ANNUAL REPORT 2013

AMS

EMC

EIC

NSH

MVG
Microwave Vision Group

CONTENTS

EBITDA 10.8%
COI 8.3%
Net Income 6.0%

2013 Revenues
€51.50M
+11%

18 consecutive years of growth

10% invested in R&D each year

An International Group
36% Americas
30% EMEA
34% Asia

330 employees world-wide

Innovation: the driving force

Reached mid-sized enterprise status in 2013

BPI Innovative Enterprise Label

“ Making MVG an international leader in every sector of electromagnetic testing

Through organic growth and the combining of talents, I intend to propel MVG forward, making it an international leader in every sector of electromagnetic testing. Microwave Vision Group (MVG) has just ended its 18th consecutive year of growth, passing from small to mid-sized business status. This is encouraging progress, but the Group does not intend to stop here!

Our first target is to pass the $100 million mark in revenues in 2015, having already reached $70 million last year. However, I see this as only one step in the process. There are very many options open that can lead Microwave Vision towards far higher revenues.

Today, 90% of our sales are international and we are directly present in 9 countries. We span Europe, Asia and America, and our sales are balanced between these three geographical areas. Hence, our development perspectives are less in continuing our geographical expansion than in our capacity to boost our different business units.

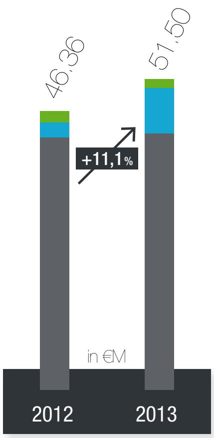
Our core business, antenna measurement, will continue to grow, given the expansion of the Internet of Things, connected vehicles and surveillance systems. Our future growth reservoirs are also in activation of drivers for the future, geared to the electromagnetic compatibility, environmental and industrial control, medical and national security markets.

In all these markets, my ambition is to innovate in order to launch products with very great added value, that in themselves guarantee the Group’s future margins. These margins allow us to maintain a high R&D investment level of over 10% of our revenue, resulting in the development of new innovative products.

This virtuous circle constitutes Microwave Vision’s DNA, and I work assiduously to ensure its expansion, year after year.

Philippe Garreau
CEO - Microwave Vision Group

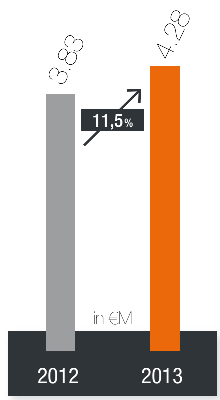
2013 KEY FIGURES IN €M



Revenue

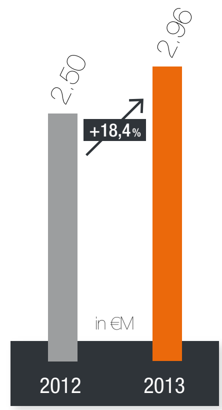
AMS EMC EIC

The revenue totals €51.50 million, a growth of 11.1%. It was sustained principally by the EMC activity which grew by 168%. The Group thus records its 18th consecutive year of growth.



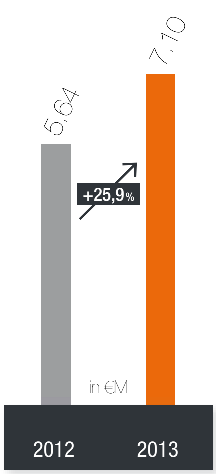
Current Operating Income

This strong dynamic growth in revenue leads to a nice increase in profits. The Group has a current operating income of €4.28 million, an 11.5% growth, representing an 8.3% current operating margin.



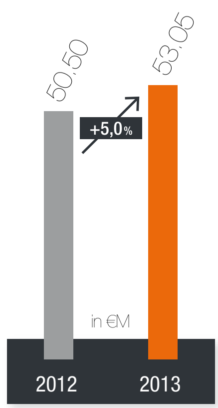
Group Net Earnings

The Group net earnings amount to €2.96 million, an 18.4% increase. This very good performance reflects the Group's wish to control the entire value chain of its products and systems and to generate a margin by using its exclusive and internationally patented technologies.



Cash

At December 31, 2013, MVG's cash assets are consolidated at €7.10 million, an increase of €1.46 million compared with December 31, 2012. With a financial debt of €9.71 million at December 31, 2013, the gearing stands at 7%.

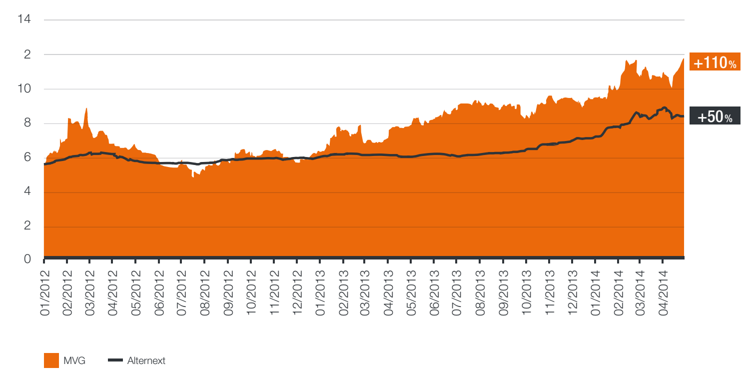


Order Intake

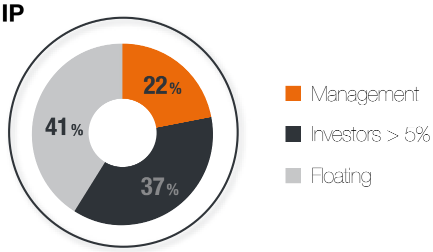
The orders passed in 2013 stand at €53.05 million, a 5% increase in relation to 2012. The order book as of December 31, 2013 stands at €38.90 million, i.e. approximately 9 months of 2013 production.

STOCK EXCHANGE & SHAREHOLDERSHIP

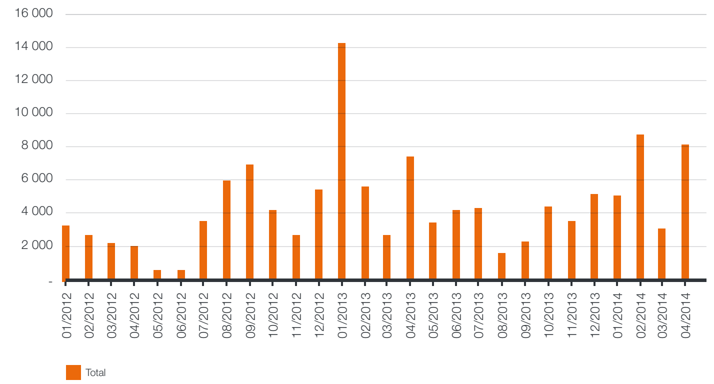
MICROWAVE VISION SHARE PERFORMANCE SINCE 2012



SHAREHOLDERSHIP (APRIL 2014)



MONTHLY AVERAGE OF MICROWAVE VISION SHARE DAILY TRADING SINCE 2012



MONITORING ANALYSTS

Gilbert Dupont, ArrowHead, Euroland Corporate

LISTING

- Listed since June 29, 2005 on ALTERNEXT (ALMIC)
- Price on April 30, 2014: €11.78
  +24% since January 2, 2014
  +81% since January 2, 2013
- Market capitalization on April 17, 2014: €41.88 million
- 2013 average daily volume: 4,896 shares/day **(+49% increase in relation to 2012)**

CAPITAL

3,555,944 shares
5,058,210 potential voting rights
More than 1000 shareholders
Capital and reserves: €39.76 million

CERTIFICATION

BPI 'Innovative Company' Certification

ELIGIBLE FOR PEA-PME

10% of revenue invested in R&D
20 international patent families
55 R&D engineers

Innovation, MVG's driving force

A VALUE-ADDED TECHNOLOGY

Like MRI scanners used in hospitals to display the inside of the human body, MVG has developed a unique technological expertise: scanners that allow the display of electromagnetic waves emitted by an antenna, thus making the invisible visible.

These scanners are based on a unique and patented multi-sensor technology: MV-Scan™. Unlike traditional mono-sensor technologies, which required long, fastidious mechanical movements, the MV-Scan™ scanners measure through numerous sensors. These electronically directed sensors drastically reduce measurement time by limiting mechanical movements. This reduction leads to a far better return on investment for the installations equipped with MV-Scan™ in comparison with those equipped with mono-sensor solutions.

The MV-Scan™ technology was first developed in the Civil Telecommunications sector, where it met its customers' need perfectly on account of the very short product development cycles. It has also been deployed for several years in the aerospace and defense fields, with the advent of electronically scanning radars that require extensive testing.

This technology is covered by several international patents. It allows MICROWAVE VISION to propose a value-added offer to its customers.

THE GROUP MISSION

The Group's mission is to extend its expertise and unique electromagnetic imaging technology to all sectors where they can provide high added value, satisfying the «adaptation of technology» against «acceptable market cost» equation.

UNLIMITED ADAPTATIONS ON STRUCTURALLY GROWTH-GEARED MARKETS

This unique electromagnetic wave imaging technology has led to the development of a range of constantly evolving measurement solutions, that the Group channels to ever more diverse markets, driven by rapid growth in the military or civilian fields:

- **The wireless market,** stimulated by increasingly sophisticated terminals, integrating multiple communication protocols (4G, WiGig — very high output Wi-Fi, 5G that is being tested in several countries in 2013…);
- **Land, space and air surveillance** through radars, UAVs, etc.…;
- **Internet of Things;**
- **Connected vehicle;**
- **Data protection…**

This expertise in electromagnetic wave measurement tools has been a driving force in the company's **international growth** since its creation. It also encourages MICROWAVE VISION to constantly renew its offer to follow the development of protocols, and the diversification of its potential markets.

PRESS

DAF magazine

Satellites, planes, mobile phones, computers or touch tablets, GPS navigators, medical instruments or wireless home technology… All these increasingly ubiquitous appliances have something in common: they have antennas, designed to convert electrical signals into radio signals. Microwave Vision designs and manufactures systems allowing manufacturers to test and measure the radiation of these antennas. Its products, which allow display of the electromagnetic waves like waves on the surface of water, have won over the biggest names in aerospace (NASA), aeronautics (Boeing), automobiles (Renault, BMW), as well as electronics (Ericsson, Nokia, Panasonic)…

(DAF Magazine, the magazine of financial and administrative executives)

LEARN MORE ABOUT…

The Internet of Things

The Internet of Things designates all the infrastructures and terminals equipped with sensors designed to record and transmit information without human intervention. It is the main building brick of «machine to machine» communications, which use different protocols: Bluetooth, Wi-Fi, WiGig, etc. In today's world, 10 billion equipment items are connected to the Internet. This number will be multiplied by at least five in the next 10 years, according to McKinsey. The main growth will derive from the direct connections between things. The economic stake is estimated by McKinsey at between 3 thousand and 5 thousand billion dollars. In France alone, nearly 10% of SIM cards connect things and not human beings. They are used inter alia in the sectors of healthcare, home technology and robotics, management of infrastructures, organization of energy networks and logistics chains. All the signals generated by these sensors and transmitters constitute a major potential for electromagnetic wave measurements and tests, a sector in which MICROWAVE VISION has positioned itself as a leader.

A HIGH R&D INVESTMENT LEVEL

In 2013, as every year, 10% of the Group's revenue was invested in R&D. The R&D expenses were €5,150K in 2013, an increase of over €500K between 2012 and 2013. They are constituted by personnel costs – a total involvement of 70 employees including 55 research engineers, and investments in particular in prototypes and demonstrators.

MVG receives the Research Tax Credit. This was €1,435K on December 31, 2013, as against €1,239K on December 31, 2012. MVG also has labels recognizing its innovative profile in France: Innovating Enterprise and Réseau Bpifrance Excellence.

μ-LAB FOR WiGig

WiGig is a completely new wireless protocol that allows data exchanges at outputs of up to 7 Gbps, a wonderful replacement for the tangles of cables in our homes! This protocol is supported by the telecom giants, Broadcom, Cisco, Dell, Intel, Microsoft, NEC, Nvidia and Nokia…

Equipment combining Wi-Fi and WiGig was introduced on the market in 2013.
Even before this date, devices adapted to measurement of WiGig were prepared and launched by MICROWAVE VISION, in particular μ-Lab which was an immediate commercial success.

REDESIGN OF STARLAB,
MICROWAVE VISION'S STAR PRODUCT

On its launch in 2003, StarLab immediately found its place in the antenna measurement market. StarLab exploits the MV-Scan™ multi-sensor measurement technology, exclusively owned by MICROWAVE VISION.

