



AUTOMOTIVE & TELECOMMUNICATIONS

**FINANCIAL REPORT
2001**

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BOARD OF DIRECTORS' MANAGEMENT REPORT

- General Shareholders Meeting on April 30, 2002 -

ACTIELEC Technologies
S.A. capital of € 12,864,906
Headquarters: 25, chemin de Pouvoirville
31400 TOULOUSE
RCS TOULOUSE: 542080791

GENERAL AND EXTRAORDINARY SHAREHOLDERS MEETING

APRIL 30, 2002

BOARD OF DIRECTORS' MANAGEMENT REPORT
Including Group Management Report

Dear Shareholders,

We have summoned you to the General and Extraordinary Shareholder's Meeting, in accordance with the law and our by-laws, to present the business activity of the company during the fiscal period ending December 31, 2001, so that you may hear the reports of the Board and the Auditors, and to submit for your approval the accounts for the period, the appropriation of profits and to propose a new share repurchase plan.

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

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

We point out that the accounts for the period ending December 31, 2001 were established according to the same presentation and the same valuation methods as those of the preceding period.

I – ACTIELEC Technologies GROUP

I – 1 - NOTEWORTHY EVENTS OF THE 2001 FISCAL YEAR

1. Consequences of the MORS-ACTIELEC Merger

The finalisation of the reorganisation of the industrial and financial activities of MORS can be considered finished.

2. Acquisitions

Pursuing a policy of acquiring know-how and increasing geographic proximity to current or potential clients, Actielec Technologies proceeded with the acquisition of EBIM, an electronics firm in Manosque, whose business is complementary to that of Sodielec, in particular in digital wireless networks. The sales of EBIM were about €9 million for the nine month period since its takeover.

3. Creations

Pursuing the same policy of developing proximity to Group markets, the Group created a subsidiary in Poland in July 2001, called Actia Poltik, which also enables us to develop a line of components for dashboards. This company is 70% owned by our Actia subsidiary, with production undertaken by the Polish minority partner, Mera Poltik

4. Operations Involving Intra-Group Holdings

- The Group increased its investment in Karfa, now 90% owned by Actia.
- ACTIELEC Technologies S.A. contributed the shares which it held in MORS Technologies S.A. to SODIELEC S.A. (12,993 shares of the 13,000 shares comprising the share capital of MORS Technologies), in exchange for 704,420 new shares of Sodielec issued at a nominal value of € 1.60 with an issue premium of € 12.90.
- ACTIELEC Technologies subscribed to Sodielec's increase in capital of 389,122 new shares at a nominal value of € 1.60 with an issue premium of € 12.90 per share; Actielec then sold 42,055 shares to an investment shareholder under the same conditions.
- ACTIELEC Technologies also subscribed to 12,081 convertible bonds of Sodielec at a nominal value of € 18.00.
- ACTIELEC Technologies currently holds 88.00 % of SODIELEC, compared to 82.47 % before these transactions. In case of conversion of all the issued convertible bonds, Actielec will hold 85.18 %.

5. Contracts

Major contracts were signed with significant clients in the automotive and telecom branches.

I – 2 - CONSOLIDATED RESULTS

Consolidated results for the 2001 fiscal year were as follows:

Net Sales	€ 183,617,000
Other Operating Income	€ 9,444,000
Operating Result	€ 10,407,000
Income before exceptional items and tax	€ 6,330,000
Consolidated Net Income (after amortisation of goodwill)	€ 3,920,000
Group Share of Net Income (after amortisation of goodwill)	€ 3,693,000

We point out that growth compared to last year was:

- 36.7 % for sales, including 20.0 % for constant scope,
- 21.5 % for net income before amortisation for goodwill,
- 32.5 % for group share of net income before amortisation for goodwill.

I – 3 - ANALYSIS BY BRANCH

To a large extent, 2001 was devoted to:

- New product development;
- Gaining new clients;
- Reorganisation of the Group (particularly the telecom branch)

The 2002 period will concentrate on:

- Rationalising intergroup relations, particularly through the merger of ACTIA/ALCYON PRODUCTION SYSTEM;
- Reinforcing the "garage distribution" segment (problematic of multi-brand diagnostics);
- Sale of the oceanography branch.

1. The Automotive Branch

Summary of the DIAGNOSTIC Business Unit

Analysis of business activity in 2001:

Continuation of marketing of existing products:

- Peugeot DIAG 2000,
- Citroën LEXIA.

New products which appeared during 2001:

- Starbasic: new diagnostic tool for the DAIMLER CHRYSLER group,
- Examiner Smart: new tool for FIAT (delivery beginning in 2002),
- The SAM external measurement card: for FIAT (delivery beginning in 2002),
- Multimarque.

Sales increased to € 53.4 million (compared to € 46.3 million in 2000) a rise of 15.3 %.

Analysis of growth potential:

We have recently won two new tenders :

- The new PSA factory product- ODISSEE 2- which will replace the existing tool.
- The new RVI diagnostic tool – DIAGNOSTICA- with wireless communication.

Budgeted sales are for € 53.0 million.

Summary of the Onboard Electronics Business Unit

Analysis of business activity in 2001:

For the Multibus multiplexing product, 2001 was a year for:

- Commercial success with 10 bus manufacturer clients in Europe,
- Development of ACTIGraph the graphics personalization tool,
- Application of Multibus throughout the entire line of vehicles for the client Irisbus (Agora, Civis, etc.)

As for the Transformer: pursuit of new exclusive markets for Scania. Qualification of our products by Daimler Chrysler for Mercedes trucks.

As for the Chronotachygraph: Regulation 1B which will make the new secured digital Chronotachygraph compulsory in two years has now been adopted.

As for development of the electric vehicle, business has been below budget.

Sales for 2001 reached € 61.8 million (compared to € 48.5 million in 2000) up 27.2 %.

Analysis of growth potential:

2002 will center on:

- For the Multibus: we will use our strategic position to increase the number of products with our current clients (dashboards, etc.). We will particularly concentrate on gaining new markets in South American and the United States.
- For the Transformer: we must now certify the product and prepare the market for 2003 with truck builders (RVI, etc.). We are present throughout the market with several fleet management products representing significant sales.
- The Electric Vehicle for which business will be maintained.

Budgeted sales are for € 64.4 million.

Summary of the Continuity Business Unit

Analysis of Business Activity in 2001:

The strong points of 2001 were:

- In the technical field, the industrialisation of the Persyst tool for obsolescence processing,
- In the commercial field, the start of diversification represented by the acquisition of new clients.

Sales for 2001 increased to € 1.5 million (compared to € 1.1 million in 2000) for an increase of 36 %, producing a gross margin of € 0.64 million (compared to € 0.37 million in 2000).

Analysis of growth potential:

- An important marketing campaign is underway to enable us to win new accounts in the industrial, civilian and military domains.
- Contacts made so far indicate sales of € 2.6 million, for a gross margin of € 0.95 million.

2 The Telecom Branch

The Telecom branch grew with the acquisition of EBIM, specialised in analog and digital television transmitters.

We also point out that MORS Technologies has been a subsidiary of Sodielec since July 2001, when ACTIELEC Technologies contributed the totality of its Mors Technologies shares to Sodielec remunerated by new shares in Sodielec.

This branch registered sales which, as usual, were weak in the first semester (26 % of the target for the year), but which balanced out by the end of the year. Given the very significant external growth and implementation of an important program, sales in 2001 reached € 41 million (up 220 % over 2000).

It is important to point out that MORS Technologies activity was very steady during 2001, achieving its expected profit objectives.

3 The Production Branch

This business, carried out by ALCYON PRODUCTION SYSTEM and its Tunisian subsidiary, CIPI, registered high growth in business, due to orders from new clients and the continuation of the ACTIA transfer to ALCYON.

Supply difficulties for electronic components, the increase in volume, and internal organisational problems led to anomalies, which we will work to rectify in 2002.

4 The Oceanography Branch

- A joint venture, which was initially planned, has been abandoned.
- Acquisitions of licenses in acoustic positioning are under negotiation.
- This branch easily achieved its sales objectives for 2001.
- The Group strategy for this branch remains the same (sale of the totality).

Summary

During 2001, the contribution to Consolidated Group Sales from the various branches is as follows:

Automotive	€ 115.53 million	(up 21.6 %)
Telecommunications	€ 37.37 million	(up 67.0 %)
Production (contribution to consolidated sales)	€ 23.72 million	(up 67.9%)
Oceanography	€ 7.00 million	(up 154.3 %)
ACTIELEC Technologies Group	€ 183.62 million	(up 36.7 %)

Since the end of the period, noteworthy events include progress toward sale of the Oceanography branch, continuation in the recovery of EBIM and MEIGA, start up of the new ATI factory (USA), and progress in the proposed merger of ACTIA/ALCYON.

I – 4 - RESULTS OF SUBSIDIARIES

The Consolidated Results by Branch appear in the table below:

In millions of €	AUTOMOTIVE	PRODUCTION	TELECOM	OCEANO
Sales	116,69	50,58	41,45	7,01
Other Revenues	5,81	1,58	1,66	0,54
Operating Result	6,34	<0,80>	4,82	0,21
Net Income	2,09	<1,62>	1,85	0,01

It should be pointed out that the data in this table represents the consolidated figures for each branch and not their share of the Group consolidated amounts.

I – 5 - RESEARCH AND DEVELOPMENT ACTIVITY

R&D activity remains as important in order to maintain the high technical level of the Group. The table below summarises progression in total R&D costs (sales, capitalisation and expenses for the period):

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

By branch, R&D sales amount to:

- Automotive € 12.98 million
- Telecommunication € 3.49 million
- Oceanography € 0.61 million
- **TOTAL € 17.08 million**

I – 6 - INVESTMENTS

Investments in 2001 were as follows, compared to 2000:

In millions of €	2000	2001
Intangible assets	20,1	14,2
Tangible assets	5,4	8,5
Financial investments	0,5	-
TOTAL	26,0	22,7

Analysis of intangible elements for €14.2 million indicates that the greater part of them are made up of € 7.8 million for goodwill (EBIM: € 7.5 million and ACTIA POLTIK € 0.3 million) and for € 5.2 million of R&D capitalisation.

Analysis of tangible elements for € 8.5 million indicates that the greater part of them are made up of € 3.9 million attributed to buildings and € 4.6 million for technical installations and other equipment and tools.

I – 7 - AVERAGE NUMBERS OF PERSONNEL FOR THE PERIOD ENDED 12/31/2001

Average personnel figures for ACTIELEC Technologies are as follows:

	France	Abroad	TOTAL
Automotive	331	470	801
Telecom	349	-	349
Production	208	354	562
Oceano	37	5	42
Headquarters	6	-	6
Total	931	829	1 760

Personnel for 2000 was 1505 people, and grew by 16.9 % in total, and 10.9 % in constant scope.

I – 8 - 2002 OBJECTIVES – DEVELOPMENT AND FUTURE PERSPECTIVES

The ACTIELEC Technologies Group has established its budget based on sales of €195 million for an increase of 10 % over 2001, taking into account the sale of the Oceanography Branch.

This objective is based on continuation of sustained growth in the Telecom branch, and near stability in the Automotive and Production branches.

Budgeted sales for the Automotive branch are for € 120 million, up 2.8 %. Renewal of contracts and the success of 2001 enable us to foresee such growth.

The share of Production to consolidated group sales is € 24 million, for total sales of € 51 million.

In Telecom, the sales objective for 2001 is € 51 million, mainly in France (up 24.4 %).

Sale of the Oceanography business is under negotiation.

2002 Objectives in millions of €	Total	Automotive	Telecom	Prod. Share	Oceanography
Sales	195,00	120,00	51,00	24,00	-

I – 9 - ENVIRONMENTAL POLICY

In order to take into account the social and environmental consequences of the business, a study has been ordered.

I – 10 - OTHER INFORMATION CONCERNING GROUP BUSINESS

The variation in interest rates in the different countries served by the Group has only a slight incidence on business.

Production in client countries considerably reduces the currency exchange risk.

Stock market fluctuations do not influence the business forecast.

II – ACTIELEC TECHNOLOGIES SA (PARENT COMPANY)

II – 1 - SIGNIFICANT EVENTS

- Contribution of MORS Technologies to SODIELEC;
- Participation in the increase in Capital of SODIELEC and issuance of SODIELEC convertible bonds.

II – 2 - RESULTS

Accounts for the year 2001 mainly take into account the valorisation of the contribution of MORS Technologies to SODIELEC:

- Sales € 3.77 million
- Other operating income € 0.08 million
- Operating Result € - 0.06 million
- Net Income € 11.56 million

II – 3 - EMPLOYEE SHAREHOLDERS

- In the framework of an employee savings program defined in article L 225-102 of the Code de Commerce, the personnel of the Company (and the companies of the Group) hold no stock in the share capital.
- No stock option or stock purchase plan has been established for personnel during the fiscal period.

