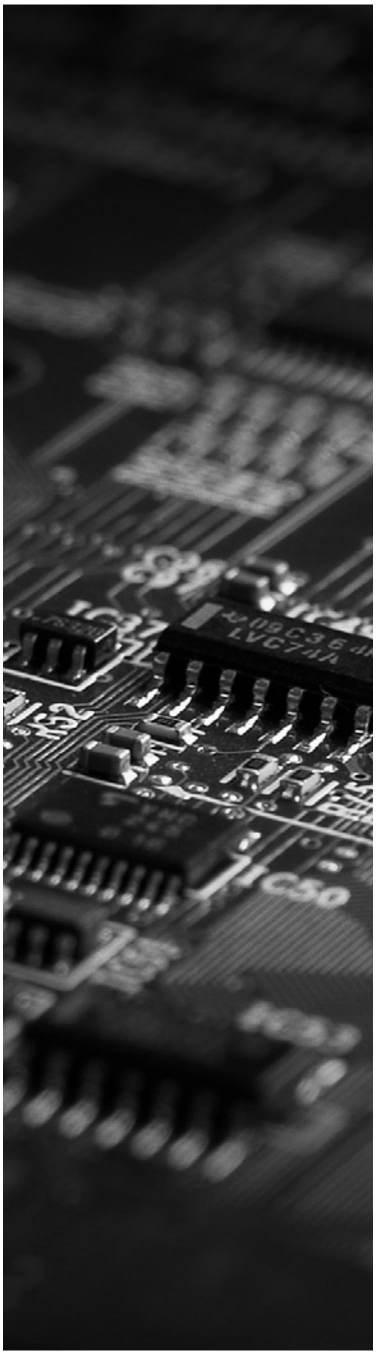
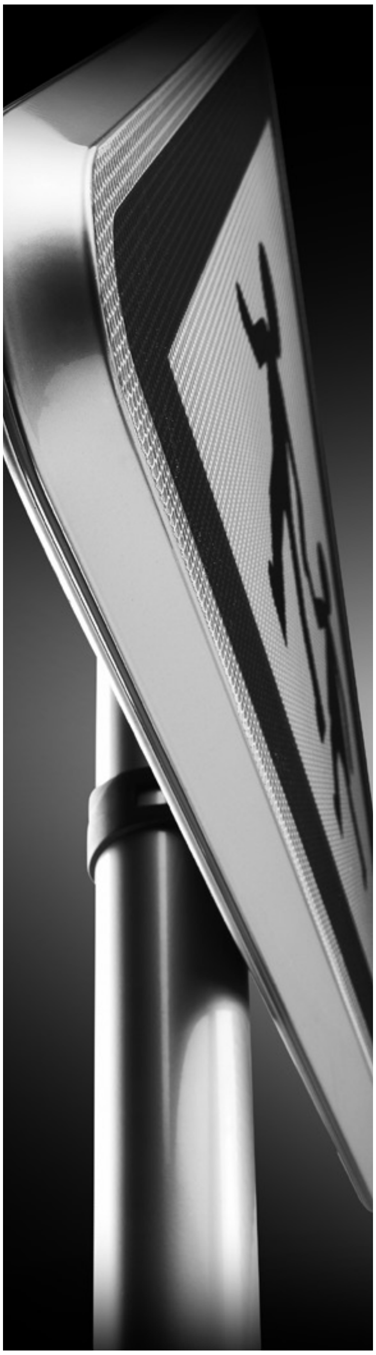
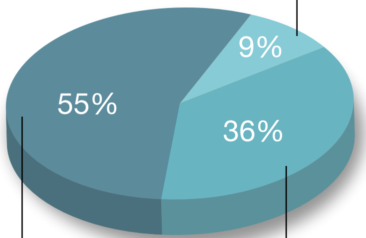
  

Annual Management Report LACROIX Group 2012/2013

LACROIX

2900 people
€330M turnover

Breakdown of activity



Chairman's foreword

Over the past few years, I have ensured that the business of the Group is based on technological, human and financial foundations strong enough to be able to seize growth opportunities for each of the 3 divisions in a pragmatic manner.

Today, I consider that these conditions are met, and the Group must now reach a new step in its development by prospecting new markets, in particular abroad.

This search for growth shall comply with the rules which should always remain present, namely:

- respect for stakeholders,
- transparency,
- pragmatism.

This is the objective which the new governance of the Group will have to implement in the coming years.

Jean BEDOUIN

Chairman of the Supervisory Board

The LACROIX Group

Present in the electronics, telemetry and Traffic Signs business areas, the Lacroix Group has developed a complete range of expertise in each of its divisions, making it one of the reference players in each of its markets. From the analysis of customer needs through design up to manufacturing and implementation, the Lacroix Group develops and sells a range of high-performance products and services. A high level of requirement and a large expertise have built the Group's identity for over 60 years now.

The management team

Executive board:

Nicolas BEDOUIN	Yves KROTOFF	Vincent BEDOUIN
Finance Director	*Chairman of the board*	*Managing director*

François BEAUXIS

Managing Director
LACROIX Electronics

Electronics division

Electronic Manufacturing Services:

• Design and industrialization of electronic boards
• Component purchasing and procurement
• Board assembly and integration of finished products
• Supply chain and after-sales services

Catherine FAILLIET

Managing Director
LACROIX Sofrel

Telemetry division

Remote monitoring and control products for technical facility networks:

• Drinking water networks
• Wastewater treatment networks
• Heating Ventilation and Air Conditioning (HVAC)
• Street lighting networks

Pascal ROUCHET

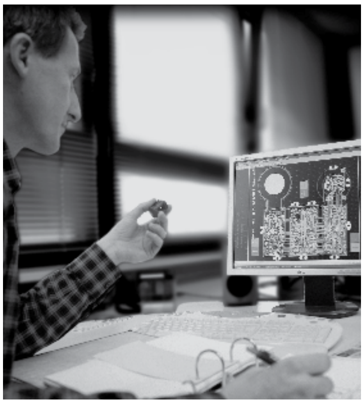
Managing Director
LACROIX Signalisation

Traffic Signs division

Road sign and urban equipment products and services:

• Police, direction, temporary and luminous signage
• Tourist and economic signage, urban equipment
• Traffic management and regulation
• Services: diagnostics, installation, fitting and marking of road works

LACROIX



Innovation driving progression

With more than 200 engineers and technicians working in several design offices, both in France and abroad, the Lacroix Group intends, in a constantly changing world and faced with increasingly complex technological challenges, to cultivate its spirit of innovation and its anticipation ability.

Respecting human values to succeed

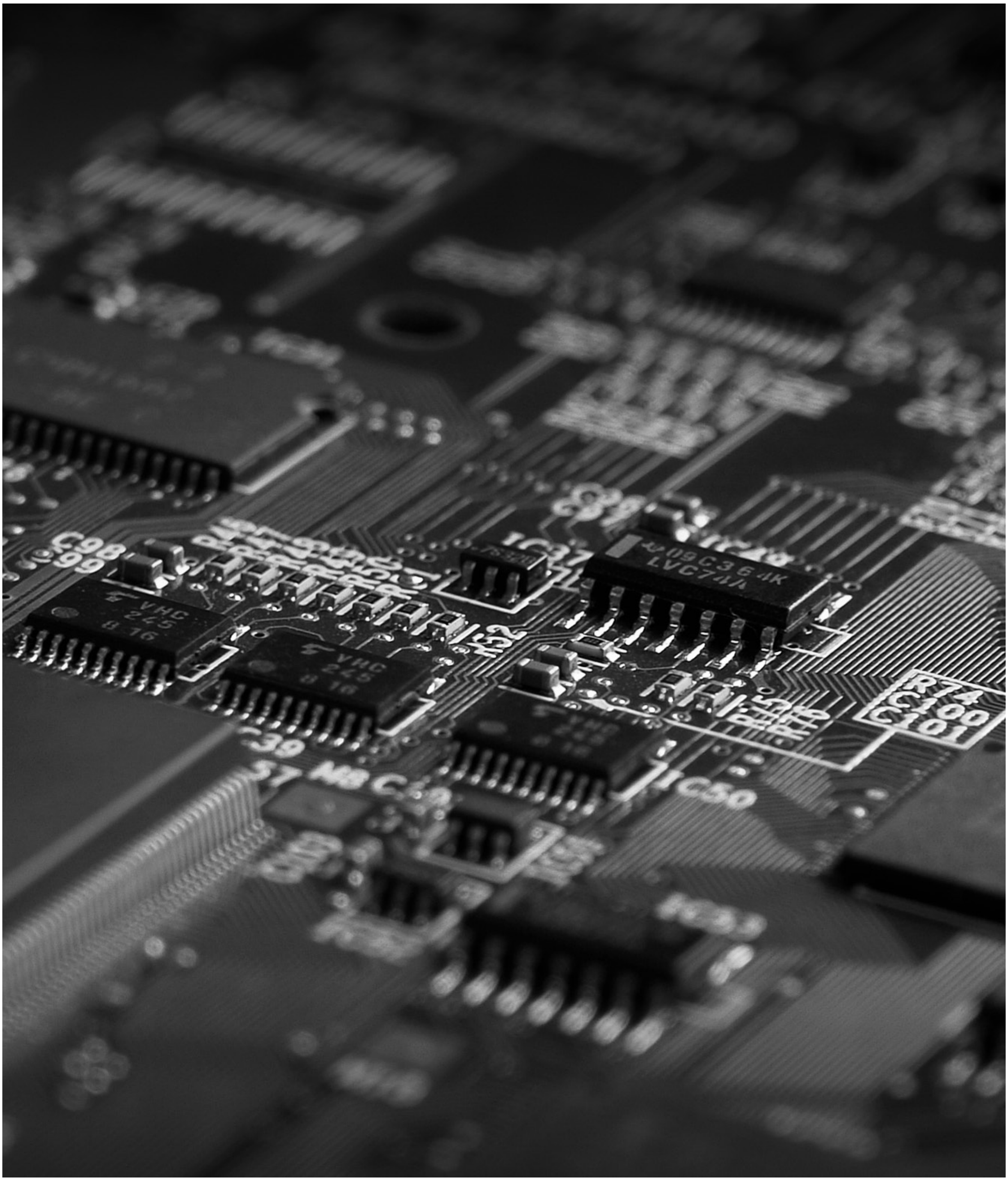
Thanks to a set of company-wide values, the Lacroix Group has created a genuine team spirit without which success could not be achieved. With their desire to progress and willingness to create a genuine skill community, the Lacroix teams act with a constant concern for performance in each of their respective businesses.

Anticipate to perpetuate

In order to maintain its advance, the Lacroix Group must be reactive to change, to its customers' requirements and to changes in its environment, and must be open to new ideas in order to evolve and adapt, as well as to make long-term commercial, human and financial choices. This is the code of conduct that we must conform to in order to ensure our independence and durability.

LACROIX

Electronics division



For over 40 years, the Electronics division has developed efficient and tailored electronics manufacturing services aimed at providing a suitable response to each customer issue.

As an electronics manufacturing services provider present in France, Germany, the Maghreb countries and Eastern Europe, the Electronics division is a dynamic player in the European professional electronics market.

A complete range of services

Thanks to a strong commercial presence in France and in Germany, the Electronics division has, among its customers, some of the major players in the electronics industry, who need to outsource their production activities and to focus on their core business.

The Electronics division is also open to companies that do not specialize in electronics and that are seeking concrete skills and solutions for designing and producing integrated electronic functions for their products.

The Electronics division is certified ISO 9001 (v2008), ISO/TS 16949, EN 9100, ISO 13485 and ISO 14001.

• design • industrialization (Dfx) • purchasing
• procurement • assembly • testing
• integration • logistics • After-sales service

Diversified centers of competence

In order to meet the requirements of each of its customers, the Electronics division has developed a network of expert centers.

With five R&D centers and about 100 engineers in France and Germany, the Electronics division, develops customized solutions and supports its customers from design to manufacturing of a complete electronic product.
The manufacturing facilities in France, Germany, Poland and Tunisia focus on specific market sectors and have production lines for small, medium or large production runs.

LACROIX Electronics makes significant investments every year to develop its facilities, improve its equipment and run its training center. Only a technology roadmap in the medium term allows to remain at the heart of the cutting-edge European industry.

Multi-sector expertise

- Industrial and Railway Electronics
- Aerospace and Defense
- Home Automation
- Automotive
- Medical

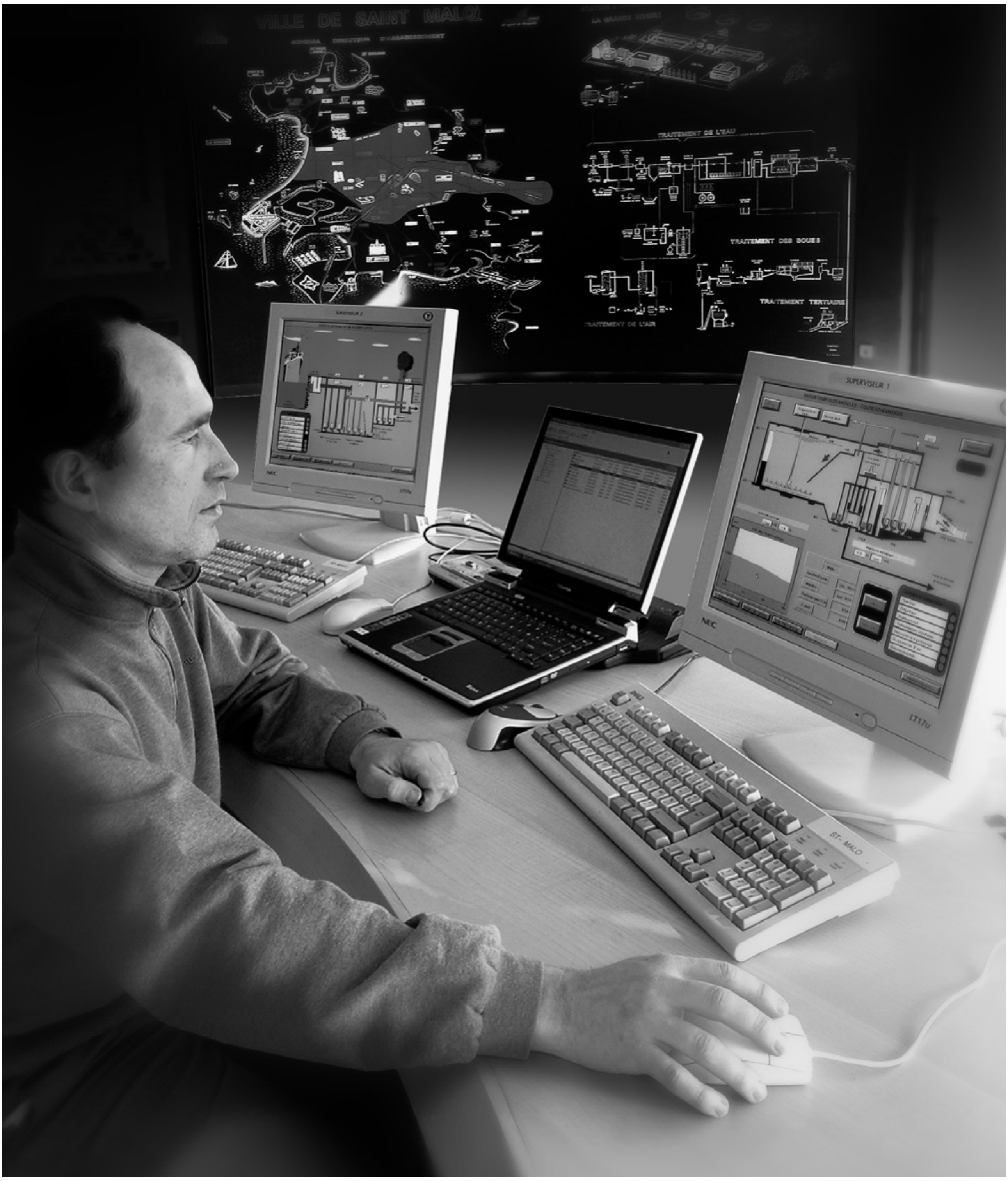
Design office

Component insertion line

Visual inspection station

Varnishing and coating unit

Telemetry division

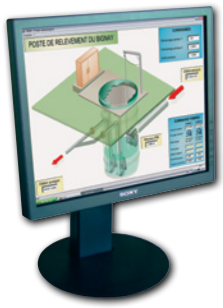


For over 35 years, the Telemetry division has designed and marketed products aimed at the remote monitoring and control of distributed networks of remote sites (water networks, wastewater networks, Heating Ventilation and Air Conditioning systems, etc.).

The French leader in the Telemetry and SCADA market.


Telemetry Remote Terminal Unit


District Metering Remote Terminal Unit


SCADA Central Station


Sensors

Innovation, ease of use and reliability

The Telemetry division offers a wide range of remote data acquisition, processing and transmission solutions. The Telemetry division products are modular and expandable; they can be operated using GSM or Internet technologies; they are simple to install and use and adapt easily to different types of application.

