

Our Most Important
Connection is with You.™





2012 Financial Report

Copies of this annual financial report are available free of charge at Radiall's head office (101, rue Philibert Hoffmann – 93116 Rosny-sous-Bois Cedex, France), from Radiall's website (www.radiall.com) and from the website of the Autorité des Marchés Financiers (www.amf-france.org).



Significant increase in full-year results

How would you describe 2012?

Pierre Gattaz: Radiall celebrated its 60th anniversary in 2012, and it is with great satisfaction that we have succeeded, in what is still an unstable market environment, in achieving an excellent year with growing sales, improved profitability and strong cash flow generation.

Sales growth continued at a rate of 8.2%, partly thanks to industrial markets but primarily due to civil aeronautics where our business proved to be very robust across all our geographic regions, in particular in North America, where the Group also benefited from a more favourable exchange rate than in 2011.

Results benefited from a better sales momentum, more favourable product mixes and markets, and substantial increases in productivity. Compared with last year, this has enabled us to increase the profit from recurring operations by 80% to €18.3 million, to double the operating profit and to achieve a net profit of €13.8 million, an increase of 165%.

Our already solid financial position has therefore been strengthened thanks, not only to our improved profitability, but also to further improved workflow management and stock control, leading to shareholder's equity of more than €137 million and a net cash position of €30.5 million.

Given these excellent results, I would like to pay tribute to the talent of our 2,500 employees who have shown their tenacity, creativity and adaptability. Their professionalism, their pursuit of quality and their continual search for innovation characterise the values that have driven the Group for 60 years.

What have been the key events of the financial year that has just ended?

P.G.: Firstly, the highlight of the year was our continued growth in the leading and high technology markets of "Military-Aero-Space", which now make up more than two thirds of our total sales, whilst ten years ago, these three segments only made up approximately 35% of our business.

The significant investments that have been made over a number of years in these sectors mean that we are now reaping the rewards of our strategy of development and differentiation through innovation, and through operational excellence in serving our customers (7.5% of our revenue was devoted to Research and Development in 2012).

During the course of the year, Radiall also entered into an promising partnership with ARaymond, which will enable us to achieve new ambitions in the automotive sector.

What is the outlook for 2013?

P.G.: For Radiall, 2013 will be a year of consolidating our commercial successes and our investments, thereby aiming to continue to improve our overall economic performance and the profitability of our operations in each market segment.

Whilst the start of the year was certainly sluggish, it did bring with it a very satisfactory order book, in line with our objectives of modest growth in 2013.

What are Radiall's ambitions in the longer term?

P.G.: In what remains a challenging economic environment, Radiall possesses the necessary strengths to be able to look to the future with confidence.

The aeronautics environment remains very favourable in the medium to long-term, thanks to the increase in air traffic, which should lead to a ramp up in the pace of deliveries for the majority of commercial aircraft programmes.

The creation on 1 January 2013 of a new organisation, aimed at optimising our operational synergies and accelerating our diversification strategy, will support the high added value positioning of our range and will further strengthen our standing with our customers.

Our balance sheet position and the availability of credit lines will also allow us to support our development, and in particular to finalise acquisitions or enter into partnership transactions that aim to either strengthen our expertise or cover new market segments.

We are therefore looking to the future from an excellent position, with the ambition to press on with our development in the years to come.



Pierre Gattaz,

Chairman of the Executive Board

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I. GENERAL INFORMATION

1. PERSONS RESPONSIBLE

.1 Person responsible for information

Pierre Gattaz, Chairman of the Executive Board.

.2 Statement by the person responsible

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they provide a true and fair view of the assets and liabilities, financial position and results of the Company and the consolidated companies included in the consolidation. I further declare that, to the best of my knowledge, the management report provided on pages 17 to 23 provides a fair view of the changes in business, results and financial position of the company and the entities included in the consolidation , as well as a description of the principal risks and uncertainties they face.

Rosny-sous-Bois, France, 5 April 2013



Pierre Gattaz
Chairman of the Executive Board

2. BUSINESS OVERVIEW

2.1 Main activities

2.1.1 The product range

2.1.1.1 Coaxial components

The company designs, manufactures, and sells coaxial interconnection components for connecting electronic equipment.

The components, which are combinations of connectors, leads or aerials, broadcast data with the least possible distortion inside integrated electronic systems or complex chips, which are fragile and sensitive to harsh thermal, atmospheric or electromagnetic environments.

2.1.1.2 Multi-contact connectors

The company designs, manufactures and sells multi-contact interconnection components for connecting electronic equipment.

These connectors simultaneously broadcast several, possibly heterogeneous, signals in generally harsh environments. The signals conducted can be electric, electromagnetic or optical.

2.1.1.3 Optical components

The company designs, manufactures, and sells solutions that are based on fibre optics and optoelectronic technology.

These components broadcast the signal using fibre optic technology, which is currently undergoing numerous developments.

2.1.2 Key technologies

The following products have been developed from complex expertise combining several disciplines: material structure and special alloys in particular, chemistry and surface treatment, machining, moulding and precision cutting, electronics, optoelectronics, and microwave modelling.

2.1.2.1 Precision machining

This generic technology includes bar turning, milling, cutting and various reclaiming methods for metals such as brass, aluminium, stainless steel and beryllium-coppers.

In particular, the technology is used to manufacture spare parts for coaxial connectors and multi-contact connector casings.

Micromechanics is part of the essential expertise of any connector manufacturer and allows it to set itself apart from its less well-equipped competitors.

Surfaces are treated by electroplating (gold, silver, nickel and bronze alloys) on automated or semi-automated surface treatment lines, depending on the production site.

The Company's great expertise in the surface treatment field and integrating the line into the production flow is a valuable asset for ensuring the connectors are of optimum quality.

2.1.2.2 Foundry

The Company masters the design and development of the foundry moulds required for manufacturing the casing for its multi-contact connectors. They are outsourced to subcontractors who handle the production, but remain the inalienable property of the Company.

2.1.2.3 Plastic moulding

This technology is used to manufacture thermoplastic, thermoset or silicone parts and is based on the transformation of granulates.

The technology is mainly used to manufacture connectors for fibre optics and inserts for multi-contact connectors.

2.1.2.4 Assembly

This technology is used in the final stage of the manufacture process and can be performed on automatic or semi-automatic machines or manually by qualified personnel.

The level of automation largely depends on the quantities to be produced, the complexity of the products, the cost of labour, and the production location.

2.2 Main markets

The company designs, develops and manufactures electronic components for military and aeronautic equipment, wireless telecommunications and industrial applications.

Due to the activity of its end users, Radiall's markets can be considered cyclic and mainly depend on capital expenditure by major contractors.

The Company's activity is not significantly seasonal.

2.2.1 Military and aeronautic equipment

Interconnection components are omnipresent in defence electronics and aeronautics: planes and helicopters, radars, missiles, satellites and launchers, submarines, etc.

Military or commercial planes use components such as those manufactured by the Company to link their highly sensitive electronic systems (measuring tools, radiotelephony, etc.).

Military equipment is driven by the demand for radio telecommunication technologies, yet growth remains subject to public government expenditure policies, which have been curbed recently in light of the economic situation. However, there are still significant opportunities, in particular in certain emerging countries.

The Space market is seeing sustained growth in three applications — telecommunications, observation, and navigation — and also offers opportunities for growth in emerging countries.

Radiall's presence in these markets requires that we constantly work on developing our connectors so that we can design and make them smaller and, more importantly, lighter.

2.2.2 Telecommunications

There are three ways of transmitting data: traditional copper wire, microwave radio relay and fibre optic. The Company is particularly present in radio relay systems used by cellular telephony.

The connectors manufactured by the Company are used in different types of sub-systems, which require interconnection using an optimised connection such as:

- Transmitters and receivers to send and receive the signal;
- Modulators that transform a continuous signal into 0 and 1 sequences;
- Multiplexers that bundle, unbundle, and direct communications;
- Dispersion compensators, which correct certain defects in the signal.

The growth of this market is linked to the ever-increasing demand for high bandwidths, in particular with the development of 3G (UMTS), 4G (LTE), and WIMAX. In fact, the greater the demand for speed and bandwidth, the more the equipment requires high frequencies to move away from very low loss wireless and thus requires very reliable connections.

Although the major manufacturing customers in this market have been relocating to Asia over the last few years, this industry remains strong even in mature countries. However, it is affected by a downward trend in the number of connectors per telecommunication sub-system and by frequent, significant fluctuations in capital expenditure made by telecoms operators.

2.2.3 The industrial markets

Complex electronics are increasingly used in industrial applications. The components or functions must be 100% reliable regardless of the sector in which they are applied: medical, automotive telematics, power electronics, oil exploration, rail transportation, new energies, etc. These are all applications in which interconnection components are now essential or in which new opportunities are always arising.

2.2.4 Breakdown of sales by market

The breakdown of sales by market is provided in Section I. 6.2.

2.2.5 Customers

The Company has numerous references in its business segments. The Group's main customers are as follows:

Aeronautics and Military	Telecoms	Industrial and Automotive
- Labinal (France and USA) - Thalès (France and USA) - Boeing (USA) - EADS (Europe) - Rockwell Collins (USA) - Harris (USA)	- Nokia Siemens (Europe and Asia) - Alcatel-Lucent (Europe, Asia and USA) - Ericsson (Europe, Asia and USA) - Sanmina (Asia) - Celestica (Asia & Europe) - Foxconn (Asia)	- Volex (Europe) - Philips (Europe) - Aeroflex (USA) - Delphi (USA) - National Instruments (USA) - Rohde & Schwarz (Europe) - Calcearo (Europe) - Continental (Europe)

In 2012, the Group's top ten customers, all business segments included, accounted for 39% of revenue. The Company extended its credit insurance in 2012 to cover the risk of customer credit default. This insurance covers customers invoiced by the European and Chinese subsidiaries, accounting for over 50% of total sales.

2.2.6 Breakdown of sales by geographic region

The breakdown of sales by geographic region is provided in Section I. 6.2.

2.3 Competitive position

Company name	Country	Markets	2012 sales*	Listing	Market cap. Dec. /2012
Main competitors					
Huber & Suhner	Switzerland	All	CHF 698 M	Zürich	CHF 847 M
Amphenol	USA	Aeronautics and military	USD 4,292 M	NYSE	USD 11,530 M
Rosenberger	Germany	Telecoms and industrial	Unavailable	Not listed	N/A
TE Connectivity (primarily AMP and Deutch)	USA	All	USD 13,282 M	NYSE	USD 14,560 M
Other competitors					
Souriau (subsidiary of Electro Esterline)	France	Aeronautics and military	Unavailable	Not listed	N/A

* Source: Company press releases.

The companies included in the "Other competitors" category differ from the main competitors in that they are only competitors with respect to a very small part of Radiall's revenue.

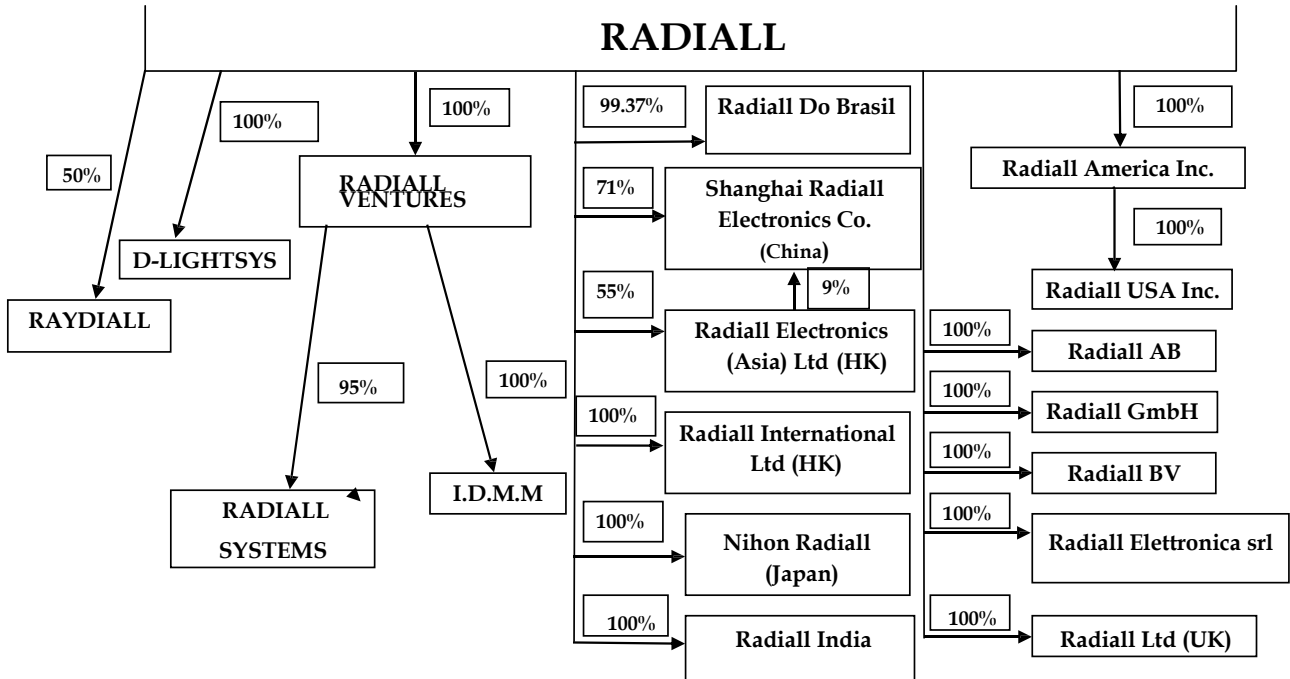
The Company has an image of a quality, high-tech company within this competitive world, as a result of its experience in defence electronics and the space industries, which are extremely demanding (qualifications, regular audits, etc.). Radiall is positioned among the market leaders.

The Company is not dependent on any patents, licences, industrial or financial contracts or commercial contracts with its customers.

3. ORGANISATION CHART

3.1 Group organisation chart

The diagram below shows the organisation chart of the Company's subsidiaries at 31 December 2012:



In order to pursue its activities, the Company relies on its subsidiaries throughout the world, as represented in the above organisation chart, which include sales offices and/or factories. For more details, please refer to paragraph 3.2 below.

The company also provides services to its subsidiaries in the finance, accounting, legal, tax, and IT fields, and organisation management in general.

Details regarding the holding status of the subsidiaries and equity interests are provided in Section II - Consolidated financial statements, Paragraph 3.2.

Half of Raydiall's shares were sold to an industrial partner, ARaymond, under a transfer agreement dated 4 June 2012.

3.2 Company subsidiaries

At 31 December 2012, the Company held the following equity interests:

EUROPE

France (head office, sales offices and industrial sites)

- 50% of the capital of Raydiall, a simplified limited company with capital of €8,000,000, with its head office located at Voiron (38500) – 30 rue Léon Béridot, entered in the Grenoble Trade and Companies Register under number 537 387 193.
- 100% of the capital of Radiall Ventures, a simplified limited company with capital of €1,000,000, with its head office located at Rosny-sous-Bois (93110) – 101 rue Philibert Hoffmann, entered in the Bobigny Trade and Companies Register under number 431 847 599, acquired on 9 January 2007.

Radiall Ventures takes and manages financial interests in share portfolios, company interests, bonds, investment certificates and marketable securities in general, and provides accounting, administrative, and IT services or business management and organisation consultancy services.

- 100% of the capital of D-Lightsys, a simplified limited company with capital of €800,007, with its head office located at 101 rue Philibert Hoffmann, 93116 Rosny-sous-Bois cedex, entered in the Bobigny Trade and Companies Register under number 444 645 899, following a transaction effected by Radiall Ventures to transfer all its shares to Radiall S.A., in accordance with a share transfer agreement dated 17 December 2012. D-Lightsys contributes to researching and developing new products for the Radiall Group.

Radiall Ventures holds:

- 100% of the capital of Industrie Doloise de Micro-Mécanique, known by its abbreviation "IDMM," a simplified limited company with capital of €560,000, with its head office located at Dole (39100) – 13 rue Henri Jeanrenaud – ZA des Grandes Epenottes, and entered in the Dole Trade and Companies Register under number 395 061 815,
- 95% of the capital of Radiall Systems S.A.S, a simplified limited company with capital of €37,000, with its head office located at 101 rue Philibert Hoffmann, 93116 Rosny-sous-Bois cedex, entered in the Bobigny Trade and Companies Register under number 478 152 879. Radiall Systems S.A.S. contributes to researching and developing new products for the Radiall Group.

Netherlands (sales office)

- 100% of the capital of Radiall BV, a Dutch company with capital of €15,882.31, with its head office located at Hogebrinkenkerweg 15 b – 3871 KM Hoevelaken, Netherlands. This company has a Radiall SF branch office with its head office located at Lentokatu 2 – FIN – 90101 Oulunsalo, Finland.

United Kingdom (sales office)

- 100% of the capital of Radiall Ltd, an English company with capital of GBP 223,385, with its head office located at Ground Floor, 6 The Grand Union Office Park – Packet Boat Lane – Uxbridge, Middlesex UB82GH, United Kingdom, and registered under number 00377015 (England and Wales).

Italy (sales office)

- 100% of Radiall Elettronica srl, an Italian limited company with capital of €257,400, with its head office located at Via Concordia n° 5 – 20090 Assago, Italy.

Germany (sales office)

- 100% of Radiall GmbH, a German company with capital of €485,727.29, with its head office located at Carl – Zeiss – Strabe 10 – postfach 200143 – D-63307 Rödermark, Germany.

Sweden (sales office)

- 100% of Radiall AB, a Swedish company with capital of SEK 300,000, with its head office located at Sjoangsvagen 2 – SE-192,72 Sollentuna, Sweden, and registered under number 556238-6051.

AMERICAS

USA (sales offices and factories)

- 100% of Radiall America Inc., a company registered in the state of Delaware with capital of USD 15,500,000, with its head office located at 8950 South 52nd Street, Suite 401, Tempe – Arizona 85284, USA. Radiall America Inc. holds:
- 100% of Radiall USA (formerly Radiall Jerrick), a company registered in the state of Arizona with capital of USD 22,427,086, with its head office located at 8950 South 52nd Street, Suite 401, Tempe, Arizona 85284, USA; Radiall Applied Engineering Products Inc. was merged into Radiall USA Inc. on 1 June 2009.

Brazil (sales office)

- 99.37% of Radiall Do Brasil, a Brazilian limited company with capital of R\$ 638,000, with its head office located at Largo do Machado 54 – CEP: 22221-020 – Sala 706 – Catete 20021-060 – Rio de Janeiro – Brazil and registered under CNPJ number 31.642150/0001-22.

ASIA

China (sales offices and factory)

- 71% of Shanghai Radiall Electronics Co. Ltd., a Chinese joint venture with capital of USD 10,200,000, with its head office located at 390 Yong He Road – Shanghai 20072 – China. 20% of the company's capital is held by the FEILO company and 9% by Radiall Asia.

Hong Kong (sales offices)

- 100% of Radiall International Ltd, a Hong Kong company with capital of HKD 10,000 and a head office at Workshop D on 6/F Ford Glory Plaza, Nos. 37-39 Wing Hong Street – Kowloon and registered under number 679070.
- 55% of Radiall Asia Ltd., a Hong Kong company with capital of HKD 300,000, with its head office located at Workshop D on 6/F Ford Glory Plaza, Nos. 37-39 Wing Hong Street – Kowloon. Charles Wu holds the remaining share capital. Radiall Asia Ltd. also holds a 9% equity interest in the capital of Shanghai Radiall Electronics Co. Ltd.

India (sales offices and factory)

- 100% of Radiall India Private Limited, an Indian company with capital of RS 23,636,360, with its head office located at 25 (d) II Phase, Peenya Industrial Area – 560058 Bangalore, India, and registered under number 310394/3344.

Japan (sales office)

- 100% of Nihon Radiall KK, a Japanese company with capital of JPY 44,500,000, with its head office located at Kohgetsu Building 4F, Room n° 405 – 1 – 5 – 2 Ebisu Shibuya-ku – 150-0013, Tokyo, Japan and registered under number 0110 – 0 – 046762.

4. PROPERTY, PLANT AND EQUIPMENT

The Company owns sales offices and factories throughout Europe and has production sites in France, North and South America and Asia.

The European subsidiaries (excluding France) are all sales offices. In other countries, in addition to the sales offices, there are also production sites, in particular in France, the United States, Mexico, India and China. All of the sites are in use. Surface areas which are not used as offices are used for production.

The main business premises of the Company and its subsidiaries are located at:

Address	Use	Surface area	Status	Comments
101 rue Philibert Hoffmann 93116 Rosny-sous-Bois cedex - France	Head office and sales office	5,700 m ²	Commercial lease dated 27 December 2004 for a term of nine years beginning on 1 January 2005	
Neuville sur Brenne et Château-Renault (Indre et Loire) – France	Factory	Neuville: 2,010 m ² Château-Renault: 8,420 m ²	Property and commercial lease dated 13 April 2012 for a term of 9 years.	
642 rue Emile Romanet 38340 Voreppe - France	Factory - storage	1,340 m ²	Commercial lease dated 1 September 2009 for a term of 9 years.	
641 rue Romanet - 38340 Voreppe – France	Factory	3,560 m ²	Owned	
641 rue Romanet - 38340 Voreppe – France	Factory	2,290 m ²	Real estate lease agreement dated 31 December 2010 for a term of 12 years	
81 boulevard Denfert- Rochereau 38500 Voiron France	Demolition of factory underway	8,000 m ²	Owned	Dormant industrial site
15, rue de la Garenne ZI Chesnes Tharabie 38295 Saint-Quentin- Fallavier – France	Factory and storage	6,492 m ²	Owned	
13 rue Henri Jeanrenaud 39100 Dole - France	Factory and sales office	6,900 m ²	Lease agreement with call option dated 20 February 2008 for a term of 15 years beginning 1 January 2008	
Z.I. Champfeuillet 30 rue Léon Béridot 38500 Voiron, France	Factory and offices	1,310 m ²	Lease agreement	
390 Hong He Road Shanghai – China	Factory and sales office	4,700 m ²	Lease agreement for a term of 30 years beginning on 1 July 1996	
25 (D), II Phase, Peenya Industrial Area, Bangalore 560 058, India	Factory and sales office	3,500 m ²	Lease agreement dated 25 July 2000 for a term of three years, beginning on 1 August 2000 and renewable for successive periods of three years	

Address	Use	Surface area	Status	Comments
90 et 104 John W. Murphy Drive, New Haven, Connecticut, USA	Factory	7,233 acres of land (approx. 29,271 m ²) and premises of 65,066 square feet (approx. 8,000 m ²)	Owned	
Ciudad Obregon, Sonora, Mexico, reporting to Radiall USA Inc.	Factory	12,546 m ²	Lease agreement dated 1 November 2006 and amendment of 1 March 2007, for a term of 10 years renewable	Comprising three buildings, one of which was completed in June 2008, with a surface area of 3,785 m ²
8950 South 52 nd Street, Suite 401, Tempe, 85284 Arizona, USA	Administrative and sales offices	Premises of 10,368 square feet	Lease agreement dated 16 November 2011 for a term of 62 months beginning on 15 December 2011	

The following tables present the headcount, including temporary staff and on-site service providers, per site:

Site ⁽¹⁾	Group headcount 2012 including temporary staff and on-site service providers (average 2012)
Château –Renault (France)	368
Isle-d'Abeau (France)	315
Voreppe (France)	382
Dole (France)	139
Champfeuillet (France)	53
Rosny (France)	67
New Haven (USA)	176
Tempe (USA)	36
Bangalore (India)	119
Shanghai (China)	392
Obregon (Mexico)	395
Other	58
GROUP	2,500

(1) The Château-Renault, Isle d'Abeau, Voiron and Voreppe sites report to Radiall S.A., Dole to IDMM, and New Haven, Obregon and Tempe to Radiall USA Inc. The Bangalore site reports to the Radiall India Private Limited subsidiary and the Shanghai site to Shanghai Radiall Electronics Co, Ltd. The Champfeuillet site reports to Raydiall.

The average number of temporary staff and on-site service providers for the year represented 717 people.

The factories listed above are not used for any specialised production.

The capacity and utilisation rate of factories varies significantly from one site to the other and is not constant from one month to the next. Radiall's current production capacity is able to handle up to a 20% increase in activity. Beyond this, with the exception of the Obregon industrial site, which still has significant reserve capacity to cover large-scale aeronautics programs as they are scaled up, the Company would need to increase sub-contracting, expand the existing industrial sites or create new ones.

5. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

5.1 Research and development

Radiall is committed to sustained research and development, both in terms of the development of new products and the use of new materials. This R&D is performed in three ways: either as part of research projects which are 30 to 50% financed by sponsoring bodies, or via Radiall's design departments cooperating with their customers, or by developing or improving certain components used to manufacture Radiall connectors. The sponsoring bodies that provide part of the financing for these projects include OSEO ANVAR and the French Department of Competitiveness, Industry and Services.

The R&D strategy is geared towards satisfying requirements for new technologies (WIMAX, 3G+, 4G, etc.) and customers' demands or wishes (reducing product size, reducing connector weight, simplifying connectors, etc.), or to improving Radiall's expertise, either independently or in collaboration with partners, in terms of the materials (aluminium, composites, etc.) used in industrial processes.

The expenses incurred are presented in the following table:

(€ thousands)	2012	2011	2010
R&D costs *	16,551	15,733	15,605
% of sales	7.5%	7.7%	8.4%

* Amounts before research tax credit.

The consistently high research expenditure in 2012 reflects the Company's commitment to maintaining a high level of research and development, given R&D's strategic importance to innovation and, thus, the Group's competitive edge in the future. In general, the Company does not capitalise its research and development expenditure, except in specific cases where certain development expenses on long-term projects (aeronautical) may be subject to amortisation depending on the amounts produced in order to be more in line with the economic reality of the project. At 31 December 2012, previously capitalised Research and Development projects were fully amortised.

IAS 38 paragraph 128b encourages the description of intangible assets that are not recognised because they do not meet the criteria. Further precise detail is not provided mainly due to the very large number of small projects with a very small individual value. Radiall's development costs are almost always incurred in response to a customer's request and may be classified into two categories:

- Small projects that often only need a few days' research. This work is generally linked to a customer's specific order. In this respect, any evaluation of the commercial prospects and the existence of a specific market for this development is difficult if not impossible. Moreover, the individual sums involved are relatively insignificant.
- Larger projects (amount fixed internally at €150,000 or more). These projects are subject to a quarterly technical, financial, and commercial review to evaluate, among other aspects, the project's capital value pursuant to IAS 38 criteria. In most cases, the majority of the expenditure is incurred before all the IAS 38 criteria have been satisfied. In general, the two main criteria that are satisfied too late are either reasonable assurance that technical feasibility will be achieved or that the future economic prospects will generate future economic benefits.

These projects are funded by global self-financing at Group level and possibly grants or public funds. The R&D sums shown in the above table represent these costs before the application of the Research Tax Credits the Company benefits from in France. In 2012, the Research Tax Credit, provided to Radiall S.A. and D-Lightsys, totalled €1,186 thousand. In 2011, this amounted to €1,093 thousand.

5.2 Intellectual property

5.2.1 Patents

The Company holds 290 patents and 5 utility models, which can be divided into 75 groups. These patents are typically filed and registered in certain European countries, the United States and China. In particular, they cover the following fields:

- Optics;
- Microwave components;
- Switching;
- Antennae;
- Multi-contacts;
- Coaxial components.

Radiall's constantly evolving product range means that the 20-year statutory protection period largely suffices to ensure that the Company does not become dependent on them. Conversely, it should be noted that the life cycle of Radiall's products is shorter than the protection period offered by the patents.

5.2.2 Trademarks

The Company has registered the Radiall trademark in 47 countries, including the majority of countries within the European Economic Area, the United States and certain countries in South America, Asia and Africa. In addition to the Radiall trademark, the Company has also registered the following trademarks: EPX, Quick Lock Formula, QLF (logo), LuxCis, R2CT, SMP-Max, SMP- Lock, and OSIS; these have been registered in the majority of countries within the European Economic Area, the United States, Canada and Asia.