II – 4 - SHARE CAPITAL

2-4-1: Distribution of Share Capital

To the best of our knowledge, distribution of share capital as of 12/31/2001 is as follows:

	Held		Controlled	
		%		%
LP/ PC	8 784 720	51,21%	17 425 692	63,76%
Other shareholders' pact	4 001 245	23,33%	5 229 465	19,14%
Investors	2 007 930	11,71%	2 356 114	8,62%
Other & company held	2 359 313	13,75%	2 317 134	8,48%
TOTAL	17 153 208	100,00%	27 328 405	100,00%

Through two agreements, the directors (LP/PC), an industrial firm and a financier hold a total of 12,785,965 shares (74.54 %) and control 22,655,157 votes (82.90 %).

The floating stock is therefore 25.46 % of the total number of shares, including treasury shares.

2-4-2: Treasury share holdings

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

By decision of the Ordinary and Extraordinary Shareholders Meeting of December 29, 2000, the Company is authorised to purchase its own shares. To date, 42,223 have been bought.

Between January 1, 2001 and December 31, 2001 the Company:

- Acquired 41,915 shares on the stock market at the average price of € 4.934, for a total cost of €206,794.24, excluding brokers' fees which amounted to 1378.76 €.
- No sales of shares took place during that period.

At the end of the period, the valued of shares registered in the name of the Company was 43,315 for a value of € 359,946.45 evaluated at the average purchase price. This number of shares with a nominal value of 32,486.25 euros represents 0.253 % of the share capital.

2-4-3: Stock market activity of the securities

The total shares exchanged in 2001 on EUROCLEAR code 7665 was 882,954, for a daily average of 3490 for 253 market days.

The closing values varied as follows:

- EUROCLEAR 7665:		
Highest	€ 8.20	(02/27/2001)
Lowest	€ 3.97	(11/20/2001)

II – 5 - EVENTS SINCE THE END OF THE PERIOD

No significant events in terms of capital have occurred since the end of 2001.

II – 6 - PERSPECTIVES

The perspectives involve two main focuses:

- A study of the total structure of the group in terms of corporate governance,
- Reinforced piloting of the subsidiaries in terms of development of the industrial and financial structures.

III – FINANCIAL RESULTS OVER THE LAST FIVE YEARS

In Euros	1997	1998	1999	2000	2001
Capital end of period					
Share capital	14 143 662	5 657 465	5 657 465	12 864 906	12 864 906
Number of common shares in existence	9 277 634	9 277 634	9 277 634	17 153 208	17 153 208
Number of privileged shares in existence (without voting rights)	0	0	0	0	0
Maximum number of shares to be created in the future	0	0	0	0	0
Operations and Results for the period					
Sales	22 240 241	17 873 422	20 564 294	12 729 316	3 770 448
Income before tax and calculated charges (depreciation and provisions)	-3 390 693	1 034 221	371 016	-4 506 062	11 602 345
Income tax	7 622	11 434	19 056	19 056	0
Employee share of profits during the period	0	0	0	0	0
Income after tax and calculated expenses (depreciation and provisions)	-4 580 274	-865 328	-3 839 000	-2 493 339	11 558 375
Dividends	0	0	0	0	1 029 192
Earnings per share					
Income after tax, but before calculated expenses (depreciation and provisions)	-0,37	0,11	0,04	-0,26	0,68
Income after tax, and calculated expenses (depreciation and provisions)	-0,49	-0,09	-0,41	-0,14	0,67
Dividends attributed to each share (gross)	0,00	0,00	0,00	0,00	0,06
Dividends attributed to each privileged share (gross)	0	0	0	0	0
Personnel					
Average number of employees during the period	264	254	243	140	6
Payroll for the period	7 566 671	7 194 358	6 758 170	5 920 010	595 984
Amount of social security contributions and charitable contributions, etc.	3 388 431	3 002 194	2 947 491	2 836 369	238 617

IV – DIRECTORS

Remunerations:

- Ms. Catherine Mallet received gross remuneration from the Company of €51,456 gross.
- No other directors receive remuneration from the Company or its subsidiaries.

Offices and positions occupied in any company during the past year for all directors of the company:

- **Mr. Louis Pech**, President of ACTIELEC Technologies company, also holds the following offices and positions in the companies listed below:

Offices:

President of ACTIA, S.A., Capital of €7,050,699, 25 Chemin de Pouvoirville 31400 TOULOUSE, 389 187 360 RCS TOULOUSE;

President of ALCYON PRODUCTION SYSTEM, S.A. capital of €3,060,000 , 10 avenue Edouard Serres 31770 COLOMIERS, 345 025 236 RCS TOULOUSE;

President of FONDERIES FINANCIERE MERCIE, S.A. capital of €597.360, 25 chemin de Pouvoirville 31400 TOULOUSE, 550 802 128 RCS TOULOUSE;

Chairman of LP²C, SA à Conseil de Surveillance et à Directoire capital of €5,951,730 , 4 rue Jules Védrines 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board member of IDE INGENIERIE, S.A. capital of €57,150, 4 rue Jules Védrines 31400 TOULOUSE, 381 438 076 RCS TOULOUSE;

Board member of OCEANO Technologies, S.A. capital of €2,098,000, Rue Rivoalon SAINTE-ANNE DE PORTZIC 29200 BREST, 432 005 452 RCS BREST;

BOARD MEMBER OF ACTIA VIDEOBUS PAHER SA, POLIGONO INDUSTRIAL « LOS OLIVOS », C/CALIDAD 66, 28906 GETAFE – MADRID (SPAIN);

BOARD MEMBER OF ACTIA DE MEXICO SA DE CV, PROLONGACION SATURNO N° 456 BODEGA N°19, COLONIA NUEVA INDUSTRIAL VALLEJO, DELEGACION GUSTAVO A. MADERO, CP 07700 MEXICO D.F MEXICO;

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

MEMBER OF THE ADVISORY COMMITTEE OF ACTIA DO BRASIL (BRAZIL), AVENIDA POLÔNIA, 344.90230-110 PORTO ALEGRE – RS BRAZIL;

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

BOARD MEMBER OF ACTIA ITALIA SRL, CORSO UNIONE SOVIETICA 612/3/C, 10135 TORINO ITALY;

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

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

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

Representative of LP²C, director of ALPHA RECYCLAGE FRANCHE COMTE, S.A. capital of €76,225, Mairie de Rochefort sur Nenon 39700 ROCHEFORT SUR NENON, 418 167 953 RCS DOLE;

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

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

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

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

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

Permanent representative of ACTIELEC Technologies, director of EBIM, S.A. capital of €800,000, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE.

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

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

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

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

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

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

Board member of the Association INPT, 6 Allée Emile Monso – BP 4038, 31029 TOULOUSE Cedex 04;

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

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

Advisor Commerce Extérieur de la France, 22 Avenue Franklin Roosevelt BP 303 75365 PARIS CEDEX 08;

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

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

. *Position:* Employment Contract with Société LP²C, S.A. à Conseil de Surveillance et à Directoire capital of €5,951,730, 4 rue Jules Védrières 31400 TOULOUSE.

➤ **Mr. Pierre CALMELS**, Vice-President – General Manager of the Company also holding the following Offices and positions with the companies listed below :

Offices

Board member and Vice-President of ACTIA, S.A. capital of €7,050,699, 25 Chemin de Pourvoirville, 31400 TOULOUSE, 389 187 360 RCS TOULOUSE;

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

President of OCEANO Technologies, S.A. capital of €2,098,000, Rue Rivoalon SAINTE-ANNE DE PORTZIC 29200 BREST, 432 005 452 RCS BREST;

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

President of the Supervisory Committee of LP²C, S.A. à Conseil de Surveillance et à Directoire capital of €5,951,730, 4 rue Jules Védrières 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

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

Board member of IDE INGENIERIE, S.A. capital of €57,150, 4 rue Jules Védrières 31400 TOULOUSE, 381 438 076 RCS TOULOUSE;

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

BOARD MEMBER OF ACTIA VIDEOBUS PAHER S.A., POLIGONO INDUSTRIAL « LOS OLIVOS », C/CALIDAD 66, 28906 GETAFE – MADRID (SPAIN);

BOARD MEMBER OF ACTIA DE MEXICO SA DE CV, PROLONGACION SATURNO N°456 BODEGA N°19, COLONIA NUEVA INDUSTRIAL VALLEJO, DELEGACION GUSTAVO A. MADERO, CP 07700 MEXICO D.F MEXIQUE;

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

MEMBER OF ADVISORY COMMITTEE OF ACTIA DO BRASIL (BRÉSIL), AVENIDA POLÔNIA, 344,90230-110 PORTO ALEGRE – RS BRÉSIL;

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

BOARD MEMBER OF ACTIA ITALIA SRL, CORSO UNIONE SOVIETICA 612/3/C, 10135 TORINO ITALY;

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

Board member of ALPHA RECYCLAGE FRANCHE COMTE, S.A. capital of €76,225, Mairie de Rochefort sur Nenon 39700 ROCHEFORT SUR NENON, 418 167 953 RCS DOLE;

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

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

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

Permanent representative of LP²C, Director of FONDERIE L, MERCIE, S.A. capital of €910,000, 11 avenue de la Marcaissonne 31400 TOULOUSE, 391 888 062 RCS TOULOUSE;

Permanent representative of ACTIELEC Technologies, Director of ALCYON PRODUCTION SYTEM, S.A. capital of €3,060,000, 10 avenue Edouard Serres 31770 COLOMIERS, 345 025 236 RCS TOULOUSE;

Permanent representative of ACTIELEC Technologies, Director of THETIS, S.A. capital of €80.000 , ZA Actisud Lot 128 Le Beau Vézé 83320 CARQUEIRANNE, 352 455 372 RCS TOULON;

Permanent representative of SODIELEC, Director of EBIM, S.A. capital of €800,000, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE;

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

Permanent representative of FONDERIES FINANCIERE MERCIE, Director of M3S, S.A. capital of €192,045, 4 rue Jules Védrières 31400 TOULOUSE, 389 550 211 RCS TOULOUSE;

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

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

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

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

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

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

. *Position: none*

- **Ms. Marine CANDELON-BONNEMAISON**, Board member of the company, also holds the following offices and positions in the companies listed below :

Offices

President of M3S, S.A. capital of €192,045, 4 rue Jules Védrières 31400 TOULOUSE, 389 550 211 RCS TOULOUSE;

Directory board member, LP²C, S.A. à Conseil de Surveillance et à Directoire capital of €5,951,730 , 4 rue Jules Védrières 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board member of FONDERIES FINANCIERE MERCIE, S.A. capital of €597,360, 25 chemin de Pouvourville 31400 TOULOUSE, 550 802 128 RCS TOULOUSE;

Board member of ACTIA, S.A. capital of €7,050,699, 25 Chemin de Pouvourville, 31400 TOULOUSE, 389 187 360 RCS TOULOUSE,

Position: Employment contract (manager) with Société LP²C, S.A. à Conseil de Surveillance et à Directoire capital of €5,951,730, 4 rue Jules Védrières 31400 TOULOUSE .

- **Ms. Catherine MALLET**, Board member of the company, also holds the following offices and positions in the companies listed below :

Offices

Board member of FONDERIES FINANCIERE MERCIE, S.A. capital of €597.360, 25 chemin de Pouvourville 31400 TOULOUSE, 384 043 352 RCS TOULOUSE;

Board member of M3S, S.A. capital of €192,045, 4 rue Jules Védrières 31400 TOULOUSE, 389 550 211 RCS TOULOUSE;

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

Board member of EBIM, S.A. capital of €800,000, ZI St-Joseph 04100 MANOSQUE, 378 940 555 RCS MANOSQUE;

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

Positions: Employment Contract (Assistant to senior management), ACTIELEC Technologies, S.A. capital of €12,864,906 , 25 chemin de Pourvoirville 31400 TOULOUSE.

