EUROPLASMA

A leading Provider of Clean Technology and Clean Energy Solutions

TORCH & PROCESS
GROUPE EUROPLASMA

CHO-POWER

Inertam

REGISTRATION DOCUMENT 2013

ALEUP
LISTED
NYSE
ALTERNEXT

.

Registration document filed with the AMF (French Financial Markets Authority)

In accordance with its general regulations, particularly Article 212-13, the French Financial Markets Authority filed the present registration document on 26 August 2014 under number R.14-051. This document may only be used in support of a financial transaction when it is supplemented by a prospectus approved by the AMF. It has been prepared by the issuer and is binding for its signatories.

The document was filed, in accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code after the AMF had checked that it was complete and comprehensible and that the information therein was coherent. This does not imply verification by the AMF of the accounting and financial items presented.

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

INTRODUCTORY NOTE

In this document, Europlasma SA is referred to as the "Company", the Company and its subsidiaries as the "Group" and the subsidiaries of the holding company, Financière GEE SAS, as the "Europe Environnement subgroup".

The consolidated financial statements have been reformatted. The group and company consolidated financial statements in their French original version can be accessed at the Company's head office and on the www.europlasma.com website.

The Activity Report is taken from the Board of Directors' 2013 Management Report, supplemented and amended with the additional information required for the Registration document.

In accordance with Article 28 of EC Regulation No. 809/2004, the following information is included as reference in the present document:

- Consolidated financial statements for the financial year ending 31 December 2012 and the corresponding Statutory Auditors' Report, included in the Europlasma SA registration document filed with the AMF on 10 January 2014 (under number R. 14-001), on pages 133 to 194 and 195 to 196;
- Consolidated financial statements for the financial year ending 31 December 2011 and the corresponding Statutory Auditors' Report, included in the Europlasma SA registration document filed with the AMF on 29 May 2012 (under number R. 12-021), on pages 115 to 181 and 182 to 183.

Unless otherwise specified, all amounts are shown in thousand euros (T€).

Limited Company with capital of €2,309,201.30
471 Route de Cantegrit Est - BP 23
F-40110 Morcenx
Tel.: +33 (0) 556 497 000
B 384 256 095 RCS Mont-de-Marsan

CONTENTS

1. RESPONSIBILITY FOR INFORMATION

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 PERSON RESPONSIBLE

Jean-Eric PETIT
Managing director of Europlasma SA
471, Route de Cantegrit Est, F-40110 Morcenx
Tel.: +33 (0) 556 497 000
Fax: +33 (0) 556 497 019
jepetit@europlasma.com

1.1.2 STATEMENT

I hereby certify that, to my knowledge and after all due diligence, the information contained in this registration document is true and accurate and contains no omissions likely to affect the import thereof.

I have obtained from the Statutory Auditors a letter confirming that they have completed their work, in which they state that they have checked the information on the financial position and financial statements included in this registration document and that they have read the entire document.

The Statutory Auditors drew up a report on the consolidated financial statements for the year ending 31 December 2013, which included an observation on the company's financial situation and a reservation relating to the uncertainty on the operating continuity discussed in notes of the financial statements paragraph 2.1.2, and paragraph 4.2, relating to the liquidity risk, as well as the financial measures already in place and those envisaged in 2014, as described in notes1 "major events of the period" and 14 "events after the balance sheet date". This report is included on pages 190 and 191 of this registration document.

The Statutory Auditors drew up a report on the consolidated financial statements for the year ending 31 December 2012, presented in the registration document filed with the AMF under number R.14-001, which included a reservation relating to the valuation of goodwill for Europe Environnement and AMCEC, as well as an observation relating to note 2.1.2 of the financial statements concerning the going concern basis, supplemented by note 13 on post balance sheet dates. This report is included on pages 195 and 196.

The Statutory Auditors drew up a report on the consolidated financial statements for the year ending 31 December 2011, presented in the registration document filed with the AMF under number R.12-021, which included an observation relating to note 3 of the financial statements, which sets out the changes in accounting standards and the impact of the initial adoption of IFRS on the consolidated financial statements. This report is included on pages 182 and 183.

Jean-Eric Petit
Managing director

1.2 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Estelle Mothay
Chief Financial Officer of Europlasma SA
21, rue Daugère, F-33520 Bruges
Tel.: +33 (0) 556 497 000
Fax: +33 (0) 556 497 019
emothay@europlasma.com

1.3 FINANCIAL INFORMATION

All corporate documents that must be available to shareholders may be consulted at the Company's registered office:

Europlasma SA
471, Route de Cantegrit Est, F-40110 Morcenx
Tel.: +33 (0) 556 747 372
Website: www.europlasma.com

In particular, the following documents can be consulted:
- the Company's Articles of Incorporation and Articles of Association;
- any reports, letters and other documents, valuations and declarations by an expert at the issuer's request, part of which is included in this presentation document;
- the Company's historic financial information.

1.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

1.4.1 STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Michel Pasquet
14, boulevard du Maréchal de Lattre de Tassigny, F-86000 Poitiers

Renewed by the Ordinary General Meeting of 8 November 2013 for a term of six financial years.
The appointment expires at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

The PricewaterhouseCoopers firm is a member of Compagnie Régionale des Commissaires aux Comptes de Versailles (Versailles regional auditors association).

Deixis

Represented by Nicolas de Laage de Meux
4 bis, Chemin de la Croisière, F-33550 Le Tourne

Renewed by the Ordinary General Meeting of 20 June 2012 for a term of six financial years.
The appointment expires at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2017.

The Deixis firm is a member of Compagnie Régionale des Commissaires aux Comptes de Bordeaux (Bordeaux regional auditors association).

1.4.2 SUPPLEMENTARY STATUTORY AUDITORS

Etienne Boris

63, rue de Villiers, F-92200 Neuilly sur Seine

Renewed by the Ordinary General Meeting of 8 November 2013 for a term of six financial years.
The appointment expires at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

Jean-Luc Mechin

36, Boulevard Guillet-Maillet, F-17100 Saintes

Renewed by the Ordinary General Meeting of 20 June 2012 for a term of six financial years.
The appointment expires at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2017.

2. GROUP PRESENTATION

GROUP PRESENTATION

2.1 MESSAGE FROM THE CHAIRMAN

2013 and the start of 2014 were more difficult than expected and yet were marked with several successes.

Firstly, we had a change in governance at the start of July 2013, when the director François Marchal was appointed Managing director to ensure continuity in the Group's management following the departure of its founder.

Jean-Eric Petit was subsequently recruited as Managing director and took up his position at the start of January 2014. Jean-Eric has the necessary training and experience to see Europlasma through its recovery and the expectations of the Board of Directors have been met in the first few months of business which have shown that Jean-Eric's dynamism and daily work have motivated the entire management team.

In December 2013, we sold our 50.2% owned subsidiary Europe Environnement (involved in air treatment for the industrial sector) to a major industrial group. The disinvestment was completed within the expected timeframe despite an unfavourable background.

Another positive was the improved performance of our asbestos treatment plant, Inertam. The investment granted in 2012 for load preparation required several months to develop but will ensure significant and sustained improvement in the plant's performance for years to come. The tri-annual refurbishment of the vitrification furnace which was completed in the summer of 2013 also contributed to the improved production reported at the end of 2013.

The greatest difficulty for 2013 were the technical problems encountered at the Morcenx energy recovery plant, which delayed the contractual Take Over Date resulting in cashflow problems for the Group. We therefore entered a conciliation process in February 2013, which ended with the plant's approval in September 2013; our reference shareholder Credit Suisse Europlasma SPV LLC and our financial partner and owner of the CHO Morcenx plant provided the necessary loans to cover the cash flow requirements to fund the disassembly of the faulty gasifier and the acquisition of a new better performing unit. This unit was installed within the schedule and budget established in the initial forecasts.

In January 2014, Europlasma issued a capital increase to fund its working capital requirements until the plant is provisionally delivered. This fund raising operation, in addition to the partial conversion of a loan into shares by our reference shareholder, was a success and was oversubscribed, a clear testimony of our shareholders' and partners' confidence in the company.

Given the time required to adjust the different equipment in the plant, essential for this type of high performing installation, the Take Over Date (TOD, date of the preliminary technical delivery of the Morcenx plant planned for the end of February 2014) was not achieved until mid-June 2014. Several measures were implemented during this delay period, such as the temporary suspension of Europlasma trading, deferred payments to our public and private partners and the implementation of new bridging loans with our reference shareholder and financial partner for the CHO Morcenx plant.

The preliminary acceptance of the plant is a real success for management and Europlasma's partners and lends credibility to the success in the first half of 2015 of the plant's definitive acceptance and consequently the development of our plans to construct other plants to produce electricity from waste and biomass, CHO Power.

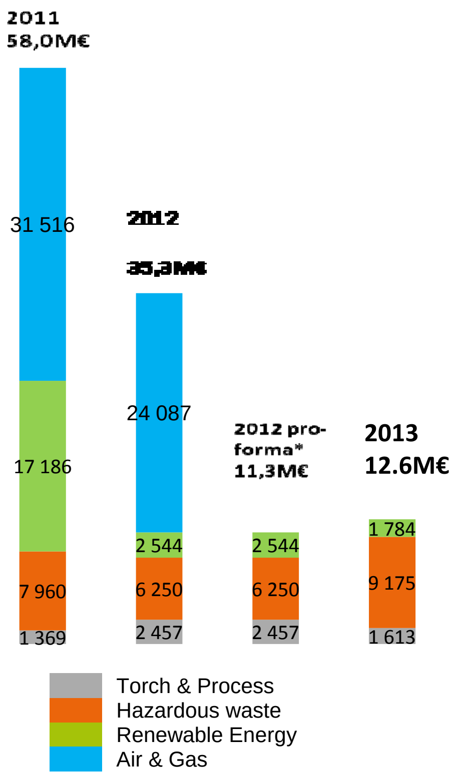
Innovation to support Growth: this is a challenge that Europlasma is close to achieving.

Pierre Catlin
Chairman

2.2 KEY FIGURES

In €'000s	31/12/2013	31/12/2012 Pro forma	31/12/2012 Actual	31/12/2011
Revenue	12,572	11,251	35,338	58,030
EBITDA**	-5,341	-10,269	-9,204	2,688
Operating income	-9,135	-17,934	-18,215	-446
Financial income	-899	-3,888	-4,327	-345
Net income from discontinued operations	-2,523	-519	0	0
Net income (Group share)	-11,697	-20,891	-20,891	-1,341
Net income (Group share) per share, in Euros per share*	-0.74	-1.33	-1.33	-0.09

Breakdown of revenue



Sale of the Air & Gas business for a total amount of €3.5 million

47% growth in revenue from hazardous waste, thus confirming the relevance of the €2 million investment for load preparation at the asbestos treatment plant.

***** The Air & Gas business was sold on 16/12/2013. Revenue at 31/12/2013 does not take into account revenue from the Air & Gas business since it is included in discontinued operations.

In €'000s	31/12/2013	31/12/2012 Pro forma	31/12/2012 Actual	31/12/2011
Non-current assets	27,847	32,442	46,055	48,631
Non-cash current assets	18,465	37,670	22,886	27,900
Equity - Group share	2,374	13,808	13,808	34,556
Non-controlling interests	748	2,133	2,133	2,446
Non-current financial liabilities	15,935	12,921	19,753	11,997
Other non-current liabilities	1,729	812	1,648	1,523
Current financial liabilities	1,810	1,444	3,803	3,500
Other current liabilities	25,694	41,879	31,852	34,472
Net debt**	15,767	11,479	19,501	3,534
Gearing**	0.8	0.4	0.6	0.1
Equity per share, in € per share *	0.15	0.88	0.88	2.22

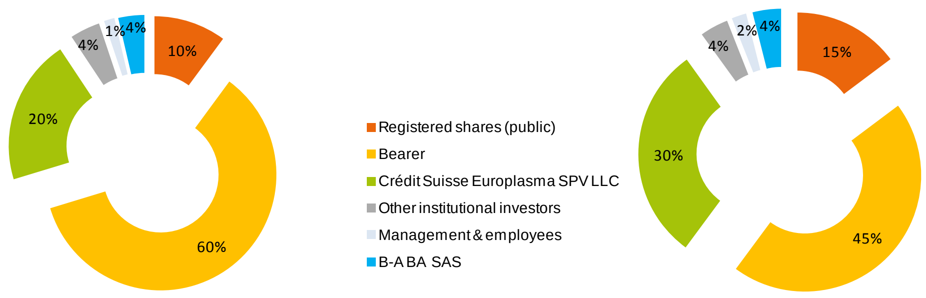
* Average number of shares outstanding during the period
** The definitions of EBITDA, net debt and gearing are given in section 6.1 Financial and legal glossary.

2.3 SHAREHOLDERS AND STOCK EXCHANGE

2.3.1 DISTRIBUTION OF SHARE CAPITAL

Based on an analysis of the registered shareholder listings, the Company's shareholder allocation as at 31 July 2014 is as follows:

Distribution of share capital | **Distribution of voting rights**



*B-A BA is a simplified joint stock company with capital of €100,000, entered in the Nanterre Trade and Companies Register under number 513 406 058 with domicile at 27 rue de Versailles, F- 92410 Ville d'Avray.

At 31 December 2013, the share capital was fixed at €1,576,473.50 and divided into 15,764,735 ordinary shares each with a par value of 10 euro cents (€0.10).

A capital increase with preferential subscription rights was launched on 6 January 2014 and was closed after a four-day extension on 24 January 2014. The 7,251,778 new shares created under this capital increase were delivered and listed on 4 February 2014.

16,000 new shares were also issued on the same date as part of free share allocations.

On the date of the present document, the share capital is fixed at €2,309,201.30 and divided into 23,092,013 ordinary shares each with a par value of ten euro cents (€0.10). These shares can either take the form of registered shares (pure registered or administered registered) or of bearer shares.

The shares must be recorded in a share register under the conditions set out by the laws and regulations in force. The rights attached to the shares generate an entry in the share register in the terms and conditions set out by regulatory and legislative provisions in force. Shares registered for more than two (2) years hold double voting rights (Article 12 in the Articles of Association).

See paragraph 5.2.2 Distribution of the registered share capital over the last 3 financial years years for more detailed information.

2.3.2 THE EUROPLASMA SHARE

2.3.2.1 Information sheet

Listing market	Euronext Paris
Market	Alternext
Index	Alternext All Shares (ALASI)
Number of ordinary shares	23,092,013
ISIN code	FR0000044810
Mnemo	ALEUP
PEA PME eligibility	Yes
IR PME and ISF PME eligibility	Yes
FCPI eligibility	Yes
SRD eligibility	No

2.3.2.1 Securities services

Securities services are provided by:

Caceis Corporate Trust
14 rue Rouget de Lisle
F-92862 Issy Les Moulineaux

Tel.: +33 (0) 157 780 004
http://www.caceis.com

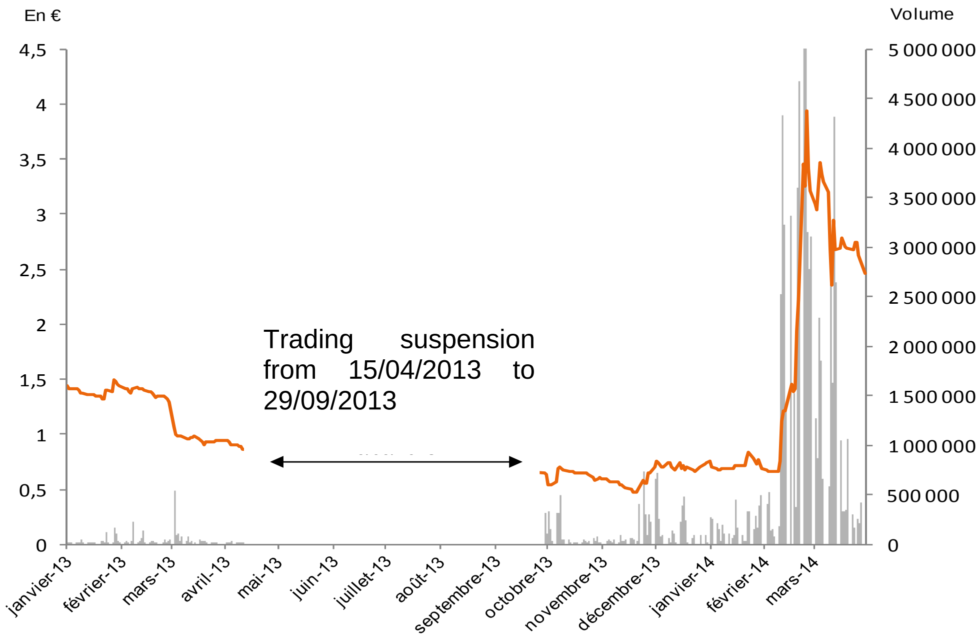
2.3.2.2 Share report

	2013	2012	2011
Closing price (in €)	0.78	1.52	1.48
Closing market capitalization (in €)	12,296,493	23,920,597	23,170,932
Average daily volume (no. of shares)	90,723	17,492	32,698
Highest price (in €)	1.53	2.03	2.39
Average price (in €°	0.79	1.58	1.78

Euronext source

2.3.3 CHANGE IN THE STOCK MARKET PRICE

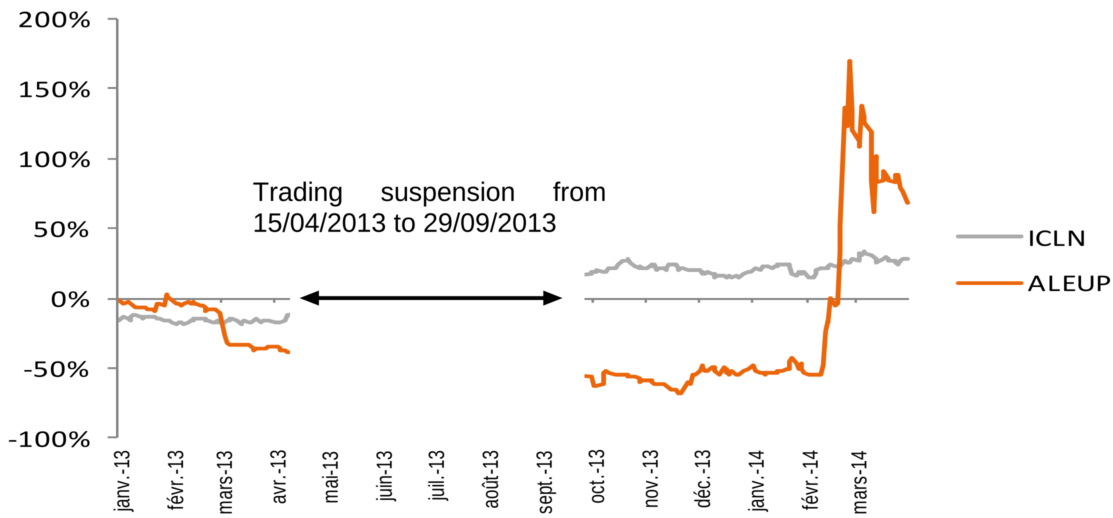
ALEUP share price and volume from 1 January 2013 to 31 March 2014



Trading on the company's shares was suspended on 15 April 2013 at the company's request. Prior to the suspension, the share closed at the price of €0.92. Trading was resumed on Monday 30 September 2013 at 09.00 under normal market conditions.

The company requested that trading be suspended once again after the 2013 closing balance, from 1 April 2014 until further notification.

Comparison of ALEUP with the S&P Global Clean Energy index[1] from 1 January 2013 to 31 March 2014



[1] The Standard & Poor's Global Clean Energy (ICLN) index is composed of 30 companies throughout the world which are involved in the renewable energy sector. This index comprises a diversified group of clean energy producers or suppliers of clean energy equipment and/or technology.

2.4 KEY DATES

1992: Origins
Europlasma is borne of an idea - to use plasma torch technology in industrial applications - and a meeting between two men: Maxime Labrot and Didier Pineau.
Plasma torch technology, originally developed by the aerospace industry, is used to produce temperatures approaching those of the sun and melt materials.

1997: The move into the industrial era
After testing the possibility of using plasma torch technology to vitrify (make inert and reusable) the ash produced by waste incineration (REFIOM) on a pilot site, Europlasma signs an agreement with the Urban Community of Bordeaux (La Communauté urbaine de Bordeaux) for the supply of an ash vitrification unit for the household waste incinerator in Cenon (Gironde). This unit goes on to treat eight tonnes of fly ash a day, operating 24 hours a day, seven days a week.

2000: International expansion
Its dense population and small land mass make Japan a target country for ash vitrification. These two factors impose incineration as the main method of dealing with household waste in Japan. Within this context, Europlasma sells non-exclusive licences for its ash vitrification process to two large Japanese companies, Kobelco Eco-Solutions (Kobe Steel group) and Hitachi Zosen and installs four vitrification units for ash produced by the incineration of household waste.

2001: Public offering launched
On 28 September 2001, the company is listed on the stock market, placing 23.7% of its capital on the Euronext Paris Marché Libre. Europlasma raises €3 million from private individuals, allowing it to ensure its development and take over the operation of the asbestos waste treatment site, Inertam, located in Morcenx (Landes, France) which belonged to EDF.

2005: Asbestos vitrification takes centre stage
Europlasma raises more than €25 million via a private placement with European investors.
Europlasma becomes the 100% owner of its Inertam subsidiary (purchase of minority shareholdings owned by financial institutions);
The new fusion line at the Inertam site (L3) with a treatment capacity of 8,000 tonnes of asbestos per year is inaugurated after two years of development.

2006: Joint venture with Europe Environnement
In October 2006, Europlasma takes over Europe Environnement, a specialist in air and gas treatment and the diffusion of odours. This operation is in keeping with the group's goal of becoming a major force in the eco-industry sector, allowing Europlasma to expand its range of technological services. The Group's workforce grows from 60 to more than 180.

2007: : Diversification into green energies
Europlasma moves into industrial-scale renewable energy production with its CHO Power project.
Crédit Suisse Europlasma SPV acquires an equity interest in Europlasma via a private placement of €11m;
The Europe Environnement subgroup acquires Ventacid and Protech Air.

2008: Expansion in the USA
The Europe Environnement subgroup continues its growth with the acquisition of AMCEC (Chicago, USA), which specialises in the treatment of Volatile Organic Compounds.

2009: Share listing transferred to Alternext
Europlasma's shares are listed on a continuous basis.

2010: An international reputation
Europlasma raises more than €6m through public and private offerings.
With the help of a financial partner, Europlasma begins the construction of the CHO Power plant in Morcenx (Landes, France). This plant, designed to produce 12MW of electricity from biomass waste, represents a total investment of more than €40m.
Europlasma and Kobelco Eco-Solutions (“Kobelco”, Kobe Steel Group) undertake a joint research and development programme for electricity production from waste (KIWI).
Europlasma signs an agreement for the supply of a low-level radioactive waste treatment and conditioning solution for the Bulgarian nuclear power plant.

2011: Success in air and gas
The Europe Environnement subgroup successfully completes the final stages of the agreement signed in 2010 with Air Liquide for the supply of two gas treatment lines as part of 3Sun's construction of Europe's largest photovoltaic cell and panel plant in Catania (Italy), with the industrial commissioning of two lines.

2012: Commissioning of the first CHO Power plant
The first CHO Power plant to produce electricity from waste and biomass was opened and commissioned and supplied its first MWhs of electricity to EDF OA. However, the plant had to be closed soon after since the gasifier did not meet expectations.
At the same time, the Group and its Japanese partner performed their first testing campaign on the KIWI pilot to diversify and optimise the process. The tar destruction rate measured (>90%) guarantees that the quality of the syngas is suitable for powering gas engines.

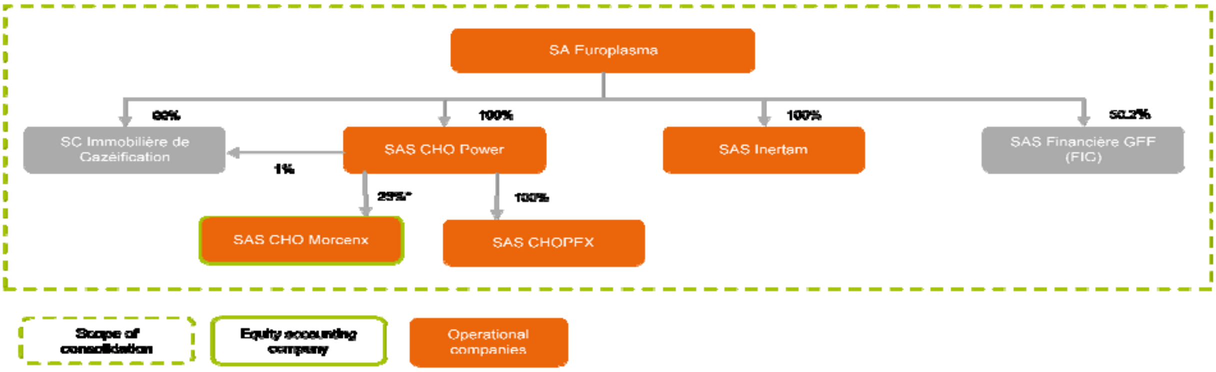
2013: Sale of the Air and Gas business
Europlasma focuses on its core business and proprietary technologies by selling the Air and Gas business, supported by Europe Environnement, to the Belgian group CMI in December 2013.

2.5 BUSINESS OVERVIEW

Europlasma is an industrial group whose savoir-faire built up over 20 years is based on a patented technology, the plasma torch, which allows high temperatures to be reached without fossil fuel. Europlasma's business consists of developing, constructing and operating numerous applications of this unique procedure, to benefit mankind and his environment.

2.5.1 GROUP STRUCTURE

As at 31/12/2013



Changes in consolidation scope (2013)

All assets and liabilities of ATS Corp, which is wholly owned by Europe Environnement SA, were transferred to Amcec Inc on 1 January 2013.

CHOPEX SAS, wholly owned by CHO Power SAS, was created on 17 July 2013. This company will operate the CHO Morcenx electricity plant once the plant is definitively delivered to its owner CHO Morcenx, scheduled for the end of 2014.

Europe Environnement, 99.4% owned by Financière GEE SAS (FIG), was sold to the CMI Group on 16 December 2013.

2.5.2 ACTIVITIES

The Europlasma Group is positioned at the overlap between the environmental and energy markets with its three sectors of activity:

Research and Engineering, torches & processes — TORCH & PROCESS

Designer and manufacturer of plasma torch systems for industrial applications, primarily in the waste disposal and high-temperature gasification sectors.

Renewable energy — CHO POWER

Supplies and operates waste and biomass power generation plants. Technology based on improved gasification using a plasma process to clean tar.

Hazardous waste — inertam

Integrated operator from collection to treatment of asbestos waste by plasma vitrification, the only sustainable alternative to disposing of asbestos waste in landfills.

2.5.3 MAIN MARKETS

2.5.3.1 Plasma torches market

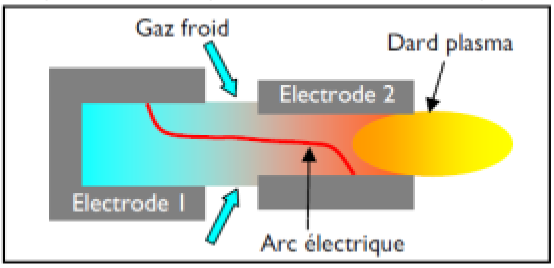
2.5.3.1.1 Technology

An arc plasma heating device produces a gas flow at a very high temperature by passing the gas to be heated through an electrical arc flash. There are primarily two types of plasma torch technologies:
- non-transferred arc plasma torches; and
- transferred arc plasma torches.

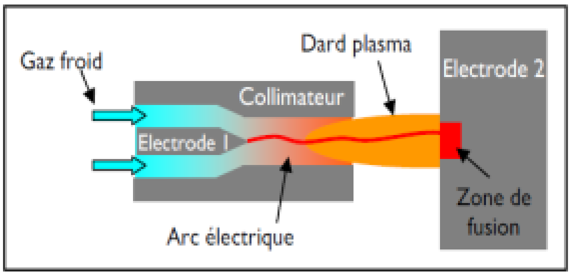
Non-transferred arc torch (or plasma spraying): Torch & Process offers torches based on non-transferred arc technology. In this case, the electrical arc is initiated inside the torch, between two metal electrodes, and remains inside the torch at all times. The plasma spike exiting the torch is in fact the initially cold gas which is reheated when it comes into contact with the electrical arc.

Transferred arc torch: In this case, the arc is called transferred since the electrical arc is held between the upstream electrode and a conductive filler to be reheated or melted: one of the electrodes is outside the torch, generally the conductive material to be treated, thus allowing the arc to form outside the torch over a large distance.

Diagrams showing the different technologies:



Non-transferred arc torch



Transferred arc torch

The two types of torch can function in a reducing or oxidising atmosphere since their electrodes consist of specific metal alloys. However, the non-transferred arc torch can function alone while the transferred arc torch requires a conducting material as a second electrode, thus limiting its applications.

2.5.3.1.2 The operators

According to internal sources, there are around 10 recognised operators in the plasma torch field. The majority of these have been in existence for several decades but not all of them have been successful in selling their systems to the industrial sector.
There are therefore two categories of operators:
- Operators who have developed operational industrial references: Europlasma, Westinghouse Plasma, Scan Arc, Tetronics, Pyrogenesis and Phoenix Solutions;
- And operators with prototypes or who have made sales in the R&D field: HTT Corp., InEntec and PEAT International.

Torch & Process therefore operates in a market which is moderately competitive with high entry barriers.

2.5.3.1.3 Market prospects

Although non-transferred arc plasma torches were first used in the field of metallurgy or as a boiler starter, an internal study shows that nowadays the energy production (solutions or processes to support the generation of energy containing plasma) and waste treatment (process for plasma vitrification of hazardous waste and melting of radioactive waste) markets are the most promising. These are followed by applications involving biofuel and recovery of low-grade gas.

2.5.3.2 The renewable energy market

2.5.3.2.1 The development of renewable energy

A renewable energy is an energy source that is replenished naturally and will thus not run out.[2] Solar, wind, hydraulic and geothermal power, energy derived from wood, waste, crop residues, biofuel, biogas and heat pumps are renewable energy[3].
The use of renewable energy is increasing, against a backdrop of:
- significant demographic growth: the world's population is set to rise from 7 billion in

[2] "White Paper on Renewable Energy", Syndicat des Energies renouvelables (renewable energy board), January 2012.
[3] According to the INSEE's definition.

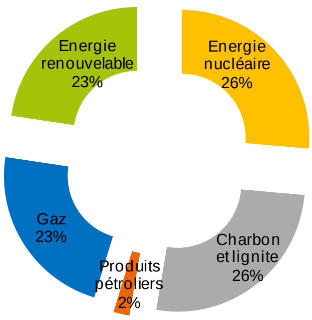
December 2012 to 9.3 billion in 2050, according to the UN's mid-range estimate[4];

- rising world energy needs: the International Energy Agency forecasts an increase of one-third in energy demand between 2010 and 2035[5] in its "New Policies" scenario;
- rising prices of traditional energy sources, mainly oil and natural gas, and uncertainty surrounding future production capacities;
- environmental concerns: CO_2 emissions reached a new high in 2010[6], whereas the Kyoto protocol signed in 1997 set greenhouse gas emission reduction targets.

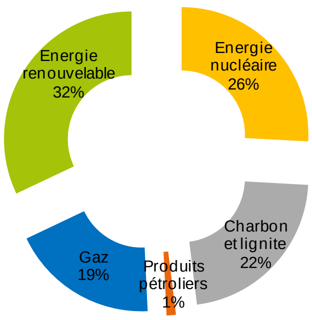
In Europe, the climate plan, commonly known as the "20 - 20 - 20", sets the proportion of renewable energy in the energy mix at 20% and imposes a reduction in greenhouse gas emissions of 20% below 1990 levels by 2020.

According to the European Commission[7], the proportion of renewable energy should exceed 23% in 2015 and 32% in 2030 in Europe (see graphs below).

Production brute d'électricité (TWh) 2015



Production brute d'électricité (TWh) 2030



[4] "World Population Prospects - The 2010 Revision" UN Report, published in 2011.
[5] "World Energy Outlook 2011" Summary Report by IEA.
[6] "World Energy Outlook 2011" Summary Report by IEA.
[7] Source: Eurostat 2009, "EU energy trends to 20130", baseline scenario.

2.5.3.2.2 Production of energy from waste and/or biomass

The use of waste and/or biomass in the energy production process also provides solutions to problems relating to:

- waste management;
- energy independence;
- regular energy production.

According to the European Commission[8], the generation of electricity from biomass is set to increase by almost 50% in volume by 2030 and account for 18% of renewable electricity generation.

2.5.3.2.3 Technology

The main techniques used in energy recovery from waste and/or biomass are the following:

- biological treatments:
  - methanization, anaerobic biological treatment (oxygen-free) of fermentable materials in a closed reactor (digester),
  - energy recovery from landfill biogas, a low-yield natural process, compulsory in France;
- thermal treatments:
  - incineration, thermal treatment of waste with excess air and at a high temperature, with the possibility of energy recovery by recovering the heat generated by the combustion, in a clean heating system,
  - pyrolysis, thermal treatment with absence of air and at a medium temperature,
  - gasification, thermal treatment with absence of air at a high temperature allowing the recovery of solid waste containing a combustible fraction of synthesis gas, which is converted into electricity.

2.5.3.2.4 The operators

According to our internal sources, other operators have entered the market of renewable energy production using gasification enhanced with plasma technology: Advanced Plasma Power (a private UK company), Alter NRG (a listed Canadian company), Plasco Energy Group (an unlisted Canadian company) and, most recently, GS Platech (a private Korean company). Small units, or "pilots", are currently operating or are at various stages of testing. Unlike the Europlasma Group, these

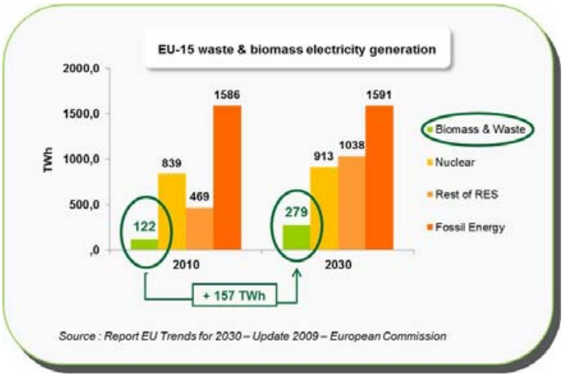
[8] Source Eurostat 2009, "EU energy trends to 2030"

operators use plasma torch technology that they do not necessarily own.

2.5.3.2.5 Market prospects

An internal study based on data from the European Commission estimates that the BtE (Biomass to Electricity) production sector in Europe should more than double between 2010 and 2013, reaching 279 TWh in 2030 and representing capacity to install 34,886 MWe. The SBI's report of April 2012[9] specifies that this growth is supported by the following two accelerating factors:

- An increasing demand for viable methods of waste management;
- A European policy that imposes a significant reduction in landfilling.



However, in recent years, the growth of this market has been limited by the lack of suitable technologies.

Thanks to the use of efficient gasification technologies, the volume of electricity produced from waste and biomass will increase significantly over the next few years. The study shows that in Europe, this additional capacity for renewable electricity to be installed between 2015 and 2030 is estimated at 19,649 MWe, including 6,501 MWe which will be produced by advanced gasification technologies.
France alone will represent close to 20% of this market with 1,273 MWe to be installed by 2030, representing more than 120 electricity plants of a reasonable size with the capacity to supply a catchment area of approximately 100-150,000 inhabitants, distributed throughout the entire territory to meet demand. This positions France as one of the most attractive countries within the European market, supported by feed-in tariffs and increased landfill charges.
The UK is the second most attractive country with 16% of this market, representing 1,083 MWe to be installed by 2030. The UK has confirmed its support for the development of gasification technologies, by implementing, in particular, a virtuous feed-in system (Renewable Obligation).
Article 42 of the IED 2010-75 Directive on industrial emissions recognises the virtues of gasification technologies and distinguishes this technology from incineration. This European Directive is currently being transcribed in the different countries of the Union. The directive will alleviate the very restrictive regulatory framework relating to gasification, which is generally still classified as incineration. This will make it easier to fulfil the 2020 objectives for strong growth in renewable energy in Europe set out in the European Union Climate Plan.

[9] SBI Bulletin, "Waste to Energy Technologies, Market size and growth: 2006-2021", April 2012.

2.5.3.3 Hazardous waste market

2.5.3.3.1 Management of hazardous waste

According to data from Eurostat, households and businesses in the 27 European Union countries produced an average of 196 kg per person of household waste in 2008, compared with 204 in 2006 and 181 in 2004.

In Europe, the European Commission's Framework Directive on Waste (Directive 2006/16/EC) imposes controls in relation to the management of hazardous waste, in particular:
- traceability requirements;
- a ban on mixing hazardous waste with any other waste; and
- the requirement to notify the Commission about any waste which has hazardous properties, but which is not classified as such.

In 1994, European regulations were strengthened with the adoption of the Basel Convention. This international treaty, which was signed by 176 countries, defines the rules for the control of transboundary movements of hazardous waste in order to restrict its export to emerging markets, where treatment costs are low.

In France, Article L.541-2 of the Environmental Code stipulates that all producers of waste are legally obliged to manage their waste or ensure it its managed by third parties in accordance with the provisions of Book V, section IV, Chapter I of the legislative section of the Environmental Code.
All producers and holders of waste are responsible for the management of their waste until its final disposal or recovery, even where the waste is transferred to a third party for treatment.
All producers and holders of waste must ensure that the person to whom it is transferred is authorised to manage it.

At the same time, the European Parliament's resolution of 14 March 2013 focuses on the proper management of asbestos waste and asks the Member States to take measures to promote and support research into environment friendly alternatives as well as the technologies required to implement these, to make the processes secure, such as rendering asbestos waste inert, to neutralise active asbestos fibres and convert these into material that poses no risk to public health.

2.5.3.3.2 Radioactive waste

Definition and management methods

According to the Environmental Code, "radioactive waste" refers to "radioactive substances for which no further use is foreseen or planned".

