity, initially set at 2 warrants for 1 share, is now 1.002 shares,
- the exercise price was set at 4.50 euros,
- the holder of warrants has the option of exercising them at any time starting on 15 October 2004 and until 14 October 2007. After that three-year period, the Warrants that will not have been exercised will lapse,
- In the event of a capital increase or the issue of securities offering access to the capital, directly or indirectly, merger, demerger, and other financial operations paired with a preferential subscription right or reserving a priority subscription period to the benefit of the Company's Shareholders, the Company reserves the right to suspend the exercise of the warrants for a period that may not exceed three months,
- The warrants are the object of trading that is independent of the trading in the original shares Euronext Paris (ISIN code FR0010121061), Eurolist C. On 31 December 2006, the unit price was set at € 0.22.

No BSA were exercised during the 2006 financial year.

ACTIELEC TECHNOLOGIES SA's corporate net worth changed as follows during the financial year:



➤ During the 2006 financial year:

<i>Figures expressed in k€</i>	Balance on 31/12/05 before Appropriation	Appropriation of the 2005 earnings		Capital increase	BSA exercise	Balance on 31/12/2006
		Dividends	Other			
Capital	14,879				16	14,895
Premium on Shares and on Merger	17,200				80	17,280
Exercise of BSA (FR0010121061)	96				<96>	0
Legal reserves	1,286					1,286
Frozen Reserves	189					189
Retained Earnings	11,222		<139>			11,083
ACTIELEC TECHNOLOGIES 2005 Corporate Earnings	<139>		139			0
ACTIELEC TECHNOLOGIES 2006 Corporate Earnings	0					<786>
<b>Net worth</b>	<b>44,733</b>		<b>0</b>		<b>0</b>	<b>43,947</b>

➤ During the 2005 financial year:

<i>Figures expressed in k€</i>	Balance on 31/12/04 before Appropriation	Appropriation of the 2004 earnings		Capital increase	BSA exercise	Balance on 31/12/2005
		Dividends	Other			
Capital	14,271			608		14,879
Premium on Shares and on Merger	13,792			3,408		17,200
Exercise of BSA (FR0010121061)					96	96
Legal reserves	1,286					1,286
Frozen Reserves	189					189
Retained Earnings	12,241		<1,019>			11,222
ACTIELEC TECHNOLOGIES 2004 Corporate Earnings	<1,019>		1,019			0
ACTIELEC TECHNOLOGIES 2005 Corporate Earnings						<139>
<b>Net worth</b>	<b>40,761</b>	<b>0</b>	<b>0</b>	<b>4,016</b>	<b>96</b>	<b>44,733</b>

A stock subscription or option plan was granted in 2003 to the benefit of the authorised agents, in connection with the mandates held. This stock subscription or option plan bears on an option to subscribe to 240,000 shares at a unit price of € 1.92 and an option to purchase 60,000 shares at a unit price of € 3.76. The date of expiration was set as 31 August 2008. As of 31 December 2006, no option had been exercised. Since the options are acquired as of the time they are granted, that is, before the date of transition to the IFRS standards, the IFRS 2 standard has not been applied. Except for that plan, there are no other stock subscription or option plans currently in progress in connection with the company.

The Shareholders Meeting held on 21 September 2004 authorised:

- The issue of 4,125,000 new shares until 21 November 2006 (expiration date). Only 2,685,491 new shares (excluding transformation of BSA) were issued and paid up in full upon the capital increases on 21 October 2004 (1,875,000 new shares) and 20 April 2005 (810,491 new shares),
- The issue of new shares to members of a Company Savings Plan representing 3% of the ACTIELEC TECHNOLOGIES capital. To date, no new shares have been issued in connection with this authorisation.

The details concerning the changes in the number of shares during the financial year are as follows:

<i>Figures expressed in units</i>	31/12/05	Capital increase	BSA transformation	31/12/06
<b>ACTIELEC TECHNOLOGIES shares</b> ISIN: FR0000076655	19,838,699		21,242	19,859,941



As of 31 December 2006, the share capital consisted of 6,722,058 shares with simple voting rights, 13,074,522 shares with double voting rights, and 63,361 internal-held shares without voting rights. There are 14,553,895 registered securities and 5,306,046 bearer securities. 60,000 internally-held shares are reserved within the framework of a stock option plan. The company ACTIELEC TECHNOLOGIES has no preferred shares.

### 2.3.13 EARNINGS PER SHARE

#### 2.3.13.1 Earnings per share

The calculation of the basic earnings per share as of 31 December 2006 was made on the basis of the earnings attributable to the Group for the period, namely €1,597,703, divided by the weighted average number of shares in circulation during the period, namely 19,792,041 shares. The details of the calculations are provided in the following table:

	31/12/05	31/12/06
	IFRS	IFRS
<b>Consolidated earnings attributable to the Group (in €)</b>	<b>&lt;1,631,936&gt;</b>	<b>1,597,703</b>
<b>Weighted average number of shares</b>		
Shares issued on 1 January	19,028,208	19,838,699
Treasury shares held at the end of the period	<63,321>	<63,361>
Shares issued in April 2005	810,491	0
BSA (FR0010121061) exercised in 2005	42,400	0
Transformation of BSA (FR0010121061)		16,703
<b>Weighted average number of shares</b>	<b>19,541,916</b>	<b>19,792,041</b>
<b>Basic earnings per share (in €)</b>	<b>&lt;0.084&gt;</b>	<b>0.081</b>

#### 2.3.13.2 Diluted earnings per Share:

The calculation of the diluted earnings per Share on 31 December 2006 was made on the basis of the consolidated earnings attributable to the Group for the period, amounting to € 1,597,703, corrected for the effects of the share subscription and equity warrant plans:

- BSA at ACTIA SA: € 49,045 on 31/12/06 (€ 0 on 31/12/05),
- SODIELEC SA Convertible Bonds: no effect on the earnings on 31/12/06 (€ 3,888 on 31/12/05),

Divided by the weighted average number of potential ordinary shares of the period, namely 20,950,139 shares.

The details of the calculations are provided in the following table:

	31/12/05	31/12/06
	IFRS	IFRS
<b>Diluted earnings (in €)</b>	<b>&lt;1,635,824&gt;</b>	<b>1,548,658</b>
<b>Weighted average number of potential shares</b>		
Weighted average number of ordinary shares	19,541,916	19,792,041
Effect of the BSA (FR 0010121061)	918,098	918,098
Effect of the share subscription plans	240,000	240,000
<b>Diluted weighted average number</b>	<b>20,700,014</b>	<b>20,950,139</b>
<b>Diluted earnings per share (in €)</b>	<b>&lt;0.079&gt;</b>	<b>0.074</b>

## 2.3.14 Provisions

The provisions changed as follows:

Figures expressed in k€	31/12/05	Perimeter variation translation differential	Increases	Write-backs		31/12/06
				Used	Not used	
Provisions for retirement and other long-term benefits	2,656		366	<44>		2,977
Short-term provisions	4,623	<30>	1,523	<764>	<355>	4,996
<b>Total</b>	<b>7,279</b>	<b>&lt;30&gt;</b>	<b>1,889</b>	<b>&lt;809&gt;</b>	<b>&lt;355&gt;</b>	<b>7,973</b>

The transfers to the short-term provisions particularly concern the following:

- provisions on customer guarantees 731 k€
- provisions for other risks 264 k€
- provisions for other charges 309 k€ (including risks connected with contract terminations 252 k€)

The write-backs of provisions used mainly concern the following:

- provisions on customer guarantees 528 k€

The write-backs from unused provisions concern:

- provisions for other contingencies 273 k€

The contingent liabilities: the outflows of resources considered unlikely and not having been the object of provisions at the closeout amount to 125 k€ (current disputes with the taxation authorities).

The capital gain on leaseback made in 2004 by SCI de Pouvourville is being spread out over 12 years. That spread-out will make it possible to gradually reduce the amount of the negative securities treated on an equity basis. On 31 December 2006, the provision for securities of companies treated on the basis of the equity method amounted to 452 k€.

Pursuant to the IAS 19 Standard – Staff benefits, the provision for retirement posted to liabilities in the balance sheet has the purpose of recording the retirement indemnity earned by the staff members at the end of the period:

- the retirement commitment obligation is fully covered by provisions, since it is not covered by dedicated assets,
- the net funding for the period comes to 366 k€ corresponding to:
  - ✓ Cost of the service: 245 k€
  - ✓ Financial cost: 101 k€
  - ✓ Actuarial difference: 20 k€
- the write-back for used provision comes to 44 k€ and concerns ACTIA Italy,
- the main assumptions adopted as of the closeout date are:
  - ✓ Discounting rate of 3.87% corresponding to the rate on long-term bonds in December 2006,
  - ✓ Compensation increase rate: 2%,
  - ✓ Turnover rate coming from the INSEE (French National Institute for Statistics and Economic Studies) study conducted in September 2003 called "Mobility depending on qualification level and on professional experience":

	< 10 years	< 20 years	< 30 years	> 30 years
Executives	13.70%	8.30%	5.20%	4.10%
Non-executives	21.20%	10.90%	7.30%	5.10%

- ✓ Mortality table: Regulation table TV 88 - 90 simplified:

	< 20 years	< 30 years	< 40 years	< 50 years	< 60 years	< 65 years	> 65 years
Life expectancy	98.98%	98.66%	98.04%	96.84%	94.30%	90.91%	84.56%

## 2.3.15 SECTORIAL INFORMATION

The first level of sectorial information chosen by the Group is the breakdown by activities. ACTIELEC TECHNOLOGIES Group has two distinct Divisions of activities:

- The AUTOMOTIVE Division, grouping the Diagnostic, On-Board Systems and Services & Permanence activities,
- The TELECOMMUNICATIONS Division, which groups the Land Stations, Broadcast, Networks and Aeronautics-Defence activities.