6. FINANCIAL MANAGEMENT REPORT

The Executive Board of Radiall S.A., in its meeting held on 5 April 2013 and chaired by Pierre Gattaz, approved the consolidated financial statements for the year 2012.

6.1 Key Figures

(€ thousands)	2012	2011	Change 2012 – 2011
Sales	220,058	203,337	8.2%
Profit from recurring operations	18,250	10,114	80.4%
Margin from recurring operations	8.3%	5.0%	
Other operating income and expenses	1,474	(182)	n.s.
Operating profit	19,724	9,932	98.6%
Net cost of financial debt	(667)	(1,589)	(58.0%)
Other financial income and expenses	(73)	(961)	(92.4%)
Income tax	(5,135)	(2,146)	139.3%
Net profit	13,849	5,236	164.5%
Net margin	6.3%	2.6%	
Cash flow from operating activities	25,372	12,843	97.6%
Equity (including minority interests)	137,499	127,258	8.0%
Net financial debt	(30,468)	(9,425)	223.3%

6.2 Continued sales growth in 2012

The Group's consolidated sales amounted to €220,058 thousand in 2012 compared to €203,337 thousand in 2011, representing an increase of 8.2% as reported and 8.8% on a constant consolidation scope compared with 2011.

On a like-for-like basis, excluding the proportional consolidation of Raydiall since 1 July 2012 and more favourable exchange rates in 2012, sales growth was 4.4%, reflecting continuous business growth since 2009.

North America was the geographic region that most contributed to the sales momentum in 2012, driven notably by civil aeronautics, the market segment that experienced the strongest growth across all geographic regions. Industry was also amongst the best performing sectors, unlike the telecoms sector which declined.

The Defence and Space segments grew 3.7% in 2012. Despite a fall in military spending, Radiall was able to grow in the United States and Asia due in particular to the performance of its multi-band antennae for radio-communications and the technological breakthrough brought about by the D-Lightsys components. In the Space sector,

business declined in 2012 owing to an exceptional level of billing volume in 2011 and the postponement of certain programmes. Space remains however a market posting a growth trend for Radiall.

Radiall recorded an excellent performance in the aeronautical sector in 2012 with growth of 34.9% due both to a buoyant market and the Company's excellent positioning in all the new worldwide aeronautical programmes. As this market is largely denominated in US dollars, the weakness of the Euro in 2012 compared with 2011 also contributed significantly to Radiall's performance in 2012. Whilst the recent difficulties experienced by the B787 could lead Radiall to downgrade its growth forecasts for 2013, the overall prospects for this sector remain excellent for the next three years at least.

The Telecoms segment, which fell by 23.6%, was simultaneously marked by the optimisation of its business portfolio, coupled with extensive efforts to implement new products in the 4G/LTE network equipment. Rolled out at the end of the year, deployments of these networks should intensify over the course of the next year, especially in the United States, and should ensure this segment's contribution to net profit increases.

The industrial segment, which is fragmented over numerous markets, experienced growth of 12.7%, in particular by continuing its commercial development in the medical imaging sector (non-magnetic coaxial connectors), and by developing relations with new industrial customers. The increased prospection effort should contribute next year to the continued development of this market.

Automotive activity fell 17.6% due in particular to a significant drop in sales in Southern Europe, as well as the 50% proportional consolidation of this business since 1 July. On a constant scope, the decrease compared to 2011 was only 5.2%. The successful entry with new products into Germany and the United States, as well as the commercial support of our partner A. Raymond should provide growth opportunities over the next few years.

The Group's international sales make up 80.5% of total sales and increased by 10.8% compared to 2011. Revenue by geographic region and market was as follows:

(€ thousands)	2012	2011
BY MARKET		
Wireless telephony	28,335	37,114
Military, Aeronautics, Space	147,812	124,410
Automotive telematics	8,647	10,498
Industrial	35,265	31,315
BY GEOGRAPHIC REGION		
France	42,975	43,419
European Union, excluding France	42,259	46,353
Americas	81,881	62,953
Asia and rest of the world	52,943	50,612
TOTAL GROUP	220,058	203,337

The Executive Board specifies that Radiall's main activity is the design, development and manufacture of electronic components for use in wireless communications, automotive telematics, and military and aeronautic equipment. The Group considers that these products represent a single activity in the sense of IFRS 8.

6.3 Continued sales growth

Quarterly sales over the last two years are as follows:

(€ thousands)	2012	2011	Change 2012 - 2011
1 st quarter	54,491	50,243	8.5%
2 nd quarter	55,385	53,099	4.3%
3 rd quarter	56,369	49,238	14.5%
4 th quarter	53,813	50,756	6.0%
FY total	220,058	203,337	8.2%

Sales growth continued on the previous year's trend and sequentially throughout the first three quarters of 2012. For the whole year the ratio of orders to invoices was 1.01.

6.4 Increase in profit from recurring operations

Taking into account the growth generated in 2012, a more favourable product mix, increased operational excellence and fluctuations in the €/USD exchange rate, as well as more favourable raw material prices than in 2011, Radiall significantly increased its profit from recurring operations in 2012. Radiall achieved this performance in 2012 whilst continuing to maintain a research and development effort at a high level of €16,551 thousand or 7.5% of sales.

Therefore, the Group's profit from recurring operations in 2012 totalled €18,250 thousand (8.3% of sales), against €10,114 thousand in 2011, an increase of 80% compared with the previous financial year.

6.5 Net non-recurring income

As a result of the capital gain realised on the sale of 50% of Raydiall's automotive business on 4 June 2012, and of a non-current writedown provision for the fixed assets of the Voiron (Isère district) industrial site, which is undergoing demolition and decontamination, a net non-recurring income of € 1.5 million was recognised.

6.6 Significant Increase in net profit

Taking account of the net non-current income, operating profit for the year totalled €19,724 thousand (9.0% of sales), almost double the figure recorded in 2011.

Including a decrease in the cost of the financial debt and other financial income and expenses compared with 2011, and a negative tax effect following the increase in operating profit, net profit was €13,849 thousand, or 6.3% of sales, which was an increase of 165% compared to the 2011 financial year.

6.7 Headcount

CHANGE IN HEADCOUNT *	31 Dec. 2012	31 Dec. 2011	Change 2012/2011
France	1,323	1,323	-
Europe (excl. France)	37	41	(4)
North America and Mexico	656	587	69
Asia	504	505	(1)
Total	2,520	2,456	64

* Includes temporary staff and on-site service providers in Mexico.

As a result of business growth, headcount increased by 64 people or 2.6%, primarily in Mexico. This increase consisted mainly of employees under fixed-term contracts, on-site service providers and temporary staff, with the total number of permanent contracts having increased by two and the number of fixed-term contracts having decreased by 54.

6.8 Self-financing capacity, net cash position and equity

Against a backdrop of growth and profitability in the 2012 financial year, the self-financing capacity rose to €28.5 million in 2012, versus €19.4 million in 2011.

Despite the business growth, the working capital requirement was reduced by €4.6 million over the course of 2012, as Radiall continued the drastic implementation of its programmes aimed at optimising operational efficiency and its inventory, whose level at the end of the financial year stood at €41.8 million against €42.6 million at the end of December 2011 (excluding Raydiall inventory). Likewise, a more favourable market and geographic mix enabled it to further improve the turnover of trade receivables.

After taking into account the change in working capital requirements and tax and interest charges, the cash flow generated from operating activities stood at €25.4 million, almost double the €12.8 million figure generated in the previous financial year.

After €8.2 million in 2010 and €8.1 million in 2011, capital expenditure was more moderate in 2012 and stood at €7.3 million, representing 3.3% of revenue. This expenditure focused mainly on equipment for customer projects, as well as on improving the industrial capacity in preparation for the future.

During the year, the Company also disposed of 50% of its automotive subsidiary Raydiall, resulting in the collection of €4.1 million during the year, which curtailed the cash flow used by investment activities to €2.4 million.

In July 2012, Radiall redeemed the balance of OBSAAR bonds issued in July 2007 for €20.8 million. At the same time, the Company drew down €7 million on credit lines set up in July 2011. Taking account of these transactions and any dividends paid, the cash outflows related to financing activities totalled €15.5 million for the financial year.

As a result of these movements during the financial year, available net cash rose from €37.5 million at 31 December 2011 to €44.9 million at 31 December 2012 and the total, mainly long term, bank debt was reduced at the end of December 2012 to €14.4 million, or a cash net of debt position of €30.5 million at the end of December 2012, against €9.4 million at the end of December 2011.

After allocation of net profit from 2012, equity amounted to €137,499 thousand.

In 2012, the Company pursued a policy of partial foreign exchange hedging to cover itself against the risk of devaluation of foreign exchange assets, in particular those denominated in US dollars.

6.9 Parent company results

Sales for 2012 were down 2.8% compared to the previous year to €132,990 thousand, of which just over half related to inter-company flows. The fall in sales was linked to the conversion on 1 January 2012 of the automotive division as a subsidiary, named Raydiall, which generated sales of €10.1 million in 2012.

Operating profit in 2012 totalled €2,719 thousand, versus €2,031 thousand in 2011.

Net financial income represented €6,582 thousand in 2012, compared to €2,175 thousand in 2011. This increase is the result of dividend levels and financial income that were significantly higher than in 2011. As a result, and taking account of a net non-recurring income of €4.9 million linked to the capital gain from the sale of fixed assets for €2.9 million and a €2 million reversal of accelerated depreciation charges, the net profit was €14,460 thousand, against a net profit of €5,432 thousand in 2011.

At 31 December 2012, equity amounted to €97,678 thousand and the net cash position increased from €23,636 thousand to €26,006 thousand. For the record, in July 2012 Radiall redeemed the balance of OBSSAR bonds issued in July 2007 for €20,844 thousand.

KEY FIGURES (€ thousands)	2010	2011	2012	Change 2012/2011
Sales	122,513	136,858	132,990	(2.8%)
Operating profit	1,574	2,031	2,719	33.9%
Operating margin	1.3%	1.5%	2.0%	
Net financial income	861	2,175	6,582	202.6%
Profit from ordinary activities	2,435	4,206	9,300	121.1%
Net non-recurring income	98	791	4,871	515.8%
Income tax (refund)	(228)	435	289	(33.6%)
Net profit	2,305	5,432	14,460	166.2%
Equity	83,670	86,859	97,678	12.5%
Net cash and cash equivalents*	39,933	23,636	26,006	10.0%

* Cash + Marketable securities + Treasury shares – Current bank overdrafts

The overall amount of tax-deductible expenses referred to in Article 39-4 the General Tax Code (Art. 223-5, Art. 39-5 and 54-4 of the General Tax Code): Nil.

6.10 Bond issue

On 18 July 2007, the Radiall Group issued bonds with redeemable equity warrants (OBSSAR) which were the subject of an operating note dated 18 June 2007, approved by the AMF under No. 07-199 and detailed in the Management Report for the year ended 31 December 2007. The OBSSAR bonds issued, which totalled €39,478 thousand, redeemable in full in July 2012, were partially repaid in July 2011 for €18,633 thousand to the underwriting banking institutions, with the balance being fully redeemed in July 2012. At the same time, Radiall drew down €7 million from the credit facilities entered into in July 2011.

6.11 Post-balance sheet events

The Group declares that no event has taken place between the reporting date of the financial statements for the year ended 31 December 2012 and the date the Supervisory Board approved these financial statements.

6.12 2013 Outlook

Radiall's overall business should remain on track in 2013 and should yield moderate growth thanks to the continuation of a robust growth outlook in its aeronautics sector, and the continuation or even strengthening of the Group's market shares in other market segments, even if some of those remain uncertain due to possible delays in the rollouts of customer programmes. This outlook remains subject to the current general economic climate remaining unchanged and to the Group not facing new negative developments in the Euro/USD exchange rate and the price of raw materials.

6.13 Main risk factors

Radiall is a diversified international group operating in multiple sectors. The main risks listed are as follows:

6.13.1 Impairment of assets

This risk mainly concerns three balance sheet items: fixed assets, inventories and trade receivables.

In terms of fixed assets, the risk relates to impairment due to the equipment being under-used or not fit for purpose.

To reduce this risk, and in accordance with IFRS requirements, there is a systematic annual review of any indications of impairment in factories and any possible adjustments are recorded.

For inventories, slow rotations and obsolete equipment are reviewed on a quarterly basis. A provision is made for the difference in relation to the market price or the risk of scrappage, if necessary.

Finally, the customer portfolio is rigorously monitored by the Credit Management Department and for the majority of European and Asian entities, credit insurance has been underwritten with a reputable insurer. Moreover, all of the Radiall Group's sites are covered by a multi-risk industrial insurance policy covering against accidental destruction of the production capacity.

6.13.2 Operating losses

As well as insuring the Group against serious incidents (fire, flooding, etc.), the insurance policy also covers operating losses.

Operating losses also include exchange rate risk on commercial transactions. Radiall, which generates approximately 50% of its revenue in currencies other than the Euro, has a selective hedge policy to cover Euro/USD flows, taking into account the high cost of premiums and the risks of fluctuations in USD-denominated collections. At the end of 2012, the Group had on its books several optional Euro/USD contracts exercisable in 2013 for a total of USD 16.9 million.

Finally, Radiall has underwritten insurance policies to cover the consequences of any incident in which its civil liability is incurred due to the actions of its employees or faults caused by its products. These policies cover virtually all situations where the financial consequences of the loss could not be met by the Group.

6.13.3 Strategic error or losing strategy

From 2005 and continuing in 2007, this last major risk was the subject of a coordinated project involving all members of the Management Committee. This project led the parties present to validate the Group's strategic policies and put in place indicators to monitor their deployment. Since that date, the Company has carried out several strategic studies aimed at validating and updating its strategic directions. Since 2012, the Company's five year planning cycle review has been introducing analyses and more regular debate that should enable better anticipation of the risks associated with strategic errors and losing strategies when strategic decisions are made.

6.13.4 Information of supplier payment terms

The payment terms for suppliers are generally 45 days from the end of the month in France. Pursuant to Article D. 441-4 of the Commercial Code, the schedule for French supplier invoices at 31 December 2012 comprises €6.2 million payable in under 30 days and €7 million payable between 30 and 45 days from the end of the month.

6.14 Technological report, research and development

Research and development costs are detailed in Chapter 5.1.

6.15 Shareholders' handbook

Stock market performance

(€)	High	Low	Year-end	EPS (Group share)*
2006	105.00	68.05	98.20	8.68
2007	115.99	90.00	91.00	5.87
2008	91.45	35.05	47.00	3.56
2009	48.50	34.01	43.10	(6.40)
2010	80.10	60.49	71.50	2.24
2011	84.00	72.30	75.00	2.62
2012	97.50	73.99	90.00	7.28

* Net earnings per share in accordance with IFRS.

Share capital ownership	31 December 2012		31 December 2011	
	% shares	% voting rights	% shares	% voting rights
Société d'Investissement Radiall*	32.6	35.3	32.6	35.3
Hodiall *	51.4	55.7	51.4	55.5
Pierre Gattaz	2.7	2.9	2.7	2.9
General public and other	13.3	6.1	13.3	6.3

*Holding companies combining the Gattaz family's interests in Radiall. These holding companies and the members of the Gattaz family have declared that they act jointly (Notice n°95-3290 published by SBF - Bourse de Paris dated 17 November 1995).

At 31 December 2012, Radiall held 37,812 treasury shares recorded as financial assets, representing 2.05% of the share capital.

Stock option plans at 31 December 2012

No stock option plans were in effect during the year 2012.

Stock options granted to the 10 leading non-corporate officer employees and options exercised by the latter

No options were granted during the financial year by the issuer or any company included in the scope of the allocation of options and none were exercised in 2012.

For the record, no options issued in previous financial years remained exercisable at 31 December 2012.

Stock warrants or options exercised during the year by each corporate officer

No corporate officer exercised any stock warrants or options during the financial year 2012. For the record, no options issued in previous financial years remained exercisable at 31 December 2012.

Share transactions by executives

Nil.

Dividends paid during the last five financial years (€)

FY	Number of shares	Net dividend (€)
2007	2,230,477	1.30
2008	2,181,947	0.95
2009	1,848,124	0.75
2010	1,848,124	0.85
2011	1,848,124	0.90

For information, the share capital has been converted into euro without reference being made to any par value.

Draft resolution to the Ordinary General Meeting for the year 2012

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, acknowledges that the net profit for the year 2012 totals €14,460,308.26.

Considering retained earnings carried forward of €6,508,570.54, distributable profits total €20,968,878.80.

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, decides to allocate distributable profits for the financial year 2012 as follows:

- to dividends, being €1.15 per share	:	€2,125,342.60 ¹
- the balance, to retained earnings	:	€12,334,965.66

After payment of dividends, retained earnings were €18,843,536.20. Dividends will be payable from 30 May 2013.

¹ Subject to the allocation to the general reserve of dividends attributable to treasury shares held by the Company on the ex-dividend date.

7. CORPORATE GOVERNANCE AND INTERNAL CONTROL

➤ Summary of statutory duties

Pursuant to Article L. 225-68 of the Commercial Code, in the present report, the Chairman of the Supervisory Board details the conditions for preparing and organising the Board's work and the control procedures currently in force or which are in the process of being introduced within your company.

Moreover, following the publication of the Middlednext corporate governance code for small and medium-sized companies in December 2009, the Company decided to comply with this code.

This report was compiled using the IT systems managed by the Finance Department, the Internal Audit Department, and all internal policies and procedures.

7.1 Conditions of preparation and organisation of the work of the Supervisory Board and corporate governance

7.1.1 Radiall S.A.'s administrative and management bodies

Radiall S.A. is a public limited company having opted for a dual board structure with a Supervisory Board and an Executive Board.

The Supervisory Board oversees the smooth operation of the Company and the Group and reports to shareholders. The Supervisory Board permanently monitors the management of the Company by the Executive Board and grants prior authorisation for operations by the Executive Board requiring said authorisation. The Supervisory Board appoints the Chairman and the members of the Executive Board.

The Executive Board has the widest powers with respect to third parties to act in the Company's name in all circumstances, subject to the powers expressly reserved, by law, for the Supervisory Board and General Meetings.

The limits imposed on the powers of the Executive Board established in Article 18 of the Articles of Association surpass the legal requirements. This Article states that all purchases, exchanges, and sales of businesses or property, the formation of companies or any contribution to companies that have already been formed or to be formed, as well as any acquisition of interests in said companies must have prior authorisation from the Supervisory Board. These limitations are invalid against third parties.

Moreover, in its meeting on 20 April 2012, the Supervisory Board fixed the amounts below which its prior authorisation would not be required to create sureties.

The Supervisory Board has Internal Rules that provide for the use of communication means such as videoconferencing. The Internal Rules were modified following studies performed by the Working Group during the 2006 financial year. The updated Internal Rules were presented during the Supervisory Board meeting of 27 March 2007, which ratified all modifications proposed.

The Executive Board, like the Supervisory Board, meets at least once a quarter and presents a quarterly business report to the Supervisory Board, in accordance with the legal requirements. Given the size of the Company, the Supervisory Board and the Executive Board do not have any specialised committees.

Composition and operation of the administrative bodies

- Supervisory Board

The Supervisory Board comprises five (5) members, two (2) of which are independent.

The Company took note of the entry into force of Law no. 2011-103 of 27 January 2011 on the balanced representation of women and men on company boards and professional equality, which requires that the proportion of members of each gender on boards of directors and supervisory boards not be less than 20% at the end of the first ordinary General Meeting held after 1 January 2014. This law applies to companies whose shares are traded on a regulated market.

Radiall's Supervisory Board currently includes one female member, Roselyne Gattaz, out of a total five members; therefore the 20% requirement is satisfied.

The members of the Supervisory Board are convened to meetings by the Chairman or his agent by any means appropriate, including verbally.

The Supervisory Board met four times in 2012.

On average, meetings are attended by two thirds of members.

“Majority” members:

- Yvon Gattaz, Chairman
- Roselyne Gattaz, Member
- Bruno Gattaz, Vice-Chairman

Independent members:

- Marc Ventre, Member
- Didier Lombard, Member

Directors satisfying the definition and criteria in the Middenext corporate governance code for small and medium-sized enterprises of December 2011 are considered independent.

Information on the members of the Supervisory Board and the list of their corporate offices are provided in the 2012 Financial Report.

Marc Ventre was appointed on 7 December 2010.

Content of the Supervisory Board meetings:

The main items discussed in 2012 by the Supervisory Board were:

- Review of the financial statements and approval of the Management Report,
- Changes to the members of the Supervisory Board,
- Discussion of the Executive Board's quarterly business reports,
- Review of the regulated agreements,
- Changes in the Group's structure and equity interests,
- Discussion on internal control procedures,
- Renewal of the terms of office of the Chairman of the Executive Board and the members of the Executive Board,
- Acquisitions or divestment projects,
- Authorisations granted to the Executive Board to create sureties and guarantee subsidiaries' commitments,
- Authorisation of investments,
- Authorisation of sale of land.
- Decision to submit the 2013 budget and new 2013 organisation: effective from 1 January 2013,
- Decision for Radiall Ventures to purchase D-Lightsys shares and dissolution through merger of D-Lightsys,
- Decision on the Voiron building project,
- Contract for the sale of the business goodwill of Radiall Elettronica (Italy) to Radiall S.A.

• Executive Board

The Executive Board comprises the following two (2) members:

- Pierre Gattaz, Chairman;
- Guy de Royer, Member and Group Chief Financial Officer.

At the meeting of the Supervisory Board of 12 December 2012, a third member of the Executive Board, Dominique Buttin, was appointed with effect from 1 January 2013. Information on the members of the Executive Board and the list of their corporate offices are provided in the 2012 Financial Report. The Executive Board is convened by the Chairman or two of its members.

The Executive Board met four (4) times in 2012. All members were present at the meetings.

Content of the meetings of the Executive Board:

The main items discussed in 2012 by the Executive Board were:

- Preparation of the quarterly business report,
- Preparation of the financial statements, forecast documents and release of the Management Report,
- Notice of Annual General Meeting,
- Issuing the list of regulated agreements,
- Acquisition or divestment projects,
- Requesting authorisation from the Supervisory Board to create sureties and guarantee the subsidiaries' commitments,
- Authorisation of investments,
- Authorisation of sale of land.

• **Operational Departments Committee**

The Executive Board relies heavily on the Operational Departments Committee (ODC) to define and deploy the Group's strategy and to manage the Company. The ODC, which comprises all members of the Executive Board, meets once a fortnight.

Composition of the ODC at 31 December 2012

- Pierre Gattaz, Chairman of the Executive Board,
- Dominique Buttin, Director of the Aeronautic, Defence & Instrumentation Division,
- Eric Charlery, Director for the Asia Region,
- André Hartmann, Director of Human Resources and Support Functions,
- Patrick Le Normand, Director of Industrial Operations,
- Dominique Pellizzari, Director of the Telecoms, Automotive, & Industrial Division,
- Guy de Royer, Chief Financial Officer and member of the Executive Board.

New organisation at 1 January 2013

Radiall decided to form a new organisation on 1 January 2013. With effect from this date, the Executive Board shall have two Committees, replacing the previous Operational Departments Committee, one called the "Executive and Strategic Committee" ("ESC"), responsible for

defining and implementing the Group's strategy and ensuring the Company's major operational decision-making; the other, called the "Operational Steering Committee" ("OSC"), being responsible for guiding the Company's operational management.

7.2 Internal control procedures

In accordance with the commitments made to the AMF during 2008, Radiall chose to use the Reference Framework for internal control published in 2006 by a working group sponsored by the AMF. This framework is currently deployed within the Group.

7.2.1 Definition and purpose of internal control

The internal control system defined and implemented at Radiall aims to ensure:

- Compliance with laws and regulations,
- Application of the policies and guidelines fixed by the Executive Board and the Operational Departments Committee,
- Proper operation of internal processes, in particular those which safeguard assets,
- Reliability of financial information.

and in general to contribute to the control of activities, the efficacy of operations, and the efficient use of Company resources in general.

One of the objectives of the internal control system is to prevent and control risks from the company's activities and the risks of errors or fraud, in particular in the accounting and financial fields. Like any control system, it cannot provide a foolproof guarantee that these risks are completely eliminated.

➤ *Purpose of the report*

This report describes the internal control and risk management policies in place within the Radiall Group, which includes the parent company and the consolidated entities.

7.2.2 Organisation of internal control

7.2.2.2 Persons responsible for internal control

7.2.2.1 Radiall's values and charter

The values of integrity, ethics, exemplarity and skills have been of major concern to the Group for many years, driven by the Chairman of the Supervisory Board, who was one of the founders of the ETHIC movement (French acronym for Human-sized Industrial and Commercial Company).

Radiall's charter focuses on three goals:

- **“Customer satisfaction”**, in order to exist,
- **“Personal fulfilment of employees”**, in order to build,
- **“Prosperity for the company”**, in order to last.

and seven values:

- **“Ethics”**: acting with integrity and respecting our commitments,
- **“Excellence”**: being the best in our business,
- **“Anticipation”**: preventing risks and planning for changes,
- **“Financial discipline”**: defending a key freedom: financial independence,
- **“Innovation”**: advancing with new ideas,
- **“Adaptability”**: knowing how to evolve to win,
- **“Globalisation”**: adapting to international requirements.

The Radiall Charter, which can be accessed on the Group's Internet and intranet sites, is included in the Internal Rules displayed at all of the Group's sites and is communicated to all new employees in the welcome handbook. This Charter is supplemented by the *NICT Charter* (New Information and Communication Technologies), which informs employees of their rights and obligations and aims to raise awareness of IT security issues.

There are also *“Guidelines for Managers operating in France,”* which describe the main values expected of Managers and serve as a basis for annual progress reviews.

The ODC is responsible for internal control and meets every two weeks.

Radiall is also subject to numerous external audits imposed by certain customers, particularly in the military, aeronautics, space, automotive, and telecommunications sectors. These audits cover technical and financial matters and certain aspects of risk control.

At the Group level, internal control is coordinated by the operational and functional departments whose duties are as follows:

- **Finance Department**

This Department groups together the following functional activities:

- **Accounting**: Accounting prepares Radiall S.A.'s parent company financial statements, tax statements and consolidated financial statements.
- **Management Control**: Management Control prepares a monthly management report and ensures the reliability of financial information. It oversees the budgeting process, and has authority within a dual Division/Geographic region-based organisational system.
- **Internal Audit**: The internal auditor helps implement the provisions of the LSF (French Financial Security Law) and performs any audits throughout the Group requested by General Management. A new Internal Audit Charter has been established, and an audit schedule is submitted each year to the Supervisory Board, convened as an Audit Committee. The role of Internal Auditor which has remained vacant since the fourth quarter of 2011 was filled in March 2013.
- **Treasury**: The Treasury Department balances financial flows and manages the investment of the parent company's surpluses (in instruments with no capital risk). It is also responsible for hedging the Group's foreign exchange risk.

- **Legal:** The Legal Department acts as Legal Secretary for Radiall S.A., advises the operational departments on drawing up and respecting contractual commitments and manages litigations. It also manages and optimises the Group's insurance program. It keeps abreast of changes in French, European and international law, and provides permanent legal watch. It also ensures that the Company respects its obligations as a listed company, especially in terms of regulated information, following the transposition of European directives into French law.
- **Credit Management:** Credit Management collects Radiall's receivables, monitors the credit insurance cover of the Group's entities and handles pre-litigation matters.
- **Insurance:** Insurance develops and implements a comprehensive worldwide insurance policy to cover all insurable risks.
- **Financial Communication:** Financial Communication publishes press releases and all financial information in compliance with existing legislation. The Financial Communication Officer is responsible for dealings with the AMF, Euronext and financial analysts.

These activities are performed internally or subcontracted to the Hodiall company, the Radiall Group's holding management company, with which it has a service provision agreement.

- **IT Department**

This department defines the general policy for IT systems in terms of the technical infrastructure and software used.

It is responsible for the operation of the central systems and manages user access, as well as helping develop new applications. It is also responsible for the security of the Group's IT network.