According to the January 2012 Court of Auditors' report, radioactive waste originates mainly from the nuclear power industry (62%), as well as from the Research (17%), Defence (17%), Industry (3%) and Medical (1%) sectors.
Radioactive waste is categorised under two main criteria:
- activity, calculated according to the type and quantity of the radioactive substances contained within the waste, and half-life;
- which corresponds to the time needed for the level of activity to reduce by half.

The table below sets out the various radioactive waste management methods in France according to their category:

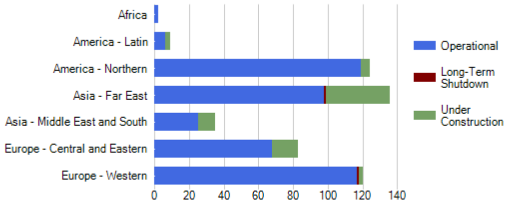
<table>
<tr><th>Period
Activity</th><th>Very short-lived
(< 100 days)</th><th>Short-lived
(≤ 31 years)</th><th>Long-lived (> 31 years)</th></tr>
<tr><td>VLL
Very Low-Level Waste</td><td rowspan="3">Managed by radioactive decay</td><td colspan="2">Recycling or surface storage</td></tr>
<tr><td>LL
Low-Level</td><td rowspan="2">Surface disposal</td><td>Near-surface disposal (undergoing examination under the law of 28/06/2006)</td></tr>
<tr><td>ML
Medium-Level Waste</td><td></td></tr>
<tr><td>HL
High-Level Waste</td><td>Not applicable *</td><td colspan="2">Deep disposal (in planning under the law of 28/06/2006)</td></tr>
</table>

* High level waste with a very short life does not exist

Source: national radioactive materials and waste management plan 2013-2015

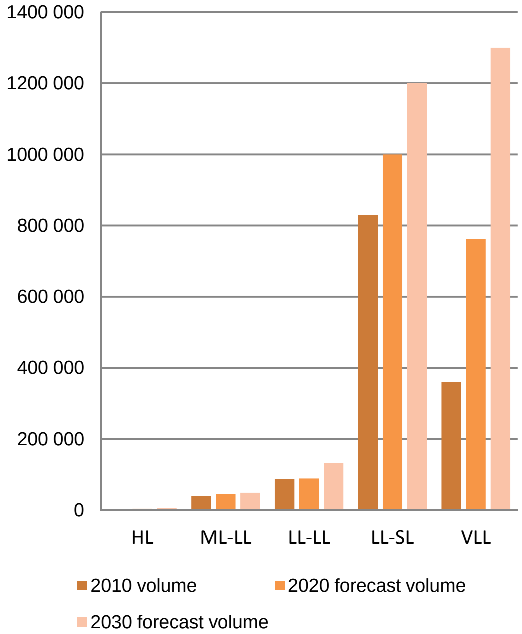
Nuclear situation

According to data from the IAEA[10] (International Atomic Energy Agency), at 1 April 2012, there are 436 power reactors in operation in 28 different countries worldwide and 61 are under construction. 244 of these reactors are owned by just four countries (the United States, France, Japan and Russia), i.e., 56% of the total number of reactors worldwide.



Nuclear situation worldwide (Source: IAEA)

Each reactor generates on average 154,000 m3/year of VLL (very low-level radioactive waste).
In France, in its national inventory of radioactive waste and matter, ANDRA reports a total volume of nuclear waste totalling in the region of 1.3 million m^3 at the end of 2010. This amount is set to rise to close to 2.7 million m^3 by 2030. The graph below shows the breakdown by category of waste (in kg):



Volume 2010	2010 volume
Volume prévisionnel 2020	2020 forecast volume
Volume prévisionnel 2030	2030 forecast volume
HA	HL

MA-VL	ML-LL
FA-VL	LL-LL
FMA-VC	LL-SL
TFA	VLL

Source: *ANDRA national radioactive materials and waste inventory 2012*

Regulatory framework

On 19 July, 2011, the European Union adopted a Directive "establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste" (Directive 2011/70/Euratom).
This Directive covers the management of radioactive waste from production to long-term disposal. Among other elements, it defines the safety obligations pertaining to radioactive waste management and requires each member state to implement a national radioactive materials and waste management plan (PNGMDR).[11]
In France, a new national radioactive materials and waste management plan (PNGDMR) is issued on a regular basis and the one currently in force is PNGMDR 2013-2015.

Market prospects

Very low-level waste is mainly produced by the dismantling of nuclear facilities (PPE, spraying, etc.)[12] Germany has decided to close its 17 nuclear stations by 2020.
In France, a new VLL waste storage facility with a capacity of 650,000m^3 opened in 2003. According to the Court of Auditors, after running for seven years, 26.8% of the infrastructure is occupied and the amount of VLL waste is set to reach 870,000 m^3 by the end of 2030. The storage cost for this type of waste is around €450 per m3 per year (including supervision expenses, taxes, etc.)

2.5.3.3.3 Asbestos waste

Having been used in the building industry for more than a century, asbestos is now banned in most developed countries (France, the UK, Germany, Switzerland, Japan, etc.) due to its harmful effects on human health. This has been the case in France since 1 January 1997.

Asbestos waste is usually generated through building deconstruction (asbestos-cement),

[10] www.iaea.org

[11] In France, the first PNGMDR was published in 2007 and updated again in 2013.
[12] Definitions in the glossary

primarily where it is used as a spray material or lagging is removed or treated.
According to the ADEME (French Environment and Energy Management Agency), the existing quantity of materials containing asbestos was estimated at 24 million tonnes in 1998.[13] The Ministry of Sustainable Development estimates that 160,000 tonnes of waste declared as asbestos were produced by the French building industry in 2008.[14]

This waste is hazardous owing to its volatile nature. It has to be wrapped in a sealed double envelope and collected in large capacity containers.

Regulatory framework

In France, Regional Plans for Special Industrial Waste Disposal, known as PREDIS, organise discussions between different key players in order to define the region's requirements (capacity requirements, waste prevention principles, management, etc.)
The regional councils have jurisdiction over the way these plans are drawn up following the Law on Neighbourhood Democracy (Démocratie de proximité) of 27 February 2002 voted in as part of the decentralisation process.

The contents must be labelled and producers of this type of waste are required to:
- prepare an asbestos waste tracking sheet (BSDA); and
- obtain, prior to disposal of the waste, the approval of the chosen disposer accepting the waste.

Since March 2013, Member States in Europe must, among other things, implement an asbestos screening plan in private and public establishments, to manage risks and ensure phasing out of the landfilling of asbestos waste by developing treatment and inertisation centres.

[13] Source: Ademe website (under Topics, Waste, Asbestos Waste).
[14] Source: Commissariat Général au Développement Durable (General Commission on Sustainable Development) - Figures and Statistics No. 164 - October 2010.

Disposal channels and the operators

The order of 12 March 2012 on asbestos storage, published in the Official Journal, which definitively entered into force on 1 July 2012 specifies three methods of treating asbestos waste authorised for the producers or holders of asbestos waste, since this waste is no longer accepted in the ISDIs (inert waste disposal facilities):[15]
- Recycling by vitrification (process of definitive destruction after melting by plasma torch) for all types of asbestos waste;
- Storage in ISDD (hazardous waste storage facilities)[16] for all types of asbestos;
- Storage in ISDND (non-hazardous waste storage facilities)[17] for "asbestos waste linked to inert materials: waste containing asbestos linked to inert construction materials that have maintained their integrity with code 17 06 05 in the waste list".

This means that, according to our internal sources, the main operators on the market are Inertam in vitrification, and hazardous waste disposal facility management companies in burial, which represents a form of indirect competition.

The resolution of the European Parliament adopted on 14 March 2013 requires Member States to promote the establishment throughout the EU of centres for the treatment and inertisation of waste containing asbestos as well as phasing out landfilling of such waste.

[15] Storage facility for inert waste.
[16] Storage facility for hazardous waste.
[17] Storage facility for non-hazardous waste.

2.5.4 MAIN ACTIVITIES

2.5.4.1 Research and Engineering Torches and Processes

Key Figures

In €'000s	2013	2012	2011
Revenue	**1,163**	**2,457**	1,369
Operating income	**-1,950**	**-647**	-42
EBITDA	**-441**	**179**	596
Tangible assets	**10,336**	**11,216**	5,536
Goodwill and other intangible assets	**920**	**496**	465

2.5.4.1.1 Engineering and Plasma Torches

Torch & Process designs and develops plasma systems (torches and related reactors). The high temperatures of these systems can be used in:

- the high-temperature gasification of biomass and non-hazardous waste;
- the destruction of hazardous waste (ash, asbestos, etc.);
- the reduction in volume and immobilisation of low-level and very low-level radioactive waste; and
- the steel industry.

These plasma systems are sold to industry as components of larger installations, and they are normally accompanied by an operation and maintenance support service.

Torch & Process offers the following services:

- full or partial research and engineering of treatment chambers equipped with torches;
- their construction, installation and commissioning, adapted to the requirements of each project (adequacy of reactor/torch, choice of power, throughput, size of the furnace or treatment chamber, etc.);
- the supply of power torch systems adapted to the process;
- after-sales service and torch system development (mainly the supply of spare parts);
- training and technical assistance for furnaces or treatment chambers and torch systems.

Torch & Process sells licences, for example for the vitrification of hazardous waste for export, such as in Japan and South Korea. In effect, the plasma solution significantly reduces volumes: by way of example, the volume of organic waste is reduced by 1/80 and already compacted inorganic waste is reduced by 1/2.

Torch & Process's clients include:

- local governments, either directly or via industrial companies; and
- private companies.

2.5.4.1.2 Research and development

Europlasma has committed a large proportion of its investments since its creation to research and development in treatment units using plasma torch technology.

Europlasma continues to develop its research and development activities, in particular with a validated R&D plan for 2014 and 2015.

The main R&D programmes in progress under the 2014-2015 plan are detailed in notes 1.1 and 14.1 to the 2013 Consolidated Financial Statements.

Energy Sector (Waste to Energy, WTE)

KIWI programme

Europlasma and Kobelco Eco-Solutions ("Kobelco", Kobe Steel Group) undertook a joint research and development programme into electricity production from waste and biomass. The project aims to generate an industrial process based on Europlasma and Kobelco's respective technologies, known as KiWi.[18] The programme aims to:

- test a new gasification technology based on a fluidised bed reactor;
- carry out tests with various types of waste;
- optimise gasification reactions;
- optimise the destruction of tar in the gas;
- evaluate pollutants; and
- continuous measurement of tar concentrations in syngas.

This ambitious project requires total investment of more than €6 million over three years and is fully realised on Europlasma's R&D test platform in Morcenx (Landes, France).

The primary objective of the programme is to qualify the gas obtained with various types of waste and adapt the system to obtain a gas of very high quality. In a second development phase, which is currently under discussion, the energy recovery from the gas will be examined with the installation of a 1MW motor, or by converting the gas into a synthesis fuel, or by extracting hydrogen for the fuel cell sector.

[18] KiWi : **K**obelco **I**ndustrial CHO Po**W**er GasIfication

Testing began at the start of October 2012 and continued in 2013.
KiWi is linked to the Turboplasma® development programme outlined below.

ANR Turboplasma® programme
Organic matter is one of the most important sources of renewable energy. This matter, in the form of biomass or waste, can be recovered by thermochemical conversion into a combustible gas to be used:
- in the production of heat and electricity;
- or as a base product for the chemical synthesis of liquid fuel.

The gas obtained usually contains impurities (especially tar), which prevent it from being used efficiently. At present, most de-pollution processes are complicated and/or expensive. The thermal cracking of this tar is a promising solution that can be used thanks to the thermal properties of plasma. Once the gas is purified, it is possible to produce electricity with an optimal output.

The objectives of the programme are as follows:
- broaden knowledge of the behaviour of the plasma spike in a confined chamber: perform tests with the plasma torch to map the spike;
- understand the internal aerodynamics of the reactor: develop a digital model representing the Turboplasma® in order to optimise its geometry and obtain a model of the gas composition and speed/temperature ranges;
- determine the refractory materials to be used in these extreme conditions (gas composition and temperature), based on the previous results. Suitable refractory materials are developed based on corrosion tests on the inorganic elements present in the gas;
- develop a means of analysing the tar in order to assess the reactor's performance. The method chosen is solid-phase sampling, which allows the gas to be sampled in a few minutes where standard sampling takes several hours.

Vitrification of Hazardous Waste Sector

As part of the ANR SESCO project (2010-2013), Torch & Process is developing manufacturing processes which aim to recover COFALIT material, a product of the vitrification of asbestos waste, for use in the solar thermal energy storage industry. This industry aims to eradicate the problem linked to the discontinuity of the electricity supply with regards to supply (daily, nightly cycle for example).
This project consists of using Cofalit as a solar energy storage material owing to its high thermal capacity. Cofalit can be adapted and moulded as required.
The project seeks to develop a new, patentable, cost-effective solution presenting competitive and environmental advantages.
The consortium working on the project is made up of a thermal energy laboratory (Promes), a materials laboratory (Cemthi), and Europlasma.
Should it be a success, the project could change the technical and economic approach of concentrating solar systems and open up possibilities for other high-temperature sensitive heat storage applications.

This development is continued with the ANR RESCOFIS (2014-2016) programme supported by Idhélio in collaboration with Rhapsodie (Ecole des mines d'Albi, l'ICAM de Toulouse and Europlasma). This programme aims to create a prototype of a plant with a capacity of several hundred kW equipped with a storer/exchanger that uses Cofalit as a material storing thermal energy generated by collecting radiation from the sun (Beam Down system).

Development of Plasma Torches

In order to adapt its torches to the processes above, Europlasma must develop and invest in R&D to:
- reduce acquisition costs by optimising the definition of plasma systems (new coil former, etc.);
- reduce the costs of operating plasma systems (lengthening the life of the electrodes, low NOx torches, etc.);
- adapt the torches to new processes and new plasmagenic gases (CO2 or residual synthetic gas with regard to the WTE sector and a mix of nitrogen-free gas, etc.); and
- develop a new range of torches (power range).

During 2010 and at the beginning of 2011, the new B0300 plasma torch (300kW) was manufactured for air and CO2, and long-term trials have meant that the lifespan which meets the requirements of the relevant processes can be validated.
Likewise a "Low NOx" plasma torch configuration was developed and validated on the Inertam asbestos waste vitrification unit in Morcenx.
The next few years will be dedicated to adapting the plasma torch to the Waste To Energy sector and reducing costs.

All developments are patented in order to protect Europlasma's expertise. The Group's strategy in relation to intellectual property is discussed in 3.4.5.2 Risks linked to intellectual property.

2.5.4.1.3 References

In 1995, Europlasma designed an ash (7t/day) vitrification unit for The Urban Community of Bordeaux in the household waste incinerator at Cenon (33).
In 2003, Europlasma designed an asbestos waste vitrification unit with a capacity of 8,000 tonnes per year for its subsidiary, Inertam.
Europlasma has fitted integrated ash vitrification units in four household waste incinerators in Japan and has two licensees in Japan: Kobelco Eco Solutions (ex Kobe Steel Group) and Hitachi Zosen, both large private industrial groups.
Following an agreement signed in 2007 with the Korean company, Kolon, concerning a licence for ash vitrification expertise, Europlasma fitted a plasma torch system in an incinerator for sludge produced from a wastewater treatment plant in Yongin, South Korea. The vitrification unit was sized to treat 5,000 tonnes of ash each year.
En 2009, Europlasma T&P delivered, installed and commissioned a first generation Turboplasma® to CATERPILLAR, the American motor manufacturer at the Moissannes site (ENERIA). This equipment allowed ENERIA to complete its study of syngas purification technologies and thus achieve the characteristics required to supply its gas engines.
En 2012, Turboplasma T&P delivered, installed and commissioned the first industrial Turboplasma® to its subsidiary, CHO Power, for the CHO Morcenx electricity production plant.

Europlasma T&P is currently developing its expertise in reducing the volume of low-level radioactive waste under the radioactive waste conditioning and treatment contract for the Kozloduy Nuclear Power Plant (KNPP) in Bulgaria. Europlasma is in charge of the implementation of the plasma furnace, which is used to reduce and immobilise radioactive waste. The end customer accepted the furnace at the Morcenx site in July 2013. The melting furnace, which was dismantled and shipped to Bulgaria at the end of 2013 is now awaiting installation at the Bulgarian nuclear plant.

2.5.4.2 Renewable Energy

Key Figures

In €'000s	2013	2012	2011
Revenue	**1,784**	2,544	17,186
Operating income	**-6,402**	-14,165	-176
EBITDA	**-6,331**	-8,973	-259
Tangible assets	**71**	2	1,212
Goodwill and other intangible assets	**497**	805	1,035

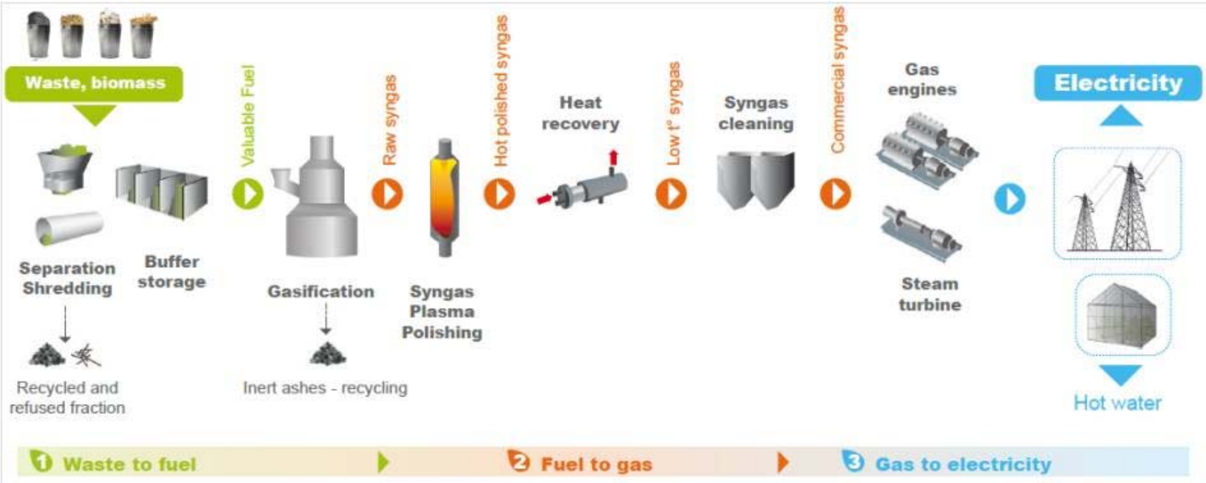
2.5.4.2.1 CHO Power's services

CHO Power offers solutions for energy production from waste and/or biomass and manages their engineering:

- studies and advice for development: preliminary and detailed engineering studies;
- development and financing of projects: development of BOO (Build Own and Operate) projects in partnership with local developers and an ad-hoc financing structure;
- turnkey construction: as a project owner, CHO Power delivers turnkey units whilst supplying the proprietary equipment.

2.5.4.2.2 The CHO Power Process

The CHO Power process, based on advanced gasification using plasma technology, has three stages:



Fuel preparation
The waste is crushed and the heavy inert matter and metals are removed.
The mass is mixed in a buffer zone to obtain a uniform fuel known as CHO-Fuel, which guarantees optimum operation following the process.

Conversion of the fuel into gas
The CHO-Fuel is placed in the gasification reactor to be converted into synthesis gas. This gas is heated to a high temperature to be refined: the tar generated by the gasification process is thermally cracked at 1,200°C. This operation is carried out in the Turboplasma®, a patented piece of equipment. The tar cracking is an essential stage for the gas to be used in the engines. The syngas is then cooled and filtered.

Production electricity and heat
The gas is injected into the gas engines which activate an alternator to produce electricity. The heat recovered when cooling the gas and emitted from the engines in the form of steam can also be turbined or delivered to a heat system. It should be noted that the engine cooling circuit generates water at 90°C which can supply a heating system.

2.5.4.2.3 Recognition of CHO Power's technology

The renewable energy observatory, supported by the European Commission and the ADEME, identified Europlasma in its "2011 report on electric renewable energy in France"[19], for the solid biomass subsidiary. Biomass gasification is presented as a "useful process for improving the performance of cogeneration".

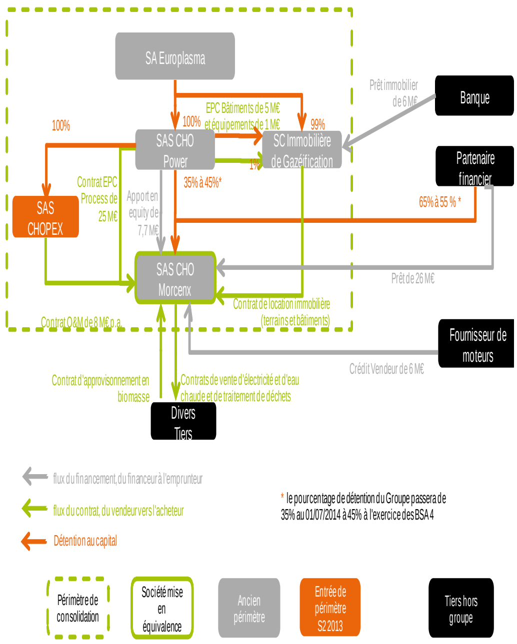
This new solution for recovering energy from residual waste and biomass combines:

- the gasification process;
- technology advances in plasma torches;
- high performance energies;
- a small environmental footprint, as combustion has to be carried out using clean gas;
- an intelligent waste management scheme; and
- a very small building footprint.

The CHO Power process has the advantage of combining the gasification process with plasma technology. The Group's advantages include the industrial-scale implementation of the process, its mastery of plasma technology and its experience as the operator of Inertam's plant.

Contrat EPC Process de 25 M€	€25m EPC Process contract
Apport en equity de 7,7 M€	€7.7 m equity contribution
EPC Bâtiments de 5 M€ et équipements de 1M€	EPC buildings for €5m and equipment for €1m
Contrat de location immobilière (terrains et bâtiments)	Property lease (land and buildings)
Prêt immobilier de 6 M€	€6m property loan
Prêt de 26 M€	€26m loan
Banque	Bank
Partenaire financier	Financial partner
Fournisseurs de moteurs	Engine suppliers
Contrat d'approvisionnement en biomasse	Biomass procurement contract
Contrats de vente d'électricité et d'eau chaude et de traitement de déchets	Electricity and hot water and waste treatment sales contracts
Crédit Vendeur de 6 M€	€6m vendor credit
Divers Tiers	Miscellaneous Third party
flux du financement, du financeur à l'emprunteur	Flow of financing, from the financing party to the borrower
flux du contrat, du vendeur vers l'acheteur	Flow of the contract, from the seller to the buyer
Détention au capital	Share ownership
le pourcentage de détention du Groupe passera de 25% au 30/06/2014 à 45% à l'exercice des BSA 3 et BSA4	The percentage of shares held by the Group will increase from 25% on 30/06/2014 to 45% when share warrants 3 and 4 are exercised.
Périmètre de consolidation	Scope of consolidation
Société mise en équivalence	Equity accounting company
Ancien périmètre	Former scope of consolidation
Entrée de périmètre S2 2013	Companies added to the consolidation scope H2 2013
Tiers hors groupe	Third party outside group

Contractual and financial diagram of the CHO project at Morcenx



[19] See the glossary, "2011 report on electric renewable energy in France".

2.5.4.2.4 The CHO Morcenx plant

In 2010, with assistance from a financial partner, the Europlasma Group launched the construction of the first plant to produce electricity from biomass and waste, CHO Power at Morcenx (Landes, France), within the company CHO Morcenx SAS.

CHO Power started engineering, supply and construction work on the CHO Power plant for CHO Morcenx in the Landes region of France on 1 December 2010 in its capacity as project owner, thus generating the first revenues from this activity. This plant, which is operated by the Europlasma Group, is designed to produce 11 MW of electricity and supply the equivalent of 50,000 inhabitants from more than 63,000 tonnes of waste and biomass annually.

The Morcenx plant required a long period of development and negotiation owing to its complexity and innovative nature. The financing of the project was finalised in late 2012, which allowed work to begin on 1 December 2010. Construction work was completed in the summer of 2012 and commissioning work began and continued in 2013. A technical incident in February 2013 led to the shutdown of the CHO Morcenx plant so that repairs could be carried out on the damaged equipment.
At the same time, a committee of experts was convened to review the performance of the plant, which had supplied 2235 MWh to the grid since it came online. The committee confirmed the relevance and reliability of the process, but encouraged the company to replace the gasifier, which was found to be faulty. In the circumstances, the Board of Directors, the management and the principal customer (CHO Morcenx) decided to extend the shutdown of the plant to replace the faulty gasifier. The gasifier was disassembled in the summer of 2013. The new gasifier was delivered, assembled and integrated into the process at the end of 2013. The plant was placed online again at the start of 2014 and its Take Over Date was in the middle of June 2014. The plant is now in the Ramp Up phase, which should allow it to achieve its nominal capacity before its Final Acceptance Date in the first half of 2015, according to the provisional schedule.

In order to carry out this project, the Group called upon a financial partner with whom the following main contracts were agreed:

- Shareholder agreement stipulating:
  - the increase of CHO Power's stake in CHO Morcenx through the exercise of share warrants;
  - the operating procedures of CHO Morcenx;
  - the distribution of dividends (none, until the loan agreement is repaid in full);
  - the arrangements for the transfer, where applicable, of shares from CHO Morcenx (pre-emptive right, obligation for the acquirer to make an offer to all shareholders, forced sale and drag-along rights of shareholders);

- the arrangements for the development and financing of eight new electricity and biomass production plants, as amended by the agreement of 27 July 2012 (right of first refusal given to the financial partner): if the projects presented to the financial partner are approved, CHO Power will contribute up to 10% of the construction costs, the financial partner covering the remainder. In consideration of this contribution, CHO Power would have a 25% holding in the new plants; this percentage could be increased to 40% based on performance criteria linked to the progress of the project concerned. CHO Power will put construction contracts ((EPC – Engineering, Procurement and Construction) and exploitation & maintenance (O&M Operations & Maintenance) out to tender for each plant; this agreement is subject to the good performance of the CHO Morcenx plant;
- €26 million loan agreement in 3 tranches, at rates varying between 5 and 12% depending on the period. This loan is guaranteed by various mechanisms (escrow account, pledging of business, shares and equipment). Repayment will be made every six months from the date on which the plant begins operating, according to cash surpluses;

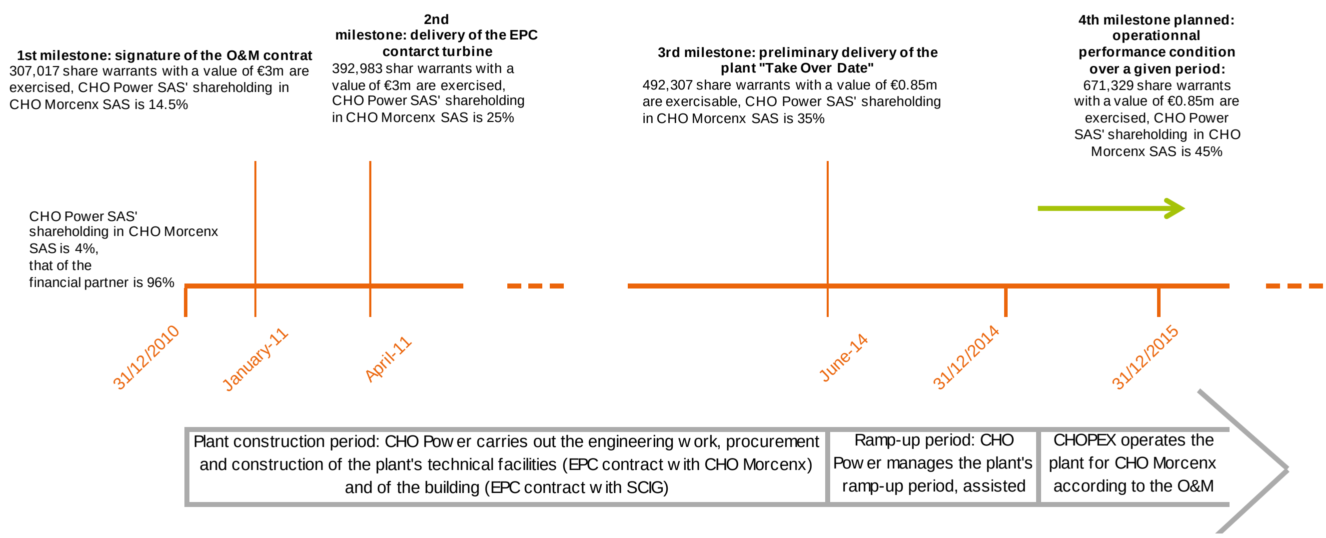
- €1m loan agreement at the rate of 6% to finance the operation's working capital requirements.

CHO Power manages the engineering, procurement and construction of the plant's technical facilities and equipment on behalf of CHO Morcenx for a fixed contractual price.
The agreement contains warranty clauses based on:
- compliance with certain European environmental standards;
- compliance with the planned schedule;
- and energy production and overall efficiency targets which may have an impact on the price.

The civil engineering and construction works of auxiliary equipment have also been managed by CHO Power on behalf of SC Immobilière de Gazéification, for a total amount of €6.5 million. This mechanism is financed by a €6.2m bank loan over 12 years, at a fixed rate of 4.4%.

Operation of the electricity production plant

CHO Morcenx SAS finalised the following contracts for the operation of the plant:
- waste treatment contracts, initially agreed with two partners for terms of 15 years (price adjustable every five years) and amended in 2011 with the purpose of diversifying waste procurement sources;
- operation and maintenance (O&M) contract initially agreed with Inertam, with a price linked to revenue from the sale of electricity by CHO Morcenx to EDF; the plant operator's payment methods have been modified by means of an amendment signed in July 2013 which links remuneration to plant performance; the



O&M services will finally be supplied by the CHO Power subsidiary created for this purpose in July 2013, CHOPEX. The operating personnel initially recruited by Inertam were transferred in the summer of 2013;

- heat sales contract with Inertam, at a price calculated based on a contractually-agreed formula; this contract was also transferred to CHOPEX;
- electricity sales contract with EDF, at a price established by decree.

2.5.4.2.5 Strategy and prospects

The Renewable Energy business targets the point where the electricity production, environment and waste treatment markets converge. The group is currently focusing on demonstrating the efficiency of its CHO Power process at the Morcenx plant, which will allow under-exploited resources (waste, biomass) to be managed more effectively and an alternative method to be used to produce electricity.

The Group is looking to create a network of strategic partners who are able to meet the conditions required to develop and execute a project: permits, land, waste and biomass supply contracts, and electricity resale contract, in order to prepare for the future. CHO Power will thus be able to provide its industrial expertise and build and operate the facility, or delegate those tasks to a third party.

The group believes that the most favourable ecosystems are in Europe, particularly France and the UK. Eventually, the USA and Canada may also be a source of significant potential.

2.5.4.3 Hazardous waste

Key Figures

In €'000s	2013	2012	2011
Revenue	**9,175**	6,250	7,960
Operating income	**-767**	-3,180	-1,179
EBITDA	**1,545**	-1,481	634
Tangible assets	**5,530**	5,776	5,664
Goodwill and other intangible assets	**2,636**	2,636	2,643

2.5.4.3.1 Expertise

Management of asbestos waste

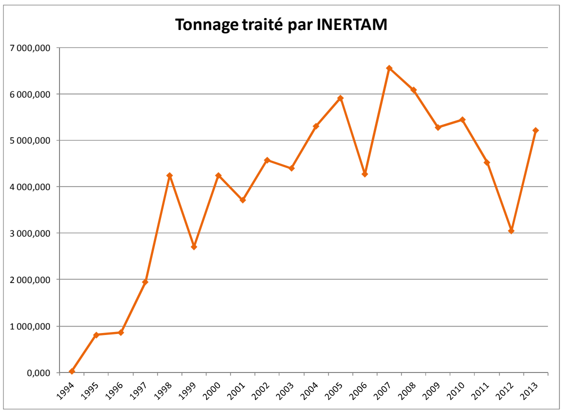
According to the ADEME, plasma torch vitrification is currently the only alternative to the landfill disposal of waste from lagging, limper spraying and false ceilings.[20]
Vitrification relieves owners of asbestos waste of their responsibility, as the waste is rendered inert and thus recovered: the plasma technology definitively destroys the asbestos fibre by melting it at 1,500°C. Once cooled, the COFALIT - a material obtained from the melting of waste - is inert and suitable for reuse. The COFALIT is reclaimed for use as aggregate for road foundations, for example.
Consequently, the waste treated by Inertam is not liable for the general pollution activity tax (Taxe Générale sur les Activités Polluantes, TGAP).
Inertam is authorised to treat up to 10,000 tonnes of hazardous waste per year (prefectural order 2003/139 of 16 April 2003) and more than 59,000 tonnes of asbestos waste have been treated since 2001.

Inertam's services

The services provided by Inertam range from the removal to the destruction of waste. The company also provides a total destruction certificate.
Waste from materials containing asbestos is classified as category 9 hazardous goods by the ADR regulation.[21] Its transportation requires the use of a service provider operating internationally at every stage of the cycle, with the very highest level of traceability and safety.
Inertam takes charge of every stage involved in the carriage of all asbestos waste and manages:

- the technical and administrative preparation of consignments;
- the technical and financial management of carriage contracts;
- relations with the competent authorities in terms of physical safety and protection and/or public order;
- carriage via an international network of partners (sea and rail companies, hauliers, forwarding agents);
- the monitoring and traceability of consignments through its operational monitoring unit (UOS).

Inertam is authorised to treat asbestos waste originating in the 176[22] signatory countries to the Basel Convention.



2.5.4.3.2 Inertam's clients

Inertam has a wide range of clients (large public or private organisations, with significant asbestos removal or environmental operations); these include:

- institutions (National Assembly, Senate, Ministries, OECD, etc.);
- local governments (Regional and General Councils, Municipalities, etc.);
- health establishments (Hospitals, AP-HP, CNAM, etc.);
- state-owned establishments (SNCF, La Poste, Domofrance, ICADE, etc.);
- industrial companies (EDF, Total, Alstom, Dassault, Véolia…);
- private property companies (Nexity, Unibail, Gecina, etc.) and banks and insurance companies (BNP Paribas, Crédit Lyonnais, Caisse Epargne, etc.).

2.5.4.3.3 Strategy and prospects

The group's industrial strategy seeks to:

[20] Source: Ademe website (under Topics, Waste, Asbestos Waste).
[21] The ADR, "European Agreement concerning the International Carriage of Dangerous Goods by Road", governs safe transport.

[22] Source: CNIID (National Centre for Independent Waste Information)

- continue to optimise processes and invest in production facilities;
- find recovery methods with high added value for COFALIT;
- find opportunities for diversification in order to ensure the long-term sustainability of the business and develop the team's technical expertise, particularly with respect to the operation of the CHO Morcenx energy production plant. operating both sites at the same time will provide two streams of feedback.

Despite an adverse economic climate, the group intends to:
- increase the penetration rate of the available market, estimated at more than 30,000 tonnes of waste generated annually (free asbestos); [23]
- diversify its business with the treatment of new types of waste (bound asbestos), representing more than 90% of the total market, which is estimated at more than 160,000 tonnes;[24]
- enhance the loyalty of its regular public and private contractors;
- continue its commitment to local and regional authorities;
- develop its business at European level.

[23] Source: Syndicat du Retrait et du Traitement de l'amiante (asbestos removal and treatment union, SYRTA).
[24] Source: Commissariat Général au Développement Durable (General Commission on Sustainable Development) - Figures and Statistics No. 164 - October 2010.

2.5.4.4 *Air and gas (discontinued)*

Sale of Europe Environnement

In accordance with the liquidity clauses in the shareholders' agreement, modified by the amendment of 26 January 2012, and as part of the reorganisation of the Europlasma Group and its decision to refocus on its core business and patented technologies, the shareholders of FIG decided to sell Europe Environnement in the first half of 2013.

On 21 November 2013, Europlasma announced that FIG had entered into exclusive negotiations with the CMI Group with regard to the sale.

Under the terms of the agreements signed on 16 December 2013, the Europlasma Group sold its Air and Gas business to the CMI Group. CMI took effective control of the business on the same date for a sale price of €3.5 million.

Thus, Europe Environnement has not been included in the scope of consolidation for the Europlasma Group since 16 December 2013 and thus as at 31 December 2013, the Air & Gas business corresponds to FIG only.

Since the sale, FIG is mainly involved in the remaining payment installments to be received from the buyer as well as the Asset and Liability Guarantee: the sale agreement includes an asset and liability guarantee over five years; this guarantee is limited to €700,000 except with regard to the ownership of shares for which the guarantee amount is limited to the sale price.

As a result of this transaction, FIG was able to repay its bank loan and the current accounts it held with Europlasma and Europe Environnement.

See note 10 in particular. Discontinued operations in the 2013 Consolidated Financial Statements.

Moreover, as part of this transaction, the employment contract of Pierre Bellman was transferred from FIG to Europe Environnement.

This sale forms part of the Group's strategy to refocus on its core business, namely the application of plasma technology in the hazardous waste treatment and renewable energy production sectors.

2.6 COMPANY ADMINISTRATION

2.6.1 COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association state that the Board of Directors shall be composed of a least three (3) members and a maximum of eighteen (18).
On the date of the present document, the Board of Directors comprises six (6) members:

Pierre Catlin: Non-Executive Chairman

Pierre Catlin has more than 25 years of experience in general management positions for European subsidiaries within the GDF Suez Group. In particular, he has been a member of the General Management Committee of the Fabricom Group, European leader for the design, supply and maintenance of electrical, mechanical and environmentally engineered installations, and Assistant Managing Director, member of the SITA Management Committee, a subsidiary of Suez Environnement and a major player in global waste management in France and Europe.
Pierre Catlin is also an active director in various professional associations for international business.