Technological developments have been incorporated regularly in StarLab, for greater precision, speed and ergonomics. The result: it is MICROWAVE VISION's most popular product. User references can be found in the Telecom industry and the Aerospace, Defense and Automobile industries or in research institutions…

In 2013 StarLab was completely revised. Its measurement speed is faster, and its sensitivity covers the new 4G protocols and their upgrades. The absorbent materials lining the inside of the arch are rubberized and contain LEDs to illuminate the center of the arch. These improvements reinforce StarLab's intrinsic qualities: the capacity to take measurements according to spherical or cylindrical geometries, of antennas in passive or active mode (over the air) and auto-calibration. Its measurement analysis software has been enhanced (batch measurements, integrated viewer…).

The new StarLab also received a design facelift giving it a sleek new look. A complete approach that highlights the birth of a completely new product.

4 Business Units

82% of revenue generated by the AMS branch

168% growth for the EMC branch

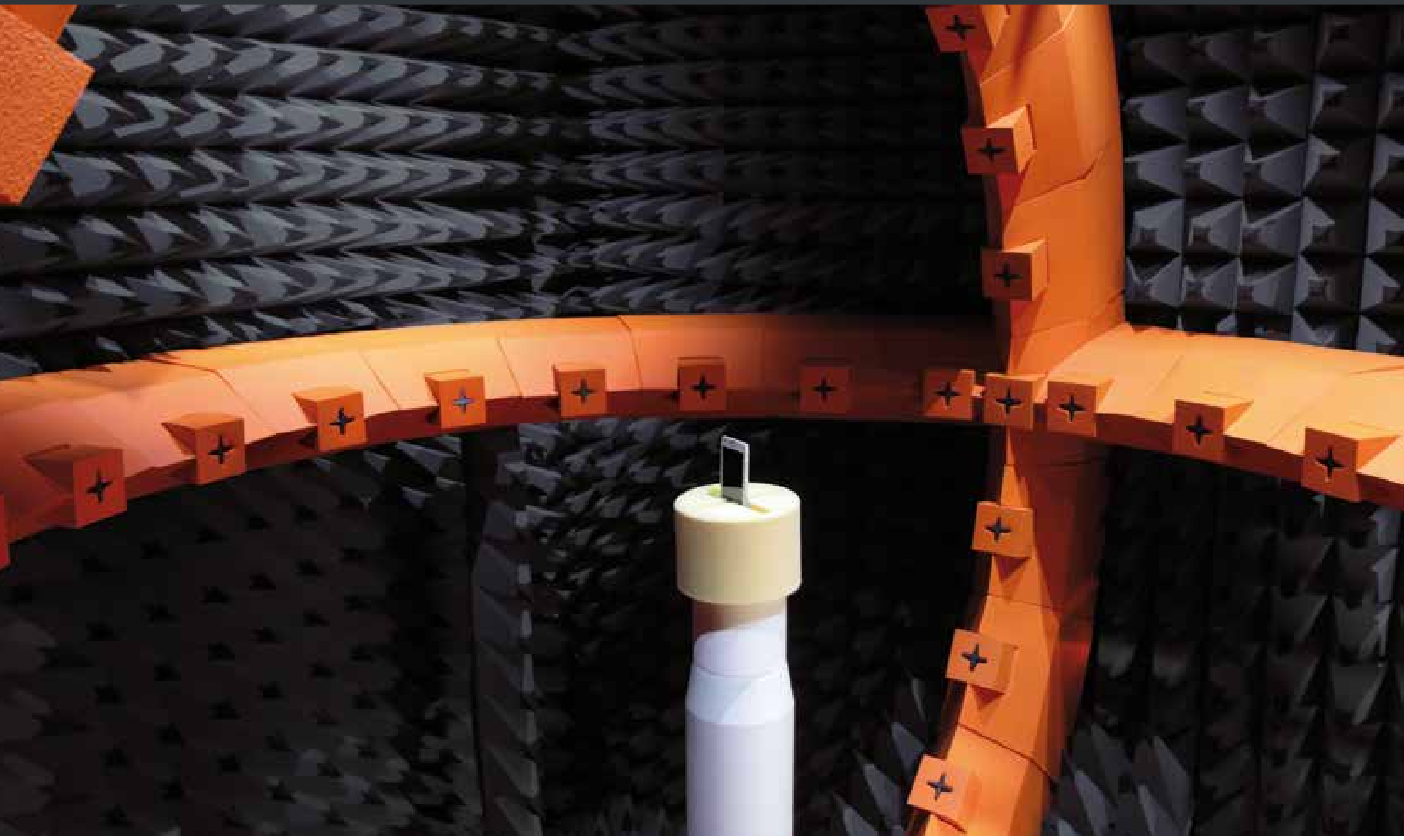
Growth vector activities

A GROUP STRUCTURED FOR GROWTH

The Group structured its activity in 2012 around four Business Units. This allows a strategy of creating added value in each of the branches.

- **The AMS business unit** (Antenna Measurement Systems) implements the Group's historic activity.
- **The EMC unit** (Electro-Magnetic Compatibility) offers electromagnetic compatibility tests of systems, a short-term growth driver for the Group.
- **The EIC unit** (Environmental and Industrial Control) constitutes a medium-term growth driver for the Group.
- **The NSH unit** (National Security and Healthcare) focuses on medical imaging instruments and security imaging for airports, a sector that can be put to work in the long term.

The Antenna Measurement Systems Business Unit AMS



This branch comprises the Group's historic activities, representing its core business. MICROWAVE VISION is recognized as a **leader in this technological field at European and international levels.**

THE NEED

In the development stages of a product incorporating antennae (satellites, planes, UAVs, vehicles, telephones, computers, tablets, connected things), the Research and Development centers must test and optimize the wireless function. They seek in particular to:

- **Measure** the quantity of energy emitted by the antennae;
- **Determine** in what directions in space this energy is radiated;
- **Qualify** the quality of the information transported by the signals transmitted;
- **Test** the operation of the device in real environments.

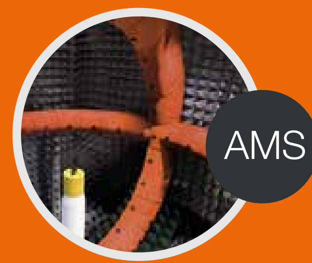
THE CUSTOMERS

The AMS department targets three types of customers:

- System integrators in the Civil Telecommunications and Aerospace and Defense industries are the first to show interest in the Group's products (50%). Their Research and Development teams for the most part purchase one or several products. These products help them to characterize their systems that incorporate antennae and to better specify the actual antenna function.
- The next customers are subsystem manufacturers (30%) of the same industries. For the most part these are antenna manufacturers that must qualify the products that they develop.
- Finally, the third type of customers (20%) are the operators and/or users of these systems (military operators, airlines, telecom operators…). They use equipment to verify that the software layer that they integrate in the systems does not affect their products' operating capacities.

THE OFFER

MVG offers the most extensive range of antenna measurement solutions in the market. This includes turnkey antenna measurements systems (near-field, far-field, mono-sensor and multi-sensor, compact base, radome test, RCS measurement) based on modular elements. Indeed, the Group relies on a **set of standardized technological bricks** to compose solutions adapted to the customer's requirement: A production process that allows it to maintain its margins when responding to specific requests. Its offer also includes products and accessories (StarLab, antennae, absorbers, positioners…). Finally, its activity is also based on regular contracts with repeat customers: measurement and maintenance services, updates of the solutions installed on-site, moving of facilities.

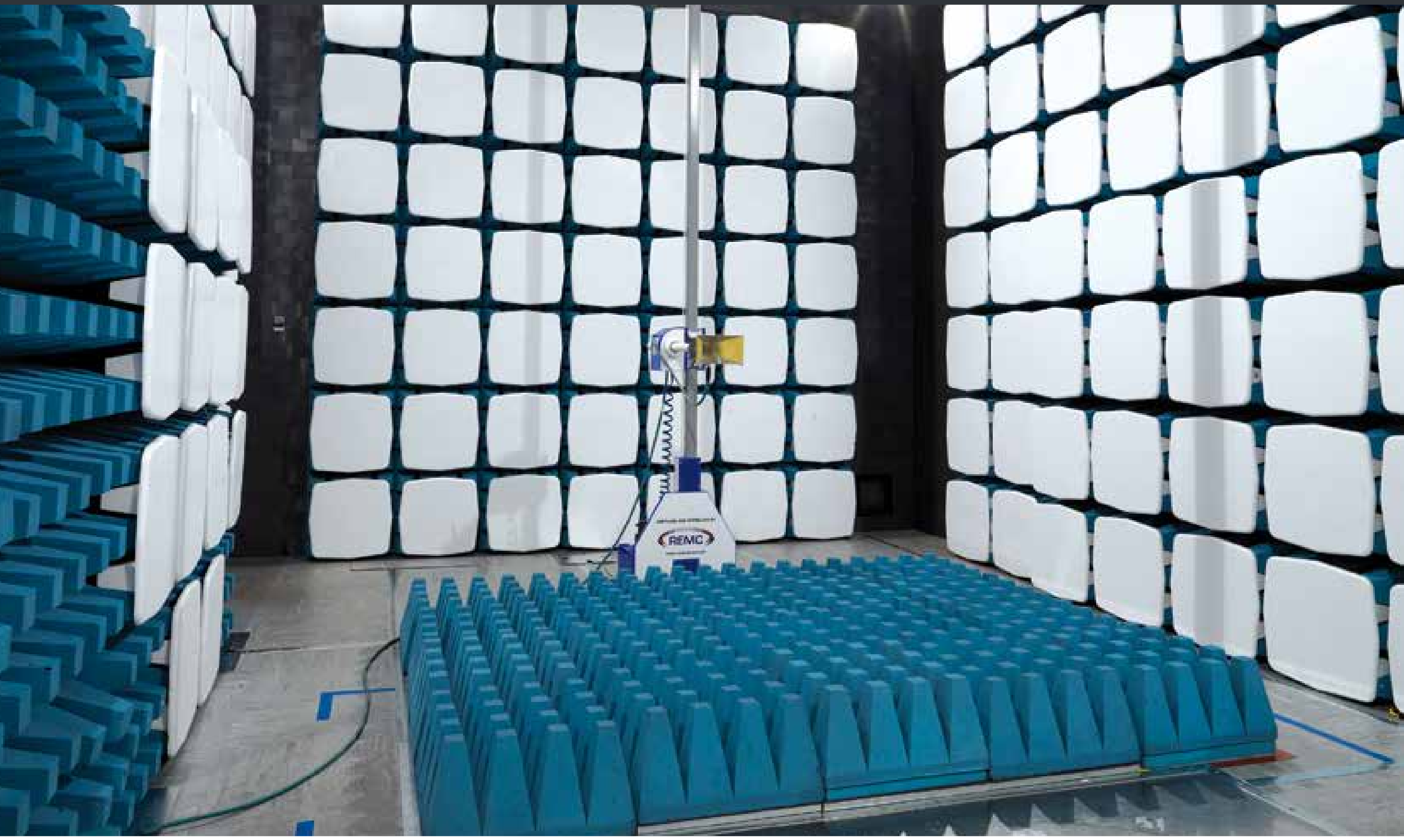


HIGHLIGHTS AND PERSPECTIVES

The AMS branch generated revenue of €42.46 million in 2013, marking a slight increase (€41.7 million in 2012). It benefited from the good performance of the North American Aerospace and Defense sector.

The perspectives for 2014 are positive, driven by renovations and updates in its product range (new StarLab, new SG 24) and increased interest in its robotic solutions (StarBot). In coming months the Group expects several orders from the automobile sector, for the first time in years.

The Electromagnetic Compatibility Business Unit EMC



Despite it wealth of expertise in the production of anechoic materials (San Diego), antennas (Rome and Brest), and of positioners (Tel Aviv), MVG did not produce Faraday chambers to complete its EMC offering until July 2012. The acquisition of Rainford EMC systems at this time gave way to the expansion of its manufacturing possibilities in this domain, as well as the development of the new EMC branch.

MICROWAVE VISION is now in a position to compete in this field. **The Group wishes to position itself as a system manufacturer for offers with high added value.**

THE NEED

Inclusion of electromagnetic shielding in product design has become indispensable in an environment where electromagnetic waves are increasingly present (3G, 4G, Wi-Fi, WiMAX). For instance, in the automotive sector, the progress in the unmanned vehicle field and wireless infotainment systems requires the carrying out of extensive immunity testing in face of the outside environment (for instance for radars).