➤ **La Société SALVEPAR**, the company holds offices in the following companies:

Offices

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

Board member of CONFLANDEY, Capital of €1,452,600, 130 rue Amelot 75011 PARIS, 306 844 259 RCS PARIS;

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

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

Board member of GEODIS, Capital of €91,991,320, 183 avenue de Clichy 75017 PARIS, 542 084 322 RCS PARIS;

Board member of GROUPE LIPPI, Capital of €1,897,000, La Fouillouse 16440 MOUTHIER, 304 541 246 RCS ANGOULEME;

Board member of NORINCO, Capital of €2,667,857,80, 25 rue Aristide Briand BP 157 60111 MERU CEDEX, 592 029 425 RCS BEAUVAIS;

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

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

Board member of SAMSE, Capital of €2,710,754, 26 rue du Colonel Dumont 38000 GRENOBLE, 056 502 248 RCS GRENOBLE,

➤ **Mr. Pierre DEGEORGE**, Permanent representative of SALVEPAR, Board member of the Company, also holds the following offices and positions in the companies listed below :

Offices

Permanent representative of SALVEPAR, director of :

- ✓ AFICA – AFFINAGE CHAMPAGNE ARDENNES, Capital of €1,216,000 , BP 13 51100 BAZANCOURT, 336 780 404 RCS REIMS;
- ✓ FAVI, Capital of 9€60,000, LE LAITON INJECTE BP 5 80490 HALLENCOURT, 778 151 563 RCS ABBEVILLE;
- ✓ GROUPE LIPPI, Capital of €1,897,000, La Fouillouse 16440 MOUTHIER, 304 541 246 RCS ANGOULEME;
- ✓ RG SAFETY, Capital of €18,563,825, 74 rue du Docteur Lemoine 51100 REIMS, 420 625 394 RCS REIMS,

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

- **Mr. Jean LAGASSE**, Board member of the Company, also holds the following offices and positions in the companies listed below :

Offices

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

Positions: none

- **Mr. Günther THRUM**

Offices

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

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

Positions: none

V – SHARE REPURCHASE PLAN WITH POSSIBILITY OF CANCELLATION

We submit the following operations concerning a share repurchase plan for your approval, namely:

- Authorisation to be given to the Board of Directors to proceed with repurchase by the Company of its own shares (decision under the competence of the General Shareholders Meeting).

We propose that you authorise the Board of Directors, for a period of eighteen months, in accordance with the stipulations of article L225-209 and following of the Code de Commerce, to trade the Company's own shares on the stock exchange, and to acquire a number of shares representing up to a maximum of 10% of those shares making up the share capital, under the conditions and within the limits set forth by law and rules and according to the procedures determined hereafter, namely 1,715,320 shares, including those already held by the company.

This authorisation terminates the authorisation given to the Board by the General Shareholders' Meeting of December 29, 2000.

The objectives of this repurchase plan are the following:

- Regularise the quote price of our shares by systematic intervention to counteract market tendencies,
- Intervene through sales and purchase in response to the market situation,
- Grant stock options to corporate employees and officers of the Group and sell or attribute shares to employees within the framework of legal procedures,
- Make possible investments and financing through payment in shares in the context either of external growth operations, or issuance of warrants granting the right to attribution of shares in the Company.
- Optimise management of cash flow and shareholders' equity, and earnings per share,
- Proceed with the cancellation of shares acquired, subject to the authorisation conferred by the Extraordinary Shareholders' Meeting.

Shares acquired under this authorisation may be held, sold or transferred by any means available.

The maximum purchase price will be set at €10, and the minimum sales price or transfer value is set at €5 per share. In case of operations concerning the capital, in particular division or grouping of shares and free attribution of shares, the amounts indicated above will be adjusted in corresponding proportions. The price of sale or transfer will however, be set according to the legal conditions for sale or transfer of shares in the framework of the plan for stock options and sale or transfer of stock to employees.

Given the existence of 44,152 shares held by the Company as of March 14, 2002, the maximum amount of this operation is thus set at €16,711,690.

We ask you to confer all necessary powers to the Board in order to proceed with these operations, to establish the conditions and procedures, to conclude all agreements and carry out all formalities.

It is specifically stated that these operations must be carried out in conformity with the rules determined by the regulations of the COB (Commission des Opérations de Bourse) concerning conditions and periods for intervention on the market.

We ask you to confer all necessary powers to the Board to cancel shares (decision within the competence of the Extraordinary Shareholders' Meeting).

We propose, within the framework of measures contained in article L 225-209 of the Code de Commerce, to:

- Give the Board authorisation to cancel, through its own decision, in one or several actions, within the limit of 10% of the capital, i.e., 1,715,320 shares, the shares which the Company holds, or may hold following purchases made within the framework of article L 225-209 of the Code de Commerce, thus reducing the share capital in that amount in accordance with applicable legal and regulatory measures. The maximum amount of reduction of capital authorised is €1,286,490,
- Set at 24 months from the date of the present Meeting, i.e., until April 29, 2004, the limit of validity for this authorisation,

- Give the Board the powers to carry out the necessary operations for such cancellations and corresponding reductions of share capital, to consequently modify the by-laws of the Company and carry out the required formalities.

VI – PRESENTATION OF RESOLUTIONS

In conformity with the agenda of the Meeting, we will submit a certain number of resolutions for your approval.

1. WITHIN THE COMPETENCE OF THE GENERAL SHAREHOLDERS' MEETING

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

In the second resolution, we ask you to approve the annual consolidated accounts for the year ended December 31, 2001, showing consolidated net income of € 3,920,380.

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

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

Origin

Result of the period: profit of..... € 11,558,375.42

Attribution

- Legal reserve € 126,375.07
 - Dividends € 1,029,192.48
 - Balance to retained earnings € 10,402,807.87

The dividend for each share, will therefore be set at: € 0.06
 representing, with a tax credit of : € 0.03
 a real revenue of € 0.09

It will be due for payment, at the latest, on September 30, 2002.

At the time of payment, if the Company holds certain of its own shares, the sums corresponding to dividends not paid out on such shares will be added back to retained earnings.

We remind you that:

- During the three preceding fiscal periods, MORS (which became ACTIELEC Technologies after merger absorption of ACTIELEC) did not pay dividends.
- During the three preceding fiscal periods, dividends distributed to each share of Actielec (company absorbed by MORS) plus the corresponding tax credit respectively amounted to:

Period	Dividend	Tax Credit	Real Income	Overall distributed dividend
	€	€	€	€
1998	0,00	0,00	0,00	0,00
1999	3,05	1,52	4,57	548 816
2000	0,00	0,00	0,00	0,00

The fifth resolution concerns the authorisation to the Board enabling the Company to buy back its own shares as stipulated in article L 225-209 of the Code de Commerce.

2. WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

The sixth resolution concerns the delegation of powers to be given to the Board in order to cancel shares repurchased by the Company according to the stipulations of article L 225-209 of the Code de Commerce.

The last resolution will concern the powers to be conferred.

We remain at your service to provide any additional explanations.

Your Board invites you to approve, by vote, the text of the resolutions which it has presented to you.

THE BOARD OF DIRECTORS



CONSOLIDATED FINANCIAL STATEMENTS,
YEAR ENDED DECEMBER 31, 2001

- General Shareholders Meeting on April 30, 2002 -

Consolidated Balance Sheet as of December 31, 2001

(In Euros)

Consolidated Assets	2001			2000
	<i>Gross</i>	<i>Depreciation</i>	<i>Net</i>	<i>Net</i>
<i>Headings</i>				
Uncalled capital				
Goodwill	30 201 726	7 177 094	23 024 632	15 827 916
INTANGIBLE FIXED ASSETS				
Start up costs	28 824	15 535	13 289	20 705
Research and development expenditure	13 483 487	1 383 668	12 099 819	7 874 684
Concessions, patents and brands	4 271 200	3 053 384	1 217 816	309 981
Purchased Goodwill	28 984		28 984	31 348
Other intangible assets	12 940	1 970	10 970	107 385
Advances and payments on account				83 271
TANGIBLE FIXED ASSETS				
Land	1 861 842	16 359	1 845 483	1 362 279
Buildings	12 529 525	4 030 419	8 499 106	4 911 528
Plant, equipment and tools	25 970 899	18 668 867	7 302 032	7 203 123
Other tangible assets	10 629 632	7 676 139	2 953 493	2 087 610
Fixed assets in progress	149 176		149 176	22 867
Advances and payments on account	78 989		78 989	21 587
FINANCIAL FIXED ASSETS				
Shareholdings	851 743	215 907	635 836	635 844
Equity-accounted investments	534 309		534 309	501 871
Receivables on investments	513 646	351 466	162 180	173 889
Other holdings	172 083	91 184	80 899	173 871
Loans				
Other financial fixed assets	301 467		301 467	210 894
FIXED ASSETS	101 620 472	42 681 992	58 938 480	41 560 653
CURRENT ASSETS				
Raw materials	28 021 716	2 228 086	25 793 630	16 533 699
Goods in progress	3 817 729		3 817 729	4 876 336
Services in progress	4 575 843	34 935	4 540 908	1 979 661
Intermediate and finished products	10 743 292	1 257 389	9 485 903	6 640 098
Merchandise	9 545 523	1 246 482	8 299 041	3 941 221
Advances and payment on account for orders	1 025 380		1 025 380	627 494
Trade accounts receivable	54 458 442	935 716	53 522 726	42 245 675
Deferred tax assets	5 873 139		5 873 139	4 746 445
Other receivables	13 135 453	29 468	13 105 985	11 269 193
Unpaid called up capital				
Own shares	359 946	145 663	214 283	10 066
Other short-term securities	262 349	6 593	255 756	116 281
Cash and bank	10 383 966	42 870	10 341 096	5 959 586
Prepaid expenses	964 877		964 877	577 377
CURRENT ASSETS	143 167 655	5 927 202	137 240 453	99 523 132
ADJUSTMENT ACCOUNTS				
Deferred charges	169 968		169 968	264 135
Bond redemption premiums				
Unrealised exchange losses				17 053
TOTAL ASSETS	244 958 095	48 609 194	196 348 901	141 364 973

(In Euros)

Consolidated Liabilities and Shareholders' Equity	2001	2000
Share capital	12 864 906	12 864 906
Issuance premiums	9 276 980	11 994 867
Group revaluation reserves		
Legal reserve	1 160 116	1 160 116
Statutory or contractual reserves		
Regulated reserves	189 173	189 173
Other reserves		
Group reserves	14 457 583	8 518 876
Currency translation reserve	392 784	103 020
Retained earnings		<224 548>
Group net income	3 692 615	3 022 587
Investment subsidies		
Regulated provisions		
Treasury shares		
SHAREHOLDERS' EQUITY	42 034 157	37 628 997
Minority interests in reserves	4 180 370	2 274 664
Minority interests in net income	227 765	533 870
MINORITY INTERESTS	4 408 135	2 808 534
Proceeds from issuance of participating debt		
Conditioned advances	3 356 238	1 726 638
OTHER EQUITY	3 356 238	1 726 638
Negative goodwill		
Provisions for risks	1 378 115	2 418 961
Provisions for expenses	2 015 005	1 791 710
Deferred tax liabilities	49 931	61 772
PROVISIONS FOR RISKS AND EXPENSES	3 443 051	4 272 443
Convertible bonds	1 143 396	30
Other bonds		
Loans and debts due to financial institutions	65 451 775	36 444 358
Other loans and financial debt	1 800 200	1 907 680
Advances and payments on account for orders	6 028 659	2 734 938
Trade accounts payable and related accounts	38 346 206	29 991 534
Tax, personnel and social security	14 620 203	12 557 912
Due for fixed assets	2 280 663	2 170 799
Other liabilities	6 908 171	7 267 997
Deferred income	6 528 047	1 841 251
TOTAL LIABILITIES	143 107 320	94 916 499
Unrealised exchange gains		11 862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	196 348 901	141 364 973

Consolidated Income Statement

(In Euros)

	2001	2000
Sales of merchandise	14 940 422	6 281 129
Goods sold	138 861 495	105 437 072
Services sold	29 815 473	22 571 272
Net Sales	183 617 390	134 289 473
Change in production inventories	1 265 996	656 240
Own work capitalised	4 181 947	3 119 792
Operating subsidies	399 077	916 163
Write-back of depreciation, provisions, transfers	3 390 656	5 606 053
Other income	206 593	203 168
OPERATING INCOME	193 061 659	144 790 889
Purchase of merchandise	15 657 102	4 637 637
Charge in merchandise inventories	<4 838 807>	<497 354>
Purchase of raw materials	86 798 089	62 905 970
Charge in raw materials inventories	<9 877 907>	<6 478 562>
Other purchases and external expenses	31 836 716	28 928 098
Taxes, duties and related payments	3 027 931	3 276 111
Salaries and emoluments	38 718 395	29 635 960
Social security	13 182 589	10 500 690
Fixed asset depreciation	5 290 034	3 976 011
Fixed asset provisions		
Provisions on current assets	1 807 843	697 849
Provisions for risks and expenses	883 882	727 213
Other expenses	169 225	247 515
OPERATING EXPENSES	182 655 092	138 557 138
OPERATING RESULT	10 406 567	6 233 751
Profits attributed or losses transferred out		
Loss taken or profits transferred out		
Income from investments	8 407	24 085
Income from other short-term securities	8 821	7 635
Other interest and related income	141 725	149 328
Write-back of provisions, transfer of expenses	113 391	70 701
Exchange gains	889 881	604 195
Net profit on sale of short-term securities	7 104	5 714
Currency translation differences	445	2 097
FINANCIAL INCOME	1 169 774	863 755
Financial provisions and amortizations	147 043	394 442
Interest and related expenses	4 367 055	2 715 463
Exchange losses	732 125	742 352
Net loss on sale of short-term securities	7	
FINANCIAL EXPENSES	5 246 230	3 852 257
FINANCIAL RESULT	<4 076 456>	<2 988 502>
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	6 330 111	3 245 249

Consolidated Income Statement

(In Euros)

	<i>2001</i>	<i>2000</i>
Exceptional income from revenue operations	383 793	401 139
Exceptional income on capital operations	975 726	263 559
Write-back of provisions, transfer of expenses	281 997	16 145
EXCEPTIONAL INCOME	1 641 516	680 843
Exceptional expenses on revenue operations	624 651	396 942
Exceptional expenses on capital operations	769 100	173 272
Exceptional provisions and amortization	106 017	51 573
EXCEPTIONAL EXPENSES	1 499 768	621 787
EXCEPTIONAL RESULT	141 748	59 056
Income tax, current	1 036 829	<748 618>
Income tax, deferred	230 130	<215 093>
RESULT OF CONSOLIDATED COMPANIES	5 204 900	4 268 016
Result of equity-accounted investments	105 385	101 829
Amortization of goodwill	1 389 905	813 388
CONSOLIDATED NET INCOME	3 920 380	3 556 457
GROUP SHARE OF NET INCOME	3 692 615	3 022 587
MINORITY INTERESTS' SHARE OF NET INCOME	227 765	533 870

Footnotes to Consolidated Financial Statements

I. PRINCIPLES OF CONSOLIDATION

Consolidated Statements are established in accordance with Rule 99/02 of the Accounting Regulation Committee (*Comité de la Réglementation Comptable*), and in accordance with the National Accounting Council (*Conseil National de la Comptabilité*) relative to intermediary accounts.