François Marchal, Managing director (from 01/07/2013 to 06/01/2014) and Director

François Marchal began his career at the Bank of the European Union, before working for various portfolio management companies. At the same time, he was appointed as a director, then Member of the Audit Committee of the Saint Louis Group and its sugar business subsidiary.
From 1988 to 1999, he was employed by Société Générale where he headed sales of French equities abroad. Between 1999 and 2010, he was a director of Aval Fund Management in Guernsey.
François Marchal is currently an independent director of Laboratoires Boiron.
He holds a doctoral degree in law (DES de Droit) and a degree in business administration (DESS de Gestion des Entreprises) from the University of Paris Dauphine.

Jean-Eric Petit, Managing director and Director

Jean-Eric Petit was appointed as Managing director from 6 January 2014 and co-opted as director on 24 January 2014, to replace Jean-Claude Rebishung. This co-option was approved by the General Meeting of 1 September 2014.
After around 10 years working in the French Aeronautics sector, in 1996, Jean-Eric took charge in 1996 of MES Ltd (Martin Engineering Systems), UK, which is involved in waste treatment and recovery.

In 2000, Jean-Eric became a partner in the 3i plc Private Equity Fund dedicated to the Aeronautics/Defence and Environment/Renewable Energy sectors.
In 2009, he joined MWM, a global leader in the supply of engines and gas and biogas plants, which at that time was owned by 3i plc.
Jean-Eric is a graduate of ESTP (Ecole Supérieure des Travaux Publics) and has an international MBA from the EM Lyon Business School.

Erik Martel, Director (legal representative of Masdar Venture Capital)

Erik Martel is one of the directors of the Masdar Capital Fund which he joined in Abu Dhabi in 2010.
Erik Martel has previously worked in the energy sector at Goldman Sachs in New York and Calyon in Spain.
He has a MBA from Harvard Business School and studied at Rice University in Houston, Texas.
Erik Martel represents, along with Henri Arif, the reference shareholder, Crédit Suisse Europlasma SPV, which is majority owned by the Masdar fund.

Kim Ying Lee, Director

Kim Ying Lee is executive director and Chairman of the Audit Committee.
He started his career with McKinsey and has held management positions in industrial companies and international investment funds. His experience in project management and finance allows him to fulfil a director's functions in many companies.
Kim Ying Lee has a MBA from the University of Chicago and a Doctorate in Economics from the University of Amsterdam.

Henri Arif, Director (legal representative of Crédit Suisse Asset Management)

Henri Arif is the Executive Director of Succession Energy LLC, a strategy and finances consultancy firm, based in New York, specialising in the environment and environmental technologies sectors. Henri has supported Crédit Suisse in its strategy to invest in environmental technologies over the last eight years and represents, along with Erik Martel, Crédit Suisse Europlasma SPV on the Board of Directors.
Previously, Henri founded and managed Edge Chemicals LLC, which trades in chemical and petrochemical commodities worldwide, where he developed global commercial activities with large multinationals. Henri has also held different managerial positions for different industrial transactions.
He has a BS in Manufacturing Engineering and an MS in Operations Management from the University of Boston.

The following changes occurred during the 2013 financial year:

- On 30 January 2013, Masdar Venture Capital, represented by Erik Martel, was co-opted as director replacing Erik Martel; this co-option was approved by the General Meeting of 9 November 2013;
- On 24 June 2013, Didier Pineau resigned from his position as director of Europlasma;
- On 24 June 2013, Jean-Claude Rebischung resigned from his position as Deputy Managing Director of Europlasma but remained as a director of the company until 24 January 2014;
- On 1 July 2013, François Marchal temporarily succeeded Didier Pineau as Managing director of Europlasma for the period up to 6 January 2014.

The following changes occurred post closing balance 2013:

- On 6 January 2014, Jean-Eric Petit succeeded François Marchal as Managing director of Europlasma. François Marchal remains as a director ;
- On 28 January 2014, Jean-Claude Rebischung resigned from his position as director. The Board of Directors co-opted Jean-Eric Petit as director for the remainder of the current term of office; approved by the General Meeting of 1 September 2014;
- On 1 April 2014, DLJ MB Advisors, of which Roger Ammoun was the permanent representative, resigned from its mandate as director. For the remainder of the current term of office, the Board of Directors has co-opted Crédit Suisse Asset Management, whose permanent representative is Henri Arif. This co-option was approved by the General Meeting of 1 September 2014.

More detailed information on the company agents is provided in section 3.8 below.

2.6.2 BOARD ACTIVITY IN 2013

	30 January 2013	20 February 2013*	11 March 2013*	19 April 2013*	29 April 32013*	29 May 2013*	24 June 2013*	5 July 2013*	18 Septembrer 2013	29 Octobrer 2013	4 Decembrer 2013*	23 Decembrer 2013
Pierre Catlin	●	●	●	●	●	●	●	●	●	●	●	●
Didier Pineau*	●	●	●	●	●	●	●	-	-	-	-	-
Kim Ying Lee	●	●	●	●	●	●	●	●	●	●	●	●
J. Claude Rebischung	●	●	●	●	●	●	●	●	◉	●	◉	◉
Roger Ammoun	●	●	●	●	●	●	●	●	●	●	●	◉
Erik Martel	●	●	●	●	●	●	●	◉	●	●	●	●
François Marchal	●	●	●	●	●	●	●	●	●	●	●	●
Total representation	100%	100%	100%	100%	100%	100%	100%	83%	83%	100%	83%	67%

● Present
◉ Absent with apologies
* Board of Directors meeting held by telephone conference call
* On 24/06/2013, Didier Pineau resigned from his mandate as director

2.6.3 ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The Europlasma Group has implemented structural initiatives in order to strengthen the governance and organisation of the Group in line with its ambitions.
Thus the Group has formalised a set of rules of procedure which were adopted by all members of the Board of Directors in 2010.

In particular, these rules of procedure describe:
- the composition and functioning of the Board of Directors;
- the assessment of work of the Board of Directors;
- the rules applied to the Directors;
- the different committees (Strategic and Investments, Audit, Nomination and Remuneration).

Europlasma is authorised to have:
- independent directors: Kim Ying Lee meets and, up to 1 July 2013, François Marchal met[25] the following criteria:
  - are not employees of the company,
  - are not Board Members of a company in which Europlasma directly or indirectly holds a mandate as Director, or in which an employee is designated as such, or a Board Member of the company or one of the Group's companies (current or within the last five years) as a Director,
  - are not clients or suppliers for which the company represents a significant part of the activity, or associated with such a client or supplier,
  - do not have close family links with a Board Member,
  - have not audited the company during the last five years,
  - have not been company Directors within the last 18 years,
  - do not hold, directly or indirectly, more than 5% of the share capital; and

- observers (art. 13.7 of the Articles of Association): no observers have been appointed to date.

The information concerning the service contracts binding the members of the administrative bodies to the Company or one of its subsidiaries are given in section 3.8.2.1.

[25] Date of appointment of Mr Marchal as Managing director of Europlasma

2.6.3.1 Role of the Board (Extract from the Rules of Procedure)

The Board of Directors determines the direction of the company's activities and ensures its implementation. Subject to the powers expressly attributed to the shareholders' meeting and within the limits of the company's purpose, the Board deals with all questions concerning the company's progress and after deliberation, settles the issues concerning the company. It also carries out controls and checks which it deems appropriate.
It may authorise the following decisions, which can only be taken by the Managing Director or the Deputy Managing Director with prior authorisation from the Board of Directors, unless such a decision was expressly set out in the budget and unanimously approved by the Board:

- Create a new subsidiary or acquire all shares or equity in any company or entity;
- Acquire substantial equity in the assets of any entity;
- Arrange all loans or all other debts or liabilities in the form of a loan, other than commercial credit arranged during ordinary business;
- Appoint or dismiss the Administrative and Financial Director;
- Guarantee the commitments of all third parties;
- Arrange or agree all pledges, mortgages, loans or other guarantees on any one of the company's assets;
- Initiate or accept negotiations for all claims, legal action, disputes or significant proceedings;
- Conclude, terminate or modify all agreements with a company shareholder, an affiliated company or a party linked to the company (other than the ordinary commitments linked to work and to payment agreements approved by the Board);
- All significant changes to the company's activities;
- Approve or modify all employee shareholder plans or all profit-sharing plans involving employees and/or managers;
- Validate the consolidated budget for the company and its subsidiaries.

In all forecasts, expenditure commitments not related to the course of normal business exceeding €25,000 and off-balance-sheet commitments must be recorded by the Financial Director.

Without prejudice to the authority of the Board of Directors, when this is required in accordance with legal, regulatory, statutory provisions or the current rules of procedure, the Managing Director shall act with regard to the current procedures in force within the company which have been subject to the ISO certification and which must be adapted to comply with the recommendations of the Audit Committee.

The Managing Director must take or ensure the necessary steps are taken to delegate the necessary powers within each company of the Group in order that the same methods for co-signing are implemented, except those which concern the subgroup Europe Environnement which continues to apply the rules which are appropriate to it.

Expenditure commitments exceeding two hundred and fifty thousand euros (€250,000) and off-balance-sheet commitments (provided that they have not already been authorised in deposits, endorsements and guarantees as per the conditions set out by Article L. 225-35 of the Commercial Code) must have prior authorisation from the Board, if they include non-current expenditure or expenses not set out in the consolidated budget of the Company or project concerned.

During each Board meeting, any authorised expenditure shall be reported as well as any which is forecast before the next Board meeting, in order that the Directors can ensure that the authorisation given remains pertinent in regard to changes in the company's activities and its environment relative to the date at which the authorisation has been given.

2.6.3.2 Functions of the Board (Extract from the Rules of Procedure)

The Board meets at least six (6) times a year, notably to review and close the periodic accounts, review the budgets and deliberate on all issues within its jurisdiction.

The last Board meeting of the financial year sets a provisional schedule, in a systematic way, for meetings in the following financial year. This provisional schedule of meetings does not dispense with the convening formalities according to the terms set out above.

The Chairman convenes the Board at his discretion or, in urgent cases or if one of the meetings planned in the provisional schedule has not been held, at the simple request of the Managing Director (if this function is not assumed by the Chairman), or one third of the directors and in these two latter cases, with a pre-determined agenda.

In the event of the Chairman's absence for more than ten days counting from the request formulated by the Managing Director or one third of the directors, the Managing Director or the aforementioned directors may validly convene the meeting. The author of the notice of meeting must, in this case, attach his initial request addressed to the Chairman to the notice of meeting letter.

The notice of meeting is sent by letter, email or fax. Except in urgent cases, it will be sent at least eight days before the date set for the meeting.

The notice of meeting indicates the time and place of the meeting and, where possible, the agenda; if the agenda cannot be included in the notice of meeting, it must be sent in writing to the directors at least five days before the date set for the meeting. Without exception, where the meeting is convened directly by the Managing Director or by one third of the directors according to the terms specified above, the agenda must be included in the notice of meeting.

The Chairman sets the agenda for any meetings if he is the author of the notice of meeting. In all cases and whoever the author of the notice of meeting, the agenda may be modified or a question automatically registered at the request of one quarter of the directors.

The duration of the Board meetings must allow for a review and an in-depth discussion of the issues within its jurisdiction. The Chairman is responsible for leading the Board's discussions.

Subject to this being indicated in the notice of meeting or by any written means before the Board meeting, the Chairman may decide to use telecommunications (by audio or video conference) for any given meeting.

However, in order to maintain the quality of communication achieved with the physical presence of directors, the Chairman will endeavour to limit telecommunication processes and, similarly, each director must do everything possible to attend the Board meetings in person, in particular when the meetings are listed in the provisional schedule set by the Board. Travel expenses incurred by directors on this occasion will be reimbursed on the presentation of receipts and on the basis of an economy tariff for air transport and 1st class tariffs for train travel. Moreover, travel expenses incurred through participation in Board Committees will also be reimbursed on the same basis, as will expenses incurred through all other travel directly related to the requirements of the office of director, with the prior approval of the Chairman. All expenses incurred in a financial year will be subject to specific review by the audit committee.

The Directors attending via audio or video conference will be deemed present for the calculation of the quorum and majority vote.

The minutes of the meeting will indicate any technical incidents relating to the video or audio conference which may have an impact on the Board's decisions.

The use of audio or video conferencing is not permitted for drawing up the annual accounts and management report, nor for drawing up the consolidated accounts and the Group's management report and forecast management documents within the framework of preventing the companies' financial difficulties.

2.6.4 COMPOSITION OF SPECIALIST COMMITTEES

2.6.4.1 The Strategy and Investments Committee

It is composed of five members:

- Pierre Catlin – Chairman;
- Jean-Eric Petit – Member;
- Erik Martel – Member;
- Henri Arif – Member;
- Kim Ying Lee – Member.

On 24 June 2013, Didier Pineau resigned from his position as member of the Strategy and Investments Committee.

Jean-Eric Petit was appointed as a member as of 17 June 2014.

Henri Arif *was appointed member as of 17 June 2014, to replace Roger Ammoun.*

2.6.4.2 The Audit Committee

It is composed of two members:

- Kim Ying Lee – Chairman;
- Henri Arif - Member.

Henri Arif was appointed member as of 17 June 2014 to replace Erik Martel.

2.6.4.3 The Nomination and Remuneration Committee

It is composed of three members:

- Pierre Catlin – Chairman;
- Henri Arif – Member;
- Kim Ying Lee – Member.

Henri Arif was appointed member as of 17 June 2014 to replace Roger Ammoun.

2.6.5 COMMITTEE ACTIVITY IN 2013

	17 June 2013	27 June 2013	17 September 2013	18 October 2013	29 October 2013	TOTAL
Audit Committee			●		●	2
Strategy & Investments Committee						0
Nomination & Remuneration Committee	●	●	●	●		4

Note: the Strategy & Investments Committee did not meet in 2012 and 2013, since the objectives were fixed in 2011 and priority was given to the commissioning of the CHO Morcenx plant.

2.6.6 ROLE AND FUNCTION OF THE SPECIALIST COMMITTEES (EXTRACT FROM THE RULES OF PROCEDURE)

2.6.6.1 Strategy and Investments Committee

The Committee consists of at least three directors appointed by the Board. The Chairman of the Board shall chair this committee. The Managing Director and the Financial Director of Europlasma shall attend the committee meetings.
Except for the Committee's decision to the contrary at the beginning of the meeting, the Financial Director shall assume the role of secretary.

The Strategy and Investments Committee assists the Board in developing the Group's strategy, and it reviews, before presentation to the Board, contract, investment and disinvestment projects which are likely to have a significant impact on the company's scope, activity, results or stock appreciation. After the Board's approval of a contract, investment or disinvestment project, the committee equally ensures the monitoring and implementation by the General Management.

In particular, the purpose of the strategy and Investments Committee is:
- to review the Group's three year plan;
- to formulate all proposals concerning the direction of R&D;
- to prepare for the Board's discussions relating to the Group's strategy;
- to develop and encourage relations with investors in order to facilitate, in particular, the raising of capital through invitations to tender or not, necessary for implementing the Group's strategy.

The Strategy and Investments Committee meets every time it deems useful at the Chairman's discretion, notably for the company's or Group's important projects and events.

In order to fulfil its purpose, the Committee may consult members and executives of management involved in the subject being reviewed.

2.6.6.2 Audit Committee

The Audit Committee consists of at least two members appointed by the Board, of whom one carries out the duties of the Chairman of the Audit Committee and those of the secretary. All members of the Audit Committee must have financial or accounting skills. At least one member must have a complete understanding of accounting standards, practical experience of drawing up accounts and applying the accounting standards in force.

The Financial Director shall attend Audit Committee meetings, except for the Committee's decision to the contrary which may be taken at any moment, including during the meeting.

The Audit Committee assists the Board in ensuring that Europlasma's unconsolidated and consolidated accounts are accurate and provided in good faith and ensures the quality of the information provided. In particular, its purpose is:
- concerning the accounts, to review the annual and half-yearly unconsolidated and consolidated Group accounts before their submission to the Board, ensure the relevance and consistency of accounting policies and principles, prevent any eventual breach of these rules and ensure the quality of the information provided to the shareholders;
- concerning the company's external audit, to evaluate proposals for appointing and renewing the company's auditors and their pay, reviewing intervention plans with the auditors, the impact of these and their recommendations, as well as the follow-up given to them;
- concerning the company's internal audit, to evaluate the Group's internal auditing systems with the internal audit managers, review with these managers the intervention and action plans within the domain of the internal audit, the impact of these interventions and the recommendations and follow-ups given to them;
- concerning risks, to regularly review the Group's financial situation and principle financial risks and, notably, off-balance sheet commitments.

The Audit Committee meets every time it deems useful, in particular for important company or Group events. Whatever the case, the committee shall meet at least twice a year; one of these meetings must be held before the Board meeting convened to settle the annual unconsolidated and consolidated accounts.

Members of the Audit Committee receive, during their appointment, information on the accounting, financial and operational specifics in force within the company and/or within one or more of the Group's companies.

In order to fulfil its purpose, the Audit Committee may consult, outside of the presence of the company directors and if need be the Financial Director, the auditors, the managers and directors responsible for drawing up the accounts and internal audit.

2.6.6.3 Nomination and Remuneration Committee

The committee consists of at least three members, appointed by the Board, who chair the committee, one of whom is an independent member. Under no circumstances can the Managing Director and/or Deputy Managing Director be appointed as members of the Nomination and Remuneration Committee.

The Managing Director shall attend Nomination and Remuneration Committee meetings when he deals with points (b) and (c) below.

One of the members of the Nomination and Remuneration Committee shall assume the role of secretary.

The Nomination and Remuneration Committee:

(a) prepares for the Board's discussions relating to the evaluation of the company's general management;
(b) reviews, as a consultant, the general management's proposals in relation to the appointment and dismissal of the group's principle managers (branch and functional managers) and company directors;
(c) is informed of policy developed by the general management with regards to the management of the Group's senior executives;
(d) formulates proposals for selecting Directors;
(e) reviews all applications for the position of Director and formulates an opinion and/or recommendations for the Board, providing clearly its assessment on the eventual quality of the Independent Member of interest;
(f) prepares within reasonable time, recommendations and opinions concerning the appointment or successor of the Chairman of the Board, the Managing Director and the Deputy Managing Directors;
(g) proposes payment conditions to the Board for company directors;
(h) makes recommendations to the Board concerning pay, retirement and pension schemes, benefits in kind and various financial entitlements, including if need be the allocation of free subscription shares and options or buying company shares concerning the Chairman, Managing Director, the Deputy Managing Directors, as well as, if need be, future paid members of the Board;
(i) proposes to the Board the calculation of a global package for the allocation of free subscription shares and/or options and/or buying company shares as well as the general and specific terms applicable to these allocations;
(j) formulates an opinion on the proposals of General Management concerning the number of beneficiaries;
(k) proposes to the Board a global amount for directors' fees as well as the terms for their distribution.

The Nomination and Remuneration Committee shall meet at least twice a year, before the Board convenes the annual general meeting and formulates the agenda for this meeting. It shall review resolutions relating to relevant matters within its area of authority. It shall meet each time it deems useful at the discretion of the Chairman.

2.6.7 ABSENCE OF CONFLICT OF INTEREST

2.6.7.1 Extract from the rules of procedure

In all circumstances, the Director shall maintain independent analysis, judgement, decisions and action and reject all pressures, directly or indirectly placed on him or coming from other Directors, particularly from groups of shareholders, creditors, suppliers and all third parties in general. He shall not seek or accept, directly or indirectly, any benefits from the company or any companies linked to it, which are likely to be considered as compromising his independence.

Whether he is an independent member or not, each Director has a duty to inform the Board of all situations with a conflict of interest, even potential or forthcoming, in which he finds himself or is likely to find himself.

Within the meaning of the current Article, the simple fact that a Director carries out his functions as a legal entity shareholder and/or that the admission of the person concerned to the Board resulting from a request or initiative from one or more shareholders cannot be considered as automatically creating a conflict of interest.

2.6.7.2 Declaration from the management

To the Group's knowledge, there is no source for a potential conflict of interest, with regard to Europlasma, between the duties of the members of the administrative bodies and the general management and their private interests and/or other duties.

In accordance with the law, the regulated agreements are presented within the Auditor's Special Report on related-party agreements.
See the Auditor's special report on related-party agreements.

In addition, no member of the administrative, managerial and surveillance bodies,

- has been convicted of fraud during the last five years at least;
- has been associated with bankruptcy, put under sequestration or into liquidation during the last five years at least;
- has been incriminated and/or penalised publicly and officially by statutory or regulatory authorities (including the designated professional bodies) during the last five years at least;
- has been impeded by a court to act in the capacity of a spokesperson for a member of an administrative, managerial or surveillance body or to intervene in the management or conducting of business as a spokesperson during the last five years at least.

As the Group is not listed on a regulated market, it is not subject to the obligation to issue an internal audit report.

Given its size, the Group is not governed by a prescribed company administration system, but implements procedures suited to its size and the development of its business.

At the date of this document, there are no directors who have been elected by employees or any family relationships between the members of the Board of Directors.

2.6.8 COMPANY ADMINISTRATION RULES (EXTRACT FROM THE ARTICLES OF ASSOCIATION)

2.6.8.1 Board of Directors (Art.13 of the Articles of Association)

13-1 The Company is administered by a Board of Directors consisting of at least three members and a maximum of 18, subject to the exemptions provided for by law and should include at least one director who represents the preferred shareholders.

In the event that the capital held by the company's employees or any companies linked to it, within the framework of a company savings plan, represents more than 3% of the company's share capital, a director is appointed, under the conditions set out by law and the regulations, from amongst the shareholding employees or from shareholding employees on the Supervisory Board of the company's investment fund. This director is not included in the minimum or maximum number of directors.

Except in cases in which this obligation is dispensed by law, each director is required to own one share.

13-2 The duration of the directors' appointments is six years.

The number of directors having reached the age of 85 cannot exceed one third of the members on the Board of Directors. When the age limit is reached, the oldest director is deemed to have resigned from office.

13-3 The Board of Directors is convened at the discretion of the Chairman and, if he is not the Managing Director, on the request of the Managing Director or, if the Board has not met for more than two months, at the request of at least one third of the directors. The notice of meeting is sent by every means possible within a period of eight days except in urgent cases. It provides the agenda which is set out by the author of the notice of meeting.

Meetings shall be held at the registered office or in any other place indicated in the notice of meeting.

The Board may validly deliberate only if at least half of its members are present at the meeting. The internal regulations may allow directors who participate in the meeting by means of video conference or telecommunications, within the limits and under the conditions set out by the laws and regulations in force, to be deemed present for the purposes of calculating the quorum and the majority vote.

Decisions are taken by a majority vote of members present or represented. In the event of a split vote, the chair of the meeting shall have the casting vote.

The Board may appoint, at each meeting, a secretary who can be chosen from outside of the directors.

13-4 The Board of Directors determines the approach of the company's activities and ensures its implementation. Subject to the powers expressly attributed to the shareholders' meeting and within the limits of the company's purpose, the Board deals with all questions concerning the company's progress and after deliberation, settles the issues concerning the company. It carries out controls and checks which it deems appropriate.

It may authorise the following decisions, which can only be taken by the Managing Director or the Deputy Managing Director with prior authorisation from the Board of Directors, unless such a decision was expressly set out in the budget and unanimously approved by the Board:

(i) create a new subsidiary or acquire all shares or equity in any company or entity;
(ii) acquire an interest or a substantial share of the assets of any entity, or conclude all strategic alliances, technology license agreements or other partnership agreements;
(iii) arrange all loans or all other debts or liabilities in the form of a loan, other than commercial credit arranged during ordinary business;
(iv) appoint or dismiss the Administrative and Financial Director;
(v) (deleted);
(vi) guarantee the commitments of all third parties;
(vii) arrange or agree all pledges, mortgages, loans or other guarantees on any one of the company's assets;
(viii) initiate or accept negotiations for all claims, legal action, disputes or significant proceedings;
(ix) conclude, terminate or modify all agreements with a company shareholder, an affiliated company or a party linked to the company (other than the ordinary commitments linked to work and to payment agreements approved by the Board of Directors);
(x) all significant changes to the company's activities;
(xi) approve or modify all employee shareholder plans or all profit-sharing plans involving employees and/or managers;
(xii) prepare the consolidated budget for the company and its subsidiaries.

13-5 The Board of Directors shall elect a Chairman from amongst its members and determine the remuneration due.

The age limit of a Chairman is fixed at 70 years.

The Chairman of the Board of Directors organises and manages the work of the Board on which he reports at the General Meeting. He ensures that the Company's bodies are operating efficiently and, in particular, ensures that the directors are fulfilling their duties.

Therefore, each director should receive the following documents:

- Preliminary financial statements within 45 days of each financial year closing and audited financial statements within 90 days of the financial year closing;
- unaudited monthly and quarterly financial statements within 30 days of the quarter or month closing;
- Activity reports from the Managing director indicating the status of research and development, sales, marketing and other operational activities (personnel, finance, etc.) within 30 days of the end of the month;
- The annual budget 30 days before the beginning of the financial year in order that it can be approved by the Board of Directors before the end of the current financial year;
- All written reports submitted to the company by an independent chartered accountant in relation to the annual accounts review or interim financial statements.

13-6 - Within the Board of Directors, a remuneration committee is set up consisting of two directors, who should be neither employees nor legal representatives of the company, as well as an audit committee, consisting of two directors.

13-7- The Board of Directors may appoint observers, natural persons or legal entities. In the case of the latter, at the time of its appointment, the legal entity is responsible for appointing a permanent representative who is subject to the same conditions and obligations and who assumes the same civil and criminal liabilities as if he was an observer in his own name, without prejudice to the joint responsibility of the legal entity that he is representing.
Observers must be invited to attend each meeting of the Board of Directors in the same way as the directors as well as all meetings of the Audit and Remuneration Committees.

Observers only have an advisory role, individually or collectively, and do not have any voting rights on the Board.

2.6.8.2 General Management (Art.14 of the Articles of Association)

The duty of general management is assumed, under his responsibility, either by the Chairman of the Board of Directors or by another natural person chosen from among the members of the Board or from outside, who will have the title of Managing Director.

The Board of Directors shall choose between the two working methods for general management. It may modify its choice at any time. In each case, the Board shall inform the shareholders and third parties of this in accordance with the regulations in force.

In the event that the Chairman performs the tasks of the Managing Director, the clauses of the current Articles of Association relative to the latter shall apply.

If general management is not assumed by the Chairman of the Board of Directors, the Board shall appoint a Managing Director, for whom the fixed age limit is that applied to the Chairman.

The Managing Director is granted the most extensive powers in order to take action in all circumstances in the name of the company. He shall exercise these powers within the limits of the company's purpose and subject to the powers expressly attributed to him by law at the shareholder meetings as well as those of the Board of Directors.

On the proposal of the Managing Director, the Board of Directors may appoint one or more (up to five) Deputy Managing Directors. The age limit fixed for the functions of the Chairman also applies to the Deputy Managing Directors.

With regard to third parties, the Deputy Managing Directors have the same powers as the Managing Director.

Within the framework of the company's internal organisation, the powers of the Managing Director and the Deputy Managing Directors can be limited by the Board of Directors without this limit being binding upon third parties.

3. REPORT ON OPERATIONS AND NOTES

3.1 2013 BUSINESS REPORT

3.1.1 MAJOR EVENTS IN 2013

In 2012 CHO Power, a renewable energy subsidiary, completed the construction of the waste- and biomass-to-energy plant in Morcenx. The power plant came online in the summer of 2012, although the preliminary technical delivery could not take place on the scheduled Takeover Date (TOD) due to a gasifier failure and a technical incident that led to the plant being shut down in February 2013. The plant was reopened in early 2014, following the replacement of the faulty equipment by a gasifier supplied by US firm PRM Energy Systems Inc. This company has 31 years of experience and 25 gasifiers installed worldwide.

The delayed TOD caused significant cash flow problems owing to a combination of three factors: (i) deferred recognition of the revenue to be generated by the plant, (ii) delay in the release of retention payments under the EPC contract, and (iii) the additional working capital requirement during the start-up period. These difficulties forced the Group to enter a conciliation process in February 2013 and to make major strategic, financial and operational decisions.

In view of the circumstances, trading in the company's shares was suspended on 15/04/2013. Trading resumed followed a final judgement handed down by the Commercial Court of Mont de Marsan in September 2013, ratifying the MoUs signed with the Group's partners after more than five months of negotiations.
The conciliation process, aimed at safeguarding the interests of the company and its shareholders, resulted in improved borrowing terms and debt rescheduling.

The key decisions taken concerning the difficulties faced in 2013 were as follows:

Changes in the Management
More than 20 years after he founded Europlasma, Didier Pineau stepped down as Managing Director of the Group on 1 July 2013 and as Technical Director of CHO Power on 31 July 2013.
François Marchal, a member of the Board of Directors, was appointed as his temporary replacement pending the arrival of Jean-Eric Petit on 6 January 2014.

Finally, Jean-Claude Rebischung stepped down as Deputy Chief Executive Officer on 24 June 2013.

Financial measures

New funding and the renegotiation of loans previously granted by the Group's reference shareholder and CHO Morcenx
The reference shareholder, Crédit Suisse Europlasma SPV LLC, and the owner of the CHO Morcenx plant reiterated their confidence in and their support for the Group with:

- The renegotiation of loan agreements entered into in December 2012:
  - The repayment date of the advance of €2.7 million granted by CHO Morcenx to CHO Power, €2 million of which has been repaid, was extended until July 2014 (instead of June 2013). €699,000 was still outstanding as of 31/12/2013,
  - The bridging loan from Crédit Suisse Europlasma SPV LLC was limited to €2 million of the €4 million agreed, and the interest was lowered to 10%. Since the second tranche of €2 million was not drawn down, the associated share warrants (2% of the capital of CHO Power) have lapsed;
- The arrangement of new funding:
  - Crédit Suisse Europlasma SPV LLC and CHO Morcenx have, on a pari passu basis, granted CHO Power a loan for €4.6 million, repayable in mid-August 2014, at 8% interest, retroactively increased to 12% after the TOD. The loan was switched to a 10% fixed rate and the repayment date extended until mid-January 2015 under agreements signed in December 2013,
  - The collateral on the loan is described in note 1 of the notes to the 2013 consolidated financial statements on significant events of the period.

Deferred payments
The government, through the Department of Public Finance for the Landes region, has assisted the Group by rescheduling the payment of significant tax and social security liabilities for the 2013 financial year.
The Group has also received support from key suppliers and its principal banking partner, who have agreed to postpone certain payment deadlines.

Recapitalisation of CHO Power

In order to strengthen the capital base of CHO Power, which heads up the Renewable Energy segment, its capital was increased by €24 million through the incorporation of debt claims held by Europlasma, later reduced by €11 million to clear previous losses. Since these transactions, the capital of CHO Power has amounted to €14,393,224, Europlasma's stake in CHO Power remaining unchanged at 100%.

In addition, in December 2012 CHO Power issued share warrants (BSA) which were sold for a token price to Crédit Suisse Europlasma SPV LLC in partial payment for the €2 million loan outstanding at the time. If exercised, the share warrants would give Crédit Suisse Europlasma SPV LLC a 2% stake in CHO Power. Following the recapitalisation, exercising the warrants would only give their holder a 0.1% stake in CHO Power. CHO Power's share capital is set to be reduced again to cover losses made since the end of 2012. This will automatically increase the stake held by Crédit Suisse Europlasma SPV LLC in CHO Power when the warrants are exercised.

Europlasma capital reduction

The General Meeting of 8 November 2013 also took the following decisions:

- To reduce the share capital, in view of previous losses, by €14 million by reducing the par value of the 15,764,735 shares comprising the capital from €1 to €0.10, thereby bringing the share capital down from €15,764,735 to €1,576,473.50, setting off the amount of the capital reduction, or €14 million, against losses reported in "Retained earnings", the amount of which was accordingly reduced from -€34 million to -€20 million,
- To set off the negative amount of €20 million from the "Retained earnings" account against the "Share premium" account, which was therefore reduced from €35 million to €15 million, with the result that the "Retained earnings" account was completely cleared.

Disposal of the Air & Gas business

To improve performance and visibility, the Group decided to refocus on its core operations by selling the Air & Gas branch of the business, represented by Europe Environnement, in which it held a 50.2% stake via the holding company FIG: Europe Environnement was thus sold to the CMI Group following agreements signed on 16 December 2013, with the transfer of control effective on the same date.

The deal, worth a total of €3.5 million, generated a loss of €2.5 million on discontinued operations. See note 3.1.1.4. below.

3.1.1.1 Research and Engineering, Torches and Processes

KNPP contract (Kozloduy Nuclear Power Plant)

Since 2010, Europlasma has worked with Iberdrola and Belgoprocess under a contract for the treatment and conditioning of low-level and very low-level radioactive waste from the nuclear power plant at Kozloduy (Bulgaria). At 31/12/2012, all equipment had been delivered to the Morcenx site and assembly of the plasma furnace had begun for the purpose of testing the facility and obtaining factory acceptance before its dismantling, shipping and reassembly at the site in central Bulgaria.

Tests at the Morcenx site were completed successfully during the summer of 2013 and were followed by factory acceptance by the customer. The facility was then dismantled and shipped to Bulgaria in late 2013. The performance of the KNPP contract has since been temporarily suspended at the customer's request (see note 3.2.1. Events after the balance sheet date).

Research and development

KIWI Programme®

Europlasma and Kobelco Eco-Solutions ("Kobelco", Kobe Steel Group) have embarked on a joint research and development programme in the field of waste-to-energy production. The aim is to design an industrial process based on the respective technologies of Europlasma and Kobelco, known as KIWI (Kobelco Industrial CHO PoWer GasIfication). The programme represents a joint investment of more than €6 million over three years. At 31/12/2012, the pilot had been built and commissioned, with three test programmes having already been completed in October, November and December 2012 with satisfactory results. The fourth round of tests took place in March 2013 to test the effectiveness of Turboplasma® at different operating points in order to increase the calorific value of the syngas. The analysis results showed a highly satisfactory rate of tar destruction of over 90%. Three new test programmes took place in the autumn of 2013 (and two in early 2014) to test new types of waste and the inclusion of certain inputs in the gasification process. These yielded equally satisfactory results.

The first phase of the joint project (JRDA, Joint Research and Development Agreement) expired at the end of March 2014 (see section 3.2.1 Events after the balance sheet date).
Innovation grants were applied for from government agencies to help finance the tests, which are due to run until 2014. Bpifrance (formerly OSEO Innovation) granted a repayable advance for €600,000, of which the first tranche of €480,000 was received on 19/11/2012. In early 2013, Aquitaine Regional Council granted a subsidy of €478,000, of which the first tranche of €191,000 was received on 06/03/2013.

ANR Turboplasma® programme
The aim of this programme was to develop a tar destruction process using Turboplasma® thermal plasma. It received an investment subsidy of €522,000 from the ANR (French National Research Agency). The tests carried out produced satisfactory results and the programme ended in June 2013.

SESCO programme (Cofalit Solar Energy Storage)
This project consists of recovering Cofalit (product of the vitrification of asbestos waste) in the field of high-temperature sensitive storage, primarily through the use of solar concentrators. The consortium working on this programme is made up of the PROMES thermal energy laboratory, the Cemthi materials laboratory and Europlasma. In November 2012, 40 Cofalit plates had been completed and integrated in a prototype heating/cooling unit simulating the operation of a real solar thermal energy storage system. The aim of the prototype was to validate the thermomechanical behaviour of the plates during rapid thermal cycling at up to 900° C. A new prototype, this time close in weight and size to the finished product, was built in the first half of 2013, followed by a second prototype plate which was cast in the autumn of 2013 to study the fabrication parameters (cooling rate) on its mechanical strength. A third and final plate will be cast in the summer of 2014 to confirm these encouraging early results.

The programme receives ANR funding, the first instalments of which were received in 2010 and 2012. It also won an innovative environmental technology award from ADEME (the French Environment and Energy Management Agency) in 2011.

3.1.1.2 Renewable energy

Start-up of the CHO Morcenx plant
In 2012, the Group concentrated on finishing the construction and start-up of the CHO Morcenx waste and biomass-to-energy plant. The theoretical date of the plant's provisional technical acceptance (Takeover Date) by the project owner CHO Morcenx was set for 28/02/2013.
A technical incident in February 2013 led to the shutdown of the CHO Morcenx plant so that repairs could be carried out on the damaged equipment. At the same time, a committee of experts was convened to review the performance of the plant, which at the time of the shutdown had supplied 2235 MWh to the grid since it came online. The committee confirmed the relevance and reliability of the process, but encouraged the company to replace the gasifier, which was found to be faulty. In the circumstances, the Board of Directors, the management and the principal customer (CHO Morcenx) decided to extend the shutdown of the plant to replace the faulty gasifier. At 31/12/2013, this had been dismantled and a new gasifier built so that the plant could be brought online again in early 2014. The new Takeover Date was set for 28 February 2014.
This delay in the preliminary technical acceptance or Takeover Date of the CHO Morcenx plant generated significant costs and forced the Group to make major strategic, financial and operational decisions, as described in note 3.1.1 above.

Restructuring
Staff operating the CHO Morcenx plant, initially recruited by Inertam, and the O&M (operation and maintenance) contract, originally awarded to Inertam, were transferred to CHOPEX (a company founded in July 2013 and 100% owned by CHO Power) in July 2013.
Engineers from the Renewable Energy design office, who were originally employees of Europlasma, were transferred to CHO Power on 01/10/2013.

Funding
See explanations given in note 3.1.1.
In addition, CHO Power has received several grants and loans from government agencies to finance the construction of the CHO Morcenx plant. For example, in January 2013 the Group received the third and final instalment of the OSEO Turboplasma repayable advance for €150,000.

3.1.1.3 Hazardous waste

Activity

Asbestos waste treatment has increased by nearly 47% in terms of revenue and by 71% in terms of tonnage handled. Sales fell by 16% by tonnage handled, a drop that had been forecast due to the scheduled interruption in 2013 of deliveries from a major customer, whose decommissioning operations are expected to resume in 2014.
In operational terms, the Inertam plant performed better than in 2012, with an operating loss of €767,000 against a loss of €3,139,000 in 2012, a year disrupted by numerous production outages. However, production was adversely affected by technical difficulties linked with investments in the charge preparation area, which could not be delivered until the summer of 2013 following an extensive retrofit. Modifications made to charge preparation, coupled with the comprehensive three-year refurbishment of the furnace carried out over the summer, meant that production rates increased towards the end of 2013.