Generally speaking, the capacity of any electrical appliance to operate in electromagnetic environments and not to generate disturbances must thus be tested by Research and Development centers to guarantee smooth running of the appliance and compliance with regulations.

The need extends also to the protection against strong fields, i.e.: protection of data centers, or data or electricity networks, against very powerful electromagnetic discharges, i.e.: MRI scanner rooms, and protection against eavesdropping, i.e.: embassies, meeting rooms.

THE CUSTOMERS

The customers of this entity are R&D centers, certification organizations, data centers in diverse sectors: Aerospace and Defense, Civil Telecommunications, Automotive, Medical, Consumer Electronics, IT Infrastructures. The tests that they carry out are for the most part standardized; all the electronic products marketed must obtain electromagnetic compatibility certification.

THE OFFER

In 2013, this BU offer includes:

- **A range of EMC test chambers**, mode-stir chambers, shielding of rooms (control rooms, embassies), shielding of data centers, shielding of MRI installations;
- **Products** (Faraday cages, doors, absorbers, antennae, positioners, accessories);
- **And maintenance services**

In this field, the Group wishes to position its offer on solutions with high added value. This offer includes the necessary basic equipment but, also and above all, the engineering necessary to provide complex turnkey systems.

HIGHLIGHTS AND PERSPECTIVES

The EMC branch recorded major progress, with a growth of 168% in 2013. With revenue of €7.54 million, it now constitutes 15% of the Group's activity (as against 6% - €2.8 million in 2012).

The EMC test offer has fully benefited from the Group's international reach which has opened it to the Asian and American markets.

This breakthrough should continue in 2014 as this Business Unit represents 20% of the orders in 2013. This positive trend is further reinforced by the signing of a contract for nearly €3 million in the automotive sector in the first quarter of 2014.

The Environmental and Industrial Control Business Unit EIC

This branch is focused on devices for monitoring the level of electromagnetic waves and on equipment for quality control on production lines.

The Group's objective in this market is **to go from follower to challenger.**

THE NEED

Environmental control

The ICNIRP (International Commission on Non-Ionizing Radiation Protection) has drafted recommendations on exposure to electromagnetic waves of workers and the general public. Certain companies or local authorities wish to verify that the levels of exposure to which workers or citizens respectively are subjected comply with these recommendations.

Industrial control

Producers of rock wool and glass wool and, in the long-term, other industries as part of a diversification to be implemented, must control the quality of their products while on production lines, for instance detection of the presence of humidity spots inside the material.

THE CUSTOMERS

Environmental control

In this field, the EIC branch addresses many types of customers: certification laboratories, government agencies, municipalities, installation and maintenance technicians, instrument companies (Anritsu, R&S, Agilent, Willtek, …)

Industrial control

Factories producing rock wool and glass wool, which today constitute the majority of customers in the industrial control field.

THE OFFER

Environmental control

The Environmental Control range includes a dozen RF monitoring products, sold at between €350 and €10,000. In 2013, **FlashRad and EME Guard XS** were added to the product catalog. In 2014, the launching of new products is scheduled, for instance EME SPY 200 in the second quarter.

Industrial control

The offer comprises the Dentro modular system that allows detection while on the production line of defects in rock wool or glass wool.

HIGHLIGHTS AND PERSPECTIVES

This BU's revenue in 2013 was €1.5 million as against €1.8 million in 2012. This slight decline is largely due to the fact that customers were awaiting the EME Guard XS which was only available near the end of last year. This new product has already been very favorably received by new distributors, particularly in the USA.

The renewal of the product range and the reinforcement of the commercial network carried out in 2013 and 2014 should bear fruit this year.

The National Security and Healthcare Business Unit NSH

Today at MICROWAVE VISION, the NSH BU is an R&D unit that focuses on two products:

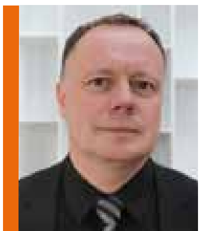
- An airport scanner for the detection of weapons and explosives that might be hidden on the human body;
- A medical scanner for the detection and monitoring of breast diseases.

It taps into future investments, particularly with the hiring of highly qualified engineers in order to **optimize the valuation of the research projects.**

Demonstrators and technological prototypes will be released in 2014 by this R&D unit. The two are designed to bring down the technological barriers identified.

AN EXPERIENCED AND COMMITTED TEAM

MVG has an experienced team bringing together over 28 nationalities!
The management holds 22% of the capital.



Philippe Garreau

CEO
Age 52

Pascal Gigon

Strategic Financial Director
Age 56

Luc Duchesne

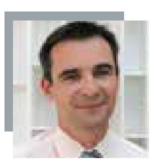
SATIMO Director of Research & Development
Age 44

Per Olav Iversen

CEO ORBIT/FR
Age 48

Lars Foged

Scientific Director
Age 47



Arnaud Gandois

CEO SATIMO Industries
Age 41

John Estrada

CEO SATIMO USA
Age 49

Moshe Pinkasy

Director of ORBIT/FR Engineering Ltd.
Age 63

Ruben Padilla

AEMI Director
Age 31

Hervé Lattard

Director of SATIMO Brittany
Age 43

John Noonan

Rainford EMC Director
Age 52

Gianni Barone

Sales Director
Age 47

Eric Beaumont

Business Development Director
Age 43

90% of revenue in international sales
9 countries with direct sales offices
20 sites

Key assets

1996 marked an industrial turning point for the Group when it decided to no longer be a design office but a manufacturer of innovative and value-added products. Since then, MVG has developed two main assets:
• A solid business model, including a strong share of repeat sales
• Geographical and segment diversity

A SOLID BUSINESS MODEL

MVG proposes systems with high added value designed from standardized technological bricks, guaranteeing controlled margins. Its know-how extends from the analysis, sales, and design stages to production, integration, installation and support. These systems account for 44% of the AMS Business Unit's orders in 2013.

Alongside these systems, MVG develops, manufactures and markets off-the-shelf products, such as the SG 24 and StarLab. These projects require little adaptation from one customer to another and can be rapidly commissioned. They represent 31% of AMS's orders in 2013.

Finally the Group offers engineering and maintenance services. They represent 25% of orders.

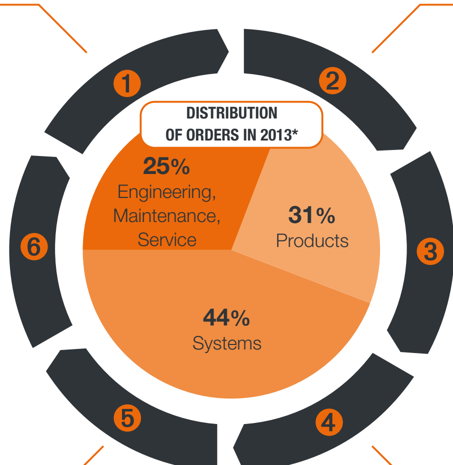
The service, engineering and maintenance contracts, associated with the products, represent 56% of sales and are not significantly affected by adverse market conditions.

This solid business model is reinforced by a diversified customer portfolio: the share of the most important customer in the Group's 2013 revenue is only 3.92% and the top five customers do not account for more than 13.90%.

SYSTEM SALES CYCLE AND DISTRIBUTION OF THE AMS ORDERS IN 2013

❶ Analysis
- Development of the site and installations
- Analysis of the solutions
- Discussions

❷ Design
- Project planning
- Analysis of the chamber configuration
- System specifications
- Diagrams
- Power/error budget
- RF and mechanical simulations



❻ Support
- Support and maintenance (on-site and remote)
- Periodic calibration
- Updating and reconditioning

❸ Production
- Production planning
- Quality control

❺ Installation
- Installation of the equipment
- Test
- Calibration
- Certification

❹ Integration
- Development of the interfaces
- Integration and tests

* Breakdown of the orders for the AMS BU

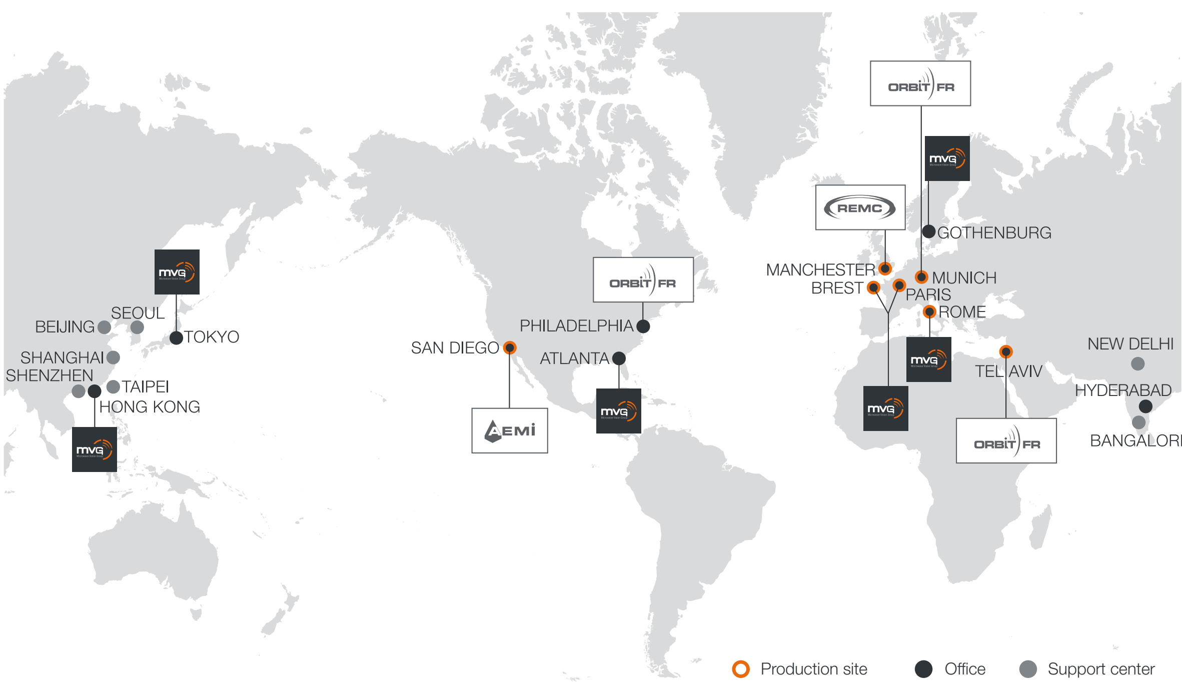
GEOGRAPHICAL AND SEGMENT DIVERSITY

An international group

90% of Microwave Visions sales are made outside of France. The Group spans Europe, Asia and America through twenty installations in 9 countries. The production is concentrated in 4 major centers (multi-probe systems, positioners, Faraday cages and absorbent materials) - 3 other sites provide accessories, small products or reflectors for compact bases.

This geographical presence allows the Group to place itself as near as possible to its customers' culture, to listen to and understand them, while at the same time limiting travel and transport expenses.

MVG IS PRESENT IN 9 COUNTRIES, THROUGH 20 SITES INCLUDING 7 PRODUCTION SITES



PARIS/BREST
MVG headquarters, MV-Scan™ production center, R&D center, project management, sales, marketing, customer support and maintenance center.

ROME
R&D, antenna production and sales center.

MUNICH
Sales, project management and production of specific systems center.

GÖTEBORG
Sales center.

MANCHESTER
Faraday cage production center.

PHILADELPHIA
ORBIT/FR headquarters, integration, sales, project management, support and maintenance center.

ATLANTA
Sales, project management, support and maintenance center.

SAN DIEGO
Production (absorbers), sales, project management center.

TEL AVIV
Production (positioners and masts), sales, project management and support center for Israel, India and Russia.

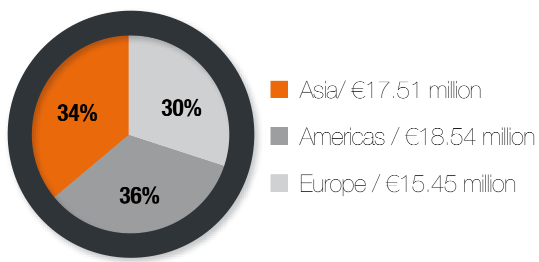
TOKYO
Sales, project management and support center for Japan.

HONG-KONG
Sales, project management and support and maintenance center for Asia.