The earnings by Divisions are as follows:

Figures expressed in k€	2005				2006			
	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements
Sales	177,452	40,041	77	217,570	184,848	37,461	<210>	222,099
Including merchandise sales	19,116	3,000	<78>	22,038	21,472	1,259	<17>	22,714
Including sales of goods	126,401	23,156	<51>	149,506	128,885	25,042	<264>	153,663
Including sales of services	31,935	6,795	206	38,936	34,491	6,519	71	41,081
Including construction contracts	0	7,090	0	7,090	0	4,641	0	4,641
Purchases consumed	<75,771>	<17,039>	34	<92,776>	<79,952>	<17,241>	270	<96,923>
Payroll charges	<48,577>	<13,838>	<1,830>	<64,245>	<50,708>	<14,065>	<1,340>	<66,114>
External charges	<43,805>	<4,557>	1,641	<46,721>	<41,001>	<4,687>	533	<45,156>
Taxes and levies	<2,573>	<780>	<128>	<3,481>	<2,717>	<1,048>	<95>	<3,860>
Net transfers to depreciation	<4,472>	<3,092>	<105>	<7,669>	<5,542>	<2,156>	<109>	<7,807>
Var. of stocks of products in progress and finished products	<89>	<681>	0	<770>	1,484	1,259	<1>	2,742
Exchange gains and losses on exploitation operations	<30>	<6>	<1>	<37>	68	<60>	<85>	<77>
Other operating income	234	222	0	456	248	466	<73>	641
Other operating charges	<164>	<138>	73	<229>	<119>	<831>	0	<950>
+/- capital gains and losses on disposal of fixed assets	<52>	1	12	<39>	251	<180>	2	73
<b>Operating profit</b>	<b>2,153</b>	<b>133</b>	<b>&lt;229&gt;</b>	<b>2,057</b>	<b>6,859</b>	<b>&lt;1,082&gt;</b>	<b>&lt;1,108&gt;</b>	<b>4,669</b>
Cash and cash equivalent receipts	0	99	14	113	4	18	<3>	25
Interest and financial charges	<2,708>	<756>	183	<3,281>	<3,396>	<425>	211	<3,609>
Other financial income	137	1	11	149	218	14	975	1,197
Other financial charges	11	<7>	<16>	<12>	<39>	<7>	<12>	<58>
<b>Cost of net financial indebtedness</b>	<b>&lt;2,560&gt;</b>	<b>&lt;663&gt;</b>	<b>193</b>	<b>&lt;3,030&gt;</b>	<b>&lt;3,213&gt;</b>	<b>&lt;400&gt;</b>	<b>1,167</b>	<b>&lt;2,445&gt;</b>
Share of net earnings of companies treated on an equity basis	21	0	73	94	25	0	77	102
Tax charge	<557>	689	<810>	<678>	<625>	433	<457>	<649>
<b>Net income</b>	<b>&lt;943&gt;</b>	<b>159</b>	<b>&lt;773&gt;</b>	<b>&lt;1,557&gt;</b>	<b>3,047</b>	<b>&lt;1,049&gt;</b>	<b>&lt;321&gt;</b>	<b>1,677</b>

As of 31 December 2006, global sales relative to the construction contracts came to 50,404 k€, including 4,641 k€ for the 2006 financial year (respectively 45,763 k€ and 7,090 k€ for the 2005 financial year).

The details concerning the other information about the primary breakdown is as follows:

<i>Figures expressed in k€</i>	2005				2006			
	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements
<b>Value of the Assets</b>								
Fixed assets	41,345	21,043	31	62,419	39,554	20,302	<20>	59,836
Deferred tax credit	4,866	3,033	359	8,258	5,057	2,879	<79>	7,857
Stocks	36,865	16,678	0	53,543	38,883	18,637	0	57,520
Receivables	48,885	25,673	534	75,092	55,483	27,488	122	83,093
Cash	7,862	419	392	8,673	9,409	573	809	10,791
<b>Total Assets</b>	<b>139,823</b>	<b>66,846</b>	<b>1,316</b>	<b>207,985</b>	<b>148,386</b>	<b>69,879</b>	<b>832</b>	<b>219,097</b>
<b>Non-current liabilities</b>								
Bond issues	0	493	<77>	416	0	0	0	0
Debts to credit institutions	13,444	2,360	2,533	18,337	11,564	1,320	2,440	15,324
Various financial liabilities	16,131	0	<13,903>	2,228	19,298	0	<18,106>	1,192
Leasing financial liabilities	1,355	1,086	2,585	5,026	1,289	3,294	2,378	6,961
Various liabilities	112	0	0	112	97	0	0	97
<b>Current liabilities</b>								
Financial liabilities	35,172	11,105	4,904	51,181	36,250	11,889	8,906	57,045
Other liabilities	53,193	14,008	<261>	66,940	53,870	16,712	866	71,448
<b>Total Liabilities</b>	<b>119,407</b>	<b>29,052</b>	<b>&lt;4,219&gt;</b>	<b>144,240</b>	<b>122,368</b>	<b>33,215</b>	<b>&lt;3,516&gt;</b>	<b>152,067</b>
<b>Acquisition of fixed assets</b>								
Consolidated goodwill	0	0	0	0	0	0	0	0
Intangible fixed assets	2,407	1,504	7	3,918	1,257	1,577	2	2,836
Tangible fixed assets	3,973	137	36	4,146	3,650	2,068	53	5,771
<b>Total acquisitions</b>	<b>6,380</b>	<b>1,641</b>	<b>43</b>	<b>8,064</b>	<b>4,907</b>	<b>3,645</b>	<b>55</b>	<b>8,607</b>
<b>Non-cash expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The secondary breakdown defined by the Group is one by **geographical zones**. The details of the information concerning this breakdown are as follows:

<i>Figures expressed in k€</i>	2005				2006			
	Europe Zone	America Zone	Asia Zone	Group Consolidated financial statements	Europe Zone	America Zone	Asia Zone	Group Consolidated financial statements
<b>Sales (Customers' location)</b>	<b>190,311</b>	<b>26,265</b>	<b>994</b>	<b>217,570</b>	<b>193,510</b>	<b>26,796</b>	<b>1,793</b>	<b>222,099</b>
<b>Value of the Assets</b>								
Fixed assets	50,275	11,931	213	62,419	48,025	11,418	393	59,836
<i>Including acquisition cost for the period</i>	<i>7,453</i>	<i>504</i>	<i>107</i>	<i>8,064</i>	<i>7,733</i>	<i>742</i>	<i>132</i>	<i>8,607</i>
Deferred taxes	8,098	81	79	8,258	7,710	85	62	7,857
Stocks	47,527	5,492	524	53,543	50,908	6,029	583	57,520
Receivables	70,283	4,489	320	75,092	78,406	3,667	1,020	83,093
Cash	8,098	480	95	8,673	10,128	572	91	10,791
<b>Total Assets</b>	<b>184,281</b>	<b>22,473</b>	<b>1,231</b>	<b>207,985</b>	<b>195,177</b>	<b>21,771</b>	<b>2,149</b>	<b>219,097</b>

## 2.3.16 TAXES ON PROFITS

Figures expressed in k€	2005	2006
Earnings of the consolidated companies	<1,651>	1,575
Current tax <credit>	271	272
Deferred tax <credit>	407	377
<i>Including deferred tax on timing differences</i>	407	377
<i>Including deferred tax on change of tax rate</i>	0	0
<b>Earnings of the consolidated companies before tax</b>	<b>&lt;973&gt;</b>	<b>2,224</b>

The ACTIELEC TECHNOLOGIES Group, because of its AUTOMOTIVE and TELECOMMUNICATIONS divisions, incurs substantial R&D expenditures. In the last three financial years, the average stands at 16.1% of Consolidated Sales (cf. § 2.3.3). The consequence of this focused policy is, from the taxation viewpoint, obtaining a Research Tax Credit, having the effect of reducing the usual tax rate applicable in France.