Investments
A total of €2 million has been invested in the charge preparation area since 2010 to boost productivity while reducing the environmental footprint. The principle behind this new charge preparation area involves mixing the waste after shredding, instead of before, which refines the mix of the various types of asbestos waste (flocking, bound asbestos, asbestos cement, etc.) to facilitate the melting process.
The expected investment gains are environmental and operational:
- reduced consumption of gas, electricity and reagents for the treatment of flue gases;
- extended life of furnace refractory materials;
- efficient use of human resources.

The expected productivity gains on this investment are in the region of 30%; a return on investment is expected in three years. The effects will be visible over the full year from 2014, since the works could not be finalised or delivered before the summer of 2013.

3.1.1.4 Air and Gas

Restructuring
A merger was completed on 1 January 2013 between ATS and its wholly-owned subsidiary AMCEC. This was intended to streamline the Group’s structure in the US and to generate cost savings.

Change in governance
On 01/04/2013, 20 years after he founded the Europe Environnement Group, Jean-Claude Rebischung announced his retirement. Co-founder Pierre Bellmann has since acted as Chairman and Managing Director of the subgroup. Jean-Claude Rebischung has remained a director and shareholder of Europe Environnement, to which he continues to offer his advice and experience.

Disposal of the Air & Gas business
On 28 March 2013, the Executive Committee of FIG (the holding company that owned the subsidiary Europe Environnement) decided to sell off the subgroup FIG/Europe Environnement. This subgroup was therefore classified as "Discontinued operations" for the first time in the interim financial statements to 30 June 2013.
The Europlasma Group finalised the sale of its Air and Gas business to the CMI Group under agreements signed on 16 December 2013, with the transfer of control effective on the same date. The deal, worth a total of €3.5 million (of which Europlasma Group's share is 50.2%), resulted in a loss of €2.5 million on discontinued operations.
As of the reporting date, the second, third and fourth instalments of the sale proceeds were still to be received by FIG, namely:
- €750,000, paid in January 2014;
- €300,000, paid in July 2014;
- €700,000, subject to compliance with contractual liability guarantees (see note 8.2 to the 2013 consolidated financial statements), due no later than December 2018.

The deal, in line with the Group's strategy of refocusing on its core business – i.e. the application of plasma technology in the fields of hazardous waste treatment and renewable energy generation – also provided additional liquidity.

3.1.2 ACCOUNTING POLICIES

3.1.2.1 Statement of compliance

The consolidated financial statements of the Europlasma Group for the financial year ended 31 December 2013 were approved by the Board of Directors on 9 July 2014.

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the Group has decided to draw up its consolidated financial statements in accordance with the international IFRS issued by the IASB (International Accounting Standards Board). These international standards are composed of IFRS

(International Financial Reporting Standards), IAS (International Accounting Standards), as well as the related interpretations issued by the IFRIC (IFRS Interpretation Committee) and the former SIC (Standing Interpretations Committee), endorsed by the European Union as at 31 December 2013 (publication in the Official Journal of the European Union).

The consolidated financial statements were prepared on the basis of the historical cost principle, except for derivative instruments and financial assets available for sale, which are measured at fair value.

All of the consolidated companies close their individual accounts on 31 December. The first financial year of the subsidiary CHOPEX SAS, created in July 2013, will be for a period of 18 months to 31 December 2014. For consolidation purposes, the financial statements of CHOPEX SAS for the six months from July to December 2013 were prepared using the same rules and procedures for closing the annual accounts. The financial statements of the subsidiaries are prepared using consistent accounting policies.

The consolidated financial statements are shown in thousands of euros, and all amounts are rounded up or down to the nearest thousand, unless otherwise indicated.

3.1.2.2 *Going concern basis*

The Board of Directors of Europlasma has acknowledged the uncertainties surrounding the Group's future, but believes that the use of this convention in the presentation of the Group's consolidated financial statements is justified, given:

- The expected ability to raise funds and/or to arrange other funding of €21 million.
  The Group has effectively identified cash flow requirements in 2014 that are not covered by the capital increase with preferential subscription rights of €4,351,000, including share premium, conducted in February 2014, or by the additional funding of €2.8 million obtained from Crédit Suisse Europlasma SPV and CHO Morcenx in April 2014 (see notes 2.1.2. Going concern basis and 14. Events after the balance sheet date of the 2013 consolidated financial statements), and as a result of which funds must be raised or other funding arranged.
  The €21 million breaks down as follows:
    - €2.5 million to cover the Group's cash flow requirements from 15 July to 15 September 2014;
    - €8.5 million to cover the requirements from 15 September 2014 to 30 September 2015, excluding the repayment of the loans mentioned below;
    - €10 million for the repayment of all loans from Crédit Suisse Europlasma SPV and CHO Morcenx, due between January and April 2015.

  The amounts necessary to cover the Group's requirements until September 2015 would be supplemented by €4 million to fund the Group's share of the second CHO plant during the fourth quarter of 2015.

- Compliance with the agreed performance during and after the ramp-up period of the CHO Morcenx plant, and the final delivery date of the plant, set for 31 January 2015 (Final Acceptance Date, or FAD), in view of the guarantees issued by the Group under the EPC (Engineering, Procurement and Construction) contract for the CHO Morcenx plant.

3.1.3 GROUP ACTIVITY AND RESULTS IN 2013

3.1.3.1 Changes in scope of consolidation (2013)

A merger was completed on 1 January 2013 between ATS and its wholly-owned subsidiary AMCEC. The merger was made "in reverse", with the subsidiary AMCEC absorbing the parent company ATS.

Europe Environnement, 99.4% owned by Financière GEE SAS (FIG), was sold to the CMI Group on 16/12/2013 with immediate transfer of control. The companies AMCEC, AMPLAST, RHE America and Ventacid Hungary have thus been deconsolidated from the Europlasma Group together with Europe Environnement.

The company CHOPEX SAS, the wholly-owned subsidiary of CHO POWER SAS, was created on 17 July 2013. CHOPEX, which operates the CHO Morcenx power plant, is part of the renewable energy segment.

3.1.3.2 Analysis of activity and performance in 2013

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Revenue	12,572	35,338	-22,766	11,251	1,321
Other operating income	4,870	8,171	-3,301	8,863	-3,993
Depreciation and amortisation, impairment, and provisions	-4,146	-4,038	-109	-3,215	-931
Other operating expenses	-22,430	-57,685	35,255	-34,833	12,403
Operating income	-9,135	-18,215	9,079	-17,934	8,799
EBITDA	-5,341	-9,204	3,863	-10,269	4,928
EBIT	-9,187	-17,638	8,151	-17,360	7,873
Cost of net debt	-788	-567	-221	-158	-630
Other financial revenues and costs	-111	-3,760	3,650	-3,730	3,620
Income tax	-152	814	-966	614	-766
Share of profits (losses) of associates	-352	576	-928	574	-926
Net income from discontinued operations	-2,523	0	-2,523	-519	-2,004
Net income of the consolidated Group	-13,061	-21,152	8,091	-21,152	8,091
Non-controlling interests	1,364	261	1,103	261	1,103
Net income (Group share)	-11,697	-20,891	9,194	-20,891	9,194

3.1.3.2.1 Revenue

Group revenue was down 64% to €12.6 million in 2013, primarily due to the recognition in 2013 of the Europe Environnement subgroup according to IFRS 5. On a same scope basis, this was an increase of €1.3 million, or 12%, linked to the solid performance of Inertam, which reported growth in revenue of €2.9 million.

Turnover by region broke down as follows:

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Europe	12,085	31,342	-19,257	10,818	1,267
Americas	0	2,378	-2,378	0	0
Asia	486	860	-374	433	53
Africa	0	828	-828	0	0
Pacific	0	30	-30	0	0
Total	**12,572**	**35,338**	**-22,766**	**11,251**	**1,321**

3.1.3.2.2 Operating income

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Revenue	12,572	35,338	-22,766	11,251	1,321
Other operating income	4,870	8,171	-3,301	8,863	-3,993
Depreciation and amortisation, impairment, and provisions	-4,146	-4,038	-109	-3,215	-931
Other operating expenses	-22,430	-57,685	35,255	-34,833	12,403
Operating income	-9,135	-18,215	9,079	-17,934	8,799
EBITDA	-5,341	-9,204	3,863	-10,269	4,928
EBIT	-9,187	-17,638	8,151	-17,360	7,873

The Group's operating loss in 2013 is mainly due to the loss on the EPC (Engineering, Procurement and Construction) contract for the CHO Morcenx plant, operational issues experienced by the hazardous waste disposal business in the first half of 2013, and the costs of restructuring and conciliation linked to the difficulties faced during the year.

The same factors generated a significant operating loss in 2012, combined with the major operational issues affecting the hazardous waste disposal business all year.

EBITDA amounted to a loss of €5,341,000 at 31/12/13, weighed down by the Renewable Energy segment. It was positive for the Hazardous Waste disposal business.

The Renewable Energy segment reported negative EBITDA of €6,331,000 in 2013, versus -€8,973,000 in 2012. This loss results primarily from the EPC contract for the CHO Morcenx plant.

The Hazardous Waste segment generated positive EBITDA of €1,545,000, compared with negative EBITDA of €1,481,000 in 2012, in line with the increase in tonnage treated.

The Research and Engineering, Torches and Processes segment posted negative EBITDA of €441,000 (+€179,000 in 2012), mainly due to non-recurring and restructuring and conciliation costs.

3.1.3.2.3 Segment reporting

3.1.3.2.4 1.1 Research and Engineering, Torches and Processes

In €'000s	**31/12/2013**	**31/12/2012**	**Change**
Revenue	1,613	2,457	-844
Operating income	-1,950	-647	-1,303
EBITDA	-441	179	-620
Net income	-2,271	-712	-1,559
Non-controlling interests	0	0	0
Net income (Group share)	**-2,271**	**-712**	**-1,559**

The Research and Engineering, Torches and Processes business posted revenue of €1,613,000 in 2013, representing 13% of the Group's business, compared with 22% in 2012 (pro forma).

Since 2010, Europlasma has worked with Iberdrola and Belgoprocess under a contract for the treatment and conditioning of low-level radioactive waste from the nuclear power plant at Kozloduy (Bulgaria), known as KNPP. The performance of the contract resumed in 2012 after the customer's deadlines were postponed for a year. At 31/12/2013, following successful testing at the Morcenx site and factory acceptance by the customer in the summer of 2013, the equipment was shipped to the site in central Bulgaria.

Europlasma has continued with its R&D, notably with the KIWI (Kobelco Industrial CHO poWer GasIfication) programme, developed in partnership with Kobelco Eco-Solutions (formerly Kobe Steel). This joint research and development programme in the field of waste-to-energy production is aimed at developing an industrial tool based on the respective technologies of Europlasma and Kobelco. The programme, which represents a joint investment of more than €6 million over three years, has been supported by OSEO and Aquitaine Regional Council. At 31/12/2012, the pilot had been built and commissioned, while three new test programmes were carried out in 2013. The tests took place as expected with satisfactory analysis results.

In addition, the SESCO research programme has continued in partnership with the PROMES and Cemthi laboratories. This was previously awarded a prize by ADEME in the "Innovative Environmental Technology" category. The project involves using COFALIT (a material derived from the vitrification of asbestos) for solar energy storage. It is supported by the ANR (French National Research Agency).

3.1.3.2.5 Hazardous waste

In €'000s	31/12/2013	31/12/2012	Change
Revenue	9,175	6,250	2,925
Operating income	-767	-3,180	2,413
EBITDA	1,545	-1,481	3,026
Net income	-964	-3,395	2,431
Non-controlling interests	0	0	0
Net income (Group share)	**-964**	**-3,395**	**2,431**

The hazardous waste treatment business represented €9,175,000, or 73%, of Group revenue at 31/12/2013, compared with €6,250,000 at 31/12/2012 (equivalent to 56% of 2012 pro forma revenue).

Revenue, calculated based on actual waste treatment, does not reflect sales, which were down in 2013 at 5,149 tonnes after the high levels of 6,106 tonnes recorded in 2012. The decrease, which had been expected, was due to the scheduled interruption of deliveries from a major customer whose decommissioning operations are expected to resume in 2014.

In 2013 therefore, 5,212 tonnes were treated, compared with 3,048 tonnes in 2012 and 4,521 tonnes in 2011. In 2012, the decline in production was mainly due to the shutdown for several weeks of the treatment line, since major investments (of over €2 million, largely funded by a "green loan" from Bpifrance (formerly OSEO Financement) as part of the "Investment for the Future" scheme run by the government) in the charge preparation area could not be made according to the original timetable nor approved on their initial completion due to various non-compliance issues; this required additional confined-area work and the treatment line to be brought back on line gradually. Full acceptance of the facility took place in the summer of 2013 during the planned shutdown for the three-year furnace refurbishment. When production resumed in late September 2013, the first few months showed an encouraging increase in output.

The investments are intended to optimise the mixing of the asbestos waste after shredding, instead of before, to facilitate the melting process. The expected productivity gains from the investment are in the region of 30% (reduced input consumption, extended life of refractory materials and efficient use of human resources).

3.1.3.2.6 Renewable energy

In €'000s	31/12/2013	31/12/2012	Change
Revenue	1,784	2,544	-760
Operating income	-6,402	-14,165	7,763
EBITDA	-6,331	-8,973	2,642
Net income	-7,100	-16,488	9,388
Non-controlling interests	0	0	0
Net income (Group share)	**-7,100**	**-16,488**	**9,388**

The renewable energy segment generated revenue of €1,784,000, versus €2,544,000 in 2012. This essentially corresponded to the ongoing construction of the CHO plant in Morcenx.

In 2012, a faulty gasifier, a key process component, combined with various other incidents, delayed the preliminary technical acceptance (Takeover Date) of the power plant in Morcenx and generated additional costs, resulting in a loss on the EPC (Engineering, Procurement and Construction) contract. The cost of replacing the faulty gasifier, incurred after the 2012 year-end, had been included in the costs to complete the contract at 31/12/2012 according to the percentage of completion method of recognising revenue and margin on the EPC contract, further exacerbating the loss margin on the contract.

These temporary difficulties did not shake the confidence of the Group's partners, who continued to support the Group by arranging funding in 2012 and 2013 and renegotiating key contracts.

Tests carried out in early 2014 revealed the need to fine-tune the general parameters in order to optimise plant operation, leading to a further postponement of the Takeover Date (TOD) which had been scheduled for 28 February 2014. The preliminary acceptance of the plant was finally announced on 13 June 2014 following the tests carried out. During testing, all performance parameters initially specified in the contract for the TOD were met or exceeded, except for average continuous power output, which at just over 3 MWe remains below initial expectations at this stage.

The reasons for the low electrical output have been identified and solutions are known to exist. The causes can be attributed to either: the fragility of various auxiliary systems, triggering frequent shutdowns, and the size of some equipment, designed and built before the gasifier was replaced in 2013.

Implementing the solutions will require an additional investment of around €1 million. These additional costs were included in the costs to complete the contract at 31/12/2013 according to the percentage of completion method of recognising revenue and margin on the EPC contract.

3.1.3.2.7 Air and Gas

In €'000s	31/12/2013	31/12/2012	Change
Revenue	0	24,087	-24,087
Operating income	-17	-222	205
EBITDA	-113	1,071	-1,184
Net income	-2,725	-557	-2,168
Non-controlling interests	1,364	261	1,103
Net income (Group share)	**-1,361**	**-296**	**-1,065**

The process of exiting this business segment began in late March 2013. FIG, the holding company of the Air and Gas business, sold its stake in Europe Environnement to the CMI Group on 16/12/2013 with immediate transfer of control. The accounting treatment under IFRS 5 resulted in the presentation on a single line of elements of the Europe Environnement subgroup.

Only FIG, which will issue the final payment instalments and asset and liability guarantee, remained consolidated in the Air and Gas segment at 31 December 2013. This company no longer has its own operations.

3.1.3.2.8 Financial income and expense

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Income from cash and cash equivalents	62	78	-16	78	-16
Cost of gross financial debt	-851	-645	-205	-236	-615
Cost of net financial debt	**-788**	**-567**	**-221**	**-158**	**-630**
Foreign exchange gains and losses	-5	-2	-3	-2	-3
Net impairment of financial assets	-123	-3,748	3,626	-3,748	3,626
Other financial expense	-22	-42	20	-6	-16
Other financial income	39	31	7	26	13
Financial income	**-899**	**-4,327**	**3,429**	**-3,888**	**2,989**

The cost of net financial debt rose in 2013 following external funding arranged in 2012 with Bpifrance, CHO Morcenx and the reference shareholder.

In 2012, net impairment losses of €3.7 million corresponded mainly to the impairment of the €7.5 million escrow account pledged under the EPC contract for the CHO Morcenx plant. This provision was maintained at 31/12/2013, despite the temporary delivery of the plant on 13/06/2014, given the remaining uncertainties over the plant's ramp-up period and its Final Acceptance Date, scheduled for the first quarter of 2015. This reflects the risk of the financial guarantee being enforced by its beneficiary, the company CHO Morcenx, which owns the plant.

3.1.3.2.9 Net income

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Operating income	-9,135	-18,215	9,079	-17,934	8,799
Financial income	-899	-4,327	3,429	-3,888	2,989
Income tax	-152	814	-966	614	-767
Share of profits (losses) of associates	-352	576	-928	574	-926
Net income from discontinued operations	-2,523	0	-2,523	-519	-2,004
Net income for the year	**-13,061**	**-21,152**	**8,091**	**-21,152**	**8,091**
Non-controlling interests	1,364	261	1,103	261	1,103
Net income, Group share	**-11,697**	**-20,891**	**9,194**	**-20,891**	**9,194**

Tax income of €814,000 in 2012 was due to deferred tax income of €1,054,000, essentially corresponding to the consolidated tax treatment of financial depreciation for the year (€3.7 million). In 2013, the tax charge breaks down equally into current income tax expense of €76,000 and deferred tax of €76,000.

The share of net income from associates equated to a loss of €352,000 in 2013 (reported by CHO Morcenx, due to the postponement of the Takeover Date), versus a gain of €576,000 in 2012 (positive impact of recovery of the margin previously eroded when the EPC contract became loss-making).

Income from discontinued operations equated to a loss of €2,523,000, consisting of ordinary income of €183,000, goodwill impairment of €2,644,000 and a gain on disposal of €304,000.

Net income of the consolidated Group was a loss of €13,061,000 in 2013, against -€21,152,000 in 2012.

The share of non-controlling interests in net income in 2013 equated to a loss of €1,364,000, compared with a loss of €261,000 in 2012, in line with the loss on discontinued operations.

3.1.4 ANALYSIS OF THE GROUP'S BALANCE SHEET AND FINANCIAL POSITION IN 2013

3.1.4.1 Non-current assets

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Goodwill	2,624	7,872	-5,248	2,624	0
Other intangible assets	1,438	1,357	81	1,322	116
Property, plant and equipment	15,937	24,380	-8,444	16,994	-1,057
Investment in associates	3,677	4,041	-364	4,029	-352
Other non-current financial assets	5,731	5,402	329	5,136	595
Deferred tax assets	2,191	3,003	-812	2,338	-147
Non-current assets	**31,597**	**46,055**	**-14,458**	**32,442**	**-844**

The change in non-current assets between 2012 and 2013, before the impact of the disposal of the Europe Environnement subgroup, is primarily due to investments made by the Group, including:

- completion of the Morcenx power plant and related facilities (buildings and dry kiln);
- Kiwi project test programmes;
- the completed investment in the charge preparation area for the hazardous waste treatment business.

This change is consistent with the investment decisions made since 2010 in the Group's three business segments (Research and Development, Hazardous Waste and Renewable Energy).

The Group owns several plots of land and buildings in Morcenx. The premises in Bruges (France) are rented.

Investments in associates correspond at 31/12/2013 to the share of equity of CHO Morcenx since its acquisition, as well as acquisition costs. The annual changes mainly relate to the share of net income of the Group in CHO Morcenx and the impact of the equity method applied to the company RHE America, sold in December 2013 as part of the disposal of Europe Environnement, which did not have a material impact on the Group's accounts on integration.

Other non-current financial assets include €3,800 at 31/12/2013 and 31/12/2012 for the transfer of €7.5 million to an escrow account offered as collateral to CHO Morcenx for the construction of the plant in late 2010. This amount was written down by 50% in 2012 to take into account the risks of the guarantees being enforced by its beneficiary, the company CHO Morcenx, which owns the plant. It will be reclassified in current assets in 2014, since recoverable in 2015 on the Final Acceptance Date (FAD) of the plant, due to take place in the first quarter of 2015.

3.1.4.2 Non-cash current assets

		Actual		Pro forma	
In €'000s	31/12/2013	31/12/2012	Change	31/12/2012	Change
Inventories and work-in-progress	1,028	2,302	-1,274	1,394	-366
Customer receivables and related accounts	7,684	13,983	-6,299	7,906	-222
Other operating receivables	3,116	4,817	-1,701	3,849	-733
Current tax receivables	57	76	-19	54	3
Other current assets	2,830	1,709	1,121	1,557	1,273
Assets from activities held for sale	0	0	0	22,910	-22,910
Non-cash current assets	**14,715**	**22,886**	**-8,171**	**37,669**	**-22,954**

At constant scope, non-cash current assets are stable, the increase in other current assets being offset by the decline in inventories and work in progress, customer receivables and other operating receivables (VAT).

The increase in other current assets consists of €1,050,000 in sale proceeds received from the CMI Group in 2014 for the sale of Europe Environnement in late 2013.

3.1.4.3 Cash and net debt

		Actual		Pro forma	
In €'000s	31/12/2013	31/12/2012	Change	31/12/2012	Change
Cash and cash equivalent	1,978	4,055	-2,077	2,885	-907
Current financial liabilities	1,810	3,803	-1,992	1,444	367
Non-current financial liabilities	15,935	19,753	-3,818	12,921	3,015
Net debt	**15,767**	**19,501**	**-3,734**	**11,479**	**4,288**
Net gearing ratio	367.8%	122.3%		72.0%	

At 31/12/2013, the Group's net debt stood at €15,767,000, compared with €11,479,000 at 31/12/2012 pro forma. This increase is due to:

- borrowing arranged to finance the construction and start-up of the CHO Morcenx plant with the banks, reference shareholder and financial partner;
- the use of available cash, particularly by the Renewable Energy and Hazardous Waste segments.

On receiving the first instalment of the sale price agreed for the Europe Environnement sale in December 2013, FIG repaid the outstanding balance on its two bank loans (€780,000, including interest paid).

3.1.4.4 Equity

In €'000s	31/12/2013	31/12/2012	Change
Capital	1,576	15,737	-14,161
Additional paid-in capital	14,729	34,658	-19,929
Reserves and retained earnings	-2,235	-15,697	13,462
Income for the financial year	-11,697	-20,891	9,194
Equity attributable to Group shareholders	2,374	13,808	-11,434
Non-controlling interests	748	2,133	-1,385
Equity	**3,122**	**15,940**	**-12,818**
Equity per share, in € per share	**0.15**	**0.88**	**-0.73**

Equity was €3,122,000 at 31/12/2013, against €15,940,000 at 31/12/2012 and €37,002,000 at 31/12/2011. The change in 2013 was primarily due to net income for the period (-€13,061,000 in 2013, versus -€21,152,000 in 2012).

Other items of comprehensive income (€34,000 in 2013 and -€103,000 in 2012) mainly correspond to changes in fair value of hedging instruments, actuarial gains and losses on the provision for retirement benefits and translation reserves totalling €34,000.

Free share allocation schemes had an impact on other reserves of +€163,000 in 2013 and +€166,000 in 2012.

Composition of the share capital

At 31/12/2013, following the capital reduction by reducing share par value authorised by the Extraordinary General Meeting of 08/11/2013, Europlasma's share capital was composed of 15,764,735 ordinary shares with a par value of €0.10 each.

	31/12/2013	31/12/2012	Change
Number of ordinary shares	15,764,735	13,532,235	2,232,500
Number of preferred shares	0	2,205,000	-2,205,000
Number of shares at the balance sheet date	**15,764,735**	**15,737,235**	**27,500**

	31/12/2013	31/12/2012	Change
Average number of shares	**15,745,071**	**15,705,287**	**-39,783**

In financial year 2013,

- 27,500 ordinary shares were issued as part of the free share allocation;
- The 2,205,000 preferred shares outstanding at the end of 2012 were converted into ordinary shares in 2013: 125,000 preferred shares were converted into ordinary shares in the first half of 2013 at the request of their holder and the remaining preferred shares were automatically converted on 02/09/2013 at the end of a three-year period.

3.1.4.5 Other liabilities

		Actual		Pro forma	
In €'000s	**31/12/2013**	**31/12/2012**	**Change**	**31/12/2012**	**Change**
Non-current employee benefits	257	613	-356	421	-164
Non-current provisions	0	0	0	0	0
Deferred tax liabilities	361	506	-145	391	-30
Other non-current liabilities	1,111	529	582	0	1,111
Non-current liabilities	**1,729**	**1,648**	**81**	**813**	**916**
Current provisions	1,061	1,077	-15	807	255
Trade payables and related accounts	8,051	10,098	-2,047	6,755	1,296
Current tax payables	0	0	0	0	0
Other operating payables	3,554	6,161	-2,606	4,084	-530
Other current liabilities	13,027	14,517	-1,490	13,302	-275
Liabilities of businesses held for sale	0	0	0	16,932	-16,932
Current liabilities	**25,694**	**31,852**	**-6,158**	**41,879**	**-16,185**
Total other liabilities	**27,423**	**33,500**	**-6,077**	**42,692**	**-15,269**

Non-current liabilities are primarily composed of:

- non-current employee benefits of €257,000 at 31/12/2013, against €421,000 at 31/12/2012 pro forma (decrease due to the departures of Financière GEE and Europlasma executives);
- deferred tax liabilities;
- the portion of deferred payments due in over a year.

Trade payables amounted to €8,051,000 at 31/12/2013, against €6,755,000 at 31/12/2012 pro forma. The change in this item is linked to the level of activity of the Inertam plant and to the construction of the CHO plant in Morcenx.

Other current liabilities (€13,027,000 at 31/12/2013, €13,302,000 at 31/12/2012 pro forma) are mainly composed of deferred revenue on long-term contracts and hazardous waste treatment services, the latter usually being invoiced on receipt of the waste to be treated on site, the corresponding revenue only being recognised at the actual time of treatment.

3.1.5 CASH FLOW ANALYSIS IN 2013

In €'000s	31/12/2013	31/12/2012	Change
Operating cash flows before cost of net financial debt and tax	-4,282	-9,579	5,297
Impact of the change in working capital requirement	1,662	1,862	-200
Taxes paid	-108	-177	69
Net cash flows from operating activities	-2,728	-7,893	5,165
Net cash flows from investing activities	104	-7,609	7,713
Net cash flows from financing activities	1,773	8,156	-6,384
Change in cash and cash equivalents	-855	-7,347	6,492
Opening cash position	2,829	10,175	-7,347
Closing cash position	1,973	2,829	-855
Change in net cash and cash equivalents	-855	-7,347	6,492

In 2013, operating and investing activities were financed by opening cash and recourse to external funding.

Operating cash flows were significantly impacted by the technical difficulties and delays encountered in the construction and start-up of the CHO Morcenx plant.

Cash flows from investing activities include the impact of the sale of Europe Environnement, i.e. +€1,660,000 in net sale proceeds and +€964,000 from the transfer of the subgroup's negative cash flow.

Cash flows from financing activities in 2013 mainly consisted of finance arranged with the reference shareholder and principal customer (pari passu loan for €4.6 million arranged in July 2013), minus €2.6 million in sundry repayments and €0.9 million in interest paid.

Repayments and interest paid in 2013 include €780,000 in the repayment by FIG, on receiving the first instalment of the price agreed for the sale of Europe Environnement in December 2013, of the balance of its two bank loans.

3.2 EVENTS AFTER THE BALANCE SHEET DATE AND TRADING OUTLOOK

3.2.1 EVENTS AFTER THE BALANCE SHEET DATE

Change in governance

Appointment of Jean-Eric Petit to the Group's General Management

At its meeting on 23 December 2013, the Board of Directors appointed Jean-Eric Petit to replace François Marchal as Managing Director of the Europlasma Group, effective 6 January 2014.

Jean-Eric Petit also succeeded François Marchal as Managing Director of CHO Power, Chairman of Inertam, Chairman of CHOPEX and manager of SC Immobilière de Gazéification.

Changes within the Board of Directors

At the meeting of the Board of Directors on 28 January 2014, Jean-Claude Rebischung, who had served on Europlasma's Board since 2006, resigned from office. Consequently, the Board decided to co-opt Jean-Eric Petit to the Board effective on the same date and for the remaining term of office of Mr Rebischung, i.e. until the close of the annual general meeting held to approve the financial statements for the year ending 31 December 2017.

In addition, following the sale by Crédit Suisse of its "Customized Fund Investment Group" (CFIG) business to Grosvenor Capital Management LP, announced in January 2014, the equity stake held by Crédit Suisse Europlasma SPV in Europlasma was restructured on 12 April 2014. Accordingly, the company DLJ MB Advisors, represented by Roger Ammoun, resigned from the Board with effect from 31 March 2014. At its meeting on 1 April 2014, the Board of Directors decided to co-opt, as a replacement for DLJ MB Advisors, the company Crédit Suisse Asset Management, represented by Henri Arif, for the remaining term of office of its predecessor, i.e. until the close of the annual general meeting held to approve the financial statements for the year ending 31 December 2018.

Both co-options will be presented at the next general meeting for ratification by the shareholders.

Suspension of trading

Due to the major technical and financial uncertainties described in the sections on "Preliminary Technical Delivery (TOD) of the CHO Morcenx plant" and "Funding" below, and in a situation where the number of outsiders was making it difficult to control information, the listing of ALEUP stock was suspended on 31 March 2014. This will resume once the Group has regained its short-term financial visibility.

Preliminary technical delivery (TOD) of the CHO Morcenx plant

The CHO Morcenx plant came online again in early 2014, once the new gasifier had been built and connected to the rest of the facility. However, minor incidents affecting some auxiliary equipment caused further delays to the preliminary technical delivery of the plant (the Takeover Date, or TOD), which was scheduled for 28 February 2014. This finally took place on 13 June 2014, following the performance tests agreed. Since these were downsized compared with the original contractual requirements, the plant's ramp-up period includes a process improvement plan, entailing an additional investment of around €1 million, and new technical milestones to validate the improvements made.

The final delivery of the plant (Final Acceptance Date, or FAD) is scheduled for the first quarter of 2015.

Funding

In 2013, the Group identified funding requirements of around €6 million to be met in 2014 to cover the start-up of the CHO Morcenx plant and its ramp-up period, following the preliminary technical delivery then scheduled for 28 February 2014. This funding requirement had to be covered in two stages, the first before the TOD, and the second after the TOD. The first stage of this funding was completed successfully during the capital increase with preferential subscription rights in February 2014. However, the second stage was postponed in view of the further delay in the TOD, which was finally confirmed on 13 June 2014. The latter delay, which prevented the preparation and implementation of the second round of fund-raising originally expected in the spring of 2014, also had the effect of increasing cash flow requirements in the first half of 2014. This led the Group to suspend trading in its shares on 1 April 2014 and to negotiate further financial assistance from its main financial partners and additional deferments from its other partners.

Capital increase with preferential subscription rights of February 2014

A capital increase with preferential subscription rights was launched on 6 January 2014. After a four-day extension of the subscription period, the closing date of which was originally scheduled for 20 January 2014, the Board of Directors decided to exercise its extension option on 15% of the amount of the initial issue to meet the surplus demand. Therefore, the amount of the transaction, which was initially supposed to be €3,783,536, was increased following the exercise of the extension clause to €4,351,067, with 7,251,778 new ordinary shares being issued in total. The principal shareholder, Crédit Suisse Europlasma SPV LLC, participated in the capital increase by converting a portion of its debt claim into 1,305,892 new shares worth €783,535.

Additional bridging loans granted by the Group's reference shareholder and CHO Morcenx in April 2014

At its meeting on 16 April 2014, the Board of Directors approved the terms of the new *pari passu* loan granted by the reference shareholder Crédit Suisse Europlasma SPV LLC (CSE) and the company CHO Morcenx.

The €2.8 million loan was intended to supplement the financial assistance (debt rescheduling) granted by the State and by some other key partners of the Group to cover cash flow requirements between April and July 2014. The loan is repayable no later than May 2015, in cash or by conversion into Europlasma shares or CHO Power shares, if the lenders should so request it, subject to the prior approval of the Annual General Meeting (AGM) of the shareholders concerning the conversion into Europlasma shares.

The conversion into Europlasma shares would take place at the same price as the exercise price set by the Board of Directors for the capital increase with preferential subscription rights planned for September 2014. The conversion option would be limited to a period of three months from the authorisation by the AGM.

If the AGM rejected the resolution to authorise the conversion, an additional 10% interest would be charged.

If the AGM authorises the conversion of the bridging loans granted to the Group since 1 January 2013 into Europlasma shares as part of the September 2014 capital increase, the lenders' conversion plans would help to underwrite 75% of the transaction.

The collateral on this loan is in the form of a joint guarantee from Europlasma.

Furthermore, this loan is accompanied by a clause requiring Europlasma share warrants (BSA) to be issued at a token price of €0.01 subject to prior authorisation from the AGM. The number of warrants issued would depend on the ratio between 20% of the loan amount at the date of issue of the warrants and €0.80, the subscription price set by the Board of Directors for the capital increase planned for September 2014. These warrants could be exercised over a period of five years at an exercise price equal to the subscription price of the capital increase.

If the AGM rejects the resolutions submitted to it for issuing these warrants, the parties will use their best efforts to find an alternative solution.

This new funding underscores the confidence of the reference shareholder and financial partner in the Group's ability to operate the CHO Morcenx plant at its maximum operating capacity.

Additional funding currently in the pipeline

As described in section 3.1.2.2 Going concern basis, the Group still faces significant short-term cash flow requirements to ensure its long-term survival.

€3 million in funding to cover the Group's requirements until September 2014 is currently under discussion with potential lenders, including CHO Morcenx.

Moreover, Europlasma is planning a major capital increase with preferential subscription rights, which it intends to launch in September 2014. The aim of this is to:
i) clear the Group's current debt by repaying and/or converting the bridging loans granted by its main financial partners since late 2012;
ii) finance the reinvestment in the CHO Morcenx plant needed to improve its performance and provide working capital during the ramp-up period;
ii) secure the Group's recovery and enable it to leverage the growth opportunities on offer within each of its business segments; and
iv) finance the share of the Group's investment in the next CHO Power plant by the end of

2015 based on the provisional roll-out schedule.

The proposed transaction is subject to obtaining approval from the French Financial Markets Authority (AMF).

Following the capital increase, the Group intends to proceed with the free allocation of redeemable share warrants (BSAR) to all new and existing shareholders.

KNPP contract (Kozloduy Nuclear Power Plant)

The construction schedule for the building intended to house the vitrification unit for low-level radioactive waste supplied by Europlasma has been modified by the customer, following decisions issued by the Bulgarian government. The new provisional schedule sent by the customer involves the installation of equipment in mid-2015. The vitrification unit, which successfully completed its factory acceptance in Morcenx during the summer of 2013, was shipped to the Bulgarian site in late 2013. It will be reassembled and brought online at the nuclear power plant in the autumn of 2015.

KIWI R&D programme

The ninth and last test programme was completed successfully in February 2014, validating the concept of thermal cracking by the Turboplasma® reactor of tar contained in the syngas produced by the fluidized bed gasifier supplied by Kobe Steel Group (KES), the Group's partner.

The development partnership agreement between Europlasma and KES expired at the end of March 2014. The terms of a possible renewal are currently under discussion.

3.2.2 TRADING OUTLOOK

1.1 Research and Engineering, Torches and Processes

Renewed growth in sales has highlighted the interest in plasma technology shown by numerous manufacturers worldwide in a variety of sectors.
For example, in the first half of 2014, Europlasma was commissioned to carry out studies by a leading European chemicals company on biofuel production, by a steelmaker on the recovery of blast furnace gas, and by a Chinese company on the vitrification of fly ash.
Some of these studies will inevitably generate orders for the supply of equipment or services.

At the same time, the Research and Engineering, Torches and Processes division is furthering its expansion in the nuclear decommissioning market, and specifically the conditioning and compaction of low and very low-level radioactive waste, thanks to the expertise developed on the KNPP contract.

Finally, following the European Parliament resolution of 14 March 2013 requiring Member States to promote the establishment throughout the EU of centres for the treatment and inertisation of waste containing asbestos, combined with phasing out all delivery of such waste to landfills, new business opportunities are emerging for the core business of supplying complete vitrification units (from charge preparation to treatment furnace) or partial vitrification units (torches and treatment furnaces).

Renewable energy

Following the preliminary acceptance of the CHO Morcenx plant by its owner, the Renewable Energy segment will see a steady rate of growth. CHO Power's innovative process has reached such a level of performance that it has won the confidence of developers, investors and customers.
The Group is pursuing its strategy of building plants along the lines of the Morcenx model mainly in France and the UK, in an environment conducive to innovative waste-to-energy technology. The Group is actively working on a series of projects in partnership with local developers. The Group will shortly be applying for permits for the next project, which should allow it to begin construction on the second plant in late 2015.
Future facilities would be built by CHO Power, operated by CHOPEX, and funded through agreements negotiated by the Group with the financial partner that financed the first plant in Morcenx.
In parallel, the Group is conducting studies into preliminary and detailed designs for developers looking to invest in waste-to-energy projects. These studies generate relatively modest income but are high-margin, and lend credibility to CHO Power's technology. They are offered in regions where the Group does not currently have plans to finance/build and operate plants, a position that could be reviewed if a local presence is found to be of strategic importance.