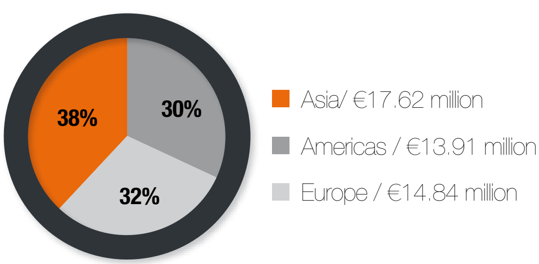
Geographical diversity…

MVG's sales were balanced in 2013, maintaining the Group's capacity to profit from geographical opportunities. The Group benefited from the good performance of the North American Aerospace and Defense sector. Thus, the order of the top performing geographical areas was changed: Asia was replaced as first geographical area (38% in 2012 against 34% in 2013) by the Americas which reached the top with revenues of 36%. Sales in this area fully benefited from the resumption of orders in the Defense field in the last quarter of 2012. Finally, Europe showed a slightly lower percentage of revenue, but registered an increased value of €610 k.

Revenue 2013 (€M)



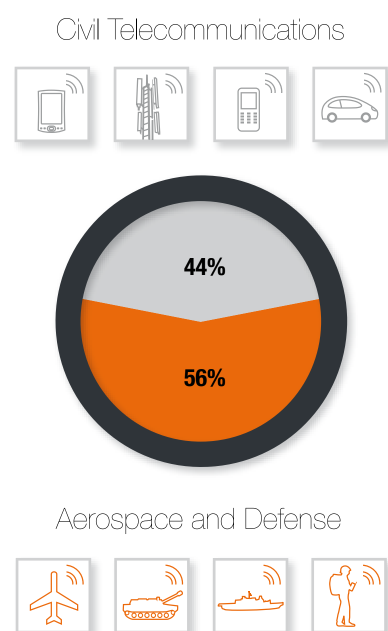
Revenue 2012 (€M)



… And segment diversity

The Group also benefits from segment diversity. This is expressed in the breakdown of the AMS Business Unit's revenue with 44% in the Civil Telecommunications sector and 56% in the Aerospace and Defense sector. Presence in these two sectors allows the Group to gain the maximum potential from the segment opportunities.

AMS BU 2013 REVENUE SEGMENT BREAKDOWN



Outdoor far-field measurement facility for the Aerospace industry

Revenue: €51.5 million, +11%

COI: €4.28 million i.e. 8.3%

Group net earnings: €2.96 million, +18.4%

A significant increase in activity and in profits

- **MVG records for fiscal year 2013 revenues of €51.50 million (as against €46.36 billion last year), an 11% increase, and a Current Operating Income (COI) of €4.28 million, which brings its current operating margin to 8.3%.**
- **While continuing its investments in R&D, Microwave Vision has achieved an 18th year of growth with substantially increased Group Net Earnings.**

GOOD BUSINESS DYNAMICS WITH 11% REVENUE INCREASE

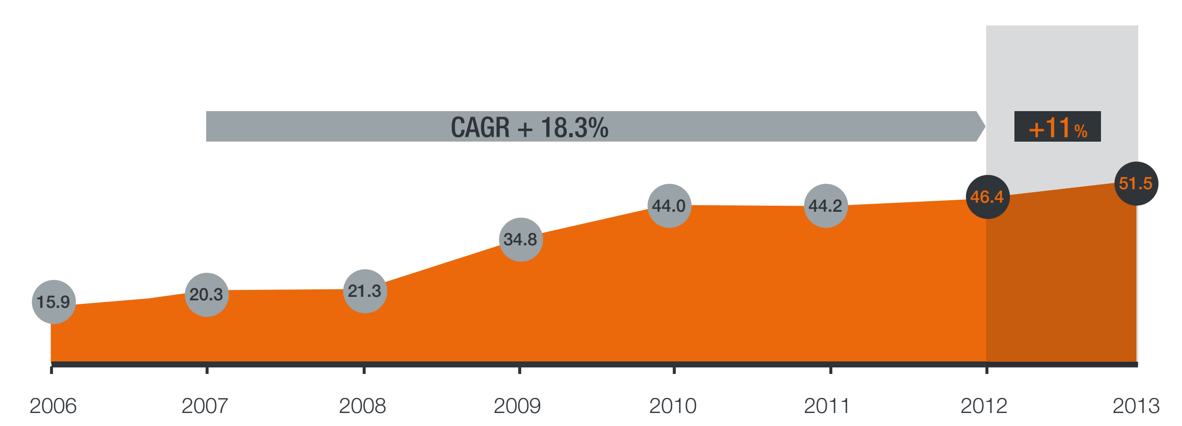
The Microwave Vision Group confirmed its place in 2013 as world leader in antenna measurement with an 11% revenue increase. These €51.5 million consolidate the Group in its 18th uninterrupted year of growth.

SUCCESSFUL TAKEOFF OF THE EMC BUSINESS UNIT

The revenue of €51.50 million was largely sustained by the EMC activity which rose by 168%. With revenue of €7.54 million, it now constitutes 15% of the Group's activity (as against 6% - €2.8 million in 2012).

The AMS activity generated revenue of €42.46 million, representing a slight increase (€41.7 million in 2012). It benefited from the improved performance of the North American Aerospace and Defense sector. Finally, the EIC activity recorded revenue of €1.5 million as against €1.8 million in 2012, a slight decline largely due to the fact that customers were awaiting the EME Guard XS not available until the end of last year.

2006-2013 EVOLUTION OF REVENUE (€M)

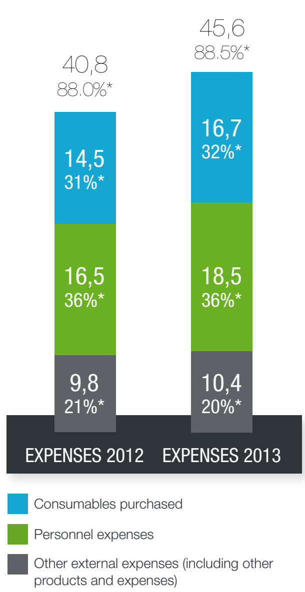


SUSTAINED GROWTH OF PROFITS: GROUP NET EARNINGS AT €2.96 MILLION, +18,4%

In €K	2013	2012	Change 2013/2012
Revenue	51,499	46,358	+11.0%
EBITDA	5,570	5,145	+8.2%
In % of Revenue	10.8%	11.1%	
Current Operating Income	4,275	3,834	+11.5%
In % of Revenue	8.3%	8.3%	
Operating Income	4,244	3,772	+12.5%
In % of Revenue	8.2%	8.1%	
Net Profit	3,100	2,748	+12.8%
In % of Revenue	6.0%	5.9%	
Group Net Earnings	2,964	2,503	+18.4%
In % of Revenue	5.7%	5.4%	

The strong revenue momentum led to significantly increased profits. All expenses were kept under control, allowing MVG to secure an EBITDA of €5.57 million, representing 10.8% of revenue.

CHANGES IN OPERATING EXPENSES IN €M



(*) In % of the year's revenue

The consumables purchased and personnel expenses represented respectively 32% and 36% of revenue.

The other external expenses represented 21% of the revenue. The company continues its efforts to keep its expenses under control each year.

The Group achieved a current operating income of €4.28 million with a growth of 11.5%, representing a current operating margin of 8.3%.

With net finance costs kept well under control, i.e €306K representing 0.6% of revenue, the company reached a net profit of €3.10 million, an increase of 12.8%.

The change in the net profit expresses considerable improvement in the basic fundamentals of the company: it is in fact connected to the increased revenue (+ €5.1 million) and the good current operating profitability given by the additional revenue (8.6%).

Finally the net earnings share of the group reached €2.96 million, an 18.4% increase.

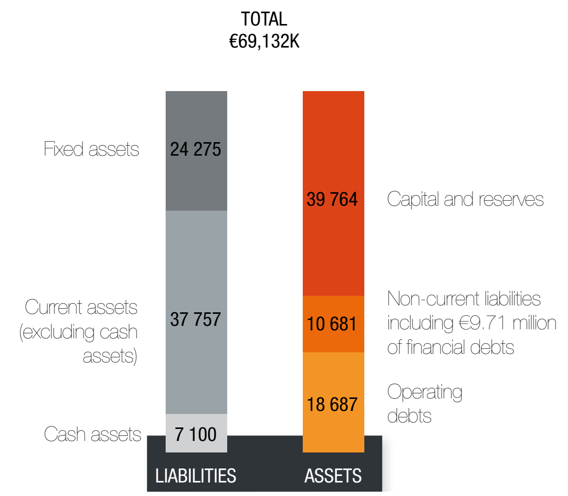
These very good performances reflect the Group's wish to tightly manage the entire value chain of its products and systems and to generate a margin by using its exclusive and internationally patented technologies.

Involving over 70 engineers, R&D investment represents almost 10% of revenue. A farsighted policy which in 2013 facilitated the launch of half a dozen new products and contributed to numerous new orders and signed contracts. The object of MVG's investments is also to progressively internalize a variety of skills and to keep the added value present in its offer.

A SOUND FINANCIAL STRUCTURE

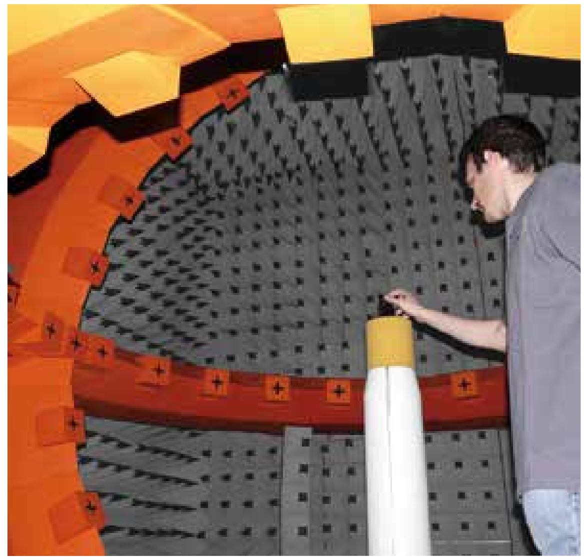
The financial structure reflects the Group's high level of profitability and its capacity to finance its future growth. At year end 2013, the capital and reserves stood at €39.8 million and the fixed assets at €24.3 million. At December 31, 2013 the Group's net debt was €2.85 million with financial liabilities of €9.71 million, i.e. 7% gearing and cash assets of €7.10 million.

The last €2.2 million installment of the €8 million bank loan was canceled, bringing the capital borrowed to €5.8 million (maturity at end 2017). A €4 million bullet bond was taken out at the Banque Palatine for a period of 6 years in December 2013.



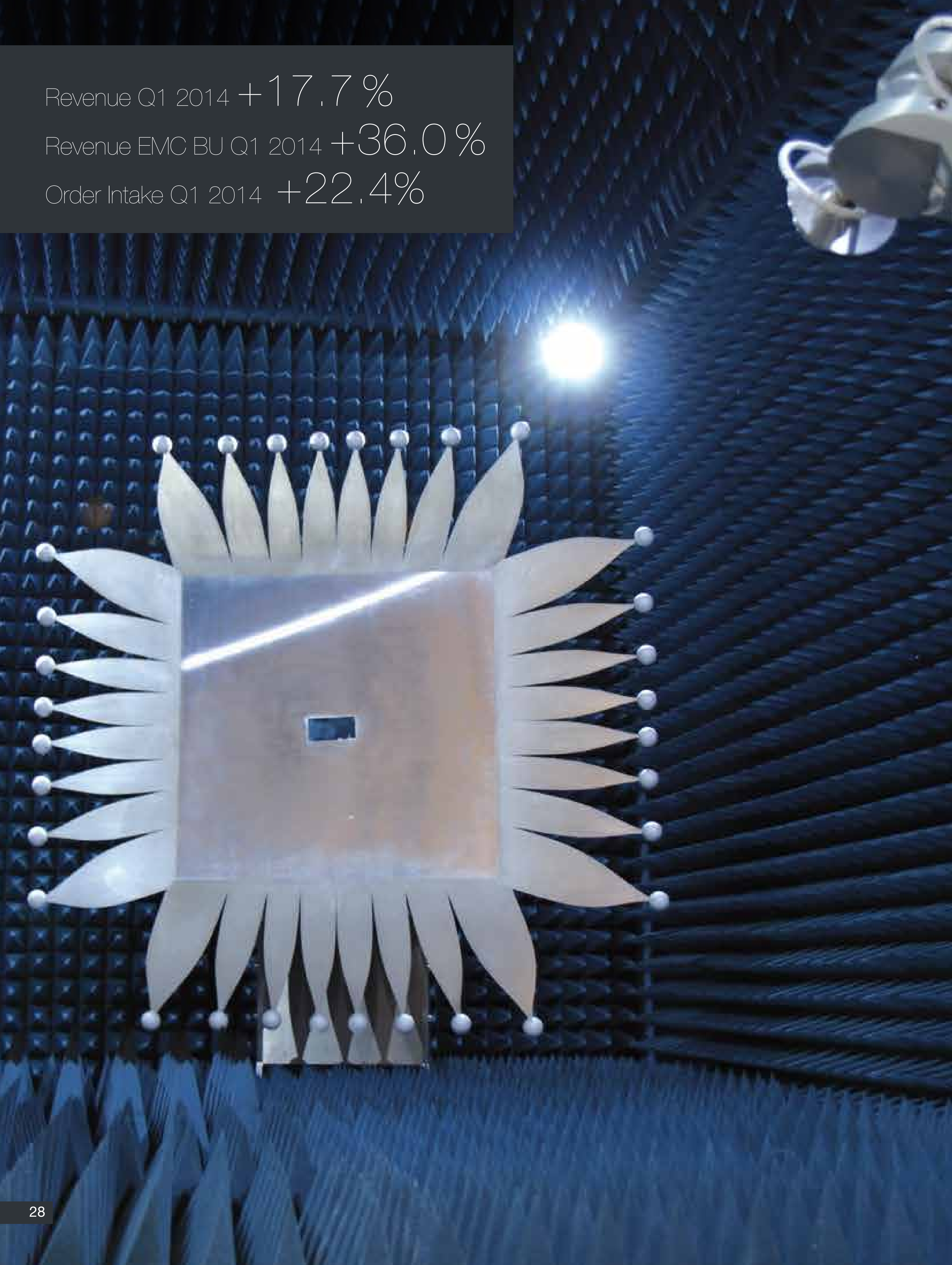
The cash flow statement shows improved cash assets of nearly €1.5 million.