Application of this rule starting with the 2000 fiscal period has no incidence on the presentation of the consolidated accounts, except for reclassification of employee profit-sharing as an operating expense.

1. Consolidation Scope and Criteria

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

The list of consolidated companies is included in note III.

2. Elimination of Operations between Consolidated Companies

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

3. Goodwill

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

Goodwill is amortized according to a straight line amortization plan, currently between 5 and 20 years. The detail of goodwill is shown in note IV.

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

The annual statements of foreign companies are translated as follows:

- Assets and liabilities are converted according to exchange rates at the end of the period,
- Items in the income statement are translated using the average exchange rate for the period, except for those of subsidiaries in countries with high inflation, converted according to rates at the end of the period,
- Differences on translation are included in shareholders' equity and not affect the result.

II. ACCOUNTING PRINCIPLES

I. Intangible Fixed Assets

Research & Development expenditure

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

These expenses include:

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

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

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

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

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

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

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

II. Tangible Fixed Assets

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

Depreciation is calculated on a straight-line basis over their probable lifetimes as follows:

- Buildings and Improvements: 10 to 20 years
- Plant, Equipment, and Tools: 6 to 10 years
- Other Tangible Assets: 4 to 10 years
- Assets being acquired under hire purchase contracts: See above according to the type of asset.

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

III. Financial Fixed Assets

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

When the net equity of an acquired company is less than its acquisition price, and if its recovery is not foreseen, it is provided for.

IV. Inventories

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

Development work in process is valued on the percentage of completion method. Such studies only concern R&D expenses which can be invoiced to customers. Their monitoring procedures are the same as for fixed asset R&D expenditure (individualization of projects).

V. Trade Accounts Receivable and Related Accounts

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

VI. Income Taxes

Deferred taxes are entered according to the liability method.

In particular, they result from:

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

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

VII. Conversion of Items in Other Currencies

Payables and receivables in other currencies are converted at the exchange rate applying on December 31, 2001. Latent exchange rate differences resulting at that time are entered in the income statement.

VIII. Retirement Benefits

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

IX. Deferred income

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

III. CONSOLIDATED COMPANIES

Name	Resisters Office Headquarters	% of Control		Method of Consolidation		Business Sector
		DEC 00	DEC 01	DEC 00	DEC 01	
ACTIELEC Technologies	Toulouse	Consolidating Company				Holding
<i>Automotive</i>						
- ACTIA	Toulouse	99,98	99,98	I.G.	I.G.	Electronic development and manufacture
- MEIGA	Champlan	99,92	99,92	I.G.	I.G.	Distribution of electronic equipment for garages
- TECNOFRANCE	Méry sur Oise	99,50	99,50	I.G.	I.G.	Business grouped with MEIGA
- AUTOTECH	Méry sur Oise	71,58	71,58	I.G.	I.G.	Business grouped with MEIGA
- PARMA	Méry sur Oise	100,00	100,00	I.G.	I.G.	Real Estate
- AIXIA	Le Bourget du Lac	99,91	99,91	I.G.	I.G.	Electronic development and manufacture
- ATON SYSTEMES	Maison Alfort	66,66	66,66	I.G.	I.G.	Electronic development and manufacture
- ACTIA UK	Newtown (<i>Wales</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- TEKHNE	Farnborough (<i>England</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA VIDEOBUS	Getafe Madrid (<i>Spain</i>)	100,00	100,00	I.G.	I.G.	Audio and video equipment development and manufacture
- SCI Los Olivos	Madrid (<i>Spain</i>)	39,99	39,99	M.E.	M.E.	Real Estate
- KARFA	Mexico (<i>Mexico</i>)	80,00	90,00	I.G.	I.G.	Investment management
- ACTIA DE MEXICO	Mexico (<i>Mexico</i>)	100,00	100,00	I.G.	I.G.	Distribution of audio and video equipment
- ACTIA DO BRASIL	Porto Alegre (<i>Brazil</i>)	80,00	80,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA INC	Elkhart-Indiana (<i>USA</i>)	100,00	100,00	I.G.	I.G.	Inactive
- ATAL	Tabor (<i>Czech Republic</i>)	89,98	89,98	I.G.	I.G.	Electronic development and manufacture
- ACTIA ITALIA	Torino (<i>Italy</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- I + ME ACTIA	Braunsweig (<i>Germany</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA A.T.I.	Elkhart-Indiana (<i>USA</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA NL	Nuenen (<i>Netherlands</i>)	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- ACTIA POLTIK SP	Lodz (<i>Poland</i>)	-	70,00	-	I.G.	Electronic development and manufacture
<i>Production</i>						
- ALCYON	Colomiers	99,97	99,97	I.G.	I.G.	Electronics manufacture
- SCI de l'Oratoire	Colomiers	100,00*	100,00*	I.G.	I.G.	Real Estate
- CIPI	Tunis (<i>Tunisia</i>)	65,60	65,60	I.G.	I.G.	Electronics manufacture
<i>Telecommunications</i>						
- SODIELEC	St Georges de Luzeçon	82,18	88,00	I.G.	I.G.	Electronic development and manufacture
- SCI Sodimob	St Georges de Luzeçon	60,00	60,00	I.G.	I.G.	Real Estate
- DATENO	Dinard	99,97	99,96	I.G.	I.G.	Electronic development and manufacture
- MORS TECHNOLOGIES	Puy-Sainte-Réparate	99,95	99,95	I.G.	I.G.	Electronic development
- EBIM	Manosque	-	100,00	-	I.G.	Electronic development and manufacture
- PILGRIM	Toulouse	99,99	99,99	I.G.	I.G.	No industrial activity in 2001
<i>Oceanography</i>						
- OCEANO TECHNOLOGIES	Brest	100,00	100,00	I.G.	I.G.	Electronic development and manufacture
- THETIS	Carqueiranne	79,80	79,80	I.G.	I.G.	Oceanographic development and manufacture
- OCEANO INSTRUMENTS	Edinburgh (<i>Scotland</i>)	96,01	90,98	I.G.	I.G.	Oceanographic development and manufacture
- SCI Les Coteaux de Pouvoirville	Toulouse	27,50	27,50	M.E.	M.E.	Real Estate

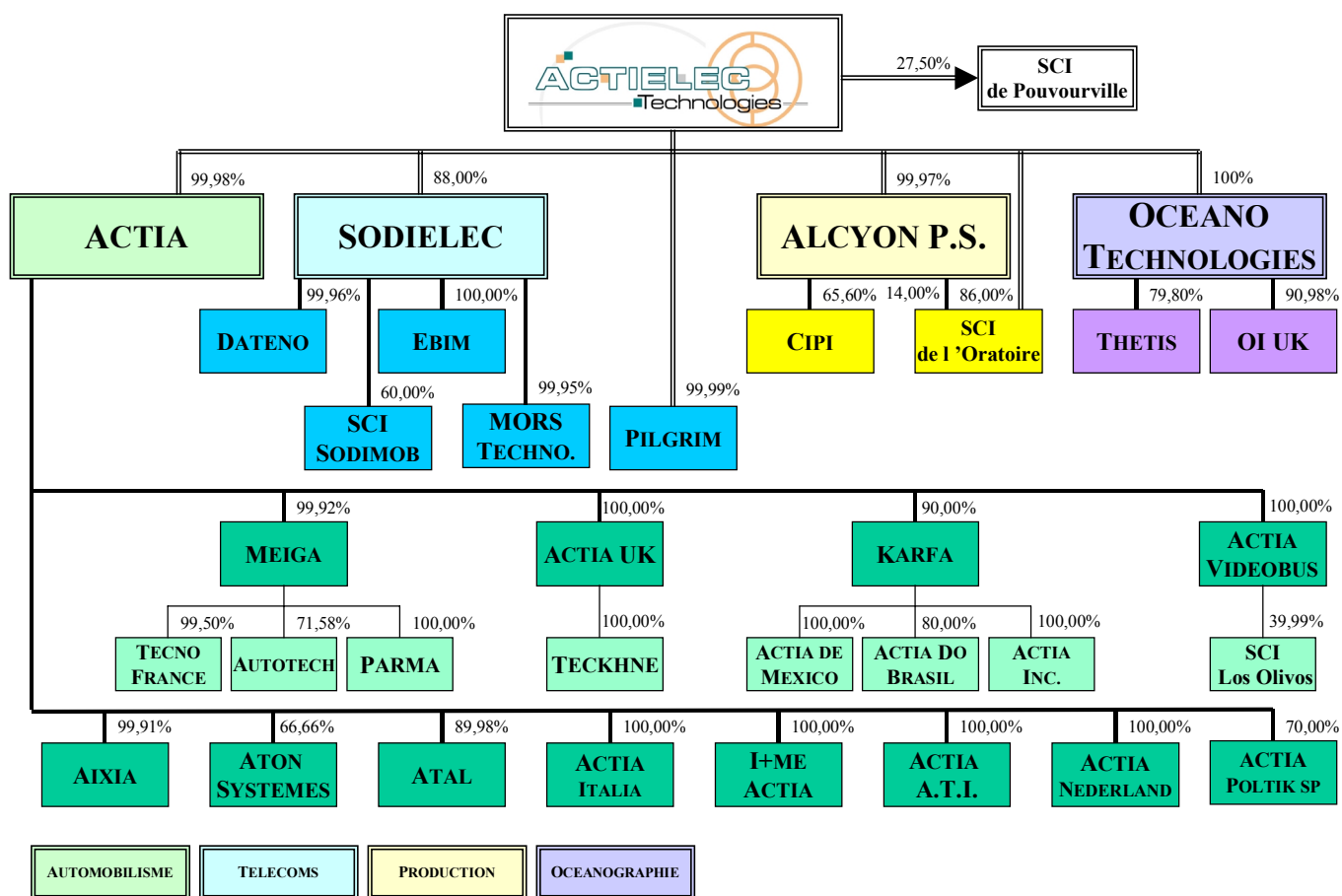
* 14 % held by ALCYON, 86 % held by ACTIELEC Technologies SA

I.G. : Full consolidation

M.E. : Equity accounted

New companies consolidated in 2001 are ACTIA POLTIK (Poland) and EBIM (France). MORS Technologies, previously held by ACTIELEC Technologies, was transferred to the Telecommunications Branch.