Hazardous waste

The comprehensive three-year refurbishment of the asbestos waste treatment unit, carried out in

the summer of 2013, and investment in the treatment line charge preparation area, following numerous setbacks, improved the performance of the asbestos waste vitrification line at the end of 2013. However, this performance was hampered by the fragility of the electrical current rectifier. During the first half of 2014, special efforts were made to find solutions to this long-standing problem, which now seems under control. The plasma torches were operating at 100% capacity in May, a level not seen for years, raising the prospect of a good second half in 2014.
Meanwhile the quality and quantity of decommissioning activity is making good progress.

Sales were restructured in late 2013/early 2014 to meet the Group's objectives of boosting the Hazardous Waste segment. There has been a slight decrease in business, mainly due to the (predicted) absence of large contracts, especially with a major long-standing customer. This situation is temporary, and the decommissioning of plants by this customer is expected to resume in 2014 and to continue in future years.
A targeted communication plan is currently in the process of being drawn up. This should raise the profile of the unique asbestos waste treatment solution offered by the Group and allow the business to expand in under-explored regions such as southeast France.
The European Parliament resolution of 14 March 2013 mentioned earlier is also providing a significant boost, promoting the Group's technology as an alternative to landfill, particularly among public-sector customers.
Outside the core business, the focus will also be on the search for high-margin decommissioning contracts.

3.3 INVESTMENT COMMITMENTS

3.3.1 1.1 RESEARCH AND ENGINEERING, TORCHES AND PROCESSES

The Group is committed to its partners on the R&D programmes described in section 2.5.4.1.2, particularly within the framework of the KiWi programme, governed by the co-development agreement signed with Japan's Kobelco Eco-Solutions.

As of 31/12/2013, the Group had no other material future investment commitments with regard to its Research and Engineering, Torches and Processes segment.

3.3.2 RENEWABLE ENERGY

As of 31/12/2013, the Group had no material future investment commitments with regard to its Renewable Energy segment, except for the share of the investment that the Group has pledged to make for the construction of new plants under non-exclusive agreements signed with its financial partner, the roll-out of new plants being conditional on the final acceptance of the CHO Morcenx plant.

3.3.3 HAZARDOUS WASTE

As of 31/12/2013, the Group's material future investment commitments with regard to its Hazardous Waste segment were confined to maintenance investments, and specifically the supply of refractory materials required for maintenance of the vitrification furnace.

3.3.4 AIR AND GAS

As of 31/12/2013, the Air & Gas segment had been discontinued. It now only comprises the company FIG, a former holding company of the Europe Environnement subgroup, which provided the liability guarantee for the sale and will deliver a share of the sale proceeds still to be received from the buyer as of 31/12/2013. There is no investment commitment.

3.4 DESCRIPTION OF PRINCIPAL RISKS AND UNCERTAINTIES

The company has a risk management system that reflects the nature of its business activities, the provisions of its articles of association and the fact that it is a company listed on a regulated market.

The measures within this system are designed to keep the company's risks at an acceptable level and facilitate the following objectives:

- Create and safeguard the Group's assets, including its intangible assets such as the know-how of its employees and the Group's value;
- Ensure actions taken and decisions made reflect the Group's values;
- Bring the decision-making processes into line with Group objectives;
- Provide risk information to relevant employees/Get relevant employees involved in risk management.

Risk management is the responsibility of General Management, which must define, implement, assess, safeguard or, as the case may be, improve the risk management system. General Management must furthermore provide the Board of Directors and the Audit Committee with the information they need to carry out their own oversight of the existing risk management and internal control systems.

The risk management system is built around Executive Committee (CODIR) and Steering Committee (COPIL) meetings.

CODIR and COPIL meetings assess threats and opportunities of all types affecting the Group, particularly operational, human and financial, and represent a key tool for identifying, analysing and dealing with risks.

They also represent a means of channelling risk information to all relevant employees and of sharing a common outlook on risk throughout the Group. Managers must ensure they provide appropriate risk briefings to their teams and that those teams are sufficiently aware of the main risks and their management system.

Once a month, CODIR meets executives and managers from Europlasma, Inertam, CHO Power and CHOPEX under the chairmanship of the Group Managing Director. This was Didier Pineau from 1 January to 30 June 2013, François Marchal from 1 July 2013 to 6 January 2014, and Jean-Eric Petit since then.

The fortnightly COPIL meetings, introduced in January 2014, bring together representatives from the operating divisions involved in asbestos treatment (COPIL Inertam) and renewable energy (COPIL CHO) activities: operations, engineering, quality, health/safety, human resources, accounting/management, sales.

The company carried out a review of the risks that could have a material adverse affect on its business activities, financial position or results, or on its ability to achieve its targets, and does not believe that there are any material risks other than the ones presented.

3.4.1 RISKS RELATED TO THE BUSINESS

The Europlasma Group's high-tech business is exposed to major technical and technological risks that could have a material impact on the Group's financial position and performance.

3.4.1.1 Technical and technological risks

Technological risks are identified across the Company's various businesses:

- Research and Engineering, plasma torches: the reliability of plasma torches has notably been proven by the operation of ash vitrification furnaces in Japan since 2002 and the vitrification of asbestos waste in Morcenx;

- Hazardous waste: despite the operational difficulties encountered since line 3 opened in 2005, the Group has built up significant experience and made significant progress;

- Renewable energy: major technological risks have been identified and alternatives found.

The preliminary acceptance of the CHO Morcenx plant by its owner on the Takeover Date (TOD) of 13 June 2014, following the agreed performance tests, served as tangible evidence of the efficiency of the groundbreaking process developed by Europlasma. During testing, all performance parameters initially specified in the contract for the preliminary acceptance were met or exceeded, except for average continuous power output, which at just over 3 MWe remains below initial expectations at this stage. The reasons for the low electrical output have now been identified, and solutions are known to exist. The causes can be attributed to either: the fragility of various auxiliary systems, triggering frequent shutdowns, and the size of some equipment, designed and built before the gasifier was replaced in 2013. Implementing the solutions will require an additional investment of around €1 million, and will take time: some will be completed in a few weeks, others could take several months, depending on the procurement period of the equipment to be modified.

Note also that a ramp-up period, initially of one year, but reduced to seven months under the July 2013 amendments, will allow the technical adjustments to be made that are necessary to achieve optimum capacity of the plant, with a view to its final acceptance.

The demonstration of the effectiveness of the CHO Power advanced gasification industrial process, above and beyond the technical and technological aspects associated with the energy performance of the electricity plant, must include the meeting of financial goals as part of the commercial application of the process. A significant delay in the ramp-up period of the CHO Morcenx plant would slow the roll-out of new projects.

The development and commercialisation time for a new process in the environmental sector, in addition to the investment costs required to release a tested and reliable product, limit the risk of a breakthrough technology being released.

3.4.1.2 Risks related to research

The Europlasma Group must invest in research and development in order to secure the Group's medium-term and long-term development. The research and development process may take a number of years, potentially slowing and/or impacting the Group's financial capacity to generate future profits.

The Group protects its intellectual property by:
- filing patents for specific technologies (products and processes);
- renewing old patents by adding new technologies resulting from its research and its testing at its R&D site in Morcenx;
- signing agreements with key players in the sector.

3.4.2 MARKET RISK

The information on market risks set out below can also be found in note 4 to the 2013 consolidated financial statements.

3.4.2.1 *Risks relating to fluctuations in the price of raw materials, and to suppliers*

The Group is exposed to the risk of fluctuations in the price of raw materials in the course of its normal operating processes, and specifically biomass procurement rates and rates for waste treatment services, which are set in long-term contracts. These contracts provide for the indexing of prices on economic indices.

The Group does not use financial instruments to hedge this risk (see also note 4.1.1 to the 2013 consolidated financial statements), but since 2006 has looked to diversify and screen its main suppliers:

- to secure supplies for its most sensitive purchases (specific materials such as refractories, spare parts, precision mechanics and electric rectifiers for plasma torches, etc.);
- to reduce costs.

The Group's leading supplier (remaining activities) accounted for almost 12% of purchases in 2013, in line with the rate observed in 2012 for the same scope. The top five suppliers accounted for 45% of purchases in 2013, compared with 27% in 2012 at constant scope, while the top 10 accounted for 58%, compared with 47% in 2012. This increase was primarily due to a decline in activity, while maintaining long-term suppliers at a stable level.

3.4.2.2 *Risks relating to fluctuations in exchange rates*

Before the sale of the Europe Environnement subgroup, the Group was mainly exposed to fluctuations in the US dollar, pound sterling and Hungarian forint against the euro.
In fact, due to its business activities and geographical locations, fluctuations in the exchange rate of these currencies against the euro could affect the Group's equity and net income. The Group did not use derivatives to hedge this risk. The bulk of the Group's revenue was nevertheless generated in Europe, meaning that its foreign exchange risk was limited.
Since the sale of the Europe Environnement subgroup, the Group no longer has a significant exposure to exchange-rate fluctuations, as it now operates only in the euro zone and its transactions take place almost exclusively in euros.

The exchange-rate risk resulting from the conversion of foreign-currency accounts is not hedged as it is not reflected in financial flows. Unrealised gains and losses at the closing date are recognised in translation reserves under equity.

The Group's exposure to exchange-rate risk on its borrowings in foreign currencies at 31/12/2013 is illustrated in note 6.7 of the 2013 consolidated financial statements. See also note 4.1.2 to the 2013 consolidated financial statements.

3.4.2.3 *Risks relating to the fluctuation of interest rates*

As detailed in note 4 to the 2013 consolidated financial statements, in certain specific instances the Group uses hedging instruments to manage its interest-rate risk. Notes 4.1.3 and 6.10.1 to the 2013 consolidated financial statements contain details of the two interest-rate swaps conducted in 2013.
See also note 6.1 to the 2013 consolidated financial statements for details of the sensitivity of impairment tests to the discount rate.

Since the Group's exposure to interest-rate fluctuations was essentially linked to the financial liabilities of the Air & Gas segment, the Group is no longer exposed to interest-rate risks that could potentially have a material impact on its financial liabilities as of the date of this document.

3.4.3 LIQUIDITY RISK

The Group has conducted a special review of its liquidity risk and has taken the necessary measures to meet its current obligations. Specifically, the Group has identified cash flow requirements in 2014 which are not covered by the capital increase with preferential subscription rights of €4,351,000, including share premium, conducted in February 2014, or by the additional funding of €2.8 million obtained from Crédit Suisse Europlasma SPV and CHO Morcenx in April 2014 (see sections 3.1.2.2. Going concern basis and 3.2.1 Events after the balance sheet date) and whereby capital must be raised or another form of finance arranged.

The current situation and cash flow forecast are monitored regularly, particularly in view of the guarantees implemented under certain contracts (asset pledge, payments into escrow accounts, etc.). See in particular notes 4.2 Liquidity risk and 6.7 Financial liabilities to the 2013 consolidated financial statements, which contain an analysis of liquidity risk and the debt repayment schedule.

In late 2012, the Group borrowed €2 million from its reference shareholder and €2 million from CHO Morcenx (including €1.3 million which had already been repaid as of the date of this document); these loan agreements, as amended by the amendments signed in July 2013 and by the agreements signed in December 2013, contain default and acceleration clauses. However, the Group considers it unlikely that these clauses will need to be enforced.

The Group arranged additional funding of €4.6 million in July 2013, and €2.8 million in April 2014, granted pari passu by its reference shareholder Crédit Suisse Europlasma SPV and by CHO Morcenx. These agreements also contain default and acceleration clauses; again the Group considers it unlikely that these clauses will need to be enforced. These clauses apply in the event that the Group ceases trading, is wound up, enters voluntary liquidation, commences insolvency proceedings, fails to disclose information, or if a beneficiary defaults on one of its obligations.

The funding provided by Crédit Suisse Europlasma SPV and CHO Morcenx is secured against a pledge of securities and other assets (including VAT receivables), and by standalone guarantees (see note 8.1 to the 2013 consolidated financial statements). All borrowing from Crédit Suisse Europlasma SPV and CHO Morcenx could be converted as part of the capital increase planned for September 2014. This is currently under discussion between the parties.

In addition, CHO Morcenx, a company consolidated using the equity method and in which the Group had a 25% stake at 31/12/2013, received a loan of €26 million from its majority shareholder to finance technical facilities and equipment at the power plant built by CHO Power in Morcenx. The loan is repayable in six-monthly instalments, in accordance with the cash surplus generated by the business, with a final repayment date scheduled for the summer of 2015. Due to the delay in the preliminary delivery of the power plant, which took place on 13 June 2014 rather than on the original date of 28 February 2012, CHO Morcenx has not yet begun to repay its debt, except for the interest, which accrued until December 2012.

The loan is guaranteed by assets pledged by CHO Morcenx, in common with any other project finance deal, as well as by the shares and stock warrants held by the Group in CHO Morcenx, at their gross book value of €7.8 million (see note 8.1 to the 2013 consolidated financial statements).

The Group considers it unlikely that the guarantee will be called in by the lender for the following reasons:

- CHO Morcenx has offered the Group financial assistance and has taken risks by lending money set aside for the payment of any penalties.
- It is in the interest of the lender, a majority shareholder of CHO Morcenx, that CHO Morcenx owns a fully functional plant, and that it can replicate this success eight times (non-exclusive financing agreement for eight new plants).
- Calling in the guarantee would compound the fragility of the Group, which would most

likely no longer be able to continue operating and making operational improvements to the CHO Morcenx plant under reasonable conditions.

Note that the bank loans do not include covenants that could have a material impact on the Group's accounts.

The Group receives subsidies in all three of its business segments. These subsidies are essentially in the form of soft loans or non-repayable grants and are intended to finance large-scale industrial and human investment by the Group, such as the CHO Morcenx plant, and investments in R&D, such as the SESCO or Turboplasma® programmes. These grants generally come with conditions subsequent or precedent that are followed up accordingly. This aid provides a high level of incentive, without which the related programmes could not be carried out within the same timeframe, or with the same level of resources. The major investment projects considered by the Group are assessed for possible sources of financial support, with or without the assistance of specialised consultants.

The Group therefore benefits from subsidised loans at low or zero rates of interest, early repayment of which may be required by the lenders in certain conditions, including failure to meet targets for job creation or investment programmes.
For example, in 2012 Bpifrance (formerly OSEO Financement) awarded a subsidised "green loan" for €1,250,000 to Inertam to finance work on the charge preparation area for the asbestos waste treatment line. Since the subsidised investments were fully realised, the acceleration clauses can only be enforced in the event of a reduction in capital not due to losses, payment default, assignment or pledging of company shares or voting rights without the prior approval of Bpifrance or cessation of trading or change of activity.
Bpifrance (formerly OSEO Innovation) has granted three repayable advances to Europlasma and CHO Power in recent years. The first, which was for the Galacsy programme, had only €47,000 outstanding at 31/12/2013 and was settled in late June 2014. The other two advances relate to the Turboplasma® and KIWI programmes. Since the Turboplasma® programme has finished, the acceleration clauses linked to the failure to implement the programme no longer apply. The remaining acceleration clauses apply for example if the business is sold, ceases trading, is wound up or enters voluntary liquidation, or if a beneficiary defaults on one of its obligations.
Since the KIWI programme is still ongoing and the subsidised investments have not yet been fully realised, stopping the programme before the subsidised investments have been fully realised would trigger the repayment of any amounts received in excess of the percentage of aid permitted for actual expenditure. The current amount outstanding presents no risk in this regard. Once the programme has been completed, the residual acceleration clauses are similar to those of the Turboplasma® programme.

3.4.4 RISKS RELATED TO CLIENTS

Credit risk is the risk of a financial loss in the event that a Group client defaults on payment.
A portion of revenue is subject to advance payments, in return for which the Group provides an advance payment bank guarantee. Long-term contracts are generally subject to a guarantee regarding the proper completion of works or projects. Use of credit insurance is considered on a case-by-case basis. There was increased use thereof during the crisis, in particular in the hazardous waste business. The Group also makes a subcontractor declaration in certain contracts in order to ensure the payment of its receivables.
See also note 4.3 to the 2013 consolidated financial statements.

The Group's largest customer contributed 19% to revenue in 2013, compared with 8% in 2012[26]. The top five customers accounted for 39% of revenue in 2013, compared with 20% in 2012, while the top 10 accounted for 48%, compared with 29% in 2012. This increase is primarily due to the disposal of the Europe Environnement subgroup, since on a comparable scope basis, the ratios in 2012 would have been 26%, 55% and 65%.

Over the past three financial years, the Group has not incurred material levels of bad debt. As at 31/12/2013, 2% of the gross outstanding amount of trade receivables had been written down, with no material risks (31/12/2012: 2.8%).

[26] On this point please see note 11 Transactions with related parties to the 2013 consolidated financial statements.

3.4.5 LEGAL RISKS

3.4.5.1 Regulatory risks and risks related to regulatory changes

The waste treatment processes developed by Europlasma using plasma torch technology are designed to vitrify hazardous waste, thereby rendering it inert, or to increase renewable energy output, in accordance with the French Environmental Code.

New legislation governing waste treatment might be expected to focus on the development of solutions designed to limit the volume of waste to be stored. However, financial constraints may be a concern to legislators in the short term and delay the implementation of legislation that is beneficial to the Group; changes in the general taxation of polluting activities has, for example, made less progress than anticipated in light of the recession in France.

In addition, although the Group has not yet recognised revenue from the sale of electricity, subsidised tariffs currently represent a major factor in the financial structure of projects in the Renewable Energy sector. For the CHO Power plant in Morcenx, tariffs have already been contractually agreed with EDF over the long term, and depend partly on the energy efficiency of the facility. Feed-in tariffs for other projects are, however, subject to change. The general trend in Europe and the Americas is clearly towards encouraging the emergence of energy produced from alternative and/or renewable sources, along with clean technology, which can only be beneficial for the Group. The sale of electricity at market prices would drag down the financial performance of ongoing projects or those under development.

3.4.5.2 Risks related to intellectual property

Research and development is critical to the Group, as outlined in the description of business activities. The Group has further benefited from substantial research tax credits over the past three financial years and has taken part in national and international R&D projects with recognised partners and with the support of public bodies (Bpifrance, ANR, FEDER, Conseil Régional d'Aquitaine, Conseil Général des Landes).
For R&D, the Group has:

- a dedicated team working either independently for the Group or in partnership;
- investments in hardware and equipment, particularly for the Morcenx test site;
- administrative resources internally and the support of specialist firms for patent filing and management.

R&D work is intended to continually improve Europlasma's technology and/or to extend its scope of application. R&D projects and the filing of new patents are designed to sustain the Group's intellectual property.

Thus, the following patents have been published since 2006:

- patent filed in 2006 for vitrification: Device and Method for rendering toxic materials (asbestos) inert by means of plasma fusion;
- patent filed in 2007 for gasification: Method and Device for the treatment of a syngas;
- patent filed in 2008 for plasma torches: Method of monitoring the wear and tear of at least one of the electrodes of a plasma torch;
- patent filed in 2011 for a new plasma torch laser ignition system: A system for converting electrical energy into heat.

In addition, the following patents are being prepared:

- Device for drying materials and associated method;
- Low NOx plasma torch.

The methods developed by Europlasma are protected by patents in the main regions in which the Group operates. The Group has thus filed or acquired over a dozen patents since its founding. Intellectual property protection and,

in particular, the filing and maintenance of patents constitutes a real investment for the Group. As of the date of this document, nine patents (and more than sixty titles) were valid, including one held jointly with the CEA and one with the CNRS, while several patent applications were in the process of being written and/or filed. After assessing the role of patents in the Group's strategy, the patent portfolio was restructured as follows.
For the plasma torch, the patents are as follows:

Publication number	*Title*	*Expiry date*
FR 27 35 940	* Plasma torch with an essentially asymmetrical structure	2015
FR 27 63 466	* Control and guidance system for a plasma torch	2017
FR 27 79 316	* Device for mixing cold gas at the output of a plasma torch	2018
FR 08 58 823	Method of monitoring the wear and tear of at least one of the electrodes of a plasma torch	2028

* Patent acquired from EADS

For vitrification, the patents are as follows:

Publication number	*Title*	*Expiry date*
FR 27 64 877	Vitrification method for a powdery material and apparatus for implementing said method	2017
FR 29 09 015	Device and Method for rendering toxic materials (asbestos) inert by means of plasma fusion	2026

For renewable energy, the following patents were filed:

Publication number	*Title*	*Expiry date*
FR 28 92 127	* Apparatus for gasifying biomass and organic waste at high temperature and with an external power supply to generate a high-quality syngas	2025
FR 29 21 384	Method and Device for the treatment of a syngas	2027
FR 11 58 968	**A system for converting electrical energy into heat	2031

* Jointly held with the CEA
** Jointly held with the CNRS

The company has had the same intellectual property policy from the outset. The company believes that it is more effective to strongly protect its key technologies by means of targeted patent filings in the main regions in which it operates rather than have multiple filings and extensions. Furthermore, the know how underpinning the patents is at least as important as the patent itself.

The Group currently pays no royalties to any third party for patent use. No fees or compensation are paid under inventor contracts. The Group compensates the staff involved in patent filings through its remuneration policy, in particular through bonuses for meeting targets and patent filing bonuses, which are not linked to patent use. The Group works with various scientific research bodies that may publish the findings, in cooperation with Europlasma.

The Europlasma, Inertam, CHO Power and Turboplasma® trademarks have been filed with the INPI and belong to the Group.

3.4.5.3 Legal and arbitration proceedings

Provisions for legal risks are described in note 6.9 Provisions to the 2013 consolidated financial statements.
At 31/12/2013 these were not significant, at €10,000, and mainly concerned trade disputes.

In air and gas treatment, Europe Environnement was ordered to pay €220,000 (non-enforceable judgement) by the Commercial Court in Marseilles in February 2009 for retrofitting a gas scrubber delivered and installed with a customer in 2002, since the nitrous exhaust gases from the scrubber exceeded the guaranteed levels, and for the additional labour cost incurred by the customer, including ancillary costs and interest. The subgroup appealed and maintained its provision for all claims and various fees. A hearing date for the presentation of oral arguments was set for 16 September 2013 before the Court of Appeal of Aix-en-Provence. The Court of Appeal of Aix-en-Provence, finding that Europe Environnement had failed to honour its commitments under the guarantees, issued a decision on 17 October 2013 upholding the impugned judgement and ordering Europe Environnement to pay €235,000, including ancillary costs and interest.

The Group had not set aside a provision for the litigation with Heartstream. This dispute stemmed from the issue of share warrants in 2005, when Heartstream was asked to identify an investor in consideration for payment in cash, share warrants and additional share warrants. The Group had not issued, pursuant to the resolutions of the 2005 and 2006 general meetings, the additional tranche A share warrants, which were the subject of the dispute. In June 2006, Heartstream therefore filed an initial claim, followed by a suit for close to €1,500,000. The judgement of 23 March 2010 rejected Heartstream's claims, ordering it to pay €40,000 under Article 700 of the French Code of Civil Procedure, in addition to the Group's costs. Heartstream lodged an appeal, which was heard on 22 March 2012, with the judgement following on 10 May 2012. This judgement is fully satisfactory, accepting as it did the arguments put forward by the Europlasma legal team and confirming all aspects of the judgement of the Paris Commercial Court of 23 March 2010. Moreover, it ordered Heartstream to pay costs, plus an additional €10,000 under Article 700 of the French Code of Civil Procedure. In early January 2013, the Court of Cassation ruled out any further right of appeal against the Court of Appeal's decision of 10 May 2012.
The Group has been unable to obtain payment of the amounts due to it under Article 700 of the Code of Civil Procedure and has therefore initiated recovery proceedings with the aid of its legal counsel.

As far as the Group is aware, there are no other current, or threatened, administrative, court or arbitration proceedings likely to have or that have had over the past 12 months a material impact on the Group's profitability or financial position.

3.4.6 INDUSTRIAL RISKS RELATING TO THE ENVIRONMENT

In the course of its business activities, the Group operates production units that may pose certain dangers or inconveniences for local residents or for the safety and protection of the ecosystem and the environment.

In the event of environmental pollution or damage, the Group could find itself responsible for paying compensation for any damages caused. This could have an adverse effect on the Group's activity, financial position or results. insurance contracts have been signed to cover these risks, in particular civil liability insurance (general and environmental damage liability) as well as industrial multi-risk insurance.

The Inertam site, as an ICPE (Installation Classified for the Protection of the Environment), is subject to regular inspections from relevant government authorities such as the DREAL (Regional Directorate for the Environment, Spatial Planning and Housing). Furthermore, in-house monitoring is carried out on environmental impacts, as well as:

- regular monitoring of the quality of atmospheric and water emissions via sampling from gas or water flows, carried out by qualified organisations such as Apave;
- a surveillance programme for the control of environmental consequences and impacts of the Inertam company via sampling of soil, pine needles and plants intended for consumption, to evaluate environmental impacts and associated health risks.

In addition, as required by its Operating Permit, the operator sends the inspectorate of classified facilities an activity report containing a summary of information related to the results of emissions surveillance once per year (no later than 31 March of each year). The inspectorate of classified facilities presents this report to the Departmental Council on the Environment and Sanitary and Technological Risks (CODERST), completing it with a report summarising the surveillance which was carried out.

In addition, a Site Monitoring Commission (CSS) convened and chaired by the Prefect or a designated prefecture staff member and consisting of:

- representatives from government agencies and public bodies (DREAL, State Health and Social Administration - ARS);
- representatives from local governments (local elected officials);
- representatives from environmental protection associations (SEPANSO, fishing association, national parks, etc.);
- and representatives of farmers meets at least once a year to examine the operating conditions and impact of the asbestos waste vitrification unit operated by Inertam in Morcenx.

The Commission also looks at the operating conditions and impact of the CHO Morcenx power plant in Morcenx.

The last meeting of the Site Monitoring Commission for the Inertam and CHO Morcenx sites was held on 24 June 2013. The date of the next Commission meeting had not yet been announced at the time of publication of this document.

3.4.7 OTHER RISKS

3.4.7.1 Risks of dependence on key persons

In the summer of 2013, the Board of Directors decided to terminate the appointment of Messrs Pineau and Rebischung and appointed Mr François Marchal, a director of the company, as Managing Director until Mr Jean-Eric Petit took office on 6 January 2014. The Board believed that the changes were necessary to ensure the Group's recovery and that they would have a beneficial effect on the Group's strategy, performance and financial position, as well as on the implementation of new projects needed for its development.

Of these projects, an improvement in HR management is considered essential in order to attract and retain talent; this project will be completed in 2014. Given the complexity of the technologies used and the processes employed, the Group's current and future business success is dependent on the know-how and experience of its key employees.

3.4.7.2 Risk of dependence on Group partners

In the course of its business activities, the Group enters into contracts with various partners, and is thus dependent on the success of these partnerships. These key partnerships primarily involve:

- the construction, delivery and operation of the CHO Power plant in Morcenx with the support of the Group's financial partner;
- research and development, and in particular research partnerships with various public and private sector entities; and
- relations with entities that support research and innovation, making it possible to finance certain research and investment programmes.

The technical issues encountered in 2012 in bringing the CHO Morcenx plant online led to a series of delays in its provisional delivery (TOD) and its shutdown in February 2013, with a further 12-month delay to allow the replacement of the faulty gasifier, and finally a further delay until 13 June 2014, when the TOD was finally announced following the agreed tests. These technical issues and delays have resulted in serious financial difficulties, with payment deadlines and certain financing arrangements having to be renegotiated several times with the Group's financial partner. Without the latter's support and the successful outcome of negotiations on postponing the plant delivery date and financing arrangements, the Group's long-term survival would have been under threat.
If new technical issues were to emerge in 2014 and 2015 and delay or indeed prevent the final delivery of the plant, due to take place in the first quarter of 2015, the Group's future could be compromised.

3.4.8 INSURANCE

The Group hedges its risks by taking out insurance policies , the cost of which totalled €172,000 in 2013.

The selected insurance companies have an established reputation on the market. The majority of policies were negotiated by a broker in order to obtain the best deal in terms of coverage.

The Group's main insurance policies concern:

- comprehensive civil liability, with three different companies, with coverage of between €5 million and €8 million per claim;
- civil liability and environmental damage, with coverage of €4.6 million per year;
- civil liability for service businesses with coverage of €9 million per year;
- property and casualty insurance for the Group's main sites, with operating loss insurance covering the gross margins reported;
- comprehensive insurance for installation and testing for major projects;
- insurance for the transportation of goods and industrial plant;
- directors and officers' liability insurance, with coverage of €5 million;
- insurance for employee business travel and the fleet of vehicles.

3.5 ACQUISITION OF HOLDINGS AND CONTROL

Pursuant to Article L.233-6 of the French Commercial Code, we hereby inform you that no holdings or control were acquired by the Group during the year, except for the creation in July 2013 of the wholly-owned subsidiary CHOPEX SAS.

3.6 APPROPRIATION OF INCOME

3.6.1 APPROPRIATION OF INCOME

The loss for the 2013 financial year of €3,740,458 was allocated as follows by decision of the Annual General Meeting on 1 September 2014:
Origin

- Net income for the financial year:		(9,407,199) €
Appropriation		
- Retained earnings	(9,407,199) €	
	----------------	----------------
TOTAL	(9,407,199) €	(9,407,199) €

3.6.2 PREVIOUS DISTRIBUTIONS OF DIVIDENDS

In accordance with the provisions of Article 243 bis of the General Tax Code, we confirm that no dividends were distributed during the last three financial years.

3.6.3 NON-TAX-DEDUCTIBLE COSTS AND EXPENSES

Pursuant to the provisions of Article 223 quinquies of the General Tax Code, we inform you that the costs and expenses which are non-deductible from corporation tax, as referred to in Article 39-4 of the General Tax Code, amounted to €8,961 in 2013.

3.7 COMPANY

3.7.1 COMPANY SHARE OWNERSHIP

We would like to specify that the number of bearer shares was 6,805,292 as at 31 December 2013.
As at 31 December 2013, the following persons hold, directly or indirectly, more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66% or 95% of the share capital at the General Meetings:

% held	In interests	In voting rights
+5%	B-A BA SASU	
+25%	CREDIT SUISSE EUROPLASMA SPV LLC	
+33.3%		CREDIT SUISSE EUROPLASMA SPV LLC

At the date of the present document and following the capital increase in January 2014, the following persons hold, directly or indirectly, more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66% or 95% of the share capital at the General Meetings:

% held	In interests	In voting rights
+ 5%		
+20%	CREDIT SUISSE EUROPLASMA SPV LLC	
+25%		CREDIT SUISSE EUROPLASMA SPV LLC

3.7.2 AUTHORISATIONS

Currently valid delegations of powers at the end of the 2013 financial year and at 1 September 2014 are presented in the notes to the financial statements 3.15.2 Currently valid delegations of powers.

During financial year 2013 use has been made of the authorities delegated by the General Meeting of 21 June 2011 to the Board of Directors.

Thus, at its meeting of 5 October 2011, the Board of Directors resolved to establish a new loyalty plan involving a maximum of 1,528,504 shares (i.e. 10% of the share capital at the date of said decision) for any new hire of EUROPLASMA and INERTAM coming on board after 1 April 2011, and up to the end of the 38 month authorisation period, with said employee being allocated free shares at the end of the trial period, the number of which will depend on his/her professional category, i.e.:

- 2,000 shares for ordinary employees;
- 3,000 shares for supervisors;
- 4,000 shares for managers.

This loyalty plan had an impact on financial year 2013, the details of which are included in the special report provided for in Article L 225-197-4 of the French Commercial Code.

During its meeting on 30 January 2013, the Board of Directors decided to grant 3,000 free shares to the Inertam Sales Department for achieving their 2012 targets.

Moreover, during its meeting on 18 September 2013, the Board of Directors decided to grant 65,000 free shares to Pierre CATLIN in his capacity as Chairman of the Board. This allocation will be unconditionally final at the end of a four-year vesting period, since he is non-resident in France for tax purposes as of the date of allocation.

The free allocation of shares is only final at the end of a vesting period of:
- two years for French tax residents;
- four years for non-French tax residents.

During this period, the beneficiaries do not own the shares allocated to them, and the rights resulting from this allocation are non-transferable. At the end of this period, the new shares will be finally allocated to their beneficiaries, but will be non-transferable for French tax residents, who will need to retain them for a minimum period of two years.

3.7.3 EMPLOYEES

As at the reporting date, the company had no employee shareholding scheme as per Article 225-102 of the French Commercial Code.

3.7.4 FREE SHARE ALLOCATIONS TO EMPLOYEES

Below is a summary of the changes in the number of shares still vesting in 2013:

Name of the scheme	Date of the authorisation granted by the General Meeting	Date of the allocation by the Board of Directors	Effective allocation date	Number of shares still vesting as at 31 December 2012	Shares acquired in 2013*	Shares allocated in 2013	Shares lost in 2013	Number of shares still vesting as at 31 December 2013
Allocation of 06/01/09	06/11/2008	06/01/2009	between 06/01/11 and 06/01/14	111,112			-111,112	0
No 2 Loyalty Scheme	06/11/2008	17/04/2009	between 17/04/11 and 07/06/13	8,000	-8,000			0
Allocation of 16/02/2010	06/11/2008	16/02/2010	between 16/02/12 and 03/05/12	0				0
Allocation of 23/08/2010	06/11/2008	23/08/2010	23/08/2010	40,000				40,000
Allocation of 27/04/11	06/11/2008	27/04/2011	27/04/2013	11,500	-11,500			0
Allocation of 05/10/2011	21/06/2011	05/10/2011	between 05/10/13 and 05/10/15	46,800	-6,000		-800	40,000
No 3 Loyalty Scheme	21/06/2011	05/10/2011	between 05/10/13 and 07/05/15	76,000	-10,000	7,000	-21,000	52,000
Allocation of 20/03/2012	21/06/2011	20/03/2012	20/03/2014	39,500			-1,000	38,500
Allocation of 19/06/2012	21/06/2011	19/06/2012	19/06/2016	30,000				30,000
Allocation of 12/09/2012	21/06/2011	12/09/2012	12/09/2016	40,000				40,000
Allocation of 30/01/13	21/06/2011	30/01/2013	30/01/2015			3,000	-250	2,750
Allocation of 18/09/2013	21/06/2011	18/09/2013	18/09/2017			65,000		65,000
TOTAL				402,912	-35,500	75,000	-134,162	308,250

*At 31 December 2013, the Board of Directors were yet to issue 10,000 shares under Loyalty Scheme no.3 and 6,000 shares under the allocation of 5 October 2011.

Details of these awards can be found in the special report provided for in Article L 225-197-4 of the French Commercial Code, presented in the notes to the financial statements 3.15.1.

3.7.5 LIQUIDITY PROGRAMME

As part of the liquidity programme implemented in application of the delegation of powers authorised by the General Meeting of 8 November 2013 your Company has, between the opening and closing dates of the last financial year, engaged in the purchase and sale of own shares, as follows:

Number of shares purchased: 612,240
Average sale price: €0.95

Number of shares sold: 612,861
Average sale price: €1.05

Net position: 56,288 shares, namely €39,964 measured at the average share price in December 2013 (€0.71) and €99,593 in cash.

Number of shares recorded at the reporting date: 56,288 shares, some 0.36% of the capital
Value measured at purchase price: €43,904
Unit par value: €0,10

Moreover, the General Meeting of 1 September 2014 authorised the Board of Directors for a period of 18 months, pursuant to Articles L. 225-209 et seq. of the French Commercial Code, to buy back, in one or more transactions and at the timing of its choosing, company shares involving up to 10% of the number of shares comprising the share capital, if need be, adjusted to reflect any share capital increases or decreases that may occur during the term of the programme.

Purchases may be made so as to:

- support the secondary market or the liquidity of Europlasma shares via a market making contract, with an investment services provider, that complies with the AMAFI Code of Conduct approved by the AMF;
- retain the shares bought back and subsequently swap them or use them as consideration in any acquisitions, it being noted that the shares bought back in this respect may not exceed 5% of the company's share capital;
- cover share purchase plans and other types of share grants to employees and/or corporate officers of the group subject to the terms and conditions laid down by law, in particular with respect to employee profit-sharing, company savings plans and bonus share awards;
- cover investment securities granting entitlement to company shares, in line with applicable regulations.

These share purchases may be carried out by any means, including through the acquisition of blocks of shares, and whenever the Board of Directors sees fit.
These transactions may in particular be carried out during public offers, in compliance with Article 232-15 of the General Regulation of the AMF where, firstly, the offer is a full cash one and, secondly, the buybacks are done as part of the performance of the existing programme and will not imperil the offer.
The company does not plan to use options or derivatives.

The maximum purchase price is set at €5 per share. In the case of transactions involving the share capital, in particular the splitting or reverse splitting of shares or free share allocations, the aforementioned amount shall be adjusted in the same proportions (multiplier equal to the ratio of the number of shares in the share capital prior to the transaction and the number of shares following the transaction).
The maximum amount of the transaction is set at three million euros (€3,000,000).

The General Meeting of 1 September 2014 granted full powers to the Board of Directors to perform these transactions, to agree the terms and conditions, conclude all agreements and complete all required formalities.

This authorisation cancels and supersedes the authorisation granted by the Joint General Meeting of 8 November 2013.