The table provided below makes it possible to explain the tax in the consolidated financial statements:

Figures expressed in k€	2005	2006
Theoretical tax calculated with a normal French tax rate	<324>	741
Prior IFA & Research Tax Credit	<1,256>	<1,300>
Effects on the Theoretical Tax:		
- <b>RATE DIFFERENTIAL (FOREIGN COUNTRIES, FRENCH RATES)</b>	<26>	90
✓ - Tax losses not posted to assets	824	589
✓ - Updating of the prospects for use of tax losses	303	335
<i>Including profits connected with the use of tax losses not posted to assets</i>	0	<85>
<i>Including profits connected with modifications of the posting of tax losses to assets</i>	<148>	0
<i>Including losses connected with the modification of the posting to assets of tax losses</i>	451	420
✓ - Tax on capital gain	916	297
✓ - Adjustment of the tax for prior financial year	34	134
✓ - Other items (including permanent differences)	207	<237>
✓ <b>Posted tax</b>	<b>678</b>	<b>649</b>

The deferred taxes are detailed in section 2.3.10.

### 2.3.17 NOTE CONCERNING THE COST OF NET FINANCIAL INDEBTEDNESS

The **net contribution** of the divisions to the cost of the Group's net financial indebtedness is as follows:

Figures expressed in k€	2005				2006			
	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements	Automotive Division	Telecommunications Division	Unassigned	Group Consolidated Financial Statements
Cash and equivalent income	0	99	14	113	4	18	3	25
Interest and financial charges	<2,708>	<756>	183	<3,281>	<3,396>	<425>	211	<3,609>
Including interest on financial liabilities	<2,708>	<756>	183	<3,297>	<3,396>	<690>	211	<3,875>
Other financial income and charges	137	1	11	149	218	14	965	1,197
Including interest received	0	0	0	0	218	7	15	240
Including dividends received	136	0	0	136	0	0	0	0
Including financial income on BSA *	0	0	0	0	0	0	950	950
Other financial charges	11	<7>	<16>	<12>	<39>	<7>	<12>	<58>
<b>Cost of net financial indebtedness</b>	<b>&lt;2,560&gt;</b>	<b>&lt;663&gt;</b>	<b>192</b>	<b>&lt;3,030&gt;</b>	<b>&lt;3,212&gt;</b>	<b>&lt;400&gt;</b>	<b>1,167</b>	<b>&lt;2,445&gt;</b>

\* A more detailed explanation concerning the financial income posted in connection with the BSA is provided in section 2.3.11 – Financial liabilities.

### 2.3.18 TRANSACTIONS WITH THE AFFILIATED COMPANIES

Details concerning the transactions made during the 2006 financial year with the parties affiliated with the ACTIELEC TECHNOLOGIES Group are provided below:

#### 2.3.18.1 The holding company: LP2C SA:

The **nature of relationships** with LP2C is defined in the new convention signed between the two companies on 23 October 2006. This new convention cancels and replaces the previous one dated 31 March 1994. The services with which LP2C is entrusted are of two types:

- Standing assignments:
  - ✓ assistance in connection with direction and management,
  - ✓ assistance in connection with coordination of activities,
  - ✓ assistance in the communication's fields,
  - ✓ accounting, legal and administrative assistance,
  - ✓ financial assistance.
- Extraordinary assignments:
  - ✓ LP2C will be able to carry out, at the request of the company ACTIELEC TECHNOLOGIES and in its behalf, some specific assignments that are clearly defined, limited in time, and do not fall within the usual framework of the services listed above.

The **numerical elements** are as follows:

Figures expressed in k€	2005	2006
Amount of the net transaction (<Charge>)	<1,687>	<1,616>
Balances in the balance sheet (<Liabilities>)	324	<909>
Settlement conditions	-	-
Provisions for bad debts	0	0

### 2.3.18.2 The companies treated on the basis of the equity method:

These are two non-trading property investment companies, SCI Los Olivos and SCI Les Coteaux de Pourville.

The relationships between these two SCI and the Group are **of a real property nature**:

- SCI Los Olivos owns a land parcel and a building in Getafe (Spain), which are rented to the Company ACTIA Videobus,
- SCI Les Coteaux de Pourville has a leaseback contract with the Company CMCIC Lease and sublets the said land parcels and buildings located in Toulouse (31) to ACTIELEC TECHNOLOGIES and ACTIA, in proportion to the surface area used.

The **numerical elements** are as follows:

<i>Figures expressed in k€</i>	2005	2006
Amount of the net transaction (<Charge>)	824	829
Balances in the balance sheet (<Liabilities>)	0	0
Settlement conditions	Immediate	Immediate
Provisions for bad debts	0	0

### 2.3.18.3 The subsidiaries:

These are companies included within the Group's consolidation perimeter (cf § 2.3.2).

The transactions with the subsidiaries are completely eliminated in the consolidated financial statements. They are of different types:

- Purchase or sale of goods and services,
- Rental of premises,
- Transfer of research and development,
- Purchase or sale of fixed assets,
- Licensing contract,
- Current accounts,
- Loans,
- Management fees...

### 2.3.18.4 Members of the management organs:

These are persons holding **corporate mandates**:

- In the Company ACTIELEC TECHNOLOGIES: Members of the Executive Board and Members of the Supervisory Board,
- In the controlling Company LP2C: Members of the Executive Board and Members of the Supervisory Board,
- In the controlled Companies that are Subsidiaries of ACTIELEC TECHNOLOGIES Group.

The **details concerning the compensation paid** for the 2005 and 2006 financial years are as follows:

<i>Figures expressed in k€</i>	2005	2006
Compensation		
Fixed	581	473
Variable	119	97
Extraordinary	0	45
Attendance fees	0	0
Benefits in kind	8	7
<b>Total</b>	<b>708</b>	<b>622</b>

### 2.3.18.5 The other affiliated parties:

#### ➤ GIE PERENEO:

The Group, through the intermediary of the PILGRIM subsidiary, had a consulting contract with GIE PERENEO, 50% held by the company ACTIA. Within the framework of that contract, which expired on 31/08/2006, PERENEO entrusted PILGRIM with the assignment of advising it and assisting it in connection with customers to enable it to respond to offers of MCO (Maintenance in Operating Condition) services or services relating to permanence of the electronic systems.

The **numerical elements** are as follows:

<i>Figures expressed in k€</i>	2005	2006
Amount of the net transaction (<Charge>)	180	120
Balances in the balance sheet (<Liabilities>)	30	48
Settlement conditions	Immediate	Immediate
Provisions for bad debts	0	0

#### ➤ IDE Ingénierie:

In 2006, the ACTIELEC TECHNOLOGIES Group entrusted the company IDE Ingénierie (a Subsidiary of LP2C Group) with updating and hosting of the Group's website. The amount of the transaction in this connection came to 6 k€.

### 2.3.19 COMPENSATION PAID TO THE MEMBERS OF THE MANAGEMENT ORGAN

The Chairman of the Executive Board and the Chairman of the Supervisory Board of ACTIELEC TECHNOLOGIES SA are not paid by ACTIELEC TECHNOLOGIES. A single member of the Executive Board was remunerated in connection with an appointment contract until 30 June 2006, and for that period received a gross salary of 35 k€.

### 2.3.20 STAFF

Staff as of 31 December by geographical zones	2005	2006
France	1,016	1,001
Foreign	1,105	1,122
<b>Total</b>	<b>2,121</b>	<b>2,123</b>

The breakdown of the staff as of 31 December 2006 by divisions is as follows:

	Executives	TAM	Workmen Clerical staff	Total
AUTOMOTIVE	455	687	645	<b>1,787</b>
TELECOMMUNICATIONS	154	118	57	<b>329</b>
OTHER (INCLUDING HOLDING COMPANY)	6		1	<b>7</b>
<b>Total</b>	<b>615</b>	<b>805</b>	<b>703</b>	<b>2,123</b>

TAM = Technicians and Foremen



### 2.3.21 OFF BALANCE SHEET COMMITMENTS

The off balance sheet commitments breakdown as follows:

<i>Figures expressed in k€</i>	31/12/05	31/12/06
<b>Commitments received</b>		
Bank guarantees	317	589
<b>Total Commitments received</b>	<b>317</b>	<b>589</b>
<b>Commitments given</b>		
Bonus on contract	366	0
<b>Total Commitments given</b>	<b>366</b>	<b>0</b>

The above information excludes the outstanding amounts of Leasing, which are dealt with in section 2.3.4.

### 2.3.22 GUARANTEES ON ASSET ELEMENTS

The Guarantees on Asset elements correspond to the elements of the Assets used to guarantee liabilities recorded under Liabilities. They breakdown as follows:

<i>Figures expressed in k€</i>	31/12/05	31/12/06
Pledge of business received *	9,963	8,900
Equipment pledge	160	93
CIR pledge	435	672
Mortgages	1,154	356
<b>Total Guarantees on Asset Elements</b>	<b>11,712</b>	<b>10,021</b>

\* Including Actia SA 1,309 k€ and Sodielec SA 7,591k€ as of 31/12/06 (respectively 2,928 k€ and 7,035k€ on 31/12/05)

### 2.3.23 RISK HEDGING POLICY

**Exchange Risk:** In the countries in which the currency risks are most sensitive, since 1999 the Group has been invoicing in euros for all intragroup flows, and has limited the duration of the Customer Credit to the countries with aging money.