SCOPE OF CONSOLIDATION AS OF DECEMBER 31, 2001



IV. INTANGIBLE FIXED ASSETS

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

<i>Figures in thousands of €</i>	on 01/01/01	Variation in scope, Translation adjustment	Acquisitions <Transfer>	Sales and other decreases	on 31/12/01
Goodwill	21 627	730	7 844		30 201
Start-up costs	29		8	8	29
R&D Expenditure	9 020	1 078	5 217	1 832	13 483
Concessions, patents and licences	2 630	146	1 552	57	4 271
Purchased Goodwill	31			2	29
Other intangible assets	430	<8>	<409>		13
Advances and payments on account	83		<83>		0
Total	33 850	1 946	14 129	1 899	48 026

and **amortization**:

<i>Figures in thousands of €</i>	on 01/01/01	Scopes Translation adjustment	Attributions <Transfer>	Takeovers	on 31/12/01
Goodwill	5 797	<10>	1 390		7 177
Start-up costs	8		16	8	16
R&D expenditure	1 145		1 009	770	1 384
Concessions, patents and licences	2 320	115	675	57	3 053
Purchased goodwill	0		0		0
Other intangible assets	322		<320>		2
Total	9 592	105	2 770	835	11 632

As for **goodwill**:

<i>Company² Figures in thousands of €</i>	Initial goodwill	Amortization on 31/12/2000	2001 expense	Variation in Scope	Balance to be amortized
Sodielec	1 307	577	18	<10>	722
Meiga	260	211	33		16
Aixia	65	65			
Tekhne	156	156			
Dateno	1 657	1 657			
Videobus	741	684	22		35
Atal	35	35			
Actia inc	5	4			
Acvibus	80	80			
I+Me Actia	606	606			
Autotech	143	143			
Cipi	2 633	922	263		1 448
Aton	129	103	26		
Parma	3	3			
Tecnofrance	269	161	54		54
Karfa	84	9	15		60
Actia ATI	8 342	209	417		7 716
MORS Technologies	5 919	173	246		5 500
EBIM	7 469		280		7 189
Actia Poltik	298		15		283
Total	30 201	5 797	1 389	<10>	23 024

New goodwill in 2001: - Acquisition of EBIM : € 7,470,000
 - Acquisition of supplementary 10 % of KARFA: € 76,000
 - Acquisition of ACTIA Poltik: € 299,000

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

V. TANGIBLE FIXED ASSETS

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

<i>Figures in thousands of €</i>	on 31/12/00	Variation in scope Translation adjustment Other variations	Acquisitions and Transfers	Sales and other decreases	on 31/12/01
Land	1 378	91	393		1 862
Buildings	7 773	1 232	3 525		12 530
Plant, equipment, tools	24 123	984	2 319	1 455	25 971
Other fixed assets	8 630	532	2 035	567	10 630
Fixed assets in progress	23		126		149
Advances and payments on account	22	1	56		79
Total	41 948	2 840	8 454	2 022	51 220
Including lease capitalisation					
Land	101	28			129
Buildings	3 265	256			3 521
Equipment and tools	1 693	78			1 771
Other fixed assets	1 011	86	307		1 404

Variation in scope mainly concerns EBIM for € 2.5 million, and the most significant acquisition concerns the ATI industrial entity in the USA (€3.1 million)

Amortization

<i>Figures in thousands of €</i>	on 31/12/00	Variation in scope Translation adjustment Other variations	Attributions	Takeovers	on 31/12/01
Land	16		0		16
Buildings	2 861	666	503		4 030
Plant, Equipment, Tools	16 920	884	2 141	1 276	18 669
Other fixed assets	6 543	413	1 209	489	7 676
Fixed assets currently being processed	0				0
Total	26 340	1 963	3 853	1 765	30 391
Including Lease Capitalisation					
Buildings	1 400	69	235		1 704
Equipment and Tools	1 067	19	262		1 348
Other fixed assets	776	86	192		1 054

The variation in scope mainly concerns EBIM for € 1.6 million

VI. FINANCIAL FIXED ASSETS
(in gross values)

<i>Figures in thousands of €</i>		31/12/00	31/12/01
Share holdings :			
C.Y.T.	*1	33	33
STEM	*1	23	23
C.G.C.		1	1
ACTIMUR		53	53
EURODIO	*1	23	23
ACEM	*1	129	129
CAST	*1	8	8
3 I S		27	27
MIDI PYRENEES CREATION		2	2
INTECS		350	350
S.T.A.		203	203
	Total	852	852
Other holdings :			
GTI Siglo XXI	*2	94	94
Tunisian shares		64	62
Others (shares in lenders)		16	16
	Total	174	172
Equity accounted investments			
SCI Los Olivos		52	66
SCI Pouvourville		450	468
	Total	502	534

*1 already provided 100 % as of December 31, 2000

*2 Provided in 2001

OWN SHARES:

Within the context of the share buy-back program authorized by the COB on December 14, 2000, registered as n° 00-2041, ACTIELEC Technologies SA holds as of December 31, 2001, 43,315 of its own shares, entered in Current Assets.

VII. TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS, OTHER RECEIVABLES

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

Other receivables: these include in particular:

- ✓ “Research Tax Credit” amounting to € 5,216,000 analyzed as follows:
 - ACTIA € 4 275,000
 - SODIELEC € 821,000
 - DATENO € 120,000

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

- in 2002 : € 946,000
- in 2003 : € 1,743,000
- in 2004 : € 2,018,000
- in 2005 : € 509,000

- ✓ A significant amount of input VAT, including € 1,600,000 for ALCYON.

VIII. DEFERRED TAXES

<i>Figures in thousands of €</i>	31/12/00	31/12/01
Tax assets attributed to:		
Timing differences between book and fiscal	612	733
Tax losses	4 134	5 140
NET TOTAL OF TAX ASSETS	4 747	5 873
Tax liabilities attributed to:		
Liabilities for deferred taxes	62	50
NET TOTAL OF TAX LIABILITIES	62	50
Provision for deferred tax assets	<352>	<262>
NET TOTAL OF TAX ASSETS OR LIABILITIES	4 333	5 561

Tax losses and capital losses of French companies of the Group which have not been activated represent a total tax base of €7.8 million, for a potential tax saving of €2.7 million (in 2000, the base was €12.1 million)

The decrease in the tax base, €4.3 million, comes mainly from the activation of deferred taxes for ACTIELEC Technologies SA.

IX. FINANCIAL LIABILITIES AND RELATED ACCOUNTS, CONDITIONED ADVANCES

At the end of the year, financial liabilities are as follows, according to type and maturity:

<i>Figures in thousands of €</i>	31/12/00				31/12/01			
	< 1 year	>1 yr and <5 yrs	> 5 yrs	Total	< 1 year	>1 yr and <5 yrs	> 5 yrs	Total
Conditioned advances	26	1 700		1 726	-	3 356	-	3 356
Bonds	-	-	-	-	-	-	1 143	1 143
Loans and debts due to financial institutions	4 527	11 133	1 960	17 620	7 531	27 542	3 885	38 958
Finance leases	559	1 217	1 396	3 172	486	1 396	649	2 531
Others loans and financial debts	1 301	527	80	1 908	1 752	48	-	1 800
Overdrafts	15 653	-	-	15 653	23 963	-	-	23 963
Total	22 066	14 577	3 436	40 079	33 732	32 342	5 677	71 751

Overdraft facilities as of December 31, 2001 are generally authorized for a one-year period and are renewable midway through the year.

Except for trade accounts receivable given as collateral, and certain other commitments mentioned in note XX, there are generally no particular guarantees.

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

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

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

The ratio of "Net Indebtedness/Shareholder's Equity" was 72 % on December 31, 2001 as opposed to 42 % on December 31, 2000.

The net indebtedness consists of:

- In their totality :
 - Medium and Long-Term Loans,
 - Convertible Bonds,
 - Finance lease debt,
- For the part due over one year only (as the part due under one year partially finances the working capital):
 - Other loans and financial debts,
 - Conditioned Advances

Cash and bank is deducted from the total net indebtedness.

Net indebtedness does not include "Daily" financing, discounted trade bills or overdrafts.

The significant increase in the net indebtedness ratio is primarily due to the following factors:

- External growth (acquisition + re-launch financing of EBIM)€ 6 million
- New plant in the USA€ 3 million
- Inventories of raw materials€ 9 million
- Inventories of intermediate and finished products€ 9 million
- Internal growth TELECOMMUNICATIONS branch€ 3 million

Total **€ 30 million**

X. CHANGE IN SHAREHOLDER'S EQUITY

<i>Figures in thousands of €</i>	Groupe Share	Minority Interests	Total
SHAREHOLDERS' EQUITY, BEGINNING OF THE PERIOD	37 629	2 809	40 438
Net income	3 693	228	3 921
Currency translation	243	11	254
TELECOMMUNICATIONS branch scope change		1 382	1 382
Finance lease adjustments	351	48	399
Other	118	<70>	48
SHAREHOLDERS' EQUITY, END OF THE PERIOD	42 034	4 408	46 442

XI. SHARE CAPITAL

The Share Capital of ACTIELEC Technologies consists of 17,153,208 shares of 0.75 Euros each, for total share capital of 12,864,906 Euros.

Changes in the net equity of ACTIELEC Technologies SA (the parent company) during the period are as follows:

<i>Figures in thousands of €</i>	Balance on 31/12/2000 before appropriation	Appropriation of 2000 results	2001 Results	Balance as of 31/12/2001
Capital	12 864 906			12 864 906
Issue and Merger Premium	11 994 867	<2 717 887>		9 276 980
Legal Reserve	1 160 116			1 160 116
Undistributable Reserves	189 173			189 173
Retained earnings	<224 548>	224 548		0
Net income (parent company)	<2 493 339>	2 493 339	11 558 375	11 558 375
Net Equity	23 491 175	0	11 558 375	35 049 550

XII. EARNINGS PER SHARE (GROUP SHARE BEFORE AMORTIZATION OF GOODWILL):

In 2001, earnings per share (Group share, before amortization of goodwill) amounted to € 0.296 (€ 0.224 for the 2000), an increase of + 32.1 %.

In 2000, due to the variation in scope generated by the acquisition of MORS, the method of calculation used does not take into account the weighted average effect of share capital increases during the year.

XIII. PROVISIONS FOR RISKS AND EXPENSES

Changes for the period are as follows:

<i>Figures in thousands of €</i>	on 31/12/00	Variation in scope and translation adjustment	Increases	Decreases	on 31/12/01
Provisions for risks	2 419	259	74	1 374	1 378
Provisions for social charges and deferred taxes	420	31	298	386	363
Provisions for retirement indemnities	1 372	160	151	31	1 652
Provisions for deferred taxes	62		50	62	50
Total	4 273	450	573	1 853	3 443

- Provisions of € 453,000 are shown as a variation in scope following acquisition of EBIM.
- Write-backs of significant provisions were registered at MORS Technologies for € 1.2 million following accelerated inventory utilization in a revived market.

XIV. NET SALES

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

<i>Figures in thousands of €</i>		31/12/00	31/12/01
Sales realized by French Companies		93 001	122 260
	<i>in France</i>	72 366	105 378
	<i>export</i>	20 636	16 882
Sales realized by Foreign Companies		41 288	61 357
	<i>* in the European region</i>	21 186	26 575
	<i>* in the American region</i>	20 102	34 782
Total		134 289	183 617

A
B

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

- in 2000: € 61,924,000
- in 2001: € 78,239,000 for an increase of 26.35 %

Net Consolidated Sales by business segment are as follows:

<i>Figures in thousands of €</i>	31/12/00		31/12/01	
	Consolidated Sales by Segment	Gp. Conso. Sales Net Contribution	Consolidated Sales by Segment	Gp. Conso. Sales Net Contribution
Automotive	95 925	95 029	116 691	115 526
Telecommunications	18 622	18 104	41 446	37 169
Production	35 255	14 127	50 583	23 724
Oceanography	2 752	2 752	7 008	7 008
Holding *A	4 277	4 277	190	190
Total		134 289		183 617

Sales for EBIM (in TELECOMMUNICATIONS) total approximately € 9 million since its entry into the group, a period of nine months.

We point out that in mid 2000, ACTIELEC Technologies acquired A.T.I. (USA) whose sales for the 2nd semester of 2000 totaled € 6 million, as well as the MORS Group whose sales for the same semester totaled € 12.4 million.

A: We point out that for 2000, the Holding company registered the revenues of MORS PSR and Brest until their transfer to the new subsidiaries. For fiscal 2001, the Holding company registered € 190,000 of sales involving a contract between the Ministry of Defense and MORS Technologies.

In order to protect our sales network, we have not indicated an analysis by country.

XV. INCOME TAX

<i>Figures in thousands of €</i>	31/12/00	31/12/01
Results of consolidated companies after amortization of goodwill	3 455	3 815
Tax <credit>	<964>	1 267
Results of consolidated companies before taxes	2 491	5 082

The ACTIELEC GROUP, through its branches ACTIA and SODIELEC, assumes significant R&D expenditures (averaging 20% of the sales of these branches).

The consequences in tax terms of this policy is the gain of a Research Tax Credit, which reduces the standard tax rate applicable in France.