3.8 COMPANY AGENTS

3.8.1 LIST OF MANDATES AND FUNCTIONS OF COMPANY AGENTS

First name and surname or registered company name of the agents	Mandate in the company	Date of nomination/ renewal	Termination date of the mandate	Other position(s) in the company	Main mandates and positions held during financial year 2013 (Group and non-Group)[1], and mandates held outside the Group over the past five financial years, including previous mandates
Pierre CATLIN Catlin Management Group Clos du Bergoje 17 B-1160 Brussels **Belgium**	Chairman Director	23/08/2010 30/06/2010	AGM that will approve financial statements for the financial year ending 31 December 2015	Chairman of CSI** Chairman of CNR**	- Manager of Catlin Management Group - Chairman of CHO Power SAS* - Board Observer of CHO MORCENX SAS - Member and then Chairman (since 13/11/2012) of the Executive Committee of FIG SAS* - Director of Europe Environnement* - Chairman and Member of the Executive Committee of SAS FIG* - Director of INTERSYSTO SA
Didier PINEAU Europlasma 21 rue Daugère 33520 Bruges France	Managing director Director	22/08/2010 20/06/2012	01/07/2013 24/06/2013		- Director of SA ENVOL 33 - Director of AFEPT (registered association) - Chairman of SAS INERTAM* - Manager of SARL LOUBES FINANCE - Manager of SARL VULCANI- Chairman (until 13/11/2012) then Member of the Executive Committee of FIG SAS* - Director of Europe Environnement SA* - Managing Director of CHO POWER SAS* - Member of the Strategy Committee of CHO MORCENX SAS* - Manager of SCI ATELIER DU GRAND PORT - Chairman of SUNLANDES SAS
Jean-Claude REBISCHUNG Europe Environnement 1 rue des Pins ZA du Pays de Thann 69700 Aspach le Haut France	Deputy managing director Director	22/08/2010 20/06/2012	24/06/2013 28/01/2014 (resignation)		- Chairman and Managing Director of Europe Environnement* - Member of the Executive Committee of FIG SAS* - Manager of INVESTHUR SARL - Director of AMCEC INC* - Chairman and Managing Director of ATS CORP* - Director of AMPLAST CORP* - Director of KHALIS SA - Director of CEEI Mulhouse (local association) - Chairman of CAPITAL INITIATIVE THUR - DOLLER SAS - Director of ALSACE BUSINESS ANGELS INVEST SAS - Joint manager of SCI THEO and of SCI BRICIMMO - Member of the Regional Office of CCI Alsace (business advisory organisation) - Vice-Chairman of Technopole de Mulhouse - Managing Director ofPROTECH AIR SARL* - Member of the Supervisory Board of AESA AIR ENGINEERING SA

First name and surname or registered company name of the agents	Mandate in the company	Date of nomination/ renewal	Termination date of the mandate	Other position(s) in the company	Main mandates and positions held during financial year 2013 (Group and non-Group)(1), and mandates held outside the Group over the past five financial years, including previous mandates
DLJ MB Advisors, represented by Roger Ammoun Crédit Suisse Alternative Investments Customized Fund Investment Group One Cabot Square – Canary Wharf London E14-4JQ UK	Director	08/11/2013	31/03/2014 (resignation)	Member of the SIC** Member of the NRC**	- Director of SORGENIA FRANCE SAS - Director of University College London HMU - Director of South Staffordshire Water PLC Member of the Advisory Board of ASIA ENVIRONMENTAL PARTNERS II LP - Member of the Advisory Board of EMERALD TECHNOLOGY VENTURES II AG - Director of EUROPE ENVIRONNEMENT SA* - Member of the Executive Committee of SAS FIG* - Director of Sulfurcell solartechnik GmbH
Mr Kim Ying LEE Invesco Capital Hillenaarlaan 32A 2241HX Wassenaar The Netherlands	Director	12/09/2008	AGM that will approve financial statements for the financial year ending 31 December 2013	Chairman of the Audit Committee Member of the SIC** Member of the NRC**	- Chairman of Value 8 tech Group NV - Chairman of Buhrs International Group BV - Chairman of GNSBrinkman BV - Chairman of Haak Solutions BV - Chairman of Axess BV - Director of NASEBA
Masdar Venture Capital represented by: Erik MARTEL Po Box 54112 Abu Dhabi United Arab Emirates	Director	30/01/2013	AGM that will approve financial statements for the financial year ending 31 December 2015	Member of the SIC** Member of the Audit Committee	- Investment Committee member (MCTF and DBM funds) - Board member – FRX Polymers *Masdar Venture capital does not hold any other mandate other than that of Director of Europlasma SA*
Erik MARTEL Masdar Capital Po Box 54112 Abu Dhabi United Arab Emirates	Director	30/06/2010	30/01/2013 (resignation)	Member of the SIC** Member of the Audit Committee	- Investment Committee member (MCTF and DBM funds) - Board member – FRX Polymers
François MARCHAL 12 Rte. De Florissant 1206 Geneva Switzerland	Managing director Director	01/07/2013 21/06/2011	06/01/2014 AGM that will approve financial statements for the financial year ending 31 December 2016		- Director of BOIRON SA - Director de CFI – COMPAGNIE FONCIERE INTERNATIONAL SA - Director of Memry Corp (USA) - Director of AVAL FUND MANAGEMENT (GUERNSEY) Ltd - Member of the Executive Committee of FIG SAS* - Chairman of Inertam SAS - Managing Director of CHO Power SAS - Chairman of CHOPEX - Manager of SC Immobilière de Gazéification

* Company member of the group

** SIC: Strategy and Investments Committee
NRC: Nomination and Remuneration Committee

(1) whatever the form and the country of incorporation of the company
Term of office expired

The following changes occurred after 31 December 2013:

- on 6 January 2014, Jean-Eric Petit succeeded François Marchal as Managing Director of Europlasma; in January 2014, Jean-Eric Petit also succeeded François Marchal as Chairman of Inertam and CHOPEX, Managing Director of CHO Power and Manager of SCI Immobilière de Gazéification;
- on 28 January 2014, Jean-Eric Petit was co-opted as Director;
- on 1 April, 2014, DLJ MB Advisors, of which Roger Ammoun was the permanent representative, resigned from its position as Director with effect from 31 March 2014. For the remainder of the current term of office, the Board of Directors has co-opted Crédit Suisse Asset Management, whose permanent representative is Henri Arif.

3.8.2 REMUNERATION OF CORPORATE OFFICERS

The tables below were drawn up in accordance with the AMF Recommendation dated 22 December 2008, so as to make the information easier to read. Remuneration amounts are stated at gross value, in thousands of euros, and primarily include:

- fixed remuneration amounts relating to employment contracts;
- variable and extraordinary remuneration amounts relating to employment contracts;
- benefits in kind ;
- free share allocations ;
- attendance fees ;
- and paid assignments carried out by corporate officers.

There were no remuneration schemes based on optional instruments providing access to the equity capital as at the date when this document was drawn up; tables 4, 5, 8 and 9 of the AMF (French Financial Markets Authority) Recommendation are therefore not applicable.

3.8.2.1 Remuneration of non-executive corporate officers

Non-executive corporate officers	**Amounts paid during the 2013 financial year**	**Amounts paid during the 2012 financial year**
DLJ MB Advisors, represented by Roger Ammoun[(1)]		
Attendance fees	**0**	**0**
Other remuneration amounts	**0**	**0**
Kim Ying Lee[(2)]		
Attendance fees	**10**	**20**
Other remuneration amounts	**28**	**13**
Erik Martel[(3)]		
Attendance fees	**0**	**10**
Other remuneration amounts	**0**	**0**
MASDAR Venture Capital represented by Erik Martel[(3)]		
Attendance fees	**0**	**n/a**
Other remuneration amounts	**0**	**n/a**
François Marchal[(4)]		
Attendance fees	**5**	**10**
Other remuneration amounts	**0**	**0**
TOTAL	**43**	**53**

Notes

[(1)] DLJ MB Advisors waived the attendance fees for financial year 2013. DLJ MB Advisors also waived the attendance fees allocated in 2011 (€14,000) and 2012 (€18,500).

[(2)] In 2013, Kim Ying Lee received an exceptional remuneration of €7,500 via INVESCO CAPITAL MANAGEMENT as part of the monitoring of the operational review completed in 2011. He also received remuneration of €20,000 for proposing measures to restructure the group to ensure its sustained success.

[(3)] Erik Martel (Director, natural person, until 30 January 2013 and representative of MASDAR Venture-capital appointed as a replacement from this date) waived the attendance fees with respect to 2013. He also waived the attendance fees allocated with respect to 2012, which had not yet been paid (€10,000).

[(4)] Attendance fees for Francois Marchal totalled €10,000 for 2013 with respect to his position as Director; €5,000 was paid at the start of 2014.
He also received €60,000 in attendance fees for his mandate as the Group's Managing Director from 1 July 2013 to 6 January 2014, which are presented in section 9.2.2.2 below.

3.8.2.2 Remuneration of executive corporate officers

Summary table showing the remuneration, options and shares allocated to each executive corporate officer.

Pierre Catlin Chairman	2013	2012
Remuneration due in respect of the financial year (breakdown provided in table 9.2.2.2)	80	80
Valuation of the options allocated during the financial year (not broken down, as nil)		
Valuation of the free shares allocated during the financial year (breakdown provided in table 9.2.3.1)	44	115
Total	**124**	**92**

Didier Pineau Managing director	2013	2012
Remuneration due in respect of the financial year (breakdown provided in table 9.2.2.2)	585	322
Valuation of the options allocated during the financial year (not broken down, as nil)		
Valuation of the free shares allocated during the financial year (breakdown provided in table 9.2.3.1)	0	0
Total	**585**	**322**

Jean-Claude Rebischung Deputy managing director	2013	2012
Remuneration due in respect of the financial year (breakdown provided in table 9.2.2.2)	116	195
Valuation of the options allocated during the financial year (not broken down, as nil)		
Valuation of the free shares allocated during the financial year (breakdown provided in table 9.2.3.1)	0	23
Total	**116**	**218**

François Marchal Managing director	2013	2012
Remuneration due in respect of the financial year (breakdown provided in table 9.2.2.2)	60	n/a
Valuation of the options allocated during the financial year (not broken down, as nil)		
Valuation of the free shares allocated during the financial year (breakdown provided in table 9.2.3.1)	0	n/a
Total	**60**	**n/a**

Table summarising the remuneration of each executive corporate officer

Pierre Catlin Chairman	2013 Amounts due for the financial year	2013 Amounts paid during the financial year	2012 Amounts due for the financial year	2012 Amounts paid during the financial year
Fixed remuneration[1]	80	80	80	80
Variable remuneration				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
Total	80	80	80	80

[1] This remuneration takes into account €74,000 due in respect of the mandate of Chairman of CHO Power SAS, as in 2012

Didier Pineau Managing Director[2]	2013 Amounts due for the financial year	2013 Amounts paid during the financial year	2012 Amounts due for the financial year	2012 Amounts paid during the financial year
Fixed remuneration	197	197	250	250
Variable remuneration	0	0	0	50
Exceptional remuneration*	374	374		
Attendance fees				
Benefits in kind**	14	14	26	26
Total	585	585	276	326

[2] Didier Pineau was revoked of his mandate as Managing Director of CHO Power with effect from 24 June 2013 and his mandate as Managing Director of Europlasma with effect from 1 July 2013; he resigned from his positions as Chairman of Inertam and Manager of SC Immobilière de Gazéification on 1 July 2013; his employment contract as Technical Manager of CHO Power was terminated on 31 July 2013.
* The exceptional remuneration corresponds to indemnity paid as part of his departure.
** Benefits in kind correspond primarily to the provision of a company car, and to unemployment insurance and supplementary pension contributions for corporate officers.

Jean-Claude Rebischung Deputy Managing Director[3]	2013 Amounts due for the financial year	2013 Amounts paid during the financial year	2012 Amounts due for the financial year	2012 Amounts paid during the financial year
Fixed remuneration	38	38	151	151
Variable remuneration	0	20	20	30
Exceptional remuneration*	164	164		
Attendance fees	10	13	8	
Benefits in kind*	4	4	17	17
Total	216	238	195	198

[3] Jean-Claude Rebischung retired on 1 April 2013. He also resigned from his role as Deputy Managing Director on 24 June 2013.

*Exceptional remuneration corresponds to legal retirement provisions and transactional indemnity for terminating his position as corporate officer at Europe Environnement.
** Benefits in kind correspond primarily to the provision of a company car, and to unemployment insurance and supplementary pension contributions for corporate officers.

François Marchal Managing Director[4]	2013		2012	
	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year
Fixed remuneration				
Variable remuneration				
Exceptional remuneration				
Attendance fees	60	60		
Benefits in kind*				
Total	60	60	0	0

[4] Francois Marchal received €60,000 in attendance fees in respect of his position as Managing Director of the Group from 1 July, 2013 to 6 January, 2014.
He also received €5,000 in attendance fees in respect of his position as Director, presented in section 9.2.1 above.

TOTAL	**2013**		**2012**	
	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year
Fixed remuneration	315	315	481	481
Variable remuneration	0	20	20	80
Exceptional remuneration	538	538	0	0
Attendance fees	70	73	8	0
Benefits in kind*	18	18	43	43
Total	941	963	551	604

The qualitative and quantitative criteria for determining the variable part of executive corporate officers' remuneration are drawn up by the Board of Directors, based on recommendations from the Remuneration and Appointments Committee.
This committee bases the level of executive remuneration on studies carried out by international consulting firms, and sets specific targets for each position.
The Board of Directors examines and assesses these targets, and then approves the remuneration, a percentage of which is at its discretion.
Variable remuneration amounts are mainly based on business targets (primarily revenue), and on the performance of the Group and/or some of its subsidiaries (primarily EBIT and net income), as well as on the Group's strategic achievements.

3.8.2.3 Free share allocations

3.8.2.3.1 Allocation decision

Free shares allocated to each corporate officer by the issuer and any Group company during the financial year	Scheme No. and date	Number of shares allocated during the financial year	Valuation based on the method selected for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Pierre Catlin	Allocation of 18/09/2013	65,000	€44,000	18/09/2017	18/09/2017	Target based
Total		**65,000**	**€44,000**			

3.8.2.3.2 Final allocations

Free shares becoming available for each corporate officer during 2013	Scheme No. and date	Number of shares becoming available during the financial year	Vesting conditions
Jean-Claude Rebischung	Allocation of 27/04/2011	7,500	Yes
Total		**7,500**	

Free shares becoming available for each corporate officer post closing balance 2013	Scheme No. and date	Number of shares becoming available during the financial year	Vesting conditions
N/A			
Total		**-**	

The Board of Directors' rules of procedure forbid corporate officers and Directors to buy and sell the Company's securities or derivatives on the open market, or via off-market block trades, directly or via proxies, descendants or relatives during the periods defined below:
- the period between, on one hand, the date when the corporate officers and Directors are made aware of information on the Group's business affairs or prospects which, if it were made public, could have a significant impact on the price and, on the other hand, the date when this information is made public;
- the 15-day period prior to the date when the consolidated financial statements (annual and half-yearly) are made public.

3.8.2.4 Additional information regarding remuneration terms and conditions

Executive corporate officers	Employment contract		Supplementary pension scheme**		Compensation or benefits likely to become due in the event of termination, or a change of position		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Catlin Chairman of the Board of Directors, appointed on 23/08/2010 until the AGM called to approve the financial statements for the year ending in 2016		x		x		x		x
Didier Pineau * Managing Director and Director, appointed on 20/06/2011 functions as Director were terminated on 24/06/2013 and as Managing Director on 1/07/2013	x		x		x		x	
Jean-Claude Rebischung Deputy Managing Director and Director, appointed on 20/06/2011 functions as Deputy Managing Director were terminated on 24/06/2013 and as Director on 28/01/2014	x		x			x		x
DLJ MB Advisors, represented by Roger Ammoun Director renewed on 08/11/2013 functions terminated on 31/03/2014		x		x		x		x
Kim Ying Lee, Director appointed on 12/09/2008 until the AGM called to approve the financial statements for the year ending in 2013		x		x		x		x
Erik Martel, Director appointed on 30/06/2010 functions terminated on 30/01/2013		x		x		x		x
François Marchal, Director appointed on 21/06/2011 until the AGM called to approve the financial statements for the year ending in 2017 Managing director from 01/07/2013 to 06/01/2014		x		x		x		x

* Termination benefits paid to Didier Pineau on the termination of his mandates and employment contract, during the summer of 2013, amounted to €374,000 (gross).

** The contributions to supplementary pension schemes are as follows:
- for Didier Pineau, €7,000 with respect to 2013 and €10,000 with respect to 2012;
- for Jean-Claude Rebischung €0 with respect to 2013 and €10,000 with respect to 2012.

3.9 ATTENDANCE FEES

As a reminder, the only ongoing remuneration that is allowed for non-executive directors in law consists of attendance fees, the overall amount of which is set by the General Meeting of Shareholders for all executive and non-executive directors.

We inform you that your Board of Directors has unanimously decided that the attendance fees shall be reserved for non-executive directors and shared in full between them.

By decision of the Ordinary and Extraordinary General Meeting of 20 June 2012, the shareholders have decided to set the annual amount of these attendance fees at €80,000.

3.10 APPOINTMENTS, RENEWALS AND APPROVAL OF CO-OPTATIONS

In its meeting on 24 January 2014, your Board of Directors decided to appoint Jean-Eric PETIT to replace Jean-Claude REBISCHUNG, on a temporary basis and subject to the approval of the next General Meeting, for the remainder of his predecessor's mandate or until the end of the General Meeting in 2018 called to approve the financial statements for the year ended. This appointment was approved by the General Meeting of 1 September 2014.

In its meeting on 1 April, 2014, your Board of Directors decided to appoint CREDIT SUISSE ASSET MANAGEMENT to replace DLJ MB ADVISORS, on a temporary basis and subject to the approval of the next General Meeting, for the remainder of its predecessor's mandate, or until the end of the General Meeting held in 2019 called to approve the financial statements for the year just ended. This appointment was approved by the General Meeting of 1 September 2014.

The director's mandate of Kim Ying LEE expired during the General Meeting on 1 September 2014. Kim Ying LEE made it known that he accepted the renewal of his position and that he was not affected by any measure or incapacity likely to prevent him from exercising that position.
The Appointments and Remuneration Committee approved this re-appointment at its meeting of 16 April 2014.
The General Meeting of 1 September 2014 renewed the position of Kim Ying LEE for a new period of six years, or until the end of the General Meeting in 2020 called to approve the financial statements for the year just ended.

3.11 RELATED-PARTY AGREEMENTS

Three new related-party agreements were authorised in 2013.

The first, authorised by decision of the Board of Directors on 24 June 2013, concerns the approval of a "term sheet" (memorandum of understanding) relating to the terms and conditions of the conciliation protocols between Europlasma, Inertam and CHO POWER and, in particular, two loan contracts for a cumulative amount of €4.6 million, granted pari passu to CHO Power SAS by Crédit Suisse Europlasma SPV LLC and the financial partner CHO Morcenx, as well as guarantees linked to these loans.

The second, authorised by decision of the Board of Directors of 5 July 2013, relates to a support package granted to Invesco Capital Management as part of the Group's restructuring. Invesco Capital Management is represented by Kim Ying Lee and the support allocated totalled €20,000.

The third, also authorised by decision of the Board of 5 July 2013, relates to the buy back by Europlasma of receivables held by Inertam against CHO Power on 30 June, 2013.

Your Statutory Auditors have presented them to you and have provided all necessary information on the matter in their special report which was read to you at the General Meeting of 1 September 2014 and is included in the notes to the financial statements 3.15.7 of the present report.

3.12 Social consequences of the Company's business

This information is set out in the appendices to this report.

3.13 Environmental consequences of the Company's business

This information is set out in the appendices to this report.

3.14 Conclusions

The General Meeting of 1 September 2014 granted full and final discharge to your Board of Directors for its management during the financial year ending 31 December 2013, as well as to the Statutory Auditors for the completion of their assignment, which they have described to you in their report on the annual financial statements and consolidated financial statements.

The General Meeting of 1 September 2014 voted to approve the text of the resolutions proposed by the Board of Directors, included in note 3.15.6 to the present report, with the exception of the 14th resolution relating to a delegation of power to be granted to the Board of Directors to perform, pursuant to the provisions of Article L.225-129-1 of the French Commercial Code, a capital increase, under the terms set out in Article L.3332-19 of the French Labour Code.

THE BOARD OF DIRECTORS

3.15 NOTES TO THE FINANCIAL STATEMENTS

3.15.1 REPORT OF THE CHAIRMAN ON FREE SHARE ALLOCATIONS

Dear Shareholders,

In accordance with the regulations, we present to you the special report on the free share allocation transactions carried out during the financial year ending 31 December 2013, pursuant to Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

We will first provide you with a summary of all previous and current free share allocation schemes, in order to compare this information with all the free share allocations that have already been made in previous years.

Moreover, we would remind you that the free allocation of shares is only final at the end of a vesting period of:
- 2 years for French tax residents;
- 4 years for non-French tax residents.

During this period, the beneficiaries do not own the shares allocated to them, and the rights resulting from this allocation are non-transferable. At the end of this period, the new shares will be finally allocated to their beneficiaries, but will be non-transferable for French tax residents, who will need to retain them for a minimum period of two years.

1 - Background

First delegation of powers granted by the General Meeting of 17 May 2005

The number of free shares could not exceed 10% of the existing share capital at the time of the first allocation decided by the Board of Directors' Meeting of 19 March 2006, or 844,825 shares. This delegation of powers was valid for 38 months. Two schemes were implemented during the 1st delegation.

1. **Free share allocation plan referred to as the No. 1 Loyalty Scheme:**
Following the decision of the Board Meeting of 19 March 2006, this scheme allowed free shares to be allocated to current employees as at 19 March 2006, but also to all new employees hired during the delegation of powers, and to employees changing professional category. As at 31 December 2010, the 290,000 shares allocated under this scheme had all vested at the end of the two-year vesting period.

2. **Free share allocation scheme referred to as the Allocation of 15/01/08:**
At its meeting of 15 January 2008, the Board of Directors voted in favour of the free allocation of 93,000 shares to certain employees of the Company and of its associates. These 93,000 allocated shares vested during the financial year ending 31 December 2010.

Second delegation of powers granted by the General Meeting of 6 November 2008

The General Meeting of 6 November 2008 voted in favour of increasing the free share allocation scheme to 10% of the registered share capital, i.e. the option to award 1,137,075 free shares. This delegation was also valid for 38 months. Six schemes were implanted during this delegation.

1. **Free share allocation scheme for Directors referred to as the Allocation of 06/01/09:**
This scheme was voted by the Board of Directors of 6 January 2009, and involved 543,000 shares for Europlasma directors. Of the 543,000 shares allocated in 2009, 288,888 shares had vested at the end of the two-year vesting period. The 111,112 shares still vesting at 31 December 2012, were lost by their beneficiary in 2013.

2. Free share allocation plan referred to as the No. 2 Loyalty Scheme:

This scheme was voted by the Board of Directors Meeting of 17.04.2009. Based on the same principle as the No. 1 Loyalty Scheme, it enabled free shares to be allocated to all new employees and to employees changing professional category.

91,000 shares were allocated under this scheme, including 61,000 on a permanent basis. Given that 30,000 shares have been lost, there are no unvested shares as at 31 December 2013.

3. Free share allocation scheme referred to as the Allocation of 17/04/09:

This scheme was voted by the Board of Directors' Meeting of 17 April 2009, and aimed to allocate 70,000 shares to employees, based on targets to be achieved during the 2009 financial year. 55,100 shares vested during the 2011 financial year and there were no more unvested shares as at 31 December, 2011.

4. Free share allocation scheme referred to as the Allocation of 16/02/2010:

This scheme was voted by the Board of Directors' Meeting of 16 February 2010, and aimed to allocate shares to employees of Europlasma and some of its subsidiaries based on the achievement of targets for 2010. 118,000 new shares were allocated in February 2010, including 58,800 which were lost between 2010 and 2011. The 59,200 unvested shares at 31 December 2011 were vested in 2012. There are no unvested shares under this scheme as at 31 December 2012.

5. Free share allocation scheme referred to as the Allocation of 23/08/10:

Under this scheme, voted by the Board of Directors on 23 August 2010, 40,000 shares were allocated to the new Chairman of the Company for taking up his duties. The vesting period is four years due to the fact that the Chairman is not a French tax resident.

6. Free share allocation scheme referred to as the Allocation of 27/04/11:

Under this scheme, voted by the Board of Directors on 27 April, 2011, 11,500 shares were allocated, including 7,500 to the Deputy Managing Director for the performance of his duties and 4,000 to an employee based on performance criteria. These 11,500 shares were vested in 2013.

Third delegation of powers granted by the General Meeting of 21 June 2011

In accordance with Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, the General Meeting of 21 June 2011 authorised the allocation of ordinary shares in the company to be issued, in favour of:

- salaried employees of the Company or of directly or indirectly related companies within the meaning of Article L. 225-197-2 of the French Commercial Code;
- and/or corporate officers who satisfy the conditions set out in Article L. 225-197-1 of the French Commercial Code.

The total number of free shares allocated on this basis cannot exceed 10% of the registered share capital at the time when the Board of Directors decided to allocate them (5 October 2011), i.e. 1,565,603 shares. This delegation was also valid for 38 months.

Five schemes were implemented.

1. Free share allocation scheme referred to as the Allocation of 05/10/2011 :

Under this scheme, voted by the Board of Directors' Meeting of 5 October 2011, 40,000 shares were allocated to the Chairman of the Company for the performance of his duties. The vesting period is four years due to the fact that the Chairman is not a French tax resident. 6,800 shares were also allocated to employees; 6,000 were vested in 2013 under a two-year vesting period. The 40,000 shares allocated to the Chairman were still vesting at 31 December 2013.

2. Free share allocation plan referred to as the No. 3 Loyalty Scheme:

In accordance with the decision of the Board of Directors' Meeting of 5 October 2011, this scheme allowed free shares to be allocated to current employees as at 1 April 2011, but also to all new employees hired at the end of a trial period during the delegation, and to employees changing professional category.

90,000 shares had been allocated under this scheme as at 31 December 2013, including 7,000 shares in 2013. Of the 90,000 shares allocated in total, 28,000 were lost and 10,000 vested, i.e. a balance of 52,000 unvested shares as at 31 December 2013. The 10,000 vested shares had still not been created by the Board of Directors as at 31 December 2013.

3. Free share allocation scheme referred to as the Allocation of 20/03/12:
This scheme was voted by the Board of Directors' Meeting of 20 March, 2012, and aimed to allocate shares to employees of Europlasma and some of its subsidiaries based on the achievement of targets for 2011. 41,000 shares were allocated and 2,500 had been lost as at 31 December 2013. There are 38,500 unvested shares under this scheme as at 31 December 2013.

4. Free share allocation scheme referred to as the Allocation of 19/06/12:
Under this scheme, voted by the Board of Directors' Meeting of 19/06/12, 30,000 shares were allocated to the Chairman of the Company based on the achievement of targets. The vesting period is four years due to the fact that the Chairman is not a French tax resident.

5. Free share allocation scheme referred to as the Allocation of 12/09/12:
Under this scheme, voted by the Board of Directors' Meeting of 12 September, 2012, 40,000 shares were allocated to the Chairman of the Company for the performance of his duties. The vesting period is four years due to the fact that the Chairman is not a French tax resident.

6. Free share allocation scheme referred to as the Allocation of 30/01/13:
Under this scheme, voted by the Board of Directors' Meeting of 30 January, 2013, 3,000 shares were allocated based on the 2012 target; 250 were lost. There are therefore 2,750 unvested shares at 31 December 2013.

7. Free share allocation scheme referred to as the Allocation of 18/09/13:
Under this scheme, voted by the Board of Directors' Meeting of 18/09/13, 65,000 shares were allocated to the Chairman of the Company for the performance of his duties. The vesting period is four years due to the fact that the Chairman is not a French tax resident.

A summary of the various free share allocation schemes which had an effect in 2013 is provided below:

Name of the scheme	Date of the authorisation granted by the General Meeting	Date of the allocation by the Board of Directors	Effective allocation date	Number of shares still vesting as at 31 December 2012	Shares acquired in 2013*	Shares allocated in 2013	Shares lost in 2013	Number of shares still vesting as at 31 December 2013
Allocation of 06/01/09	06/11/2008	06/01/2009	between 06/01/11 and 06/01/14	111,112			-111,112	0
No. 2 Loyalty Scheme	06/11/2008	17/04/2009	between 17/04/11 and 07/06/13	8,000	-8,000			0
Allocation of 23/08/2010	06/11/2008	23/08/2010	23/08/2010	40,000				40,000
Allocation of 27/04/11	06/11/2008	27/04/2011	27/04/2013	11,500	-11,500			0
Allocation of 05/10/2011	21/06/2011	05/10/2011	between 05/10/13 and 05/10/15	46,800	-6,000		-800	40,000
No. 3 Loyalty Scheme	21/06/2011	05/10/2011	between 05/10/13 and 07/05/13	76,000	-10,000	7,000	-21,000	52,000
Allocation of 20/03/2012	21/06/2011	20/03/2012	20/03/2014	39,500			-1,000	38,500
Allocation of 19/06/2012	21/06/2011	19/06/2012	19/06/2016	30,000				30,000
Allocation of 12/09/2012	21/06/2011	12/09/2012	12/09/2016	40,000				40,000
Allocation of 30/01/13	21/06/2011	30/01/2013	30/01/2015			3,000	-250	2,750
Allocation of 18/09/2013	21/06/2011	12/09/2013	12/09/2017			65,000		65,000
TOTAL				402,912	-35,500	75,000	-134,162	308,250

*At 31 December 2013 the Board of Directors were yet to issue 10,000 shares under the No. 3 Loyalty Scheme and 6,000 shares under the allocation of 5 October, 2011.

2 - Breakdown of the free share allocations performed during 2013

Breakdown of 2013 allocations by beneficiary category

The number of shares allocated during 2013 was 75,000, which breaks down as follows:

- Corporate officers: 65,000;
- Managers: 1,750;
- Supervisors: 4,250;
- Employees: 4,000.

Breakdown of free share allocations to corporate officers in 2013:

Allocation date	Surname	First name	Number of shares	Performance conditions	Share price (€)
12/09/13	Catlin	Pierre	65,000	In financial year 2013	€0.68
Total			65,000		

Breakdown of free share allocations to employees (excluding corporate officers) in 2013:

Category	Allocation date	Number of shares	Share price (€)
Managers	30/01/2013	1,750	1.56
	Total managers	**1,750**	
Supervisors	30/01/2013	1,250	1.56
	02/04/2013	3,000	1.00
	Total supervisors	**4,250**	
Employees	18/02/2013	2,000	1.47
	06/05/2013	2,000	0.92
	Total other employees	**4,000**	

Total number of shares allocated to the 10 employees (excluding corporate officers) who received the highest number of shares in 2013:

Group of ten employees that received the highest number of shares	Number of shares allocated
Total	10,000

Dilution of shareholders' equity and of 2013 net income following the final allocation of 27,500 shares during the 2013 financial year:

In accordance with the delegation of powers granted by the General Meeting of 6 November 2008, the Board of Directors recorded the final allocation of 27,500 shares.

The following table shows the impact on shareholders' equity and net income as at 31 December 2013 before and after the final allocation of the 27,500 shares.

Impact on shareholders' equity (in euros)	Shareholders' equity as at 31/12/2013	Number of shares	Shareholder's equity per share
Impact after the allocation of the 27,500 shares	2,374,236	15,764,735	0.15
Impact before the allocation of the 27,500 shares	2,374,236	15,737,235	0.15
Impact on net income (in euros)	**Net income as at 31/12/2013**	**Number of shares**	**Earnings per share**
Impact after the allocation of the 27,500 shares	-11,696,582	15,764,735	-0.74
Impact before the allocation of the 27,500 shares	-11,696,582	15,737,235	-0.74

3.15.2 CURRENTLY VALID DELEGATIONS OF POWERS

The currently valid delegations of powers at the end of financial year 2013 and as at 1 September 2014, taking into account the new delegations authorised by the General Meeting of 1 September 2014, are as follows:

In euros	Date of the EGM	Delegation expiry date	Amount authorised	Increase(s) realised in previous years	Increase(s) realised in 2013	Residual amount as at 31/12/2013	Increase(s) realised from 01/01/2014 to 01/09/2014	Residual amount as at 01/09/2014
Authorisation to allocate free shares	21/06/2011 13th resolution	20/08/2014	10% of the share capital*	€81,200	€27,500	1,456,903.50*	€7,550	1,449,353.50*
Authorisation to increase the capital with retention of preferential subscription rights	08/11/2013 14th resolution	07/01/2016	Ordinary shares: €10,000,000** Debt securities: €10,000,000**	Not applicable	None	€10,000,000** €10,000,000**	€725,177.80	€9,274,822.20** €9,274,822.20**
Authorisation to increase the capital without preferential subscription rights by public offering	08/11/2013 15th resolution	07/01/2016	Ordinary shares: €10,000,000 Debt securities: €10,000,000	Not applicable	None	€10,000,000*** €10,000,000***	None	€10,000,000*** €10,000,000***
Authorisation to increase the capital without preferential subscription rights by private placement	08/11/2013 16th resolution	07/01/2016	20% of the share capital per year	Not applicable	None	20% of the share capital per year ***	None	20% of the share capital per year ***
Authorisation to issue stock options	08/11/2013 17th resolution	07/01/2016	10% of the share capital*	Not applicable	None	10% of the share capital*	None	10% of the share capital*
Authorisation to increase share capital through the capitalisation of reserves, profits or premiums	08/11/2013 18th resolution	07/01/2016	€30,000,000	Not applicable	None	€30,000,000	None	€30,000,000
Authorisation to increase the number of securities issued	08/11/2013 19th resolution	07/01/2016	15% of the amount of the initial issue	Not applicable	None	15% of the amount of the initial issue	€94,588.50	15% of the amount of the initial issue
Authorisation to issue stock options	08/11/2013 22nd resolution	07/01/2016	10% of the share capital*	Not applicable	None	10% of the share capital*	None	10% of the share capital*
Authorisation to issue ordinary shares in favour of a category of people	01/09/2014 11th resolution	30/11/2014	€3,000,000	Not applicable	Not applicable	Not applicable	None	€3,000,000
Authorisation to issue stock options in favour of Crédit Suisse Europlasma SPV LLC	01/09/2014 12th resolution	28/02/2016	€35,000	Not applicable	Not applicable	Not applicable	None	€35,000
Authorisation to issue stock options in favour of CHO Morcenx SAS	01/09/2014 13th resolution	28/02/2016	€35,000	Not applicable	Not applicable	Not applicable	None	€35,000

* By reference to the amount of share capital during the 1st implementation ** Cumulative overall limit of €10,000,000** Cumulative overall limit of €10,000,000

3.15.3 SOCIAL CONSEQUENCES OF THE COMPANY'S BUSINESS

3.15.3.1 Workforce

3.15.3.1.1 Total workforce as at the end of the last three financial years

	M	F	Total	of which France	Permanent contracts	Fixed-term contracts
Workforce at the beginning of the 2011 financial year	191	54	**245**	**205**	192	13
New hires in 2011	43	20	**63**	**50**	23	27
Departures in 2011	-38	-18	**-56**	**-45**	-19	-26
Workforce at the end of the 2011 financial year	**196**	**56**	**252**	**210**	**196**	**14**
As a % of the total workforce	*78%*	*22%*	*100%*	*100%*	*93%*	*7%*
New hires in 2012	70	10	**80**	**62**	46	16
Departures in 2012	-55	-14	**-69**	**-51**	-31	-20
Workforce at the end of the 2012 financial year	**211**	**52**	**263**	**221**	**211**	**10**
As a % of the total workforce	*80%*	*20%*	*100%*	*100%*	*95%*	*5%*
New hires in 2013	10	0	**10**	**10**	9	1
Departures in 2013	-11	-3	**-14**	**-14**	-14	0
Companies removed from the EE scope	-146	-28	**-174**	**-132**	-123	-9
Workforce at the end of the 2013 financial year	**64**	**21**	**85**	**85**	**83**	**2**
As a % of the total workforce	*75%*	*25%*	*100%*	*100%*	*98%*	*2%*

3.15.3.1.2 Staff movements

	Group			of which France		
	2011	2012	2013	2011	2012	2013
Permanent contract hires	36	59	9	23	0	9
Fixed-term contract hires	27	21	1	27	62	1
Total hires	63	80	10	50	62	10
Permanent contract departures	30	42	14	19	0	0
Fixed-term contract departures	26	27	0	26	51	14
Companies removed from the EE scope			174			132
Total departures	56	69	188	45	51	146
of which:						
Contract terminations	23	27	0	23	20	0
Unsuccessful probation periods	4	9	1	2	5	1
Contractual terminations	5	11	5	3	7	5
Retirement and early retirement	0	0	1	0	0	1
Redundancies	2	12	1	1	11	1
Resignations	16	9	6	10	7	6
Other reasons	6	1	0	6	1	0
Departure of EE employees			174			132
Net hires	7	11	-178	5	11	-136

3.15.3.2 Organisation of working time

3.15.3.2.1 Weekly working time

Working time is between 35 and 40 hours per week, depending on the country, the employee category, and the company. In France, executive working time is the standard 218 working days per year.

3.15.3.2.2 Absenteeism and overtime

	Group				
	2011	2012	%	2013*	%
Average annual full time equivalent	250	281	12%	**84**	-70%
Average weekly working time	37	35	-4%	**35**	0%
Theoretical annual working hours	479,486	512,583	7%	**155,129**	-70%
Absenteeism	18,354	24,705	35%	**8,316**	-66%
% of absenteeism	3.8%	4.8%	25%	**5.4%**	12%
of which:					
Sick leave	66.9%	69.4%	4%	**52.1%**	-25%
Maternity/paternity leave	16.7%	5.2%	-69%	**29.0%**	458%
Workplace/commuting accidents	14.5%	25.4%	75%	**18.9%**	-26%
Other	1.9%	0.0%	-100%	**0.0%**	-
Overtime	9,260	8,832	-5%	**1,184**	-87%
% of overtime	1.9%	1.7%	-9%	**0.8%**	-56%
Working hours available	470,392	496,709	6%	**147,996**	-70%

** Data relating only to continued activities*

3.15.3.3 Remuneration paid during the past three financial years

The remuneration amounts shown below exclude incentives or profit-sharing.

In €'000s	**Group**					**of which France**				
	2011	**2012**	**%**	**2013***	**%**	**2011**	**2012**	**%**	**2013***	**%**
Remuneration paid in cash during the period	8,741	9,541	9%	3,775	-60%	7,923	8,450	7%	3,775	-55%
Social security and contingency insurance costs paid	3,689	4,131	12%	1,792	-57%	3,588	3,927	9%	1,792	-54%
Total remuneration paid	**12,430**	**13,672**	**10%**	**5,567**	**-59%**	**11,511**	**12,377**	**8%**	**5,567**	**-55%**
Social security charges	42%	43%		47%		45%	46%		47%	
Average number of full time equivalent positions over the year	249.6	281.0	13%	83.7	-70%	210.0	237.2	13%	84.6	-64%
Average remuneration	35.0	34.0	-3%	45.1	33%	37.7%	35.6	-6%	45.1	27%
Revenue	58,030	35,338	-39%	12,572	-64%					
Revenue per FTE	232	126	-46%	150	+19%					

** Data relating only to continued activities*

3.15.3.4 Employee relations

The Group's employees are represented by employee representatives and/or single delegations according to the company and the country, in accordance with the law.