As of 31 December 2006, no forward foreign exchange contracts had been taken out.

**Rate risk:** The Group has taken out 39% of its Medium- and Long-term Term loans at a fixed rate, and 61% with a floating rate (the outstanding amount of which is at 9% guaranteed by CAP contracts).

As of 31 December 2006, the financial instruments concluded by the Group are:

- A CAP bearing on 700 k€ at a maximum rate of 4.5% over a period of 5 years starting in 1 January 2003, taken out by ACTIELEC TECHNOLOGIES SA,
- A CAP bearing on 700 k€ at a maximum rate of 4.25% for a period of 5 years starting with 1 January 2003, taken out by ACTIA SA.

The ACTIELEC TECHNOLOGIES Group enters its rate hedging instruments in the accounting at the fair value by way of the income statement.

The details concerning the impacts of this accounting on earnings are indicated in the following table:

<i>Figures expressed in k€</i>	31/12/05		31/12/06	
	Fair value	Impact on earnings	Fair value	Impact on earnings
<b>Financial instruments – ASSETS</b>				
CAP	1	<8>	1	0
<b>Total asset financial instruments</b>	<b>1</b>	<b>&lt;8&gt;</b>	<b>1</b>	<b>0</b>

### 2.3.24 OTHER INFORMATION

➤ **Dividends proposed before approval by the Meeting: None.**

➤ **Simple rental contracts:**

These mainly concern vehicle and office equipment rental contracts.

➤ **Financial rental contracts:**

The minimum future payments for the rental amount to 12.9 M€, broken down as follows by due dates:

- ✓ less than one year: 2.1 M€
- ✓ from 1 to 5 years: 5.9 M€
- ✓ more than 5 years: 4.9 M€.

### 2.3.25 EVENTS AFTER THE CLOSE

During the first half of 2007, the company ACTIA Corp. began discussions with Comerica Bank concerning the terms of the current bank overdraft (3,658 k\$ on 31 December 2006). Non-observance of the covenant of 31 December 2006 (ratio of debt to shareholders' funds) gave rise to those discussions, which must lead to partial repayment of the authorised overdraft during the year 2007.

There are no other important facts to be reported since 31 December 2006.

## 2.4 CONSOLIDATED TABLE OF CASH FLOWS

Consolidated Table of Cash Flows	2006	2005
<i>Figures expressed in k€</i>		
Net earnings for the period	1,677	<1,557>
<i>Adjustments for:</i>		
Depreciation and provisions	8,677	8,025
Results of transfers of fixed assets	<280>	39
Interest charges	3,871	3,281
Current tax charge (excluding research tax credit)	1,702	1,530
Variation of deferred taxes	377	383
Research tax credit	<1,430>	<1,259>
Other charges and income	<743>	<402>
Share in the earnings of associated companies	<102>	<94>
<i>Operating profit before variation of operating capital need</i>	<i>13,749</i>	<i>9,946</i>
Variation of operating capital need connected with the activity	<6,260>	<8,276>
<i>Cash flow coming from the operating activities</i>	<i>7,489</i>	<i>1,670</i>
Tax paid on earnings (excluding research tax credit)	<1,432>	<1,435>
Collection on Research Tax Credit	87	203
<b>Net cash flow from operating activities</b>	<b>6,144</b>	<b>438</b>
Acquisitions of fixed assets	<5,812>	<6,676>
Dividends received from associated companies	0	990
Income from disposals of fixed assets	3,605	173
Perimeter addition	<18>	<15>
<b>Net cash flow from investment activities</b>	<b>&lt;2,225&gt;</b>	<b>&lt;5,528&gt;</b>
Dividends paid	<25>	0
Cash capital increase	122	4,244
New borrowings	7,296	9,927
Redemption of borrowings	<11,332>	<9,497>
Interest paid	<3,871>	<3,185>
<b>Net cash flow from financing activities</b>	<b>&lt;7,810&gt;</b>	<b>1,489</b>
<b>Effect of variation of exchange rates</b>	<b>&lt;15&gt;</b>	<b>&lt;183&gt;</b>
Opening cash position	<30,381>	<26,597>
Closing cash position	<34,287>	<30,381>
<b>Variation of cash position</b>	<b>&lt;3,906&gt;</b>	<b>&lt;3,784&gt;</b>
<u>Details concerning the opening cash position:</u>		
Securities	115	113
Liquid assets	8,558	10,421
Bank loans (included in the heading for financial liabilities at less than one year)	<39,054>	<37,131>
	<30,381>	<26,597>
<u>Details concerning closing cash position:</u>		
Securities	118	115
Liquid assets	10 674	8,558
Bank loans (included in the heading for financial liabilities at less than one year)	<45 079>	<39,054>
	<34,287>	<30,381>

## 2.5 TABLE SHOWING THE VARIATION OF SHAREHOLDERS' EQUITY

	Capital	Treasury stock	Premiums	Consolidated reserves, RAN, earnings	Conversion differentials	Total after minorities	Minority interests	Total shareholders' equity
<i>Figures expressed in k€</i>								
<b>As of 01/01/2005 IFRS</b>	<b>14,271</b>	<b>&lt;443&gt;</b>	<b>13,792</b>	<b>23,385</b>	<b>&lt;1,695&gt;</b>	<b>49,310</b>	<b>3,504</b>	<b>52,814</b>
Consolidated net income				<1,632>		<1,632>	75	<1,557>
Variation of conversion differentials					775	775		775
<b>Subtotal for charges and income for the period recorded under shareholders' equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>&lt;1,632&gt;</b>	<b>775</b>	<b>&lt;857&gt;</b>	<b>75</b>	<b>&lt;782&gt;</b>
Distributions made						0		0
Capital variation	608		3 504			4,112		4,112
Other				<11>		<11>	332	321
<b>On 31/12/2005 IFRS</b>	<b>14,879</b>	<b>&lt;443&gt;</b>	<b>17,296</b>	<b>21,742</b>	<b>&lt;920&gt;</b>	<b>52,554</b>	<b>3,911</b>	<b>56,465</b>
Consolidated net income				1,598		1,598	79	1,677
Variation of conversion differentials					<137>	<137>		<137>
<b>Subtotal for charges and income for the period recorded under shareholders' equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,598</b>	<b>&lt;137&gt;</b>	<b>1,461</b>	<b>79</b>	<b>1,540</b>
Distributions made						0		0
Capital variation	16		<16>			0		0
Other				<35>		<35>	174	139
<b>On 31/12/2006 IFRS</b>	<b>14,895</b>	<b>&lt;443&gt;</b>	<b>17,280</b>	<b>23,305</b>	<b>&lt;1,057&gt;</b>	<b>53,980</b>	<b>4,164</b>	<b>58,144</b>

## 2.6 AUDITORS' REPORT



**This document having not been issued by ACTIELEC Technologies,  
hasn't been translated in English.  
Please refer to the French version of the 2006 Annual Report to see the  
content of the Auditors' Report.**

### 3. CORPORATE FINANCIAL STATEMENTS AT 31 DECEMBER 2006

#### 3.1 BALANCE SHEET

BALANCE SHEET ASSETS IN EUROS	31/12/2006			31/12/2005
	Gross amount	Depreciation	Net	Net
<i>Headings</i>				
Capital subscribed not called up				
<b>INTANGIBLE FIXED ASSETS</b>				
Set-up expenses				
Research and development expenses				
Concessions, patents and similar rights	39,352	39,352	0	4,466
Business				
Other intangible fixed assets				
Advances, down payments on intangible fixed assets				
<b>TANGIBLE FIXED ASSETS</b>				
Land				
Constructions	50,171	50,171		
Technical installations, equipment, tooling				
Other tangible fixed assets	312,653	291,952	20,701	26,091
Fixed assets in progress				
Advances and down payments				
<b>LONG-TERM INVESTMENTS</b>				
Interests by the equity method				
Other holdings	43,864,425	2,572,049	41,292,376	41,292,312
Receivables attached to holdings	19,258,986	306,724	18,952,262	15,679,342
Other long-term securities	88,036		88,036	160,522
Loans	689		689	689
Other long-term investments	7,372		7,372	18,421
<b>FIXED ASSETS</b>	<b>63,621,684</b>	<b>3,260,247</b>	<b>60,361,437</b>	<b>57,181,843</b>
<b>STOCKS AND IN PROGRESS</b>				
Raw materials, supplies				
Production of goods in progress				
Production of services in progress				
Intermediate and finished products				
Merchandise	87,757		87,757	
Advances and down payments paid on orders	155,650		155,650	53,750
<b>RECEIVABLES</b>				
Trade notes and accounts receivable	1,026,382		1,026,382	2,243,716
Other receivables	354,222		354,222	366,843
Capital subscribed and called up, not paid				
<b>VARIOUS</b>				
Short-term investment securities	444,116	257,201	186,915	243,306
(including treasury stock: 443,306 )				
Liquid assets	474,496	42,863	431,633	24,402
<b>ADJUSTMENT ACCOUNTS</b>				
Prepaid charges	68,756		68,756	88,647
<b>CURRENT ASSETS</b>	<b>2,611,378</b>	<b>300,064</b>	<b>2,311,314</b>	<b>3,020,665</b>
Charges spread out over several financial years				
Bond redemption premiums				
Unrealised foreign exchange losses				
<b>GRAND TOTAL</b>	<b>66,233,062</b>	<b>3,560,311</b>	<b>62,672,751</b>	<b>60,202,508</b>