- **Human Resources Department**

This department is involved in human resources policy and, in particular, the definition of the payment policy and changes to the Group's headcount.

- **Group Quality Assurance Department**

The Radiall Group has developed a total quality assurance strategy through various certifications (in particular ISO 9001 and 14000, EN/AS9100, and ISO TS16949); the Group Quality Department is responsible for setting up, monitoring, and implementing this strategy in all the Group's subsidiaries.

7.2.2.3 Parent company's legal and operational control over its subsidiaries

This control is ensured by effective presence at all subsidiaries' Board of Directors' meetings held in accordance with the local rules in each country.

The subsidiaries have relatively broad autonomy to meet budgetary objectives, but they must respect the Group's procedures (recruitment, investments, etc.). In addition, certain key functions remain tightly controlled by head office (see 'Persons responsible for internal control').

There was no significant change in the Company's legal and operational control over its subsidiaries in 2012.

7.3 Risk management

7.3.1 General policy

➤ *Defining and implementing the strategy*

The Radiall Group has developed a risk management policy to achieve its targets concerning performance, optimisation of operations, compliance with laws and regulations in force, and customer satisfaction. The Group has continued its policy of balancing its portfolio of business activities.

The company's strategy and priority targets have been defined by the ODC and set out in a five-year plan.

7.3.2 Risk assessment

➤ *Mapping major risks*

In 2004, the Internal Audit Department mapped the major risks, with the three main risks being analysed in the management report (operating losses, impairment of asset value, and strategic error or losing strategy). It compiled a list of the major generic and specific risks in the Company's sector, also indicating their nature: industrial, strategic, human and financial. It held interviews with members of Management, asking them to assess the major risks based on a predefined scale in terms of impact, frequency, effect on the Group's net profit, headcount, and assets, and to weigh up these risks in order to identify the main ones. The risks were then listed in hierarchical order and analysed by the ODC. New reviews and assessments, to update the priority levels of major risks, to implement suitable new action plans, and to name personnel responsible for each risk, could not be carried out in 2011 and 2012 due to the vacant internal auditor position. This item should be covered under the 2013 action plans.

➤ *Mapping operational risks*

Radiall did not take any measures in 2011 and 2012 regarding operational risks.

Some of these risks will be reviewed during the assessment of major risks to be carried out in 2013.

7.3.3 Key elements of the Company's internal control system

➤ *Budgeting process*

The budgeting process is one of the pillars of Radiall's internal control system, since it involves all of the Group's functions and key personnel. It analyses risks per activity and sets the performance targets to be achieved. Staff targets are also set based on budgetary assumptions. Summaries of budgeting sessions enable the Group's product/customer/market and industrial and research and development policies to be established, as well as investment plans and areas for development. The budget is prepared monthly for the Group's monthly reporting purposes.

➤ *Delegation of signing authority*

Radiall S.A. and its main subsidiaries all have a formalised delegation system supervised by the Executive Board. This system applies, in particular, to purchase and investment commitments, recruitment, the signing of commercial contracts, bank transactions, and all ISO processes (production, quality, commercial, etc.).

An automated workflow system is accessible on the intranet to increase efficiency and control of the delegation process for investment and recruitment. In 2009 and 2010, the existing banking delegations were reviewed and modified for most of the Group's entities with the support of the internal auditor.

During the 2009 financial year, and with a view to increasing the efficiency and control of operational management, general guidelines for the delegation of authority for management was distributed, as well as a Customer Credit procedure. These guidelines were updated in 2012.

➤ *Assessment of the Quality Management System (QMS)*

One of the key aspects of operational internal control is documentation and ensuring that line operators are familiar with it. A knowledge database is updated and available on the intranet. The Group's policy of training internal quality auditors means that internal and external audits are regularly performed to ensure the control of the procedures and efficiency of the processes. The QMS is assessed each year by the Group's entities to ensure that it is relevant, adequate, and that it is able to achieve the targets set.

7.3.4 Prevention tools

➤ *IT systems infrastructure*

At the heart of the Group's IT system is an ERP, currently available on the market, which centrally links most of the Group's entities. This software is installed on a single central computer hosted by a reputable external service provider, ensuring continuous access and the necessary backups. The Group prefers centralised management of accesses to the various operating systems. Security measures are in place to control the use of email, the ERP and all shared servers in general. An ERP back-up plan is tested annually.

➤ *The Group's insurance policy*

Radiall strives to limit its financial risks and has therefore set up a coverage policy transferring risks which the Group would not be able to support to insurance companies or banks.

The Group has underwritten worldwide insurance policies for property damage (including operating losses), civil liability (both general and for products) and damage during transport. The Group has also subscribed to specific policies for customer risk, the risk of gradual or accidental pollution in sensitive areas, aeronautical risks, and certain risks relating to certain categories of personnel.

Finally, the Group regularly uses forward or optional contracts to cover part of its foreign exchange and interest rate risk.

7.3.5 Internal control of the preparation of the parent company's financial and accounting information

7.3.5.1 Organisation of accounting

This is structured around a Central Accounts Department based at Head Office and factory accounts departments. Their work is overseen by the Accounts Director whose main duty is to ensure compliance with accounting standards (IFRS in particular) in force within the Group.

Central accounting is managed by a Head Accountant, who is responsible for the following tasks: trade receivables, trade payables, cash flow, pay, consolidation and reconciliation of inter-company flows, general accounts, tax returns and relations with the authorities.

The factory accounts departments mainly deal with supplier invoices (goods, services and fixed assets). They report to the Central Accounts Department.

In the main, the principle of the separation of functions (recording/payment) is respected.

7.3.5.2 Organisation of accounting and financial IT systems

Accounting is an integral part of the ERP and is based on one single chart of accounts which is used for the entire Group. All general accounting entries relating to income statements and certain statements of financial position are linked to analytic entries to establish the monthly management report. On 1 January 2011, the Radiall Shanghai subsidiary, designated as the Group's pilot entity, successfully launched SAP's financial module. The performance and integrity of this new IT system was evaluated by the Group's auditors in 2011 and no major weaknesses were identified.

7.3.5.3 Procedures for consolidating the financial statements

The financial statements are consolidated using software that is widely available on the market and which runs on a client server. An employee responsible for the consolidation reports directly to the Head Accountant. This employee receives regular training on regulatory changes and the functions of the software.

Radiall performs four consolidations a year on 31 March, 30 June, 30 September and 31 December of each year. Each company in the Group receives a detailed consolidation schedule to plan and shorten lead times.

Before being integrated and checked in the consolidation software, the entities enter their standard document into a standardised spreadsheet, which has a consistency verification control, thus guaranteeing the quality of the data supplied. A critical review is performed, and the consolidation department can check that the documents are consistent with local figures by remotely accessing the subsidiaries' ERP accounting systems.

The reliability of reporting data was improved, and the time required for closing the accounts shortened after updating the statutory consolidation and management processes and launching the multidimensional consolidation software in 2007. During the fourth quarter of 2012, the Company decided to replace this consolidation software with a latest generation integrated reporting and consolidation tool with the aim of implementing this new software over the course of the first quarter of 2013.

7.3.5.4 Monitoring provisions

At least twice a year, for accounts closing on 30 June and 31 December, General Management and the Finance Department review all provisions recorded on the different companies' statements of financial position.

These provisions are adjusted based on the available information and relevant estimates made while constantly respecting the principle of prudence.

7.3.5.5 Relations with the Statutory Auditors

The parent company and consolidated financial statements are subject to a full audit to 31 December and a limited review to 30 June. Preparation, progress and recap meetings are regularly held with the two audit firms.

To improve efficiency, one of the statutory auditors is also the local auditor for the main subsidiaries.

The Group uses the network of one of the statutory auditors for its international audit requirements in particular.

An audit plan is discussed annually with the Statutory Auditors. This helps direct certain work in special risk areas.

7.3.6 Compensation of Executives - Corporate Officers

The Company believes that the recommendations of the Middledenext corporate governance code for small and medium sized enterprises regarding the compensation of executive corporate officers of listed companies are in line with its corporate governance policy.

A large number of the recommendations have therefore already been implemented within the Group.

The compensation of executives is fixed based on the market benchmarks within the sector in which we operate.

7.4 Procedures specific to the participation of shareholders in the General Meeting

In accordance with the provisions of Article L. 225-68 paragraph 9 of the Commercial Code, this report states that the procedures governing the participation of shareholders in the General Meeting are specified in Articles 21 to 23 of the Articles of Association of the Company.

2013 ACTION PLAN

In an effort to constantly improve the Group's internal control system, Radiall's Supervisory Board communicated the following recommendations to the Executive Board for the year 2013.

These recommendations focus on the following areas:

- Update the Group's major risk guidelines and establish the managerial responsibilities necessary to monitor and anticipate these risks.
- Perform internal audit assignments within several of the Group's entities.
- Audit the Purchasing function.

Rosny-sous-Bois, 5 April 2013

Yvon Gattaz
Chairman of the Supervisory Board

8. STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF RADIALL S.A.,

prepared for the year ended 31 December 2012 pursuant to Article L. 225-235 of the Commercial Code.

To the Shareholders,

In our capacity as Radiall S.A.'s Statutory Auditors, and under the provisions of Article L. 225-325 of the Commercial Code, we hereby present our report on the report prepared by the Chairman of the Supervisory Board pursuant to Article L. 225-68 of the Commercial Code for the year ended 31 December 2012.

The Chairman must compile a report on the internal control and risk management procedures existing in the Company and provide the other information required by Article L. 225-68 on corporate governance. This report must be submitted to the Supervisory Board for its approval.

We are responsible for:

- Informing you of any comments we may have on the information contained in the Chairman's report concerning the internal control procedures relating to the preparation and processing of accounting and financial information, and
- Certifying that the report includes the other information required by Article L. 225-68 of the Commercial Code, it being specified that we are not responsible for verifying the fairness of this other information.

We have performed our work in accordance with the professional standards applicable in France.

Information on the Internal Control Procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform our audit in order to assess the fairness of the information provided in the Chairman of the Supervisory Board's report on internal control procedures used in the preparation and processing of accounting and financial information. This audit involves:

- Examining the internal control procedures used in preparing and processing the accounting and financial information underlying the information presented in the Chairman's report and existing documentation;
- Examining the work which enabled this information and existing documentation to be compiled;
- Deciding whether the major deficiencies in the internal control system relating to the preparation and processing of accounting and financial information that we identified during our audit were appropriately reported in the Chairman's report.

On the basis of our audit, we have no observations to make on the information provided on the Company's internal control procedures relating to preparing and processing the accounting and financial information presented in the report by the Chairman of the Supervisory Board, issued pursuant to the provisions of Article L. 225-68 of the Commercial Code.

Other information

We certify that the report by the Chairman of the Supervisory Board includes the other information required by Article L. 225-68 of the Commercial Code.

Courbevoie, 30 April 2013,

The Statutory Auditors

MAZARS

SIMON BEILLEVAIRE

FIDUS

FRANCIS BERNARD

9. ENVIRONMENTAL AND STAFF MANAGEMENT REPORT

9.1 Introduction and methodological limitations

Article 116 of Law no. 2001-420 of 15 May 2001 on the New Economic Regulations (NRE) introduced the obligation for French companies listed on a regulated market to describe “how the company takes the social and environmental impact of its business activity into account,” in their annual report.

Following the Grenelle II Law of 12 July 2010, Article R. 225-105-1 of the Commercial Code specifically defined the environmental data to be provided in the annual report.

This Environment Report is based on the business activity at Radiall's French industrial sites (Voreppe, Voiron (Champfeuillet), L'Isle d'Abeau, Château-Renault and Dôle), China (Shanghai), India (Bangalore) and the US (New Haven).

It is compiled from 2012 data and takes into account data specified under Article R225-105-1, based on the following three principles:

- Environmental impacts of the business activities,
- Measures taken to limit these impacts, and
- Prevention of emergencies.

The data supplied relates to the entire Radiall Group, except when a different scope is expressly stipulated.

Certain indicators are considered non-applicable given the Group's operations and the absence of SEVESO classified sites:

- the amount of reserves and guarantees set aside for environmental risks;
- the company's technological accident risk prevention policy, its ability to cover its civil liability and the effective means to ensure compensation of victims in the event of an accident.

In addition, the methodologies used for certain indicators may present limitations due to:

- the absence of definitions recognised at national and/or international level;
- the use of estimates or the limited availability of internal or external data required for calculations;

- the practicality of collecting and monitoring information to be implemented within certain of the Group's entities;

Lastly, the data concerning certain indicators relevant to our activity are not provided for the 2012 financial year, notably:

- the Company's economic and social territorial impact, as regards jobs and regional development, and on neighbouring and local populations;
- the actions undertaken to prevent corruption related to corporate commitments to promote sustainable development;
- a summary of collective bargaining agreements;
- a summary of the health and safety at work agreements signed;
- healthy working conditions,
- the severity of work related illnesses qualifying as work-related accidents;
- the total number of training hours.

In order to ensure the reliability of the indicators monitored within all the Group's entities, shared social and environmental reporting tools will be introduced in the future. As the shared tools have not been uniformly introduced, these indicators will not be published for the 2012 financial year.

9.2 Environmental impacts

9.2.1 Consumption of resources

The nature of Radiall's activities means that the consumption of water, raw materials and energy at Radiall's industrial sites is negligible in terms of quantity.

9.2.2 Water

Water consumption and water supply in accordance with local constraints.

10,781 m³ of water was consumed for industrial use, a significant decline from previous years in France. No water was directly withdrawn from the natural environment.

The water is used for surface treatment at the Voreppe and Shanghai sites, tribofinishing at the Voreppe and Dole sites, and washing at the Dole site.

Efficient cooling systems are in place to eliminate the open circuits and the evaporator-concentrator at the Voreppe site enables water to be reused in this process.

More specifically:

- For the Shanghai factory in China, water consumption was 8,278 m³ for industrial water, electricity consumption was 1.9 GWh.
- For the Bangalore factory in India, water consumption totalled 2,000 m³, with rainwater collection practised.
- For the Radiall U.S.A. factory in New Haven, in the United States, water consumption for industrial usage has been phased out. This consumption is low as the site does not own any energy intensive industrial tools.

Tap water consumption stood at 11,026 m³.

There are no local restrictions relating to the sites' water systems.

9.2.3 Energy

Energy consumption, measures taken to improve energy efficiency and the use of renewable energy.

The Group's total energy consumption was 19.8 GWh, including 4.6 GWh of natural gas and 15.2 GWh of electricity. This consumption is stable despite a disparity between an increase in gas and a reduction in electricity usage.

Energy efficiency has improved on certain sites through changes in lighting (LED), the introduction of lighting sensors and a waste heat recovery system and the switching off of compressors during holidays and weekends.

Renewable energies are not yet taken into account on the different industrial sites.

For the Radiall U.S.A. factory at New Haven, in the

United States, electricity consumption is 0.84GWh. This consumption is low as the site does not own any energy intensive industrial tools.

9.2.4 Raw materials

Consumption of raw materials and the measures taken to improve their efficiency in use.

The main raw materials used on the sites are copper alloys, plastics and teflons. The sites also consume chemicals such as solvents, oils, and metal solutions used to coat finished products.

The recycling of packaging and the recovery of metals enables the environmental impact to be minimised.

9.2.5 Use of land

The land used is restricted to buildings and car parks. Materials are not stored directly on the ground, nor is sewage or wastewater spread over the ground. The machinery at the Voreppe site is positioned over watertight floors.

9.2.6 Air emissions

Most of the emissions come from gas boilers used for heating, which mainly produce carbon dioxide and nitrous oxides.

The boilers are maintained and inspected to keep these emissions to a minimum. Performance calculations are carried out for any boilers exceeding 400 kW on French sites.

Less than 11 tons of chlorinated (trichloroethylene, dichloromethane) and non-chlorinated (hydrofluoroether, acetone, alcohol) cleaning solvents are used, representing approximately 1 ton of emissions.

Emissions from extractions from surface treatment baths (acid, cyanide) are insignificant in terms of quantity; however, their impact is more significant. Because of this, the networks were separated, and cyanide-containing emissions are now cleaned at the Voreppe site. This greatly reduced the quantities emitted.

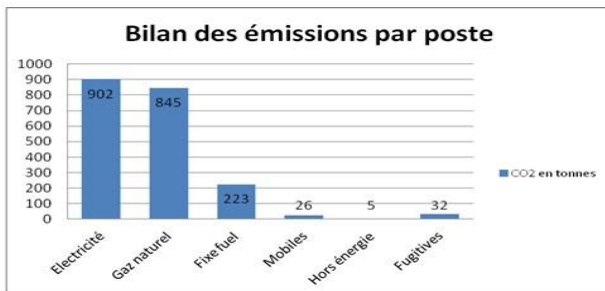
In addition, the use of trichloroethylene has been phased out at the Voiron site.

Greenhouse gas emissions

In accordance with Article 75 of the Grenelle 2 Law, Radiall carried out a greenhouse gas assessment relating to its operations in France.

The scope of this assessment extends to direct greenhouse gas emissions and to indirect energy related emissions, with Radiall not implementing the non-mandatory items for the time being.

Radiall's greenhouse gas emissions assessment for 2011, the year under review, recorded the equivalent of 2,033 tonnes of CO₂. 95% of these emissions was generated by the combustion of natural gas and fuel for heating and emissions related to the production of electricity.



9.2.7 Water discharges

The Voreppe and Shanghai sites are the most environmentally significant. They include a detoxification plant to treat wastewater from the surface treatment unit.

Emissions are approximately 1.4 m³ per day for Voreppe having fallen sharply due to the installation of an evaporator-concentrator.

Measurements are taken daily and sent to the authorities to monitor the discharge of pollutants (cyanide, metals and COD).

Between 1 and 5 m³ is discharged per day from two French machining sites as a result of tribofinishing. A system was put in place at the Dole site to treat water from the tribofinishing process in 2011.

Oil removers are installed alongside parking areas, in accordance with the regulations in force.

9.2.8 Waste

FRANCE

- All the sites combined produce around 389 metric tons of non-hazardous industrial waste (NHIW), representing a decrease in relation to 2011.

This waste comprises paper, cardboard, scrap metal, shavings, scrap plastic and waste from the Company restaurants, and is processed by approved waste collectors.

An average of 51% of this waste is recycled.

A total of 447 metric tons of hazardous waste (HW) was produced, which was an increase as a result of the new "zero discharge" water treatment principle for Voreppe's surface treatment process, which produces concentrates.

This waste is also generated by the surface treatment process: highly concentrated cyanide and metallic baths, metal hydroxide sludges and certain oils and dirty rags from the machining centres are processed externally by approved contractors.

About 30 tons of metal hydroxide sludge from water treatment at Voreppe and residual water from tribofinishing is produced. This waste is partially recycled and then stored in approved burial sites. There is no liquid or solid discharge into the soil.

SUBSIDIARIES

The Shanghai site generated 455 tonnes of industrial waste in 2012 including 49 tonnes of hazardous waste, with a large part of the total being recycled.

The New Haven site generates around 567 m³ of recycled waste amounting to 44% of the total. The Bangalore site recycled four tonnes of material (wood, scrap metal, etc.).

9.2.9 Other emissions

Consideration of noise pollution and any other activity-specific form of pollution

Internal noise measurements were performed as necessary under the supervision of the Health and Safety and the Working Conditions Committees and the company doctors on each French site.

Radiall received no complaints concerning noise, smells or visual nuisance.

9.3 Environmental measures

9.3.1 Organisation of the Company to take account of environmental issues and, where applicable, environmental assessment and certification procedures:

Radiall Group's environmental policy is set out in its ethics and corporate charter and includes the following:

"Radiall Group companies are focused on preventing pollution and promoting respect for the environment amongst its workforce, with particular reference to the ISO 14001 standard, with or without a certification process. Radiall is committed to integrating environmental and safety considerations into product design and processes, and properly manages industrial emissions and waste management."

A person is responsible for environmental matters at each site. This person, who is in particular responsible for monitoring consumption, improvement initiatives and regulation, may be a site manager, a quality assurance officer or a maintenance manager.

In accordance with its policy, the Voiron, Shanghai and Bangalore sites have been certified according to the ISO 14001 environmental management framework for many years.

The French site, Voreppe, has introduced a non-certified environmental management system.

9.3.2 Employee information and training measures relating to environmental protection

Personnel are kept informed through notice boards as well as through monthly team meetings.

Training and education exists for new employees

Staff are trained for emergency situations (drills organised on certain sites with the emergency services) and in the proper use of fire extinguishers.

9.3.3 Resources allocated to the prevention of environmental risks and pollution

Emergency plans to restrict possible pollution have been set up and tested when possible (accidental spillages, fire drills, etc.).

ETARE plans (for listed establishments with a heightened risk) have been established with the regional emergency services for Voreppe and Isle d'Abeau.

The Voreppe site has a safety advisor for the transport of hazardous substances and an annual report is prepared and sent to the site's Management.

Chemical products are stored in retention areas and employees receive regular training in their correct handling.

Radiall did not pay any compensation for pollution, and no claims for damages were brought against the Company in 2012. The Dôle site is in the process of being brought into compliance and has filed an application to be approved as a "Facility Classified for Environmental Protection."

9.3.4 Adapting to the consequences of climate change

To date no action has been taken to adapt to climate change. No Radiall site is located in a vulnerable area and the water consumption is too low to be affected by significant restrictive measures.

9.3.5 Measures taken to preserve or develop biodiversity

Through its operations, Radiall has little impact on biodiversity since it is not involved with the external environment. For the time being, Radiall is not involved in external operations to develop biodiversity (reforestation, etc.).

9.3.6 Consideration given in supplier and sub-contractor relationships to their environmental responsibility

Principal sub-contractors are questioned or assessed on their ability to respect the environment. Some of them are certified under the ISO 14001 standard.

The purchasing departments take into account environmental criteria (PEFC or FSC paper, RoHS, etc.) when purchasing, on a case-by-case basis.

Radiall's purchasing terms and conditions stipulate certain social and environmental requirements.

9.3.7 Measures taken to improve consumer health and safety

As a manufacturer of electric and electronic components, Radiall is subject to European legislation (RoHS and WEEE Directives, REACH Regulation). This legislation is designed to restrict hazardous substances and improve the management of chemicals.

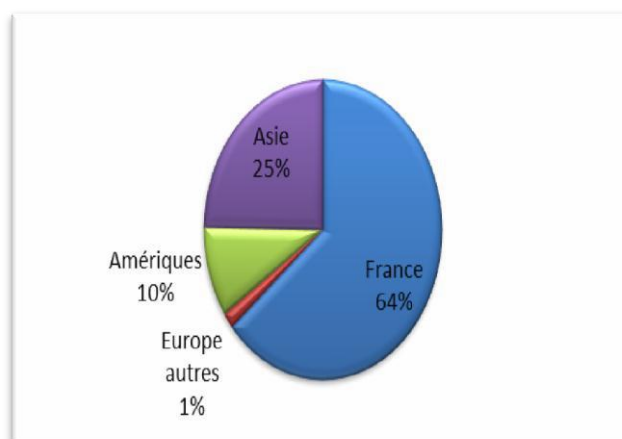
Radiall has taken firm action to comply with these regulations, in particular the elimination of lead, to protect consumer health and safety.

9.4 Worldwide staff management report

9.4.1 Breakdown of total group headcount

	Europe	Americas	Asia	TOTAL
Salaried staff at 31 Dec. 2012	1,181	200	387	1,768
Permanent staff at 31 Dec. 2012 (of which part-time)	1,110 91	200 0	167 0	1,477 91
Fixed term at 31 Dec. 2012	71	0	220	291

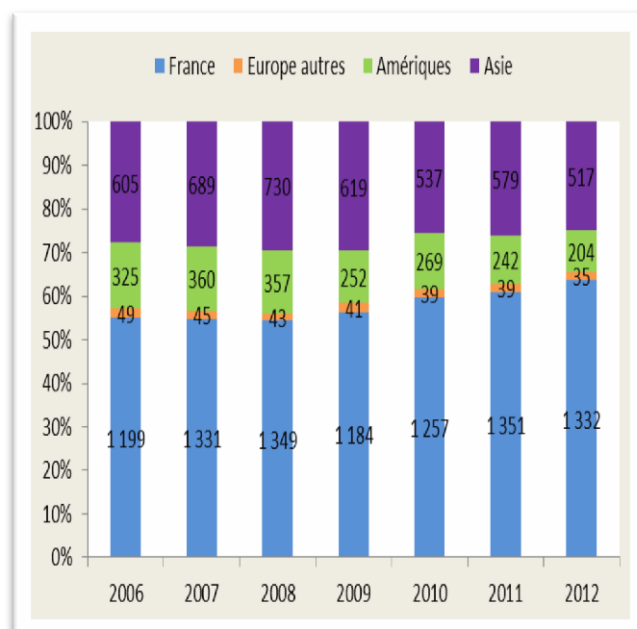
Geographic breakdown of the total headcount (permanent/fixed-term/average temporary staff):



Change over 5 years in headcount under permanent/fixed-term contracts at 31 December 2012

	Europe	Americas	Asia	TOTAL
2012	1,181	200	387	1,768
2011	1,187	220	413	1,820
2010	1,148	238	397	1,784
2009	1,152	235	443	1,830
2008	1,238	273	464	1,975

Change in total headcount (permanent/fixed-term/average temporary staff)



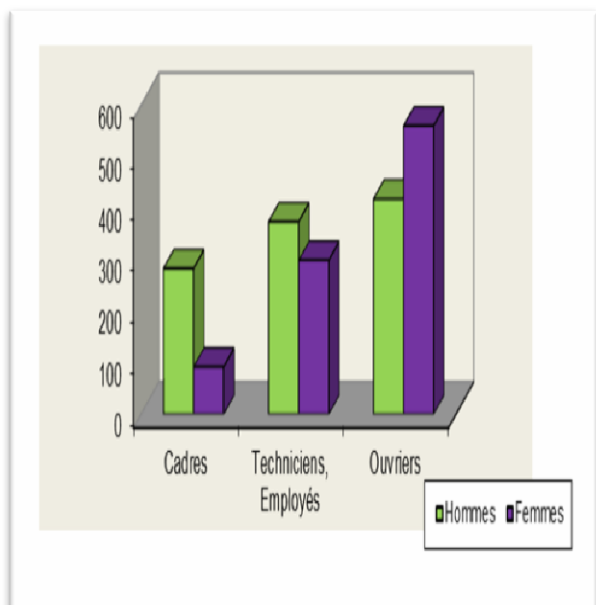
Temporary staff and on-site service providers (yearly average)

	Europe	Americas	Asia	TOTAL
TOTAL	186	400	131	717
Service providers	0	396	1	397
Temporary staff	186	4	130	320

Change over 5 years in yearly average number of temporary staff and service providers

	Europe	Americas	Asia	TOTAL
2012	186	400	131	717
2011	203	323	167	693
2010	150	254	141	545
2009	77	206	178	461
2008	159	284	268	711

Male/Female staff by occupational category:



Women represented 47% of the Group's salaried headcount at 31 December 2012.

Regarding gender equality, each establishment has submitted a comparative study report on gender equality for their respective works council. This measure was also mentioned during the mandatory yearly negotiations with union representatives. A company-wide agreement was signed with the Company's central union representatives on 5 December 2011.