3.15.3.4.1 Collective agreements and benefits

Profit-sharing and incentive agreements have been introduced depending on the law, with or without a company savings scheme, depending on the company, and including the parent company.
Target-based bonuses and shares may be awarded to employees under certain conditions.
The Group pays particular attention to its investment in staff training: following a sharp increase in training expenses in 2012, and despite its significant financial difficulties, in 2013, the Group maintained the same level of training expenses in terms of percentage of payroll expenses as in 2011.

	2011	2012	2013*
Training expenses	85	133	42
Payroll expenses	8,741	9,541	3,775
Training expenses/payroll expenses	**1.0%**	**1.4%**	**1.1%**

** Data relating only to continued activities*

3.15.3.4.2 Gender equality

In €'000s	Group				
	2011	**2012**	**%**	**2013***	**%**
Average FTEs	249.6	281.0	13%	83.7	-70%
Men	194.3	231.7	19%	61.7	-73%
Women	55.3	49.3	-11%	22.0	-55%
Average remuneration	35.0	34.0	-3%	45.1	33%
Men	35.6	33.3	0%	46.9	0%
Women	33.0	36.8	-38%	40.0	64%

Average gross salaries in France	2011			2012				2013*			
	M	F	Total	M	F	Total	%	M	F	Total	%
Executive	221	0	221	223	0	223	1%	400	0	400	80%
Team leader	49	49	49	42	50	44	-10%	45	43	44	0%
Employee	26	23	25	25	25	25	0%	22	19	21	-15%
Total	39	34	38	36	36	36	-5%	47	40	45	24%

** Data relating only to continued activities*

3.15.3.4.3 Use of external labour

Employees provided	2011	2012	2013*
Temporary staff	10	2	1
Sub-contractors	7	3	3
Total	17	5	4
% of average FTEs	**7%**	**2%**	**1%**

** Data relating only to continued activities*

3.15.3.4.4 Employment and integration of disabled workers

in average FTEs	2011	2012	2013*
Disabled FTE	10.41	8.79	4.00
as a % of average Group FTEs	4.2%	3.3%	0.9%

** Data relating only to continued activities*

3.15.4 ENVIRONMENTAL CONSEQUENCES OF THE COMPANY'S BUSINESS

3.15.4.1 Environmental data

3.15.4.1.1 Group sites

Europlasma is a supplier of clean technologies and green energy solutions, and protecting the environment is a major concern for the Group. Environmental considerations are a fully-fledged factor in the Group's management and investment decision process, through its four business units (one of which was sold at the end of 2013):

- Research and Engineering, Torches and Processes: a test platform was developed in 2012 including four separate units:
    - A KIWI unit to perform testing on biomass treatment via gasification without heat recovery: the syngas is treated via flaring before being released into the atmosphere,
    - A plasma torch unit for categorising and qualifying the plasma torches that will be supplied with several gas mixtures: at end of line, the plasmagenic gas generated is treated by flaring before being released into the atmosphere,
    - A KNPP unit to perform testing on melting/vitrification by plasma torch: at end of line, the plasmagenic gas generated is treated by flaring before being released into the atmosphere,
    - An "Advanced material development" unit to produce materials (particularly silicum) in a specific furnace equipped with a plasma torch: at end of line, the CO (generated as a result of the dissociation of CO2 by the plasma torch) is also treated by flaring, before being released into the atmosphere;

- Destruction of hazardous waste by plasma torch with control of aqueous and gaseous discharges via treatment systems;

- Solutions for the production of renewable energy: operation of a gasification plant for non-hazardous waste (RDF) and energy efficient biomass: production of 12 MW and heat recovery (in the form of steam and hot water) at different stages in the process;

- Air and gas treatment: development of a process combining air de-pollution and energy recovery: this process involves treating industrial gas discharges while recovering the energy generated by the treatment process, thus reducing the energy consumption of users.

The environmental consequences of this unit were not taken into account in this document since it was sold in December 2013. During pilot tests, these activities only generated a very small quantity of gaseous discharge very occasionally and this was treated via an active charcoal filter before release. Although there is no specific "environmental" department, all employees are aware of the environmental aspects linked to their activities. There is also a Committee for Health, Safety and Working Conditions (CHSW).

Main industrial sites	Type of business carried out on the site	ICPE regime (Installation Classified for the Protection of the Environment)	Requirement to decontaminate the site?
CHO Morcenx in Morcenx	Gasification of non-hazardous waste and biomass with production of 12 MW and heat recovery	Authorisation	Yes
Inertam in Morcenx	Treatment of asbestos waste via vitrification by plasma torch then recovery	Authorisation	Yes
Testing and development platform at Morcenx	Research and development in four separate units	Declaration	Yes

Europlasma is located in Bruges (Gironde) and is involved in engineering and administrative activities. It therefore has a negligible impact on the environment.

3.15.4.1.2 Resources

A Quality, Safety and Environment department comprising two people manages the safety and environmental aspects of the vitrification unit and testing platform. This department was also responsible for QSE functions at the CHO Morcenx site in 2013. However, following the decision to separate the two entities (INERTAM and CHO Morcenx operated by CHOPEX) CHOPEX was allocated its own dedicated person on 1 January 2014.
The environmental policy in place helps develop employees' skills and the economic performance of Inertam while respecting health and safety and the environment.

We are therefore committed to:

- respecting and applying the environmental legislation and regulations in force as well as other applicable requirements by performing controls, analyses and other necessary measures;
- continually improving our environmental performance by constantly optimising the management and quality of aqueous and gaseous discharges and reducing noise pollution;
- preventing all pollution linked to our business, by optimising waste sorting and management and informing our subcontractors of our commitments and requiring them to adhere to these;
- intensifying our efforts regarding the cleanliness and organisation of the site.

The Environmental Waste Management System organised by a QSE (Quality, Safety, Environment) Manager provides us with a basis upon which we can work together to reach our environmental targets.

3.15.4.2 Monitoring our impact on the environment

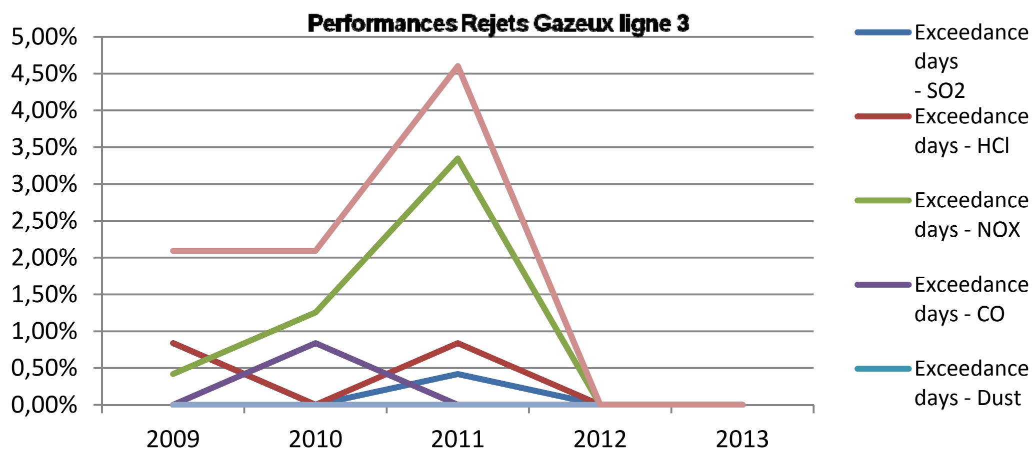
The environmental data in the present report are taken from regular reports submitted by the production plants to the competent administrative authorities (DREAL, CARSAT, water agency, etc.) who perform supervision and control. These data come either from internal measures (self-monitoring) or audits by approved and accredited bodies.
In 2013, gaseous discharges from the CHO Morcenx plant were considered negligible since this unit was only in production in January 2013. The plant was not accepted since the performance tests over the contract durations were not satisfactory, the main difficulty being the unstable operation of the gasifier.
On a separate note, a technical incident (the freezing of certain equipment) occurred at the time of a sudden drop in temperatures in mid February. The plant was shut down until the end of 2013 for the repair of this equipment and to replace the gasifier in full.

3.15.4.2.1 Gaseous discharge and control

In 2013, only the asbestos waste vitrification plant in Morcenx had a significant impact on the air.
All atmospheric discharge is collected and evacuated after treatment through a chimney. Several specially adapted treatment units have been put in place: post-combustion chamber, neutralisation of acid fumes via lime conditioning and fabric filter.
Our process generates fluctuating levels of nitrogen oxides, primarily from the plasma torch: peaks of around 1,500 mg/Nm3 may occur as can values close to zero. Taken as a daily average, the results are satisfactory. Nevertheless, in order to control these peaks we decided to put in place a selective non-catalytic reduction denox process.
The first ammonia tests were conducted in 2012 and yielded convincing results. A urea campaign was planned for the end of 2013 but was postponed to 2014 Q1 due to the general mobilisation of personnel to reach optimal production by the end of the year.
The modification of the confined zone with creation of specific silos per waste type (1 silo for HCV waste, 1 silo for waste high in silica, 1 silo for chalky waste and 1 silo for asbestos cement) required quite a significant amount of time to implement and therefore it was not until the end of 2013 that we started to see an improvement in process performance as well as improved quality of our gaseous discharge.

All atmospheric discharges are analysed continually by sensors installed on the equipment. A certified and accredited laboratory performs supplementary analyses each month.

Changes in gaseous discharge from the hazardous waste treatment site are shown below:



Performance Rejets Gazeux ligne 3	Gas Discharge performance line 3

The measurements taken in 2013 showed that gaseous discharge analysed did not exceed permitted levels.

Quantification of atmospheric discharges of the primary pollutants: we noted a drop in emissions of all pollutants per tonne of waste treated. 5,212 tonnes of asbestos waste were treated in 2013 compared to 3,048 tonnes in 2012.

Pollutant	2012	2013
Carbon monoxide (CO) in tonnes	7.6	7.4
Specific emission in kg CO/t waste treated	*2.5*	*1.4*
Hydrochloric acid (HCI) in tonnes	1.3	1.3
Specific emission in kg of HCI/t waste treated	*0.4*	*0.25*
Nitrogen oxide (NOx) in tonnes	79.6	76.5
Specific emission in kg of NOx/t waste treated	*26*	*14.7*
Sulphur dioxide (SO2) in tonnes	10.0	8.3
Specific emission in kg of SO2l/t waste treated	*3.3*	*1.6*
Dust in tonnes	0.07	0.06
Specific emission in kg of dust/t waste treated	*0.02*	*0.01*

In accordance with the ministerial order of 3 August 2010 amending the order of 22 September 2002, relating to hazardous waste incineration and co-incineration installations, in 2014, Inertam will invest in a semi-continuous dioxin and furan analyser.

On the R&D platform:

- four testing campaigns were conducted on the KIWI unit, i.e. a total of:
  - 23 hrs 39 minutes of combustion,
  - 91 hrs 02 minutes of gasification,
  - 246 hrs 46 minutes of temperature maintenance.

These tests have generated low gaseous discharges, from less than one kilo per year for hydrogen fluoride to 36 kg for nitrogen oxides;

- A KNNP installation was assembled, commissioned and testing was performed; this installation will be shipped to Bulgaria. Melting tests were performed on 17 days (representing almost 195 hrs of plasma torch operation) and released approximately 74 kg of nitrogen dioxide into the air.

3.15.4.2.2 Aqueous discharge and control

Like gaseous discharges, aqueous discharges in the CHO Morcenx unit are considered negligible in 2013.
There is no liquid discharge from the testing platform, since the water circuit is a closed circuit. The rare purges that take place are performed on the water network at the Inertam plant.

With regards to the "hazardous waste treatment" business, all aqueous discharge is continually analysed for certain parameters. An external certified body also performs analyses of certain parameters once a month.
The measurements performed on the 21,468 m^3 of waste produced in 2013 were satisfactory and the threshold was not exceeded.

Quantification of aqueous discharges of the primary parameters:

Pollutant	2013
Suspended solids (TSM) in kg	216
Chemical oxygen demand (COD) in kg	230
Biological oxygen demand (BOD) in kg	44.5
Total organic carbon (TOC) in kg	61.8
Total nitrogen in kg	35.7
Total hydrocarbons in kg	2.5

The hazardous waste site and testing site each have an air-cooling tower. An independent certified laboratory performs monthly sampling and analyses to detect any possible legionella contamination. All analyses performed in 2013 were satisfactory: no legionella contamination was found.

3.15.4.2.3 Waste production and treatment

For the hazardous waste treatment subsidiary, below is a table summarising the waste produced internally above five tonnes and disposed of by external certified centres:

Type of waste	Quantity (in tonnes)	Treatment
Scrap metal	190	Recovery
Fly ash	548	Landfill
Inert waste	61	Recovery and landfill
Plastic, wood, paper/cardboard packaging	9	Recovery
Refractories	106	Landfill

Since 26 November 2010, the site has a supplementary prefectoral authorisation (APC) for the control of slag from asbestos waste (Cofalit) generated as a result of our activity. This authorisation details the methods for recovering our slag, particularly the analyses to be performed and the list of required documents to ensure complete traceability. In 2013, the slag analysed had all the satisfactory and necessary characteristics required for their recovery.

In 2013, 1,782 tonnes of Cofalit were produced. No crushing campaign or external recovery were performed in 2013.
Consequently, as at 31 December 2013, we still have close to 2,615 tonnes of crushed Cofalit on our site awaiting recovery (stock already present at 31 December 2012) as well 1,782 tonnes of Cofalit awaiting crushing.

The R&D platform produced:

- for the KIWI unit, 416 kg of clinker, 1,380 kg of ash and 4,500 kg of waste from the dry treatment of syngas;
- for the KNPP unit, close to four tonnes of slag.

3.15.4.2.4 Energy consumption and production

The table below outlines the specific energy consumption for each site for 2012 and 2013:

Sites	Water consumption (m3) 2012	2013	Electricity consumption (MWh) 2012	2013	Gas consumption (MWh) 2012	2013
Treatment of hazardous waste	39,392(*)	29,984(*)	12,580	17,234	7,202	7,649
Gasification of non-hazardous waste			1,199	774	29,093(**)	10,074
Testing platform			299	550	594	578

(*): The water consumption is due to a borehole which is shared by the three sites with one shared meter.
(**): The high gas consumption is due to the one-off testing period and commissioning of the plant.

In 2012, the non-hazardous waste and biomass gasification site produced 888 MWh of electricity which was delivered to the electricity network. At the same time, it also produced 3,930 MWh of heat which was used to power a dry kiln.

3.15.4.2.5 Conditions for the use of soil and sub-soil

The Group does not directly make use of soil. The hazardous waste treatment business uses soil at its storage platforms, where containers of waste to be treated are stored.
Where sub-soils are concerned, a 266 metre borehole constructed in March 1957 is used by the three Morcenx sites.
Seven piezometers have been installed on the hazardous waste treatment site and testing platform and five on the gasification site and are analysed regularly. To date, no pollution has been detected.

3.15.4.2.6 Odour and noise pollution

To date, all regulatory acoustic analyses performed within the site's limits or on neighbouring sites have been compliant with the legislation in force, both during the day and at night.
New regulatory analyses are planned for the end of 2014.

Odour pollution is considered to be null, since the waste is confined.
An odour study was conducted in May 2008 to draw up a reference odour state before the ordinary industrial waste gasification installation was constructed. Three odour zones were detected with concentrations that were at times close to the environmental quality target value permitted by French and European regulations.

3.15.4.2.7 The natural environment

Impact studies were conducted when the operating licences for the two industrial waste treatment plants were applied for. These studies showed that, despite the sensitivity of the surrounding environment (NATURA 2000 zone, including a Special Protection Area), operations at the two plants had no impact on the conservation status of species and natural habitats.

Environmental monitoring of the two Morcenx sites was implemented in 2003 for the hazardous industrial waste treatment site and in 2011 for the ordinary industrial waste gasification site.

The aim of these studies is to perform environmental monitoring on the two sites by tracking changes in concentrations of dioxins, furans, heavy metals and PCB indicators in environmental matrices. A study of soil content provides information on the facility's past operations, while a study of the concentration in this year's pine needles provides information about its current operations. Samples of vegetable products for human and animal consumption enable health risks to be assessed.

Given the very low number of days on which gasification took place in 2013, no specific environmental monitoring was performed on the gasification site.

For the hazardous waste treatment plant, a complete measurement campaign is planned for the soil, pine needles and corn every three years, with annual analyses of the pine needles only.

Since only a limited sampling campaign was planned for 2013, three pine needle samples were taken in September 2013 based on the dominant wind directions (east and west) and outside the plume area (control), within a 2.5 km radius around the site.

The concentrations of metals, dioxins and furans found in the pine needle samples were low to very low and of the same size in the three points exposed to the controls.

These results therefore show that at present (in 2013) the vitrification installation has no impact on the immediately surrounding environment.

3.15.4.3 Environmental procedures and processes

The Group has implemented procedures and guidelines specially adapted to each site relating in particular to employee safety, storage of hazardous products, and how to behave in the event of an accident or incident.
To date, none of the sites have environmental certification and although there are no targets for certification in the short term, environmental management systems have been put in place establishing targets to be reached and concrete measures to be implemented.

3.15.4.4 Financial impact

3.15.4.4.1 Insurance

Inertam and CHO Morcenx have a civil liability policy covering Environmental Damage.
Inertam's tri-annual policy has been in force since 2006 while CHO Morcenx's annual policy runs from the second half of 2012.
No claims have been made against these policies. They provide guarantees against the external local environment but also against third parties.

3.15.4.4.2 Off-balance sheet guarantees

The various companies' operating licences do not provide for decontamination of the sites in the event of a permanent shutdown, except for the two production plants in Morcenx. As part of Inertam's operating licence, Europlasma has provided a €1 million off-balance sheet guarantee to the Landes Prefecture, in order to guarantee the decontamination of the site in the event of a shutdown.

Notice must be sent to the Prefect in the event of a production shutdown, accompanied by a land report including an up-to-date map of the land occupied by the facility, together with a summary of the measures to decontaminate the site that have been taken or are planned, specifically including:
- the disposal or elimination of hazardous products, of potentially water-borne pollutants, and of any waste on the site;
- the decontamination of any soil or groundwater that may have been polluted;
- the integration of the site into its environment.

Article R.516-1 of the French Environmental Code extends the existing financial guarantees system to certain categories of installations for the implementation of safety measures in the event of a

permanent shutdown. This system ensures surveillance and security of the installation as well as waste removal should the operator default. The two production plants in Morcenx operated by the Group (via Inertam and CHOPEX) are subject to this system.
The amount and requirements for establishing these financial guarantees will have an impact on the off-balance sheet commitments of the two operating companies from 2014, the cut-off year for submitting to the Prefect the calculation of these guarantees and establishment requirements.

3.15.4.4.3 Provisions for contingencies and compensation

The Group has not made any provisions for environmental contingencies.
To date, the Group has never been required to pay compensation pursuant to a legal decision regarding the environment.

3.15.5 STATUTORY AUDITORS' FEES

The Statutory Auditors' fees shown in the consolidated income statement, including expenses, amounted to:

	Statutory audit	**Directly Related Due Diligence**	**2013**	Statutory audit	Directly Related Due Diligence	2012
Europlasma	135	52	186	95	48	143
Inertam	26	0	26	28		28
CHO Power	53	0	53	16	11	27
Financière GEE	6	0	6	6		6
Europe-environnement	43	0	43	40		40
Ventacid Hungary	2	0	2	**2**		2
Total	**265**	**52**	**317**	**188**	**59**	**247**

3.15.6 AGENDA AND TEXT OF THE RESOLUTIONS OF THE JOINT GENERAL MEETING OF 1 SEPTEMBER, 2014

1/AGENDA

ORDINARY

- Approval of the financial statements for the year ending 31 December 2013
- Approval of the consolidated financial statements for the year ending 31 December 2013
- Appropriation of the net income for the financial year
- Statutory Auditors' special report on related party agreements and commitments and approval of agreements
- Renewal of Kim Ying LEE's mandate as director
- Approval of the co-optation of CREDIT SUISSE ASSET MANAGEMENT as director
- Approval of the co-optation of Jean-Eric PETIT as director
- Discharge to directors
- Authorisation to the Board of Directors to trade in the Company's shares

EXTRAORDINARY

- Delegation of power to the Board of Directors to reduce the share capital by cancelling treasury shares
- Delegation of power to the Board of Directors to issue ordinary shares in favour of a category of persons in accordance with the provisions of Article L. 225-138 of the French Commercial Code
- Delegation of powers to the Board of Directors to issue and allocate stock warrants with cancellation of shareholders' preferential subscription rights in favour of CREDIT SUISSE EUROPLASMA SPV LLC
- Delegation of powers to the Board of Directors to issue and allocate stock warrants with cancellation of shareholders' preferential subscription rights in favour of CHO MORCENX
- Delegation of powers to the Board of Directors to perform, pursuant to Article L.225-129-1 of the French Commercial Code, a capital increase under the terms set out in Article L.3332-19 of the French Labour Code

ORDINARY

- Powers for formalities

2/ TEXT OF THE RESOLUTIONS

FIRST RESOLUTION (ORDINARY) - APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER, 2013

The General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors for the year ending 31 December, 2013, approves the financial statements approved on this date showing a loss of €9,407,199, as presented.
The General Meeting also approves the costs and expenses which are non-deductible from income subject to income tax, totalling €8,961, as well as the tax incurred on these costs and expenses amounting to €2,986.70.

SECOND RESOLUTION (ORDINARY) - APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2013

The General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors on the consolidated financial statements at 31 December 2013, approves said financial statements, as presented, showing a loss (Group share) of €11,697,000.

THIRD RESOLUTION (ORDINARY) - APPROPRIATION OF INCOME FOR THE FINANCIAL YEAR

On the proposal of the Board of Directors, the General Meeting resolves to charge all of the loss for the year ending 31 December (a loss of €9,407,199) to retained earnings.
Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes that it has not distributed any dividend with respect to the last three financial years.

FOURTH RESOLUTION (ORDINARY) - STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS AND APPROVAL OF AGREEMENTS

Acting in accordance with the quorum and majority conditions required for Ordinary General Meetings on the special report presented to it relating to the agreements outlined in L.225-38 et seq. of the French Commercial Code, the General Meeting approves, under the conditions detailed in Article L. 225-40 of the French Commercial Code, each of the agreements mentioned therein, as well as the aforementioned report.

FIFTH RESOLUTION (ORDINARY) – DISCHARGE TO THE DIRECTORS

As a result of the approval of the preceding resolutions, the General Meeting, acting in accordance with the quorum and majority conditions required for ordinary general meetings, grants full discharge, without reserve, to the directors for the fulfilment of their duties during the financial year ending 31 December 2013.

SIXTH RESOLUTION (ORDINARY) - RENEWAL OF KIM YING LEE'S MANDATE

Acting in accordance with the quorum and majority conditions required for ordinary general meetings, and noting that Kim Ying Lee's mandate as director has expired, the General Meeting decides to renew his mandate for a new period of six (6) years, or until the end of the General Meeting in 2020 called to approve the financial statements for the year just ended.

SEVENTH RESOLUTION (ORDINARY) – APPROVAL OF THE CO-OPTATION OF CREDIT SUISSE ASSET MANAGEMENT

Acting in accordance with the quorum and majority conditions required for ordinary general meetings, the General Meeting approves, pursuant to the provisions of Article L.225-78 of the French Commercial Code, the appointment to director of CREDIT SUISSE ASSET MANAGEMENT, National Registered Agents, Inc., 9 East Loockerman Street, Dover, Kent County, Delaware 19901, U.S.A, appointed by co-optation during the Board of Directors meeting of 1 April, 2014 to replace DLJ MB ADVISORS, the resigning director.
CREDIT SUISSE ASSET MANAGEMENT will thus perform its duties for the remaining duration of its predecessor's mandate, or until the end of the General Meeting in 2019 called to approve the financial statements for the year just ended.

EIGHTH RESOLUTION (ORDINARY) - APPROVAL OF THE CO-OPTATION OF JEAN-ERIC PETIT

Acting in accordance with the quorum and majority conditions required for ordinary general meetings, the General Meeting approves, pursuant to Article L.225-78 of the French Commercial Code, the appointment to director of Jean-Eric Petit, born on 18 May, 1963 in Neuilly-Sur-Seine (92), residing at 8 avenue du Général Mangin 33120 ARCACHON, appointed by co-optation during the Board of Directors meeting of 28 January, 2014 to replace Jean-Claude Rebishung, the resigning director..
As a result, Jean-Eric Petit will perform his duties for the remaining duration of his predecessor's mandate, or until the end of the General Meeting in 2018 called to approve the financial statements for the year just ended.

NINTH RESOLUTION (ORDINARY) - AUTHORISATION TO THE BOARD OF DIRECTORS TO TRADE IN THE COMPANY'S SHARES

Acting in accordance with the quorum and majority conditions required for ordinary general meetings and having reviewed the Board of Directors' report, the General Meeting authorises the Board of Directors, with the power to subdelegate under the conditions established by law, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, to purchase or have purchased Company shares, particularly with a view to:

- the implementation of Company stock option plans under the provisions of Articles L. 225-177 et seq. of the French Commercial Code or any similar plan;
- the allocation of free shares under the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code;
- the allocation or sale of shares to employees and/or corporate officers of the Company and/or of the Group for their contribution to the Company's results or the implementation of an employee savings plan under the conditions established by law, and more specifically Articles L. 3332-1 et seq. of the French Labour Code;

- delivering shares in connection with the exercise of rights attached to securities giving access to the company's capital by reimbursement, conversion, exchange, presentation of a warrant or by any other means;
- delivering shares (as a means of exchange or payment, etc.) during acquisitions, mergers, demergers or contributions, up to a limit of 5% of the capital as outlined in Article L. 225-209 paragraph 6 of the French Commercial Code, with a view to minimising the cost of the acquisition or more generally to improve the conditions of a transaction, in accordance with the terms defined by the French Financial Markets Authority (Autorité des marchés financiers);
- supporting the secondary market or the liquidity of the Company shares via a market making contract, with an investment services provider, that complies with the code of conduct approved by the French Financial Markets Authority; or
- cancelling all or some of the securities bought back in this way, subject to the adoption by the present General Meeting of the 10th resolution (Delegations of power to the Board of Directors to reduce the share capital by cancelling treasury shares).

This programme is also intended to allow the implementation of any market practice that may be permitted by the French Financial Markets Authority and, more generally, the performance of any other operation in accordance with the regulations in force. If such an event should occur, the Company will inform its shareholders by means of a press release.

The purchase of Company shares can involve a number of shares provided that:

- the number of shares bought by the Company during the buyback programme does not exceed ten per cent (10%) of the shares comprising the Company's share capital, at any time, that is, by way of indication, 2,309,201 shares at 30 June 2014, where it is specified (i) that the number of shares acquired so that they can be retained and subsequently used as part of a merger, demerger or contribution cannot exceed 5% of its share capital, and (ii) when the shares are bought to improve liquidity under the conditions set out in the general regulations of the French Financial Markets Authority, the number of shares taken into account to calculate the ten per cent (10%) limit indicated in the first paragraph corresponds to the number of shares purchased, minus the number of shares resold during the authorisation period;
- the number of shares held by the Company at any time cannot exceed ten per cent (10%) of the shares making up the Company's share capital on the date in question.

Shares may be acquired, sold or transferred at any time including during public offer periods, within the limits authorised by the legal and regulatory provisions in force. Transactions may be undertaken by any method, on the open market or over the counter, including block purchase or sale (without limiting the share of the buyback programme that may be completed via this method), by public offering of purchase or exchange or by the use of options or other forward financial instruments negotiated on the open market or over the counter, or by distributing the shares following the issue of securities giving access to the Company's share capital by converting, exchanging, reimbursing, exercising a warrant or any other means, either directly or indirectly by means of an investment services provider.

The maximum share purchase price under the present resolution is €5 per share, excluding fees, (or the equivalent value on this same date in any other currency).

The total amount allocated to the buyback programme authorised above cannot exceed €3,000,000.

This authorisation cancels, as of this date, any unused portion of any prior delegation granted to the Board of Directors for the purpose of trading in the Company's shares. The authorisation is granted for a period of eighteen (18) months from today's date.

In the event of an amendment to the share par value, capital increase by capitalising reserves, free share allocation, stock split or combination, distribution of reserves or any other assets, amortisation of the capital or any other transaction involving the shareholders' equity, the General Meeting grants the Board of Directors the power to adjust the aforementioned purchase price to take into account the impact of these transactions on the share value.

The General Meeting grants full powers to the Board of Directors, with the power to subdelegate subject to legal conditions, to decide and implement the present authorisation, to specify, where necessary, the terms and methods of the authorisation, to carry out purchase programmes and in particular to draw up any stock option orders, conclude any agreement, allocate or reallocate the shares purchased to fulfil the objectives pursued within the applicable legal and regulatory conditions and establish the conditions and methods by which, where necessary, the rights of holders of securities or options will be safeguarded, in accordance with the legal, regulatory or contractual provisions, make all declarations to the French Financial Markets Authority and any other competent authority and perform any other formalities and, in general, do whatever is necessary.

TENTH RESOLUTION (EXTRAORDINARY) - DELEGATION OF POWER TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY SHARES

Acting in accordance with the quorum and majority conditions for extraordinary general meetings and having reviewed the Board of Directors' report and the Statutory Auditors' Special Report, the General Meeting authorises the Board of Directors to reduce the share capital, in one or more transactions, in the proportions and the timing of its choosing, by cancelling any number of treasury shares that it deems fit within the legal limits, pursuant to the provisions of Articles L. 225-209 et seq. of the French Commercial Code.

The maximum number of shares that may be cancelled by the Company under the present authorisation is ten per cent (10%) of the shares that make up the Company's share capital in each twenty-four (24) month period. This limit applies to an amount of the Company's capital that may be adjusted, if necessary, to take into account transactions impacting share capital subsequent to this General Meeting.

This authorisation cancels, as of this date, any unused portion of any prior delegation granted to the Board of Directors for the purpose of reducing share capital by cancelling treasury shares. The authorisation is granted for a period of eighteen (18) months from today's date.

The General Meeting grants full powers to the Board of Directors, with the right to subdelegate, to perform any transaction(s) to cancel and reduce the capital that may be made under this authorisation, to deduct where applicable the difference between the par value and the purchase price of the cancelled shares from the available premiums and reserves, amend the Articles of Association accordingly and perform all necessary formalities, processes and declarations to all bodies and, in general, do all that is necessary.

ELEVENTH RESOLUTION (EXTRAORDINARY) - DELEGATION OF POWER TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES IN FAVOUR OF A CATEGORY OF PERSONS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L. 225-138 OF THE FRENCH COMMERCIAL CODE

Acting in accordance with the conditions of quorum and majority required by extraordinary general meetings and having reviewed the Board of Directors' report and the Statutory Auditors' Special Report, and having noted that the Company's share capital is fully paid up, and acting in accordance with the provisions of Articles L. 225-129-2 and L. 225-138 of the French Commercial Code, the General Meeting:

1. Authorises the Board of Directors, with the power to subdelegate, to increase the share capital by issuing, in one or several transactions, ordinary shares;
2. Resolves that the maximum nominal amount of any capital increases performed under this authorisation is Three Million Euros (€3,000,000);
3. Resolves, in accordance with Articles L. 225-132 and L. 225-138 of the French Commercial Code, to cancel shareholders' preferential subscription rights attached to ordinary shares and to reserve subscription rights to natural persons or legal entities having granted bridge loans to the company since 1 January 2013 (the "Beneficiaries");
4. Resolves that the Board of Directors will set the issue price for ordinary shares issued under this authorisation at eighty cents (€0.80);
5. Resolves that the Board of Directors will draw up the specific list of Beneficiaries in favour of whom the preferential subscription right has been cancelled;
6. Grants full powers to the Board of Directors to, in a general sense, perform all formalities required for the planned issue of ordinary shares, record the capital increases performed and amend the Articles of Association accordingly;
7. Duly notes that the Board of Directors will report to the shareholders at the next ordinary general meeting under the conditions set out in the second paragraph of Article L. 225-138 of the French Commercial Code;
8. Resolves that the present authorisation is valid for three (3) months counting from this General Meeting.

TWELFTH RESOLUTION (EXTRAORDINARY) - DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO ISSUE AND ALLOCATE STOCK WARRANTS WITH CANCELLATION OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOUR OF CREDIT SUISSE EUROPLASMA SPV LLC

Acting in accordance with the conditions of quorum and majority required for extraordinary general meetings, and having listened to the reading of the Board of Director's Report and the Statutory Auditors' Special Report, the General Meeting:

1. Resolves in accordance with the provisions of Articles L. 228-91 et seq. of the French Commercial Code to issue three hundred and fifty thousand (350,000) warrants on ordinary shares (the

$BSA_{BLFA2014}$") at €0.01 per BSA $_{BLFA2014}$ granting entitlement to 350,000 ordinary shares at a par value of €0.10;

2. Resolves that the methods for exercising the BSA $_{BLFA2014}$ warrants are as follows:
   - Each BSA $_{BLFA2014}$ warrant will grant the right to subscribe to an ordinary share in the Company,
   - The BSA $_{BLFA2014}$ warrants may be exercised in cash and/or by offsetting them against a claim against the Company that is certain, of a fixed amount and due,
   - The exercise requirements established by the Lenders will be finalised via the signing of a subscription form and should be sent to the Company by recorded delivery with acknowledgement of receipt, or hand delivered, and for cash payments, the amount corresponding to the number of $BSA_{BLFA2014}$ warrants exercised must be enclosed,
   - The exercise price of a BSA $_{BLFA2014}$ warrant will be €0.80 per BSA $_{BLFA2014}$ warrant,
   - The $BSA_{BLFA2014}$ warrants may be exercised for a period of five years from the date of issue. Any warrants that have not been exercised at the end of this five year period will expire;
3. Resolves that the BSA $_{BLFA2014}$ warrants will be freely transferable;
4. Resolves that, from their creation, the Company shares subscribed for on exercising the $BSA_{BLFA2014}$ warrants will be subject to all statutory clauses and carry dividend rights from the start of the financial year in which they were subscribed for;
5. Resolves that these new shares will be fully incorporated into the old shares including for the purpose of dividend entitlement;
6. Resolves that the subscription period will be 15 trading days but the Board of Directors may close the subscription period before the 15 days have expired once the issue has been subscribed for in full by the Beneficiary for whom it was reserved;
7. Resolves that the rights of the holders of $BSA_{BLFA2014}$ warrants will be conserved in accordance with Articles L. 229-98 et seq. of the French Commercial Code and in particular:
   - In accordance with the law and while there are warrants still valid, the Company will refrain from amortising its share capital, reducing it by means of reimbursement and from modifying the distribution of profit,
   - In accordance with the law, the Company will ensure that the rights of holders of BSA $_{BLFA2014}$ warrants will be maintained:
     - Issue of securities or other rights granting access, immediately or in the future, to a share of the Company's capital, with retention of subscription rights;
     - Capital increase by capitalising reserves, profits or issue premiums;
     - Distribution of reserves in cash or portfolio securities;
     - Company takeover, merger or demerger,
   - Pursuant to the provisions of Article L. 228-103 of the French Commercial Code, the holders of $BSA_{BLFA2014}$ warrants will be grouped in a collective group under the conditions fixed by said article;
8. Resolves to issue 350,000 ordinary shares, the maximum which may be acquired by exercising the $BSA_{BLFA2014}$ warrants issued;
9. Specifies that, in accordance with Article L. 228-98 of the French Commercial Code, the present resolution entails a waiver by the shareholders to their preferential subscription rights to the ordinary shares to which the $BSA_{BLFA2014}$ warrants grant rights;
10. Resolves to cancel, for these BSA $_{BLFA2014}$ warrants, the preferential subscription rights of shareholders in favour of CREDIT SUISSE EUROPLASMA SPV LLC, a limited liability company governed by American and Delaware law, with registered office at 2711 Centerville Road, Wilmington, New Castle, Delaware, 19808 U.S.A;
11. Resolves in accordance with article L. 225-129-2 of the French Commercial Code, to delegate full powers to the Board of Directors to:
   - Receive and record the subscriptions to the $BSA_{BLFA2014}$ warrants and close the subscription period early, where necessary,
   - Determine the procedure by which, particularly by means of adjustment, the rights of warrant holders would be conserved should the Company perform any transactions that can only be completed by reserving the rights of these holders, as long as such warrants do exist and are valid,
   - Take all necessary informative measures,
   - Receive the share subscriptions and record all payments or any form of payment, whether in cash or offset against a claim,
   - Record the resulting capital increases and amend the Articles of Association accordingly,
   - And, more generally, do whatever is necessary under the present issue of $BSA_{BLFA2014}$ warrants;

12. Resolves that the present authorisation is granted for a period of eighteen months starting from today;
13. Resolves that this authorisation may be used at any time during this period, including, within the limits permitted by the applicable regulations, during public offers on the Company shares.