In €K	2013	2012
Consolidated Net Income	3,100	2,748
CFFO before debt and tax cost	5,489	5,085
WCR change related to the activity	(3,079)	(2,105)
Net operating flows	1,595	2,418
Net investment flows	(3,406)	(4,341)
Net financing flows	3,374	3,974
CASH FLOW	**1,463**	**2,021**
Closing cash	7,100	5,637



StarMIMO measurement chamber

Revenue Q1 2014 +17.7 %
Revenue EMC BU Q1 2014 +36.0 %
Order Intake Q1 2014 +22.4%



Accelerated, profitable growth set for 2014

In 2014 the Group will continue its strategy of profitable growth with innovation as the driving force. Each of the three operational business units should contribute this year to growth.

ATTRACTIVE GROWTH PROSPECTS FOR EACH BUSINESS UNIT

The Group's core business, the AMS BU, should experience good momentum in 2014, driven in particular by the commercial success of the new SG 24, launched in 2013, which targets the testing of high output protocols (4G, LTE…) and has been sustained by the recovery of the automobile sector.

The Group's first growth driver, the EMC Business Unit, was launched successfully in 2013. This Business Unit's vitality is expected to increase in 2014, which began with a new €3 million contractsigned in the European Automobile sector during the first quarter of 2014.

The second growth driver, the EIC Business Unit, is fully operational for 2014.

In parallel, Microwave Vision is continuing to develop its NSH Business Unit (National Security and Healthcare).

Backed by orders in 2013 to the amount of €53.05 million (a 5% increase compared to 2012) and a 22.4% increase in orders taken in the first quarter of 2014 compared tothe first quarter of 2013, the Group is confident of its roadmap and implementation of its innovation-driven profitable growth objectives.

RAPID EXPANSION IN THE FIRST QUARTER OF 2014

MVG continues its expansion and records consolidated revenues of €12.83 million for the first quarter of 2014, a 17.7% increase compared to the first quarter of 2013 (€10.90 million).

In the first quarter, the Group's core business, the AMS BU, showed strong momentum, with revenues up to €9.83 million, i.e. a growth of €1.28 million (+15%) compared to the first quarter of 2013, reflecting good Civil Telecommunications activity.

The EMC BU continues with the momentum already observed in the previous financial year. Generating €2.25 million, the activity registers a 36% growth (+ €600 K) in relation to the first quarter of 2013 and represents 17.5% of the Group's revenue in the first quarter of 2014.

Finally, the EIC BU, with a Q1 2014 revenue of €0.75 million, also shows a 7% increase, compared with the same period last year.

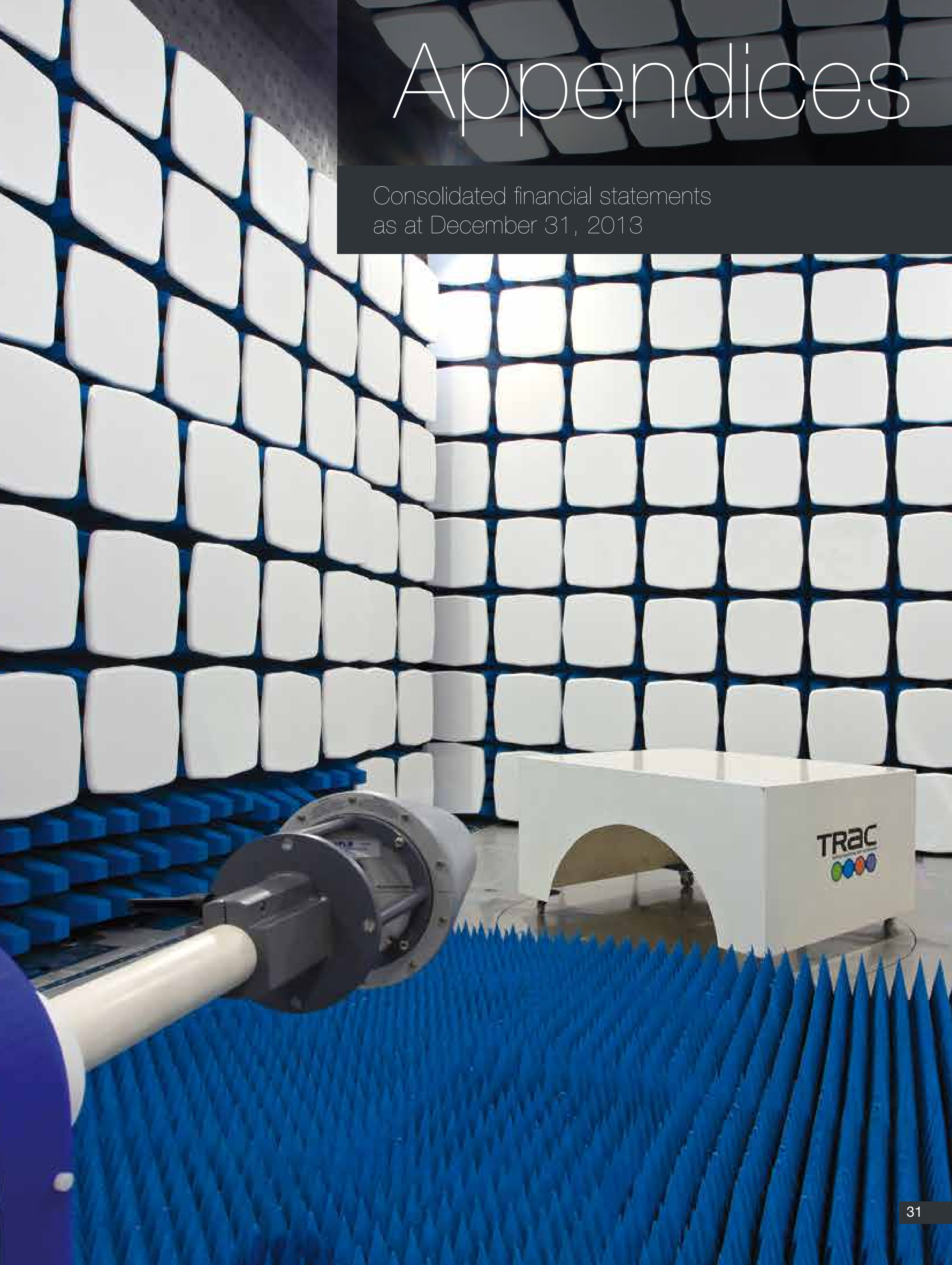
This first quarter confirms the Group's strong international positioning and shows increased activity in all the geographical areas. Europe, which accounts for 33% of the revenue, was very active in the first quarter (+21% in relation to Q1 2013). It is followed by the Americas, which represents 33% of revenues (+17% in relation to Q1 2013) and Asia, 34% of revenue (+14%).

EMC test chambers

"These two dynamics, segment and geographical, combine with the 22.4% increase in orders passed in Q1 2014 in comparison with Q1 2013 and reinforce the Group's confidence in development of its activity and profitability in 2014", notes Philippe Garreau, Microwave Vision CEO.

Appendices

Consolidated financial statements
as at December 31, 2013



Consolidated Balance Sheet

Assets (in €K)	31/12/2013	31/12/2012
Goodwill	13,530	13,521
Intangible assets	711	38
Tangible assets	6,566	5,333
Other financial assets	497	341
Deferred tax assets	2,971	3,482
NON-CURRENT ASSETS	**24,275**	**22,716**
Stocks and work in progress	7,041	5,729
Trade and other receivables	26,060	21,977
Other receivables and current assets	4,656	4,234
Marketable securities	-	1,854
Cash and cash equivalents	7,100	3,779
CURRENT ASSETS	**44,857**	**37,572**
Assets held for sale	-	-
TOTAL ASSETS	**69,132**	**60,288**

Capital and reserves and liabilities (in €K)	31/12/2013	31/12/2012
Capital	711	711
Share premiums, merger		
Reserves	32,577	31,026
Consolidated profit	2,964	2,503
Minority interests	3,512	3,056
CAPITAL AND RESERVES	**39,764**	**37,296**
Non-current provisions	656	586
Non-current financial debts	9,947	6,478
Deferred tax liabilities	78	76
Other non-current liabilities	-	-
NON-CURRENT LIABILITIES	**10,681**	**7,140**
Current financial debts	6	-
Accounts payable	13,159	9,448
Other debts	5,522	6,403
Current financial liabilities	-	-
CURRENT LIABILITIES	**18,687**	**15,850**
Liabilities relating to assets held for sale	-	-
TOTAL CAPITAL AND RESERVES AND LIABILITIES	**69,132**	**60,288**

Consolidated Income Statement

Consolidated income statement (in €K)	31/12/2013	31/12/2012
Revenue	51,499	46,358
Other operating revenue	5	49
OTHER ORDINARY INCOME	**51,504**	**46,407**
Purchases consumed	-16,664	-14,469
Taxes and similar payments	-341	-469
Personnel expenses	-18,482	-16,535
Depreciation and provisions	-1,294	-1,311
Other operating income and expenses	-10,446	-9,790
CURRENT OPERATING INCOME	**4,276**	**3,834**
Other operating income and expenses	-32	-62
Stock-option expenses	-	-
OPERATING INCOME	**4,244**	**3,772**
Cost of net financial debt	-306	-386
Other financial income and expenses	-25	-76
FINANCIAL RESULT	**-331**	**-462**
CURRENT INCOME BEFORE TAX	**3,913**	**3,310**
Taxes	-813	-562
NET INCOME OF CONSOLIDATED COMPANIES	**3,100**	**2,748**
Share in income of the associated companies	-	-
NET INCOME FROM CONTINUING ACTIVITIES		
Net income from discontinued activities or those being transferred	-	-
NET INCOME	**3,100**	**2,748**
Attributable to ordinary equity holders of the parent company	2,964	2,503
Attributable to the minority interests	136	245
Group net income per share - Before dilution (in euros)	0.8335	0.7038
Net income from discontinued activities or those being transferred per share - after dilution (in euros)	-	-
Group net income per share - After dilution (in euros)	0.8316	0.7023
PROFIT OR LOSS FOR THE YEAR	**3,100**	**2,748**
Elements that will not be reclassified to net profit:	-	-
Elements that might be reclassified to net profit:	-	-
Other elements of the comprehensive income for the year, after income tax	-	-
Total comprehensive income for the year	**3,100**	**2,748**
Profit for the year attributable to the company owners	2,964	2,503
Profit for the year attributable to the minority interests	136	245
	3,100	**2,748**
Company owners	2,964	2,503
Minority interests	136	245
	3,100	**2,748**