The importance of customer service

Consultancy, project analysis, training, commissioning, After-sales service. All of these services are offered by the Telemetry division in support of its products. Permanent customer awareness and satisfaction are values shared by all of the Telemetry division teams.

A national and international presence

Widely established in France with its technical sales offices, the Telemetry division is also represented abroad through its distributors and subsidiaries (Spain and Italy).

Solutions for environmental protection


Water networks


Wastewater networks


HVAC

LACROIX

Traffic Signs division

For over 60 years, the Traffic Signs division has designed, manufactured and marketed products and offered services specific to road signaling, traffic management and urban equipment.

A major player on the signaling market, acknowledged for its know-how and experience.


Urban equipment

Light signaling

Variable Message Signs and structures

Road signaling


Traffic management


Services

Permanent innovation

Combining permanent customer awareness, human skills and expertise in cutting-edge technologies, the Traffic Signs division is constantly developing innovative concepts that frequently become new standards.

50% of turnover generated by products of less than 5 years of age.

Proximity and reactivity

Everyday, the Traffic Signs division provides a rapid and tailored answer to its customers using its network of agencies and subsidiaries implanted in France or abroad.

More than 30 sales offices and services implantation.

The spirit of service

As an acknowledged service provider, the Kangourou network has grown rapidly and currently offers a complete range of services including diagnostics of the existing signage stock and markings, the fitting and maintenance of road equipment.

More than 90 individuals dedicated to service provision.

Recognized expertise

Experts in the processing of metals, in printing techniques and in integrated traffic management solutions, our manufacturing units apply an approach of continuous improvement. Our production sites are efficient as well as environmentally and people-friendly.

5 production units, more than 40,000sq.m. of workshop area.

LACROIX

Lacroix Group head office

Electronics division

- Production site
- Design office

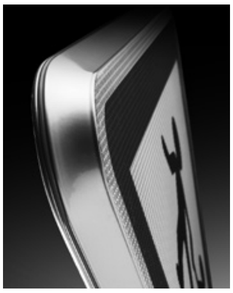
Telemetry division

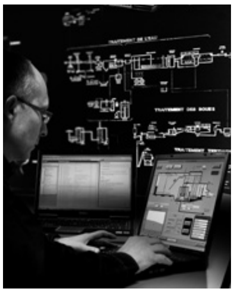
- Design office
- Subsidiary
- Branch
- Distributor

Traffic Signs division

- Production site
- Subsidiary
- Branch
- Distributor

Contents



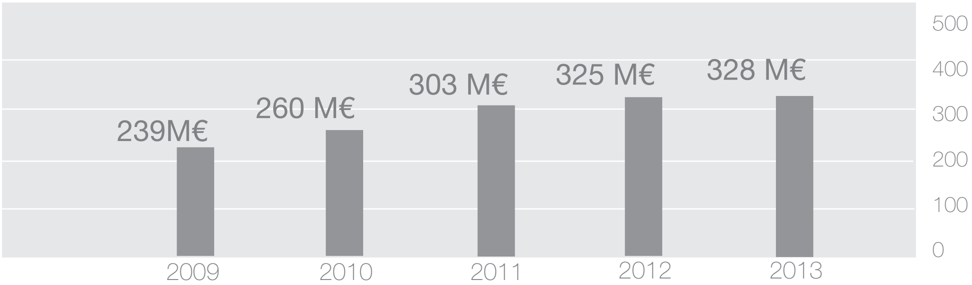


Annual General Shareholders' Meeting

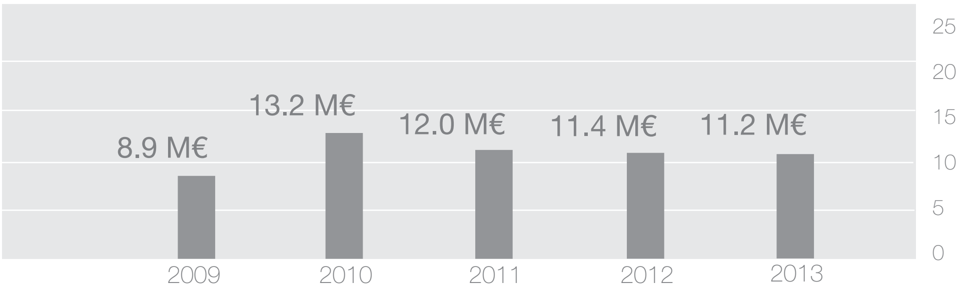
of 28 february 2014

1. Key figures

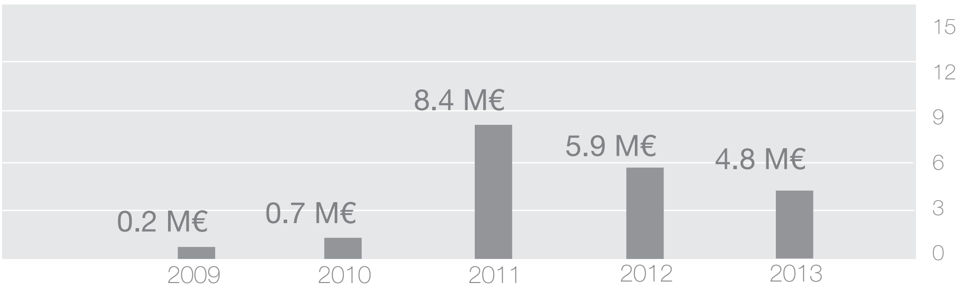
Revenue



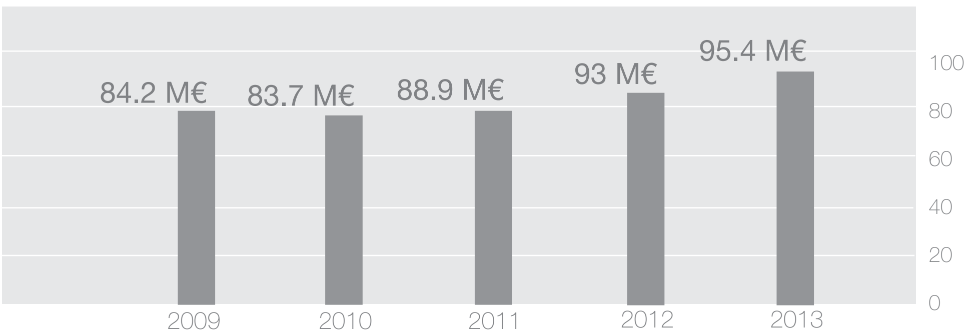
Profit from operating activities



Net income



Stockholder's equity



LACROIX

3. Board of directors' management report 2012 - 2013 financial year

1 - LACROIX Group

Consolidated results

Revenue for the financial year ended 30 September 2013 totalled €328.8 million, up 1.2% compared with the previous financial year. As forecast, the contribution of each of the divisions to this trend was mixed: the rise in Electronics Division revenue (+€11.0 million) more than offset the fall in that of the Traffic Signs Division (-€7.7 million).

Profit from operating activities is virtually unchanged (-1.5%), the downturn observed in the Telemetry Division (-€0.4 million) being partially offset by the rise in the Electronics Division (+€0.2 million), the Traffic Signs Division's performance being on a par with the previous year.

Operating profit amounted to €8.9 million, compared with €9.8 million for the previous financial year. It takes into account expenses incurred restructuring the Traffic Signs Division in France (€1.5 million) and the Electronics Division in Germany (€0.6 million).

The period's loss of €1.45 million includes €0.8 million of operational financing expenses against 1.1 million in the prior period.

After inclusion of a €2.5 million tax charge and a €180,000 minority interest, net income stands at €4.8 million compared with €5.9 million as of 30 September 2012.

Business by Division

Electronics Division

This is the Group's main business, both in terms of revenue (55% of consolidated revenue) and headcount (2,165 out of a total of 2,982). It has experienced sustained growth in recent years, trebling its volume of sales in less than 10 years.

2013 bears out this trend, as revenue was up 6.4% on the prior period.

Operating in a buoyant market (design and manufacture of electronic assemblies in small and medium-sized runs), it satisfies the growing demand of prime contractors, predominantly non-electronic industrial undertakings that need to entrust the electronics in their products to specialists like LACROIX Electronics having expertise in design and engineering, purchasing (70% of the price of a board on average), supply chain, processes and quality.

Against a very difficult economic backdrop, the highlights of the financial year were as follows:

- After a first half that underperformed compared with the prior period (-6.7%), business picked up sharply as expected in the second half (up 20% on HY1), thanks to new deals being put into production, thereby justifying the extension of its Polish site.
- With this growth, profit from operating activities rose slightly (+€0.8 million against +€0.6 million in 2012), thanks to a largely positive second half (profit from operating activities in HY2: +€1.7 million).
- Performance was nonetheless impacted by two major sources of loss: the design and engineering department, and our German subsidiary, together showing a loss from operating activities of €3.6 million in the period. In both cases this was due to commercial issues, among others the targeting of prospective customers and the organization of canvassing. Vigorous action was taken, the initial outcomes of which will start to be felt in this financial year.

We should point out that this commercial redeployment went hand in hand in Germany with a downsizing of structures intended to lower the break-even point; these measures cost €600,000.

So despite the gloomy economic outlook, the rise in revenue and income should be higher this year.

Aussi, malgré une conjoncture difficile, la hausse du chiffre d'affaires et du résultat devrait s'amplifier sur cet exercice.

The division's key figures are as follows (contributive):

In M€	N	N-1
Revenue	178,9	168,1
Profit from operating activities	0,8	0,7
Net income	-2	-0,8
Cash Flow	1,4	2,8
Net Investments	3,9	3,6

Telemetry Division

This division designs and markets systems or products for remote monitoring, control and real-time management of technical distributed or standalone facilities such as water networks or public building heating systems.

Showing steady and sustained growth (its sales have doubled in less than 10 years), the division represents nearly 10% of revenue and contributes significantly to the Group's profits.

The 20-strong design and engineering department with its high degree of expertise, particularly in telecoms, plus the same number of outsourcers, and close proximity to its customers, are the division's major assets.

The highly reliable products are manufactured by the Electronics Division.

All these factors have made it a key player in France with a market share in excess of 80% in water control systems.

It intends to draw on these achievements to accelerate its development in climatic engineering and exports, which currently make up nearly 20% of its revenue.

In this context, the period's highlights were as follows:

- Revenue was up slightly (+1.7%), thanks to a 3% rise in sales in France, but curbed by a slight downturn in exports (-3.5%) further to delays in fulfilling certain contracts.
- Sales resources have been reinforced to capture new potential export markets.
- A rise in R&D expenses on the next generation of products.

The division thus showed a slight fall-off in its performance. It should pick up this year, thanks in particular to a boost in its climatic engineering sales and in exports.

The division's key figures are as follows (contributive):

In M€	N	N-1
Revenue	30,3	29,8
Profit from operating activities	7,1	7,5
Net income	4,6	5
Cash Flow	4,9	5,3
Net Investments	0,4	0,3

Traffic Signs Division

The Traffic Signs Division, the Group's legacy business, made up 36% of consolidated revenue in 2013. Its business is to design, manufacture, market, install and maintain static urban and road signs (police, direction, temporary signs) or dynamic signs (variable message signs, traffic lights, «informative» speed cameras). It is also extending its product offering to sectors such as tourism signs, information terminals and street furniture.

In order to do so, the division has the skills, the industrial tools and the local branch network enabling it to meet our customers' most demanding requirements in terms of productivity, responsiveness and innovation.

Based on these strengths, this Division is positioned as the leading French road sign business.

Against a backdrop of budget cuts, the period's highlights were as follows:

- As announced, a fall of 6.1% in revenue (-4.3% on a like-for-like basis, further to the disposal of the company SAAM in September 2012), due to the non-renewal of certain major contracts entered into in 2012, mainly in dynamic signaling. This fall was limited thanks to the construction of gantries in connection with the eco-tax contract (French environmental levy on HGVs) for a total of €15.2 million.
- The end of this contract and the bleak outlook for the gantries market forced us to downsize our industrial facilities to preserve our competitiveness, resulting in the centralization of our production facilities at the Carros site (06). This measure led to 22 redundancies at our Artigues (33) site, and was taken within the framework of a job protection plan, for which a provision of €1.5 million was recognized
- The very difficult situation persisted in Spain, with revenue down 12.2%, this loss however being €150,000 less than the prior period.

Under these circumstances, the division managed to maintain its profit from operating activities, thanks to better control of its operations.

For the current financial year, despite a falloff in revenue, due mainly to the non-renewal of the eco-tax contract, investments made and planned in terms of the product offering and industrial and organizational competitiveness should enable the division to report year-end figures on a par with those of 2013.

The division's key figures are as follows (contributive):

In M€	N	N-1
Revenue	119,2	126,9
Profit from operating activities	3,6	3,7
Net income	0	-0,7
Cash Flow	3,7	3,2
Net Investments	1,1*	0,7

* including € 1 400 000 of depreciation

Research & Development activity

The Traffic Signs and Telemetry divisions have the greatest involvement in Research & Development activity for which the annual cost, recognized as an operating cost, was €3.5 million for the financial year, and generated €486,618 of Research Tax Credit.

Financial Position

CFFO (cash flows from operations) are equivalent to those of the previous financial year, i.e. €11 million.

The vigorous action taken during the prior period and pursued in 2013 to limit working capital requirements released funds of over €1.5 million, despite a €1 million rise in inventories for the Electronics Division, due to the growth in activity at the end of the period.

Net invesment for the financial year was €6.8 million and the dividend payment was €1.9 million.

As expected, these factors allow the Group to report a net debt/ equity ratio of 0.30 (see note 9.1.5 to the consolidated financial statements), a distinct improvement on the prior period (0.36). It thus has more resources to embark on a new stage in its growth strategy. This will require new skills and additional sales and industrial resources; external growth operations may also complete this development plan.

It is worth noting that at 30 September 2013 the Group had nearly €5.2 million of confirmed and unused medium-term credit and that to date this has been increased by €6.0 million. These confirmed credit facilities are not subject to any guarantee or covenant.

So in view of its operational prospects and an even better working capital requirement, the debt ratio should continue to improve with a comparable level of investment and the same dividend payment as in the prior period.

Outlook

In a still tense and uncertain economic environment, the Group's prospects for the period are promising, in terms both of revenue and of income.

In the upcoming years it intends to accelerate its growth by identifying vectors of development, more particularly on the international market, capitalizing on its expertise.

This calls for skills, organization and resources in line with these objectives, and the new governance in place since September 2013 underscores this approach.

2 - LACROIX SA

The Company's business

As part of its asset management activities, LACROIX SA, the Group's parent company, controls and coordinates each of the three divisions: corporate management, finance, development, consolidation and communication.

Excluding dividends, its revenue derives from royalties paid by its subsidiaries in return for the services described above.

Its revenue as of 30 September 2013 was €1,374,000, an equivalent amount to that of the previous financial year (€1,406,000).

The operating loss of €234,000 was very substantially offset by a financial gain of €5,117,000, mainly thanks to dividends received from its subsidiaries.

Pre-tax income excluding exceptionals is largely positive, standing at €4,883,000 up €1,668,000 on the prior period.

After recognition of a tax benefit of €2,604,000, due to its position as head of a tax consolidated Group, net income showed a profit of €7,471,000, compared with €6,228,000 in the previous financial period.

Non tax-deductible expenses

Non tax-deductible expenses and charges totalled €6,831 at year-end closing.

This comprises the non-deductible portion of rental payments on private cars used by the Company (€3,528) and luxury item expenses (€3,303), which generated €2,277 of tax.

Maturity of trade payables

In pursuance of articles L.441-6-1 and D.441-4 of the French Commercial Code, we inform you that at the end of the last two financial years, the amount of trade payables by maturity is given below:

Terms	Balance of trade payable (in Euros)	
	2013	2012
Due	(12 341)	1 123
Less than 30 days	128 418	84 588
Between 30 and 60 days	50 593	49 028
Over 60 days	0	0
Total	**166 670**	**134 739**

3 – Significant factors in the event of a takeover bid

In pursuance of articles L.233-13 and L.225-100-3 of the French Commercial Code, please be advised of the following:

Structure of the company's capital

On 30 September 2013, the company's share capital stood at €25,000,000, representing 3,766,560 shares.

The share capital is structured as follows:

	% of share capital	% of voting rights*
BEDOUIN family	70,25%	84,82%
Treasury shares (**)	5,31%	
Public	24,44%	15,18%

(*) exercisable voting rights
(**) including shares held under the liquidity agreement

Capital thresholds

Pursuant to article 8 of the articles of incorporation, any shareholder who holds at least 2% of the capital is required to notify the company within a fortnight by recorded delivery with receipt requested; this obligation to disclose concerns each 2% fraction of capital held.