9.4.2 Changes in permanent and fixed-term contracts during the period

	France	Europe (excl. France)	Americas	Asia	TOTAL
New hires	201	1	18	39	259
Departures	203	5	38	65	311
TOTAL	(2)	(4)	(20)	(26)	(52)
Permanent	41	(5)	(20)	(14)	2
Fixed term	(43)	1	0	(12)	(54)

9.5 France over the scope of consolidation

The following information involves all of Radiall's activities in France:

	Salaried headcount 31 Dec. 2012	Salaried headcount 31 Dec. 2011	Change
Radiall S.A.			
Rosny-sous-Bois (93)	67	69	(2)
Château-Renault (37)	310	308	2
St-Quentin Fallavier (38)	237	238	(1)
Voreppe (38)	366	416	(50)
D-Lightsys			
Rosny-sous-Bois (93) and St-Quentin Fallavier (38)	4	5	(1)
Raydiall			
Voiron (38)	47	0	47
I.D.M.M.			
Dôle (39)	115	112	3
TOTAL	1,146	1,148	(2)

9.5.1 Breakdown of staff departures (employees under permanent and fixed-term contracts) during the period, in France

	Permanent	Fixed-term	TOTAL
Resignation	18	1	19
Redundancy for economic reasons	1		1
Contractual termination	14		14
Early termination of fixed-term contract			0
Redundancy for other reasons	5		5
Other (death, etc.)	2	2	4
Retirement	8		8
End of trial period	2		2
End of contract		48	48
Conversion into permanent contract		49	49
Transfer	48	5	53
Total France	98	105	203

Internal geographic mobility

France towards France	France towards abroad
53	0

9.5.2 Breakdown of staff departures (employees under permanent and fixed-term contracts) during the period, excluding France

	Permanent	Fixed-term	TOTAL
Resignation	33	27	63
Redundancy for economic reasons	7	0	7
Contractual termination	0	0	0
Early termination of fixed-term contract	0	0	0
Redundancy for other reasons	7	10	17
Other (Death, etc.)	10	1	11
Retirement	5	1	6
End of trial period	0	0	0
End of contract		1	1
Conversion into permanent contract		1	1
Transfer	5		5
Total excl. France	67	41	108

9.5.3 Training

At Radiall, training aims to develop its employees' expertise. To this end, the Company emphasises:

- Any action that enables employees to become better qualified or to develop their professional expertise,
- Any action that promotes employability to keep up with changes in technology-based jobs or work organisation.

• Training areas

Training areas	Features
Jobs / Tools	<ul style="list-style-type: none"> ☑ Ongoing training to enhance skills related to product innovation, processes and operating procedures; ☑ Continue to undertake training activities aimed at increasing versatility; ☑ Assembly operators: schedule further skills training, in particular through updating core mechanics knowledge; ☑ Additional budget to support the development of new skills (changes in position, new products, new tools, etc.); ☑ Strengthen expertise in key processes; ☑ Consolidate our LEAN culture through expanding understanding and proficiency by broadening the audience and developing expertise; ☑ Supplementing professional skills in the areas where the risks of interruption in our workflows are identified (e.g.: lasers, microwave, blueprint reading).
Communication and management	<ul style="list-style-type: none"> ☑ Support new managers; ☑ Support our managers in their role and strengthen team spirit (management tools, communication appropriate to their role); ☑ Strengthen and develop our managerial approach through support via a more proactive approach;
IT systems	<ul style="list-style-type: none"> ☑ Maintain up to date knowledge in parallel with IT developments ; ☑ Increase basic IT skills in management systems; ☑ Continue to support the SAP project.
Foreign languages	<ul style="list-style-type: none"> ☑ Develop the foreign language skills of people working at an international level and provide technical support to the other Radiall sites worldwide (English/Spanish);
Safety / Environment	<ul style="list-style-type: none"> ☑ Continue to raise awareness of RSI, arduous work; ☑ Promote safety / environment by an organisation and training adapted to each sector of the business; ☑ Continue to train all employees in the proper use of extinguishers; ☑ Train our experts in regulatory requirements.
Project management	<ul style="list-style-type: none"> ☑ Strengthen our manufacturing processes and make them more reliable with the DPP and AVP processes.
IT	<ul style="list-style-type: none"> ☑ Maintain up to date knowledge levels for design tools, office automation and programming.

9.5.4 Company values / ethics / human rights

Through its ethical and social charter, signed in June 2008, the company Radiall supports a set of fundamental values on the basis of the following commitments to:

- Respect International Human Rights law;
- Ensure it is not complicit in human rights abuses;
- Respect freedom of association and the right to collective bargaining;
- Prohibit all forms of forced or compulsory labour;
- Eliminate discrimination in employment and occupation;
- Effectively abolish child labour.

In addition, the company continues to demonstrate its willingness to promote diversity and equal opportunity on the basis of “*The Corporate Diversity Charter*” of which it is a signatory, and to respect the principle of non-discrimination, whatever the area. The company is also taking measures to promote a better work/life balance.

9.5.5 Employment and integration of disabled workers

Radiall, as a “corporate citizen”, promotes local employment through partnerships, in particular with French job centres. The business is one of the leading companies in the various employment areas of the production sites including Château Renault for the Indre and Loire district and Centr’Alp for the Voiron area.

Radiall attaches a certain importance to integration and reintegration; to this end, it has signed the corporate diversity charter. It receives trainees as part of a vocational integration strategy in collaboration with the Association

Aéronautique des Restaurants du Cœur and Relais du Cœur created by Boeing. The company is also keen to support young people to go into industry through apprenticeships and also through “in-house classes”. Many “school” trainees are also received each year across all the company’s sites.

The company is taking measures to meet its obligation to employ disabled workers with a disability through recruitment and sub-contracting services. In respect of 2012, the employment obligation is for 61 units. In order to fulfil its obligations of 57.146 units and of use of sub-contracting services to the Etablissements et Services d’Aide par le Travail (sheltered employment organisation), the company made a compensatory financial contribution of €5,348.

9.5.6 Health and safety conditions

Each site in France has a CHSCT (Committee on Health, Safety and Working Conditions). Management has the members of the CHSCT and other players involved in health and safety meet each quarter to review workplace health and safety conditions. It should be noted that a Single Occupational Risk Assessment Document is in place and enables employee dangers to be identified and employee risks to be assessed.

A report assessing the general situation relating to health, safety and work conditions and recalling the actions that contributed, over the course of the year just ended, to the protection of the health and safety and to the improvement in the working conditions of employees, is presented to the CHSCT members, as well as the annual programme for the prevention of occupational risks and for the improvement of working conditions.

9.5.7 Work Accidents

	No. of work accidents	Average contribution to work accident insurance
2012	16	2.03%
2011	24	1.78%
2010	15	1.56%
2009	19	1.49%
2008	29	1.49%

9.5.8 Annual payroll

(€)	2012	2011	2010
Gross Radiall S.A.	31,418,877	32,469,130	29,233,794
Gross Raydiall	1,658,696		
Gross Radiall Systems	-	105,743	186,636
Gross D-Lightsys	227,126	287,587	303,187
Gross I.D.M.M.	3,302,485	3,353,207	3,240,061

9.5.9 Compensation and change in compensation

For the year 2012, the mandatory yearly negotiations were conducted in each establishment and gave rise to a 2.5% increase in salary, consisting, for non-executive employees, of a metal industry coefficient of lower than 285, of a general increase of 1.2%, an individual increase of 1%, and 0.3% for seniority; and for the other employees, consisting of an individual increase of 2.5%.

An additional increase of €10 per month per employee was granted, thus bringing the average total increase to 2.9%.

9.5.10 Employment relations and collective agreements

Each establishment in France has a works council and designated staff representatives.

Within each establishment, management has these bodies meet on a monthly basis. At the corporate level, management holds two ordinary meetings per year for members of the Central Works Council.

Social activities are managed by each Works Council, which are allocated a specific budget for this purpose.

There are negotiations each year on the subject of compulsory annual negotiations. Furthermore, specific negotiations were held at company level in order to conclude a company-wide agreement on the introduction of an additional guarantee covering the reimbursement of healthcare costs.

9.6 Radiall S.A. staff management

9.6.1 Working hours

The organisation of working hours is governed by the Company-wide "ARTT" Agreement entered into in 2000. Employees have employment contracts for 213 days per annum for executives, and for others, an actual working week of 35 hours, with annual modulation and variable working hours, with the widespread practice of "flexitime" as applied in the industrial facilities.

A Time Savings Account (CET) system is in place for managing leave or reduction of working hours leave. This saving allows for later withdrawal in time or in money.

9.6.2 Absenteeism rate

The absenteeism rate is calculated based on the following absences: illness, industrial accidents or accidents while traveling to or from work, maternity leave, care for sick children, paid or unpaid authorised or unauthorised absences, strikes, and individual training leave.

	Average absenteeism rate
2012	4.69%
2011	3.95%
2010	4.31%
2009	4.64%
2008	4.82%

9.6.3 Profit sharing and bonuses

€1,468,248 was budgeted for Radiall S.A.'s workforce on 31 December 2012 under the profit-sharing agreement in effect.

9.6.4 Training

At Radiall S.A., training aims to develop its employees' expertise. To this end, the Company emphasises:

- Any action that enables employees to become better qualified or to develop their professional expertise,
- Any action that promotes employability in keeping with changes in technology-based jobs or forms of work.

• Training areas

	<i>as a % of expenditure</i>	<i>as a % of hours</i>
Job techniques	44%	42%
IT and office	9%	7%
Management and communication	16%	12%
Quality assurance	2%	1%
Languages	20%	26%
Safety	9%	12%

• Staff trained

- Number of people trained: 631
- Number of trainees: 1,147
- Number of hours worked by trainees: 13,154

• Training budget

The total expenditure for the year allocated to the Radiall S.A. training plan, in addition to contributions and obligatory payments, represented 2.29% of the payroll, i.e.: €740,180.

• Training beneficiaries

	<i>as a % of the number of persons trained</i>	<i>as a % of training hours (within or outside working hours)</i>
Executives	29%	33%
Supervisors/employees	45%	39%
Workers	26%	28%

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1. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position at 31 December 2012

(€ thousands)	Notes	31 Dec. 2012	31 Dec. 2011
Intangible assets	Note 5	8,994	9,665
Goodwill	Note 5	8,885	9,045
Property, plant and equipment	Note 6	56,267	57,581
Other financial assets	Note 7	217	254
Deferred tax assets	Note 17	1,992	1,684
NON-CURRENT ASSETS		76,355	78,229
Inventories	Note 8	41,758	42,608
Trade receivables	Note 9	32,564	34,710
Other receivables	Note 10	7,544	7,341
Income tax	Note 17	4,339	3,143
Cash and cash equivalents	Note 11	44,888	37,536
Assets held for sale			4,089
CURRENT ASSETS		131,093	129,427
TOTAL ASSETS		207,448	207,656
Share capital		2,817	2,817
Share premium		11,929	11,929
Consolidated reserves		103,183	100,799
Foreign exchange differences		1,247	2,427
Net profit, Group share		13,180	4,736
Minority Interests		5,142	4,550
EQUITY	Note 12	137,498	127,258
Deferred tax liabilities	Note 17	5,145	5,591
Long-term financial debt	Note 14	13,776	6,520
Non-current provisions	Note 13	7,053	5,427
NON-CURRENT LIABILITIES		25,974	17,538
Short-term financial debt	Note 14	644	21,590
Trade payables		19,730	19,731
Other liabilities	Note 15	21,005	18,959
Current provisions	Note 13	1,193	814
Income tax	Note 17	1,404	1,355
Liabilities held for sale			411
CURRENT LIABILITIES		43,976	62,860
TOTAL EQUITY AND LIABILITIES		207,448	207,656

Consolidated income statement for the year ended 31 December 2012

<i>(€ thousands)</i>	Notes	31 Dec. 2012	31 Dec. 2011
SALES	Note 4	220,058	203,337
Other operating revenue		67	645
REVENUE FROM ORDINARY ACTIVITIES		220,125	203,982
Materials		(64,316)	(64,382)
Change in work-in-progress and finished goods inventories		(1,017)	1,742
Payroll costs	Note 18	(86,973)	(82,170)
External charges		(36,552)	(35,836)
Taxes and duties		(2,581)	(2,567)
Other trading income and expenses	Note 20	890	917
Impairment of non-current assets	Note 21	(9,894)	(9,214)
Impairment of current assets and provision charges	Note 22	(1,432)	(2,357)
PROFIT FROM RECURRING OPERATIONS		18,250	10,114
<i>Profit from recurring operations as % of sales</i>		8.29%	4.97%
Other operating income and expenses	Note 23	1,474	(182)
OPERATING PROFIT		19,724	9,932
<i>Operating profit as % of sales</i>		8.96%	4.87%
Income from cash and cash equivalents		359	365
Cost of gross financial debt		(1,026)	(1,954)
COST OF NET FINANCIAL DEBT		(667)	(1,589)
Other financial income and expenses	Note 24	(73)	(961)
Income tax charge	Note 17	(5,135)	(2,146)
NET PROFIT		13,849	5,236
Attributable to minority interests		669	500
Net profit, Group share		13,180	4,736
Earnings per share (€)	Note 12	7.28	2.62
Diluted earnings per share (€)	Note 12	7.28	2.62

Consolidated statement of comprehensive income

<i>(€ thousands)</i>	31 Dec. 2012	31 Dec. 2011
Net profit for the year	13,849	5,236
Recognition of actuarial gains and losses on pension commitments in equity	(1,200)	827
Deferred tax on actuarial gains and losses recognised	400	(275)
Gains and losses resulting from the fair value measurement of interest rate hedge instruments	53	1,345
Deferred tax on the fair value measurement of financial instruments	(18)	(448)
Foreign exchange difference	(1,226)	2,229
Total income and expenses recorded directly in equity	(1,991)	3,678
Total income and expenses recognised during the year	11,858	8,914
Attributable to		
- Radiall S.A. shareholders	11,235	8,173
- Minority interests	623	741

Cash flow statement

<i>(€ thousands)</i>	31 Dec. 2012	31 Dec. 2011
Net profit, Group share	13,180	4,736
Share of minority interests in consolidated net profit	669	500
Amortisation and depreciation charges	9,894	9,214
Net change in provisions	1,578	623
Unrealised gains and losses for changes in fair value	(763)	(50)
Capital gains/losses on disposals	(2,245)	91
Interest expense	1,026	2,173
Income tax charge	5,135	2,146
Self-financing capacity	28,474	19,433
Change in inventories	1,150	(139)
Change in trade receivables	1,349	(1,305)
Change in trade payables	1,735	(428)
Change in other assets and liabilities	413	(1,112)
Change in working capital requirement	4,647	(2,984)
Interest paid	(1,500)	(1,716)
Tax paid	(6,249)	(1,890)
Cash flow from operating activities (A)	25,372	12,843
Acquisition of intangible assets	(282)	(265)
Acquisition of property, plant, and equipment	(6,828)	(7,879)
Acquisition of financial assets	(25)	(59)
Disposal of property, plant, and equipment	650	204
Disposal of financial assets	21	102
Net cash from acquisitions/disposals of subsidiaries (1)	4,075	(903)
Cash flow from investment activities (B)	(2,389)	(8,800)
Dividends paid to RADIALL S.A.'s shareholders	(1,630)	(1,540)
Dividends paid to minority shareholders	-	(546)
Purchase and sale of treasury shares	45	(91)
Proceeds from new borrowings	7,000	1,000
Repayment of borrowings (2)	(20,872)	(19,398)
Cash flow from financing activities (C)	(15,457)	(20,575)
Impact of changes in exchange rates (D)	(173)	508
Change in cash and cash equivalents (A+B+C+D)	7,353	(16,024)
Cash and cash equivalents at the beginning of the period	37,536	53,560
Cash and cash equivalents at the end of the period	44,888	37,536

(1) The amount recorded as net cash from acquisitions/disposals of subsidiaries relates to the disposal of 50% of the shares held in the Raydiall subsidiary.

(2) The OBSAAR bonds redeemed in July 2012 for €20,872 thousand (see Note 14) are listed as repayment of borrowings.

Statement of changes in equity

<i>(€ thousands)</i>	Number of shares	Share capital	Share premium	Consolidated reserves	Foreign exchange differences	Group share	Minority interests	Total equity
31 Dec. 2010	1,848,124	2,817	11,929	101,119	439	116,304	4,223	120,527
Income and expenses recorded in equity				1,449	1,988	3,437	241	3,678
Net profit				4,736		4,736	500	5,236
Dividends				(1,540)		(1,540)	(547)	(2,087)
Change in scope				(139)		(139)	133	(6)
Treasury shares				(91)		(91)		(91)
31 Dec. 2011	1,848,124	2,817	11,929	105,534	2,427	122,707	4,550	127,257
Income and expenses recorded in equity				(765)	(1,180)	(1,945)	(46)	(1,991)
Net profit				13,180		13,180	669	13,849
Dividends				(1,630)		(1,630)		(1,630)
Change in scope				4		4	(31)	(27)
Treasury shares				40		40		40
31 Dec. 2012	1,848,124	2,817	11,929	116,363	1,247	132,356	5,142	137,498

Notes to the consolidated financial statements at 31 December 2012

Note 1 – General presentation

Radiall is an industrial group specialising in the design, development and manufacture of electronic components and is a renowned player within its markets: telecommunications, military and aeronautic applications, and automotive. The Group's strong international outlook means that it is present on the five continents through its subsidiaries and an active network of agents and distributors.

Radiall's revenue is not influenced by any specifically seasonal activities.

The consolidated financial statements were approved by Radiall's Supervisory Board on 5 April 2013.

Note 2 – Accounting principles

2.1 Principles used to prepare the financial statements

The consolidated financial statements were prepared in accordance with international accounting standards (IFRS) and IFRIC interpretations in effect at 31 December 2012.

The IFRS information in these financial statements was prepared using the historical cost principle with a few exceptions for various assets and liabilities where the specific provisions stipulated in the IFRS have been applied (namely financial assets evaluated at fair value through profit and loss).

The accounting principles applied by the Group are identical to those used to prepare the Group's financial statements at 31 December 2011.

The following standards and interpretations published by the IASB and adopted by the European Union became applicable to the Group as of 1 January 2012:

- The amendment to IFRS 7 "*Disclosures – Transfers of financial assets*", applicable to financial years starting on or after 1 July 2011. This amendment had no significant impact on the Group's financial statements

at 31 December 2012.

The following standards and interpretations published by the IASB and adopted by the European Union were not applied early by the Radiall Group:

- Revised IAS 19 "*Employee benefits*" (of mandatory application as from 1 January 2013). This will have the following impacts on the Radiall Group's consolidated financial statements for the year ending 31 December 2013:
 - o the full recognition in the balance sheet of the provision for retirement benefits and the cancellation of the option that permitted the impact of the change of scheme to be spread out. As a consequence, Radiall will have to take to its balance sheet an amount of € 1.2 million related to the 2010 change to the collective agreement in France, which was amortised over 17 years,
 - o the retrospective application, namely the restatement of the comparative financial year (2012) considering that the standard has been applicable since 1 January 2012. The restatement of the 2012 financial statements will have the following impacts for the Group:
 - a reduction in the opening equity of the first published comparative financial year, i.e. € 1.3 million at 1 January 2012, and a corresponding increase in the liability for retirement benefits,
 - a € 0.1 million increase in 2012 net profit,
 - o additional disclosures in the notes to the consolidated financial statements.
- The amendment to IAS 1 relating to the presentation of items of other comprehensive income, of mandatory application for financial years starting on or after 1 July 2012.
- The amendment to IFRS 7 "*Disclosures – offsetting financial assets and liabilities*", of mandatory application for financial years starting on or after 1 January 2013.

The "*Consolidation package*" adopted by the European Union in 2012 and of mandatory application for financial years starting on or after 1 January 2014 was not applied early by the Radiall Group. This package includes the following standards:

- IFRS 10 “*Consolidated financial statements*”, which is set to replace IAS 27 “*Consolidated and separate financial statements*” for the section relating to consolidated financial statements, as well as interpretation SIC 12 “*Consolidation – Special purpose entities*”.

- IFRS 11 “*Joint arrangements*”, which is set to replace IAS 31 “*Interests in joint ventures*”, as well as interpretation SIC 13 “*Jointly-controlled entities – Non-monetary contributions by venturers*”.

- IFRS 12 “*Disclosure of interest in other entities*”.

- Revised IAS 27, renamed “*Separate financial statements*” and IAS 28 “*Investments in associates and joint ventures*”.

The application of IFRS 10 (single definition for control) and IFRS 11 (removal of proportional consolidation of joint ventures) is under consideration.

The main texts published by the IASB but not yet adopted by the European Union and liable to be applicable to the Group are described below. Subject to their adoption by the European Union, their application will be mandatory for financial years starting on or after:

- 1 January 2013:

o IFRS 13 “*Fair value measurement*”,

- 1 January 2014:

o amendment to IAS 32 “*Offsetting financial assets and liabilities*”,

- 1 January 2015:

o IFRS 9 “*Financial assets – Classification and measurement of financial assets and liabilities*”.

Other standards, interpretations and amendments of existing standards do not apply to the Group.

2.2 First adoption of IFRS

The Group’s first financial statements to be prepared in accordance with the IFRS standards were the financial statements at 31 December 2005 with a transition date to 1 January 2004. The IFRS 1 standard provided exceptions to the retrospective application of the IFRS standards to the transition date. The exception adopted by the Group, and still in effect on the date on which the

financial statements were drawn up, concerns foreign exchange differences constituted as of 1 January 2004 that are no longer recognised as a separate component of financial position and that will not be subsequently included in profit or loss when the foreign entity leaves the consolidation.

2.3 Consolidation methods

The companies in which Radiall directly or indirectly exercises exclusive control are fully consolidated. Companies over which Radiall exercises a notable influence are accounted for by the equity method. No companies under joint control are proportionally consolidated.

2.4 Acquisition of minority interests

Changes in the percentage of the parent company’s interest in any subsidiary that do not affect control are accounted in equity as transactions between shareholders; such transactions do not have an impact on the income statement or on the amount of goodwill.

Thus, when minority interests are acquired, any difference between the book value of the minority interests recognised in the balance sheet and the fair value of the items provided in exchange must be accounted directly in equity and allocated to equity.

2.5 Conversion of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros. The financial statements of the subsidiaries using a different functional currency are converted into euros:

- At the closing rates for balance sheet items;
- At the average rates of the period for income statement entries.

Foreign exchange differences resulting from applying these rates are recorded under equity as “*Foreign exchange differences*.”

2.6 Foreign currency transactions

The accounting and valuation of foreign currency transactions are defined in IAS 21 “*The effects of changes in foreign exchange rates*.” By applying this standard the Group’s companies convert

foreign currency denominated transactions into the operating currency at the average rate for the month of the transaction.

Receivables and debts in foreign currencies are converted at the year-end rates for these currencies. The unrealised foreign exchange gains or losses resulting from this conversion are recorded in the income statement under “*Other trading income and expenses*” or “*Other financial income and expenses*” depending on the nature of the flows or the receivables and liabilities to which they relate.

The foreign exchange losses and gains resulting from the conversion of transactions or receivables and intragroup liabilities in foreign currencies or their elimination are recorded in the income statement unless they arise from long-term intragroup financing transactions that can be considered as capital transactions: they are then recorded under equity as “*Foreign exchange differences.*”

The accounting of foreign exchange hedge instruments is set out in Note 16.2.

The main closing rates used are shown in the table below (showing the exchange value of one euro in the foreign currency unit).

	Financial year ended 31 December 2012		Financial year ended 31 December 2011	
	Closing rate	Average rate	Closing rate	Average rate
USD	1.319	1.286	1.294	1.392
CNY	8.221	8.109	8.159	8.996
GBP	0.816	0.811	0.835	0.868
HKD	10.226	9.973	10.051	10.834
JPY	113.610	102.621	100.200	111.021
INR	72.560	68.629	68.713	64.867

2.7 Use of estimates

The measurement of certain balances in the balance sheet or the income statement when preparing the consolidated financial statements requires the use of assumptions, estimates or assessments. This applies to the measurement of property, plant and equipment and intangible assets, the amount of provisions for liabilities and

charges, provisions for inventory writedowns, deferred tax assets and certain financial liabilities. These assumptions, estimations or assessments are established on the basis of information or situations existing on the date on which the financial statements are prepared, which may differ from actual figures.

2.8 Research, study and development costs

Research and study costs may not be capitalised. Development costs may be capitalised providing the Company can demonstrate:

- Its intention, financial capacity and technical capacity to carry the development project through to its completion;
- That it is probable that the future economic benefits resulting from the development costs will flow to the company;
- That the cost of this asset can be reliably assessed.

Development costs are amortised in accordance with the quantities of products delivered, based on the initial contracts.

Other research and development costs are recorded as expenses for the financial year during which they were incurred.

2.9 Goodwill

Goodwill is the difference between the acquisition price plus related costs for the securities of the consolidated companies and the Group's share in the fair value of their assets and liabilities on the date the interests are taken. Goodwill is accounted in the operating currency of the acquired entity. Goodwill is not amortised but is annually tested for impairment. Any potential impairment loss is included under “*Other operating income and expenses*” in the income statement.

2.10 Other intangible assets

Other intangible assets acquired include patents, licences, trademarks, customer portfolios and computer software. Intangible assets are amortised on a straight-line basis over their estimated useful life:

- Licences, patents: Contractual term not exceeding 10 years;
- Trademarks: Not amortised when the useful life is indefinite - in which case they are annually tested for impairment;
- Customer portfolio: Term determined on the acquisition date without exceeding 20 years;
- Software: 4 to 8 years.

2.11 Property, plant and equipment

In accordance with IAS 16 “*Property, plant and equipment*”, the gross value of property, plant and equipment corresponds to their acquisition or production cost. It is not subject to any revaluation.

Equipment grants are recorded by offsetting the gross value of the assets they are received for.

Maintenance and repair costs are recorded as expenses as they are incurred, unless they significantly increase the performance of the assets in terms of capacity, quality improvement or useful life.

Fixed assets that are financed through lease finance agreements, as defined by IAS 17 “*Leases*”, are recorded at the lower of the discounted value of future payments and their market value. The corresponding liability is recorded under financial liabilities.

The depreciable base for property, plant and equipment is the acquisition cost, reduced if necessary by their estimated residual value. The residual values are zero except in special cases.

Borrowing costs are excluded from the acquisition costs of assets.

Property, plant and equipment are amortised on a straight-line basis over their estimated useful life:

- Buildings: 20 years
- Plan, machinery and tools: 3 to 20 years
- Computer hardware: 3 to 4 years
- Other PPE: 3 to 15 years

2.12 Impairment of fixed assets

According to IAS 36 “*Impairment of assets*”, impairment tests are performed on intangible assets and property, plant, and equipment as soon as indications of impairment appear. This test is performed at least once a year on assets with an indefinite useful life, a category that is limited to goodwill and trademarks within the Group.

When the net book value of these assets exceeds the higher of their value in use or disposal value, the difference is recorded as impairment. The value in use is based on the discounted future cash flows that these assets will generate. The methodology used to estimate the recoverable value of the Group’s assets with an indefinite life is presented in Paragraph 5.2. The disposal price of the asset is calculated by referring to recent similar transactions or to valuations by independent appraisers with a view to sell.

2.13 Assets and liabilities held for sale

The Group must classify non-current assets as assets held for sale when isolated assets are disposed of (or when a group of current and non-current assets and liabilities is disposed of as part of the transfer or sale of a business activity) if the Company intends to recover their value through a sale rather than through operational use.

Assets and liabilities that meet this criterion are classified and presented on a separate line of the balance sheet if they meet the following essential requirements:

- A disposal plan is in place,
- The assets and liabilities are available for sale in their current state,
- The sale is likely and will occur within a reasonable timeframe.

Non-current assets held for sale are valued at the lower of their amortised historical cost and fair value less disposal costs.

2.14 Financial assets and liabilities

Financial assets include long-term investments, current assets representing operating receivables, debt securities and investment securities, including derivative instruments and cash.

Financial liabilities include borrowings, other financing, bank overdrafts, derivative instruments and operating liabilities.

The measurement and recognition of financial assets and liabilities are defined by IAS 39 “*Financial instruments: recognition and measurement*”.

2.14.1 Recognition and measurement of financial assets

Assets held for sale

Assets held for sale include equity securities and investment securities. Equity securities represent the Group’s interests in the capital of non-consolidated companies. They appear in the balance sheet at their acquisition cost, which the Group considers to represent their fair value in the absence of an active market. Impairment is recorded if they suffer a lasting fall in their value in use.

The value in use is calculated in accordance with the financial criteria that is the most appropriate to each company’s particular situation. The criteria usually adopted are the percentage of the equity held and the profitability outlook.