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

<i>Figures in thousands of €</i>	31/12/00	31/12/01
Theoretical tax calculated according to the standard French rate	<913>	<1 794>
Research Tax Credit	1 959	250
Goodwill amortization	<298>	<491>
Effect on the Theoretical Tax		
- Rate differential (abroad, French rate)	0	12
- Use of tax losses from preceding fiscal periods	339	0
- Non-activated tax losses	<89>	<349>
- Change in tax rate		<133>
- Recognition of transfer of tax losses by the government during internal restructuring (1)		435
- Updating of perspectives for use of tax losses		750
- Other	<33>	53
Tax charge or credit	964	<1 267>

(1) also see note VIII

Distribution of tax between income before exceptional items and taxes and exceptional result is as follows:

<i>Figures in thousands of €</i>	31/12/00	31/12/01
Income before exceptional items and tax	984	<1 337>
Exceptional result	<21>	70
Total	964	<1 267>

XVI. NOTE ON THE FINANCIAL RESULT

In financial expenses, significant elements are:

	31/12/2000	31/12/2001
- Interest and Financial Expense from Financial Institutions:	€ 2,715,000	€ 4,367,000
- Exchange losses:	€ 742,000	€ 732,000

In financial income, significant elements are:

	31/12/2000	31/12/2001
➤ Exchange gains:	€ 604,000	€ 890,000

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

XVII. NOTE ON EXCEPTIONAL RESULT

There was no significant exceptional result for the 2000 or 2001 fiscal periods.

XVIII. REMUNERATION OF DIRECTORS

The chairman of ACTIELEC Technologies SA is remunerated by its parent company (LP²C Company), which re-invoices ACTIELEC TECHNOLOGIES by agreement. Information on the remuneration of other directors is not published, since it would involve indicating their individual salaries.

XIX. PERSONNEL

Average personnel by geographic region	31/12/00	31/12/01
France	792	931
Abroad	713	829
Total	1505	1760

Most of the increase in France is related to acquisition of EBIM.

XX. OFF-BALANCE SHEET CONTINGENT LIABILITIES

As of December 31, 2001, Contingent Liabilities were as follows:

<i>Figures in thousands of €</i>	31/12/00	31/12/01
Discounted bills	7 662	8 796
Pledged equipment	850	275
Guarantees	949	3 770
Mortgages	2 175	1 613
Total of Commitments and Guarantees Given	11 637	14 454

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

XXI. POST-BALANCE SHEET EVENTS

In accordance with its announced strategy, ACTIELEC Technologies concluded an agreement at the end of March 2002, with the French company iXSEA for the disposal of its OCEANOGRAPHY branch. In 2001 this branch generated sales of € 7 million for a break-even result.

This disposal will bring the group a cash input of over € 4.5 million and a capital gain of over € 1 million during the first semester of 2002. This operation will produce supplementary financial resources for the development of the Automotive and Telecommunications branches.

XXII. POLICY OF RISK COVERAGE

- 1- Currency Risks: In countries where currency risks are highest, the Group has made all inter-group invoicing in Euros since 1999, and has limited customer credit in countries with weak currencies.
- 2- Interest Rate Risks: The Group has taken out virtually all of its Medium and Long-term loans at fixed rates or capped floating rates. Short-term loans are at variable or renegotiable rates.



PARENT COMPANY FINANCIAL STATEMENTS,
YEAR ENDED DECEMBER 31, 2001

- General Shareholders Meeting on April 30, 2002 -

CONSOLIDATED STATEMENT OF CASH FLOWS

In Euros

	31/12/00		31/12/01	
Net income of consolidated companies	3 556 457		3 920 380	
Elimination of expenses and income without effect on the cash flow or not related to the business:				
- Amortization and provisions (1)	4 506 393		5 473 771	
- Change in deferred taxes	-215 091		230 130	
- Capital gains from sales, net after taxes	-58 686		-193 076	
Cash flow of consolidated companies	7 789 073		9 431 205	
Dividend from equity accounted investments	62 885		72 441	
Change in operating working capital needs	-9 843 008		-18 024 896	
Net operating cash flow		-1 991 050		-8 521 250
Cash flow related to investment operations:				
Acquisition of fixed assets	-11 755 526		-15 303 779	
Sales of fixed assets, net after taxes	263 558		924 903	
Incidence of variation in scope (2)	-10 276 151		-4 006 000	
Cash flow related to investment operations		-21 768 119		-18 384 876
Cash flow related to financing operations				
Dividends paid to shareholders of the parent company	-548 816			
Dividends paid to shareholders of consolidated companies	59 256			
Capital increases by minority holders in consolidated companies	14 156 263		455 791	
Issuance of loans	7 360 056		28 814 543	
Loan repayments	-7 224 046		-6 328 603	
Net cash flow related to financing operations		13 802 713		22 941 731
Variation in cash flows		-9 956 456		-3 964 395
Cash at the beginning of the period	659 342		-9 374 383	
Cash at the end of the period	-9 374 383		-13 394 746	
Effect of variations in currency exchange rates	-77 269		-55 968	

For 2000, this table does not take into account cash flows for a medium-term loan of €4,6 million which was approved by the bank before December 31, 2000 and which was not used until after January 1, 2001.

(1) Excluding provisions for current assets

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

Balance Sheet as of December 31, 2001.

(In Euros)

Assets	2001			2000
	Gross	Depreciation	Net	Net
Headings				
Uncalled capital			-	
INTANGIBLE FIXED ASSETS				
Startup costs			-	
Research and development expenditure			-	
Concessions, patents and other	34 383	31 706	2 676	266
Purchased goodwill			-	
Other intangible assets			-	
Advances, pment. on account for intangibles			-	
TANGIBLE FIXED ASSETS				
Land	30 293	3 068	27 225	26 446
Buildings	554 094	199 199	354 894	217 832
Plant, equipment, tools			-	
Other tangible assets	324 955	279 889	45 066	9 014
Fixed assets in progress			-	
Advances			-	21 587
FINANCIAL FIXED ASSETS				
Equity accounted investments			-	
Other investments	34 087 588	2 700 767	31 386 821	16 076 689
Receivables related to investments	14 536 064	342 970	14 193 095	14 046 053
Other holdings	2 519 743	2 286 735	233 008	15 550
Loans			-	
Other financial fixed assets	21 422		21 422	21 422
FIXED ASSETS	52 108 543	5 844 335	46 264 208	30 434 859
INVENTORIES				
Raw materials, supplies			-	
Goods in progress			-	
Services in progress			-	
Intermediate and finished products			-	
Merchandise	3 764 424		3 764 424	
Advance payments on orders	266 389		266 389	
RECEIVABLES				
Trade accounts receivable and related accounts	1 560 827		1 560 827	1 015 769
Other receivables	2 330 548		2 330 548	2 090 985
Called up capital, not paid up			-	
OTHER RECEIVABLES				
Short-term securities	525 747	146 472	379 276	10 066
(including own shares: 359 946)				
Cash and bank	112 900	42 863	70 037	122 584
ADJUSTMENT ACCOUNTS				
Prepaid expenses	55 734		55 734	31 576
CURRENT ASSETS	8 616 569	189 335	8 427 234	3 270 980
Deferred charges			-	
Bond redemption premiums			-	
Unrealised exchange losses			-	
TOTAL ASSETS	60 725 111	6 033 670	54 691 442	33 705 840

Balance Sheet as of December 31, 2001.

(In Euros)

Liabilities and Shareholders' Equity	2001	2000
Share or individual capital (including issued : 12 864 906)	12 864 906	12 864 906
Issuance, merger and contribution premiums	9 276 980	11 994 867
Revaluation reserves (inc. equity-accounting adjustment :)		
Legal reserve	1 160 116	1 160 116
Statutory or contractual reserves		
Regulated reserves (inc. res. exch, rate fluctuation)	189 173	189 173
Other reserves (inc. Purchase of original creative works)		
Retained earnings	-	224 548
RESULT FOR THE PERIOD (profit or loss)	11 558 375	- 2 493 339
Investment subsidies		
Regulated provisions		
SHAREHOLDERS' EQUITY	35 049 550	23 491 175
Proceeds from issuance of participating debt		
Conditioned advances		
OTHER EQUITY	-	-
Provisions for risks		
Provisions for expenses		
PROVISIONS FOR RISKS AND EXPENSES	-	-
FINANCIAL LIABILITIES		
Convertible bonds		
Other bonds		
Loans and debts due to financial institutions	11 653 308	7 085 706
Other loans and debts (incl. investment loans)		
Advance payments for undelivered orders	2 714 303	
OPERATING LIABILITIES		
Trade accounts payable and related accounts	2 625 580	615 588
Tax, personnel and social security	140 922	282 358
OTHERS LIABILITIES		
Due for fixed assets and related accounts	1 647 104	1 978 108
Other	860 674	252 904
ADJUSTMENT ACCOUNTS		
Deferred income		
TOTAL LIABILITIES	19 641 892	10 214 665
Unrealised exchange gains		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	54 691 442	33 705 840

Income statement

(In Euros)

	<i>France</i>	<i>Export</i>	2001	2000
Sales of merchandise	189 130		189 130	733 921
Goods produced and sold				6 102 954
Services produced and sold	3 581 318		3 581 318	5 892 441
NET SALES	3 770 448		3 770 448	12 729 316
Change in production inventories				425 053
Own work capitalised				171 742
Operating subsidies				729 967
Write-back of depreciation and provisions, transfer of expenses			75 439	4 447 796
Other income				3
OPERATING INCOME			3 845 887	18 503 878
Purchase of merchandise (including customs duties)			3 953 554	
Change in inventories (merchandise)			(3 764 424)	
Purchase of raw materials and other supplies (incl, customs duties)				2 036 862
Change in inventories (raw materials and supplies)				40 367
Other purchases and external expenses			2 764 022	6 850 158
Taxes, duties and related payments			79 128	720 250
Salaries and emoluments			595 984	5 920 010
Social security			238 617	2 386 369
PROVISIONS, DEPRECIATION AND AMORTISATION				
On fixed assets: amortizations			41 394	501 044
On fixed assets:provisions				
On current assets: provisions				464 970
For risks and expenses: provisions				299 777
Other expenses				141
OPERATING EXPENSES			3 908 275	19 219 945
OPERATING RESULT			(62 388)	(716 068)
JOINT VENTURE OPERATIONS				
Profit attributed or loss transferred out				
Loss taken or profit transferred out				
FINANCIAL INCOME				
Financial income from investments			1 957 558	495 536
Income from other short term securities and other financial fixed assets			27 358	9 446
Other interest and related income			228	31 337
Write-back of provisions and transfer of expenses			3 607	45 453
Exchange gains				32 825
Net profit on sale of short term securities			4 882	5 376
FINANCIAL INCOME			1 993 631	619 972
Financial provisions and amortisation			6 183	2 311 170
Interest and related expenses			598 734	926 359
Exchange losses				37 064
Net loss on sale of short term securities				
FINANCIAL EXPENSES			604 917	3 274 592
FINANCIAL RESULT			1 388 715	(2 654 620)
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX			1 326 326	(3 370 688)

Income statement

(In Euros)

<i>Headings</i>	<i>2001</i>	<i>2000</i>
Exceptional income from revenue operations	5 808	67 247
Exceptional income from capital operations	10 825 025	6 044 240
Write-back of provisions and transfer of expenses		3 811
EXCEPTIONAL INCOME	10 830 833	6 115 298
Exceptional expenses from revenue operations	693	120 565
Exceptional expenses from capital operations	598 091	3 057 020
Exceptional provisions and amortisation		2 041 307
EXCEPTIONAL EXPENSES	598 784	5 218 893
EXCEPTIONAL RESULT	10 232 049	896 405
Employee profit-sharing		
Income tax		19 056
TOTAL INCOME	16 670 351	25 239 147
TOTAL EXPENSES	5 111 976	27 732 486
NET INCOME	11 558 375	(2 493 339)

FOOTNOTES TO FINANCIAL STATEMENTS.

I. ACCOUNTING PRINCIPLES

1. Significant Events

Following financial and organizational restructuring carried out mainly in 2000, and hive-downs decided at the Extraordinary General Meeting of December 29, 2000, Actielec Technologies completed during 2001 its reorganization of Mors assets by the contribution of its subsidiary Mors Technologies in August 2001 to Sodielec, which also made a simultaneous increase in capital in cash.

In December 2001, ACTIELEC TECHNOLOGIES participated in a subscription of convertible bonds, issued by its subsidiary Sodielec.

Another important event of 2001 was the signature of a contract between ACTIELEC TECHNOLOGIES and the DGA, for ground stations, on behalf of its SODIELEC and DATENO subsidiaries and of a contract for terminals on behalf of MORS TECHNOLOGIES. Acting beyond its usual status as a holding company for this contract, ACTIELEC TECHNOLOGIES has recorded the relevant purchases from its subsidiaries and re-invoiced the DGA.

These events of 2000 and 2001 make it difficult to compare the accounts.

2. Accounting Principles

The annual accounts are presented in conformity with applicable legal rules and regulations.

3. Intangible Fixed Assets

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

4. Tangible Fixed Assets

Tangible assets are entered at their acquisition cost.

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

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

5. Financial Fixed Assets

Shares are recorded at their purchase price or contribution value.