Pursuant to articles L.233-7 and L.233-9 of the French Commercial Code and the articles of incorporation, the Company was duly notified of the following changes in shareholding thresholds in the previous financial year:

- Société Générale indirectly fell below the threshold after disposing of its subsidiary SALVEPAR on 26 October 2012:
  - the legal threshold of 5% of capital and voting rights
  - the statutory threshold of 6% of voting rights
  - he statutory thresholds of 4% and 2% of capital
- Tikehau Participations et Investissements (TPI) indirectly exceeded the threshold, further to its acquisition of a controlling interest in SALVEPAR on 26 October 2012:
  - The legal threshold of 5% of capital and voting rights
  - The statutory thresholds of 2% and 4% of capital
- Tocqueville Finance fell below the statutory threshold of 2% of capital (disclosure dated 04/08/12)
- SALVEPAR fell below the threshold on 20 February 2013:
  - The legal threshold of 5% of capital and voting rights
  - The statutory thresholds of 4% and 2% of share capital
- SALVEPAR fell below the threshold (disclosure dated 04/03/2013):
  - The legal threshold of 5% of capital and voting rights
  - The statutory thresholds of 4% and 2% of share capital

Significant equity interests

With the exception of equity interests held by the family-owned BEDOUIN Group, there were no significant named equity interests at year-end closing.

Double voting rights

Article 10 of the articles of incorporation assigns a double voting right to all fully paid-up shares that have been registered for at least three years.

Control mechanism

With the exception of the double voting shares, there are no other shares with any particular rights attached.

Nor are there any control mechanisms in place regarding a staff shareholding system nor any agreements between shareholders that the company is aware of liable to restrict transfers of shares.

Board of Directors' share redemption powers

Every year, the General Meeting vests the Board of Directors with the authority to buy back company shares up to a limit of 10% of the company's share capital, in pursuance of articles L.225-209 et seq. of the French Commercial Code, European regulation 2273/2003 dated 22 December 2003 and articles 241-1 to 241-7 of the general regulations of the French Financial Markets Authority.

The Board of Directors has not been vested with any other powers by the General Meeting, particularly in terms of capital increases.

Treasury shares

In 2005, the Company entrusted the implementation of a liquidity agreement to stock-broking firm PORTZAMPARC: this complies with the AFEI Ethical Charter as approved by the French Financial Markets Authority memo dated 22 March 2005.

At 30 September 2013, the company held 191,775 LACROIX SA shares and 8,289 shares under the liquidity agreement, making a total of 200,073 redeemed shares representing 5.31% of the capital.

Equity investments

Pursuant to article L.233-6 of the French Commercial Code, please be advised of the direct or indirect interests in companies having their registered office in France which were acquired by the Company and its subsidiaries during the period.

During the past financial year, the following equity investments were made in the Group's Traffic Signs Division and Electronics Division, corresponding to internal reclassifications of securities:

- LACROIX SA acquired 27,650 LACROIX SIGNALISATION shares held by S.D.S. ;
- LACROIX SA acquired 100 treasury shares held by LACROIX ELECTRONICS;

Employee shareholdings

In accordance with the provisions of article L.225-102 of the French Commercial Code, please note that the proportion of share capital represented by shares held by employees as of 30 September 2013 was zero, as the Company has not set up a mutual investment fund for the benefit of the Group's employees.

Please be advised that the last extraordinary general meeting convened to approve a capital increase reserved for employees was held on 16 February 2012; so there is no need to deliberate a capital increase plan at the next annual general meeting.

4 – Principal risk factors faced by the Company

Pursuant to the provisions of article L.225-100 para. 4 of the French Commercial Code, please be advised of the following matters:

Strategic and operational risks

The nature of the strategic risks to which the Company is exposed is not liable to seriously affect the future of the Group's activities.

Owing to the nature of its business activities, the Group is nonetheless exposed to the following operational risks:

Industrial and environmental risks

The scale of the Company's industrial investment programmes has enabled it to benefit from recent and secure tools limiting the risk of major failures liable to cripple manufacturing activities. For this reason, the main industrial risks are ones which could affect or interrupt production on the main sites (fire, technical breakdown, and so on) and affect product quality. Quality processes are in place with the aim of identifying, correcting, preventing or at least limiting any disruption. Furthermore, faced with a growing number of new product launches, particularly in Traffic Signs, the Group is seeking to tighten procedures for the technical, financial and environmental validation of these new processes.

Supplier and raw materials risks

There are no major risks of dependency on suppliers. Nonetheless, in the Electronics business, adjustments to suppliers' production capacity may lead to allocations of specific components, thereby leading to significantly longer procurement lead times.

The risk then becomes a risk of component obsolescence in the event of product changes by the client but this risk is covered by logistics contracts.

Risk associated with the IS system

The Group's management is particularly attentive to its information system and a series of measures has been taken to ensure security. Furthermore, in order to mitigate the effects of a major problem, crisis management plans are in place for each of the three divisions and have been subject to an audit in the course of the year.

Legal, tax and social risks

The Group maintains a watch on legal, tax and social developments in order to ensure compliance in the conduct of its operations and to anticipate the impact of new regulations. A review of the major risks is carried out per business in order to ensure that all risks are fully covered in the financial statements.

Based on its current knowledge, the Group considers it unlikely that ongoing amicable settlements and litigation shall have a significant impact on the consolidated financial statements. At the time of drafting this report, only a partial challenge to the eligibility of some projects for Research Tax Credit is of note (impact provisioned).

Financial Risks

Below are outlined the various degrees of Group exposure to financial risks.

Foreign exchange risk

With the exception of the Electronics Division, the Group is not exposed to foreign exchange risks.

As far as this Division is concerned, the exchange risk mainly involves purchases made in USD and in PLN.

- For its purchases in USD, the Company has contracts with its main customers that enable the selling price to be adjusted depending on changes in the EUR/USD parity. Consequently, this portion is not exposed to foreign exchange risk. As for the balance, the Company resorts to partial hedging of its needs to cover a target rate set for each budget year.
- Expenditure in PLN relates mainly to the salaries of Polish employees and some local purchases. It is Group policy to take out forward cover on the basis of estimated needs.

Generally speaking, the use of financial instruments is strictly confined to the business's needs, to the exclusion of any speculative perspective.

Interest-rate risk

Group borrowing is mainly on a variable rate basis.

The Group uses financial instruments to mitigate this risk. At the end of September 2013, the portion of variable-rate borrowing covered by swaps represented more than 79% of the nominal amount.

Liquidity risk

The Group's gross debt totals €48.9 million.

None of the loans in place is covered by covenants.

Cash assets total €20.5 million.

We would remind you that with regard to its future investments, including growth by acquisition, the Group has confirmed credit facilities totalling €5,200,000 to date.

Therefore the Group considers it is only very marginally exposed to this risk.

Credit risk

Each of the Group's divisions has its own credit insurance contract, which covers it against potentially high-risk customers.

The customer profiles per business segment are as follows:

Division	Type of main customers
Traffic Signs	Mostly public companies and significant companies of construction
Telemetry	Mostly public companies or major companies in water environment
Electronics	French and foreign companies of interna-tional range

Capital risk

The Group closely manages its capital by monitoring changes in its net debt to equity ratio.

	Period 2013	Period 2012
Borrowings and Financial debts	30 876	30 529
Cash credit	17 965	13 457
Other Net financial debts	14	(61)
Cash and equivalents (note 8.10)	(20 498)	(10 466)
Net debts	**28 357**	**33 459**
Total shareholder's equity	**95 400**	93 093
Gearing	**29.70 %**	**35.90 %**

Ranking of financial assets and liabilities recognized at fair value

The Group does not present a detailed table with the ranking of its financial assets and liabilities recognized at fair value.

According to the three levels defined in IFRS 7 (revised), measurement of fair value is based on a valuation which uses empirically verifiable data, most of which is outside the Group.

5 – Post-balance sheet events

Nous portons à votre connaissance la prise de participation effectuée le 17 décembre 2013 par la Société LACROIX SIGNALISATION au sein du capital de sa filiale LACROIX PACIFIC, portant sa détention de 51 % à 100 %.

Aucun autre événement majeur postérieur à la clôture n'est à signaler tant pour la Société que pour ses filiales.

6 – Share prices

Changes in the share price during financial year 2013

LACROIX SA shares are listed on Euronext Paris, compartment C.

During financial year 2013, 421,395 shares changed hands, making an average of 1,652 shares per trading session, representing €5.038 million of capital at an average price of €11.96.

The closing share price as at 30 September 2013 was €13.70 which represents a market capitalisation of €51.6 million.

Company share repurchasing

Share redemption programme

We would ask you to renew the powers conferred on the Board of Directors by the General Meeting of 22 February 2013 to continue purchasing Company shares on the stock market, subject to the conditions and limits imposed by articles L.225-209 and seq. of the French Commercial Code and in accordance with the European regulation dated 22 December 2003.

The aims of the redemption programme are the same as for the previous financial period:

- coordinate share trading through a liquidity agreement in accordance with the AFEI charter, recognized by the French Financial Markets Authority,
- purchase stock with a view to retaining it and subsequently exchanging it or trading it as part of external growth operations,
- cover securities with share rights attached,
- cover stock option plans for Group employees, officers and representatives.

These powers are granted for a maximum term of 18 months subject to the following conditions:

- no more than 176,583 shares be repurchased,
- the maximum purchase price per share is set at €30.
- the total amount allocated to this programme is set at €5.3 million.

Shares will be repurchased on the market or as blocks of securities under the applicable statutory and regulatory provisions. Acquisitions of blocks of securities may be made up to the limit of the programme. Acquisitions and sales may be made during public bidding periods within the limits of stock market regulations.

The number of shares held under the programme may not exceed 10% of the company's share capital, namely 376,656 shares.

Assessment of previous share redemption programmes

With regard to the programmes authorized by the General Meetings of 16 February 2012 and 22 February 2013, for the period ending 30 September 2013, the company did not purchase or sell any of its own stock.

Furthermore, under the liquidity agreement held solely by LACROIX SA:

- 15,349 shares were acquired at an average price of €12.28
- 15,345 shares were sold at an average price of €12.00.

At year-end closing, shares held under the share redemption programme were assigned to the following objectives:

- coverage of stock option plans for LACROIX Group staff and corporate officers: 111,441 shares
- subsequent exchange or payment for external growth operations: 80,334 shares
- share price management by a service provider: 8,298 shares

making a total of 200,073 treasury shares representing 5.31% of the share capital, having a gross book value of €3,742,136 and a market value of €2,741,000 at the share price on 30 September 2013.

7 – Corporate Social Responsibility

In accordance with the provisions of article L 225-102-1, paragraph 5 of the French Commercial Code, please find corporate information relating to our business below.

Introduction to the first CSR report

The information in the following paragraphs is disclosed pursuant to article 225 of the law known as «Grenelle 2» and its enabling decree 2012-557 of 24 April 2012.

This data - prepared with the aid of an internal methodological guide and available on request at the following e-mail address: lacroix@lacroix.fr - has been audited by independent auditors Ernst & Young's Environment and Sustainable Development department.

The scope of consolidation of the indicators varies according to the information in question. Broadly speaking, each company having a significant impact on an indicator is consolidated. We nonetheless aim to gradually cover the entire scope of consolidation, in particular for social indicators, by 2016. The scope used for this report calls for the following comments:

- The social and societal indicators generally cover the Group's entire reporting scope. Different reporting scopes will be pointed out.
- For the environmental indicators, the main subsidiaries of each of the three divisions, in particular those engaged in industrial activities, are consolidated. The following are not included: the Electronics Division's design and engineering department, the Telemetry Division's foreign subsidiaries, the Traffic Signs Division's service companies outside mainland France. The scope thus covers 92% of Group revenue and 91% of its workforce. Certain indicators however refer to a different scope of consolidation, in which case this is pointed out.
- The reporting period is the tax year, namely from 1 October 2012 to 30 September 2013. The comparison basis referred to is therefore the period from 01/10/2011 to 30/09/2012.

Company information

At 30 September 2013, the LACROIX Group's workforce breaks down as follows:

Jobs

Of the 2,982 employees at 30 September 2013, 315 are under 25 years old, 1,593 are between 25 and 39, 857 are between 40 and 55, and 216 are over 55.

Furthermore, the salaried workforce was supplemented by temporary staff averaging 174 full-time equivalents (FTE) over the year, breaking down as follows:

- 43 for the Electronics Division;
- 1 for the Telemetry Division;
- 130 for the Traffic Signs Division.

Full-time equivalent (FTE) at 30 September 2013

	Electronics		Telemetry		Traffic Signs		Holding		Group	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
Workers	1 391	633	-	3	233	265	-		1 624	901
ETAM*	390	909	56	56	284	305	-	1	730	1 271
Managers	384	265	83	74	157	143	4	2	628	484
TOTAL	2 165	1 807	139	133	674	713	4	3	2 982	2 656

The headcount includes Permanent contracts and Fixed-term contracts at 30 September

* ETAM : Employees, Technicians and Supervisors

Geographical breakdown of the workforce

	Electronics		Telemetry		Traffic Signs		Holding		Group	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
France (incl. Overseas departments and territories)	538	564	123	117	630	660	4	3	1 295	1 344
Europe (w/o France)	956	664	16	16	43	53	-	-	1 015	733
Northern Africa	671	579	-	-	-	-	-	-	671	579
Other	-	-	-	-	1	-	-	-	1	-
TOTAL	2 165	1 807	139	133	674	713	4	3	2 982	2 656

Headcount at 30 September 2013 by category, gender and type of contract

	Headcount		Total	
	PC*	FTC**		%
Workers	758	866	1 624	54 %
Men	297	314	611	20 %
Women	461	552	1 013	34 %
Etam	641	89	730	24 %
Men	370	52	422	14 %
Women	271	37	308	10 %
Managers	612	16	628	21 %
Men	454	14	468	16 %
Women	159	2	161	5 %
Total	2 011	971	2 982	100 %
Men	1 121	380	1 501	50 %
Women	890	591	1 481	50 %

* Permanent contract ** Fixed-term contract

Departures in 2013

Reasons	Departures
Resignations	74
Contractual terminations	35
Redundancies	84
Fixed-term employment contracts ending	189
Retirements	15
Death	1
Other	35
TOTAL	433

Recruitment in 2013

	Men	Women	TOTAL
Workers	213	357	570
ETAM*	59	40	99
Managers	51	18	69
TOTAL	323	415	738

Permanent contracts and Fixed-term contracts are included.

* ETAM : Employees, Technicians and supervisors

This rise in recruitments was more particularly due to the sharp increase in activity at our Polish site. Most of the departures were due to fixed-term employment contracts ending.

LACROIX

Consolidated payroll expenses

In T€	Period 2013	Period 2012
Wages and salaries	61 535	58 771
Social security contributions	22 070	22 480
Company & mandatory profit-sharing plan	1 939	2 403
Temporary worker expenses	6 296	9 996
Pension expenses	150	434
Share-based payments	14	57
TOTAL payroll expenses	**92 004**	**94 141**

Redundancies represent 19% of all departures, on a par with the proportion of resignations (17%).

In 2013, payroll expenses decreased by 2%. This is mainly attributable to having fewer temporary workers (a 37% reduction in temporary worker expenses), a decrease in social security contributions in France due to the introduction of the CICE (a tax credit incentive promoting competitiveness and employment), and a reduction in company and mandatory profit-sharing plan payouts (due to a drop in performance).

In parallel, wages and salaries rose in line with the increase in staffing levels at our Polish and Tunisian sites.

Organisation of working time

In France, the Group organizes working hours based on a 35 hour week:

- Either on an annualized basis,
- Or based on an average of 35 hours per week,
- either in 2x8-hour shifts or 3x8-hour shifts,
- Or based on a fixed number of working days.

Working hours abroad are dependent on the applicable legislation and the business of the subsidiary involved:

- In Spain and in Italy: 40 hours per week (Telemetry Division);
- In Germany: 35 to 40 hours, depending on contracts (Electronics Division);
- In Tunisia: 2x8-hour shifts over six days and 3x8-hour shifts over seven days for certain functions (Electronics Division);
- In Poland: 3x8-hour shifts over six days (Electronics Division).

Absenteeism

Here the reporting scope is confined to main companies in each of the three divisions (excluding the Electronics Division's design and engineering department, the Telemetry Division's foreign subsidiaries, the Traffic Signs Division's service companies outside mainland France). The scope here covers 91% of the Group's total workforce. We will ensure that this proportion increases in the future.

Absenteeism rate per type	Period 2013
Short-term sick leave (1)	2,32%
Professional diseases	0,07%
Accidents on the workplace / on the way to work	0,13%
Maternity and adoption leaves	0,86%
Paternity leave	0,06%
TOTAL	3,44%

(1) Illness of less than 3 months

Various types of measures were taken to reduce absenteeism. They include:

- Communication about the absenteeism indicator in each department;
- Revision of the attendance bonus, to correlate it with the specifics of the companies;
- Awareness campaign about hand hygiene (to avoid epidemiological contact);
- A communication plan about road risks was rolled out.

Organization of dialogue between management and labour

In France, the Metallurgy and Public Works collective agreements apply in the Group.

The Group's companies are represented by five works councils and three bodies having equivalent duties with respect to local laws. The works councils and equivalent bodies met 87 times during the past financial year.

12 collective agreements or amendments thereto were signed in 2013. They more particularly concern mandatory annual negotiations, the company profit-sharing plan, the mandatory profit-sharing plan (including exceptional payouts) and the company savings plan.

Health & Safety

In France, the Group has four HSWWCs (Health and Safety at Work and Working Conditions Committees), which held 20 plenary meetings during the period.