Consolidated Cash Flow Statement

(in €K)	Consolidated 2013	Consolidated 2012
Consolidated Net Income (1)	**3,100**	**2,748**
+/- Allocations net of depreciation and provisions (2)	1,191	1,312
+/- Calculated expenses and income related to stock options & similar	79	-
+/- Other calculated income and expenses	-	-
-/+ Disposal gains and losses	-	-
- Dividends (non-consolidated shares)	-	-
Self-financing capacity after net financial debt and tax cost	**4,370**	**4,060**
+ Cost of net financial debt	0	463
+/- Tax burden (including deferred taxes)	1,119	562
Self-financing capacity before net financial debt and tax cost (A)	**5,489**	**5,085**
- Taxes paid	-815	-562
+/- WCR change related to operations (3)	-3,079	-2,105
+/- Other flows generated by operations	-	-
= NET CASH FLOW GENERATED BY OPERATIONS (D)	**1,595**	**2,418**
- Disbursements related to tangible and intangible asset acquisition	-3,253	-3,107
+ Proceeds from sales of tangible and intangible assets	-	1
- Disbursements related to financial asset acquisition	-	-
+/- Impact of scope changes	-	-
+/- Change in approved loans and advances	-77	-
+ Investment subsidies received	-	-
+/- Other flows from investment activities	-76	-1,235
= NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES (E)	**-3,406**	**- 4,341**
+ Amounts paid to shareholders upon capital increase	-	-
- Paid by parent company shareholders	-	-
+ Collections related to new debt	4,203	5,423
- Loan repayments (including finance leases)	-531	-1,450
- Net financial interests paid (including finance leases)	- 298	-
+/- Other flows related to financing operations	-	-
+ Cash capital increase	-	-
= NET CASH FLOW RELATED TO FINANCING ACTIVITIES (F)	**3,374**	**3,974**
+/- Impact of variations in foreign currency (G)	-100	-30
= CHANGE IN NET CASH H = (D + E + F + G)	**1,463**	**2,021**
OPENING CASH BALANCE (I)	**5,637**	**3,616**
CLOSING CASH BALANCE (J)	**7,100**	**5,637**

Statement of Changes in Equity

(in €K)	Capital	Reserves	Treasury shares	Consolidated profit	Group Total	Minority Total	Total
Shareholders' Equity as at December 31, 2012	**711**	**31,026**		**2,503**	**34,240**	**3,056**	**37,296**
Allocation of profits		2,503		-2,503	0		
Capital transaction					0		
Financial instruments					0		
Share-based payments					0		
Operations on treasury shares					0		
Dividends					0		
Net income for the period				2,964	2,964	136	3,100
Currency translation adjustment		-319			-319	-152	-471
Treasury share movements			-110		-110		-110
Change in scope					0		0
Other movements		-33			-33	-18	-51
Shareholders' Equity as at December 31, 2013	**711**	**33,177**	**-110**	**2,964**	**36,742**	**3,022**	**39,764**

Appendix to the Consolidated Financial Statements

1/ Consolidated Companies

Identification of the Group

MICROWAVE VISION S.A., parent company of the Group, is a public limited company incorporated in France, domiciled at 17 avenue de Norvège, 91140 Villebon-sur-Yvette.

The MICROWAVE VISION Group has four business units:

- **The AMS BU** (Antenna Measurement Systems) focuses on antenna measurements, the Group's historic activity; it presents a diversified offering of products covering the majority of Research and Development centers needs regardingwireless communication systems. This equipment is designed for all industries using antennas (space, aircraft or automobile) andradio communications (operators, R&D departments of the mobile phone manufacturers, antenna manufacturers, control laboratories).
- **The EMC BU** (Electro-Magnetic Compatibility) is centered on electromagnetic compatibility tests. This BU offers solutions for testing the aptitude of devices to function in electromagnetic environments and to not produce electronic disturbances.
- **The EIC BU's** (Environmental and Industrial Control) attention is on environmental and industrial control. MVG has developed a complete range of small products for electromagnetic wave level control.
- **The NSH BU** (National Security and Healthcare) is directed toward medical imaging instruments and security imaging for airports.

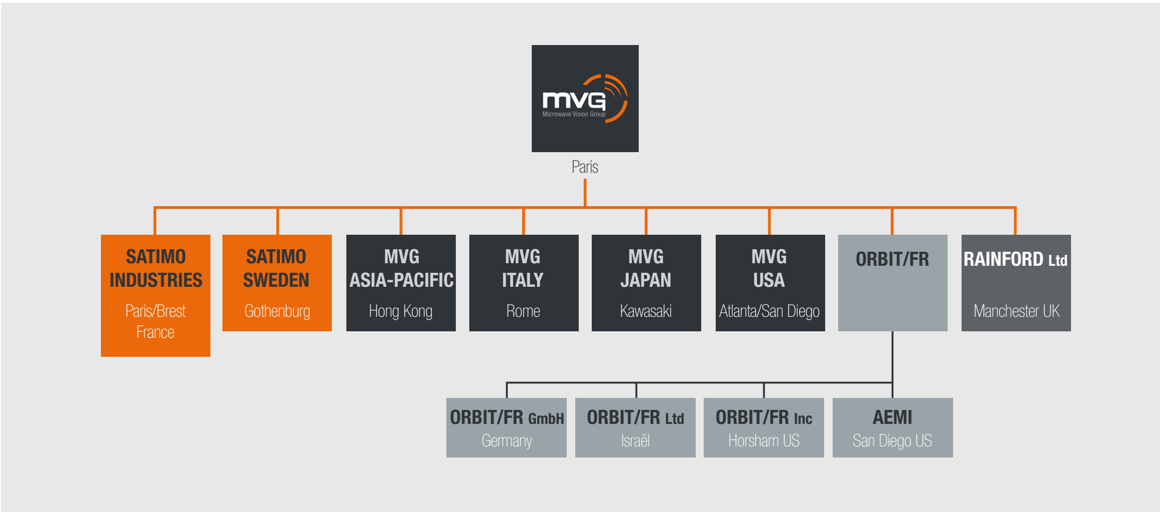
Microwave Vision, the Group's holding company, was admitted for listing on Alternext on June 30, 2005.

The financial year has a duration of 12 months, covering the period from 01/01/2013 to 31/12/2013.
The notes indicated below are an integral part of the consolidated annual financial statements.

Group organization chart

MICROWAVE VISION is the group holding company. In addition to general management, it carries out the finance, marketing and commercial functions of the group.

NB: SATIMO Industries has a 10% ownership interest in METRAWARE located at the following address: Quartier cime des Vières 84240 CABR. This company is not consolidated.



SATIMO INDUSTRIES

This is the industrial company of the SATIMO division. It manufactures all the systems for MICROWAVE VISION. It is the major R&D center of the group. It is also responsible for customer support and maintenance whenever an overseas business so requests. SATIMO Industries has two sites, one in the Paris region, in Les Ulis, and the other in Brest, in Brittany.

MVG, INC

Based in Atlanta, this company has a commercial role and is responsible for the maintenance of the systems installed in North America. It is a very active service provider.

MVG ASIA PACIFIC LTD.

In 2013, the MVG group restructured its presence in Asia with the opening of a holding company in Hong Kong, MICROWAVE VISION Ltd. which is 100% owned and which itself holds 2 operational companies, Microwave Vision AMS Ltd. and Microwave Vision EMC Ltd. The object of these two companies is to market and maintain the systems installed in the APAC region.

MVG ITALY SRL

The MVG Group also spun off its Rome establishment, MVG ITALY SRL. It replaces Satimo ITALY, with the Group's production facility of smallantennas and an R&D center that works closely with Satimo Industries, SAS.

AUTONOMOUS FACILITIES

- **SATIMO SWEDEN,** based in Gothenburg, is the headquarters of the European commercial management.
- **SATIMO HONG KONG,** based in Hong Kong, experienced a decline in its activity in 2013 due to the opening of the subsidiary companies MICROWAVE VISION AMS Ltd. and MICROWAVE VISION EMC Ltd.
- **MICROWAVE VISION JAPAN,** based in Tokyo, markets the «SATIMO» products, and is responsible for their maintenance in the Japanese territory.
- **SATIMO ITALY,** based in Rome, had its business activity transferred to the newly incorporated Italian subsidiary on July 1, 2013.

THE ORBIT/FR GROUP IS MADE UP OF FIVE ENTITIES

- **The ORBIT/FR Inc.** holding company is located in the USA, inHORSHAM, PA. This office has no operational role.
- **ORBIT/FR Gmbh,** based in MUNICH, Germany, is responsible for marketing ORBIT/FR products in Europe, and for the manufacture of certain specific systems.
- **ORBIT/FR LTD.,** based in HADERA, Israel, manufactures positioners and masts for the entire Group and acts as distributor for its region.
- **ORBIT/FR US,** located in HORSHAM, PA, USA, is responsible for distributing ORBIT/FR products on the American continent. This entity also integrates equipment manufactured in Israel.
- **AEMI US,** based in San Diego, CA, USA, designs and produces the anechoic materials for the entire Group.

RAINFORD

RAINFORD, based in Manchester, England, was acquired by the Group in July 2012. It is today 100% owned by MVG. It manufactures anechoic shielded chambers for the group's antenna measurement customers, and for the electromagnetic compatibility market, which is one of the Group's growth drivers.

Changes in consolidation scope

On December 31, 2013, except for the METRAWARE shareholding (10% of capital) whose assets and liabilities are not significant, no company owned directly or indirectly, with majority or minority interest, is excluded from the consolidation scope.
In 2013, three 100% owned companies were added to the scope of consolidation: the entities opened in Hong Kong and the Italian company.

2/ Significant Events of the Financial Year

2013 saw the launch of new products for the antenna measurement market, particularly the new StarLab. The EIC Business Unit also rolled out 3 new monitoring tools.

The EIC (Environmental & Industrial Control) Business Unit recorded a revenue of €1.5 million against €1.8 million in 2012. This slight decline is largely due to the fact that customers were awaiting the EME Guard XS only available near the end of the year. This new product has already been very favorably received by new distributors, particularly in the USA.
The renewal of the product range and the reinforcement of the commercial network carried out in 2013 and 2014 should bear fruit from the first half of 2014.

2013 saw an increase in sales on the Asian continent.
A new management system was commissioned from July 2013. This new tool will allow substantial productivity gains, and above all optimization in the company's flow management.

3/ Accounting Principles and Valuation Methods

The financial statements were approved on April 20, 2014 by the Board of Directors and are expressed in thousands of euros (unless otherwise indicated).
The consolidated financial statements of the Group at December 31, 2013 are prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union on December 31, 2008. This reference guide integrates the international accounting standards (IAS and IFRS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB on December 31, 2008.

This reference guide is available at:
http:/ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

MICROWAVE VISION presents for the sixth time consolidated financial statements according to the IFRS reference guide. The financial statements at December 31, 2013, presented comparatively, were determined according to the same methods.

Accounting principles and methods

The accounting principles and methods used by the Group to draw up the annual consolidated financial statements at December 31, 2013, are identical to those used for December 31, 2012. Further, IFRS Standard 1 «First-time Adoption of International Financial Reporting Standards» relating to the first application of the international reference guide provides for possible options for the principle of retrospective application of the IFRS on the transition date for the Group on April 1, 2007.

In this framework, the Group selected the following options:

- In the absence of business combinations prior to April 1, 2007, these were not restated according to IFRS 3 «Business Combinations»;
- IAS 39 was applied retrospectively from January 1, 2004;
- The evaluation of the benefits granted to employees in the framework of stock-based remuneration takes into account only the plans granted in January 2007;
- The unrealized exchange gains or losses were cleared on opening of the 2007 financial year;
- The research tax credit was calculated according to the valid legislation. It was recognized as a deduction from the salaries, the depreciation, and other external expenses in application of the tax pro rata;
- The CICE (Competitiveness and Labor Tax Credit) was calculated according to the valid legislation at year-end closing. The company chose to record it as a deduction from payroll costs (IAS 20);
- The income from commercial contracts is stated according to IAS 37 concerning construction contracts.

Estimates and appraisals

In preparing its financial statements, the Group must make estimates and assumptions that affect the book value of certain assets and liabilities, revenues and expenses, as well as information contained in the notes of the appendix. The Group regularly reviews its estimates and assessments to take into account past experience and other factors deemed relevant in light of economic conditions. The amounts appearing in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

The main estimates and assessments used are inherent to:

- Assessment and recoverable value of goodwill. The estimate of the recoverable value of these assets involves the determination of future cash flows deriving from the use of these assets. Hence the flows actually generated by these assets may well differ considerably from initial projections;
- Assessment of pension liabilities;
- Determination of provisions for liabilities and expenses taking into account the contingencies liable to affect the occurrence and the costs of events constituting the underlying reason for the provisions;
- Test of asset values based on prospects for future achievements;
- Deferred taxes.