<b>BALANCE SHEET LIABILITIES in euros</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Share or individual capital ( including paid: 4,894,955.75 )	14,894,956	14,879,024
Premiums on shares, merger, conveyance	17,279,847	17,295,781
Revaluation differences (including equivalence difference: )		
Legal reserves	1,286,491	1,286,491
Statutory or contractual reserves		
Regulated reserves (including res. for price fluctuations )	189,173	189,173
Other reserves (including purchases of artists' original works )		
Retained earnings	11,082,552	11,222,274
<b>FINANCIAL YEAR NET INCOME (profit or loss)</b>	<b>&lt;786,417&gt;</b>	<b>&lt;139,722&gt;</b>
Investment subsidies		
Regulated provisions		
<b>SHAREHOLDERS' EQUITY</b>	<b>43,946,602</b>	<b>44,733,021</b>
Proceeds from issues of equity loans		
Conditioned advances		
<b>OTHER SHAREHOLDERS' FUNDS</b>		
Provisions for contingencies		
Provisions for charges	1,190,705	951,232
<b>PROVISIONS FOR CONTINGENCIES AND CHARGES</b>	<b>1,190,705</b>	<b>951,232</b>
<b>FINANCIAL LIABILITIES</b>		
Convertible bond issues		
Other bond issues		
Borrowings from and debts to credit institutions	12,174,825	9,383,577
Various borrowings and financial debts (including equity loans) )		
Advances and down payments received on orders in progress	155,650	
<b>OPERATING LIABILITIES</b>		
Trade notes and accounts payable	2,059,107	1,306,078
Taxation and social liabilities	326,767	371,609
<b>VARIOUS LIABILITIES</b>		
Liabilities on fixed assets and related accounts		374,290
Other liabilities	1,994,094	2,175,201
<b>ADJUSTMENT ACCOUNTS</b>		
Prepaid income	825,000	907,500
<b>LIABILITIES</b>	<b>17,535,443</b>	<b>14,518,255</b>
Unrealised foreign exchange gains		
<b>GRAND TOTAL</b>	<b>62,672,751</b>	<b>60,202,508</b>

### 3.2 INCOME STATEMENT

HEADINGS	FRANCE	EXPORT	31/12/2006	31/12/2005
Merchandise sales	95,304		95,304	2,659,806
Production of goods sold				
Production of services sold	3,312,556		3,312,556	4,479,979
<b>NET SALES</b>	<b>3,407,860</b>		<b>3,407,860</b>	<b>7,139,786</b>
Stored production				
In-house production				
Operating subsidies				
Write-backs from depreciation and provisions, transfer of charges			109,463	701,761
Other income				
<b>OPERATING INCOME</b>			<b>3,517,323</b>	<b>7,841,546</b>
Merchandise purchases (including customs duties)			183,061	2,241,695
Stock variation (merchandise)			<87,757>	418,111
Purchases of raw materials and other supplies (and customs duties)				
Stock variation (raw materials and supplies)				
Other external purchases and charges			3,245,847	3,400,978
Taxes, levies and similar payments			61,031	69,379
Salaries and allowances			709,970	1,363,759
Social charges			302,099	338,289
<b>OPERATING FUNDING</b>				
On fixed assets: transfers to depreciation			9,146	12,127
On fixed assets: transfers to provisions				
On current assets: transfers to provisions				73,403
For contingencies and charges: transfers to provisions			251,770	452,250
Other charges				
<b>OPERATING CHARGES</b>			<b>4,675,167</b>	<b>8,369,990</b>
<b>OPERATING PROFIT</b>			<b>&lt;1,157,844&gt;</b>	<b>&lt;528,444&gt;</b>
<b>POOLED OPERATIONS</b>				
Profit assigned or loss transferred				
Loss born or profit transferred				
<b>FINANCIAL INCOME</b>				
Financial income from holdings			831,488	709,609
Income from other securities and fixed asset claims			140,093	121,807
Other interest and similar income				
Write-backs from provisions and transfers of charges			9,846	57,956
Positive exchange differences			2,066	
Net income on disposals of short-term investment securities				8,273
<b>FINANCIAL INCOME</b>			<b>983,494</b>	<b>897,645</b>
Financial transfers to depreciation and provisions			65,895	75,696
Interest and similar charges			529,393	423,218
Negative exchange differences				
Net charges on disposals of short-term investment securities				6
<b>FINANCIAL CHARGES</b>			<b>595,288</b>	<b>498,921</b>
<b>FINANCIAL NET INCOME</b>			<b>388,206</b>	<b>398,724</b>
<b>CURRENT NET INCOME BEFORE TAXES</b>			<b>&lt;769,638&gt;</b>	<b>&lt;129,719&gt;</b>



<b>HEADINGS</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Extraordinary income on management operations	8	5
Extraordinary income on capital operations	4,500	5,048
Write-backs from provisions and transfers of charges		5,110
<b>EXTRAORDINARY INCOME</b>	<b>4,508</b>	<b>10,164</b>
Extraordinary charges on management operations	5	5,118
Extraordinary charges on capital operations	2,532	48
Extraordinary transfers to depreciation and provisions		
<b>EXTRAORDINARY CHARGES</b>	<b>2,537</b>	<b>5,166</b>
<b>EXTRAORDINARY NET INCOME</b>	<b>1,972</b>	<b>4,998</b>
Employee profit-sharing		
Taxes on the profits	18,750	15,000
<b>TOTAL INCOME</b>	<b>4,505,325</b>	<b>8,749,355</b>
<b>TOTAL CHARGES</b>	<b>5,291,741</b>	<b>8,889,077</b>
<b>PROFIT OR LOSS</b>	<b>&lt;786,417&gt;</b>	<b>&lt;139,722&gt;</b>

### 3.3 APPENDIX (NOTES)

#### 3.3.1 IMPORTANT EVENTS DURING THE FINANCIAL YEAR

The company ACTIELEC TECHNOLOGIES played its role as leading Holding Company at the Group in 2006.

On 20 March 2006, the Company put through a capital increase in the form of issue of 21,242 net shares of € 0.75 par value (making € 15,931.50), each paired with a premium on shares of € 3.741 (making € 79,466.38). This issue of new shares follows the exercise of 42,400 BSA in late 2005. The conditions and procedures of the said increase are detailed in section 3.3.3.8.

#### 3.3.2 ACCOUNTING RULES AND METHODS

The annual financial statements for the 2006 financial year were established on the basis of the accounting principles applied in accordance with the general rules regarding presentation of the annual financial statements laid down in CRC rule 99-03 of 29 April 1999, relative to the General Accounting Plan.

##### 3.3.2.1 *Intangible fixed assets*

The rights and concessions are subject to straight-line depreciation over a period of two years.

##### 3.3.2.2 *Tangible fixed assets*

CRC rules 2002-10 (relative to amortisation and depreciation of assets) and CRC 2004-06 (relative to the definition and accounting on and valuation of the assets) went into effect on 1 January 2005.

The said rules provide, in particular, that the fixed assets must be broken and be amortised over their own use duration if that is different from the principal fixed asset. The application of these rules in 2006 did not have any effect on the Company's earnings.

The tangible fixed assets are posted to assets at their acquisition cost. The elements of the cost include:

- The purchase price including customs duties and non-repayable taxes, after deductible of the rebates, discounts and refunds granted,
- The direct costs connected with the transfer and commissioning of the asset,
- Where appropriate, the initial estimate of the costs of dismantling, removal and reconditioning of the site.

The borrowing costs are excluded from the cost of the fixed assets.

When significant parts of tangible fixed assets can be determined and the said components have different use durations and depreciation procedures, the depreciation is entered in the accounting by component. To date, no fixed asset has been the object of treatment by components.

The depreciable amount is systematically spread out over the use duration of the asset. The depreciation figures are calculated on a straight-line basis and the use durations are as follows:

- Technical installations, equipment and toolings: from 6 to 10 years
- Other tangible fixed assets: from 3 to 10 years

### 3.3.2.3 Long-term investments

The long-term securities appear in the balance sheet at their acquisition cost or their conveyance value.

When the net worth of the Company held is less than the acquisition price and if its development does not point to reestablishment, depreciation may be set aside insofar as the value in use is less than the book value of the securities held in the said Company.

The value in use is judged by using, in particular, the method of discounted future flows. This approach is based on the future prospects for business and profitability that appears more likely on the date on which the said accounts were closed out. You should note that this approach, which entails the risks and uncertainties proper to any type of forecasting, confirms the absence of a loss of the value of the securities concerned.