Several measures have been taken to improve worker safety on a day-to-day basis and prevent risks, including training sessions (occupational rescue and first-aid, handling fire extinguishers, evacuation drills), improvements in work station ergonomics (inventory and analysis of work stations involving hardships and introduction of action plans, visual management on gestures and postures to adopt in different situations, etc.), and even investments to replace the fire detection and extinguishing system (€25,000).

Moreover, the parent company of the Traffic Signs Division is in the process of being certified OHSAS 18001 (four out of six stages completed), and aims to complete the last two stages at the beginning of 2014.

Indicators pertaining to workplace accidents are also closely monitored, both for the company's permanent staff and for temporary workers.

The facts and figures below primarily concern the main companies in each of the three divisions (excluding the Electronics Division's design and engineering department, the Telemetry Division's foreign subsidiaries, the Traffic Signs Division's service companies outside mainland France). The scope here covers 91% of the Group's total workforce. The rates below concern workplace accidents (excluding accidents to and from work), and include the workplace accidents of temporary workers.

	Period 2013
Accident frequency rate (1)	13,97
Accident severity rate (2)	0,27

(1) Number of lost time accidents x 1 000 000 / number of actual hours worked

(2) Number of days lost due to occupational accident x 1 000 / number of actual hours worked

The main workplace accidents occur when loads are handled.

In order to limit such accidents, a study of more suitable personal protective equipment and work stations and lifting gear was conducted and 5S operations wee renewed.

With regard to occupational diseases, the Caisse primaire d'Assurance Maladie (French medical insurance department) recognized 642 days' sick leave for 4 employees of the Traffic Signs Division in the period ending 30 September 2013. These diseases concern gestures and postures (musculoskeletal and back disorders).

Training

In 2013, and for the same scope as in the previous point, 18,419 hours' training were given to 785 people internally and 545 people received 8,500 hours' external training. Employees who attended training on average received 3.4 days' internal training and 2.2 days' external training in the period.

A training plan is drawn up every year on the basis of employees' wishes, needs stated by managers and the Group's development strategy.

These training schemes primarily concerned languages and technical training (including the development of professional skills to meet customers' requirements).

In addition, the Group hired 17 young people on apprenticeship or professionalization contract in 2013, and made direct payments to 60 schools totalling €1,149,000 in respect of the taxe d'apprentissage (apprenticeship tax paid by French employers).

Diversity and equal opportunities/equal treatment

The LACROIX Group makes a point of maintaining and promoting diversity and monitors age, gender, occupational category and disability-related indicators.

Various action plans have been rolled out in France, and partnerships continue to be developed to fight discrimination and promote diversity, including:

- Agreements signed regarding equal employment of men and women;
- «Inter-generation» agreements signed to promote age diversity;
- Active contribution to the creation of GEIQ Industrie 44 (a grouping of employers for integration and qualification) as a founding member;
- Maintenance and development of subcontracting and temporary worker agreements with local outplacement organizations like Défi XI in Saint-Pierre-Montlimart (49) and Inserim in Nantes (44);
- Development of the Tremplin Jeunes (a springboard for youth) partnership initiated by APEC (French executive employment agency), whereby the Group promotes the occupational integration of young people;
- Development of the partnership with E2C (school of second chances) giving young school-leavers without any qualifications a second chance.

In 2013, the LACROIX Group hired 30 disabled workers and is in partnership with ESATs (sheltered workshops) for 19 contracts, to promote the occupational integration of people with disabilities (within the scope specified for the health and safety part, concerning 91% of the workforce).

Promotion and observance of the stipulations of the fundamental conventions of the International Labour Organization

The Group subscribes to the principles of the Universal Declaration of Human Rights and complies with the provisions of ILO's conventions on freedom of association and the right to collective bargaining, the elimination of discrimination in matters of employment, the elimination of forced labour and the abolition of child labour.

In its charter of values, the Group undertakes to comply with current laws, agreements and regulations and reminds employees of their duty to respect people that the company promotes. The charter of values is given to all new employees when they join the company.

Environmental information

The scope for environmental information concerns the main subsidiaries of each of the three divisions, in particular those engaged in industrial activities, which covers 92% of Group revenue and 91% of the workforce. The following are not included: the Electronics Division's design and engineering department, the Telemetry Division's foreign subsidiaries, the Traffic Signs Division's service companies outside mainland France. If the scope is different for a given indicator, this will be pointed out.

General environmental policy

Every year the LACROIX Group sets out the various environmental policies applying to each of its divisions, with a twofold objective:

- Boosting activity while protecting the environment;
- Achieving compliance with respect to regulations.

Changes in regulations have thus led it to adapt its training and investment policies. In financial year 2013, the Group spent €766,000 on achieving environmental compliance, including among others an investment of €721,000 committed in the period (total budget for the project: €1,000,000) in LACROIX SIGNALISATION's sprinkling surface treatment line, in order to no longer use hexavalent chromium in its treatment baths. The risks as known today do not justify recognition of environmental provisions.

Beyond achieving compliance, the Group has for several years embarked on a certification process for its industrial sites. At 30 September 2013, six companies (five of which are main industrial production sites) are ISO 14001-certified. Each of these significant industrial sites has an «environment» correspondent, usually attached to the industrial department, who monitors the environmental impact of our activities through various indicators (consumption of resources, waste monitoring, optimization and best practices, etc.)

New employees are routinely informed of the environmental policy pursued by the Group, in particular in an induction booklet. Training and awareness-raising sessions are also held for employees, to instil good environmental practices into them (concerning waste sorting and energy consumption among other things), and to make them aware of trends in the various indicators. In 2013 the environmental issues addressed included waste sorting, energy savings and the use of chemicals (for employees directly concerned).

In addition, the Traffic Signs Division has developed an eco-design approach for its products that takes into account all the phases where it has an impact. From selection of the raw material (an aluminium naturally resistant to corrosion, to do away with lacquering, which is more energy-hungry during the manufacturing process), to recycling (collaboration with a collection firm to recover virtually all the waste), including manufacturing and transport processes, the division takes all the necessary measures to limit its environmental impact. Indeed it is this approach that earned it the «European Green Capital» label. Eventually this eco-design approach may be rolled out for all our product ranges.

Pollution and waste management

Emissions relating to industrial processes

Emissions (in Kg)	Period 2013	Period 2012
VOC[1)]	10 575	13 283

(1) Volatile Organic Compound. The scope includes the 4 industrial facilities in the Electronics division (out of which 2 do not generate VOC) and LACROIX Signalisation.

Most VOCs (volatile organic compounds) are emitted by the Traffic Signs Division (68% of the Group's VOCs). In order to meet the requirements of DREAL, its emissions have been calculated for the calendar year. The contributing processes involve the use of solvents for washing silkscreen, degreasing masts and panels, and the use of paint. However, emissions fell sharply between 2012 and 2013 further to the acquisition of a silkscreen washer at LACROIX SIGNALISATION's manufacturing site in August 2012. In addition, other investments have been made to curb this type of emission, like the confinement of water used on fire.

Discharges of chemical oxygen demand (COD) amount to roughly 200 kg per annum (a higher degree of precision cannot be achieved because of the small number of measurements on one of the sites concerned). Only LACROIX SIGNALISATION is subject to a bylaw, and in accordance with this bylaw it calculates its discharges for the calendar year. Tests were conducted in 2013 to clearly understand which chemical inputs in the process discharge chemical oxygen demand, in order that action plans can be studied and rolled out in financial year 2014. Since the acquisition in 2013 of a board washing unit for its military and aeronautics activity, LACROIX ELECTRONICS France also discharges COD. None of the other sites generate COD, because the manufacturing processes work in closed circuit.

Waste

The LACROIX Group's activities produce various types of waste, which is recycled whenever possible. Trends in waste production and recovery are presented below:

Annual tonnage	Period 2013	Period 2012
Generated Common Industrial Waste (CIW)	923	1 025
CIW recovery rate	*89%*	*90%*
Generated industrial hazardous waste (IHW)	207	222

Measures specific to each core activity have also been taken to limit quantities of waste and optimize recovery thereof. In the period, the following measures were taken or continued:

Electronics Division

- Using nitrogen for board soldering, to reduce residue and defects;
- Daily sorting policy, both in offices and in workshops;
- Introduction of reusable packaging.

Telemetry Division

As the Telemetry Division is not an industrial production site, the waste it generates is limited in quantity and in type. That notwithstanding, the division also strives to limit its waste emissions, among other things by:

- Using reusable shipping crates;
- Introducing multifunction printers that encourage users to scan;
- Dematerializing sales invoices.

Traffic Signs Division

- Implementing a printing policy aimed at optimizing paper consumption;
- Sorting recoverable material in mixtures with a local high-performance recycling plant;
- A Continuous Improvement commission for scrap has been formed;
- A project study for an investment, to be delivered during the course of 2014, aimed in particular at reducing aluminium waste.

Sustainable use of resources

Water

The water consumption of production sites and the Telemetry Division's head of division totals 14,624 m^3, against 13,106 m^3 in the prior period, reflecting the growth in our activity. Our site in Tunisia, in a water stress area, represents 34% of water consumption. Water performs different functions in the industrial processes, according to division:

Electronics Division

- Washing electronic boards;
- Cooling the circuits of controlled environment chambers (system recovering rainwater, without discharges outdoors).

Telemetry Division

- No industrial use of water.

Traffic Signs Division

- Tightness tests for the housings of variable message signs, relating to the CE certification of our products;
- Surface treatment of panels and supports before lacquering;
- Stripping, reclaiming and treating ghost images of silkscreens.

Aluminium

Aluminium is the main raw material used in our manufacturing processes, only by the Traffic Signs Division. LACROIX SIGNALISATION's aluminium scrap rate stands at approximately 15%, for a total consumption of more than 1,200 tonnes in 2013.

Aluminium (tons)	Period 2013	Period 2012
Consumption	1 221	1 333
Waste	175	195
Waste rate	14%	15%

In order to optimize aluminium waste, LACROIX SIGNALISATION has thought about a dedicated investment. This will be implemented during the course of financial year 2014.

Energy consumption

Consumption	Period 2013	Period 2012
Electricity (MWh)	16 051	15 245
Gas (MWh)	6 927	6 178
Fuel oil (m3)	180	183

Our site in Germany uses renewable energies for some of its power supply. 2% of the Group power consumption is thus based on renewable energies.

Greenhouse gas emissions relating to the above consumption figures have been estimated using the carbon base of ADEME (the French Environment and Energy Management Agency), version 7.1, and total 7,935 tonnes, against 7,051 tonnes in the prior period. This rise mirrors the growth in our activity.

Over the period, the following measures were taken to reduce our energy consumption:

Electronics Division

- Employee awareness raised with regard to energy-saving, communication in this respect focusing on the use of lighting, heating and the standby mode of computer workstations and screens;
- Outdoor lighting restrictions;
- LED indoor lighting with motion sensors in appropriate areas;
- An energy management system set up at our site in Tunisia, as well as technical assistance for introducing energy-saving measures.

Telemetry Division

- Convectors replaced with storage battery models;
- Timers fitted to heating circuits;
- Gradual replacement of light sources with low-energy lighting.

Traffic Signs Division

- Drying tunnel removed in the silkscreen workshops;
- The most energy-intensive processes have been connected to the building management system;
- The lighting in the workshops has been replaced with more energy-efficient appliances;
- A half-yearly campaign is run to eliminate compressed air leaks.

Other environmental impacts

Noise pollution is not a major issue in our activities. So while selective measurements of noise levels are taken at certain sites – for the Electronics Division: in Germany (every three years), in France (one measurement in 2004, not requiring subsequent tests), in Poland (every year); for the Traffic Signs Division: in France (every three years) – confirming compliance with regulatory requirements, noise is a minor issue for most of the sites.

Similarly, the area of ground occupied by LACROIX Group sites is insignificant and does not warrant a dedicated indicator.

Climate change and the protection of biodiversity

In view of its activities and geographical location, the Group is hardly affected by the consequences of climate change. Therefore no specific action has been taken in this respect.

Given the small impact of its activities on biodiversity, the Group has not introduced any specific policy in this respect, although it continues to keep a watchful eye on its environmental footprint.

Societal data

The information in this part concerns all the Group's companies. If the scope is different for any one element, this will be pointed out.

The territorial, economic and social impact of the company's activity, and relations with organizations affected by the company's activity

In view of the size of its manufacturing units, the LACROIX Group is a significant employer at each of its industrial sites. LACROIX is the second largest employer in the region in Tunisia, the third in Poland, and a significant player in Les Mauges (one of the five largest employers in the Montrevault district) and the region of Nantes.

More than merely significant local employers, the Group's companies participate in local actions that establish their local presence. In financial year 2013, the Group met local councillors to discuss a variety of topics, participated in several local professional events such as job forums and fairs, and continued to be a member of the LEA VALLEY association (Loire Electronic Applications Valley), which coordinates and promotes the professional electronics sector in the Pays de la Loire region.

As a significant employer in the regions where its industrial sites are based, the LACROIX Group plays an active part in local education, among other things through partnerships with local educational establishments like OSEO Angers and the Ecole des Mines (school of engineering) in Nantes. In this respect, several employees are members of school examining boards or attend a careers guidance board at the Nantes job centre, which aims to capitalize on the skills of young people. Similarly, through partnerships with UI44 and technical educational establishments, the LACROIX Group takes in young people on the path to employment to introduce them to company life.

In other respects, the LACROIX Group supports a number of different cultural initiatives, like the permanent exhibition «Transport and People» at the Cité des Sciences museum in Paris, and "Voyage à Nantes", a local public corporation dedicated to tourism in Nantes.

Subcontracting and suppliers

Beyond mere economic performance, our suppliers are appraised according to quality, safety and environmental criteria (among other things their certifications, organizations specifically in place to guarantee the quality of their products or services, measures taken to limit environmental impact, etc.), their logistics performance and their adaptability. In addition, the Procurement department reviews supplier ratings at least once a year, updates their appraisals and if necessary takes measures on the basis of observed changes (positive or negative).

9% of our activity is outsourced, either because it is not our core business or because we lack internal resources to absorb certain peak workloads. Outsourced activities vary according to the division concerned.

Electronics Division

- Capacity outsourced: assembly of components [items eliminated];
- Technical outsourcing: component-setting in France and conformal coating in the UK.

Telemetry Division

- Hardware and software development.

Traffic Signs Division

- Capacity outsourced to local contractors, just about anywhere in France;
- Technical outsourcing for activities that cannot be controlled internally (ground markings for certain service subsidiaries), again to local suppliers, as proximity of work sites is essential.

Fair practices

Internally

The LACROIX Group has an internal charter that underscores our core values. In addition to honesty, integrity and fairness, compliance - in particular with laws and regulations - is underscored. An Anti-corruption charter is also being prepared at each site of the Electronics Division.

The Group also has an internal audit and control department, one of whose key duties is precisely to audit these regulatory aspects, and more particularly observance of competition rules.

With our stakeholders

Group revenue is generated mainly in France for the Traffic Signs and Telemetry Divisions, which are thus little exposed to the risk of corruption. The Electronics Division's activity is more international, with manufacturing sites, in particular, in Tunisia and Poland. However, the activities at these sites are destined for major multinationals established in Western Europe, which does not expose these companies to the risk of corruption either.

The Traffic Signs Division's expanding activities in Africa and the Middle East could expose the Group more in the coming years. Nonetheless, the proportion of activities conducted in these countries is marginal and revenue is often generated with international civil engineering corporations, not directly with local authorities.

Vis-à-vis end consumers

The LACROIX Group cares about offering its customers - and accordingly the end consumers - the highest level of quality, both for the products and systems it delivers and for services rendered. From this perspective, the Quality services attached to the divisions' industrial departments analyse input materials, manufacturing and administrative processes and propose areas for improvement. Likewise, various Group sites have had their processes certified to assure customers of the quality of products and services rendered.

	ISO 9001 Quality Management	ISO TS 16949 Motor industry quality	EN9100 Aeronautics industry quality	ISO 13485 Medical industry quality
Electronics Division				
Industrial sites				
St-Pierre-Montlimart (France)	x	x	x	
Willich (Germany)	x	x		x
Zriba (Tunisia)	x		x	
Kwidzyn (Poland)	x	x		
Design and engineering department				
Vern-sur-Seiche(France)	x	x	x	
Ramonville (France)	x		x	
Fontaine (France)	x	x		
Quimper (France)	x	x		
Traffic Signs Division				
Industrial site				
St-Herblain (France)	x			
Local offices				
St-Herblain (France)	x			
Herblay (France)	x			
Genas (France)	x			

Community services and corporate sponsorship

In 2013, the Group allocated an annual employee benefits budget of nearly €360,000 to its personnel. This budget essentially finances ticket offers, holiday cheques, gift vouchers, money-off vouchers and other benefits with local partners.

In parallel, the Group funds a number of socially responsible projects through donations and partnerships. Over the year, the Group sponsored a 4L TROPHY™ team (a humanitarian rally organized in partnership with the Enfants du désert (Children of the desert) association), which every year ships several tonnes of school material for the benefit of Moroccan schoolchildren. The Telemetry and Electronics Divisions for their part help provide local partner schools with computing equipment.