When the net equity of the acquired company is inferior to its share capital, a provision is immediately made.

6. Retirement commitments

Within Contingent Liabilities, retirement commitments represent an amount of € 78,150.

II. ADDITIONAL INFORMATION CONCERNING THE BALANCE SHEET AND THE INCOME STATEMENT

The accounts are made up to December 31, 2001 covering a period of twelve months.

1. Intangible Fixed Assets

Changes in intangible assets for the period:

Cost	As of 31/12/2000	Acquisitions	Transfers Disposals	As of 31/12/2001
Start-up Costs	0	0	0	0
Other Intangible Assets	31 580	3 946	1 143	34 383
TOTAL	31 580	3 946	1 143	34 383

Amortization	As of 31/12/2000	Expense	Write-backs	As of 31/12/2001
Start-up Costs	0	0	0	0
Other Intangible Assets	31 314	1 536	1 143	31 706
TOTAL	31 314	1 536	1 143	31 706

2. Tangible Fixed Assets

Changes in tangible assets for the period:

Cost	As of 31/12/2000	Acquisitions	Transfers Disposals	As of 31/12/2001
Land	28 696	1 598	0	30 293
Buildings	386 554	167 539	0	554 094
Plant, Equipment and Tools	0	0	0	0
Other	280 341	44 614	0	324 955
Fixed assets in progress	21 587	122 110	143 697	0
TOTAL	717 178	335 861	143 697	909 342

Depreciation	As of 31/12/2000	Expense	Write-backs	As of 31/12/2001
Land	2 250	818	0	3 068
Buildings	168 722	30 497	20	199 199
Plant, Equipment and Tools	0	0	0	0
Other	271 326	8 563	0	279 889
TOTAL	442 299	39 878	20	482 157

3. Financial Fixed Assets

Subsidiary	Shareholders Equity before appropriation	%	Carryong Value of shares		Last Period	
			at the time of Report		Net sales, excluding taxes	Net income
			31/12/2000	31/12/2001		
1) Subsidiaries and shareholdings > 10%						
Actia	16 865 486	99,98%	7 025 278	7 025 278	60 797 077	600 558
Alcyon	2 453 909	99,97%	3 255 762	3 255 762	49 841 673	<1 534 739>
OCEANO Technologies	2 008 619	100,00%	2 098 738	2 098 738	3 763 361	<105 289>
SCI Oratoire	<190 093>	86,00%	199 098	199 098	284 229	11 961
Sodielec	25 363 026	88,00%	3 247 043	18 753 877	11 244 785	1 000 453
SCI Pouvourville	1 016 677	27,50%	41 161	41 161	498 672	268 540
Acem	In liquidation since 93		128 670	128 670		
Control Y Telemandos	NC	15,00%	33 494	33 494	NC	NC
Pilgrim	<20 457 066>	100,00%	2 515 791	2 515 791	<44 240>	<1 667 986>
2) Shareholdings < 10%						
DATENO	3 054 457	0,006%	206	206	7 064 608	501 619
MORS Technologies	3 524 347	0,008%	196 733	15	14 993 799	2 898 726
CIPI	1 733 414	0,200%	10 138	10 138	4 222 440	210 728
EBIM	157 490	0,000%	0	17	9 335 168	<626 589>
MORS INC.	NC	100,000%	0	0	NC	NC
<i>Outside the Group</i>						
Continentale d'Entreprise	NC	NS	47	47	NC	NC
STEM	NC	NS	22 812	22 812	NC	NC
CGC	NC	NS	960	960	NC	NC
MPC	NC	0,10%	1 524	1 524	NC	NC
TOTAL			18 777 456	34 087 588		
3) Other Holdings						
1% Construction loan			15 550	15 550		
Pilgrim Bonds			2 286 735	2 286 735		
Sodielec Convertible Bonds			0	217 458		
TOTAL			2 302 285	2 519 743		
4) Receivables and other financial fixed assets						
Deposits			15 324			
Other loans			6 098			
TOTAL			21 422	0		
5) Provisions for Financial Holdings						
Control Y Telemandos			33 494			
Pilgrim			2 515 791			
Acem			128 670			
MORS INC.			0			
STEM			22 812			
TOTAL			2 700 767	0		
6) Provisions for other holdings						
Pilgrim bonds			2 286 735			

N.S. = Not Significant . = Not Communicated

4. Maturity of Receivables at the end of the Period

	TOTAL	Receivables due within 1 year	Receivables due after one year
<i>Receivables</i>			
Receivables linked to Shareholdings	14 536 064	3 429 216	11 106 849
Trade accounts receivable	1 560 827	1 560 827	
Other Receivables	2 330 548	2 330 548	
TOTAL	18 427 439	7 320 591	11 106 849
<i>Provisions on Receivables</i>			
Provisions on Current Accounts	342 970		

5. Provisions

During the period, the following provisions were made in the Income statement:

- Operating: 0.00
- Financial: € 6182.72
- Exceptional: 0.00

6. Financial Results

The significant elements for Financial Income were the Financial Income of Shareholdings for 1,957,557.65 euros. This is the amount of interest on current accounts invoiced to subsidiaries plus dividends received.

- Total Financial Income € **1,993,631.35**

The significant elements for Financial Expenses are Interest and related expenses amounting to 598,734.10 euros, which represent bank interest.

- Total Financial Income: **604,916.82**

The **Financial Result** is: € **1,388,714.53**

7. Exceptional Result

The significant elements of Exceptional Income are Exceptional Income from Capital Operations amounting to 10,825,024.85 euros.

This concerns:

- The transfer of MORS TECHNOLOGIES to SODIELEC: € 10,214,084.00
- The disposal of Tangible Fixed Assets (SODIELEC): € 609,797.50

- Total Exceptional Income: € **10,830,833.02**

The significant elements for Exceptional Expenses are Exceptional Expenses on Capital Operations for 598,090.64 euros.

This concerns:

- The transfer of MORS TECHNOLOGIES to SODIELEC: € 196,718.27
- The disposal of Tangible Fixed Assets (SODIELEC): € 400,229.02

➤ Total Exceptional Expenses: € **598,783.88**

The **Exceptional Result** is € **10,232,049.14**

8. Financial Commitments and Real Security Given

Security given by ACTIELEC TECHNOLOGIES to Banks: € 7,282,569
 To non-bank third parties: 0
 Other Financial Interests: € 1,388,263

9. Shareholders' Equity

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

Changes in net equity during the period:

	Balance as of 31/12/2000 before appropriation	Merger	Conversion to Euros	Appropriation of Results for 2000		Capital Increase	Balance as of 31/12/2001 Before Proposed Allocation
				Retained earnings	Dividends		
Capital	12 864 906						12 864 906
Issue Premiums	9 127 863			<2 717 887>			6 409 976
Merger Premiums	2 867 003						2 867 003
Legal Reserve	1 160 116						1 160 116
Undistributable Reserves	189 173						189 173
Regulated Reserves	0						0
Retained earnings	<224 548>			224 548			0
Result for Fiscal 2000	<2 493 339>			2 493 339			0
Result for Fiscal 2001							11 558 375
Net Equity (before allocation of result)	23 491 175			0			35 049 550

10. Liabilities

Maturity of liabilities at the end of the period:

	Balance as of 31/12/2001	Maturity		
		at < 1 year	at > 1 year	at > 5 years
Loans and debts due to financial institutions	11 653 308	3 117 715	7 108 811	1 426 782
Trade accounts payable and related accounts	4 272 684	2 964 671	1 308 013	0
Taxes, personnel and social security	140 922	140 922		
Other liabilities	860 674	860 674		
TOTAL	16 927 588	7 083 983	8 416 823	1 426 782

Medium and long-term loans and financial debts:

	Initial Amount	Date of Issuance	Duration	Remaining Capital due on 31/12/2001
Crédit Agricole	1 676 939	20.02.98	5 ans	1 142 902
Banque Populaire Toulouse-Pyrénées	152 449	04.02.99	3 ans	13 582
Banque Courtois	304 898	30.06.99	4 ans	152 449
Société Bordelaise de CIC	457 347	01.10.99	5 ans	322 833
Crédit Lyonnais	1 524 490	20.12.00	7 ans	1 342 757
Société Bordelaise de CIC	457 347	09.03.01	5 ans	457 347
Natexis Banque	750 000	28.06.01	5 ans	750 000
Société Bordelaise de CIC	457 347	11.12.01	5 ans	150 500
Crédit Lyonnais	3 048 980	08.02.01	6 ans	2 613 412
Crédit Lyonnais	912 000	28.12.01	4 ans	912 000
Société Générale	3 050 000	19.04.01	7 ans	2 832 160
Société Générale	152 449	16.05.01	10 ans	146 803
TOTAL				10 836 745

11. Net Sales

Net sales in 2001 amounted to € **3,770,448.08**.

12. Future tax benefits and liabilities

As of December 31, 2000, tax losses carried over by ACTIELEC TECHNOLOGIES (from MORS S.A.) amounted to €12,698,700.

The tax services have authorized the transfer of part of these deficits to MORS TECHNOLOGIES (within the context of the partial transfer of assets). Prior to set off against taxable income in 2001, tax losses carried forward and ARD (perpetual deferred depreciation without expiry date), available to be used by ACTIELEC Technologies, amounted to € 9,200,400 and € 437,900 respectively.

13. Staff at year end

	2000	2001
Executives and managers	5	5
Administrative employees	1	1
Students	-	-
Laborers	-	-
TOTAL	6	6

14. Consolidating Company

S.A. **LP²C** share capital of € 5,951,730
Registered Office:4, Rue Jules Védrières
31400 TOULOUSE
R.C.S.:Toulouse B 384 043 352



STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

- General Shareholders Meeting on April 30, 2002 -



Eric Blache

KPMG Audit

9, avenue Parmentier

B.P. 2398

31086 Toulouse Cedex 02

France

14 rue Clapeyron

75008 Paris

France

Actielec Technologies S.A.

Registered office : 25, chemin de Pouvoirville - BP 4215 - 31432 Toulouse Cedex 04

Share capital: € 12,864,906

Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2001

(free translation of a French language original)

In compliance with the assignment entrusted to us by the shareholders in general meeting, we have audited the accompanying consolidated financial statements of the company ACTIELEC Technologies S.A. for the year ended December 31, 2001.

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

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.



Eric Blache

*Actielec Technologies S.A.
Statutory Auditors' Report
on the consolidated financial statements*

We have also verified the information given in the group management report in accordance with the professional standards applicable in France. We have no comments as to its fair presentation and conformity with the consolidated financial statements.

Paris and Toulouse, April 12, 2002.

Eric BLACHE - KPMG Audit

Department of KPMG S.A.

Philippe SAINT-PIERRE

Partner



STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

- General Shareholders Meeting on April 30, 2002 -

KPMG Audit
9, avenue Parmentier
B. P. 2398
31086 Toulouse Cedex 02

14 rue Clapeyron
75008 Paris

Actielec Technologies S.A.

Registered office: 25, chemin de Pouvoirville - B.P. 4215 - 31432 Toulouse cedex 04,
Share capital: € 12,864,906

Statutory Auditors' Report on the financial statements

For the year ended December 31, 2001

(free translation of a French language original)

In accordance with the assignment entrusted to us by the shareholders in general meeting, we hereby report to you, for the year ended December 31, 2001 on :

- The audit of the accompanying financial statements of ACTIELEC Technologies S.A.,
- The specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 2001, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2 Specific verifications and information

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

We have no comments as to the fair presentation and the conformity with the financial statements of the information given in the management report of the board of directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with the law, we verified that the management report contains appropriate disclosures as to the acquisition of shares and controlling interests, and the identity of shareholders.

Paris and Toulouse, April 12, 2002.

Eric BLACHE - KPMG Audit

Department of KPMG S.A.

Philippe SAINT-PIERRE

Partner



SPECIAL REPORT OF THE AUDITORS
ON REGULATED RELATED PARTY AGREEMENTS

- General Shareholders Meeting on April 30, 2002 -



Eric Blache

KPMG Audit
9, avenue Parmentier
B. P. 2398
31086 Toulouse Cedex 02
France

14 rue Clapeyron

75008 Paris
France

Actielec Technologies S.A.

Headquarters: 25, chemin de Pouvoirville - B.P. 4215 - 31432 Toulouse cedex 04
Share capital: € 12,864,906

Special Report of the auditors on regulated related party agreements

Ladies and Gentlemen,

As statutory of auditors of your company, we present below our report on regulated related party agreements.

1 Agreements Concluded During the Year

In application of article L. 225-40 of the Code de Commerce, we have been informed of the existence of agreements which required prior approval of your Board of Directors.