### 3.3.2.4 Retirement commitments

In the Off Balance Sheet Commitments, the Retirement Commitments represented an amount of € 65,760.

## 3.3.3 ADDITIONAL INFORMATION RELATIVE TO THE BALANCE SHEET AND THE INCOME STATEMENT

The financial statements were closed out on 31 December 2006, covering a period of twelve months.

### 3.3.3.1 Intangible fixed assets

The gross values of the **intangible fixed assets** changed as follows:

<i>Figures expressed in €</i>	31/12/2005	Acquisitions	Disposals and scrapping	31/12/2006
Set-up expenses	0			0
Other intangible fixed assets	45,459	0	6,107	39,352
<b>Total</b>	<b>45,459</b>	<b>0</b>	<b>6,107</b>	<b>39,352</b>

And the **depreciation**:

<i>Figures expressed in €</i>	31/12/2005	Increases	Write-backs	31/12/2006
Set-up expenses	0			0
Other intangible fixed assets	40,993	4,466	6,107	39,352
<b>Total</b>	<b>40,993</b>	<b>4,466</b>	<b>6,107</b>	<b>39,352</b>

### 3.3.3.2 Tangible fixed assets

The gross values of the **tangible fixed assets** changed as follows:

<i>Figures expressed in €</i>	31/12/2005	Acquisitions	Disposals	31/12/2006
Land	0			0
Constructions	50,171			50,171
Tec. installation, equipment, toolings	0			0
Other	338,582	1,822	27,751	312,653
Tangible fixed assets in progress	0			0
<b>Total</b>	<b>388,753</b>	<b>1,822</b>	<b>27,751</b>	<b>362,824</b>

And the **depreciation**:

<i>Figures expressed in €</i>	31/12/2005	Acquisitions	Disposals	31/12/2006
Land	0			0
Constructions	50,171			50,171
Tec. installation, equipment, toolings	0			0
Other	312,491	4,680	25,220	291,951
<b>Total</b>	<b>362,662</b>	<b>4,680</b>	<b>25,220</b>	<b>342,122</b>

### 3.3.3.3 Long-term investments

These have changed as follows:

<i>Figures expressed in €</i>	Amounts of the Securities in the Balance Sheet				Holding on 31/12/06 (in %)	Shareholders' equity before appropriation of the financial year on 31/12/06	2006 turnover excluding taxes	Net income on 31/12/06
	31/12/05		31/12/06					
	Gross values	Net values	Gross values	Net values				
<b>LONG-TERM SECURITIES</b>								
<b><u>Subsidiaries and Affiliates &gt; 10%</u></b>								
ACTIA	17,974,013	17,974,013	17,974,013	17,974,013	99.97%	26,078,727	82,054,419	1,364,655
SODIELEC	23,005,370	23,005,370	23,005,434	23,005,434	91.10%	36,268,715	37,548,315	<598,991>
PILGRIM	2,515,743	0	2,515,743	0	99.99%	28,327	120,000	13,081
MORS INC	0	0	0	0	100.00%	NC	NC	NC
CYT	33,494	0	33,494	0	15.00%	NC	NC	NC
SCI ORATOIRE	199,098	199,098	199,098	199,098	86.00%	400,431	315,600	285,303
SCI POUVOURVILLE	41,161	41,161	41,161	41,161	27.50%	623,883	624,000	85,542
ARDIA	60,000	60,000	60,000	60,000	60.00%	<28,579>	277,380	<125,350>
<b><u>Subsidiaries and Affiliates &lt; 10%</u></b>								
CIPI	10,138	10,138	10,138	10,138	0.20%	1,462,330	5,144,443	51,135
<b><u>Non-group</u></b>								
MPC	1,524	1,524	1,524	1,524	0.02%	NC	NC	NC
CONTINENTALE	47	47	47	47	NS	NC	NC	NC
STEM	22,812	0	22,812	0	NS	NC	NC	NC
CGC	960	960	960	960	NS	NC	NC	NC
<b>TOTAL</b>	<b>43,864,360</b>	<b>41,292,311</b>	<b>43,864,425</b>	<b>41,292,376</b>				
<b>OTHER LONG-TERM SECURITIES</b>								
1% Construction	15,550	15,550	15,550	15,550				
Convertible bonds SODIELEC	144,972	144,972	72,486	72,486				
<b>TOTAL</b>	<b>160,522</b>	<b>160,522</b>	<b>88,036</b>	<b>88,036</b>				
<b>OTHER FINANCIAL FIXED ASSETS</b>								
Loan	689	689	689	689				
Security	30	30	30	30				
Various Receivables	18,391	18,391	7,342	7,342				
<b>TOTAL</b>	<b>19,110</b>	<b>19,110</b>	<b>8,061</b>	<b>8,061</b>				

N.S.: Insignificant

N.C.: Not communicated

### 3.3.3.4 Stocks

Within the framework of the contract with the DGA, the company ACTIELEC TECHNOLOGIES makes purchases from its SODIELEC subsidiary. According to the rules laid down in the contract and because of the difference in timing of invoicing to DGA, ACTIELEC TECHNOLOGIES may be led to record stocks of merchandise during the period. As of 31 December 2006, those merchandise stocks came to € 87,757 (€ 0 on 31 December 2005).

### 3.3.3.5 Advances and Down payments Paid on Orders

Within the framework of the contract with the DGA, ACTIELEC TECHNOLOGIES Company makes purchases from its SODIELEC subsidiary. As of 31 December 2006, the amount of the advances paid on orders came to € 155,60 (€ 53,750 on 31 December 2005), because of the difference in timing of deliveries and payments, pursuant to the rules set forth in the contract.

### 3.3.3.6 Trade notes and Accounts Receivable, Other Receivables

<i>Figures expressed in €</i>	Gross values	Net Values	Due date < 1 year	Due date > 1 year
Receivables attached to holdings	19,258,986	18,952,262	1,200,000	17,752,262
Trade notes and accounts receivable	1,026,382	1,026,382	1,026,382	
Current accounts attached to holdings	150,000	150,000	150,000	
Other receivables (including prepaid charges)	272,977	272,977	272,977	
<b>TOTAL</b>	<b>20,708,345</b>	<b>20,401,621</b>	<b>2,649,359</b>	<b>17,752,262</b>

### 3.3.3.7 Treasury shares

The programme for repurchasing treasury shares was initially authorised by the COB (Market Operations Commission) on 14 December 2000 under VISA no. 00-2041, and then on 11 April 2002 under VISA no. 02-357. Three new successive treasury share repurchase programmes were authorised by the Shareholders Meetings held on 9 May 2003, 30 April 2004 and 9 May 2006, for respective durations of 18 months. These new programmes did not require advance authorisation by the AMF, since the possibility of cancelling the repurchased shares (provided for in the first two programmes) was suppressed. We remind you that these programmes are conform to Articles L225-209 et seq of the Code of Commerce and that the objective of these programmes is the regularisation of market prices in light of market situations.

Between the start of the programme and 31 December 2006, ACTIELEC TECHNOLOGIES SA repurchased 61,996 treasury shares and transferred 35 treasury shares to a shareholder upon the transformation of 70 BSA in 2005. During the 2006 financial year, no acquisition or disposal transactions were made in connection with the ACTIELEC TECHNOLOGIES security. As of 31 December 2006, ACTIELEC TECHNOLOGIES SA had held, since the start of the programme, 61,961 shares entered under current assets with a value of € 290,154, making an average price € 4.68.

Excluding the repurchase programme, ACTIELEC TECHNOLOGIES also holds 1,400 treasury shares entered in the accounting with a gross value of € 153,152. Those shares were held by MORS SA at the time of the merger.

A provision on those shares is set aside in the light of the closing price, namely on 31 December 2006 a total provision of € 256,391 for a price of € 2.95.

### 3.3.3.8 Shareholders' equity

Upon the capital increase of 16 October 2004, the company ACTIELEC TECHNOLOGIES issued 1,875,000 BSA (ISIN FR0010121061). As of 31 December 2006, 42,470 BSA had been exercised, giving rise to:

- A capital increase on 20 March 2006 following the transformation of 42,400 BSA in 2005. That capital increase brought the number of shares to 19,859,941 shares of € 0.75 each, making a share capital of € 14,894,95.75. The company issued 21,242 new shares of € 0.75 par value, with a premium on shares of € 3.741.
- A transfer of 35 treasury shares (cf. section 3.3.3.7) following transformation of 70 BSA in 2005, without any effect on the company's share capital in 2006.