8 – Information on corporate officers

Situation of the Supervisory board members' terms of office

No term of office of the Supervisory Board expires at the end of the General Meeting.

Compensation and benefits received by corporate officers and representatives

In pursuance of article L.225-102-1 of the French Commercial Code, we hereby advise you of the total compensation and fringe benefits paid out to company officers and representatives during the period ending 30 September 2013 by the Company and companies it controls as defined by article L.233-16 of the Commercial Code.

Board of Directors

According to AFEP/MEDEF recommendations, the remuneration paid to Board members during the year was as follows:

Summary table of compensation packages and stock options awarded to each corporate officer:

Yves KROTOFF Chaiman of the Board	Period 2013	Period 2012
Compensation due for period Value of options awarded in period Value of awarded performance-related stock in period	241 052	241 256
Vincent BEDOUIN Member of the Board		
Compensation due for period Value of options awarded in period Value of awarded performance-related stock in period	214 917	209 717
Nicolas BEDOUIN Member of the Board		
Compensation due for period Value of options awarded in period Value of awarded performance-related stock in period	96 540	92 976

Corporate officers' variable remuneration is validated by the Supervisory board.
The components of this variable remuneration are determined based on achieving annually-reviewed objectives which we do not wish to communicate for reasons of confidentiality.

Summary of each corporate officer's compensation package

Yves KROTOFF Chaiman of the Board	Period 2013		Period 2012	
	due	paid	due	paid
Fixed pay package	130 000	130 000	130 000	130 000
Variable paid package	100 000	100 000	100 000	100 000
Exceptional compensation				
Director's fees				
Fringe benefits	11 052	11 052	11 256	11 256
Total	**241 052**	**241 052**	**241 256**	**241 256**
Vincent BEDOUIN Member of the Board	**Period 2013**		**Period 2012**	
	due	paid	due	paid
Fixed pay package	140 400	140 400	135 200	135 200
Variable paid package	70 000	70 000	70 000	70 000
Exceptional compensation				
Director's fees				
Fringe benefits	4 517	4 517	4 517	4 517
Total	**214 917**	**214 917**	**209 717**	**209 717**
Nicolas BEDOUIN Member of the Board	**Period 2013**		**Period 2012**	
	due	paid	due	paid
Fixed pay package	73 847	73 847	78 846	78 846
Variable paid package	20 000	20 000	12 000	12 000
Exceptional compensation				
Director's fees				
Fringe benefits	2 693	2 693	2 130	2 130
Total	**96 540**	**96 540**	**92 976**	**92 976**

The amounts due refer to the amounts for which provisions were funded for the period, unlike the amounts paid out, which indicate the variable portion granted on account of the previous financial period.

Directors' fees

No directors' fees were paid to Board members during the year.

Stock options awarded during the current period

No stock options were awarded to Board members during the past year.

Stock options exercized during the current period

No stock options were exercized by corporate officers during the year.

Performance-related shares awarded and available

The company awarded no performance-related shares during the current year or during prior periods.

Information on compensation packages awarded to Board members (article L.225-102-1 of the French Commercial Code).

Figures stated in euros

Name	Office	Position	Fixed pay package	Variable pay package	Fringe benefits	Supplementary pension and other benefits	Total
Yves KROTOFF	Chairman of the board	Chaiman	130 000	100 000	11 052	34 552	275 604
Vincent BEDOUIN	Board member	Managing director of Electronics division	140 400	70 000	4 517	23 045	237 962
Nicolas BEDOUIN	Board member	Finance director	73 847	20 000	2 693	7 402	103 942

We hereby apprise you of the following:

- The terms of office of Messrs Pascal Rouchet and Jacques Gaboury expired on 12 February 2013 and have not been renewed. The sum of €280,000 was paid from 1st October to 12 February 2013 (comprising among other things the bonuses paid in respect of the prior period). The remuneration packages of these corporate officers did not vary significantly between 2012 and 2013.
- The Company has made a commitment in favour of the Chairman of the Board. This is a severance pay package if Yves Krotoff's term of office as Board Chairman is not renewed or if he is dismissed. This package is fixed at the total gross remuneration (fixed and variable) paid to Mr Krotoff over the last 18 months of his term.

Supervisory Board

Figures stated in euros

Name	Office	Position	Fixed pay package	Variable pay package	Fringe benefits	Supplementary pension and other benefits	Directors' fees	Total
Jean-Paul BEDOUIN	Chairman of the supervisory Board	Chairman	104 000		9 540		5 000	118 540
Pierre TIERS	Member of the supervisory Board	Ad-hoc Member					6 000	6 000
Pascal JANOT	Member of the supervisory Board	Ad-hoc Member					5 000	5 000
Hugues MEILI	Member of the supervisory Board	Ad-hoc Member					6 000	6 000
Marie-Reine BEDOUIN	Member of the supervisory Board	Member					12 000	12 000
Hubert de BOISREDON	Member of the supervisory Board	Ad-hoc Member					5 000	5 000

Please be advised that no members of the Supervisory Board have been awarded stock options.

List of offices and positions

Pursuant to the provisions of article L.225-102-1 of the French Commercial Code, we list below all offices and positions held by each corporate officer and representative in other companies

Board of Directors

Name	Office	Company
Yves KROTOFF	Chairman of the Board Chairman Manager Manager RP Lacroix SA Director	LACROIX SA SAS LACROIX SOFREL SCI LTI SUD-EST SARL LACROIX IV LACROIX TRAFFIC BELGIUM (Belgium)
Vincent BEDOUIN	Board Member Chairman Chairman Member of the Supervisory Board Manager Manager	LACROIX SA SAS LACROIX ELECTRONICS SAS LACROIX ELECTRONICS SOLUTIONS SAS VINILA INVESTISSEMENTS LACROIX ELECTRONICS GmbH (Germany) LACROIX ELECTRONICS TUNISIE
Nicolas BEDOUIN	Board Member Member of the Supervisory Board	LACROIX SA SAS VINILA INVESTISSEMENTS

Supervisory Board

Name	Office	Company
Jean-Paul BEDOUIN	Chairman of the Supervisory Board Chairman Manager	LACROIX SA SAS VINILA INVESTISSEMENTS SCI EMERAUDE DEVELOPPEMENT
Pierre TIERS	Member of the Supervisory Board Board Member Chairman General Manager RP de CM CIC Capital Finance Chairman RP de CM CIC Investissement Manager RP de EFSA Director RP de CM CIC Investissement Director RP de CM CIC Investissement Director RP de CM CIC Investissement Director	LACROIX SA CM CIC CAPITAL FINANCE SAS CM CIC Capital Innovation SAS CM CIC Investissement CM CIC Ingénierie SCI VILLA CAMUS CM CIC SECURITIES SAS Poitou Charentes Expansion SAS Pays de la Loire Développement Association NAPF
Pascal JANOT	Member of the Supervisory Board Chairman	LACROIX SA SYSTOVI SAS
Hugues MEILI	Member of the Supervisory Board Chairman & Managing Director Chairman Chairman Chairman	LACROIX SA NIJI SA KURMI-SOFTWARE SAS BORDILLA SAS IKUMBI SOLUTIONS SAS
Marie-Reine BEDOUIN	Member of the Supervisory Board Chairman of the Supervisory Board	LACROIX SA SAS VINILA INVESTISSEMENTS
Hubert de BOISREDON	Member of the Supervisory Board Chairman Managing Director Chairman	LACROIX SA ARMOR SAS PRINTOR SAS ALSENS SAS

9 – Engagements of statutory auditors

No statutory auditor engagements expire at the end of the General Meeting.

10 – Appropriation of earnings

We would ask you to approve the following appropriation of net earnings of €7,470,710 for the financial year:

Retained earnings Legal reserve	7 470 710 euros 373 535 euros
Balance	**7 097 175 euros**
To which is added	
Prior period retained earnings	598 610 euros
To make a distributable income of	7 695 785 euros
In the form of dividends to shareholders Namely €0.50 per share	1 883 280 euros
Balance	**5 812 505 euros**

Comprising €5.5 million posted to «Other Reserves», which therefore totals €33.5 million and €312,505 posted to «Unappropriated retained earnings», which therefore totals €312,505. It being understood that this amount shall be increased by the fraction of the dividend corresponding to shares held by the Company as part of its share buy-back programme.

We would remind you that since 1st January 2013 distributed income is taxed on the basis of the progressive income tax rate schedule, and that, in accordance with the provisions of article 117-4 amended of the general tax code, a mandatory flat-rate tax of 21%, chargeable subsequently to income tax, is levied.

We would also remind you that, in accordance with the provisions of article L.136-7 of the Social Security Code, social security contributions on dividends, taxed on the basis of the progressive income tax rate schedule, whether or not they qualify for the 40% rebate, are deducted at source by the paying entity if the latter is based in France; they must be paid to the Treasury within the first 15 days of the month following payment of dividends.

Payment of dividends will be made on 15 April 2014.

Shareholders' equity amounting to €64,808,785 results from this allocation, before payment of the fraction of the dividend on the Company's own shares.

In accordance with the law, the General Meeting notes that dividends paid for the last three financial periods were as follows:

Period	Number of shares	Number of paid Shares	Net dividend by Share	Total net dividend paid
2009 - 2010	3 766 560	3 568 138	0,55	1 962 475
2010 - 2011	3 766 560	3 568 332	0,50	1 784 166
2011 - 2012	3 766 560	3 568 981	0,50	1 784 490

11 – Director's fees

We propose that the overall amount of directors' fees allocated to Supervisory Board members for the current financial year be set at €30,000.

12 – Information on trading in securities

Pursuant to article L.621-18-2 of the Monetary and Financial Code and the general regulations of the Autorité des Marchés Financiers (the French Financial Markets Regulator), we hereby inform you that we have not been apprised of any transactions in Company shares by LACROIX SA's corporate officers.

3. Results of the last five periods

ITEMS	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012	2012 / 2013
CAPITAL AT YEAR-END					
Share capital	25 000 000	25 000 000	25 000 000	25 000 000	25 000 000
Number of existing ordinary shares	3 766 560	3 766 560	3 766 560	3 766 560	3 766 560
Number of dividend-yielding shares priority (whitout voting rights)					
'Maximum number of future shares to be created					
OPERATIONS AND RESULTS OF PERIOD					
Turnover exclusive of tax	1 080 121	1 149 740	1 116 049	1 406 348	1 373 595
Earnings before tax. employee profit sharing and depreciation expenses ans allowances	3 121 646	3 015 886	2 989 523	4 180 687	4 322 320
Corporate income tax Employee profit-sharing due for period	-1 120 677	-2 566 737	-2 449 157	-3 252 221	-2 603 778
Earnings after tax. employee profit sharing and depreciation expenses ans allowances	633 577	5 041 649	5 969 685	6 227 735	7 470 710
Distributing earnings	1 129 968	2 071 608	1 883 280	1 883 280	1 883 280*
EARNINGS PER SHARES					
Earning after tax. employee profit sharing but depreciation expenses ans allowances	0.83	0.80	1.44	1.97	1.97
Earnings after tax. employee profit sharing and depreciation expenses and allowances	0.17	1.34	1.58	1.65	1.98
Dividend awarded to each share	0.30	0.55	0.50	0.50	0.50*
STAFF					
Average staffing level period	2	2	3	3	3
Total payroll for period	396 238	404 757	382 221	407 652	411 261
Amounts paid out for the period's fringe benefits (social security. donations fo charities. etc)	174 778	198 148	193 088	210 050	209 262

* Proposed appropriation of earnings for period 2012 / 2013

LACROIX

4. Auditors' report on the consolidated financial statements

Financial year ending 30 September 2013

To the shareholders

Further to our engagement by your general shareholders' meeting, we present our report for the financial year ending 30 September 2013, on:

- audit of the consolidated financial statements of LACROIX SA, as appended hereto;
- evidence supporting our opinion;
- specific auditing as required by law.

The consolidated financial statements were closed by the Board. It is our duty to express an opinion on them on the basis of our audit.

1 . Opinion on the consolidated financial statements

We have conducted our audit according to the professional standards applicable in France; these standards require us to provide reasonable assurance that the consolidated financial statements do not contain any material misrepresentations. An audit consists in examining, on a test basis, or using other selection methods, the evidence supporting the amounts and disclosures in the financial statements. It also consists in assessing the accounting policies adopted and evaluating the significant estimates in the financial statements and the overall presentation thereof. We consider that our audit provides a reasonable and sufficient basis for our opinion as expressed hereafter.

We hereby certify that the consolidated financial statements, with regard to the IFRS reporting framework as adopted by the European Union, give a true and fair view of the asset base, financial position and earnings of all the reporting entities.

2 . Evidence supporting our opinions

In pursuance of article L.823-9 of the French Commercial Code regarding the evidence supporting our opinion, we hereby apprise you of the following:

At each year-end closing, your Group carries out goodwill impairment tests as a matter of routine using the methods described in notes 6.4.4 and 8.1 to the financial statements. We have reviewed your company's calculation methods for these tests and the cash flow forecasts and assumptions, and verified that the notes to the financial statements provide sufficient information.

The provisions recognised in the balance sheet and the methods for recognition thereof are detailed in notes 6.5.11 and 8.12 to the financial statements. As part of our assessment of the estimates used for closing and on the basis of the information at our disposal during the audit, we have reviewed the approaches your group uses and have ascertained the fairness of the assumptions on which these provisions are based.

The opinions thus expressed are based on our overall audit of the consolidated financial statements as a whole, and therefore form the basis for the opinion stated in the first part of this report.

3 . Specific auditing requirements

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report.

We are satisfied that this information is fairly stated and agrees with the consolidated financial statements

La Roche-sur-Yon and Nantes, 30 January 2014

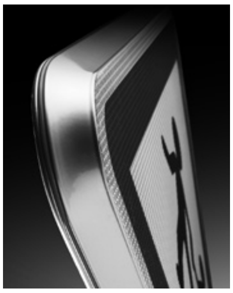
The Statutory Auditors

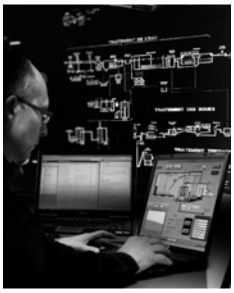
ATLANTIQUE REVISION CONSEIL – A.R.C.

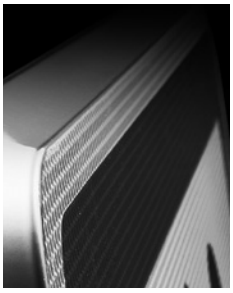
Sébastien Caillaud

ERNST & YOUNG et Autres

Philippe Fourquet







Consolidated Financial Statements

Period from October 2012 to September 2013

1. Consolidated statement of financial position

In T€ Assets	Note n°	Period 2013 12 months	Period 2012 12 months
Non-current assets			
Goodwill	8.1	9 179	9 179
Intangible assets	8.2	1 568	1 858
Tangible assets	8.3	44 162	43 641
Long-term financial assets	8.4	608	554
Participations in associated companies	8.5	6	6
Deferred tax	8.19	2 497	2 447
Total non-current assets		58 021	57 686
Current assets			
Inventory and work in progress	8.7	48 758	47 612
Trade receivables	8.8	96 284	95 003
Other receivables	8.9	12 006	9 587
Cash & Cash equivalents	8.10	20 498	10 466
Total current assets		177 546	162 668
TOTAL ASSETS		235 567	220 354

In T€ Liabilities	Note n°	Period 2013 12 months	Period 2012 12 months
Shareholders' equity			
Capital	8.11	25 000	25 000
Share premium		3 455	3 455
Consolidated reserves		61 573	58 290
Consolidated income for the year		4 807	5 852
Shareholders' equity (group share):	*4*	***94 835***	***92 597***
Minority interest:	*4*	***565***	***496***
Total Shareholders' equity		95 400	93 093
Non-current liabilities			
Other investments		(1)	0
Long-term provisions	8.12	14 655	13 391
Long-term debts	8.13	17 272	17 012
Deferred tax liabilities	8.19	2 798	2 895
Total Non-current liabilities		34 723	33 298
Short-term debts			
Current financial liabilities	8.13	31 569	26 973
Trade accounts payable	8.14	42 246	36 380
Other liabilities	8.14	31 628	30 610
Total current liabilities		105 443	93 963
TOTAL LIABILITIES		235 567	220 354

2. Consolidated statement of comprehensive income

2.1 - Consolidated income statement

In T€ P&L	Note n°	Period 2013 12 months	Period 2012 12 months
Revenue	9.2	**328 796**	**324 919**
Other income		531	300
Goods and raw material consumed		(161 428)	(149 566)
Personnel expenses	8.15	(92 004)	(94 142)
Subcontracting and External expenses		(55 238)	(55 044)
Tax		(5 402)	(6 013)
Depreciation and estimated expenses	8.16	(6 177)	(8 025)
Change in inventory and work in progress		2 310	(893)
Other operating income and expenses		(148)	(118)
Profit from operating activities	9.2	**11 241**	**11 416**
Other income and expenses	8.17	(2 301)	(1 593)
Operating profit		**8 940**	**9 823**
Financial expenses and income	8.18	(1 450)	(1 217)
Income tax expense	8.19	(2 503)	(2 592)
Equity method	8.5		
Net income		**4 987**	**6 015**
Net income - non-controlling interests	4	180	164
Net income - group share		**4 807**	**5 852**
Net income per share			
Basic earnings per share (in euros)		1,34	1,64
Diluted earnings per share (in euros)		1,31	1,60