Loans and receivables

This category includes receivables from controlled entities, other loans and receivables. These instruments are accounted at their amortised value calculated using the effective interest rate (EIR). Their balance sheet value includes the outstanding capital owed, the non-amortised portion of the acquisition cost and over or under valuations. Recoverable value tests are performed as soon as there are indications that they could have fallen below the assets’ book value, and at least at every balance sheet date. The impairment is recorded in the income statement under “*Other financial income and expenses*.”

Trade receivables and other current receivables

Trade receivables are recognised at their nominal value. A provision for writedown is recorded if their asset value, based on the probability of their collection, falls below their book value.

Cash and cash equivalents

The “*Cash and cash equivalents*” item includes cash and money market investments that are immediately available and whose value is not subject to fluctuations in stock market prices. Money market investments are valued at their market value on the reporting date, and changes in value are recorded as “*Income from cash and cash equivalents*.” The net cash position entry in the cash flow statement also includes bank overdrafts and short-term credit lines.

2.14.2 Recognition and measurement of financial liabilities

Financial liabilities

Financial debt is recognised at its nominal value, net of associated issue costs that are recorded incrementally in net financial income up to maturity in accordance with the effective interest rate method. If the change in value of the debt due to interest rate exposure is hedged, the hedged amount of the debt and the associated hedge instruments appear in the balance sheet at their market value on the reporting date. The effects of their revaluation are recorded in the “*Cost of gross financial debt*” for the period. The changes in the value of the derivative instruments are recorded in

net financial income, if there is no hedging relationship; the same applies to the ineffective part of the hedge.

2.14.3 Measurement and recognition of derivative instruments

Derivative instruments are valued at fair value. Except for the exceptions detailed below, the change in the fair value of derivative instruments is always recorded as a cross-entry in the income statement. Derivative instruments can be designated as hedge instruments in a fair value or future cash flow hedging relationship:

- A fair value hedge covers exposure to changes in the value of any asset or liability due to movements in foreign exchange rates;
- A future cash flow hedge covers changes in the value of future cash flows attached to existing or future assets or liabilities.

Hedge accounting applies if:

- The hedging relationship was clearly defined and documented on the date that it was implemented;
- The effectiveness of the hedging relationship is demonstrated from the outset, as well as while it lasts.

The application of hedge accounting has the following consequences:

- For fair value hedges of existing assets or liabilities, the hedged portion of these elements is valued in the balance sheet at its fair value. The change in this fair value is recorded in the income statement, where it is offset by symmetrical changes in the fair value of the hedging financial instruments, depending on their effectiveness;
- For future cash flow hedges, the effective portion of the change in fair value of the hedge instruments is directly recorded as a cross entry to equity, as the change in the fair value of the hedged portion of the hedged asset is not recorded in the balance sheet. The change in value of the ineffective portion is accounted as “*other financial income and expenses*.” The amounts recorded in equity are symmetrically

recognised in the income statement using the accounting method for the hedged items.

If there is no hedging relationship, the change in fair value of these hedge instruments is recorded in the income statement under “*Other financial income and expenses*.”

At this stage, the Group has decided to adopt the fair value principle for all foreign currency hedge instruments by recording the change in fair value of these instruments between two periods, thus foregoing hedge accounting.

2.15 Financial instruments

Financial instruments recognised at fair value are classified by level of fair value as follows:

- Level 1: fair value determined based on unadjusted prices quoted in active markets for identical assets or liabilities.
- Level 2: fair value determined based on observable data (“input”), other than the quoted prices included under level 1, for assets or liabilities, either directly (in the form or prices) or indirectly (calculated based on price).
- Level 3: fair value determined based on valuation techniques that rely partially or fully on non-observable data such as prices on an inactive market or valuation based on multiples for unlisted shares.

2.16 Inventories

In accordance with IAS 2 “*Inventories*”, inventories are valued at the lower of their cost and their net realisable value. The cost of inventories is calculated using the weighted average cost method, and incorporates direct and indirect production charges on the basis of a normal level of business activity. Borrowing costs are not included in the cost of inventories.

Inventory writedowns are usually recorded due to product obsolescence or deteriorated sales prospects.

2.17 Income tax

In accordance with IAS 12 “*Income Tax*”, deferred taxes are recorded using the liability method on all temporary differences between the book value of the assets and liabilities and their tax values, and on tax losses.

The tax rate used to calculate the deferred tax is the rate known on the balance sheet date. The effects of changes in rates are recorded for the period when the decision to make this change was taken. Tax savings made from tax losses carried forward are recorded as deferred tax assets and are written down if necessary; only the amounts that are likely to be used are carried in balance sheet assets.

Deferred tax assets and liabilities are not discounted. Provisions are entered for the tax owed on the distributable reserves of subsidiaries for the amount of the dividend considered.

2.18 Treasury shares

All treasury shares are recorded at their acquisition cost and deducted from equity. The proceeds from the sale of treasury shares is recorded directly under equity.

2.19 Provisions

In accordance with IAS 37 “*Provisions, contingent liabilities and contingent assets*”, a provision is recognised if the Group has an obligation towards a third party that is likely or certain to result in an outflow of resources to this third party without at least equivalent compensation in return. For restructuring, an obligation is constituted as soon as the restructuring has been announced, with a detailed plan, or has started to be implemented.

2.20 Pensions and related commitments

In compliance with the IAS 19 “*Employee benefits*” standard, the sums paid by Radiall to its employees are valued in accordance with the defined contribution plan or the defined benefit plan.

The Group’s only obligation regarding defined contribution plans is to pay the premiums. The corresponding expense is accounted for in the income statement for the financial year.

The Group’s obligations regarding defined benefit plans concerns future amounts. Commitments are valued using the projected unit credit method. According to this method, each period of service results in an additional unit of benefit rights and each of these units is valued separately in order to obtain the final obligation. This final obligation is then discounted.

These calculations mainly include:

- An assumption of the retirement date;
- A financial discount rate;
- An inflation rate, which is incorporated into the discount rate and the salary revaluation rate;
- Assumptions regarding increases in salaries and staff turnover.

These evaluations are made every year except if changes to the assumptions require more frequent estimations.

The cost of discounting and the expected return from assets are recognised as a payroll expense.

According to revised IAS 19 adopted by the Group in 2006, the net cumulated actuarial gains and losses for the financial year are immediately recognised in the provision for pensions and related benefits to offset the reduction or increase in equity in the statement of recognised income and expenses. (See Note 2.1 - Principles used to prepare the financial statements.)

2.21 Sales

In accordance with the IAS 18 “Revenue” standard, sales of connectors are accounted as sales on the date that the risks and benefits connected with ownership are transferred. This usually corresponds to the date of delivery. The discounts granted to customers are accounted under the “*Other trading income*” entry.

2.22 Non-recurring income and expenses

Non-recurring income and expenses correspond to expenses and income outside the Group’s daily operations. This entry records the impact of major events likely to distort the operational performance and does not include any operating and recurring expenses.

Non-recurring income and expenses include the following:

- Significant non-recurring income from the sale of: property, plant and equipment and intangible assets, equity securities, other financial assets and other assets;
- Impairment of equity securities, loans, goodwill, trademarks and on other assets;
- Certain provisions;
- Reorganisation and restructuring costs or provisions.

2.23 Earnings per share

Earnings per share is calculated on the weighted average number of shares outstanding during the financial year after deducting the treasury shares recorded as a deduction of equity.

Diluted earnings per share is established on the basis of the weighted average number of shares before dilution increased by the weighted average number of shares that would result from exercising the existing options or any other dilutive instrument during the financial year. In this calculation, the funds collected for these options are assumed to be earmarked for buying Radiall’s shares at the market price.

Note 3 – Scope of consolidation

3.1 Change in scope

On 4 June 2012, ARaymond acquired 50% of Raydiall, a company formed by the contribution of the automotive activities of Radiall and ARaymond, thus establishing a joint venture dedicated to the market of passive interconnection components for automotive applications. According to IAS 31, the governance principles of this company meet the definition of joint control. Against this backdrop, Management has opted for proportional consolidation of the subsidiary’s assets and liabilities as of 30 June 2012. Raydiall’s revenue and expenses were fully consolidated until 30 June 2012. The change in the consolidation scope had a €1.3 million unfavourable impact on full-year sales.

The Group has increased its percentage of interest in D-Lightsys by 1.92% by buying back minority interests. At 1 January 2013, all assets and liabilities of this now wholly-owned company were transferred to Radiall S.A.

3.2 List of consolidated companies

Full-consolidated companies	Country	Geographic region	% interest	% control
Radiall S.A.	France	France	100%	100%
Raydiall SAS	France	France	50%	50%
Radiall Ventures SA	France	France	100%	100%
Industrie Doloise de Micro-Mécanique SA	France	France	100%	100%
D-Lightsys SA	France	France	100%	100%
Radiall Systems SA	France	France	95%	95%
Radiall Ltd.	UK	Europe	100%	100%
Radiall G.m.b.H.	Germany	Europe	100%	100%
Radiall B.V.	Netherlands	Europe	100%	100%
Radiall A.B.	Sweden	Europe	100%	100%
Radiall Elettronica Srl.	Italy	Europe	100%	100%
Radiall America Inc.	USA	Americas	100%	100%
Radiall USA (formerly Jerrick)	USA	Americas	100%	100%
Radiall do Brasil	Brazil	Americas	99%	99%
Radiall Electronics (Asia) Ltd.	Hong Kong	Asia	55%	55%
Radiall International Ltd.	Hong Kong	Asia	100%	100%
Radiall India Private Ltd.	India	Asia	100%	100%
Nihon Radiall KK	Japan	Asia	100%	100%
Shanghai Radiall Electronics Co. Ltd.	China	Asia	76%	80%

Note 4 – Segment reporting

4.1 Business segments and geographic regions

In accordance with IFRS 8, the segment reporting presented is internal information reviewed and used by the main operational decision-makers, and this information is based on one business segment and four geographic regions. Radiall's primary activity is manufacturing connectors and related components for electronic applications. Radiall therefore considers itself to be operating in one single business sector. Radiall's geographic scope is divided into four regions: France, Europe excluding France, the Americas and Asia. The information in Note 4.2 is established on the basis of the geographic location of the customers. The Group's performance is assessed on the basis of data from this business segment and these business regions.

4.2 Information according to subsidiaries location

See Paragraph. 6.2 of the Financial Management Report.

At 31 Dec. 2012 (€ thousands)	France	Europe excl. France	Americas	Asia	Elimination	Total
Sales (non-Group)	77,544	26,659	81,827	34,028		220,058
Interregional sales	77,695	1,525	9,833	20,161	(109,214)	-
Total	155,239	28,184	91,660	54,189	(109,214)	220,058
Other operating income and expenses	1,456	18				1,474
Operating profit	5,200	799	9,439	4,286		19,724
Non-current assets	81,918	404	63,310	6,314	(75,591)	76,355
Current assets	96,851	7,307	24,978	28,586	(26,629)	131,093
Non-current liabilities	(22,090)		(3,748)	(136)		(25,974)
Current liabilities	(20,976)	(6,126)	(26,157)	(17,346)	26,629	(43,976)
Capital employed	94,793	1,556	22,403	13,604		132,356
Capital expenditure	4,986	18	1,487	644		7,135
Depr. & amort. charges	(6,852)	(50)	(2,192)	(800)		(9,894)

At 31 Dec. 2011 (€ thousands)

Sales (non Group)	72,268	33,185	62,953	34,931		203,337
Interregional sales	76,768	1,763	7,649	22,490	(108,670)	-
Total	149,036	34,948	70,602	57,421	(108,670)	203,337
Other operating income and expenses		(182)				(182)
Operating profit	1,859	1,250	3,038	3,785		9,932
Non-current assets	77,661	500	65,091	6,632	(71,655)	78,229
Current assets	97,965	10,822	22,927	27,551	(29,838)	129,427
Non-current liabilities	(18,560)	(51)	(4,418)	(130)	5,621	(17,538)
Current liabilities	(66,220)	(5,510)	(9,916)	(9,605)	28,391	(62,860)
Capital employed	85,182	2,751	22,804	11,970		122,707
Capital expenditure	6,414	10	946	833		8,203
Capital employed	(6,470)	(48)	(1,894)	(802)		(9,214)

Note 5 – Goodwill and intangible assets

5.1 Change in goodwill

(€ thousands)	
31 Dec. 2011	9,045
Change in scope	-
Foreign exchange	(160)
Goodwill impairment	-
31 Dec. 2012	8,885

5.2 Breakdown of goodwill at year-end

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Radiall Shanghai	1,444	1,456
Radiall USA	4,543	4,629
Radiall India	1,110	1,172
D-Lightsys	393	393
I.D.M.M	1,395	1,395
TOTAL	8,885	9,045

Methodology used to estimate the recoverable value of goodwill and other assets with an indefinite useful life

Goodwill impairment tests are performed at the cash generating unit level (CGU). A CGU is the smallest identifiable group of assets, the continuous use of which generates cash flows that are largely independent of the inflows of cash generated by other assets or groups of assets. In most cases, the CGUs identified within the Group are legal entities.

The recoverable value of the CGUs is calculated from the value in use using the cash flow forecasts. The key assumptions used are:

- Sales growth;
- Gross margin rates;
- Discount rates;
- Growth rate adopted beyond the period of the business plans.

The rates of sales growth are calculated from the market analysis performed internally and from the external information available. Growth rates are fixed at 2% after five years.

For the CGU pertaining to the AEP brand, the royalties method was used to calculate the basis of the recoverable value of the unit.

The gross margin rates are established on a historical basis adjusted in accordance with the Group's budget.

The after-tax discount rates applied to these forecasts for each geographic region are calculated in accordance with the average weighted cost of capital for the sector. The rates used for 2011 and 2012 were as follows:

Radiall discount rate	USA	Europe	China	India
31 Dec. 2012	9.7%	9.7%	10.8%	13.2%
31 Dec. 2011	9.4%	10.1%	10.5%	13.4%

The data used for the discounted forecasted cash flow method come from annual budgets and multi-year business plans prepared by the management teams. The plans are five-year projections. In addition, a terminal value is added which corresponds to the capitalisation to infinity of the cash flows generated in the last year of the plans.

Trademarks are considered as fixed assets with an indefinite useful life. Therefore, they are subject to a yearly impairment test. To perform this test, trademarks are treated as an isolated asset by calculating their fair value. The value of the AEP trademark was calculated using the royalty method. According to this method, the estimated value of a trademark corresponds to the discounted value of the royalties not paid out by the Group.

The calculations performed at 31 December 2012 confirm that the recoverable value of the assets is greater than their net book value based on the abovementioned discount rates.

Sensitivity of recoverable values:

For all CGUs, the sensitivity of the impairment tests to changes in each of the main assumptions was analysed. The Group determined reasonably conceivable fluctuations in the following assumptions, considered individually:

- 10% fall in sales, or
- 5% fall in gross margin, or
- 100 pps increase in the discount rate, or
- 100 pps fall in growth rate to infinity

The various sensitivity tests showed that none of the changes in assumptions presented above, when considered individually, would lead to impairment, nor were there likely scenarios according to which the recoverable value of the cash generating unit would fall below its book value.

5.3 Change in the net book value of other intangible assets

Gross value (€ thousands)	Research costs	Patents, licences	Other intangible assets	Total
31 Dec. 2011	344	11,235	7,775	19,354
Acquisitions		219	8	227
Disposals		(12)		(12)
Change		(106)	(126)	(232)
Other		(20)	4	(16)
31 Dec. 2012	344	11,316	7,661	19,321

Amortisation and impairment (€ thousands)	Research costs	Patents, licences	Other intangible assets	Total
31 Dec. 2011	(253)	(7,446)	(1,990)	(9,689)
Charges	(91)	(619)	(43)	(753)
Releases		12		12
Foreign exchange		58	23	81
Other		25	(3)	22
31 Dec. 2012	(344)	(7,970)	(2,013)	(10,327)
Net value 2011	91	3,789	5,785	9,665
Net value 2012	-	3,346	5,648	8,994

Other intangible assets include the AEP brand (indefinite useful life), valued at €5 million after the amortisation of €972 thousand recorded for 2009. This amortisation stemmed primarily from the Group's decision to reduce the range of products marketed under this brand. No other intangibles have an indefinite life.

Note 6 – Property, plant and equipment

6.1 Change in net book value

Gross value (€ thousands)	Land	Buildings	Plant and machinery	Other PPE	Assets under construction	Total
31 Dec. 2011	1,189	32,537	97,289	7,295	3,988	142,298
Purchases	8	673	4,964	579	1,841	8,065
Disposals	(3)	(2,066)	(4,693)	(395)	(4)	(7,161)
Change in scope	-	7	1,313	40		1,360
Foreign exchange	(5)	(107)	(490)	(41)	(2)	(645)
Other	9	648	1,390	7	(2,206)	(152)
31 Dec. 2012	1,198	31,692	99,773	7,485	3,617	143,765

Depreciation and writedowns (€ thousands)	Land	Buildings	Plant and machinery	Other PPE	Assets under construction	Total
31 Dec. 2011		(18,009)	(60,905)	(5,803)		(84,717)
Charges		(1,324)	(7,151)	(666)		(9,141)
Disposals		1,391	4,101	390		5,882
Change in scope			95	11		106
Foreign exchange		41	232	30		303
Other		(171)	198	42		69
31 Dec. 2012		(18,072)	(63,430)	(5,996)		(87,498)
Net value 2011	1,189	14,528	36,384	1,492	3,988	57,581
Net value 2012	1,198	13,620	36,343	1,489	3,617	56,267

A non-recurring expense of €748 thousand was recognised during the financial year for buildings, fittings and facilities of the Voiron industrial site following the destruction of its buildings.

6.2 Lease-financed assets

(€ thousands)	Land	Buildings	Plant and equipment	Other PPE	Total
Net value 31 Dec. 2011	351	5,946	2,885	0	9,182
Net value 31 Dec. 2012	351	5,582	3,003	0	8,936

6.3 Information on other asset writedowns

Other writedowns relate to inventories and trade receivables (Note 8 and 9).

Note 7 – Other financial assets

7.1 Change in the net book value of other long-term investments and securities

Net values (€ thousands)	Loans and receivables
31 Dec. 2011	254
Purchases	-
Disposals	(3.4)
Repayments	-
Foreign exchange	(3)
31 Dec. 2012	217

Note 8 - Inventories

8.1 Movement in inventory

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Raw materials and supplies	31,487	31,524
In-progress goods and services	4,789	5,127
Intermediate and finished products	10,984	13,358
Gross values	47,260	50,009
Writedown of raw materials and supplies	4,378	4,335
Writedown of in-progress goods and services	23	72
Writedown of finished goods	1,101	1,631
Total writedowns	5,502	6,038
Net value	41,758	43,971
Inventory held for sale	-	(1,363)
Total inventory	41,758	42,608

The company scrapped inventories of €1,320 thousand during the financial year.

Note 9 - Trade receivables

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Trade receivables	33,159	35,299
Writedown	(595)	(589)
Writedown as a %	1.79%	1.67%
Net values	32,564	34,710

All receivables have a due date of less than one year. The aged balance for trade receivables is presented under Note 16.1.

Note 10 – Other receivables

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Tax and social security receivables	5,363	4,357
Prepaid expenses	1,529	2,158
Other miscellaneous receivables	652	826
Total	7,544	7,341

Note 11 – Cash and cash equivalents

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Investments maturing in less than 3 months	18,843	16,807
Cash	26,045	20,729
Cash and cash equivalents	44,888	37,536
Overdrafts and short-term credit lines	-	-
Net cash position	44,888	37,536

All cash equivalents (investments maturing in less than three months) are considered level 1 instruments (prices listed on an active market).

Note 12 – Equity

12.1 Composition of share capital

At 31 December 2012, the Company's share capital totalled €2,817,454.94, comprising 1,848,124 shares without par value. Double voting rights are attached to registered shares that have been held for at least four years.

12.2 Stock option plans

No stock option plan was in effect during the year 2012.

12.3 Treasury shares

Under a market stimulation contract, the Group bought back Radiall shares during 2012.

This contract ended on 4 July 2012.

(number of shares)	31 Dec. 2012	31 Dec. 2011
Opening balance	38,422	37,262
Shares purchased	8,447	4,963
Shares sold	(9,028)	(3,803)
Shares cancelled during the year	-	-
Closing balance	37,841	38,422
As part of the market stimulation objective	0	7,602
For various other purposes	37,841	30,820

12.4 Earnings per share

(Number of shares)	31 Dec. 2012	31 Dec. 2011
Group share of net profit (€)	13,179,665	4,735,738
Weighted average number of ordinary shares outstanding during the period	1,848,124	1,848,124
Number of treasury shares (weighted average) during the period	37,975	37,234
Number of shares used in calculation	1,810,149	1,810,890
Earnings per share (€)	7.28	2.62

12.5 Diluted earnings per share

(number of shares)	31 Dec. 2012	31 Dec. 2011
Group share of net profit (€)	13,179,665	4,735,738
Weighted average number of ordinary shares outstanding during the period	1,810,149	1,810,890
Diluting effect:		
Stock options granted as part of stock option plans*		
Restated weighted average number of ordinary shares used in calculation of diluted earnings per share	1,810,149	1,810,890
Diluted net earnings per share (€)	7.28	2.62

12.6 Proposed dividend

The Executive Board meeting held on 5 April 2013 proposed a dividend of €1.15 per share. This dividend will be submitted to the shareholders at the Combined Shareholders' Meeting to be held on 22 May 2013.

Note 13 - Provisions

13.1 Change in current asset provisions

(€ thousands)	31 Dec. 2011	Charges	Reversals	Change in scope	Foreign exchange difference	31 Dec. 2012
Provision for bad debt	589	54	(39)		(9)	595
Provision for inventory writedowns	6,038	1,014	(1,448)	(70)	(32)	5,502
Total current-asset provisions	6,627	1,068	(1,487)	(70)	(41)	6,097

13.2 Change in current and non-current provisions

(€ thousands)	31 Dec. 2011	Charges	Used reversals	Unused reversals	Actuarial gains/(losses)	Foreign exchange difference	Change in scope	31 Dec. 2012
D								
Provisions for restructuring	611	0	(581)					30
Retirement benefits	4,685	937	(118)		1,200		87	6,791
Other non-current provisions	131	119	0			(18)		232
Non-current provisions	5,427	1,056	(699)	0	1,200	(18)	87	7,053
Technical and commercial risks	200							200
Other risks	614	757	(372)	(4)		(2)		993
Current provisions	814	757	(372)	(4)	0	(2)		1,193

Provisions for retirement benefits of €6,791 thousand include those of Radiall in the amount of €6,368 thousand and €423 thousand for the other French subsidiaries.

13.3 Retirement benefit commitments

Assumptions used for retirement benefits

	31 Dec. 2012	31 Dec. 2011
Retirement age		
- Born before 1951	60	60
- Born between 1951 and 1956	63	63
- Born after 1956	65	65
Salary increase rate	2.81%	2.81%
Discount rate	2.77%	4.6%
Turnover		
- 16 to 39 years old	6.13%	5.82%
- 40 to 49 years old	2.46%	2.33%
- 50 to 54 years old	0.61%	0.58%
- 55 to 65 years old	0.00%	0.00%
Mortality table		
Male	TH 00-05	TH-00-05
Female	TF-00-05	TF-00-05

The information in this note only applies to Radiall, IDMM, D-Lightsys and Raydiall. There are no significant retirement benefit commitments in the Group's other subsidiaries. The departure is always considered to be on the employee's initiative.

Concerning the turnover rate, in order to anticipate a gradual increase in the retirement rate, a differential was used based on the employee's age bracket depending on the generation, and not an average retirement age.

The average turnover is 3.21%, which is consistent with the actual rate observed over the past five financial years.

Past service cost

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Past service costs at start of period	4,685	5,104
Past service cost during the year	560	352
Benefits paid during the year	(118)	(75)
Actuarial losses (gains) generated during the year	1,200	(827)
Amortisation of change in plan *	84	86
Financial costs for the year	293	218
Change in scope	87	
Liabilities held for sale		(173)
Past service cost at end of financial year	6,791	4,685

Following an amendment to the collective bargaining agreement in the metallurgy industry, which has applied to employees of the Radiall Group in France since the year 2010, new schedules of benefits came into effect, thereby increasing the commitment for retirement benefits. Pursuant to the IAS 19 standard, the impact of the change in benefit plan is spread out in the consolidated financial statements over the average remaining acquisition period on a straight-line basis. The amortisable balance at 31 December 2012 was €1,163 thousand.

In 2013, in accordance with revised IAS 19, Radiall will have to take the amortisation balance to the balance sheet due to the change of scheme.

Plan assets

There were no plan assets at 31 December 2012.

Amounts recognised in the balance sheet and income statement

<i>(€ thousands)</i>	31 December 2012	31 December 2011
Liability recognised in the balance sheet	6,791	4,658
Past service cost during the financial year	560	352
Financial costs for the year	293	218
Amortisation of change in plan	84	86
Expenses entered in the income statement	937	656
Actuarial losses (gains) recognised in equity	1,200	(827)
<i>(€ thousands)</i>	31 December 2012	31 December 2011
Liabilities at the start of the year	4,685	5,104
Change in scope	87	
Expenses entered in the income statement	937	656
Actuarial losses (gains) recognised in equity	1,200	(827)
Benefits paid during the financial year	(118)	(75)
Liabilities held for sale		(173)
Liabilities at year end	6,791	4,685

Note 14 - Financial debt

31 December 2012 <i>(€ thousands)</i>	Current	Non-current		
	< 1 year	1 to 5 years	> 5 years	Total
Repayable loans		156		156
Other financial debt	218	7,811		7,811
Lease finance agreements	426	1,847	3,962	5,809
Cash advances				
Total	644	9,814	3,962	13,776
Liabilities in EUR	644	9,814	3,962	13,776
Liabilities in USD				
Liabilities in other currencies				
Total	644	9,814	3,962	13,776
31 December 2011 <i>(€ thousands)</i>	Current	Non-current		
	< 1 year	1 to 5 years	> 5 years	Total
Repayable loans		513		
Bonds (cf. §14,1)	21,266			
Other financial debt		1,000		1,000
Lease finance agreements	324	1,233	3,774	5,007
Cash advances				
Total	21,590	2,746	3,774	6,520
Liabilities in EUR	21,590	2,746	3,774	6,520
Liabilities in USD				
Liabilities in other currencies				
Total	21,590	2,746	3,774	6,520

On 22 July 2012, Radiall redeemed the remaining balance of OBSAAR bonds for €20.8 million (excluding accrued interest), thus reducing its liabilities and cash holdings by the same amount at that date. To carry out this repayment, Radiall drew down an additional €7 million from authorised credit lines approved by financial partners under the financing contract signed on 22 July 2011.

Note 15 – Other liabilities

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Downpayments on orders	452	334
Tax and social security	16,210	13,986
Due to fixed asset suppliers	983	773
Derivative instruments	778	1,544
Miscellaneous liabilities	727	662
Accruals	1,855	1,660
Total	21,005	18,959

Note 16 – Financial instruments

16.1 Management of financial risks

Radiall is exposed to a wide range of financial risks. The main risks are foreign exchange exposure, credit risk and to a lesser extent, interest rate risk. Foreign exchange risks and interest rate risks are centrally managed by the Group.

All the Group's financial transactions are only contracted with partners with a first class rating from a specialised agency.

Foreign exchange risk

The foreign exchange exposure mainly comes from the purchases and sales realised by the Group's subsidiaries in currencies other than their functional currency.

The assets, liabilities, income and expenses of the Group's operational entities are recorded in various currencies, mainly the euro, the US dollar and Chinese currency (CNY). The Group's financial statements are presented in euros. The assets, liabilities, income and expenses that are not recorded in euros must be converted into euros at the applicable exchange rate for inclusion in the Group's consolidated financial statements.

The Group only uses derivative instruments to hedge against its exposure to the financial risks connected with its sales activity and financial position. This policy prevents it from taking or authorising its subsidiaries to take speculative positions on the market. In general, subsidiaries are not authorised to use derivative instruments.

Sensitivity to fluctuations in exchange rates

The impacts on the Group's sales and equity (foreign exchange difference) following a 10% fall in all the currencies against the euro are shown in the table below. A 10% rise in exchange parity would have an inverse effect of the same amount.