As of 31 December 2006, 1,832 530 BSA (ISIN FR 0010121061) remained in circulation. The characteristics of the share subscription or purchase warrants are as follows:

- Right attached to the warrants: subscribed to or acquired shares of the Company, to be issued or already existing, in exchange for payment of the exercised price,
- Exercise parity: initially set at two warrants for one Company share, and now equal to 1.002,
- Exercise price: 4.50 euros,
- The holder of warrants is entitled to exercise them at any time between 15 October 2004 and 14 October 2007. After that three-year period, the warrants that have not been exercised will lapse.
- In the event of a Capital increase or issue of securities offering direct or indirect access to the capital, merger, demerger and other financial operations entailing a preferential application right or reserving a priority application period to the benefit of the Company's shareholders, the Company reserves the right to suspend exercise of the warrants for a period of no more than three months.
- The warrants are the object of trading that is independent from the trading of the original shares on the Euronext Paris market (ISIN code FR0010121061) Eurolist C. As of 31 December 2006, the unit price was set at €0.22.

No BSA were exercised during the 2006 financial year.

Hence the net worth changed as follows during the financial year:

<i>Figures expressed in €</i>	Balance on 31/12/2005 before appropriation	Appropriation of the 2005 earnings		Transformation of BSA	Share capital increase	Balance on 31/12/2006 before proposed appropriation
		Reserves, retained earnings	Dividends			
Capital	14,879,024				15,932	14,894,956
Premium on shares	14,333,378				79,466	14,412,844
Premium on merger	2,867,003					2,867,003
Equity warrants	95,400				<95,400>	0
Legal reserves	1,286,491					1,286,491
Frozen reserves	189,173					189,173
Retained earnings	11,222,274	<139,722>				11,082,552
2005 financial year earnings	<139,722>	139,722				0
2006 financial year earnings	0				2	<786,417>
<b>Net worth (before appropriation of the earnings)</b>	<b>44,733,021</b>	<b>0</b>			<b>0</b>	<b>43,946,602</b>

A stock option or purchase plan was granted in 2003 to the benefit of authorised agents, in connection with the mandates held. This stock option or purchase plan bears on an option to subscribe to 240,000 shares at a unit price of € 1.92 and an option to purchase 60,000 shares at a unit price of € 3.76. The expiration date was set as of 31 August 2008. No options have been exercised as of 31 December 2006.

Except for this plan, there are no current stock options of purchase plans in effect in connection with the Company.

### 3.3.3.9 Provision for Charges

The provision for charges consists solely of a provision for contract termination.

### 3.3.3.10 Debts (liabilities)

The debts by type and by due dates break down as follows as of the end of the financial year:

Figures expressed in €	Due dates			Total
	< 31/12/07	> 01/01/08 < 31/12/11	> 01/01/12	
Borrowings from & debts to credit institutions, including:	9,694,174	2,480,651		12,174,825
* Medium- and long-term borrowings	3,794,220	2,480,651		6,274,871
* Commercial paper and short-term bank loans	5,873,551			5,873,551
* Interest accrued on financial liabilities	26,403			26,403
Advances and down payments received on orders	155,650			155,650
Trade notes & accounts payable	2,059,107			2,059,107
Taxation & social liabilities	326,767			326,767
Other debts (including prepaid income)	2,819,094			2,819,094
<b>Total</b>	<b>15,054,792</b>	<b>2,480,651</b>		<b>17,535,443</b>

The details concerning the medium- and long-term borrowings are as follows:

Figures expressed in €	Initial amount	Subscription date	Duration	Capital still due on 31/12/2006
Crédit Agricole	424,000	2004	2 years	18,265
Crédit Agricole	400,000	2006	2 years	400,000
Banque Populaire Occitane	1,000,000	2002	5 years	213,752
Banque Populaire Occitane	1,000,000	2006	4 years	1,000,000
Société Bordelaise de CIC	400,000	2002	5 years	80,000
Société Bordelaise de CIC	1,000,000	2006	3 years	1,000,000
LCL	1,524,490	2000	7 years	380,741
LCL	3,048,980	2001	6 years	653,353
Société Générale	3,048,980	2001	7 years	653,760
BESV	1,500,000	2005	3 years	875,000
CEMP	1,000,000	2006	1 years	1,000,000
<b>Total</b>				<b>6,274,871</b>

### 3.3.3.11 Financial net income

The most significant elements in the financial income are as follows:

➤ Interest on the subsidiaries' current accounts	€ 748,988.47
➤ Dividends received from the subsidiaries:	€ 82,500.00
➤ The income from off balance sheet commitments in the subsidiaries' favour:	€ 125,003.26

The financial charges consist mainly of:

➤ Interest and similar charges connected with financial liabilities to credit institutions:	€ 434,423.03
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### 3.3.3.12 Extraordinary net income

There were no significant extraordinary elements during the 2006 financial year.

### 3.3.3.13 Financial Commitments and Real Sureties Granted

The sureties delivered by ACTIELEC TECHNOLOGIES on behalf of its subsidiaries in the Banks' favour come to € 9,308,448 on 31 December 2006.

The guarantees issued by ACTIELEC TECHNOLOGIES on behalf of its subsidiaries in favour of non-bank third parties come to € 82,826,500, breaking down as follows:

- Customer guarantees: € 80,000,000 (1)
  - Guarantees on repayment conditional advance: € 800,000
  - Guarantee on payment of rentals: € 2,026,500
- (1) This guarantee is covered by insurance taken out directly by the subsidiary concerned.

In addition, ACTIELEC TECHNOLOGIES committed itself to repurchase, starting on 1 January 2008 and until 11 June 2011, the BSA issued by ACTIA SA and subscribed to in full by the ANVAR (1.6 M€), as of the latter's first request. The price for repurchase of the said BSA by ACTIELEC TECHNOLOGIES would then depend on the value of the ACTIELEC TECHNOLOGIES security at the time of repurchase.

Finally, ACTIELEC TECHNOLOGIES put up 275,000 securities of its SODIELEC subsidiary and 3,984 securities of its ACTIA subsidiary to guarantee bank loans.

## 3.3.4 Other information

### 3.3.4.1 Deferred taxes

As of 31 December 2006, the deferred taxes position look as follows:

- Losses still to be carried over € 886,243

The losses subject to carry over in connection with long-term capital losses, which amounted to € 2,076,442 on 31 December 2005 and which were not used as of 31 December 2006, are no longer applicable to future long-term capital gains.

### 3.3.4.2 End-of-year staff

	2005	2006
Executives and foremen	7	6
Clerical-level staff	1	1
Trainees		
Workmen		
<b>Total</b>	<b>8</b>	<b>7</b>



### 3.3.4.3 Operations with the Affiliated Companies

Amounts concerning the companies on 31/12/06 (figures expressed in €)	Parent company	Subsidiaries	Other affiliated companies
<b>Balance sheet - ASSETS</b>			
Receivables attached to holdings		19,258,986	
Provisions on receivables attached to holdings		<306,724>	
Other long-term securities		72,486	
Other long-term investments		2,769	
Merchandise stocks (DGA contract)		87,757	
Adv. and down payments paid on orders		155,650	
Trade notes and accounts receivable	43,435	28,793	
Other receivables		2,073,372	
<b>Balance sheet - LIABILITIES</b>			
Trade notes and accounts payable	952,709	927,584	1,704
<b>Income statement</b>			
Operating charges	1,652,766	1,381,089	6,860
Financial charges		83,205	
Extraordinary charges	2,532		
Operating income	37,008	2,260,456	
Financial income		971,788	
Extraordinary income	3,000		

### 3.3.4.4 Risk Hedging Policy

ACTIELEC TECHNOLOGIES obtained a CAP on 11 July 2002 for 4.1 M€ in borrowings at a rate of 4.5% for a period of 5 years starting on 1 January 2003. The outstanding amount on 31 December 2006 came to 700 k€.

### 3.3.4.5 Remuneration paid to the Members of the management organ

The Chairman of the Executive Board and the Chairman of the Supervisory Board of ACTIELEC TECHNOLOGIES SA are not paid by ACTIELEC TECHNOLOGIES. A single member of the Executive Board, an employee of ACTIELEC TECHNOLOGIES until 30 June 2006, was remunerated under an employment contract, and for the first half of 2006 received a gross salary of € 35,000.

### 3.3.4.6 Consolidating company

S.A. **LP2C** with a capital of € 5,876,400  
Registered office: 25 Chemin de Pouvoirville  
31400 TOULOUSE  
FRANCE  
Trade and Companies Register: Toulouse B 384 043 352

### **3.4 AUDITORS' GENERAL REPORT AND SPECIAL REPORT**



**These documents having not been issued by ACTIELEC Technologies,  
haven't been translated in English.  
Please refer to the French version of the 2006 Annual Report to see the  
content of the Auditors' Reports.**

## **4. AGENDA & RESOLUTIONS FOR THE SHAREHOLDERS MEETING TO BE HELD ON 3 MAY 2007**

### **4.1 AGENDA**

#### **4.1.1 WITHIN THE FIELD OF JURISDICTION OF THE ORDINARY SHAREHOLDERS MEETING:**

- Report by the Executive Board concerning the financial year ending on 31 December 2006, including the Group management report,
- Report by the Executive Board concerning the use of the delegations granted in connection with capital increases,
- Executive Board's report concerning the stock subscription and purchase options provided for in Article L.225-184 of the Code of Commerce,
- Report by the Supervisory Board,
- Report by the Chairman of the Supervisory Board mentioned in Article L.225-68 of the Code of Commerce,
- Auditors' report on internal control,
- Auditors' reports concerning performance of their assignment and the conventions mentioned in Articles L.225-86 et seq of the Code of Commerce,
- Approval of the annual corporate financial statements and of the said Conventions,
- Approval of the consolidated financial statements,
- Appropriation of the earnings,
- Appointment of a new titular Auditor because of the non-renewal of Eric BLACHE,
- Appointment of a new Deputy Auditor because of the non-renewal of Jean FONTA.