2.2 - Consolidated statement of comprehensive income

In T€	Note n°	Period 2013 12 months	Period 2012 12 months
Net income for the period		**4 987**	**6 015**
Changes in currency translation adjustment		(432)	1 112
Changes in the fair value of financial instruments		269	(261)
Impact of the Actuarial differential		(124)	(1 195)
Other comprehensive income after tax		***(287)***	***(344)***
Total comprehensive income	4	**4 700**	**5 671**
Group share		4 520	5 508
Attributable to non-controlling interests		180	164

3. Consolidated statement of cash flow

In T€	Note n°	Period 2013 12 months	Period 2012 12 months
CASH FLOWS FROM OPERATING ATIVITIES			
Net income		**4 987**	**6 015**
Elimination of expenses and income not affecting cash flow or unrelated to activities:			
- Amortization and provisions		7 657	4 719
- Changes in deferred tax		(128)	(190)
- Capital gains net of tax		79	814
- Proportionate results of equity method companies			
- Other		14	57
Cash flows from operations of consolidated companies		**12 609**	**11 415**
Translation adjustment on cash flows from operations			
Dividends received from equity method companies			
Changes in working capital relating to operations		**921**	**(5 233)**
Net cash flows from operating activities		**13 529**	**6 183**
CASH FLOWS FROM CAPITAL ACTIVITIES			
Capital expenditure		(7 147)	(7 147)
Disposals of capital assets, net of tax		361	1 399
Capital grants		(0)	(0)
Effect of changes in reporting entities			(21)
Net cash flows from capital acitivities		**(6 786)**	**(5 769)**
CASH FLOWS FROM FINANCING ATIVITIES			
Dividends paid to shareholders		(2 266)	(1 918)
Capital increases in cash			101
Changes in other investments		(79)	496
Debt issuance		11 903	5 746
Debt redemption		(10 669)	(6 171)
Net cash flows from financing activities		**(1 111)**	**(1 746)**
Cash flow		**5 633**	**(1 332)**
Opening cash position		(3 561)	(2 122)
Closing cash position	8.10	2 247	(3 561)
Effect of currency fluctuations		(176)	107

4. Consolidated statement of changes in equity

In T€ Position on closing	Capital	Pre-miums	Conso-lidated reserves (1)	Period's result	Other: Translation differential (2)	Other: Shares of consolidating company	Total Sha-reholders' equity - group share	Non-controlling interests	Total sha-reholders' equity
Period 30/09/2011	25 000	3 455	57 133	8 417	(1 324)	(3 961)	88 720	259	88 979
Appropriation of results for 2011			8 417	(8 417)					
Group distributions			(1 918)				(1 918)		(1 918)
Changes in own shares			(239)			219	(20)		(20)
Changes in accounting methods									
Stock options			58				58		58
Result of period 2012				5 852			5 852	164	6 015
Net income recognised directly in equity			(1 456)		1 112		(344)		(344)
Result of the period and Net income recognised directly in equity			**(1 456)**	**5 852**	**1 112**		**5 508**	**164**	**5 671**
Other transactions			249				249	74	323
Period 30/09/2012	25 000	3 455	62 245	5 852	(212)	(3 742)	92 597	496	93 093
Appropriation of results for 2012			5 852	(5 852)					
Group distributions			(1 916)				(1 916)	(350)	(2 266)
Changes in own shares			(5)			1	(4)		(4)
Changes in accounting methods									
Stock options			14				14		14
Result of period 2013				4 807			4 807	180	4 987
Net income recognised directly in equity			145		(432)		(287)		(287)
Result of the period and Net income recognised directly in equity			**145**	**4 807**	**(432)**		**4 520**	**180**	**4 700**
Other transactions			(376)				(376)	240	(136)
Period 30/09/2013	25 000	3 455	65 959	4 807	(644)	(3 742)	94 835	565	95 400

5. List of consolidated companies

The companies included in the scope of consolidation are presented below:

Company and legal form	SIREN no.	Head Office	Tax Scope	Period 2013		
				Consolidat. method	% of control	% of interest
CONSOLIDATING COMPANY						
LACROIX S.A.	855 802 815	St Herblain	1	MOTHER	100,00 %	100,00 %
CONSOLIDATED COMPANIES						
TRAFFIC SIGNS DIVISION						
LACROIX SIGNALISATION	409 065 984	Saint Herblain	1	IG	100,00 %	99,86 %
KANGOUROU EST	344 679 022	Strasbourg	1	IG	100,00 %	99,86 %
KANGOUROU IDF	340 835 479	Herblay	1	IG	100,00 %	99,86 %
KANGOUROU NORMANDIE	492 337 555	Rouen		IG	100,00 %	99,86 %
KANGOUROU OUEST	478 588 700	Saint Herblain	1	IG	100,00 %	99,86 %
KANGOUROU PACA	439 903 576	Marseille		IG	100,00 %	99,86 %
KANGOUROU RHONE ALPES	492 139 472	Genas	1	IG	100,00 %	99,86 %
KANGOUROU SUD OUEST	478 583 875	Saint Orens	1	IG	100,00 %	99,86 %
LACROIX OCEAN INDIEN	343 852 836	Le Port	1	IG	100,00 %	99,86 %
LACROIX MAYOTTE	497 884 031	Mamoudzou		IG	100,00 %	99,86 %
LACROIX PACIFIC	1 011 600	Nouméa		IG	100,00 %	50,95 %
KANGOUROU NORD PAS DE CALAIS	492 337 571	Walbrechies	1	IG	100,00 %	99,86 %
KANGOUROU AQUITAINE	498 992 163	Artigues	1	IG	100,00 %	99,86 %
LACROIX TRAFIC	443 342 746	Saint Herblain		IG	100,00 %	99,86 %
LACROIX CITY	512 538 265	Saint Herblain	1	IG	100,00 %	99,86 %
SOCIETE DES SIGNALISATIONS	301 331 435	Artigues	1	IG	100,00 %	99,86 %
NORTE INDUSTRIAL	A48 042 303	SPAIN		IG	100,00 %	99,86 %
LACROIX SENALIZACION	A12 329 827	SPAIN		IG	100,00 %	99,86 %
ISVIAL	B95 616 934	SPAIN		ME	33,33 %	33,29 %
LACROIX TRAFIC BELGIUM	0841.072.548	BELGIUM		IG	100,00 %	99,86 %
LACROIX TRAFIC CAMEROUN	DLA2012B3234	CAMEROON		IG	100,00 %	99,86 %
LACROIX 3	512 996 851	Saint Herblain	1	IG	100,00 %	99,86 %
LACROIX 4	514 345 602	Saint Herblain	1	IG	100,00 %	100,00 %
LTI SUD EST	383 076 684	Carros		IG	100,00 %	0,00 % (1) (2)
TELEMETRY DIVISION						
LACROIX SOFREL	409 065 810	Vern sur Seiche	1	IG	100,00 %	100,00 %
LACROIX SOFTEC	405 249	ITALY		IG	100,00 %	100,00 %
SOFREL ESPANA	ESA81573113	SPAIN		IG	100,00 %	100,00 %
ELECTRONICS DIVISION						
LACROIX ELECTRONICS	409 064 151	Vern sur Seiche	1	IG	100,00 %	100,00 %
LACROIX ELECTRONICS	RHB11614	POLAND		IG	100,00 %	100,00 %
LACROIX ELECTRONICS	B2451652004	TUNISIA		IG	100,00 %	100,00 %
LACROIX ELECTRONICS SERVICE TUNISIE		TUNISIA		IG	100,00 %	100,00 %
LACROIX ELECTRONICS Gmbh		GERMANY		IG	100,00 %	100,00 %
LACROIX ELECTRONICS SOLUTIONS	378 445 647	Vern sur Seiche	1	IG	100,00 %	100,00 %

Consolidation methods
IG: Full consolidation - ME: Equity method

(1) Fiscal year: December 31

(2) Ad hoc entities

6. Basis of accounting, consolidation methods, evaluation methods and rules

6.1 - General company information

Listed on Eurolist, Compartment C, LACROIX SA is a "société anonyme" (corporation, plc in the UK) governed by French law.

The Group's business activities and organisation are presented in the management report.

6.2 - Basis of accounting

6.2.1 General principles

The annual financial statements are disclosed for the period ending September 30, 2013 in accordance with all standards published by IASB (International Accounting Standards Board) and adopted by the European Union. These financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

The Group has not elected to early adopt the new standards and interpretations that are not mandatory for fiscal year 2012/2013.

Adopted for use in the European Union (applicable for annual periods beginning on or after January 1, 2013): amendment to IAS 19 – Employee benefits (elimination of the use of corridor method), IFRS 13 – Fair value measurement, amendment to IAS 1 – presentation of other comprehensive income.

Adopted for use in the European Union (applicable for annual periods beginning on or after January 1, 2014): standards dealing with consolidation (IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, IFRS 12 – Disclosure of interests in other entities) and the resulting revisions to IAS 27 and IAS 28, amendments to IAS 32 – Offsetting financial assets and financial liabilities.

Application of IFRS 11, which eliminates proportionate consolidation as a method of accounting for jointly controlled entities, should not have any impacts on the Consolidated financial statements, as the Group has no jointly controlled entities in its scope.

Application of IAS 19 (revised) should not have impacts on the Consolidated financial statements, as the Group has still eliminated the use of corridor method.

6.2.2 Presentation of financial statements

'Current assets' include assets earmarked for disposal or use in the normal course of operations, or within twelve months of closing, as well as cash and cash equivalents.

'Current liabilities' include debts overdue in the normal operating cycle or within the twelve months following yearend closing.

Other assets or liabilities are considered 'long-term'.

6.3 - Use of estimates

When preparing consolidated financial statements, the group's management must exercise judgment, make estimates and assumptions that affect application of accounting methods and the amounts recognized in the financial statements.

These underlying estimates and assumptions are made and constantly reviewed according to past experience and other factors deemed reasonable given the circumstances. Actual values may differ from estimated values.

The underlying estimates and assumptions are continually being re-examined. The impact of changes in accounting estimates is recognized in the period of the change if it only affects the said period, or during the period of the change and subsequent periods it the latter are also affected by it.

6.4 - Basis of consolidation

6.4.1 Consolidation methods

Group subsidiaries:

- A subsidiary is an entity controlled by the group, namely when the group has the power to direct the entity's financial and operational policies with a view to deriving gains from its activities. Subsidiaries' financial statements are incorporated into the consolidated financial statements from the date on which effective control is obtained until such control ceases.

Associated companies and joint ventures:

- Associated companies (also called 'significantly influenced entities') are entities whose financial and operational policies are significantly influenced by the company without the latter controlling them. Associated companies and joint ventures are recognized by the equity method. The consolidated financial statements include the group share in the total profits and losses reported by equity-method companies and joint ventures.

Methods applied to the group :

- At 30 September 2013, group companies were exclusively controlled by LACROIX SA, with the exception of ISVIAL which continue to be under the Equity method.
- Subsidiaries are consolidated from the date on which the Group acquires effective control of them. They are no longer consolidated when the Group loses control.

The scope of consolidation and the list of subsidiaries are disclosed in Note 5.

6.4.2 Conversion methods for foreign companies' financial statements

The financial statements of foreign companies are converted as follows:

- Balance sheet: at the rate of the currency at year-end closing
- Income statement: at the average rate of year-end closing.
- Translation adjustments are posted directly as shareholders' equity under the heading 'Translation adjustments'.

Evolution of parities is as follows:

1 Local Currency = x EUR	Opening	Average (Current Year)	Closing	Average (Last year)
Zloty (PLN)	0,24368	0,23928	0,23647	0,23464
Franc CFP (XPF)	0,00838	0,00838	0,00838	0,00838
Franc CFA (XAF)	0,00152	0,00152	0,00152	0,00152

Transactions in foreign currencies are booked at the exchange rate on the date of the transaction. Gains or losses arising from the payment of such transactions and the conversion of receivables and payables into the foreign currency are recorded in the income statement.

6.4.3 Elimination of intercompany transactions

In accordance with regulations, balance sheet balances and unrealized gains and losses resulting from intercompany transactions are eliminated when preparing the consolidated financial statements. Unrealized gains and losses from transactions with associated companies are eliminated by consideration of equity-method investments.

6.4.4 Business combinations (amalgamations)

An impairment test is done to validate Goodwill at least once a year or more often when events or circumstances reveal signs of impairment.

Impairment tests are run on revenue generating items; the book value of the revenue generating item is compared with its recoverable amount

- The recoverable amount is the asset's net selling price or its going value, whichever is the higher.

The Group has set up a test methodology based on the DCF (Discounted Cash Flows) method using Business Plans drawn up for each line of business.

The parameters applied are presented in Note 8.1

6.5 - Evaluation methods and rules

The principles and methods the group applies are as follows:

6.5.1 Intangible assets

Intangible assets are booked at their acquisition cost minus accumulated amortization and any impairment value.

6.5.1.1 Research & Development expenses

Research expenses are booked as expenses.

As for development expenses, the Group has devised a procedure for monitoring them that records all the necessary information for identifying, valuing and monitoring such expenses.

When expenses qualified as development expenses meet the activation criteria, they are capitalized. Otherwise they are booked as expenses.

6.5.1.2 Amortization and depreciation

Intangible capital assets have a finite life. Amortization is recognized as an expense in a linear manner, according to the intangible asset's estimated useful life.

	Term
Concessions, patents, licenses	3 to 10 years
Software	3 to 10 years

They are impairment tested when an impairment index exists.

- Intangible assets with an indefinite life are tested for impairment every year. The impairment tests are done on the basis of discounted future cash flow.

6.5.2 Tangible assets

6.5.2.1 Long-term tangible assets

Tangible assets are valued at their acquisition cost minus accumulated amortization and any impairment or at their cost of production for the portion produced by the group.

When a tangible asset has significant components with useful lives, the components are individually recognized.

6.5.2.2 Amortization and depreciation

Amortization is recognized as a linear expense according to the estimated useful life of the tangible asset.

The applicable amortization lives are as follows:

	Term
Land improvements	5 years
Buildings for operations	20-40 years
Building installations and fixtures	10-12 years
Machinery and equipment	8-15 years
Plant installations and improvements	8-15 years
Transportation equipment	3-8 years
Office equipment and furniture	3-15 years

The book values of tangible assets are tested for impairment when events or circumstances indicate that their book value can no longer be recoverable. Therefore when the book value of an asset is higher than its estimated recoverable value, asset impairment is recognized.

6.5.3 Direct financing leases

Financing leases are classified as direct financing leases if they transfer to the lessee virtually all the economic risks and benefits attached to ownership of the leased assets.

They are recognized in the balance sheet from the outset at the fair market value of the leased item, or if this is lower, at the discounted value of minimum lease payments.

Financially leased assets are written down over their useful life, which mostly matches the term of the lease agreement.

Other agreements are standard rentals. Rents are recognized as expenses on a linear basis until the agreement expires.

6.5.4 Financial assets

The Group classifies its financial assets into the following groups: transaction assets, loans and receivables, assets available for sale.

- Non-consolidated financial investments are analyzed as securities available for sale and booked at their fair value. Changes in value either way are recorded as shareholders' equity under 'revaluation reserves'. If the impairment is deemed definite, a provision is recorded under operating results.
- Financial investments (securities) are recognized at their fair market value and changes in fair value are recognized under operating results.
- Loans and receivables are considered assets issued by the company and are recognized at cost. A provision may be funded for them if there is an objective indication of impairment. Impairment, namely the difference between the net book value (net worth) and the recoverable value, is recognized in the income statement.

6.5.5 Financial risk management

Foreign currency and rate hedging:

- Hedging transactions are analyzed by an independent expert to ensure they are treated in compliance with IAS 32/39 whenever they are significant.

6.5.6 Inventory and work in process

Inventory and work in process is valued at its cost price or net realizable value, whichever is the lower. The cost price is determined according to the FIFO (first in, first out) method, and among other things includes the cost of materials and direct labor costs as well as indirect costs strictly chargeable to production.

The internal margins included in inventory are eliminated in the consolidated results.

Provisions are calculated as the difference between the gross value based on the above principles and the probable net realization value.

6.5.7 Accounts receivable

Trade and other accounts receivable are valued at their fair market value. Since receivables mature in less than one year, they are not discounted. They may be the subject of a provision according to the probability of recovery at year-end closing.

6.5.8 Cash and cash assets

'Cash assets' include cash in the bank and immediately realizable investments.

Bank overdrafts are included in borrowings under short-term liabilities in the balance sheet.

6.5.9 Capital and réserves

When the Group buys back or sells its own shares:

- The price paid, which includes acquisition-related net of tax, is deducted from shareholders' equity under the heading 'own shares' until they are sold.
- When they are sold, the capital gain or loss is recognized under shareholders' equity.