(€ thousands)	2012
Sales	(10,743)
Impact on equity (foreign exchange difference)	(4,956)

Credit risk

The Credit Management Department manages credit risk, which ensures that debt collection procedures are respected and coordinates credit limits for international customers. Credit insurance has been taken out with a reputable insurer for the majority of the European and Asian entities.

Aged analysis of trade receivables

(€ thousands)	31 December 2012	31 December 2011
Not due	28,118	30,994
Outstanding:		
- for less than 30 days	3,492	3,197
- 31 to 60 days	729	761
- 61 to 90 days	187	60
- 91 to 180 days	38	(302)
Total	32,564	34,710

There are no other significant unpaid, non-written down financial assets at 31 December 2012.

Financial exposure

The Group's general policy is for its subsidiaries to purchase, sell, borrow and invest mainly in the same currency as their functional currency in order to reduce their financial exposure to fluctuations in exchange rates.

Interest rate risk

The Group's exposure to fluctuations in interest rates is mainly due to its financial debt. The Group uses interest rate swaps to reduce this risk.

Sensitivity to movements in interest rates

At 31 December 2012, variable-rate financial debt corresponded mainly to the €7 million credit line taken out in July 2012, whose interest rate is based on Euribor 3 months hedged by a fixed rate against variable rate swap until its repayment. Short-term receivables and liabilities are not exposed to interest rate risk.

Liquidity risk and capital structure risk

The Group seeks to reduce its financial structure risks to a maximum and favours self-financing for its expansion whenever possible and only has recourse to borrowings when strictly necessary. The financial management's targets and objectives have remained the same for numerous financial years.

16.2 Instruments linked to managing foreign exchange risk at 31 December 2012

	Minimal nominal value (In thousands of currencies)	Market value (€ thousands)
Options (zero-premium collar) (USD put option)	7,000	173
Futures (*USD put option)	2,000	22
Knock-out instruments (USD put option)	7,900	46
Total	16,900	241
Knock-out instruments (GBP put option)	810	12
Total	810	12

By the nature of its business activities, Radiall's foreign exchange risk pertains mainly to the euro/dollar exchange rate. In order to hedge its positions according to the exchange rate policy defined by the Company and to hedge and optimise all or part of the Radiall Group's excess cash position in US dollars, Radiall enters into options, accumulator-type or future derivative instruments with knock-out barriers.

At 31 December 2012, these instruments represented a cumulative total of USD 16,900 thousand, to be converted in monthly instalments from January to July 2013 based on a USD/EUR conversion rate of 1.1790 to 1.3095, and knock-out barriers effective in the event that the cumulative difference reaches USD 0.20. The Group's exposure to the Euro/GBP rate was also hedged against at 31 December 2012 for GBP 810 thousand, through an accumulator-type financial instrument expiring in June 2013.

16.3 Instruments linked to managing interest rate risk at 31 December 2012

(€ thousands)	Nominal value	Market value
Interest rates swaps variable/fixed (on credit line)	10,000	(797)
Interest rates swaps variable/fixed (on lease-finance contract)	1,957	(235)

Radiall has set up the following operations for its interest rate risk hedging policy:

Interest rate swaps implemented prior to 2012:

- For the maturities of the real-estate lease agreements contracted by Radiall for the extension of the Voreppe site:
 - Interest rate swap in a nominal amount of €1,957 thousand until 30 September 2022. Radiall pays a fixed rate of 3.25% per year versus the "Euribor 3 months rate";
 - The market value of this interest rate swap was €(235) thousand at 31 December 2012.

The fair value of these derivative financial instruments is classified as highly effective. Therefore, any fluctuation in fair value is recorded in equity pursuant to IAS 39.

- For the maturities of a €10 million line of credit:
 - Interest rate swap in a nominal amount of €10,000,000 until 17 July 2016. Radiall receives the “Euribor 3 months” rate and pays a fixed rate of:
 - 1.565%, if the “Euribor 3 months” rate > 1.20%,
 - 1.565% + 1.20% - the “Euribor 3 months” rate, if the “Euribor 3 months” rate ≤ 1.20%.

It should be noted that in the event that the “Euribor 3 months” rate ceases to exist, Radiall would pay a rate of 2.765%;
 - The market value of this interest rate swap was €(797) thousand at 31 December 2012.

This derivative instrument hedges the drawn down credit line whose operating conditions (maturity, repayment terms) are similar. Hedging is qualified as highly effective except for a 3/10th portion which was disqualified at 31 December 2012. The fair value movement of this ineffective portion was taken to profit and loss under “other financial income and expenses” for a negative €159 thousand. The share of deferred tax assets reclassified from equity to profit and loss represented €20 thousand.

- Regarding the maturity dates for the OBSAAR bond issue contracted by Radiall S.A. at the nominal rate of “Euribor 12-months less 0.63%”

The terms and conditions of the two swaps of €20 million each were similar to that of the OBSAAR bonds. Both matured on 18 July 2012. Their fair value was therefore nil at 31 December 2012.

As a result, the effective and ineffective portions of their fair value were reversed in profit and loss net of deferred tax, for €312 thousand in reserves and €278 thousand in profit and loss, respectively.

Breakdown of the impact of fair value on interest rate risk instruments

(€ thousands)	31 Dec. 2012
Total ineffective hedge instruments recognised in profit or loss	258
Total effective hedge instruments recognised in equity	53

16.4 Summary of financial instruments

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Assets	253	-
Liabilities	-	(202)
Total foreign exchange risk	253	(202)
Assets	-	-
Liabilities	(1,031)	(1,342)
Total interest rate risk	(1,031)	(1,342)
Total assets	-	-
Total liabilities	(778)	(1,544)
Total (net)	(778)	(1,544)

16.5 Balance sheet for each category of financial instruments

(<i>€ thousands</i>)	31 Dec. 2012		Breakdown by category of instruments				
	Book value	Fair value	Assets held for sale	Loans and receivables	Liabilities at amortised cost	Fair value through profit and loss	Financial instruments
FINANCIAL ASSETS							
Non-current assets							
Other financial assets	217	217		217			
TOTAL	217	217		217			
Current assets							
Trade receivables	32,564	32,564		32,564			
Other receivables	0	0		0			
Cash and cash equivalents	44,888	44,888				44,888	
TOTAL	77,452	77,452		32,564		44,888	
FINANCIAL LIABILITIES							
Non-current financial debt							
Long-term financial debt	13,776				13,776		
TOTAL	13,776			0	13,776		
Current liabilities							
Current financial debt	644				644		
Trade payables	19,730				19,730		
Other liabilities	21,005				20,227		778
TOTAL	41,379			0	40,601		778

(<i>€ thousands</i>)	31 Dec. 2011		Breakdown by category of instruments				
	Book value	Fair value	Assets held for sale	Loans and receivables	Liabilities at amortised cost	Fair value through profit and loss	Financial instruments
FINANCIAL ASSETS							
Non-current assets							
Other financial assets	254	254		254			
TOTAL	254	254		254			
Current assets							
Assets held for sale	4,089	4,089	4,089				
Trade receivables	34,710	34,710		34,710			
Other receivables	7,341	7,341		7,341			
Cash and cash equivalents	37,536	37,536				37,536	
TOTAL	83,676	83,676	4,089	42,051		37,536	
FINANCIAL LIABILITIES							
Non-current financial debt							
Long-term financial debt	6,520				6,520		
TOTAL	6,520			0	6,520		
Current liabilities							
Current financial debt	21,590				21,590		
Trade payables	19,731				19,731		
Liabilities held for sale	411			411			
Other liabilities	18,959				17,415		1,544
TOTAL	60,691			411	58,736		1,544

Note 17 - Income tax

17.1 Analysis of income tax charge

The income tax charge may be analysed as follows:

(<i>€ thousands</i>)	31 Dec. 2012	31 Dec. 2011
France	(856)	(556)
International	(4,587)	(2,088)
Tax payable	(5,443)	(2,644)
France	(378)	725
International	686	(227)
Deferred tax	308	498
Tax revenue (charge)	(5,135)	(2,146)

17.2 Reconciling the theoretical and effective tax charges

The reconciled items are as follows:

(<i>€ thousands</i>)	31 Dec. 2012	31 Dec. 2011
Profit (loss) before tax	18,984	7,383
Theoretical tax at the rates in force in each country	(5,845)	(2,093)
Impact of non-deductible charges and non-taxable revenues	(221)	(322)
Effect of changes in tax rate	309	(35)
Deferred taxes not recognised on losses during the period	(343)	(617)
Research tax credit	561	636
Reduced rate taxation	563	426
Other	(159)	(141)
Total	(5,135)	(2,146)

17.3 Net deferred tax position

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Deferred tax assets	1,992	1,684
Deferred tax liabilities	(5,145)	(5,591)
Net deferred taxes	(3,153)	(3,907)

17.4 Main deferred consolidated tax assets and liabilities

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Effect of tax loss carried forward	6,082	10,321
Fiscal effect of temporary differences connected with:		
- Goodwill		
- Other non-current assets	(9,368)	(9,531)
- Inventories	1,031	599
- Other current assets	306	(19)
- Provision for liabilities and charges	3,629	2,795
- Other liabilities	393	(760)
- Other	25	(108)
Tax impact of temporary differences	(3,985)	(7,025)
Gross deferred tax assets (liabilities)	2,097	3,296
Provision for writedown of deferred tax assets	(5,250)	(7,203)
Net deferred tax liabilities	(3,153)	(3,907)

The writedown of deferred tax assets mainly concerns losses from the tax consolidation scheme in France. Deferred taxes on losses can be carried forward indefinitely. Non-current deferred tax assets mainly comprise deferred taxes on Radiall's accelerated depreciation and deferred taxes recognised on Radiall USA's intangible assets.

17.5 Breakdown of current tax in balance sheet assets

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Corporate taxes		
(advance payments and tax credits)	4,339	3,143
Total under balance sheet assets	4,339	3,143
Tax liability	1,404	1,355
Total under balance sheet liabilities	1,404	1,355

Note 18 - Headcount and payroll costs

(€ thousands)	31 Dec. 2012	31 Dec. 2011
External staff	11,513	11,005
Salaries	52,636	49,762
Social contributions	22,824	21,403
Total	86,973	82,170
France	62,663	59,785
International	24,310	22,385
Total	86,973	82,170

(average headcount)	2012		2011	
	internal	external	internal	external
France	1,145	186	1,151	203
International	638	531	669	490
Total	1,783	717	1,820	693

Note 19 - Research and development costs

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Non-capitalised costs	16,551	15,733
Amortisation of capitalised development costs	91	68
Total costs incurred	16,642	15,801

Note 20 - Other operating income and expense

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Foreign exchange income	(66)	18
Capital gains on asset disposals	69	(93)
Grants	853	994
Other income and expenses	34	(3)
Total	890	917

Note 21 - Impairment of non-current assets

Impairment of non-current assets only applies to amortisation and depreciation charges for intangible and property, plant and equipment.

Note 22 - Writedown of current assets and provision charges

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Writedown of inventories	(884)	(2,102)
Writedown of current assets	(41)	(61)
Provisions for liabilities	(507)	(193)
Total	(1,432)	(2,357)

In 2012, inventory writedowns were mainly incurred by Radiall, Radiall USA, D-Lightsys, IDMM and Radiall Shanghai.

Note 23 - Non-recurring income and expenses

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Non-recurring payroll costs and provisions	0	(182)
Expenses and provisions for property, plant and equipment	(748)	0
Other non-recurring operating income	2,222	0
Total	1,474	(182)

Other non-recurring operating expenses of €748 thousand for the financial year 2012 primarily include the writedown of the net book value of property, plant and equipment of the Voiron site following the destruction in 2012 of the property complex, which is no longer used by the Group.

Other non-recurring income relate to the capital gain recorded as part of the disposal transaction affecting the Raydiall subsidiary.

Note 24 – Other financial income and expenses

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Foreign exchange gain on intragroup financing and bank balances	688	861
Other financial income	247	7
Financial instrument gains	714	50
Total other financial income	1,649	918
Foreign exchange loss on intragroup financing and bank balances	(945)	(1,186)
Financial instrument expenses	-	(62)
Other financial expenses	(777)	(631)
Total other financial expenses	(1,722)	(1,879)
Total	(73)	(961)

Note 25 – Statutory Auditors' fees

(€ thousands)	MAZARS				FIDUS			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
<i>- Statutory auditors, certificates, parent company and consolidated financial statements</i>								
Radiall S.A.	118	116	32%	33%	61	60	73%	77%
Fully-consolidated subsidiaries	206	169	55%	49%	22	18	27%	23%
<i>- Other services directly connected to the statutory auditors' duties</i>								
Radiall S.A.	5	5	1%	2%				
Fully-consolidated subsidiaries	0	8	0%	2%				
Sub-total	329	298	87%	86%	83	78	100%	100%
Other services								
Legal, tax, social	45	50	12%	14%				
Other advisory duties	0	0	0%	0%				
Sub-total	45	50	12%	14%				
TOTAL	374	348	100%	100%	83	78	100%	100%

Note 26 – Off-balance sheet commitments and other information

The commitments for managing foreign exchange and interest rate risks are described in Note 16 on financial instruments.

26.1 Commitments relating to undrawn confirmed credit lines

At 31 December 2012, the Group was entitled, under a financing contract signed in July 2011, to draw down €42 million, €3 million of which as revolving credit and €39 million intended mainly for specific merger and acquisition transactions.

Compliance with covenants at 31 December 2012:

Based on the Radiall group's consolidated financial statements at 31 December 2012, the ratios provided for in the Financing Agreement were complied with.

26.2 Commitments relating to lease-finance agreements

(€ thousands)		31 Dec. 2012	31 Dec. 2011
Property	Maturity <= 1 year	288	325
	1 to 5 years	1,290	1,233
	More than 5 years	3,786	3,774
	Total	5,364	5,332
Other assets	Maturity <= 1 year	138	0
	1 to 5 years	558	0
	More than 5 years	175	0
	Total	870	0

26.3 Commitments relating to ordinary non-terminable lease financing agreements

(€ thousands)		31 Dec. 2012	31 Dec. 2011
Property	Maturity <= 1 Year	1,753	1,632
	1 to 5 years	5,299	5,854
	More than 5 years	4,611	4,016
	Total	11,663	11,502
Other assets	Maturity <= 1 year	246	289
	1 to 5 years	311	367
	More than 5 years	41	0
	Total	601	656

The main lease contract pertains to Radiall USA, which was party to a lease agreement in November 2008 for the extension of the Obregon site in Mexico, which was signed between IMMOBILIARIA TRENTO, SA de CV and SONORA S. PLAN, SA de CV.

The term of the lease is ten years and firstly provides the possibility of withdrawing from the contract at the end of the fifth year in return for the payment of a penalty, and secondly, the possibility of acquiring the said premises when the contract expires or renewing the lease for an additional ten-year term.

Under this lease, Radiall USA, jointly with its parent company Radiall America Inc., granted a guarantee to the lessor, IMMOBILIARIA TRENTO, SA de CV, to guarantee SONORA S. PLAN, SA de CV's undertakings under this lease for the premises that the Company occupies exclusively.

Note 27 - Information on related parties

27.1 Hodiall and Société d'Investissement Radiall (S.I.R.)

At 31 December 2012, 51.4% of Radiall's capital was held by Hodiall and 32.6% by SIR. These companies have considerable influence on the Group and affiliated companies linked to Radiall.

The transactions between Hodiall and Radiall are governed by a service provision agreement. This agreement stipulates that Hodiall shall supply its assistance and advice to Radiall for the following operations: Group strategy, financial and tax services, financial management and communication, corporate management, legal assistance, legal secretarial duties, administrative services and management of insurance policies.

27.2 Sums paid to members of the Operational Departments Committee (ODC)

The total benefits paid by the Group to the members of the ODC in 2012 and 2011 were as follows:

(€ thousands)	31 Dec. 2012	31 Dec. 2011
Salaries and other short-term benefits (including employer contributions)	2,019	2,264
Total	2,019	2,264
Average headcount	7.4	7.5

27.3 Sums paid to members of the Supervisory Board and Executive Board

The amount of attendance fees and directors' fees paid to members of the Supervisory Board and Executive Board totalled €151,584 for 2012 and €139,628 for 2011.

Note 28 – Post-balance sheet events

No event has taken place between the financial statement reporting date for the year ended 31 December 2012 and the date the Supervisory Board approved the financial statements.

2. Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2012

To the Shareholders,

In execution of our assignment entrusted to us by your General Meeting, we hereby present our report for the year ended 31 December 2012, on:

- our audit of the accompanying Radiall company consolidated financial statements,
- the justification of our assessments,
- the specific legal verification.

The consolidated financial statements have been prepared by the Executive Board. Our role is to express an opinion on the basis of our audit.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with French generally accepted auditing standards. These standards require that we plan to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit includes the examination, on a test basis or other method of selection, of evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the financial year, prepared in accordance with IFRS as adopted in the European Union, provide a true and fair view of the consolidated financial position, assets and liabilities and net profit of the entities included on consolidation.

II - Justification of assessments

In application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

We reviewed the methods used to assess goodwill, intangible assets, trade receivables and inventories, as described in Notes 2.9, 2.10, 2.14 and 2.16, respectively, to the consolidated financial statements. Our audit consisted in assessing the fairness of the data and assumptions on which these items are based and in reviewing the calculations made by the Company. As specified in Notes 2.9, 2.10 and 5.2 to the consolidated financial statements, at each reporting date your Company performs an impairment test on goodwill and intangible assets with an indefinite useful life. We reviewed the impairment testing method as well as the cash flow projections and assumptions used for the tests. We have also verified that the above-mentioned notes provide the appropriate information.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issue of our opinion in the first part of this report.

III - Specific verification

We have also performed, in accordance with accepted professional standards in France, the specific verification required by law regarding the information provided in the Group's Management Report.

We have no comments to make concerning the fairness of this information and its consistency with the consolidated financial statements.

Paris and Courbevoie, 30 April 2013,
The Statutory Auditors

MAZARS

SIMON BELLEVAIRE

FIDUS

FRANCIS BERNARD

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Balance sheet at 31 December 2012 – Radiall S.A.

Assets (€ thousands)	31 December 2012			31 December 2011
	Gross	Amort., Depr. & Prov.	Net	
Fixed assets				
Intangible assets	6,507	4,769	1,738	1,762
Research and development costs	344	344	0	91
Patents & licences	245	239	6	1
Software	4,708	4,116	592	607
Business goodwill	70	70	0	0
Intangible assets in progress	1,140		1,140	1,063
Property, plant and equipment	77,534	57,194	20,340	24,089
Land	440		440	435
Buildings	15,737	11,535	4,202	4,473
Plant and equipment	55,026	42,058	12,968	15,583
Other fixed assets	4,303	3,601	702	917
Property, plant and equipment in progress	1,880		1,880	2,539
Advance payments	148		148	142
Financial investments	42,481	6,666	35,815	32,950
Participating interests	40,282	6,666	33,616	31,295
Other long-term securities	6		6	6
Other financial investments	2,193		2,193	1,649
Total fixed assets	126,522	68,629	57,893	58,801
Current assets				
Inventories and work in progress	27,355	3,118	24,237	27,123
Raw materials and supplies	19,540	2,711	16,829	17,313
In progress goods and services	2,237		2,237	2,414
Intermediate and finished products	5,578	407	5,171	7,396
Trade receivables	21,312	85	21,227	24,897
Other current assets	14,510		14,510	11,554
Prepayments on orders	50		50	25
Other receivables	14,460		14,460	11,529
Cash and cash equivalents	26,059	1	26,058	23,653
Treasury shares	0		0	567
Marketable securities	18,844	1	18,843	16,807
Cash	7,215		7,215	6,279
Total current assets	89,236	3,204	86,032	87,227
Prepaid expenses	381		381	459
Bond issue expenses to be amortised	378		378	505
Foreign exchange differences	342		342	270
Total assets	216,859	71,833	145,026	147,262

Balance sheet at 31 December 2012 – Radiall S.A.

Equity and liabilities (€ thousands)	31 December 2012	31 December 2011
Equity		
Share capital	2,817	2,817
Share, merger and contribution premiums	21,897	21,897
Legal reserve	339	339
Statutory and contractual reserves	41,801	41,767
Retained earnings	6,509	2,740
Profit for the financial year	14,460	5,432
Regulated provisions	9,856	11,867
Total equity	97,679	86,859
Provisions		
for liabilities	1,319	718
for charges	6,398	5,131
Total provisions	7,717	5,849
Liabilities		
Financial debt	10,181	24,909
Convertible bonds		20,991
Bank borrowings	8,119	1,422
Other financial debt	2,062	2,496
Trade payables	14,156	16,280
Other liabilities	15,148	12,783
Prepayments on orders		35
Tax and social security liabilities	12,176	10,512
Liabilities on fixed assets	896	719
Other liabilities	2,076	1,517
Total liabilities	39,485	53,972
Foreign exchange differences	145	582
Total equity and liabilities	145,026	147,262

Income statement at 31 December 2012 – Radiall S.A.

<i>(€ thousands)</i>	2012	2011
Operating revenue		
Sales of goods	131,360	135,798
Sales of services	1,631	1,060
Total sales	132,991	136,858
Change in inventories (own work)	(2,252)	(983)
Own work capitalised	144	274
Operating grants	575	617
Provision reversals and charges transferred	3,340	3,157
Other revenue	7,586	5,929
Total operating revenue	142,384	145,852
Operating expenses		
Purchase of raw materials and other supplies	49,869	54,990
Change in inventory	(272)	578
Other purchases and external charges	30,494	31,425
Taxes and duties	3,283	3,434
Payroll costs	34,146	33,139
Social contributions	14,210	14,005
Charges:		
- fixed asset amortisation and depreciation	4,380	4,727
- amortisation of loan issue costs	128	133
- current asset provisions	164	41
- provisions for liabilities and charges	2,572	917
Other expenses	691	432
Total operating expenses	139,665	143,821
Operating profit	2,719	2,031
Financial income		
Financial income	9,480	4,580
Positive foreign exchange differences	1,516	1,078
Total financial income	10,996	5,658
Financial expenses		
Financial expenses	3,219	2,273
Negative foreign exchange differences	1,196	1,210
Total financial expenses	4,415	3,483
Net financial income	6,581	2,175
Pre-tax profit	9,300	4,206
Non-recurring income	15,204	3,196
Non-recurring expenses	10,333	2,405
Net non-recurring income	4,871	791
Income tax charge (refund)	(289)	(435)
Net profit	14,460	5,432

Notes to the parent company financial statements

Note 1. Significant events

Radiall redeemed OBSAAR bonds (bonds with redeemable equity warrants) for an amount of €20,845 thousand.

Note 2. Accounting principles

Radiall's parent company financial statements have been prepared in accordance with Regulation No. 99-03 of France's Accounting Regulatory Committee, dated 29 April 1999, regarding the amended French Chart of Accounts.

2.1 – Principles and methods of evaluation

The basic method used for assessing the information provided in the financial statements is the historical cost method. If applicable, fixed assets are recognised at their acquisition cost at the entry date.

2.2 - Research and development costs

Research and study costs may not be capitalised.

Development costs are recognised as fixed assets when the company can demonstrate:

- Its intention, financial capacity and technical capacity to carry the development project through to its completion;
- that it is probable that the future financial benefits resulting from the development costs will flow to the company; and
- that the cost of this asset can be reliably assessed.

Development costs are amortised in accordance with the quantities of products delivered based on the initial contracts.

Other research and development costs are recorded as expenses for the financial year during which they were incurred.

2.3 - Intangible assets

Intangible assets are amortised on a straight-line basis over a useful life of between 3 and 10 years.

2.4 - Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives:

- Buildings: 10 to 20 years.
- Machinery and equipment: 3 to 20 years.
- Computer hardware: 3 to 5 years.
- Other property, plant and equipment: 3 to 15 years.

The difference between the actual useful life and the probable useful life is recorded as accelerated depreciation.

Provisions for impairment of fixed assets are recorded as soon as there is any indication of loss of value. This test is performed at least once a year on assets with an indefinite life, a category that is limited to goodwill and trademarks within the Group.

Accelerated depreciation applies to several depreciation categories over the following terms:

- Machinery, equipment and tools: 3 to 7 years
- IT hardware 3 to 5 years

2.5 – Equity securities

Equity securities are valued at their acquisition cost. If this amount is greater than the value in use, a provision for writedown is established for the difference. Value in use is the share of equity that the securities represent. This figure is adjusted, if necessary, to take into account projected growth and profits.

2.6 - Inventories and work in progress

Inventories are valued at the lower of their cost and their net realisation value. The cost of inventories is calculated using the weighted average cost method, and incorporates direct and indirect production charges on the basis of a normal level of business activity. Borrowing costs are not included in the cost of inventories. Inventory writedowns are usually recorded due to product obsolescence or based on sales prospects.

2.7 - Receivables and payables

Receivables and payables are recognised at nominal value and are revalued at the rate on the closing date. Receivables are amortised through provisions if there is a risk of non-collection. The Company has taken out credit insurance to limit its exposure to unpaid receivables.

2.8 – Marketable securities, treasury shares and cash

The net cash position consists of treasury shares, marketable securities less provisions and cash, less overdrafts and short-term credit lines.

Net marketable securities and cash are valued at the lower of their purchase cost and market value.

Treasury shares are held for market making. The market value of these shares is based on the average share price from the last month. Shares held for cancellation or other various objectives are recorded in the balance sheet under “financial assets”.

2.9 - Provisions for liabilities and charges

2.9.1. Provisions for retirement benefits

Retirement benefits payable to French employees are valued based on an actuarial simulation.

Commitments are valued using the projected unit credit method. According to this method, each period of service results in an additional unit of benefit rights and each of these units is valued separately in order to obtain the final obligation. This final obligation is then discounted.

These calculations mainly include:

- An assumption of the retirement date,
- A financial discount rate,
- Assumptions of increases in salaries and staff turnover,
- An inflation rate which is incorporated into the discount rate and the salary revaluation rate.

These evaluations are made every year except if changes to the assumptions require more frequent estimations.

The cost of discounting and the expected return from assets are recognised under payroll costs.

The management of these commitments is partially entrusted to an insurance company, with the remainder being recognised in provisions for liabilities and charges.

2.9.2. Other provisions for liabilities and charges

These provisions are used to cover liabilities and charges that are probable due to events that have occurred or are occurring.

2.10 - Financial Instruments

The Group uses insurance policies or financial instruments to manage, reduce or limit its exposure to the risk of movements in exchange rates or interest rates if necessary; losses and gains relating to these operations are recognised as financial transactions.

Note 3. Other information

Pursuant to Law no. 2004.391 of 4 May 2004 relating to training:

- The total number of training hours corresponding to employees' Individual Training Rights (ITR) was 105,709.
- The number of hours of training which were not requested totalled 93,832.
- No specific provision for ITR was recognised at 31 December 2012.

3.1 – Post-balance sheet events

No event has taken place between the balance sheet date for the year ended 31 December 2012 and the date the Supervisory Board approved the financial statements.

Note 4. Change in fixed assets

Intangible assets

(€ thousands)	31 Dec. 2011	Acquisitions	Transfers	Disposals	31 Dec. 2012
Research and development costs	344				344
Patents, licences, software	4,803	187	23	60	4,953
Business goodwill	70				70
Intangible assets in progress	1,063	77			1,140
Total	6,280	264	23	60	6,507

Property, plant and equipment

(€ thousands)	31 Dec. 2011	Acquisitions	Transfers	Disposals	31 Dec. 2012
Land	435	8		3	440
Buildings	16,570	451	647	1,931	15,737
Plant and equipment	61,231	1,582	1,240	9,027	55,026
Other PPE	4,411	289	(6)	391	4,303
Property, plant and equipment under construction	2,539	1,404	(1,904)	159	1,880
Advances and prepayments	142	6			148
Total	85,328	3,740	(23)	11,511	77,534

Note 5. Change in amortisation and depreciation of fixed assets

Amortisation of intangible assets

(€ thousands)	31 Dec. 2011	Charges	Reversals	31 Dec. 2012
Research and development costs	253	91		344
Patents, licences, software	4,195	213	53	4,355
Business goodwill	70			70
Total	4,518	304	53	4,769

Depreciation of property, plant and equipment

(€ thousands)	31 Dec. 2011	Charges	Reversals	31 Dec. 2012
Buildings	12,097	658	1220	11,535
Plant and equipment	45,648	3,067	6,657	42,058
Other PPE	3,494	351	244	3,601
Total	61,239	4,076	8,121	57,194

At 31 December 2012, a €162 thousand provision for impairment of technical facilities was recorded in addition to depreciation charges.