Options selected for evaluation and recognition of assets and liabilities

Certain international accounting standards provide options for assessment and recognition of assets and liabilities. In this framework, the Group adopted:

- The method of evaluation at the historical cost of the intangible and tangible assets and thus chose not to reevaluate at each balance sheet date;
- The option of placing at fair value by profit or loss according to the option proposed by amendment IAS 39.

In the absence of standards and interpretations applicable to a specific transaction, the Group management uses its own judgement to define and apply the accounting principles and methods that will allow access to relevant and reliable information so that the financial statements:

- Give a true and fair view of the financial situation and performance and cash flows of the Group;
- Reflect the economic substance of the transactions;
- Are neutral, prudent and complete in all their significant aspects.

Consolidation methods

The companies over which MICROWAVE VISION exercises control are fully consolidated. The control is assumed to exist when the parent company holds, directly or indirectly, the power to direct the financial and operational policies of a company in order to benefit from its activities. The subsidiaries are included in the scope of consolidation with effect from the date on which the control is actually transferred to the Group while the subsidiaries sold are excluded from the scope of consolidation with effect from the date of loss of control. In full consolidation, the consolidated balance sheet includes the assets and liabilities of the parent company, except for the shares of the consolidated companies, whose book value is replaced by all the assets and liabilities making up the equity capital of these companies determined according to the consolidation rules.
All the transactions between the consolidated companies are eliminated.
The Group does not hold any special-purpose company.

Conversion of the financial statements of foreign companies

The consolidated financial statements presented in this appendix were drawn up in euros.

The financial statements of the foreign companies outside the euro zone are converted according to the following principles:

- Balance sheet items other than shareholders' equity are converted at the closing rate;
- Income statement items are converted at the average rate of the financial year;
- Currency translation adjustments resulting from the impact of changes in exchange rate between the opening (and/or the date of acquisition of the companies concerned) and the year-end are entered under «Currency translation adjustments» and included in equity, until the assets or liabilities and any foreign currency transactions to which they relate are sold or liquidated.

The Euro / Currency ($, $HK, YEN, SEK, £) conversion rates retained are the following:

(In €)	$		$HK		YEN		SEK		£	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Closing rate	1.3791	1.32153	10.6933	10.25115	144.72	113.4945	8.8591	8.6132	0.8337	0.81739
Average rate	1.3279	1.28493	10.2928	9.96115	129.78	102.4590	8.6494	8.6987	0.8496	0.81085

4/ Notes on the Balance Sheet

NON-CURRENT ASSETS

Goodwill

(in €K)	31/12/2012	Increase	Decrease	Other change	31/12/2013
ORBIT/FR goodwill	7,982	50	0	-42	7,990
ANTENESSA goodwill	3,528	0	0	0	3,528
RAINFORD goodwill	2,011	0			2,011
TOTAL	13,521	50	0	-42	13,530

During an acquisition, the assets, liabilities and possible liabilities of the subsidiary company are recorded at their fair value in an allocation period of twelve months and retroactive to the acquisition date. The acquisition cost corresponds to the cash amount, or cash equivalent, paid to the seller increased by the cost directly attributable to the acquisition..

Depreciation tests are carried out annually using the discounted future cash flow method based on existing operational forecasts covering at least a period of 4 years. The existing forecasts are based on past experience and the market evolution perspectives and take into account the company's business plan. The organization of SATIMO Industries does not allow monitoring of the ANTENESSA general cash generating unit (CGU). Consequently, the ANTENESSA goodwill was reassigned in 2010 to the SATIMO Industries CGU, a new smaller CGU. The three CGUs monitored by the group, which generate independent cash flows, are now SATIMO Industries, ORBIT/FR and RAINFORD.

The value of the goodwill is assessed yearly: the balance sheet value is compared with the recoverable value. The recoverable value is the highest between the market value and the value-in-use.

The value-in-use of the CGUs was estimated by the Management on the basis of the anticipated discounted values, according to the existing forecasts and predictions of the cash flows before tax determined by the discounted cash flow method (DCF). A 12% discount rate, after tax, is applied. The terminal value was evaluated on the basis of the latest free cash flow (2017) discounted to infinity as defined in the company's business plan.

	Cash flow prediction period	Year ending December 31, 2013		
		Discount rate	Accrued growth rate at 5 years	Other key assumption(s)
SATIMO INDUSTRIES	2017	12%	32%	None
ORBIT/FR	2017	12%	36%	AEMI growth related to EMC BU development
RAINFORD	2017	12%	189%	Group growth vector related to the EMC BU development

The thus determined recoverable value of the CGU is then compared with the contributory value in the consolidated balance sheet of the net assets (including goodwill). Depreciation is recognized, where appropriate, if this value in the balance sheet is greater than the CGU's recoverable value and is attributed in priority to the goodwill.

Main assumptions:

Sensitivity tests:

	Difference between the value-in-use of the CGU and the book value (€M)(1)	«Threshold value» of the assumption	
		Assumption A	Assumption B
SATIMO INDUSTRIES	1.2	12.7% discount rate	Growth change (30%)
ORBIT/FR	7.0	15.5% discount rate	Growth change (23%)
RAINFORD	5.4	21.5% discount rate	Growth change (0%)

(1) CGU = Goodwill + consolidated net assets

Intangible assets

Intangible assets in net value amount to €38K as of December 31, 2012.

(in €K)	31/12/2012(1)	Increase	Decrease	Change in exchange rate	Reclassification	31/12/2013
Gross	1,378	763	-16	-1	118	2,242
Depreciation	-1,340	-224	16	2	15	-1,531
Net	**38**	**539**	**0**	**1**	**133**	**711**

(1) After breakdown of the gross values and depreciation

Software, patents and licenses are recorded at cost. They are amortized over a period of 3 to 5 years on a straight-line basis.

Research costs are recognized in expenses as incurred. Development costs that meet the IAS 38 criteria for inclusion in assets are included in the intangible assets and are amortized over an estimated utilization period not exceeding 3 years from the initial commercial launch date of the products or services.

Without questioning SATIMO's technological progress, the development of horizontal research projects with research teams of its subsidiary ORBIT/FR no longer allows the company to have a sufficiently clear picture of research and development projects carried out within the Group.
Hence, the company no longer completely meets the IAS 38 requirements for the inclusion of R&D projects in the assets. These are completely remade into new horizontal research projects for which cost identification is impossible to implement.

Tangible assets

(in €K)	31/12/2012[1]	Increase	Decrease	Change in exchange rate	Reclassification	31/12/2013
Gross	10,720	2,663	-31	-267	65	13,149
Depreciation	-5,387	-1,154	31	125	-198	-6,583

(1) After breakdown of the gross values and depreciation

Assets are entered at their acquisition cost increased by the accessory transport and installation expenses.

Depreciation is calculated on a straight-line basis according to the estimated useful life of the assets:

Fixtures and installations	5 to 10 years
Equipment and tools	3 to 7 years
Office equipment, computers and furniture	3 to 10 years

The interests on loans for construction and acquisition of tangible assets are included in the cost of the assets when they are significant.

The Group did not retain residual value for these assets. Indeed, most industrial assets are destined to be used until the end of their useful life and in general it is not planned to sell them.

Finance lease

The total amount of payments still to be made on long-term lease contracts is €44,254.

Details of finance leases:

Name of the goods (in €K)	Gross value of the goods	Charges for the year	Corresponding depreciation expenses	Accrued depreciation	Outstanding borrowings
MIMO	93	31	31	93	0
SOGELEASE MOBILIER	65	14	13	20	44
TOTAL	**156**	**45**	**44**	**113**	**44**

Assets under finance leases have been restated in order to appear under tangible assets on the asset side of the balance sheet with posting in counterpart of a loan under liabilities decreased by the borrower's advance. Straight-line depreciation is posted in reference to the economic lifetime of the goods. Leasing costs are recognized as an expense as incurred.

Non-current financial assets

These include the non-consolidated shares, and the sureties. Their value is revised at each balance sheet, and depreciation is applied if necessary.

Non-current tax assets

Deferred taxes are recognized when there are timing differences between the tax base and the consolidated value of assets and liabilities.
Deferred tax assets are recognized when it is probable that the company will have taxable profit on which it may charge a deductible time difference.

Tax assets and liabilities are evaluated using the tax rate and the fiscal rules applicable as of December 31, 2013, namely:

France:	33.33%
USA:	35%
Hong Kong:	17%
Italy:	32.32%
United Kingdom:	24%

The tax rate for each country is identical to that used during the previous fiscal year.

The summary of non-current deferred tax assets is as follows:

	Deferred tax assets - Non-current
Satimo deficit (prior to Fiscal Integration)	740
Satimo deficit produced during FI	1,143
ORBIT/FR - long-term DTA	685
MVG Hong Kong establishment	241
Indemnity on PIDR (retirement benefits) (all companies)	5
Timing differences all companies	33
Others	124
Total	**2,971**

The recoverable value of these deferred tax assets is in accordance with the business plan that allows for the formulation of the values-in-use of the Group's CGUs.

CURRENT ASSETS

Stocks

Stocks of materials and components and stocks of semi-finished and finished products are valued at their historical cost (acquisition cost or production cost).

Semi-finished and finished products in addition to the historical cost of the supplies, include labor valued at the average hourly rate.

A provision is constituted if the realizable value at the balance sheet is lower than this historical cost.

As of December 31, stock was broken down as follows:

Raw materials and supplies	€4,485,679
Semi-finished and finished products	€2,712,760
Raw materials and supplies are provisioned at	€157,669

Trade accounts receivable and related receivables

(in €K)	31/12/2012	Change	31/12/2013
Gross value	22,472	3,833	26,305
Impairment losses	-496	251	-245
Net value	21,976	4,084	26,060

Receivables are stated at their nominal value.
Invoices to be issued in Accounts Receivable totaled €15,543K at December 31, 2013. The method of their evaluation is described in the «Revenue» paragraph.

An impairment loss is recognized if the inventory value is below book value when the debt becomes a bad debt, either because of legal restrictions or because of the existence of trade disputes.

Apart from these identified causes of nonpayment, provision is made for certain doubtful debts by application of an impairment loss rate deriving from statistical observation of the risk of non-recovery, the context of each contract and the volumes of claims.

Regarding:

- Satimo Industries: €62,817
- Rainford: €74,275
- MVG: €107,976

Other receivables and current assets

(in €K)	31/12/2013	31/12/2012
Other tax debts	4,243	1,035
Loan flotation costs	231	0
Prepaid expenses	182	297
Other receivables		2,260
Other receivables and current assets	4,656	3,592

The other tax debts essentially represent the 2013 and 2012 CIR (research tax credit) at SATIMO Industries SAS, for a value of €2,619K, a carry-back debt of €298K at MICROWAVE VISION and tax advances at ORBIT/FR for €1,998K.

5/ Capital and reserves

Share capital and share premiums

Number of shares	31/12/2013	31/12/2012
Ordinary shares	3,555,945	3,555,945

Treasury shares

	31/12/2013	31/12/2012
Number of treasury shares	9,297	2,475
Treasury shares (in €)	88,228	23,111

At December 31, 2013, the valid regulations on the Alternext market allow the holding of treasury shares under a liquidity agreement. Treasury shares are recorded at their acquisition cost, less capital and reserves. Gains and losses from the sale of these shares are recognized directly in capital and reserves and do not contribute to income for the period.

Potential capital

The identification of shares giving access to capital existing on December 2013 can be presented as follows:

	Share Subscription Warrants (BSA)
Date of General Meeting	31 Oct 2006
Date of Board Meeting	26 Feb 2007
Number of shares issued	8000
Number of beneficiaries	1
Strike price	23.20
Deadline for exercise	26 Feb 2017
Number of shares issued as of 31/12/2012	**8,000**
Number of shares exercised during the period	0
Number of shares issued as of 31/12/2013	**8,000**

IFRS2 stipulates, inter alia, that all the transactions settled in equity instruments should be reflected in the financial statements on provision of the corresponding service.

The company valuated these instruments using the Black & Scholes model.

The Board of Directors did not issue any options in 2013.

Distribution of the share capital

To the best of the company's knowledge, share capital distribution is as follows:

	Number of shares	% capital	No. of voting rights
Employees	653,403	18%	1,218,501
Investors	2,229,758	63%	3,163,360
Individuals	672,784	19%	802,974

If the share subscription warrants and options are exercised, the effect on the distribution will be as follows:

	Number of shares	% capital	No. of voting rights
Employees	661,403	19%	1,218,501
Investors	2,229,758	63%	3,163,360
Individuals	672,784	18%	802,974

Dividends

The company did not distribute any dividends during the year.