6.5.10 Government grants

Grants are included in the financial statements when one has reasonable insurance that:

- The group will abide by the conditions attached to the financing.
- The grants will be received.
- For asset-related government grants, the Group has decided to present the financing as a reduction in value of the asset in question.

6.5.11 Estimated and contingent liability

When the Group has a current obligation (legal or implicit) arising from a past event and if a disbursement of financing sources representing economic benefits will probably be needed to fulfill the obligation, and if the amount of the obligation can be reliably estimated, then the Group recognizes a provision.

6.5.12 Employee benefits

Severance benefits:

- The Group funds severance benefits on the basis of contractual provisions under a defined contribution plan. The provision is valued by an independent actuary according to the projected unit credit method. The parameters applied are presented in Note 8.12.1
- These valuations, among other things, factor in future pay levels, employees' probable working life, staff life expectancy and turnover.
- The present value of commitments thus valued is recognized in the balance sheet, after deducting the fair value of assets paid by Group companies to financial organizations.
- Actuarial gains and losses, which arise primarily from changes in actuarial assumptions and the difference between results estimated according to actuarial assumptions and actual results, are recognized in their entirety as offsetting shareholders' equity.
- The financial costs and the costs of services rendered are recognized as period expenses.

Payments based on shares:

- Stock options granted to employees must be valued at their fair market value, which is recognized in the income statement and offsets reserves over the period of acquisition (4 years) of employees' rights.
- The fair market value of the options has been worked out using the Black & Scholes valuation model. The expense is spread over the acquisition period and offset against a rise in reserves.

6.5.13 Borrowing

Loans are initially recognized at their fair market value net of related commissions.

The portion of financial debts maturing in less than one year is classified as short-term borrowing.

6.5.14 Current and deferred tax

Deferred tax is calculated for all temporary differences between the book value reflected in the consolidated balance sheet and the fiscal value of assets and liabilities. The rate of tax is the one the Group expects to pay or obtain from the tax authorities, as adopted or virtually adopted on the reporting date.

Tax assets and liabilities are not discounted and are reported in the balance sheet as long-term assets and liabilities.

Deferred tax on assets is reported if there is a real probability of recovering the tax in the forthcoming financial periods.

The amounts of deferred tax on assets and liabilities are offset for a single fiscal entity. In this respect, one scope of fiscal integration is effective in the Group.

- LACROIX SA group

These are discussed in detail in part 5.

Tax rate per country:

	Period 2013
Germany	30 à 33 %
Belgium	33,99 %
Cameroon	38,50 %
Spain	30,00 %
France	34,43 %
Italy	31,30 %
Poland	19,00 %
Tunisia (1)	

(1) Temporary exemption until 2015

6.5.15 Revenue

Revenue is recognized when the risks and benefits attached to ownership of goods revert to the buyer and their amount can be reliably valued.

6.5.16 Net income per share

Basic earnings per share are calculated by dividing net distributable income by the weighted average number of shares in circulation during the period, to the exclusion of shares bought by the company and held as treasury stock.
Diluted earnings per share are calculated by dividing net distributable income by the weighted average number of shares in circulation during the period adjusted by the conversion of dilutive instruments into ordinary shares.

- The group has one type of dilutive instrument: stocks options.

6.5.17 Segment disclosures

The Group's segment disclosure is presented according to the business segment. The choice of this level and his breakdown reflects the Group's basis of segmentation and the differences in risk and returns.

- The business segment is the only one segment disclosure level. It comprises the following three business segments:
  - Electronics
  - Telemetry
  - Traffic Signs

7. Comparability of accounts

7.1 Accounting changes

No accounting changes were reported.

7.2 Changes in reporting entities

7.2.1 New reporting entities

- No acquisition in 2012/2013.

LACROIX TRAFIC CAMEROUN:

- Creation of a company during September 2012, in Traffic Signs division.

7.2.2 Sales of consolidated companies

- No sales in 2012/20113.

7.2.3 Changes in consolidation methods

LACROIX PACIFIC

- Further to an increase of capital, the rate of detention change from 49 to 51 percent, allowing the Group to get full control.

7.3 Post-closing acquisitions and/ or disposals of equity interests

In December 2013, acquisition of shares of LACROIX Pacific so as the Group to own the whole control of its subsidiary.

8. Explanation of balance sheet and income statement accounts and changes therein

The tables below are an integral part of the consolidated financial statements.

Barring exceptions, all amounts are stated in thousands of Euros.

8.1 - Goodwill

Division	Gross value				Depreciation				Net value	
	Opening	Change	Changes in reporting entities	Closing	Opening	Allowance	Changes in reporting entities	Closing	Opening	Closing
Traffic Signs	2 807			2 807					2 807	2 807
Telemetry	1 487			1 487					1 487	1 487
Electronics	10 876			10 876	(5 991)			(5 991)	4 885	4 885
Total	**15 170**			**15 170**	**(5 991)**			**(5 991)**	**9 179**	**9 179**

The Group proceeded to the realization of impairment test at the closing period of September, further to the updating of the business plans. On the basis of the obtained valuations of the UGT, no depreciation was practised.

8.1.1 Depreciation of goodwill

The following parameters were applied for the realization of the tests of depreciation during the current financial year:
- Discount rate of 7%.
- Cash flows calculated with business plans of 3 years (excepted for the Electronics division: 9 years)
- Infinity Growth rate of 2 %

The sensibility of the depreciation of goodwill to variations of the hypotheses is presented below. These results are true for each three UGT

	Variation	Impact GW
Variation of Discount rate	0,25 %	0
Variation of Infinity Growth rate	-0,25 %	0

8.2 - Intangible assets

	Opening	Increase	Reduction	Changes in reporting entities	Translation differential	Other changes	Closing
Gross values							
Preliminary expenses	4						4
Research & Development expenses	89						89
Concessions, patents, licenses, software	4 311	295	(42)				4 564
Leased Concess., patents, licenses, software	2 926						2 926
Lease renewal	4						4
Other intangible assets	1 287	25	(5)		(9)		1 297
Advances and down payments	(0)						(0)
Total	**8 621**	**320**	**(47)**		**(9)**		**8 885**
Accumulated provisions							
Preliminary expenses	(4)						(4)
Research & Development expenses	(89)						(89)
Concessions, patents, licenses, software	(3 268)	(316)	11				(3 573)
Leased Concess., patents, licenses, software	(2 251)	(193)					(2 444)
Lease renewal							
Other intangible assets	(1 151)	(64)			8		(1 207)
Advances and down payments							
Total	**(6 763)**	**(573)**	**11**		**8**		**(7 316)**
Total net intangible assets	**1 858**	**(253)**	**(36)**		**(1)**		**1 568**

8.3 - Tangible assets

	Opening	Increase	Reduction	Changes in reporting entities	Translation differential	Other changes	Closing
Gross values							
Land	3 084	113			(4)		3 193
Leased land	483						483
Buildings	27 811	1086	(142)		(141)	504	29 118
Leased buildings	6 222				(14)		6 208
Technical install., machinery and equipm.	39 906	2 943	(877)		(150)	108	41 931
Leased technical install., machinery and equipment	6 990	1 131	(620)		(51)		7 450
Other tangible assets	16 219	1 287	(510)		(18)	51	17 029
Other leased tangible assets							
Tangible assets in progress	853	559			(11)	(658)	742
Advances and down payments	427	3	(414)		(8)	(6)	3
Total	**101 994**	**7 122**	**(2 562)**		**(397)**	**(1)**	**106 156**
Amortization							
Land	(177)	(24)					(200)
Leased land							
Buildings	(11 603)	(1 096)	164		43		(12 491)
Leased buildings	(4 280)	(325)			23		(4 582)
Technical install., machinery and equipm.	(25 212)	(2 640)	599		70	2	(27 181)
Leased technical install., machinery and equipment	(6 232)	(200)	539		30		(5 862)
Other tangible assets	(10 850)	(1 286)	449		9		(11 678)
Other leased tangible assets							
Tangible assets in progress							
Advances and down payments							
Total	**(58 353)**	**(5 570)**	**1 752**		**175**	**2**	**(61 995)**
Total net tangible assets	**43 641**	**1 552**	**(810)**		**(222)**	**1**	**44 162**

8.4 - Long-term financial assets

	Opening	Increase	Reduction	Changes in reporting entities	Translation differential	Other changes	Closing
Gross values							
Investments (1)	93						93
Receivables attached to holdings							
Other long-term investments	3		(1)				2
Loans	1		(1)				
Collateral and surety	483	133	(42)				574
Total	**580**	**133**	**(43)**				**670**
Allowance for loss in value							
Investments (1)	(25)						(25)
Receivables attached to holdings							
Other long-term investments							
Loans							
Collateral and surety	(1)	(37)					(37)
Total	**(26)**	**(37)**					**(62)**
Total net long-term financial assets	**554**	**97**	**(43)**				**608**

(1) Detail of equity securities presented in Note 8.6.

8.5 - Participations in Associated companies

Detail of securities:

Subsidiaries	% owned	Period 2013
ISVIAL	33,3 %	6
Total		6

Contributions to equity and income are as follows:

Subsidiaries	Contrib. to consolidated equity	Contrib. to consolidated results
ISVIAL	6	
Total	6	

8.6 - Non-consolidated equity securities

The detail of item 'Equity securities' referred to in note 8.4 is as follows:

Non consolidated companies	Net position	
	Gross values	Accumulated provisions
Opening	93	(25)
Change		
Closing (1)	93	(25)

(1) At the closing date, the amounts represent the value of equity securities of the entities GERTRUDE (Traffic Signs Division)

8.7 - Inventory and work in progress

Inventory and Work in progress break down as follows:

	Period 2013	Period 2012
Gross values		
Raw materials	30 191	31 116
In-process inventory	6 465	6 120
Intermediate and finished goods	13 501	11 718
Goods	2 001	1 990
Total	52 158	50 944
Allowance for loss in value		
Raw materials	(2 632)	(2 471)
In-process inventory	(33)	(111)
Intermediate and finished goods	(282)	(268)
Goods	(453)	(483)
Total	(3 400)	(3 332)
Total net inventory and goods in progress	48 758	47 612

8.8 - Trade receivables

Trade receivables break down as follows:

	Period 2013	Period 2012
Trade receivables	98 840	97 476
Depreciation	(2 556)	(2 473)
Total net trade receivables	96 284	95 003

8.9 - Other receivables and short-term financial assets

	Period 2013	Period 2012
Gross values		
Advances and payments on account	266	462
Social receivables	196	187
Tax receivables	7 112	4 342
Sundry receivables	2 130	9 896
Prepaid expenses	2 301	2 420
Total	**12 006**	**17 307**
Allowance for loss in value		
Depreciation (1)		(7 720)
Total net other receivables current assets	**12 006**	**9 587**

(1) On the basis of the judgment of the Authority of the Competition, dated December 22th, 2010, the company funded an amount of M€ 7.72 in the accounts closed on September 30th, 2010. At the end of September 2012, the total amount has been paid. The company has disputed this judgment. the corresponding amount of the fine has been booked as receivables and has been completely depreciated. On 28 May 2013, after the rejection of the appeal, the competition fine was registered in the profit and loss and the depreciation was reversed.

8.10 - Cash & equivalents

	Period 2013	Period 2012
Current investments (1)	16 581	5 578
Cash assets	3 872	4 844
Allowance for loss in value		
Financial Instruments - Asset (2)	45	43
Total cash and equivalents	**20 498**	**10 466**
Cash credit (Note 8.13.1)	(17 965)	(13 457)
Financial Instruments - Liability (2)	(285)	(570)
Total net cash	**2 247**	**(3 561)**

(1) Liquidity contract wholly owned by the group for a value of T€ 27. Other investments comprising unit trusts, deposit certificates and other investment income amount to T€ 16,554.
(2) Impactof IAS 39 for foreign currency hedging and Swap on rate.

Cash and cash equivalents include funds in bank current accounts, cash in hand and short-term deposits maturing in less than three months.

8.11 - Shareholders' equity

8.11.1 Consolidating entity's share capital

Au 30 septembre 2013, le capital social se compose de 3 766 560 actions d'une valeur nominale de 6.64 euros.

8.11.2 Variation des actions propres

The number of own shares changed as follows:

	Period 2013
Opening	**200 069**
Acquisitions	15 349
Disposals	(15 345)
Closing (1)	**200 073**

(1) At the end of the financial year, the value of own shares are determined on the average prices of stock exchange calculated on the month of September, and registered in the accounts of LACROIX SA (Consolidating company) for an amounts of T€ 2,718.

8.11.3 Stock options

Stock options were awarded to managers and certain employees. The option take-up price was the average of the last 20 stock market prices preceding the award. The options are awarded subject to having served 4 years in the company.

The number of shares and movement are detailed below:

	Period 2013	Period 2012
Opening	92 328	89 328
Granted		12 000
Exercised		
Not exercisable (following departure)	(8 000)	(9 000)
Closing	84 328	92 328

The expiry dates and exercise prices on stock in circulation at year-end closing are detailed below:

Date of plans		Conditions	
Granted	Start	Price of exercise	Number of shares
nov.-2005	nov.-2009	21,12	18 078
sept.-2006	sept.-2010	21,09	23 250
dec.-2006	dec.-2010	20,70	12 000
feb.-2008	feb.-2012	22,73	3 000
oct.-2008	oct.-2012	17,01	21 000
oct.-2011	oct.-2015	14,33	7 000
			84 328

Stock options are valued at their fair market value as reported in the income statement for the item 'personnel expenses' for the period in which employees could take up stock options.

Fair market value is determined using the Black & Scholes valuation model on the basis of assumptions made by an actuary.

Since options can only be exercised after four years' service, the corresponding personnel expense is spread over 4 years. On the basis of options granted in 2013, this amount for the financial year is T€ 14.

8.12 - Contingencies and charges provisions

8.12.1 Details of the provisions

The evolution breakdowns as follow:

	Opening	Dotations	Reversals used	Reversals not used	Changes in reporting entities	Translation differen-tials	Other changes	Closing
Retirement compensation prov. (1)	8 299	277					206	8 783
Prov. for product warranty	727		(59)					668
Prov. for litigation (2)	3 393	2 981	(1 779)	(369)		(2)		4 224
Prov. for other risks (3)	972	8						980
Total	**13 391**	**3 267**	**(1 838)**	**(369)**		**(2)**	**206**	**14 655**

(1)Severance pay benefits were valued by an independent actuary using the projected unit credits method

The assumptions underlying the calculations, used for the French companies, are as follows:
- Discount rate of 3.3% (versus 3.8 % last year),
- Pay rises of 3%, including inflation,
- The INSEE Men and Women 2008-2010 mortality table was used
- To integrate the change of the labour low on this subject: The retirement age for employees is now 63 and 66 for middle management. 100% are of voluntary retirement (on their own initiative).
- Turnover probability based on the following table

	Traffic Signs	Telemetry	Electronics
Age brackets			
under 29 years	10,00 %	5,00 %	10,00 %
30 to 39 years	8,00 %	5,00 %	8,00 %
40 to 44 years	6,00 %	5,00 %	4,00 %
45 to 49 years	6,00 %	2,00 %	4,00 %
50 to 54 years	4,00 %	2,00 %	3, %
over 55 years	_	_	_

Concerning the subsidiary in Germany, the assumptions underlying the calculations are as follows:
- Discount rate of 3.65% (versus 3.5 % last year),
- 2% inflation,
- Pay rises of 3%,
- Turnover rate of 5%
- The retirement age for employees is 64 and 65 for middle management.

(2) The closing provision corresponding for T€ 1,723 to customer's litigation (The split by division is as follow: T€ 1,429 for Traffic Signs, T€ 41 for Telemetry and T€ 253 for Electronics division) and for T€ 1,343 to a restructuring provision.

(3) Within the framework of exercise of stock options by employees of the Telemetry division, the Group had taken the commitment to acquire these securities at request of the beneficiaries. The amount of T€ 980 corresponds to the valuation, at the end of September 2013, of the cost of theoretical repurchase of these shares.

8.12.2 Ongoing litigation

• Authority of Competition:

The LACROIX Company and 7 other companies concerned by the judgment rendered by the Authority of the Competition in December, 2010, made the object on behalf of a rival company of complaints to obtain a compensation of the damage which it claims to have undergone as a result of the anticompetitive practices punished by the Authority of the Competition.

Since 2013, two actions have been undertaken by local authorities against the company, related to either the invalidity of public contract or a claim for compensation that aims the companies sentenced in 2010 for an alleged damaged suffered in the context of the performance of these contracts. Our current knowledge of the procedure does not allow us to estimate with correct and finest reliability the risk linked to these complaints. Therefore, no provision has been recorded in this regard.