Note 6. Change in financial assets

(€ thousands)	31 Dec. 2011	Additions	Disposals	31 Dec. 2012
Participating interests	36,287	7,995	4,000	40,282
Other financial investments	1,655	556	12	2,199
Gross total	37,942	8,551	4,012	42,481

Transactions involving participating interests:

- On 1 January 2012 the Group's automotive activity was transferred to a subsidiary through the partial transfer of Radiall assets to the company Raydiall. Following this transaction, Radiall held shares in Raydiall valued at €7,995 thousand.
- On 4 June 2012, Radiall transferred 50% of its stake in Raydiall to the company ARaymond, resulting in a €4 million reduction in equity securities.
- Following the termination on 27 June 2012 of the Radiall liquidity contract signed between Radiall and Oddo & Cie. on 1 July 2005, the treasury shares previously recognised as marketable securities were transferred to other financial assets.
- In order to proceed with the absorption of D-Lightsys through the transfer of all its assets and liabilities, Radiall bought back all the D-Lightsys shares from Radiall Ventures for €1 on 17 December 2012.
- At 31 December 2011, 37,841 treasury shares were held as part of the buyback program.

Provisions for writedown of financial assets:

(€ thousands)	31 Dec. 2011	Increase	Decrease	31 Dec. 2012
Provision for writedown of participating interests	4,992	1,752	78	6,666
Total	4,992	1,752	78	6,666

An additional provision of €1,752 thousand was established for the Radiall Ltd. shares held by Radiall.

Note 7. Change in inventories

7.1 – Inventories

(€ thousands)	31 Dec. 2011	31 Dec. 2012	Change
Raw materials and supplies	20,239	19,540	(699)
In progress goods and services	2,414	2,237	(177)
Intermediate and finished products	8,210	5,578	(2,632)
Total gross values	30,863	27,355	(3,508)

7.2 - Provision for inventory writedowns

(€ thousands)	31 Dec. 2011	Charges	Reversals	31 Dec. 2012
Provisions for raw materials and supplies	2,926	125	340	2,711
Provisions for finished products	814		407	407
Total provisions	3,740	125	747	3,118

Note 8. Trade receivables

This item corresponds to the amount of trade receivables and bills received. Bills totalled €251 thousand. These are due in less than one year.

Note 9. Detail of other receivables

<i>(€ thousands)</i>	31 December 2012			31 December 2011		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Income tax	42	1,921	1,963	58	1,571	1,629
Other receivables from the government	3,375		3,375	2,556		2,556
Subsidiary current accounts	8,403		8,403	7,278		7,278
Accrued dividends	440		440			0
Debit suppliers	163		163	36		36
Sundry accruals	116		116	30		30
TOTAL	12,539	1,921	14,460	9,958	1,571	11,529

The income tax receivable of €1,963 thousand corresponds mainly to the research tax credit which is expected to be refunded in 2014, 2015 and 2016.

Other receivables from the government, amounting to €3,375 thousand, include VAT receivables of €1,633 thousand and pending grants of €1,642 thousand.

Note 10. Inventory of marketable securities

Due to the termination in 2012 of the Radiall liquidity contract signed between Radiall and ODDO & CIE, no treasury shares remain classified as marketable securities.

Accrued interest not yet due at 31 December 2012 relates to certificates of deposits valued at €33 thousand. Unrealised capital gains of €63 thousand have been recorded on investment products.

<i>(€ thousands)</i>	
Certificates of deposit	6,244
Investment in short-term mutual funds	12,600
Provision for writedown	(1)
Total	18,843

Note 11. Statement of changes in equity

<i>(€ thousands)</i>	31 Dec. 2011	Increase	Decrease	31 Dec. 2012
Share capital	2,817			2,817
Share premium	21,897			21,897
Legal reserve	339			339
Statutory and contractual reserves	41,767	34		41,801
Retained earnings	2,740	3,769		6,509
Profit for the year	5,432	14,460	5,432	14,460
Regulated provisions	11,867	1,989	4,000	9,856
Total equity	86,859	20,252	9,432	97,679

Dividends distributed by Radiall in 2012 in respect of 2011 totalled €1,629 thousand. At 31 December 2012, the Company's share capital totalled €2,817,454.94. It comprised 1,848,124 shares without par value. Double voting rights are attached to registered shares that have been held for at least four years.

Note 12. Shareholding structure

	31 Dec. 2012		31 Dec. 2011	
	% of shares	% of voting rights	% of shares	% of voting rights
- Société d'Investissement Radiall *	32.6	35.3	32.6	35.3
- Hodiall *	51.4	55.7	51.4	55.5
- Pierre Gattaz	2.7	2.9	2.7	2.9
- General public and others **	13.3	6.1	13.3	6.3

* Holding grouping together the Gattaz family's interests in Radiall.

** Shares directly or indirectly held by staff represent less than 0.1% of the total.

Radiall is fully consolidated by Hodiall.

Note 13. Provisions for liabilities and charges

13.1 – Change in Provisions

(€ thousands)	31 Dec. 2011	Increases	Reversals	No longer active	31 Dec. 2012
Exchange-rate risks	270	342	270		342
Technical and commercial risks	278	413		128	563
Miscellaneous risks	170	488	134	110	414
Total provisions for liabilities	718	1,243	404	238	1,319
Provisions for restructuring	428		398		30
Retirement benefits	4,703	1,838		173	6,368
Total provisions for charges	5,131	1,838	398	411	6,398

13.2. Retirement benefits

	2012	2011
1) Retirement age:		
- born before 1951	60	60
- born between 1951 and 1956	63	63
- born after 1956	65	65
2) Departure:	On the employee's initiative in all cases	On the employee's initiative in all cases
3) Salary increase:	2.81%	2.81%
4) Discount rate:	2.8%	4.6%
5) Turnover:		
- 16 to 39 years old	6.13%	5.82%
- 40 to 49 years old	2.46%	2.33%
- 50 to 54 years old	0.61%	0.58%
- 55 to 65 years old	0.00%	0.00%
6) Mortality table:		
Male	TH00-05	TH00-02
Female	TF00-05	TF00-02

Note 14. Debt maturity schedule

<i>(€ thousands)</i>	31 Dec. 2012			31 Dec. 2011		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Convertible bonds			0	20,991		20,991
Bank borrowings	319	7,800	8,119	422	1,000	1,422
Miscellaneous financial debt	2	4	6	2	6	8
Intra-group current accounts	2,056	0	2,056	2,488	0	2,488
Bills of exchange payable	328		328	1,955		1,955
Trade payables	14,724		14,724	15,044		15,044
Advances and prepayments			0	35		35
Tax and social security liabilities	12,176		12,176	10,512		10,512
Other	461	1,615	2,076	787	1,312	2,099
Total	30,066	9,419	39,485	52,236	2,318	54,554

Final redemption of the bond issue took place in July 2012 for €20,845 thousand. This repayment was partly funded by drawing down an additional credit facility of €7,000 thousand, which brought the total amount of bank borrowings taken out by Radiall to €8,000 thousand at 31 December 2012. Other non-current liabilities include deferred income of €1,615 thousand related to grants.

Note 15. Information on related parties

<i>(€ thousands)</i>	31 Dec. 2012	31 Dec. 2011
Participating interests (gross)	40,282	36,287
Trade receivables	10,929	11,794
Other receivables and debit current accounts	8,683	7,278
Sundry financial liabilities (current accounts in credit)	(1,896)	(2,488)
Trade payables	(3,038)	(4,229)
Other liabilities		
Financial expenses	26	26
Financial income	8,820	3,288

Related-party transactions concern all Group subsidiaries (see the Table of subsidiaries and participating interests and cash flows with Hodiall S.A.).

Note 16. Off-balance sheet commitments

The Company has set up the following transactions as part of its exchange rate risk hedging policy:

	Nominal value <i>(thousands of currencies)</i>	Market value <i>(€ thousands)</i>
Options (zero premium collar) <i>(US D put option)</i>	7,000	173
Futures <i>(USD put instruments)</i>	2,000	22
Knock-out instruments <i>(USD put instruments)</i>	7,900	46
Total	16,900	241
Knock-out instruments <i>(GBP put instruments)</i>	810	12
Total	810	12

As part of its operations, Radiall is exposed to foreign exchange risks, primarily to the Euro/US Dollar parity. In order to hedge these positions in accordance with the foreign exchange policy it has established, the Company subscribes to derivative instruments, options, accumulator instruments or incremental instruments with knock-out barriers, intended to hedge against and optimise all or part of the Radiall Group's surplus USD-denominated cash position. At 31 December 2012, the cumulative value of these USD-denominated instruments was USD 16,900 thousand, to be converted in monthly instalments between January and July 2013 based on USD/Euro rates ranging between 1.1790 and 1.3095, and knock-out options triggered when a maximum gap of USD 0.20 is reached. Similarly, at 31 December 2012 the Euro/GBP exposure was hedged against for GBP 810 thousand by an accumulator-type financial instrument maturing in June 2013.

As part of its interest rate hedging policy, Radiall has set up the following transactions:

Interest rate swaps implemented before 2012:

- Regarding the maturities of the property lease agreement contracted by Radiall for the extension of the Voreppe site:
 - Interest rate swap of a nominal amount of €1,957 thousand until 30 September 2022. Radiall pays a fixed rate of 3.25% per year versus the "Euribor 3-months" rate;
 - The market value of this interest rate swap was €(235) thousand at 31 December 2012.

- Regarding the maturities of a €10 million credit line:
 - Interest rate swap of a nominal amount of €10 million until 17 July 2016. Radiall avails of the "Euribor 3 months" rate and pays a fixed rate of:

- 1.565%, if the "Euribor 3 months" rate is > 1.20%,
- 1.565% + 1.20% - "Euribor 3 months", if the "Euribor 3 months" rate is ≤ 1.20%.

It should be noted that in the event that the "Euribor 3 months" rate ceases to exist, Radiall would pay a rate of 2.765%;

- The market value of this interest rate swap was €(797) thousand at 31 December 2012.

- Regarding the maturity dates of the OBSAAR bond issue contracted by Radiall S.A. at the nominal rate of "Euribor 12-months - 0.63%":

The terms and conditions of the two swaps of €20 million each were similar to that of the OBSAAR bonds. Both matured on 18 July 2012. Their fair value was therefore nil at 31 December 2012.

Lease commitments

(€ thousands)	>1 year	1 to 5 years	< 5 years	31 Dec. 2012
Property leasing (Voreppe)	206	841	1,091	2,138
Equipment leasing	99	499	75	673
Equipment leasing (motor vehicles)	162	166	0	328

During 2012, Radiall exercised the call option on the Château-Renault property lease for a symbolic euro.

In 2010, Radiall built a new building at the Voreppe site. The property was sold for €2,354 thousand under a sale and leaseback contract in December 2010. Lease payments of €221 thousand were paid during 2012.

In July 2012, Radiall signed an equipment lease contract valued at €625 thousand over a period of 84 months. This relates to the leasing of production equipment at the Voreppe site. Lease payments of €25 thousand were paid during 2012.

Commitments relating to undrawn confirmed credit lines

At 31 December 2012, the Group avails of the facility, under a financing contract signed in July 2011, to draw down €42 million, €3 million of which as revolving credit and €39 million is primarily intended for specific merge and acquisition transactions.

Compliance with covenants at 31 December 2012

Based on the Radiall Group's consolidated financial statements at 31 December 2012, the ratios provided for in the Financing Agreement were complied with.

Note 17. Sales

<i>(€ thousands)</i>	2012	2011
France	35,718	37,177
- With related companies	2,289	638
- Other	33,429	36,539
International	97,273	99,681
- With related companies	68,449	70,972
- Other	28,824	28,709
Total	132,991	136,858

Note 18. Payroll costs, headcount and employee profit-sharing

Average headcount changed as shown below:

	2012	2011
Employees / Workers	481	516
Technicians / Supervisors	269	273
Managers and Senior Executives	224	231
Total	974	1,020

Note 19. Corporate Officers' compensation

(€)	Role	Gross compensation ^{(1) (2)}	Attendance or directors' fees ⁽²⁾
Yvon Gattaz	Chairman of the Supervisory Board		125,584
Didier Lombard	Member of the Supervisory Board		8,000
Roselyne Gattaz	Member of the Supervisory Board		5,000
Bruno Gattaz	Member of the Supervisory Board		5,000
Marc Ventre	Member of the Supervisory Board		8,000
Pierre Gattaz	Chairman of the Executive Board	199,799	
Guy de Royer	Member of the Executive Board	197,937	
Total		397,736	151,584

⁽¹⁾ Over the term of office, including benefits in kind.

⁽²⁾ Paid by Radiall.

Note 20. Net financial income

Financial income for the year 2012 mainly comprises dividends collected from subsidiaries totalling €8,604 thousand. Financial expenses included provision charges of €1,752 thousand relating to the equity securities in the subsidiary Radiall Ltd.

Note 21. Non-recurring income and expenses

<i>(€ thousands)</i>	31 Dec. 2012	31 Dec. 2011
Non-recurring income from management operations		0
Proceeds from the sale of fixed assets	10,805	198
Reversals of provision for liabilities	399	338
Reversals of fixed asset impairment provisions		2
Reversals of accelerated depreciation	4,000	2,658
Total non-recurring income	15,204	3,196
Non-recurring expenses for management operations	411	343
Net book value of fixed assets sold	7,933	107
Other non-recurring expenses	0	0
Accelerated depreciation charges	1,989	1,955
Allocation to provisions for restructuring plans and impairment of fixed assets	0	0
Total non-recurring expenses	10,333	2,405

Proceeds from the sale of fixed assets primarily relate to the formation of the Raydiall subsidiary. These include the transfer of intangible assets valued at €3,804 thousand, property, plant and equipment items of €2,720 thousand and the transfer of 40,000 Raydiall shares to ARaymond for a total of €4,167 million.

Conversely, the net book value of fixed assets sold primarily relates to the formation of the Raydiall subsidiary. This includes intangible assets of €6 thousand, property, plant and equipment items of €2,745 thousand and €4,000 thousand for the transfer of Raydiall shares.

Note 22. Income tax

In 2012, the Company recorded a research tax credit of €1,082 thousand. At 31 December 2012, it also had tax losses carried forward that can be carried over indefinitely totalling €17,209 thousand.

Breakdown of income tax

<i>(€ thousands)</i>	Before tax	After tax
Profit from ordinary activities	9,300	9,589
Net non-recurring income	4,871	4,871
Income tax	289	
Profit for the year	14,460	14,460

In December 2007, Radiall opted for the tax consolidation in France of Radiall (consolidating parent company) and the following French subsidiaries as from 1 January 2010: Radiall Ventures, I.D.M.M., Radiall Systems and D-Lightsys.

The tax consolidation agreement between the parties provides for the subsidiaries to share the tax between themselves as if they had been taxed separately and there had been no consolidation. As at 31 December 2012, the Group consolidated by Radiall had cumulative tax losses of €21,610 thousand, which can be carried forward indefinitely.

In addition, at 31 December 2012, Radiall had tax losses of €914 thousand accumulated prior to the tax consolidation, which can be carried forward indefinitely and are chargeable to the future earnings of this entity.

At 31 December 2012, Radiall had a tax receivable of €7,035 thousand, excluding consolidation.

Note 23. Elements liable to increase or reduce future tax liabilities

<i>(€ thousands)</i>	31 Dec. 2011	Increase	Decrease	31 Dec. 2012
Regulated provisions and expenses to be added back at a later stage				
Accelerated depreciation	11,867	1,989	4,000	9,856
Investment grants				
Future tax basis	11,867	1,989	4,000	9,856
Future taxation				
(based on a tax rate of 33.33%)	3,956			3,285
Non-tax deductible expenses in the year				
Provisions and expenses temporarily not deducted	5,251	3,081	671	7,661
ORGANIC contribution	227	225	227	225
Employee profit sharing				
Basis for taxes paid in advance	5,478	3,306	898	7,886
Future tax saving				
(based on a tax rate of 33.33%)	(1,826)			(2,629)

Note 24. Research and development costs

No research and development costs were capitalised in 2012.

TABLE OF SUBSIDIARIES AND PARTICIPATING INTERESTS AT 31 DECEMBER 2012

	Capital (1)	Additional paid-in capital	% interest	Book value of securities		Sales excl. tax FY 2012	2012 net profit/(loss) (1)	Dividends received by Radiall S.A.
				Gross	Net			
France								
Radiall Ventures <i>(Rosny-sous-Bois (93))</i>	1,000	(579)	100.00	9,232	5,062	-	(700)	-
Raydiall <i>(Voinon (38))</i>	8,000	-	50.00	4,000	4,000	10,120	(876)	-
D - Lightsys <i>(Rosny-sous-Bois (93))</i>	800	(114)	100.00	-	-	1,456	(853)	-
International								
Radiall GmbH <i>(Germany)</i>	486	427	100.00	229	229	14,252	370	491
Radiall Srl <i>(Italy)</i>	257	1,848	100.00	596	596	4,603	(148)	-
Radiall BV <i>(Netherlands)</i>	16	419	100.00	11	11	2,347	312	1,100
Radiall AB <i>(Sweden)</i>	35	106	100.00	47	47	326	(15)	56
Radiall America <i>(USA)</i>	11,751	18,201	100.00	13,526	13,526	-	6,221	6,191
Radiall Asia <i>(Hong Kong)</i>	29	944	55.00	18	18	2,946	560	-
Radiall do Brasil <i>(Brazil)</i>	236	(253)	99.87	754	10	-	(13)	-
Radiall Ltd. <i>(UK)</i>	274	2	100.00	2,128	376	6,658	101	124
Radiall India Ltd. <i>(India)</i>	326	2,571	99.96	3,350	3,350	2,920	(59)	-
Nihon Radiall KK <i>(Japan)</i>	392	279	100.00	397	397	6,263	427	-
Shanghai Radiall <i>(China)</i>	10,188	6,257	71.00	5,994	5,994	27,399	1,680	-
Radiall Int. Ltd. <i>(Hong Kong)</i>	1	1,628	100.00	1	1	14,661	873	201

For foreign subsidiaries, amounts in local currencies have been converted at the closing rate for the relevant items in the balance sheet (capital and reserves) and at the average rate for items in the income statement.

Main currencies used:

	Closing rate (€)	Average rate (€)
US Dollar	1.319	1.286
Hong Kong Dollar	10.226	9.973
Pound Sterling	0.816	0.811
Swedish Krona	8.582	8.707
Indian Rupee	72.560	68.629
Japanese Yen	113.610	102.621
Chinese Yuan	8.221	8.109
Brazilian Real	2.704	2.510

COMPANY FINANCIAL PERFORMANCE OVER THE PAST FIVE FINANCIAL YEARS

(€)	2008	2009	2010	2011	2012
Financial position at year-end					
a. Share capital	3,326,366	3,326,037	2,817,455	2,817,455	2,817,455
b. Number of shares issued	2,181,947	2,181,731	1,848,124	1,848,124	1,848,124
Comprehensive income from actual transactions					
a. Sales excl. tax	127,301,381	97,996,481	122,512,800	136,858,160	132,990,433
b. Earnings before tax, profit sharing and amortisation, depreciation and provision charges,	10,626,886	(4,545,469)	8,148,312	7,616,832	19,346,227
c. Income tax	(823,849)	(774,909)	227,732	(434,789)	(289,222)
d. Earnings after tax, before profit sharing and amortisation, depreciation and provision charges	11,450,732	(3,770,560)	7,920,580	8,051,621	19,635,449
e. Net profit/(loss)	5,116,430	(11,271,431)	2,305,434	5,432,178	14,460,308
f. Dividends	2,072,850	1,386,093	1,570,905	1,663,312	2,125,343 *
Earnings per share					
a. Net earnings per share before amortisation, depreciation and provision charges	5.09	(1.73)	4.29	4.36	10.62
b. Net earnings per share	2.34	(5.17)	1.25	2.94	7.82
c. Dividend paid per share	0.95	0.75	0.85	0.90	1.15 *
Personnel					
a. Employees (average headcount)	1,048	1,008	964	1,020	974
b. Total payroll costs	32,285,288	32,123,393	29,233,794	32,469,130	31,418,877
c. Sums paid as employee benefits	12,812,978	12,556,797	12,936,301	14,004,772	14,210,402

* Subject to approval by the Ordinary General Meeting held to approve the financial statements for the year ended 31 December 2012.

2. STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Financial year ended 31 December 2012.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the financial year ended 31 December 2012 on:

- the audit of the accompanying financial statements of the Radiall company,
- the justification of our assessments,
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the parent company financial statements

We conducted our audit in accordance with accepted professional standards in France; these standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes the examination, on a test basis or by other means of selection, of evidence supporting the amounts and disclosures in the financial statements. An audit also involves assessing the accounting principles used and the significant estimates made, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements provide a true and fair view of the financial position, assets and liabilities and net profit of the company from the transactions for the financial year then ended.

II - Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

We reviewed the methods used to assess participating interests, inventories, work-in-progress and trade receivables, as described in Notes 2.5, 2.6 and 2.7, respectively, to the parent company financial statements. Our audit consisted in assessing the fairness of the data and assumptions on which these items are based and in reviewing the calculations made by the Company.

These assessments were made within the framework of our audit, which focused on the annual financial statements as a whole, and accordingly contributed to our opinion issued in the first part of this report.

III - Specific verifications and information

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

We have no comments to make concerning the fairness and consistency of the annual financial statements with the information provided in the Management Report of the Executive Board and in the documents sent to the shareholders concerning the financial position and the annual financial statements.

Concerning the information provided in accordance with the provisions of Article L. 225-102-1 of the Commercial Code on remuneration and benefits paid to the corporate officers as well as commitments made in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and, where appropriate, with data collected by your company from its parent company(ies) or subsidiaries. On the basis of this work, we confirm the accuracy and the fairness of this information.

As required by law, we have ensured that the various information concerning the identity of holders of the share capital and voting rights has been disclosed to you in the Management Report.

Paris and Courbevoie, 30 April 2013,

The Statutory Auditors

MAZARS

SIMON BEILLEVAIRE

FIDUS

FRANCIS BERNARD

3. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

General Meeting to approve the financial statements for the year ended 31 December 2012

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated agreements and commitments.

We are required to inform you, based on the information that has been provided to us, of the main features and conditions of the agreements and commitments that have been disclosed to us or that we discovered during our audit, without commenting on their usefulness or appropriateness or seeking out the existence of other agreements or commitments. Under the terms of Article R. 225-58 of the Commercial Code, it is your duty to assess the benefits resulting from these agreements prior to their approval.

Furthermore, it is our duty, where applicable, to inform you of the information required under Article R. 225-58 of the Commercial Code relative to the performance, during the financial year just ended, of the agreements and commitments already approved by the General Meeting.

We have performed those procedures that we considered necessary in accordance with the professional guidelines issued by the Compagnie Nationale des Commissaires aux Comptes. These guidelines require us to verify the consistency of the information provided to us with the source documents.

A/ AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

1 – Agreements and commitments authorised during the financial year just ended

• Agreement for the transfer of shares and dissolution of D-Lightsys by transfer of all its assets and liabilities

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of D-Lightsys).

The company D-Lightsys having become a product line of your Company in its own right, and its subsidiary position thus being considered an operational constraint, it was proposed to the Supervisory Board to introduce, following the consultation procedure with staff representative bodies, a simplified legal structure through implementation of the following:

- sale of all the D-Lightsys shares held by Radiall Ventures to your Company, for a sale price equal to the net book value of one euro (€1); then
- dissolution through merger at the net book value, under the conditions set out in Article 1844-5 Paragraph 3 of the Civil Code, including transfer of all the assets and liabilities of D-Lightsys to your Company.

In a decision dated 12 December 2012, the Supervisory Board authorised the Executive Board to implement these transactions in order to ensure that the company D-Lightsys be merged into your Company at 1 January 2013.

The share transfer agreement between your Company and Radiall Ventures was signed on 17 December 2012 and the dissolution took effect on 1 January 2013.

• Support and advisory agreement with Hodiall

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Executive Board of Hodiall), Guy de Royer (Member of the Executive Board of Radiall S.A. and Member of the Executive Board of Hodiall), Yvon Gattaz (Chairman of the Supervisory Board of Radiall S.A. and Chairman of the Supervisory Board of Hodiall), Bruno Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall), Roselyne Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall).

Hodiall provides its assistance and advice to your Company in the performance of the following: Group strategy, financial and tax services, financial management and communication, corporate management, legal support, legal secretarial duties, administrative services and management of insurance policies.

This agreement was the subject of a new amendment approved by Supervisory Board resolution at its meeting of 12 December 2012, increasing the remuneration paid to Hodiall in this respect to €750 thousand for 2013.

• Current account agreement with Radiall Ventures

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of Radiall Ventures).

Your Company granted Radiall Ventures a current account advance for a maximum of one million euros (€1,000,000) for a term expiring on 31 December 2012. This current account earns interest at the annual “Euribor 12 months + 0.5 point” rate. During 2011, by means of an amendment approved by a Supervisory Board ruling on 12 April 2011, the maximum amount of this advance was increased to €4,500 thousand.

The agreement was to expire on 31 December 2012; however as the requirements remain ongoing, at its meeting of 12 December 2012, the Supervisory Board approved the conclusion of a new amendment allowing for this agreement to be extended until 31 December 2013, under the same terms and conditions that were previously approved.

• Current account agreement with IDMM

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of IDMM).

Following an agreement signed in 2007 and an amendment signed in 2008, your Company granted IDMM a current account advance for a maximum amount of five million euros, for a term expiring on 31 December 2012. This current account earns interest at the annual “Euribor 12 months + 0.5 point” rate.

Your Company signed an amendment on 21 December 2010 enabling the maximum amount of this advance to be increased to five million five hundred thousand euros (€5,500,000).

The agreement was to expire on 31 December 2012; however as the requirements remain ongoing, at its meeting of 12 December 2012, the Supervisory Board approved the conclusion of a new amendment allowing for this agreement to be extended until 31 December 2013, under the same terms and conditions that were previously approved.

• Service agreement with Radiall USA

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Board of Directors of Radiall USA).

Your Company undertook the responsibility for training Radiall USA’s workforce in connection with the creation of a factory at the Obregon site in Mexico.

At its meeting of 12 December 2012, the Supervisory Board approved the invoicing by your Company of an amount that could total one million two hundred thousand euros (€1,200,000) excluding tax in respect of 2013.

• **Unilateral undertaking to sell with SCI Les Balcons de Chartreuse**

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Executive Board of Hodiall), Guy de Royer (Member of the Executive Board of Radiall S.A. and Member of the Executive Board of Hodiall), Yvon Gattaz (Chairman of the Supervisory Board of Radiall S.A. and Chairman of the Supervisory Board of Hodiall), Bruno Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall), Roselyne Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall).

The Chairman presented to the members of the Supervisory Board a property project led by your Company at the Voiron site, involving the sale a building site owned by your Company, after having assessed the administrative building potential of the site and taken the necessary steps to develop an attractive project.

The corporate purpose of your Company does not allow it to enter into this type of transaction; as a result, your Company decided to sell the site to a Société Civile Immobilière (property investment company), SCI les Balcons de Chartreuse, which is owned by Hodiall, a 52% shareholder in Radiall.

Against this backdrop, your Company decided to conclude a unilateral undertaking to sell the land, subject to conditions precedent, which provides for a sale price of seven hundred thousand euros excluding tax (€700,000), determined on the basis of two independent expert valuations authorised by the Group. This sale price contains a price adjustment clause that will be activated in the event of the resale of the land by SCI les Balcons de Chartreuse (or in the event of sale by Hodiall of shares in the SCI) within a period of two years effective from the deed of sale.