We have no responsibility to perform any specific procedures aimed at identifying other agreements which may exist. Our only responsibility is to present to you the main characteristics and provisions of agreements of which we have been informed, without commenting on their usefulness or merit. For the propose of approving these agreements, it is your responsibility, in accordance with article 92 of the decree of March 23, 1967, to assess the benefits arising from entering such agreements.

With Alcyon S.A.

Board of Directors' Meeting of December 13, 2001

- Related parties :
 - Mr. Louis Pech
 - Mr. Pierre Calmels
- **Description : letter of intent, in favor of Banque Natexis**
- Terms and conditions:

Your company signed a letter of intent in favor of Banque Natexis, in order to guarantee the credit facilities of € 500,000 granted by the bank to Alcyon. This facility was taken out by Alcyon to finance its working capital needs.

The short-term facilities were drawn down in an amount of € 500,000 as of December 31, 2001. Commitment fees received by your company were €416.

- **Description: surety given to Société Générale**
- Terms and conditions:

Your company stood surety to guarantee a loan of €1,000,000 taken out by Alcyon with Société Générale. The loan is also guaranteed by blocked shareholders' current accounts of € 1,676,939, held by your company and shown in the accounts of Alcyon. The outstanding balance of this loan amounted to €1,000,000 on December 31, 2001.

The commitments fees received by your company were €833.

- **Description: surety to Crédit Lyonnais**

- Terms and conditions:

Your company stood surety in favor of Crédit Lyonnais, in order to guarantee an overdraft authorization of €150,000 approved by the bank for Alcyon.

The commitments fees received by your company were €125.

With Sodielec S.A.

Board of Directors' Meeting of May 30, 2001

▪Related parties:

- Mr. Louis Pech
- Mr. Pierre Calmels

▪**Description : letter of intent in favor of Crédit Agricole**

▪Terms and conditions:

Your company signed a letter of intent in favor of Crédit Agricole in order to assure the repayment of a loan of €2,286,735 taken out by Sodielec.

The outstanding balance of this loan amounted to €2,152,779 on December 31, 2001.

The commitment fees received by your company were €5,717.

▪**Description: letter of intent in favor of Société Marseillaise de Crédit**

▪Terms and conditions:

Your company signed a letter of intent in favor of Société Marseillaise de Crédit, in order to assure the repayment of a loan of €762,245 taken out by Sodielec.

The outstanding balance of this loan amounted to €695,713 on December 31, 2001.

The commitment fees received by your company were €1,905.

▪**Description : supplementary advance on current account**

▪Terms and conditions:

In order to finance the acquisition of Ebim and to enable Sodielec to meet its working capital needs during 2001, your company increased the current account advance granted to its subsidiary Sodielec S.A., in an amount of € 7,622,451. Previous advances are included in Annex I.

This advance is made at a fixed interest rate of 6.5% per year. The amount of interest on the current account appears in Annex I.

2 Agreements Approved During Previous Years which Remained in Force During this Year

Furthermore, in application of the decree of March 23, 1967, we have been informed that the following agreements, approved during previous years, remained in force during the year ended December 31, 2001.

We remind you that your company has entered into such agreements with the following companies:

- LP2C S.A.
- Actia S.A.
- Sodielec S.A.
- Alcyon Production System S.A.
- Oceano Technologies S.A.
- Mors Technologies S.A.
- S.C.I. Les Coteaux de Pouvoirville
- S.C.I. L'Oratoire

Information on these agreements is provided in Annex I.

3 Agreements covered by Article L 225-42 of the Code de Commerce

As statutory auditors of your company, we present our report on agreements covered by Article L. 225-42 of the Code de Commerce.

In application of Article L. 225-40 of this Code, we inform you that these agreements did not receive prior approval of your Board of Directors.

We have carried out our work in accordance with professional standards applicable in France. These standards require that we perform procedures to verify that the information provided to us has been accurately derived from the related underlying documents.

It is our responsibility, based on the information given to us, to inform you of the main characteristics and provisions of these agreements, as well as the circumstances in which the authorization procedure was not complied with, without commenting on their usefulness or merit. For the purpose of approving these agreements, it is your responsibility, in accordance with article 92 of the decree of March 23, 1967, to assess the benefits arising from entering such agreements.

- Related parties :
 - Mr. Louis Pech
 - Mr. Pierre Calmels
- Description : letter of intent in favor of Banque Populaire
- Terms and conditions:
Your company signed a letter of intent in favor of Banque Populaire Toulouse-Pyrénées, in order to guarantee an equipment loan of €457,347 from Banque Populaire to Alcyon.

The outstanding balance of the loan was €431,483 on December 31, 2001.

The commitment fees received by your company were €1,143.

This agreement could not be approved because of time constraints.

Toulouse and Paris, April 12, 2002

Eric BLACHE - KPMG Audit

Department of KPMG S.A.

Philippe SAINT-PIERRE

Partner



DRAFT RESOLUTIONS PROPOSED TO THE ORDINARY AND
EXTRAORDINARY SHAREHOLDERS MEETING ON APRIL 30, 2002

- General Shareholders Meeting on April 30, 2002 -

ACTIELEC Technologies
SA Capital of € 12.864.906
Registered Office : 25, chemin de Pouvoirville
31400 TOULOUSE
RCS TOULOUSE : 542080791

ORDINARY AND EXTRAORDINARY GENERAL MEETING
APRIL 30, 2002

AGENDA

1. CONCERNING THE ORDINARY GENERAL MEETING

- Board of Directors' management report on the year ended December 31, 2001, including the Group management report,
- Statutory Auditors' reports on the performance of their engagement and on the regulated related party agreements concerned by article L225-38 of the *Code de Commerce*,
- Approval of the financial statements and of the above-mentioned agreements,
- Approval of the Consolidated Financial Statements,
- Appropriation of the result for the year,
- Empowerment of Board of Directors to allow the Company to purchase its own shares under the provisions of article L. 225-209 of the *Code de Commerce*.

2. CONCERNING THE EXTRAORDINARY GENERAL MEETING

- Report of the Board of Directors,
- Report of the Statutory Auditors,
- Delegation vested in the Board of Directors to cancel shares acquired by the Company under the provisions of article L. 225-209 of the *Code de Commerce*,
- Powers be given.

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ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING

APRIL 30, 2002

DRAFT RESOLUTIONS

I - CONCERNING THE ORDINARY GENERAL MEETING

FIRST RESOLUTION – APPROVAL OF THE FINANCIAL STATEMENTS

The General Meeting, after having listened to the Directors' management report and to the Statutory Auditors' report for the year ended December 31, 2001, approves, as presented, the 2001 financial statements which show net income of 11,558,375.42 euros.

SECOND RESOLUTION – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The General Meeting, after having listened to the Directors' management report, including the Group Management report, and to the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2001, approves, as presented, the financial statements which show a consolidated net income of 3,920,380 euros.

THIRD RESOLUTION – AGREEMENTS CONCERNED BY ARTICLES L225-38 AND FOLLOWING OF THE CODE DE COMMERCE

Based on the special report of the auditors concerning regulated related party agreements governed by articles L225-38 and following of the *Code de Commerce*, the General Meeting approves the agreements which are mentioned therein.

FORTH RESOLUTION – APPROPRIATION OF THE RESULT FOR THE YEAR

As proposed by the Board of Directors, the general meeting decides to make the following appropriation of the net income:

	<u>Origin</u>	
2001 Net income :		€ 11,558,375.42
	<u>Appropriation to :</u>	
- Legal reserve	€ 126,375.07	
- Dividends	€ 1,029,192.48	
- The balance to retained earnings	€ 10,402,807.87	
TOTAL	€11,558,375.42	€ 11,558,375.42

The dividend attributed to each share is therefore :	€ 0.06
Representing, including a tax-credit of :	€ 0.03
A real revenue of :	€ 0.09

It will be payable on September 30, 2002 at the latest.

Dividends due in respect of any shares held by the company at the date of distribution shall be added back to retained earnings.

The General Meeting takes note that in the course of the last three years, MORS (which became ACTIELEC TECHNOLOGIES after the merger with ACTIELEC) did not issue any dividends.

The General Meeting also takes note that in the course of the last three years, dividends paid to each share of ACTIELEC (absorbed by MORS in 2000) and the corresponding tax-credit totalled, respectively:

Financial Year	Dividend (€)	Tax-Credit (€)	Real Revenue (€)	Total Dividend paid (€)
1998	0.00	0.00	0.00	0.00
1999	3.05	1.52	4.57	548,816
2000	0.00	0.00	0.00	0.00

FIFTH RESOLUTION – EMPOWERMENT OF THE BOARD TO PURCHASE OF SHARES (L 225-209 CODE DE COMMERCE)

The General Meeting, after taking note to the report of the Board of Directors and the information notice authorised by the COB (Stock Market Operations Commission), authorises the Board of Directors, for a period of eighteen months, in compliance with articles L. 225-209 and in accordance with the *Code de Commerce*, to purchase Company shares, either by single or multiple transactions and at the times that it sees fit, within a total limit of own shares held of 10% of the number of shares making up the current share capital i.e. limited to 1,715,320 shares.

This authorisation revokes the authorisation accorded to the Board of Directors by the Ordinary General Meeting of December 29, 2000.

The acquisitions may be made by all means with the aim of:

- Stabilising the stock market price transactions planned to counter market trends,
- Making purchases and sales depending on the market situation,
- Offering stock options to the group's employees or directors, and selling or allocating shares to employees, within legal frameworks,
- Permitting investments or financing in consideration for shares either in the context of external growth or of the issue of financial instruments giving right to Company shares,
- Optimising cash management and the level of Shareholder's Equity and Earnings per Share,
- Cancelling acquired shares, subject to authorisation of the General Meeting of Shareholders.

The shares acquired under the present authorisation may be retained, sold, or transferred by any means. They may also be used in the framework of the stock option plan offered to the Group's employees and directors, and in the sale or allocation to the Group's employees. They may also be cancelled subject to the respect of legal conditions.

The maximum purchase price is set at € 10 per share, and the minimum price for sale or transfer is set at € 5 per share. In the events of capital reorganisations, especially the split or regrouping of shares or in the allocation of bonus shares, the above-mentioned amounts will be adjusted in the same proportions. The price of sale or transfer will nonetheless be set according to the legal conditions in the event of sale or transfer of shares in the framework of the stock option plan, and of sale or allocation of shares to employees.

Taking into account the existence of 44,152 own shares held on March 14, 2002, the maximum amount for the operation is set at € 16,711,690.

The General Meeting empowers the Board of Directors to proceed with these operations, to set their conditions and terms, and to conclude all related agreements and to perform all formalities.

II- CONCERNING THE EXTRAORDINARY GENERAL MEETING

SIXTH RESOLUTION – DELEGATION VESTED IN THE BOARD TO CANCEL SHARES (L 225-209 OF THE CODE DE COMMERCE)

The General Meeting, after presentation of the Directors' Report and the report of the Statutory Auditors, and deciding under the conditions of attendance and majority required by Extraordinary General Meetings:

1°) - gives the Board of Administrators the authorisation to cancel, by its sole decision, in one or several times and the limit of 10% of capital, or 1,715,320 shares, the shares that the Company holds or may hold following purchases made under article L. 225-209 of the *Code de Commerce*, and to reduce share capital accordingly in compliance with the legal provisions and regulations in effect. The maximum amount of authorised share capital reduction is € 1,286,490.

2°) - Sets the duration of the validity of the present authorisation at 24 months from the present Meeting, namely April 29, 2004,

3°) - Empowers the Board of Administration to perform necessary operations pursuant to such cancellations and corresponding reductions of share capital, and to modify the articles of association of the Company, and to accomplish all the formalities required.

SEVENTH RESOLUTION – POWERS TO BE GIVEN

The General meeting grants all powers to the bearer of an original, an extract, or a copy of the present document, with the aim of performing all formalities pertaining to the preceding resolutions.

Any shareholder, whatever the number of shares held, has the right to attend this meeting in person or to be represented by another shareholder or by his spouse, or to vote by mail.

To participate in this meeting:

- The holders of nominative shares must be duly enrolled five days before the meeting,
- The holders of bearer shares must, in the same timeframe, address a certificate, delivered by a bank, credit establishment or stockbroker, to the registered office.

A form for vote by mail or by proxy will be provided or addressed to any shareholder requesting such, by registered mail with acknowledgement receipt addressed to the Company no later than six days before the date of the meeting. The votes by correspondence on the provided forms will only be taken in account, if they arrive at the company completed and signed three days at least before the date of the meeting. The holders of bearer shares must attach securities certificate delivered by the account holder, as mentioned above.

Requests presented by shareholders to add draft resolutions to the agenda of this meeting, in application of article 128 of the decree of March 23, 1967, must be addressed to the registered office within ten days of the present document.

The present document serves as notice provided that no modification is made to the agenda following requests presented by the shareholders to add draft resolutions.

The Board of Directors



HOW TO CONTACT US

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