8.13 Borrowings and financial debts

8.13.1 Schedule of borrowings and financial debts

Financial debts can be broken down by maturity date as follows:

	Period 2013	Period 2012	Schedule 2013 (1)	
			< 1 year (Current)	> 1 year (long term)
Loans and debt with credit establishments	22 865	22 621	9 341	13 524
Leveraged leases	1703	958	358	1 344
Sundry financial debt (2)	6 309	6 950	3 905	2 404
Cash credit	17 965	13 457	17 965	
Total borrowings and financial debts	**48 841**	**43 985**	**26 973**	**17 272**

(1) "Long-term" portion of financial debts: including T€ 789 over 5 years

(2) Including Current account of VINILA INVESTISSEMENTS (shareholder) for T€ 2,823 against T€ 2,997 last year

8.13.2 Statement of changes in borrowings and financial debt

	Opening	Increase	Decrease	Changes in reporting entities	Translation differential	Other changes	Closing
Loans and debt with credit establishm. (1)	22 621	8 036	(7 792)				22 865
Leveraged leases	958	1 131	(369)		(17)		1 703
Sundry financial debt	6 950	1 108	(1 749)				6 309
Cash credit	13 457	4 657			(149)		17 965
Total borrowings and financial debts	**43 985**	**14 931**	**(9 909)**		**(166)**		**48 841**

(1) As part of the funding of its future investments including external growth, the Group can use a budget of T€ 5,200. These funds, without any attached warranty and covenant, are available on request and repayable over 3 years. The translation flow relates to Poland

8.13.3 Breakdown by type of rate

The debt breaks downs into fixed and variable portions as follows:

	Period 2013	Period 2012
Fixed-rate loans	699	875
Variable-rate loans	23 868	22 704
Total borrowings	**24 567**	**23 579**

8.13.4 Breakdown by main currency

Debt breaks down into Euros and other currencies as follows:

	Period 2013	Period 2012
Borrowings denominated in euros	24 567	23 579
Borrowings denominated in foreign currencies		
Total borrowings	**24 567**	**23 579**

8.14 - Current liabilities

Other current liabilities comprise the following items:

	Period 2013	Period 2012
Trade accounts payable	42 246	36 380
Long-term accounts payable	22	25
Advances and payments on account received on orders	1 816	2 408
Tax and welfare liabilities	27 771	26 058
Sundry liabilities	1 238	1 100
Deferred revenue	782	1 019
Total other short-term liabilities	**73 874**	**66 990**

8.15 - Personnel

8.15.1Personnel expenses

	Period 2013	Period 2012
Salaries & Wages	61 535	58 771
Social costs	22 070	22 480
Profit-sharing	1 939	2 403
Temporary wage earners	6 296	9 996
Pension expense	150	434
Payments in shares	14	57
Total fringe benefit expenses	**92 004**	**94 142**

8.15.2 Average Staff

Information by level and division breaks down as follows:

(*)	Traffic Signs		Telemetry		Electronics		Group total	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
Managerial	161	145	83	74	384	265	628	484
Technical	107	115	32	32	163	379	301	526
Clerical	177	191	24	24	227	530	429	745
Manual	233	265		3	1 391	633	1 624	901
Total salaried workforce	**678**	**716**	**139**	**133**	**2 165**	**1 807**	**2 982**	**2 656**
Pending assignment (1)	130	183	1	2	43	126	174	310
Total operational workforce	**808**	**899**	**140**	**135**	**2 208**	**1 933**	**3 156**	**2 966**

(1) Full-time equivalents relating to temporary worker expenses
(*) Workforce of fully consolidated entities

8.16 - Net depreciation and estimated expenses

Depreciation and estimated expenses net of reversals and reported as results of operating activities can be detailed as follows:

	Period 2013	Period 2012
Net depreciation and reversals on long-term assets	(5 571)	(5 502)
Net depreciation and reversals on leasing	(610)	(895)
Net depreciation and reversals on inventories (1)	(365)	(486)
Net depreciation and reversals on other current assets	(176)	81
Net depreciation and reversals on contingencies and expenses	728	(1 222)
Net depreciation and reversals on others	(183)	
Total net depreciation and estimated expenses	**(6 177)**	**(8 025)**

(1) Excluding reversal relating to disposals, charged to expired costs

8.17 - Other income and expenses

	Exercice 2013	Exercice 2012
Sales of Consolidated companies		(1 375)
Restructuration [1]	(2 301)	(218)
Total	**(2 301)**	**(1 593)**

(1) Event in the Traffic Signs division for T€ 1,527 and in the Electronics division for T€ 760.

8.18 - Financial expenses and revenue

Results of operations break down as follows:

	Period 2013	Period 2012
Financial expenses and revenue [1]	(1 129)	(1 235)
Foreign exchange result	(72)	51
Estimated expenses net of reversals [2]	(252)	(39)
Revenue from sales of investment securities	3	6
Total financial income by nature	**(1 450)**	**(1 217)**
Summary		
Total revenue	2 184	3 452
Total expenses	(3 634)	(4 668)
Total financial income	**(1 450)**	**(1 217)**

(1) Including T€ 300 in connection with financial instruments on cover of rate, against T€ 200 last year

(2) Including T€ 279 of financial expenses linked to the retirement compensation provision. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

8.19 - Income tax

8.19.1 Analysis of corporation income tax

Corporation income tax breaks down as follows:

	Period 2013	Period 2012
Tax payable	(2 632)	(2 782)
Deferred tax	128	190
Tax on results	**(2 503)**	**(2 592)**

8.19.2 Tax proof

Rationalization of the tax	Period 2013
Net income of consolidated companies Neutralization of the share of results of equity-method companies Neutralization of provisions for Goodwill	4 987
Restated results of equity method companies	**4 987**
Income tax (1)	2 503
Net pre-tax profit/loss	*7 490*
Theoretical tax at current rate (2)	2 579
Difference in tax (1) - (2)	**(75)**

A comparison of the corporation income tax as stated in the income statement and the theoretical amount of tax that would be incurred on the basis of the current rate in France is analyzed as follows:

Analysis of this difference in tax		Expenses	Revenue
Effects of permanent differences between consolidated and taxable results		419	
Use of deficits carried over used in period			109
Losses of subsidiaires showing a loss after tax		939	
Lower or higher tax rate for certain types of transactions		479	152
Taxation of foreign companies' results at different rates			1 242
Tax credit	(1)		410
Total		**1 837**	**1 913**
Net difference		**(75)**	

(1) The income tax saved by “tax Credit on expenses engaged for research” (French fiscal rule) has been reclassified in expenses for T€ 495. The income tax saved by “Crédit d'impôt compétitivité Emploi - CICE” (French fiscal rule) has been reclassified in salaries expenses for T€ 695.

8.19.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities break down as follows:

	Opening	Impact on equity	Impact on result	Other changes	Closing
Deferred tax assets					
Organic and Building Effort	99		(5)		94
Employee profit-sharing	329		(92)		237
Retirement compensation	1 443	105	47	(1)	1 594
Margins on inventories	186		34		219
Losses carried over (1)	1 330				1 330
Other (2)	1 813		(80)	(2)	1 735
Deferred tax assets & liabilities compensation (*)	*(2 753)*			*(41)*	*(2 712)*
Total deferred tax assets	**2 447**	**105**	**(96)**	**(42)**	**2 497**
Deferred tax liabilities					
Amortization expense	2 527		(32)	(59)	2 494
Financing-lease	987		(96)	(184)	703
Method for writing down long-term assets	258		(30)	(5)	111
Other (3)	1 876	142	(67)	251	2 203
Deferred tax assets & liabilities compensation (*)	*(2 753)*			*41*	*(2 712)*
Total deferred tax liabilities	**2 895**	**142**	**(224)**	**(15)**	**2 798**
Total net deferred tax	**(448)**	**(37)**	**128**	**57**	**(301)**

(1) According to assumptions made by the Group and updated business plans
(2) Including T€ 200 of inter-segment sales of fixed assets
(3) Including T€ 585 of fair values on fixed assets
(*) After overall analysis of net deferred tax assets and liabilities by type, this section takes into account the individual positions and balance sheet presentation due to the existence of fiscal scopes (Note 6.5.14)

9. Other information

9.1 - The group's degree of exposure to financial risks

9.1.1 Foreign exchange risk

Apart from the Electronics division, the Group is not exposed to this kind of risk.

As regards this division, the foreign exchange risk concerns mainly purchases realized in USD and in PLN.

- Concerning purchases in USD, the company has contracts with the main customers including the right to adjust the sale price of products according to the evolution of the parity EUR / USD. As a consequence, the foreign exchange risk is put out on this part. Concerning the balance, the company appeal to partial covers of his needs to cover an objective rate fixed every budgetary year.
- Concerning the expenses in PLN, it is mainly about salaries of the Polish employees and about some local purchases. The politic group consist in realizing covers with term on the basis of the projected needs.

Generally speaking, financial instruments are used strictly for the purposes of business operations, to the exclusion of any speculative purposes.

9.1.2 Interest rate risk

Note 8.13 "Financial borrowing and debts' shows T€ 699 of a total T€ 24,567 of debt is at fixed rate and T€ 23,868 at variable rate.

The Group uses financial instruments to limit this kind of risk. At the end of September 2013, the part of financial debts with variable rate covered with swap represents more than 79% of the nominal value

9.1.3 Liquidity risk

The gross debt amounts to T€ 48,841.

None of the financing in place is under covenant.

Available cash asset amounts to T€ 20,498.

As part of the funding of its future investments including external growth, the Group can use a confirmed budget of T€ 5,200.

As such, the Group considers its exposure to liquidity risk to be minimal.

9.1.4 Credit risk

Each of the three Group's division has an insurance credit contract, allowing to covering the customers identified as potentially risky. The different customers for each activity are the following:

Division	Type of main customers
Traffic Signs	Mostly public companies and significant companies of construction
Telemetry	Mostly public companies or major companies in water environment
Electronics	French and foreign companies of international range

9.1.5 Equity risk

The Group follows with attention this risk by checking the evolution of the Indebtedness ratio:

	Period 2013	Period 2012
Borrowings and Financial debts	30 876	30 529
Cash credit	17 965	13 457
Other Net financial debts	14	(61)
Cash and equivalents (note 8.10)	(20 498)	(10 466)
Net debts	**28 357**	**33 459**
Total shareholder's equity	95 400	93 093
Gearing	**29,7%**	**35,9%**

9.1.6 Classification of financial assets and liabilities estimated at the fair value according to the levels of fair value

The group does not present a detailed board on the hierarchical organization of the fair value of its financial assets and liabilities, according to 3 levels defined by the revised standard IFRS 7:

- Evaluation of the fair value bases on a valuation leaning on observable data. Most of them are external to the Group.

9.2 - Segment disclosures

9.2.1 Consolidated statement of comprehensive income

Business segment results for period ending September 2013 are detailed below:

	Traffic Signs		Telemetry		Electronics		Holding company		Group total	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
Revenue										
Sales to external customers	119 389	127 105	30 526	29 992	183 843	172 477	157	113	333 915	329 687
Sales between sectors	(204)	(215)	(222)	(205)	(4 693)	(4 348)			(5 119)	(4 768)
Total revenue	**119 185**	**126 890**	**30 304**	**29 787**	**179 150**	**168 129**	**157**	**113**	**328 796**	**324 919**
Profit from operating activities	**3 634**	**3 675**	**7 104**	**7 543**	**773**	**644**	**(270)**	**(445)**	**11 241**	**11 416**

The other items of the income statement broken down by segment are:

	Traffic Signs		Telemetry		Electronics		Holding company		Group total	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
Net depreciation and estimated expenses										
Net depreciation on fixed assets	(2 297)	(2 440)	(294)	(320)	(3 495)	(3 566)	(95)	(72)	(6 181)	(6 398)
Net depreciation on current assets	(225)	(1 313)	(216)	(77)	320	(109)	125	(129)	4	(1 627)
Total	**(2 522)**	**(3 753)**	**(510)**	**(397)**	**(3 175)**	**(3 675)**	**30**	**(201)**	**(6 177)**	**(8 025)**

9.2.2 Consolidated statement of financial position

The table below details segment assets and liabilities, as well as acquisitions of long-term assets in the period:

	Traffic Signs		Telemetry		Electronics		Holding company		Group total	
	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012	Period 2013	Period 2012
Segment assets										
Long-term assets	19 908	19 852	4 898	4 860	29 523	29 266	1 188	1 255	55 517	55 233
Current assets	69 898	74 645	8 836	9 335	80 893	72 614	17 920	6 074	177 547	162 668
Other assets not affected	516	484	257	257	1 730	1 712			2 503	2 453
Non-current Assets Held for Sale and Disconti-nued Operations										
Total segment assets	90 322	94 981	13 991	14 452	112 146	103 592	19 108	7 329	235 567	220 354
Segment liabilities										
Long-term liabilities	1 879	2 354	2 084	2 215	1 405	139	12 279	12 302	17 647	17 010
Current liabilities	31 623	38 204	(391)	(758)	70 101	60 492	3 733	(3 973)	105 066	93 965
Other liabilities not affected	7 214	6 038	1 941	1 894	7 995	8 212	303	142	17 453	16 286
Non-current Liabilities Held for Sale and Dis-continued Operations										
Total current and long-term liabilities	40 716	46 596	3 634	3 351	79 501	68 843	16 315	8 471	140 166	127 261
Acquisit. of long-term assets (1)	2 472	1 568	373	254	4 549	4 144	28	1 241	7 422	7 207

(1) Including the acquisitions of leased assets

9.3 - Off-balance sheet commitments

Group commitments given or received break down as follows:

Commitment category	Period 2013	Period 2012
Commitments given		
Borrowings and debts with credit establishments	791	1 133
Leveraged leases	1 703	958
Order of Purchases (1)	1 101	1 558

(1) Existence of a supply contract: mentioned commitment corresponds to the maximum risk, i.e. allowance to be paid in case of not realization (to cover fixed cost of the seller). Schedule is as follow: T€ 396 unless one year and T€ 705 more than one year.

All these debts are guaranteed by collateral
There's no covenant attached to these debts

9.4 - Post-balance sheet events

No events after the year-end closing.

9.5 - Related party

9.5.1 Associated companies transactions

These companies are associated entities in which the Group has got a real influence and for which transactions are not significant.

Besides, note 8.13.1 refers to an existing debt (current account) towards a shareholder.

9.5.2 Compensation and Fringe Benefits paid to company officers

Compensation allocated to management and members of the board of directors and the supervisory board for the period in consideration of their duties in the Group break down as follows:

9.5.2.1 Members of the board of directors

	Period 2013	Period 2012
Short-term benefits	625	900
Post-empoyment benefits	98	215
Severance pay		
Payment in shares		19
Total	**723**	**1 133**
Other long-term benefits (1)	345	345

(1) See more explanations in the management report (Note 9 Corporate officers and representatives).

Directors receive variable compensations that are approved by the Supervisory board. Variable compensation depends on the achievement of annual objectives that are not disclosed for confidentiality reasons.

During the year, the board of directors refocused on 3 members (versus 5 members last year).

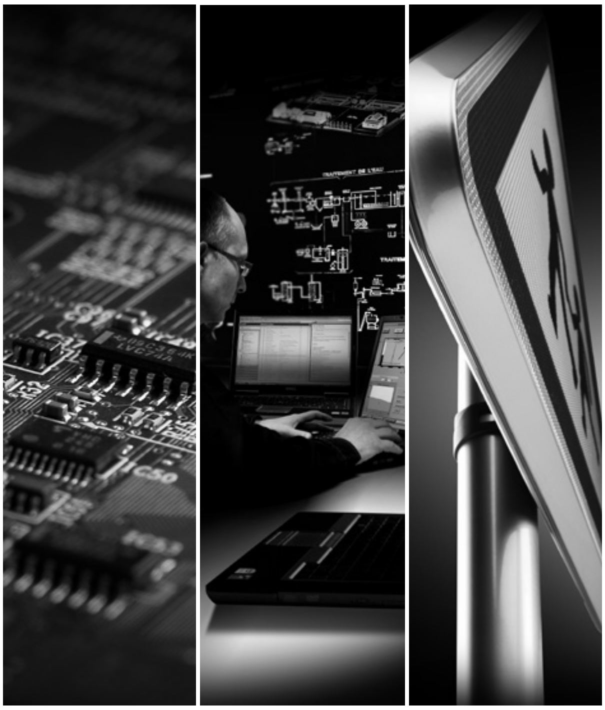
9.5.2.2 Members of the supervisory board

	Period 2013	Period 2012
Short-term benefits	27	20
Post-empoyment benefits		
Other long-term benefits		
Severance pay		
Payment in shares		
Total	**27**	**20**

9.6 - Fees of Auditors

The table below details the fees of the auditors and members of their Networks for the Group (according to the rule AMF 2006-10):

	Ernst & Young network				Atlantique Révision Conseil			
	2013	%	2012	%	2013	%	2012	%
Audit								
Certification	**278**	**94 %**	**275**	**100 %**	**38**	**100 %**	**38**	**100 %**
Consolidating entity	33		33		38		38	
Fully consolidated subsidiaries	245		242					
Other legal diligences	**19**	**6 %**	**0**	**0 %**	**0**	**0 %**	**0**	0 %
Consolidating entity	19		0					
Fully consolidated subsidiaries								
Sous-total Audit	**297**	**100 %**	**275**	**100 %**	**38**	**100 %**	**38**	**100 %**
Other services								
Legal, fiscal, social								
Other								
Total Other services								
Total	**297**	**100 %**	**275**	**100 %**	**38**	**100 %**	**38**	**100 %**



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