The price adjustment, which would not be applicable in the event of resale of the property off plans, will be calculated as follows:

- in the event of resale by Hodiall at a higher price than seven hundred and thirty five thousand euros (€735,000), the SCI would owe your Company an amount equivalent to the difference between the resale

price and seven hundred and thirty five thousand euros (€735,000), up to a maximum of four hundred thousand euros (€400,000);

- in the event of resale at a lower price than six hundred and sixty five thousand euros (€665,000), the sale price would be reduced and your Company would be obliged to return to the SCI an amount equivalent to the difference between the resale price and six hundred and sixty five thousand euros (€665,000), up to a maximum of one hundred thousand euros (€100,000);

- no price adjustment in other cases.

The SCI shall benefit from this undertaking until 31 December 2013, in accordance with the terms of the undertaking.

In a decision dated 12 December 2012, the Supervisory Board approved the conclusion of the unilateral undertaking to sell in accordance with the terms and conditions set out above.

The undertaking to sell was signed on 5 April 2013.

2 - Agreements and commitments not previously authorised

Pursuant to Articles L. 225-90 and L. 823-12 of the Commercial Code, we inform you that the following agreements and commitments did not receive prior approval from your Supervisory Board.

It is our duty to inform you of the circumstances under which the authorisation procedure was not followed: these agreements were approved by the Supervisory Board subsequent to their conclusion.

- **Business goodwill transfer contract with Radiall Elettronica (Italy)**

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of Radiall Elettronica), Guy de Royer (Member of the Executive Board of Radiall SA and Director of Radiall Elettronica).

As part of a draft amendment of the subsidiary Radiall Elettronica's status as distributor and commercial agent, the Supervisory Board, in a decision dated 12 December 2012, approved the conclusion of a contract for the transfer of the business goodwill of Radiall Elettronica to your Company, for a price of thirty thousand euros (€30,000). The amount of this contract was increased to forty thousand euros (€40,000), in an amendment decided by the Supervisory Board on 5 April 2013.

The €40,000 contract for the transfer of the business goodwill of Radiall Elettronica was signed and took effect on 1 January 2013.

- **Service agreement with IDMM**

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of IDMM).

IDMM is committed to provide your Company with support services as part of the creation of a factory at the Obregon site in Mexico, as well as machining and consulting services.

By a decision dated 5 April 2013, the Supervisory Board approved the tacit renewal of this agreement for the 2012 financial year. The charge recognised by your Company in respect of this agreement for 2012 amounted to €128 thousand excluding tax.

- **Personnel secondment agreement with D-Lightsys**

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of D-Lightsys).

In application of the personnel secondment agreement concluded on 18 May 2009, your Company shares its expertise and its experience with D-Lightsys to support its business growth. This agreement was subject to an amendment approved by a Supervisory Board decision dated 2 September 2011, increasing the remuneration thus paid to your Company to €44 thousand excluding tax per month effective from 1 October 2011. In its decision dated 5 April 2013, the Supervisory Board approved the tacit renewal of this agreement for the financial year 2012.

Under this agreement, the total amount paid to and recognised by your Company in respect of 2012 totals €528 thousand.

- **Cash pooling agreement with Raydiall S.A.S.**

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Member of the Board of Directors of Raydiall SAS), Guy de Royer (Member of the Executive Board of Radiall S.A. and Member of the Board of Directors of Raydiall SAS).

Through an agreement dated 2 January 2012, your Company granted to Raydiall S.A.S. an interest-bearing current account advance, in one or more instalments, of a maximum aggregate amount of five hundred thousand euros (€500,000) for a term ending on 31 December 2016. This current account bears interest at the annual "Euribor 12 months + 1.5%" rate charged on the principal. The parties signed an amendment dated 16 January 2012 to increase the maximum amount to one million four hundred thousand euros (€1,400,000).

The agreement and the amendment were approved by the Supervisory Board at its meetings of 25 May 2012 and 4 September 2012, respectively.

At 31 December 2012, your company was due €642 thousand from Raydiall S.A.S. in respect of this advance, and the interest charged totalled €28 thousand for 2012.

B/ AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

• Agreements and commitments approved during previous financial years that remained in effect during the financial year just ended

In application of Article R. 225-57 of the Commercial Code, we were notified that the performance of the following agreements and commitments, already approved by the General Meeting during previous financial years, remained in effect during the financial year just ended.

• Agreement with Raydiall SAS for the partial transfer of assets (MONDIALL project)

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Member of the Board of Directors of Raydiall SAS), Guy de Royer Member of the Executive Board of Radiall S.A. and Member of the Board of Directors of Raydiall SAS).

As part of the MONDIALL project, it was agreed to turn your Company's automotive business into a subsidiary via a partial transfer of assets in favour of a new simplified limited company, to be wholly owned by your Company initially, then intended to be owned in equal shares with an equity partner, who would acquire 50% of the new company Raydiall S.A.S. during the first half of 2012.

The terms and conditions of this agreement were approved by your Supervisory Board on 2 September 2011. The partial transfer of assets in favour of the new company Raydiall S.A.S. was approved by your Supervisory Board on 16 December 2011.

The agreement took effect on 1 January 2012.

• Support and advisory agreement with Hodiall

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Executive Board of Hodiall), Guy de Royer (Member of the Executive Board of Radiall S.A. and Member of the Executive Board of Hodiall), Yvon Gattaz (Chairman of the Supervisory Board of Radiall S.A. and Chairman of the Supervisory Board of Hodiall), Bruno Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall), Roselyne Gattaz (Member of the Supervisory Board of Radiall S.A. and Member of the Supervisory Board of Hodiall).

Hodiall provides its support and advice to your Company for the performance of the following: Group strategy, financial and tax services, financial management and communication, corporate management, legal assistance, legal support, legal secretarial duties, administrative services and the management of insurance policies. This agreement was the subject of an amendment approved by the Supervisory Board in its decision dated 16 December 2011, increasing the remuneration thus paid to Hodiall to €650 thousand for 2012.

• Current account agreement with Radiall Ventures

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of Radiall Ventures).

Your Company granted Radiall Ventures (formerly IDFI) a current account advance for a maximum of one million euros (€1,000,000) expiring on 31 December 2012. This current account earns interest at the annual "Euribor 12 months + 0.5 point" rate. During the 2011 financial year, through an amendment approved by a Supervisory Board decision dated 12 April 2011, the maximum amount of this advance was increased to €4,500 thousand. The agreement remained in force under the same terms and conditions for the 2012 financial year. At 31 December 2012, your Company was due €3,177 thousand from Radiall Ventures in respect of this advance and the interest charged and recognised amounted to €68 thousand for 2012.

• Current account agreement with IDMM

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of IDMM).

Following an agreement signed in 2007 and an amendment signed in 2008, your Company granted IDMM a current account advance for a maximum amount of five million euros, expiring on 31 December 2012. This current account earns interest at the annual "Euribor 12 months + 0.5 point" rate.

Your company signed an amendment on 21 December 2010, enabling the maximum amount of this advance to be increased to five million five hundred thousand euros (€5,500,000).

At 31 December 2012, the advance was €4,232 thousand, and the amount of interest invoiced and recognised in 2012 amounted to €120 thousand.

Current account agreement with Hodiall

Corporate officers concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Executive Board of Hodiall), Guy de Royer (Member of the Executive Board of Radiall S.A. and Member of the Executive Board of Hodiall), Yvon Gattaz (Chairman of the Supervisory Board of Radiall S.A. and Chairman of the Supervisory Board of Hodiall), Bruno Gattaz (Member of the Executive Board of Radiall S.A. and Member of the Supervisory Board of Hodiall), Roselyne Gattaz (Member of the Executive Board of Radiall S.A. and Member of the Supervisory Board of Hodiall).

Your Company and Hodiall mutually granted one another a current account advance, paid out depending on the needs and available cash surpluses of each, not to exceed one million four hundred thousand euros (€1,400,000) repayable in one single payment on 31 December 2015 at the latest.

At 31 December 2012, your Company had a liability of €471 thousand and the amount of interest invoiced and recognised was €2 thousand for 2012.

• Service agreement with Radiall USA

Corporate officer concerned: Pierre Gattaz (Chairman of the Executive Board of Radiall S.A. and Chairman of the Board of Directors of Radiall USA).

Your Company undertook the responsibility for training Radiall USA's workforce in connection with the creation of a factory at the Obregon site in Mexico.

The amount invoiced by your Company during the 2012 financial year under this agreement totalled €798 thousand excluding tax.

Paris and Courbevoie, 30 April 2013,

The Statutory Auditors

MAZARS

SIMON BEILLEVAIRE

FIDUS

FRANCIS BERNARD

IV – General meetings and management bodies

1. GENERAL MEETING

RESOLUTIONS SUBJECT TO THE APPROVAL OF THE ORDINARY GENERAL MEETING

FIRST RESOLUTION

(Approval of the parent company financial statements for the 2012 financial year and discharge of the members of the Executive Board and the Supervisory Board)

The General Meeting, acting under the quorum and majority conditions required for ordinary general meetings, having heard the Executive Board's management report and the Statutory Auditors' general report, approves the parent company financial statements for the year ended 31 December 2012, as they have been prepared and presented, and the transactions recorded therein and summarised in these reports which show a net profit after tax of €14,460,308.26.

Consequently, the General Meeting grants the members of the Executive Board and the Supervisory Board full and unconditional discharge from the execution of their duties for the financial year just ended.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the 2012 financial year and discharge of the members of the Executive Board and the Supervisory Board)

The General Meeting, acting under the quorum and majority conditions required for ordinary general meetings, having heard the Executive Board's Group management report, the Chairman of the Supervisory Board's report and the Statutory Auditors' report, approves the consolidated financial statements for the year ended 31 December 2012, as they have been prepared and presented, and the transactions recorded therein and summarised in these reports.

Consequently, the General Meeting grants the members of the Executive Board and the Supervisory Board full and unconditional discharge from the execution of their duties for the financial year just ended.

THIRD RESOLUTION

(Allocation of profit and setting of dividend)

The General Meeting, acting under the quorum and majority conditions required for ordinary general meetings, notes that the net profit for the 2012 financial year totalled €14,460,308.26 and that, taking into account retained earnings of €6,508,570.54, distributable profits to be allocated are €20,968,878.80.

Consequently, in approving the Executive Board's proposal, the General Meeting decides to allocate distributable profits as follows:

- Dividend of €1.15 per share: € 2,125,342.60²
- Allocation to retained earnings: €12,334,965.66.

The retained earnings after distribution are €18,843,536.20.

The General Meeting consequently decides to pay a gross dividend of €1.15 (one euro and fifteen cents) per share, a total of €2,125,342.60 (two million one hundred and twenty five thousand three hundred and forty two euros and sixty cents), the number of existing shares being 1,848,124 (one million, eight hundred and forty eight thousand one hundred and twenty four).

The ex-dividend date will be 27 May 2013 and the dividend will be payable from 30 May 2013.

It should be noted that, as the shares held by the Company are non-dividend bearing, the sum corresponding to the unpaid dividend on these treasury shares will be allocated to the General Reserve account at the time of payment.

² Subject to allocation to the general reserve for dividends on shares held by the Company at the time of payment.

It is also noted that:

- In respect of personal income tax, the dividend will be eligible, for beneficiaries satisfying the required conditions, for the tax relief provided for in Article 158-3.2° of the General Tax Code;
- The dividend, when paid to individuals who are resident in France for tax purposes and whose shares or company interests are not registered in a PEP (personal equity plan), will be subject to deduction at source in respect of social security contributions;
- The same beneficiaries will be subject to the 21% withholding tax without discharging effect on income tax;

The General Meeting notes that dividend paid in respect of the last three financial years were as follows:

<i>(Financial) Year</i>	<i>Number of shares</i>	<i>Net dividend (€)</i>
2009	1,848,124	0.75
2010	1,848,124	0.85
2011	1,848,124	0.90

All the amounts stated in the table above are eligible for the 40% relief provided for in Article 158-3-2° of the General Tax Code.

FOURTH RESOLUTION
(Presentation of the Statutory Auditors' special report on the agreements governed by Article L. 225-86 of the Commercial Code and approval of the said agreements)

The General Meeting, acting under the quorum and majority conditions required for ordinary meetings, ruling on the Statutory Auditors' special report on the agreements governed by Articles L. 225-86 and subsequent of the Commercial Code, takes note of this report and approves the transactions and agreements presented in this report.

FIFTH RESOLUTION
(Reappointment of the Principal and Alternate Statutory Auditors' term of office)

The General Meeting, acting under the quorum and majority conditions required for ordinary meetings, noting that the term of office of the principal and alternate Statutory Auditors expire on the date of this meeting, decides to renew their term of office, according to the provisions of Article L. 225-228 of the Commercial Code, for a term of six (6) years expiring at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2018.

Principal Statutory Auditor:
Cabinet FIDUS
12, rue de Ponthieu
75008 Paris
Represented by Eric LEBEGUE

Alternate Statutory Auditor:
Jean-Michel THIERRY
121 rue Haxo
75019 Paris

The audit firm FIDUS and Jean-Michel THIERRY have declared their intention to accept the renewal of their term of office and that they are not subject to any measure likely to disqualify them from exercising this role.

SIXTH RESOLUTION
(Determination of attendance fees paid to the Supervisory Board)

The General Meeting, acting under the quorum and majority conditions required for ordinary meetings, decides to allocate to the members of the Supervisory Board, in remuneration of their duties, in the form of attendance fees, a total annual sum of thirty two thousand (32,000) euros for the year ended 31 December 2012, it being specified that the total sum is to be divided between its members and paid by the Supervisory Board itself.

SEVENTH RESOLUTION

(Authorisation granted to the Executive Board to trade in the Company's shares, pursuant to the provisions of Article L. 225-209 of the Commercial Code, European Regulation n°2273/2003 of 22 December 2003 and the General Regulations of the Autorité des Marchés Financiers (AMF))

The General Meeting, acting under the quorum and majority conditions required for ordinary general meetings, having heard the Executive Board report and the items in the description of the programme drafted in accordance with Articles 241-1 and subsequent of the AMF's General Regulations, authorises the Executive Board, with the power to delegate in the conditions set out by law, in accordance with the provisions of Article L. 225-209 of the Commercial Code, with European Regulation n°2273/2003 of 22 December 2003, and the AMF's General Regulations, to trade in Radiall shares on the stock exchange or otherwise, as part of the implementation of a share buyback programme, for the purposes of:

- Using the shares bought back to facilitate or enable the purchase of a whole number of shares as part of reverse split share transactions in the Company,
- Cancelling all or part of the shares bought back under the conditions set out by law in order to reduce the share capital, in particular to optimise the financial management of the Company and the management of its assets and liabilities, as part of and subject to the adoption of the extraordinary eighth resolution hereinafter presented;
- Honouring the obligations related to the issue of shares giving access to the share capital, to share purchase option plans, to the allocation of free shares to members of staff and corporate officers, to the allocation or sale of shares to employees as part of profit-sharing schemes, employee shareholding schemes or company savings schemes;

- Using the shares purchased in order to retain them and allocate them in payment or exchange or otherwise as part of any of Company's acquisition transactions;
- And, more generally, to carry out any transaction authorised either now or in the future by law or any market practice that may be approved by the AMF, it being specified that the Company would duly inform its shareholders through a notice.

The purchase, sale or transfer of these shares may be carried out by any means on stock markets, multilateral trading facilities or over-the-counter markets, including through the acquisition or sale of blocks of shares, under the conditions allowed by the relevant market authorities. To this end, these means include the use of any derivative financial instrument and the use of put or call options.

The Company reserves the option to continue implementing the current share buyback programme during a public takeover bid or exchange offering involving its equity shares solely within the framework of the provisions of Article 231-40 of the AMF's General Regulations.

The maximum purchase price per share shall not exceed one hundred euros (€100). In the event of a share capital increase by capitalisation of reserves and allocation of free shares as well as in the event of the split or reverse split of shares, this maximum price will be adjusted by a multiplier equal to the ratio between the number of shares comprising the share capital before the transaction and that number after the transaction. There will be no minimum resale price per share. The maximum amount of funds that the Company may allocate to this share buyback programme is twelve million euros (€12,000,000).

The maximum number of shares that may be purchased under this authorisation may not exceed 10% of the total number of shares making up the Company's share capital, in accordance with the provisions of Article L. 225-209 of the Commercial Code.

Nevertheless the number of shares acquired with a view to their retention and their subsequent allocation in exchange or payment as part of a merger, demerger or transfer transaction may not exceed 5% of the share capital. These limits apply to an amount of the share capital of the Company which may, if applicable, be adjusted to take account of transactions affecting this share capital occurring after the date of this General Meeting, and under no circumstances may the Company hold, either directly or indirectly through indirect subsidiaries, more than 10% of the share capital.

This authorisation is granted for a maximum term of eighteen (18) months from the date of this General Meeting. It cancels and replaces the unused portion of the authorisation granted by the Combined General Meeting of 25 May 2012.

In order to ensure the implementation of this authorisation, all necessary powers are vested in the Executive Board which may delegate the aforementioned powers, and specifically, to determine the appropriateness of launching a buyback programme and to determine the terms thereof, to place any order on the stock market, conclude any agreement, to allocate or reallocate the shares purchased to the various permitted purposes, to file any necessary documents, to perform all formalities, and in general do all that shall be useful and necessary.

II-RESOLUTIONS SUBJECT TO THE APPROVAL OF THE EXTRAORDINARY GENERAL MEETING

EIGHTH RESOLUTION

(Authorisation granted to the Executive Board to reduce the share capital by cancelling treasury shares, pursuant to the provisions of Article L. 225-209 and subsequent of the Commercial Code and L. 225-213 of the same Code)

The General Meeting, acting under the quorum and majority conditions required for extraordinary general meetings, having heard the Executive Board's report and the Statutory Auditors' special report, in accordance with the provisions of Article L. 225-209 and subsequent of the Commercial Code and Article L. 225-213 of the same Code, authorises the Executive Board, with the option of delegating under the conditions set out by law:

- to cancel at any time without any further formalities, on one or more occasions, shares in the Company acquired as a result of buybacks effected as part of any authorisation given by the General Meeting in application of Article L. 225-209 of the Commercial Code;
- to reduce the capital accordingly, by ascribing the difference between the buyback value of the cancelled shares and their par value to the premiums and reserves available;
- and to amend the Articles of Association accordingly and to perform all necessary formalities.

The maximum number of Company shares that may be eligible to be cancelled under this authorisation may not exceed 10% of the shares making up the capital of the Company per twenty-four (24) month period, it being stipulated that this limit applies to a number of shares that will, where applicable, be adjusted to take into account transactions affecting the share capital subsequent to the date of this General Meeting.

The General Meeting grants full powers to the Executive Board, with the option to delegate in accordance with the law, to decide, at its sole discretion, to reduce the share capital, to determine the number of shares to be cancelled within the limit of 10% per twenty-four (24) month period, out of the total number of shares comprising the share capital existing on the date of the transaction, to determine the terms and conditions for capital reduction transactions and to recognise such reduction transactions, if applicable to ascribe the difference between the purchase value of the shares to be cancelled and their nominal value to any reserve or premium account, to modify the Articles of Association accordingly, and to perform all necessary formalities.

This authorisation is granted for eighteen (18) months from the date of this General Meeting, and cancels and replaces, for any unused amounts, any prior authorisation with the same purpose.

2. MANAGEMENT BOARDS

Supervisory Board

Yvon Gattaz	Chairman of the Supervisory Board
Bruno Gattaz	Vice-Chairman
Roselyne Gattaz	
Didier Lombard	
Marc Ventre	

Executive Board

Pierre Gattaz	Chairman of the Executive Board
Guy de Royer	Chief Financial Officer and member of the Executive Board

Management Committee

Pierre Gattaz	Chairman of the Executive Board
Dominique Buttin	Director of the “ <i>Aerospace Defence Instrumentation</i> ” Division
André Hartmann	Director of Human Resources and Support Functions
Dominique Pellizzari	Director of the “ <i>Telecoms, Automotive, & Industrial Division</i> ”
Guy de Royer	Chief Financial Officer and member of the Executive Board
Eric Charlery	Director of Asia Region

Statutory Auditors

MAZARS

Exaltis - 61 rue Henri Regnault
92 075 La Défense Cedex

FIDUS

12, rue de Ponthieu
75008 Paris

Alternative

Guillaume Potel

Eric Lebegue

Person responsible for the information:

Guy de Royer (Chief Financial Officer)

Tel.: + 33 (0)1 49 35 35 35
infofinance@radiall.com

3. INFORMATION ON CORPORATE OFFICERS

Information on the terms of office held in any company at 31 December 2012:

- **Yvon Gattaz**

Chairman of the Supervisory Board

- Date of first appointment: 17 December 1993
- Current term of office expires: 2015
- Also Chairman of the Supervisory Board of Hodiall and Manager of Société d'Investissement Radiall.

- **Bruno Gattaz**

Member of the Supervisory Board

- Date of first appointment: 17 December 1993
- Current term of office expires: 2018.
- Also Vice-Chairman of the Supervisory Board of Hodiall.

- **Marc Ventre**

Member of the Supervisory Board

- Date of first appointment: 7 December 2010.
- Current term of office expires: 2015.
- Also Deputy Chief Executive Officer of the Safran Group, Propulsion Division.

- **Didier Lombard**

Member of the Supervisory Board

- Date of first appointment: 20 May 2003
- Current term of office expires: 2015.
- Also a Director of Thalès and Thomson and member of the Supervisory Board of St. Microélectronique. Chairman of France Télécom Orange until 23 February 2011.

- **Roselyne Gattaz**

Member of the Supervisory Board

- Date of first appointment: 16 May 2006.
- Current term of office expires: 2018.
- Also member of the Supervisory Board of Hodiall.

- **Pierre Gattaz**

Chairman of the Executive Board

- Date of first appointment: 4 January 1994.
- Current term of office expires: 2018.
- Also in France, Chairman of the Executive Board of Hodiall and Chairman of Radiall Ventures, Radiall Systems, D-Lightsys, I.D.M.M. and Raydiall (until 21 September 2012) and Manager of Société d'Investissement Radiall.

- In Europe, Director of the companies Radiall Aktiebolag, Radiall Nederland BV and Radiall Elettronica Srl, Manager of Radiall GmbH and Director of Radiall Ltd.

- In Asia, Director of Shanghai Radiall Electronics Co. Ltd., Radiall Electronics (Asia) Ltd, Radiall International Ltd, Nihon Radiall KK and Radiall India Private Limited.

- In the Americas, also Director of Radiall America Inc. and Radiall USA Inc.

- **Guy de Royer**

Member of the Executive Board

- Date of first appointment: 17 November 2009.
- Current term of office expires: 2018.
- In France, also a member of the Executive Board of Hodiall since 15 April 2010.
- In Europe, also Director of Radiall Aktiebolag and Radiall Elettronica Srl, Manager of Radiall GmbH and Director of Radiall Ltd.
- In Asia, Director of Radiall India Private Limited, Nihon Radiall KK and Shanghai Radiall Electronics Co. Ltd.

➤ **Summary table of gross remuneration (including benefits in kind) and options and shares allocated to each corporate officer**

	FY 2012	FY 2011
Pierre Gattaz (Chairman of the Executive Board)		
Remuneration due in respect of the financial year	416,982	362,099
Value of options granted during the financial year	No options allocated in 2012	No options allocated in 2011
Value of performance shares granted during the financial year	No performance shares allocated in 2012	No performance shares allocated in 2011
TOTAL	416,982	362,099
Guy de Royer (Member of the Executive Board)		
Remuneration due in respect of the financial year	205,482	193,249
Value of options granted during the financial year	No options allocated in 2012	No options allocated in 2011
Value of performance shares granted during the financial year	No performance shares allocated in 2012	No performance shares allocated in 2011
TOTAL	205,482	193,249

Executive corporate officers at 31 December 2012	Employment contracts		Supplementary pension scheme		Compensation or benefits due or liable to be due with respect to termination or change of role		Compensation relating to a non-compete clause	
	yes	no	yes	no	yes	no	yes	no
Pierre Gattaz Chairman of the Executive Board 20/04/2012 AGM 2012 financial statements	X		X			X		X
Guy de Royer Chief Financial Officer 20/04/2012 AGM 2012 financial statements	X		X			X		X

➤ **Breakdown of the gross remuneration (including benefits in kind) paid during 2011 and 2012 to corporate officers by Radiall, its subsidiaries or its controlling companies:**

Summary table of each corporate officer's remuneration *

	FY 2011		FY 2012	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Pierre Gattaz Chairman of the Executive Board				
Fixed remuneration	302,739	302,739	309,120	309,120
Variable remuneration	14,369	58,443	102,162	14,369
Bonus remuneration	38,500	38,500		
Director's fees				
Benefits in kind	6,491	6,491	5,700	5,700
TOTAL	362,099	406,173	416,982	329,189
Guy de ROYER Member of the Executive Board and Chief Financial Officer				
Fixed remuneration	166,794	166,794	171,482	171,482
Variable remuneration	24,127	18,649	31,672	24,27
Bonus remuneration				
Director's fees				
Benefits in kind	2,328	2,328	2,328	2,328
TOTAL	193,249	187,771	205,482	197,937

* For their term of office.

The variable part of the remuneration paid to the members of the Executive Board in March 2013 corresponded to the personalised targets relating to the collective and individual results achieved during the 2012 financial year (growth, profitability, operational excellence, etc.).

Attendance fees and other remuneration received by non-executive corporate officers

Non-executive corporate officers	Amounts paid during the 2011 financial year	Amounts paid during the 2012 financial year
<u>Yvon Gattaz</u>		
Attendance fees	5,000	5,000
Other remuneration*	110,628	120,584
<u>Bruno Gattaz</u>		
Attendance fees	4,000	5,000
Other remuneration		
<u>Roselyne Gattaz</u>		
Attendance fees	4,000	5,000
Other remuneration		
<u>Didier Lombard</u>		
Attendance fees	8,000	8,000
Other remuneration		
<u>Marc Ventre</u>		
Attendance fees	8,000	8,000
Other remuneration		

* Compensation for the position of Chairman of the Supervisory Board of Radiall.

➤ **Table of financial delegations granted to the Executive Board by the General Meeting of 25 May 2012**

Date of AGM	Decision reference	Nature of the delegation	Maximum amount of the delegation	Duration of the delegation	Use of the delegation
Combined General Meeting of 25 May 2012	Resolution n°5	Authorisation granted to the Executive Board to purchase or sell Radiall shares, as part of the implementation of a share buyback programme	10% of the total number of Radiall shares on the date of the transaction.	18 months	Not used
Combined General Meeting of 25 May 2012	Resolution n°11	Authorisation granted to the Executive Board to reduce the share capital through cancellation, on one or more occasions, of all or part of Radiall shares, and to carry out share capital reductions resulting from the cancellation transactions.	10% of the total number of Radiall shares on the date of the transaction, within a period of 24 months.	18 months	Not used

4. EXECUTIVE BOARD'S SPECIAL REPORT ON SHARE WARRANTS

In accordance with the provisions of Article L. 225-184 of the Commercial Code providing for the allocation of share subscription options for the benefit of employees and executives, we inform you that, during the 2012 financial year, the Executive Board did not grant any share warrants.

5. EXECUTIVE BOARD'S SPECIAL REPORT ON SHARE TRANSACTIONS BY EXECUTIVES

In accordance with the provisions of Article L. 621-18-2 of the Monetary and Financial Code regarding corporate shares and Article 222-14 of the AMF Regulations, we inform you that, during the 2012 financial year, no share transactions were carried out by executives.



Our most
important
connection
is with you.™

It's not just a slogan. It's a statement of our earnest desire to put you at the forefront of all our business practices. As part of Radiall's mission to be available and accessible, we make it a priority to have local offices around the globe ready and able to assist you - wherever you are, whenever you need us.

Europe

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Also Represented In...

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MALAYSIA NORWAY PHILIPPINES POLAND PORTUGAL RUSSIA SINGAPORE SPAIN SWITZERLAND TAIWAN THAILAND VIETNAM SOUTH AFRICA