Reserves

Cf. table on capital and reserves

The reserves correspond to the Group's share in the accumulated consolidated income of all consolidated companies, net of dividends paid.

6/ Cash

The Group's main objective in management of its capital is to ensure the maintenance of a good credit rating and robust capital ratios in order to facilitate its business operations, maximize shareholder value and carry out external growth operations. The Group manages the capital structure and makes adjustments in light of changes in economic conditions. It is in this framework that in order to finance its operations the Group manages its capital using a ratio of net debt to equity. The Group includes in the net debt the financial debts (excluding factoring), the cash and cash equivalents, excluding discontinued operations.

	(in €K)	31/12/13	31/12/12
A	Cash	7,100	3,779
B	Equivalent instruments	-	-
C	Investment securities	0	1,854
D	**Cash assets (A+B+C)**	**7,100**	**5,633**
E	Short-term financial receivables	-	-
F	Short-term bank debts	-	-
G	Current portion of medium and long-term borrowings	-601	-815
H	Other short-term financial debts	-	-
I	**Short-term financial debts (F+G+H)**	**-601**	**-815**
J	**Short-term net financial debt/surplus (I-E-D)**	**6,499**	**4,818**
K	Bank borrowing over one year old	-9,348	-5521
L	Bonds issued	-	-
M	Other borrowing over one year old	-	-
N	**Medium and long-term net financial debt (K+L+M)**	**-9,348**	**-5,521**
O	**Net financial debt (J+N)**	**-2,849**	**-703**

Consolidated capital and reserves	39,764	37,297
Ratio of net debt to equity	**7%**	**2%**

The group has the following short-term credit lines:

Cash loans (cash, Daily, MCNE)	€2,778K
Advances on procurement	€0K
Securities	€6,682K
Miscellaneous	€0K

NON-CURRENT LIABILITIES

Financial debts

Change in financial debt (excluding factoring)	(in €K)
December 31, 2012	6,478
Subscription	4,000
Reimbursement	-531
December 31, 2013	**9,947**

Type of financial debt	(in €K)
Bank loans and holdings	9,947
Overdrafts	0
December 31, 2013	**9,947**

Accrued interest amounts to €39K at 31/12/2013.

The main characteristics of loans and financial debts are detailed in the table below:

Nature	Nominal (in €k)	31/12/2013	Less than 1 year	More than 1 year	Rate
Orbit SG CIC OSEO loan	3,283	2,680	541	2,139	Euribor 3 months + 2.17%
Anvar	500	500		500	0%
Equity loan 2012	2,650	2,650		2,650	Euribor 3 months + 2.7%
Bond loan 2013	4,000	4,000		4,000	Interest rate at 4.80%
Accrued interest on loans	39	39	39		
Other miscellaneous	8	8	8		
Leasing	72	72	13	59	
	10,552	9,949	601	9,348	

Non-Current provision

Provisions for liabilities and charges

(in €K)	31/12/2012	Allocation	Recovery	31/12/2013
Provisions for guarantees	203	121	-27	297
Total	203	121	-27	297

Guarantee charges are isolated analytically during each period. These include the time spent and materials used for guarantee purposes. The amount of the provision is determined by applying to the period's revenue the same percentage as found in the related guarantee expenses in the previous period's revenue.

Provisions for risks relates to the likely risks of pending lawsuits, disputes and industrial tribunal actions known on the date of the financial statements. These provisions have been evaluated, either on the basis of their resolution in the interim, or on an amount deemed prudent by our advisors. In the absence of a dispute of this nature, no provision of this type was noted.

Termination benefits

The valuation of liabilities is in accordance with valid local laws. Thus, for liabilities related to MICROWAVE VISION and SATIMO Industries, assumptions for termination benefits are the following:

In % - Assumptions	December 31, 2013
Discount rate	3%
Salary increase rate	3.5%
Retirement age	62

There are no investments covering these commitments via a financial institution.
The pension provision is €286K at 31/12/2013.

CURRENT LIABILITIES

Other current liabilities

(in €K)	31/12/2013	31/12/2012
Accounts payable and related payables	11,150	
Taxes and Social Security	3,466	2,940
Deferred income	4,194	3,535
Advances and payments received on orders	7	110
Miscellaneous	103	-182
Total	**18,920**	**6,403**

7/ Notes on the Income Statement

Revenue

Sale of products and studies

Revenue is taken into account progressively in accordance with IAS 37 relating to construction contracts. Accrued revenue (unbilled works) or deferred revenue are recorded based on estimated total revenues and the degree of progress noted per case (total costs realized at year end compared to the total cost forecast at the end of the contract) to see the difference between invoicing and revenue calculated in advance.

The amount of revenue recognized on contracts completed or in progress is shown on the Revenue line.

When a loss on completion is expected, this loss is recognized through a provision for risks net of loss on the progress already recorded.

No assets and no liabilities are recorded for commercial contracts.

Maintenance

Maintenance contracts are invoiced on the anniversary date and once a year in general. The revenue included in the result is the prorated value of the contract. Prepaid income is recorded for the portion of these contracts not yet due.

Current operating expenses

The fiscal year ending December 31, 2013 consolidates the financial statements of the entities from SATIMO Industries and from ORBIT/FR.

Purchases consumed went from 31% to 32% of revenue.
The weight of personnel costs increased by 11.78%, maintaining a ratio of 36% of revenues in 2013 against 35.6% in 2012.

Taxes are stable at 1% of revenue.
Other current income and expenses consist primarily of subcontracting and procurement of services, travel expenses and costs of real estate leasing. Their weight went from 21.9% to 20.3% of revenue.

The changes in these different items are a result of great efforts made by all the teams of the Group which focused on achieving maximum savings.
The R&D expenses amounted to €5,150K in 2013. They consist mainly of personnel costs.

The research tax credit amounts to €1,435K at December 31, 2013, as against €1,239K at December 31, 2012.

Other operating income and expenses

Other operating income and expenses are broken down as follows:

(in €K)	31/12/2013 12 months	31/12/2012 12 months
MICROWAVE VISION Other operating income and expenses	32	62
Total other operating income and expenses	**32**	**62**

Financial result

(in €K)	31/12/2013	31/12/2012
Cost of net financial debt	306	386
Other financial income and expenses	25	76
Financial result	**331**	**462**

The cost of the financial debt is primarily derived from reimbursement of the interests on the loans taken out for acquisition of ORBIT/FR, ANTENESSA and the 2013 loan.

Corporate taxes

The Group's parent company, MICROWAVE VISION SA, applies French tax law which stipulates a corporate tax rate of 33.33% as of December 31, 2013. The deferred tax assets and liabilities for entities are calculated using the expected rates for 2012 and 2013. Foreign entities apply the tax rate applicable in the country in which they are established.

(in €K)	31/12/2013	31/12/2012
Taxes payable	444	481
Deferred taxes	369	81

The following table provides reconciliations between the theoretical tax expense by applying the tax rate in effect in France on December 31, 2013 and the tax expense recorded.

(in €K)	
Profit before tax and minority interests	3,913
Theoretical corporate tax rate	33%
Theoretical income tax expense	1,304
Effect of tax rate differentials, changes in tax laws and miscellaneous	-152
Permanent difference	-485
Carried forward losses generated during the year and not converted into assets	148
Consumption of deficits not converted into assets in 2013	0
Conversion of ORBIT 2008 deficits into assets	0
CIR 2008 tax audit	0
R&D costs	0
Other elements	-3
Income tax expenses for fiscal 2013	**-813**

Earnings per share

	Before dilution	After dilution
Group net income	€2,964K	€2,964K
Number of shares	3,555,945	3 3,563,945
Net earnings per share	€0.8335	€0.8317

Exchange difference

We observe a foreign exchange gain at 31 December 2013 for an amount of €274,915 and a foreign exchange loss of €131,564.

APPENDICES

8/ Segment Information

The Group divides its activity into 4 Business Units, with one sector carrying out the single-sensor instruments activity.

- The AMS Business Unit
- The EMC Business Unit
- The EIC Business Unit
- The NSH Business Unit

Segmented income statement

Year ending December 31, 2013	AMS	EMC	EIC	NSH
Revenue	42,782	7,216	1,500	0
Operating income	5,477	371	-516	-1,088

Year ending December 31, 2012	AMS	EMC	EIC	NSH
Revenue	41,218	3,250	1,800	0
Operating income	4,198	524	-494	-509

Segmented balance sheet

Given the transversality of the technical means across the Group, the noncurrent assets and liabilities could not be broken down equitably by Business Unit. Consequently, the income statement breakdown is limited to the main current assets and liabilities items.

Year ending December 31, 2013	AMS	EMC	EIC	NSH
Stock	6,146	831	223	NS
Accounts receivable	6,553	1,304	454	0
Accounts payable	6,316	745	38	NS

Year ending December 31, 2012	AMS	EMC	EIC	NSH
Stock	5,294	396	196	NS
Accounts receivable	7,833	912	545	0
Accounts payable	5,128	852	447	NS

The NSH income statement data are considered insignificant due to the 100% R&D focus of this business unit.

Revenue by destination

(in €K)	31/12/2013 12 months	31/12/2012 12 months
Europe	15,450	11,513
North America	18,540	11,483
Asia	17,509	23,362
TOTAL	**51,499**	**46,358**

Revenues are distributed according to the location of the entity responsible for generating these sales.

9/ Related Party Disclosures

Identification of related parties

There are no associated companies or joint ventures.

The key executives of MICROWAVE VISION are:
- Philippe Garreau (CEO)
- Arnaud Gandois (COO)
- Luc Duchesne (COO)
- Gianni Barone (Sales Director)
- Pascal Gigon (CFO) carries out his role through the GFC structure
- Eric Beaumont (Business Development and Strategy Director)

Conventions

Under the support services agreement between Microwave Vision SA and its subsidiaries, Microwave Vision SA invoices its subsidiaries an amount based on the annual budget of all the costs of its operational divisions. For fiscal 2013, the amounts billed under this agreement amounted to €7,654K. Since these are internal services within the Group, they are eliminated in the consolidation process.
The same applies for the cash management agreement with SATIMO Industries for which the interest is offset in consolidation.

Relations with principal executives

> Remuneration of the executive officers: Chairman of the Board of Directors and COOs

This remuneration amounted to €476,211 under their employment contracts. No attendance fee is paid to members of the Board. In the executive officers' remuneration, we can specify that Mr. Garreau receives short-term vehicle benefit for an annual amount of €3,240. All other categories of post-employment benefits, other long-term benefits, severance and terminations and miscellaneous payments in shares are not applicable by the company.

> Share warrants and option plans

The option plans for stock subscriptions and warrants relate to executives and key personnel of the company.

Main characteristics of the 8,000 share warrants issued by the Board at its meeting of February 17, 2007:

- Each warrant entitles the holder to subscribe for one common share of MICROWAVE VISION of a nominal value of €0.20;
- Unit price of warrant issue: €2.32;
- Unit subscription price of the share: €23.20;
- Exercise period: February 26, 2017.

10/ Other Information

Financial risk management

Exposure to rate risk

The Group is exposed to exchange rate risks and to interest rate risks. The main financial instruments of the Group consist of bank loans and overdrafts from banks and cash. The Group also holds financial assets and liabilities such as trade receivables and payables which are generated by its activities.

Exposure to currency risk

The Group does not hedge its exchange rate risk.

Off balance sheet liabilities

The distribution of the balance sheet liabilities is as follows:

- Foreign market advance payment guarantee: €1,115,215
- Pledging of business assets: €5,300,000
- Pledging of business assets: €6,000,000 (debt repaid, discharge to be requested)
- Pledging of business assets: €1,150,000 (debt repaid, discharge to be requested)
- Pledging of business assets: €3,600,000 (debt repaid, discharge to be requested)

Individual Right to Training (DIF)

Under the individual right to training, the number of acquired but unused hours amounts to 8,333 as of December 31, 2013.

Fees paid to auditors

For fiscal year 2013, the Group paid €185,223 to its auditors.

Staff numbers by category as of December 31, 2013:

Management	241
Non-management	80
Total	321

List of Appendices

Global Presence

With over 90% of sales coming from outside of France, the Group has expanded its reach to better serve Europe, Asia and the Americas. It currently operates through twenty offices in 9 countries world-wide.

Absorber production site in California

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