#### **4.1.2 WITHIN THE FIELD OF JURISDICTION OF THE EXTRAORDINARY SHAREHOLDERS MEETING:**

- Delegation of powers to be granted to the Executive Board for carrying out the share capital increase by issue of shares reserved for the members of a company savings plan established in application of Articles L.443-1 et seq of the Labour Code,
- Harmonisation of the articles of incorporation with the provisions resulting from the Decree of 11 December 2006, modification of Article 31 of the Articles of Incorporation,
- Powers to be granted.

## 4.2 RESOLUTIONS

### 4.2.1 WITHIN THE FIELD OF JURISDICTION OF THE ORDINARY SHAREHOLDERS MEETING

#### **FIRST RESOLUTION – APPROVAL OF THE ANNUAL CORPORATE FINANCIAL STATEMENTS**

The Shareholders Meeting, after having heard a reading of the reports by the Executive Board, Supervisory Board and the auditors concerning the financial year ending on 31 December 2006, approves the annual corporate financial statements closed out on that date as presented, showing a net loss of <€ 786,416.78>.

It also approves the transactions appearing in the said financial statements or summed up in the said reports.

Hence the Shareholders Meeting grants a full and entire discharge for performance of their mandates for the said financial year to the Executive Board and Supervisory Board.

The Shareholders Meeting approves the amount of non-tax-deductible expenditures in connection with Article 39-4 of the General Code of Taxation, amounting to € 2,18629, corresponding to the excess depreciation of the company vehicles.

#### **SECOND RESOLUTION – APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Shareholders Meeting, after having heard a reading of the reports by the Executive Board (including the Group management report), by the Supervisory Board and by the Auditors concerning the consolidated financial year ending on 31 December 2006, approves the consolidated financial statements closed out on that date, as presented, showing Net Income attributable to the Group of € 1,676,816.

#### **THIRD RESOLUTION – CONVENTIONS UNDER ARTICLES L.225-86 ET SEQ OF THE CODE OF COMMERCE**

Ruling on the Auditors' special report presented to it concerning the conventions to which Articles L.225-86 et seq of the Code of Commerce are applicable, the Shareholders Meeting approves the conventions mentioned therein.

#### **FOURTH RESOLUTION – APPROPRIATION OF THE EARNINGS**

On the basis of a proposal by the Executive Board, the Shareholders Meeting decides on the following appropriation of the earnings:

##### **Origin**

Retained earnings "credit balance"		€ 11,082,552.14
Financial year net result: a loss of		<€ 786,416.78>

##### **Appropriation**

To "retained earnings", which will come to	€ 10,296,135.36	
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<b>TOTALS</b>	<b>€ 10,296,135.36</b>	<b>€ 10,296,135.36</b>
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Pursuant to the provisions of Article 243 bis of the General Code of Taxation, the Meeting notes that it has been reminded that the Company has not paid any dividends for the last three financial years.

**FIFTH RESOLUTION: FINDING OF NON-RENEWAL OF ERIC BLACHE'S MANDATE AS TITULAR AUDITOR, AND APPOINTMENT OF A NEW TITULAR AUDITOR**

The Shareholders Meeting takes note of the fact that pursuant to the provisions of Article L.822-14 of the Code of Commerce, Éric BLACHE may not be renewed as titular Auditor, because he has certified the Company's corporate and consolidated financial statements for six consecutive financial years.

Hence on the basis of a proposal by the Supervisory Board, the Shareholders Meeting appoints the following as the new titular Auditor:

➤ Éric SEYVOS – 14 rue Clapeyron, 75008 PARIS, FRANCE

for a duration of six financial years, namely the end of the annual Ordinary Shareholders Meeting to be held in 2013 to rule on the financial statements for the financial year ending on 31 December 2012.

Éric SEYVOS, who has not audited any operation relating to conveyance or merger in the Company and the companies that it controls in the meaning of Article L.233-16 of the Code of Commerce during the last two financial years, has stated that he will accept the said position.

**SIXTH RESOLUTION: FINDING OF NON-RENEWAL OF THE DEPUTY AUDITOR'S MANDATE HELD BY JEAN FONTA, AND APPOINTMENT OF A NEW DEPUTY AUDITOR**

On the basis of a proposal by the Supervisory Board, the Shareholders Meeting appoints the following person as the new deputy Auditor:

➤ Nathalie PELTIER – 15 avenue de la Mairie, 31600 EAUNES, FRANCE

for a duration of six financial years, namely the end of the annual Ordinary Shareholders Meeting to be held in the year 2013 to rule on the financial statements for the financial year ending on 31 December 2012.

Nathalie PELTIER, who has not audited any operation relating to conveyance or merger in the Company and the companies that it controls in the meaning of Article L.233-16 of the Code of Commerce during the last two financial years, has declared that she will accept the said position.

**4.2.2 WITHIN THE FIELD OF JURISDICTION OF THE EXTRAORDINARY SHAREHOLDERS MEETING:**

**SEVENTH RESOLUTION – AUTHORISATION TO PUT THROUGH A CAPITAL INCREASE RESERVED FOR THE MEMBERS OF A P.E.E. (Company Savings Plan)**

The Shareholders Meeting, after having familiarised itself with the report by the Executive Board and with the special report by the Auditors, ruling in application of Articles L.225-129-6 and L.225-138-1 of the Code of Commerce and L.443-5 of the Labour Code:

1. Authorises the Executive Board, if it considers this opportune, on the basis of its sole decisions, to increase the share capital all at once or in instalments by issuing cash ordinary shares and, if appropriate, by free allocation of ordinary shares or of other securities offering access to the capital, reserved to the employees and senior managers of the Company and companies affiliated with it in the meaning of Article L.225-180 of the Code of Commerce, belonging to a Company Savings Plan,
2. Suppresses, in favour of the said persons, the preferential application right for the shares that might be issued by virtue of the present authorisation,
3. Sets the duration of validity of the present authorisation at twenty-six months starting with the time of the present meeting,

4. Limits the maximum nominal amount of the increase(s) that might put through by using the present authorisation to 3% of the amount of the share capital reached at the time of the decision by the Executive Board to put through the said increase,
5. Decides that the price of the shares to be issued in application of paragraph 1 of the present delegation may be no more than 20% less, or 30% when the duration of unavailability provided for by the plan in application of Article L.443-6 is greater than or equal to ten years, than the average of the initial trading prices of the share during the twenty trading sessions prior to the Executive Board's decision relative to the capital increase and the corresponding issue of shares, and may be no greater than the said average,
6. Grants full powers to the Executive Board for implementing the present authorisation, taking all steps and carrying out all necessary formalities.

#### **EIGHTH RESOLUTION: HARMONISATION OF THE ARTICLES OF INCORPORATION WITH THE DECREE OF DECEMBER 2006**

The Shareholders Meeting, after having familiarised itself the Executive Board's report, decides:

- to harmonise the Company's Articles of Incorporation with the provisions of the Decree of 11 December 2006, modifying the Decree of 23 March 1967;
- therefore to modify as follows Article 31 of the Articles of Incorporation:

##### Article 31: ATTENDANCE AND REPRESENTATION AT MEETINGS

The first two paragraphs are replaced by the following text:

*« Any Shareholder may take part or be represented at the Meetings, as long as his securities have been paid to the extent of the required payments, upon proving his or her identity and ownership of the shares in the form:*

- *Either of a personal entry in his or her name,*
- *Or of an authorised broker's certificate as provided for in Decree no. 83.359 of 2 May 1983, recording the unavailability of the shares entered in the account until the Meeting date.*

*These formalities must be carried out before the third business day prior to the Meeting at midnight, Paris time, or in the accounts of registered securities kept by the Company, or in the accounts of bearer securities kept by the authorised broker."*

The rest of the article is unchanged.

#### **NINTH RESOLUTION: POWERS TO BE GRANTED**

The Shareholders Meeting grants full powers to the bearer of a duplicate or copy of or an extract from the present minutes for carrying out any other formalities relating to filing and notice required by law.

## 5. CONTACTS

### To contact us

## ACTIELEC TECHNOLOGIES

A public limited company with capital of € 14,894,955.75  
Registered in the TOULOUSE Trade and Companies Register: 542 080 791 – NAF: 741J

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By email: [contact@actielec.com](mailto:contact@actielec.com)

Shareholder information:  
Catherine MALLET: [catherine.mallet@actia.fr](mailto:catherine.mallet@actia.fr)

### Our website:

[www.actielec.com](http://www.actielec.com)