THIRTEENTH RESOLUTION (EXTRAORDINARY) - DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO ISSUE AND ALLOCATE STOCK WARRANTS WITH CANCELLATION OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOUR OF CHO MORENX

Acting in accordance with the conditions of quorum and majority required for extraordinary general meetings, and having listened to the reading of the Board of Director's Report and the Statutory Auditors' Special Report, the General Meeting:

1. Resolves in accordance with the provisions of Articles L. 228-91 et seq. of the French Commercial Code to issue three hundred and fifty thousand (350,000) warrants on ordinary shares (the "$BSA_{BLFA2014}$" warrants) at €0.01 per BSA $_{BLFA2014}$ warrant granting entitlement to 350,000 ordinary shares at a par value of €0.10;
2. Resolves that the methods for exercising the BSA $_{BLFA2014}$ warrants are as follows:
   - Each BSA $_{BLFA2014}$ warrant will grant the right to subscribe to an ordinary share in the Company,
   - The BSA $_{BLFA2014}$ warrants may be exercised in cash and/or by offsetting them against a claim against the Company that is certain, of a fixed amount and due,
   - The exercise requirements established by the Lenders will be finalised via the signing of a subscription form and should be sent to the Company by recorded delivery with acknowledgement of receipt or hand delivered, and for cash payments, the amount corresponding to the number of $BSA_{BLFA2014}$ warrants exercised must be enclosed,
   - The exercise price of a BSA $_{BLFA2014}$ warrant will be €0.80 per BSA $_{BLFA2014}$ warrant,
   - The $BSA_{BLFA2014}$ warrants may be exercised for a period of five years from the date of issue. At the end of the five year period, the warrants will expire;
3. Resolves that the BSA $_{BLFA2014}$ warrants will be freely transferable;
4. Resolves that, from their creation, the Company shares subscribed for on exercising the $BSA_{BLFA2014}$ warrants will be subject to all statutory clauses and carry dividend rights from the start of the financial year in which they were subscribed for;
5. Resolves that these new shares will be fully incorporated into the old shares including for the purpose of dividend entitlement;
6. Resolves that the subscription period will be 15 trading days but the Board of Directors may close the subscription period before the 15 days have expired once the issue has been subscribed for in full by the Beneficiary for whom it was reserved;
7. Resolves that the rights of the holders of BSABLFA2014 warrants will be conserved in accordance with Articles L. 229-98 et seq. of the French Commercial Code and in particular:
   - In accordance with the law and while there are warrants still valid, the Company will refrain from amortising its share capital, reducing it by means of reimbursement and from modifying the distribution of profit,
   - In accordance with the law, the Company will ensure that the rights of holders of BSA $_{BLFA2014}$ warrants will be maintained. :
     - Issue of securities or other rights granting access, immediately or in the future, to a share of the Company's capital, with retention of subscription rights;
     - Capital increase by capitalising reserves, profits or issue premiums;
     - Distribution of reserves in cash or portfolio securities;
     - Takeover, merger or demerger of the Company,
   - Pursuant to the provisions of Article L. 228-103 of the French Commercial Code, the holders of $BSA_{BLFA2014}$ warrants will be grouped in a collective group under the conditions fixed by said article;
8. Resolves to issue 350,000 ordinary shares, the maximum which may be acquired by exercising the $BSA_{BLFA2014}$ warrants issued;
9. Specifies that, in accordance with Article L. 228-98 of the French Commercial Code, the present resolution entails a waiver by the shareholders to their preferential subscription rights to the ordinary shares to which the $BSA_{BLFA2014}$ grants rights;
10. Resolves to cancel, for these $BSA_{BLFA2014}$ warrants, the preferential subscription rights of shareholders in favour of CHO MORCENX, a simplified joint stock company, whose registered office is at ZA de Cantegrit 40110 MORCENX, entered in the Mont-de-Marsan Trade and Companies Register under number 521 784 694;

11. Resolves in accordance with article L. 225-129-2 of the French Commercial Code, to delegate full powers to the Board of Directors to:

- Receive and record the subscriptions to the $BSA_{BLFA2014}$ warrants and close the subscription period early, where necessary,
- Determine the procedure by which, particularly by means of adjustment, the rights of warrant holders would be conserved should the Company perform any transactions that can only be completed by reserving the rights of these holders, as long as such warrants do exist and are valid,
- Take all necessary informative measures,
- Receive the share subscriptions and record all payments or any form of payment, whether in cash or offset against a claim,
- Record the resulting capital increases and amend the Articles of Association accordingly,
- And, more generally, do whatever is necessary under the present issue of $BSA_{BLFA2014}$ warrants;

12. Resolves that the present authorisation is granted for a period of eighteen months starting from today;

13. Resolves that this authorisation may be used at any time during this period, including within the limits permitted by the applicable regulations, during public offers on the Company shares.

FOURTEENTH RESOLUTION (EXTRAORDINARY) - DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO PERFORM, PURSUANT TO ARTICLE L.225-129-1 OF THE FRENCH COMMERCIAL CODE, A CAPITAL INCREASE UNDER THE TERMS SET OUT IN ARTICLE L.3332-19 OF THE FRENCH LABOUR CODE

Acting in accordance with the conditions of quorum and majority required for extraordinary general meetings, and having listened to the reading of the Board of Directors' Report and the Statutory Auditors' Special Report, the General Meeting:

- authorises the Board of Directors, in accordance with the provisions of Articles L.225-129 and L.225-129-2 to, pursuant to the provisions of Article L.225-129-6 of the French Commercial Code, during capital increases by means of cash contributions, which will be decided in accordance with the authorisations granted above in the previous resolutions, increase share capital, in one or several transactions, by means of cash reserved for employees belonging to a Company Savings Plan, whether existing or to be created on the Company's initiative, which is jointly established by the Company and the French and foreign companies related to it within the meaning of Articles L.3344-1 and L.3344-2 of the French Labour Code and L.233-16 of the French Commercial Code and/or any company investment fund by which the newly issued shares would be subscribed for by these employees, within the limits provided for in Article L.3332-19 of the French Labour Code;
- resolves that the present authorisation is granted for twenty-six (26) months counting from the date of the General Meeting;
- resolves that this authorisation cancels any other previous resolution of the same type;
- resolves that the capital increase performed under this resolution cannot exceed 5% of the share capital recorded at the time of the issue, and that the nominal amount of the immediate or future capital increase, as a result of all the shares, capital securities and investment securities issued under this delegation granted to the Board of Directors under the present resolution, cannot exceed one million euros (€1,000,000). It is specified that this ceiling is fixed without taking into account the consequences on the capital amount of any adjustments that may be made, in accordance with the legislative and regulatory provisions following the issue of shares or securities giving future rights to the capital;
- resolves that the Board of Directors will fix the subscription price for shares issued under the present authorisation, which grant the same rights as the old shares of the same category in accordance with the conditions set out in Article L.3332-19 of the French Labour Code;
- resolves to cancel the preferential subscription rights of shareholders to the cash shares to be issued in favour of employees who are members of the Company Savings Plan, whether existing or to be created on the Company's initiative, which is jointly established by the Company and the French and foreign companies related to it within the meaning of Articles L.3344-1 and L.3344-2 of the French Labour Code and L.233-16 of the French Commercial Code and/or any company investment fund by which the newly issued shares would be subscribed for by these employees, within the limits provided for in Article L.3332-19 of the French Labour Code;
- resolves to grant full powers to the Board of Directors to implement the present authorisation and for this purpose:

(i) fix the length of service conditions required to participate in this transaction, within the legal limits, and where applicable, the maximum number of shares that can be subscribed per employee,
(ii) fix the number of new shares to be issued and their entitlement date,
(iii) fix, within the legal limits, the issue price for new shares as well as the deadlines granted to employees to exercise their rights,
(iv) fix the deadlines and terms for paying for the new shares,
(v) record the capital increase(s) and amend the Articles of Association accordingly,
(vi) perform all transactions and formalities required for the capital increase(s);

- resolves that this authorisation includes the express renunciation, in favour of the employees detailed above, of shareholders of their preferential subscription rights to the shares issued.

FIFTEENTH RESOLUTION (ORDINARY) – POWERS FOR FORMALITIES

The General Meeting grants full powers to the holder of a copy or extract of the present minutes for the purpose of performing all filing or publication formalities required by law.

3.15.7 STATUTORY AUDITORS' SPECIAL REPORT ON THE 2013 RELATED-PARTY AGREEMENTS

Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2013

EUROPLASMA SA
Zone Artisanale de Cantegrit Est
401110 Morcenx

Aux Actionnaires,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions et engagements réglementés.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques et les modalités essentielles des conventions et engagements dont nous avons été avisés ou que nous aurions découverts à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions et engagements. Il vous appartient, selon les termes de l'article R.225-31 du code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions et engagements en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R.225-31 du code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions et engagements déjà approuvés par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

CONVENTIONS ET ENGAGEMENTS SOUMIS A L'APPROBATION DE L'ASSEMBLEE GENERALE

Conventions et engagements autorisés au cours de l'exercice écoulé
En application de l'article L.225-40 du code de commerce, nous avons été avisés des conventions et engagements suivants qui ont fait l'objet de l'autorisation préalable de votre conseil d'administration.

- **Mission de proposition de mesures de restructuration du groupe**

En date du 5 juillet 2013, votre conseil d'administration a autorisé votre société à confier à la société INVESCO CAPITAL une mission de proposition de mesures de restructuration du groupe visant à assurer sa pérennité moyennant une rémunération forfaitaire de 20.000 €.

Personnes visées :
Monsieur Kim YING LEE, en sa qualité d'administrateur de la société EUROPLASMA et dirigeant de la société INVESCO Capital.

- **Rachat de la créance détenue par la société INERTAM à l'encontre de la société CHO POWER par la société EUROPLASMA**

En date du 5 juillet 2013, le conseil d'administration a autorisé le rachat au nominal, par votre société, des créances détenues par la société INERTAM à l'encontre de la société CHO POWER

Personnes visées :

Monsieur Pierre CATLIN, en sa qualité de Président et d'administrateur de la société EUROPLASMA et Président de la société CHO POWER et Monsieur François MARCHAL en sa qualité de Directeur Général et d'administrateur de la société EUROPLASMA, et de Président de la société INERTAM.

- **Term Sheet conclu entre les sociétés EUROPLASMA, CREDIT SUISSE/MASDAR, CHO MORCENX et GOTTEX**

En date du 24 juin 2013, le conseil d'administration a autorisé la ratification de la signature du Term Sheet en date du 20 juin 2013 signé entre les sociétés CREDIT SUISSE/MASDAR, CHO MORCENX, le fonds GOTTEX et la société EUROPLASMA ainsi que l'approbation de l'ensemble des opérations visées dans le Term Sheet, et notamment :

1/ la mise en place des mécanismes juridiques nécessaires pour sécuriser le respect de l'ordre de priorité concernant le produit de cession de la société Financière GEE dont notamment le nantissement des 69.706 titres de la société Financière GEE détenus par la société EUROPLASMA au profit des sociétés CHO MORCENX et CREDIT SUISSE EUROPLASMA SPV LLC ;

2/ la convention de crédit " Facilities agreement " signée en date du 18 juillet 2013 entre les sociétés EUROPLASMA, CHO POWER, CREDIT SUISSE EUROPLASMA SPV LLC et CHO MORCENX relative à des prêts d'un montant maximum de 4.560.000 € accordé à CHO POWER et des garanties associées à savoir le nantissement de compte-titre de second rang consenti par la société EUROPLASMA au profit de CREDIT SUISSE EUROPLASMA SPV LLC et CHO MORCENX sur l'action de préférence AP CHO POWER qu'elle détient, elle-même nantie en premier rang au profit de CHO MORCENX ;

3/ la garantie autonome de la société EUROPLASMA pour un montant maximum égal au produit de cession de la société FIG (minoré d'un montant de 2.000.000 € restant acquis à la société EUROPLASMA), étant précisé que le montant de cette garantie autonome sera en tout état de cause limité aux sommes restant dues aux sociétés CHO MORCENX et CREDIT SUISSE/MASDAR (principal et intérêts inclus) au titre du nouveau crédit, du contrat de prêt CHO MORCENX et du contrat de prêt CREDIT SUISSE MASDAR, arrêtées à la date où le produit de cession Financière GEE est effectivement affecté au remboursement desdites sommes ;

4/ la constitution par la société EUROPLASMA du nantissement de premier rang des actions de la société INERTAM au profit des sociétés CHO MORCENX et de CREDIT SUISSE MASDAR EUROPLASMA SPV LLC à titre de garantie des obligations de la société au titre des crédits, sous réserve du nantissement de second rang au profit de CREDIT SUISSE MASDAR ;

5/ la capitalisation (1) de l'ensemble des dettes financières et de fonctionnement de CHO POWER à l'égard des sociétés EUROPLASMA et INERTAM au 31 décembre 2012 et (2) des frais de fonctionnement de CHO POWER et des dettes de CHO POWER à l'égard des sociétés EUROPLASMA et INERTAM jusqu'à l'homologation des protocoles de conciliation ;

6/ l'engagement de société EUROPLASMA de transférer, selon des modalités à définir, au profit de CHO POWER - à première demande de CREDIT SUISSE MASDAR - l'intégralité des droits et actifs attachés au projet KIWI et ce, à l'exclusion de tous passifs y afférents lesquels devront rester à la charge de la société EUROPLASMA.

Personnes visées Monsieur: Erik MARTELL en sa qualité de représentant permanent de MASDAR VENTURE CAPITAL administrateur de la société EUROPLASMA et Monsieur Roger AMMOUN en sa qualité de représentant permanent de la société DJL MB Advisors, administrateur de la société EUROPLASMA.

<u>CONVENTIONS ET ENGAGEMENTS DEJA APPROUVES PAR L'ASSEMBLEE GENERALE</u>

Conventions et engagements approuvés au cours d'exercices antérieurs dont l'exécution s'est poursuivie au cours de l'exercice écoulé

En application de l'article R. 225-30 du code de commerce, nous avons été informés que l'exécution des conventions et engagements suivants, déjà approuvés par l'assemblée générale au cours d'exercices antérieurs, s'est poursuivie au cours de l'exercice écoulé.

- **Inscription en avance à long terme d'une créance entre votre société et la société INERTAM**

Votre conseil d'administration a autorisé le 10 janvier 2008 une convention avec la société INERTAM, prévoyant l'inscription en avance à long terme d'une créance de 6.000.000 € qu'elle détient auprès de cette société. Au titre de cette convention, votre société s'est interdit de demander le remboursement de son avance avant le 1er janvier 2012. Cette somme n'a produit jusqu'à cette date aucun intérêt. Cette convention a été ratifiée par l'Assemblée Générale Ordinaire du 30 juin 2009.

Au titre de l'exercice clos le 31 décembre 2013, cette avance a généré 12.495 € d'intérêts. Le montant de l'avance a été entièrement remboursé au cours de l'exercice

- **Caution donnée pour un montant de 1.000.000 € pour le compte de la société INERTAM**

En date du 8 octobre 2003, votre conseil d'administration a autorisé votre société à se porter caution, pour le compte de sa filiale INERTAM, auprès de la Préfecture des Landes, à hauteur de 1.000.000 €, en application de l'arrêté d'autorisation d'exploitation du 16 avril 2003.

- **Garantie au contrat de prêt conclu entre CHO MORCENX et CHO POWER :**

En date des 31 octobre, 29 novembre et 4 décembre 2012, votre conseil d'administration a décidé d'autoriser la société CHO Power à emprunter une somme de 2.700.000 € auprès de la société CHO Morcenx, et de donner toutes garanties jugées utiles et notamment le nantissement par votre société de l'action de préférence qu'elle détient dans le capital de la société CHO Power au profit de CHO Morcenx ou de son associé au titre de la créance qu'elle détient.
La garantie apportée par votre société à CHO Morcenx n'est pas rémunérée.

- **Contrat de prêt entre EUROPLASMA et CREDIT SUISSE EUROPLASMA SPV LLC :**

En date du 29 novembre 2012, votre conseil d'administration a autorisé votre société à emprunter une somme de 4.000.000 € auprès de CREDIT SUISSE EUROPLASMA SPV LLC et de donner toutes garanties jugées utiles à savoir :

- Nantissement au profit de CREDIT SUISSE EUROPLASMA SPV LLC de l'intégralité des titres de la société INERTAM détenus par votre société,
- Nantissement du fonds de commerce ou des installations techniques, des équipements, matériels et outillage afférents au Centre d'Essais de votre société.

Au 31 décembre 2012, le montant débloqué au titre de cette convention s'élevait à 2.000.000 €.
Au cours de l'exercice 2013 cet emprunt a été transféré à la société CHO POWER par compensation avec les créances que la société EUROPLASMA détenait à son encontre
La charge d'intérêt supportée jusqu'au transfert du prêt à la société CHO POWER s'est élevée à 131.333,33 €.

- **Contrat sur les BSA (Warrant agreement) entre EUROPLASMA ET CREDIT SUISSE EUROPLASMA SPV LLC**

En date du 4 décembre 2012, votre conseil d'administration a autorisé, dans le cadre de l'obtention d'un prêt-relais (ci-après " la levée de fonds ") auprès de CREDIT SUISSE EUROPLASMA SPV LLC, la signature d'un contrat sur les BSA (Warrant Agreement) prévoyant :

- le bénéfice d'une promesse de vente (call option) et d'un droit de préemption au profit de votre société dans les 3 mois de la levée de fonds et pour un prix basé sur une valorisation " pre-money " de CHO POWER retenue dans le cadre de ladite levée de fonds ;
- un droit de préemption au profit de votre société en cas de transfert de ces BSA pendant toute la durée du prêt-relais

Fait à Poitiers et Le Tourne, le 8 août 2014

Les commissaires aux comptes

PricewaterhouseCoopers Audit	**Deixis**
Michel PASQUET Associé	Nicolas de LAAGE de MEUX Associé

4. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In €'000s	Notes	31/12/2013	31/12/2012	Change
Goodwill	6.1	2,624	7,872	-5,248
Other intangible assets	6.2	1,438	1,357	81
Property, plant and equipment	6.3	15,937	24,380	-8,444
Investment in associates	6.4	3,677	4,041	-364
Other non-current financial assets	6.6	5,731	5,402	329
Deferred tax assets	6.11	2,191	3,003	-812
Non-current assets		**31,597**	**46,055**	**-14,458**
Inventories and work-in-progress	6.5	1,028	2,302	-1,274
Customer receivables and related accounts	6.6	7,684	13,983	-6,299
Other operating receivables	6.6	3,116	4,817	-1,701
Current tax receivables	6.11	57	76	-19
Other current assets	6.6	2,830	1,709	1,121
Cash and cash equivalent	6.6	1,978	4,055	-2,077
Assets from activities held for sale	10	0	0	0
Current assets		**16,693**	**26,941**	**-10,248**
Assets		**48,290**	**72,996**	**-24,706**
Capital		1,576	15,737	-14,161
Additional paid-in capital		14,729	34,658	-19,929
Reserves and retained earnings		-2,235	-15,697	13,462
Income for the financial year		-11,697	-20,891	9,194
Equity attributable to Group shareholders	6.12	2,374	13,808	-11,434
Non-controlling interests		748	2,133	-1,385
Equity	6.12	**3,122**	**15,940**	**-12,818**
Non-current employee benefits	6.8	257	613	-356
Non-current provisions	6.9	0	0	0
Non-current financial liabilities	6.7	15,935	19,753	-3,878
Deferred tax liabilities	6.11	361	506	-145
Other non-current financial liabilities	6.10	1,111	529	582
Non-current liabilities		**17,664**	**21,401**	**-3,737**
Current provisions	6.9	1,061	1,077	-15
Current financial liabilities	6.7	1,810	3,803	-1,992
Trade payables and related accounts	6.10	8,051	10,098	-2,047
Current tax payables	6.11	0	0	0
Other operating payables	6.10	3,554	6,161	-2,606
Other current liabilities	6.10	13,027	14,517	-1,490
Liabilities of businesses held for sale	10	0	0	0
Current liabilities		**27,504**	**35,656**	**-8,151**
Liabilities		**48,290**	**72,996**	**-24,706**
Equity per share (in €)		0.15	0.88	-0.73
Diluted equity per share (in €)		0.15	0.86	-0.71
Average number of shares	6.12	15,745,071	15,705,287	39,783
Average number of diluted shares	6.12	16,053,321	16,108,199	-54,879

2. CONSOLIDATED INCOME STATEMENT

In €'000s	Notes	31/12/2013	31/12/2012	Change
Revenue	7.1	12,572	35,338	-22,766
Other operating income	7.2	4,870	8,171	-3,301
Purchases consumed	7.3	-9,867	-26,399	16,532
External expenses	7.3	-5,540	-10,359	4,819
Personnel expenses	7.4	-5,445	-13,591	8,145
Taxes		-394	-825	431
Depreciation and amortisation, impairment, and provisions	7.5	-4,146	-4,038	-109
Other operating expenses	7.6	-274	-1,894	1,620
Current operating income		**-8,225**	**-13,596**	**5,371**
Impairment of goodwill and investments in associates		0	-4,397	-522
Other non-recurring operating income and expenses	7.7	-910	-222	-689
Operating income		**-9,135**	**-18,215**	**4,160**
Income from cash and cash equivalents		62	78	-16
Cost of gross financial debt		-851	-645	-205
Cost of net financial debt		**-788**	**-567**	**-221**
Other financial income		47	64	-16
Other financial expense		-158	-3,824	3,666
Financial income	7.8	**-899**	**-4,327**	**3,429**
Income tax	7.9	-152	814	-966
Net income from consolidated companies		**-10,186**	**-21,728**	**11,542**
Share of net income from associates	6.4	-352	576	-928
Net income from discontinued operations	10	-2,523	0	-2,523
Net income of the consolidated group		**-13,061**	**-21,152**	**8,091**
Non-controlling interests	6.12	1,364	261	1,103
Net income (Group share)		**-11,697**	**-20,891**	**9,194**
Basic earnings per share (in euros)		-0.74	-1.33	0.59
Diluted earnings per share (in euros)		-0.73	-1.30	0.57
Average number of shares	6.12	15,745,071	15,705,287	39,783
Average number of diluted shares	6.12	16,053,321	16,108,199	-54,879

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €'000s	Notes	31/12/2013	31/12/2012	Change
Net income of the consolidated Group		**-13,061**	**-21,152**	**8,091**
Items that may not be reclassified subsequently to profit or loss		**0**	**0**	**0**
Exchange differences on translation of consolidated companies		-3	-21	18
Actuarial gains and losses on retirement commitments		120		120
Change in the value of cash flow hedges	6.10	0	-124	124
Income tax effect relating to these items		-40	41	-81
Items that may be reclassified subsequently in relation to discontinued operations		-43		-43
Share of other comprehensive income of associates, net of taxes				0
Items that may be reclassified subsequently to profit or loss		**34**	**-103**	**138**
Other comprehensive income for the year, net of tax		**34**	**-103**	**138**
Total comprehensive income for the year, net of tax		**-13,027**	**-21,255**	**8,229**
- attributable to Group shareholders		-11,641	-20,942	9,301
- attributable to non-controlling interests		-1,386	-313	-1,073

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital	Additional paid-in capital	Own shares	Other Group Reserves				Aggregate income	Total equity - Group share	Non-controlling interests	Total equity
				Translation reserves	Unrealised gains or losses on financial instruments	Other reserves	Total other Group reserves				
Position at the end of the 2011 financial year	**15,656**	**34,658**	**-113**	**66**	**-146**	**1,386**	**1,306**	**-16,952**	**34,556**	**2,446**	**37,002**
Impact of changes in accounting policies	0	0	0	0		0	0	0	0	0	0
Adjusted position at the beginning of the 2012 financial year	15,656	34,658	-113	66	-146	1,386	1,306	-16,952	34,556	2,446	37,002
Net change in the fair value of financial instruments	0	0	0	0	-41	0	-41	0	-41	-41	-83
Translation differences	0	0	0	-10		0	-10	0	-10	-10	-21
Net income for the year	0	0	0	0		0	0	-20,891	-20,891	-261	-21,152
Total gains and losses for the year	**0**	**0**	**0**	**-10**	**-41**	**0**	**-51**	**-20,891**	**-20,942**	**-313**	**-21,255**
Dividends paid	0	0	0	0		0	0	0	0	0	0
Capital increase/reduction	0	0	0	0		0	0	0	0	0	0
Change in treasury shares	0	0	28	0		0	0	0	28	0	28
Share-based payments	0	0	0	0		166	166	0	166	0	166
Other changes	81	0	0	0		0	0	-81	0		0
Position at the end of the 2012 financial year	**15,737**	**34,658**	**-85**	**56**	**-187**	**1,552**	**1,421**	**-37,924**	**13,808**	**2,133**	**15,941**
Impact of changes in accounting policies	0	0	0	0		-66	-66	66	0	0	0
Adjusted position at the beginning of the 2013 financial year	15,737	34,658	-85	56	-187	1,486	1,355	-37,858	13,808	2,133	15,941
Net change in the fair value of financial instruments	0	0	0	0	48	0	48	0	48	48	96
Translation differences	0	0	0	-41		0	-41	0	-41	-38	-79
Actuarial gains and losses on retirement commitments						48	48		48	-32	17
Net income for the year	0	0	0	0		0	0	-11,697	-11,697	-1,364	-13,061
Total gains and losses for the year	**0**	**0**	**0**	**-41**	**48**	**48**	**56**	**-11,697**	**-11,641**	**-1,386**	**-13,027**
Dividends paid	0	0	0	0		0	0	0	0	0	0
Capital increase/reduction	-14,188	-19,929	0	0		0	0	34,117	0	0	0
Change in treasury shares	0	0	44	0		0	0	0	44	0	44
Share-based payments	0	0	0	0		163	163	0	163	0	163
Other changes	28	0	0	0		0	0	-28	0		0
Position at the end of the 2013 financial year	**1,576**	**14,729**	**-41**	**15**	**-139**	**1,698**	**1,574**	**-15,465**	**2,374**	**748**	**3,122**

5. CONSOLIDATED CASH FLOW STATEMENT

In €'000s	31/12/2013	31/12/2012	Change
Net income of the consolidated group	**-13,061**	**-21,152**	**8,091**
Adjustments			
Elimination of net income from associates	352	-576	928
Elimination of depreciation, amortisation, and provisions	6,934	12,102	-5,168
Elimination of revaluation gains and losses (fair value)	13	6	7
Elimination of gains and losses on disposals of assets and dilution gains	-249	44	-293
Elimination of dividend income	0	0	0
Other non-cash income and expense	4	0	4
Calculated income and expense from share-based payments	163	166	-2
Operating cash flows after cost of net financial debt and tax	**-5,844**	**-9,410**	**3,566**
Elimination of the income tax expense (income)	412	-814	1,226
Elimination of the cost of net financial debt	1,150	645	505
Operating cash flows before cost of net financial debt and tax	**-4,282**	**-9,579**	**5,297**
Impact of the change in working capital requirement	1,662	1,862	-200
Taxes paid	-108	-177	69
Net cash flows from operating activities	**-2,728**	**-7,893**	**5,165**
Impact of changes in scope*	2,624	-1	2,624
Capital expenditure on tangible and intangible assets	-3,394	-7,318	3,923
Capital expenditure on financial assets	0	0	0
Change in loans and advances granted	-174	-557	383
Investment subsidies received	889	348	541
Proceeds from disposal of tangible and intangible assets	15	5	10
Sale of financial assets	0	0	0
Dividends received	0	0	0
Other cash flows from investing activities	145	-87	232
Net cash flows from investing activities	**104**	**-7,609**	**7,713**
Capital increase	0	0	0
Sale (purchase) of treasury shares	44	28	15
Increase in loans	5,128	10,451	-5,323
Repayment of loans	-2,592	-1,997	-594
Net financial interest paid	-807	-326	-481
Dividends paid to Group shareholders	0	0	0
Dividends paid to non-controlling interests	0	0	0
Other cash flows from financing activities	0	0	0
Net cash flows from financing activities	**1,773**	**8,156**	**-6,384**
Impact of exchange rate fluctuations	-4	-1	-3
Impact of changes in accounting principles	0	0	0
Change in cash and cash equivalents	**-855**	**-7,347**	**6,492**
Opening cash position	2,829	10,175	-7,847
Closing cash position	1,973	2,829	-855

Reconciliation of cash flow statement with discontinued operations

In €'000s	Continuing operations	Discontinued operations	Total 31/12/2013
Net cash flows from operating activities	-2,711	-17	-2,728
Net cash flows from investing activities*	-708	812	104
Net cash flows from financing activities	2,596	-824	1,773
Impact of exchange rate fluctuations	0	-4	-4
Change in cash and cash equivalents	**-823**	**-33**	**-855**
Opening cash position	2,796	33	2,829
Closing cash position	1,973	0	1,973

* Net cash flows from investing activities include the impact of the disposal of the Europe Environnement subgroup:

+€1,660,000 earned by continuing operations from net sale proceeds and
+€964,000 from the disposal of the negative cash flow of the subgroup, transferred with discontinued operations.

6. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT EVENTS DURING THE PERIOD

Due to the significant events that occurred after the 2013 year-end close, particular attention should also be paid to note 14. Events after the balance sheet date, which we recommend reading after note 1. Significant events during the period, for a better understanding of the 2013 financial statements and notes.

In 2012 CHO Power, a renewable energy subsidiary, completed the construction of the CHO Morcenx waste- and biomass-to-energy plant. The provisional technical delivery (Takeover Date) of the plant, originally planned for 2012 and then 28 February 2013, was postponed again due to gasifier failure and a technical incident that led to the plant being shut down in February 2013 so that repairs could be carried out on the damaged equipment. At the same time, a committee of experts was convened to review the performance of the plant, which at the time of the shutdown had supplied 2235 MWh to the grid since it came online. The committee confirmed the relevance and reliability of the process, but encouraged the company to replace the gasifier, which was found to be faulty. In the circumstances, the Board of Directors, the management and the principal customer (CHO Morcenx) decided to extend the shutdown of the plant to replace the faulty gasifier. Accordingly, the new Takeover Date was set for 28 February 2014.

The additional postponement of the provisional technical delivery in early 2013 caused significant cash flow problems owing to a combination of three factors: (i) deferred recognition of the revenue to be generated from the operation of the plant, (ii) delay in the release of retention payments under the EPC contract, and (iii) the additional working capital requirement during the start-up period. These difficulties forced the Group to enter a conciliation process and to make major strategic, financial and operational decisions.

Given the circumstances, the company decided to suspend trading in its shares in April 2013. Trading resumed followed a final judgement handed down by the Commercial Court of Mont de Marsan in September 2013, ratifying the MoUs signed with the Group's partners after more than five months of negotiations.

Key financial measures

Financial assistance from the Group's main financial partners

The reference shareholder, Crédit Suisse Europlasma SPV LLC, and the owner of the CHO Morcenx plant reiterated their confidence in and their support for the Group with:

- *The renegotiation of loan agreements entered into in December 2012.*

The repayment date of the €2.7 million advance granted by CHO Morcenx to CHO Power, €2 million of which has been repaid, was extended until July 2014 (instead of June 2013).
The bridging loan from Crédit Suisse Europlasma SPV LLC was limited to €2 million of the €4 million agreed, and the interest was lowered to 10%. The loan was set off against claims that Europlasma held on CHO Power.
Since the second tranche of €2 million was not drawn down, the associated share warrants (2% of the capital of CHO Power) have lapsed;

- *The arrangement of new funding.*

Crédit Suisse Europlasma SPV LLC and CHO Morcenx SAS have, on a *pari passu* basis, granted CHO Power SAS a loan for €4.56 million, at 8% interest, retroactively increased to 12% after the Takeover Date. The loan was switched to a fixed rate of 10% under the agreements signed in December 2013, and the maturity date of the loan, originally repayable no later than mid-August 2014, was extended until mid-January 2015.
The guarantees associated with this loan are as follows:

- Inertam securities pledge,
- Pledge of the CHO Power preferred share conferring rights over changes in governance of CHO Power,
- FIG securities pledge,

- Guaranteed income from the sale of FIG/Europe Environnement securities above €2 million,
- New money privilege granted to the financial partners under the conciliation MoUs.

Arrangement of deferred payments

The government, through the Directorate General of Public Finances, has assisted the Group by rescheduling the payment of significant tax and social security liabilities.
The Group has also received support from its key suppliers and its principal banking partner, who have agreed to postpone certain payment deadlines.

In addition, the following additional measures have been implemented:

Change in governance

More than 20 years after he founded Europlasma, Didier Pineau stepped down as Managing director of the Group on 1 July 2013 and as Technical Director of CHO Power on 31 July 2013.
François Marchal, director, was appointed as acting Group Managing director until 6 January 2014, when Jean-Eric Petit took office.

Disposal of the Air & Gas business

To improve performance and visibility, the Group decided to refocus on its core operations by selling the Air & Gas branch of the business, represented by Europe Environnement, in which it held a 50.2% stake via the holding company FIG: Europe Environnement was thus sold to the CMI Group following agreements signed on 16 December 2013, with the transfer of control effective on the same date.
The deal, worth a total of €3.5 million, generated a loss of €2.5 million on discontinued operations.
As of the reporting date, the second, third and fourth instalments of the sale proceeds were still to be received by FIG, the former holding company of Europe Environnement, namely:

- €750,000, paid in January 2014;
- €300,000, paid in July 2014;
- €700,000, corresponding to a discounted receivable for €576,000 in the Group's consolidated financial statements, subject to compliance with the contractual liability guarantees (see note 8.2 Other commitments given) by December 2018 at the latest.

Recapitalisation of CHO Power

In order to strengthen the capital base of CHO Power, which heads up the Renewable Energy segment, its capital was increased by €24 million through the incorporation of debt claims held by Europlasma, later reduced by €11 million to clear previous losses. Since these transactions, the capital of CHO Power has amounted to €14,393,224, Europlasma's stake in CHO Power remaining unchanged at 100%.
In addition, in December 2012 CHO Power issued share warrants (BSA) which were sold for a token price to Crédit Suisse Europlasma SPV LLC in partial payment for the €2 million loan outstanding at the time. If exercised, the share warrants would give Crédit Suisse Europlasma SPV LLC a 2% stake in CHO Power. Following the recapitalisation, exercising the warrants would only give their holder a 0.1% stake in CHO Power. CHO Power's share capital is set to be reduced again to cover losses made since the end of 2012. This will automatically increase the stake held by Crédit Suisse Europlasma SPV in CHO Power when the warrants are exercised.

Creation of the subsidiary CHOPEX

The company CHOPEX SAS was incorporated in July 2013. A wholly-owned subsidiary of CHO Power, it was set up to operate the CHO Morcenx plant and future plants that will be built and operated by the Group.

Principal impacts on the 2013 financial statements of the measures implemented

The main impacts of the decisions taken on the 2013 financial statements of the Group (except for the replacement of the faulty gasifier at the CHO Morcenx plant) are:

- Recognition of costs linked to conciliation proceedings totalling €379,000 at 31/12/2013;
- The sale of the Europe Environnement subgroup, initiated in late March 2013, was finalised on 16 December 2013 for a purchase price of €3.5 million. The subgroup is therefore recognised at 31/12/2013 as a discontinued operation. The accounting impacts of the disposal are disclosed in note 10. Discontinued operations;
- Gross benefits of €374,000 were paid to Mr Pineau in the second half of 2013 following the termination of his appointment and employment contract.

1.1. RESEARCH AND ENGINEERING, TORCHES AND PROCESSES

KNPP contract (Kozloduy Nuclear Power Plant)
Since 2010, Europlasma has worked with Iberdrola and Belgoprocess under a contract for the treatment and conditioning of low-level and very low-level radioactive waste from the nuclear power plant at Kozloduy (Bulgaria). At 31/12/2012, all equipment had been delivered to the Morcenx site and assembly of the plasma furnace had begun for the purpose of testing the facility and obtaining factory acceptance before its dismantling, shipping and reassembly at the site in central Bulgaria.
Tests at the Morcenx site were completed successfully during the summer of 2013 and were followed by factory acceptance by the customer. The facility was then dismantled and shipped to Bulgaria in late 2013. The performance of the KNPP contract has since been temporarily suspended at the customer's request (see note 14.1. Events after the balance sheet date for the Research and Engineering, Torches and Processes segment).

Research and development
The Group continued working on three major R&D projects in the Torches and Processes segment.

KIWI Programme®
Europlasma and Kobelco Eco-Solutions ("Kobelco", Kobe Steel Group) have embarked on a joint research and development programme in the field of waste-to-energy production. The aim is to design an industrial process based on the respective technologies of Europlasma and Kobelco, known as KIWI (Kobelco Industrial CHO PoWer GasIfication). The programme represents a joint investment of more than €6 million over three years. At 31/12/2012, the pilot had been built and commissioned, with three test programmes having already been completed in October, November and December 2012 with satisfactory results. The fourth round of tests took place in March 2013 to test the effectiveness of Turboplasma® at different operating points in order to increase the calorific value of the syngas. The analysis results showed a highly satisfactory rate of tar destruction of over 90%. Three new test programmes took place in the autumn of 2013 (and two in early 2014) to test new types of waste and the inclusion of certain inputs in the gasification process. These yielded equally satisfactory results.
The first phase of the joint project (JRDA, Joint Research and Development Agreement) expired at the end of March 2014 (see note 14.1. Events after the balance sheet date for the Research and Engineering, Torches and Processes segment.
Innovation grants were applied for from government agencies to help finance the tests, which are due to run until 2014. Bpifrance (formerly OSEO Innovation) granted a repayable advance for €600,000, of which the first tranche of €480,000 was received on 19/11/2012. In early 2013, Aquitaine Regional Council granted a subsidy of €478,000, of which the first tranche of €191,000 was received on 06/03/2013.

ANR Turboplasma® programme
This programme involves the development of a tar destruction process enhanced by Turboplasma® thermal plasma. It received an investment subsidy of €522,000 from the ANR (French National Research Agency).
The tests carried out in 2013 produced satisfactory results and the programme ended in June 2013.

SESCO programme (Cofalit Solar Energy Storage)

This project consists of recovering Cofalit (a material derived from the vitrification of asbestos waste) in the field of high-temperature sensitive storage, primarily through the use of solar concentrators. The consortium working on this programme is made up of the PROMES thermal energy laboratory, the Cemthi materials laboratory and Europlasma. This programme won an innovative environmental technology award from ADEME at the 2011 Pollutec trade fair. In November 2012, 40 Cofalit plates had been completed and integrated in a prototype heating/cooling unit simulating the operation of a real solar thermal energy storage system. The aim of the prototype is to validate the thermomechanical behaviour of the plates during rapid thermal cycling at up to 900°C. A new prototype, this time close in weight and size to the finished product, was built in the first half of 2013, followed by a second prototype plate which was cast in the autumn of 2013 to study the fabrication parameters (cooling rate) on its mechanical strength. A third and final plate will be cast in the summer of 2014 to confirm these encouraging early results.

This programme has received a total of €30,000 in funding from the ANR, the first instalment of which was received in 2010 and the second and third instalments on 19 October 2012.

1.2. HAZARDOUS WASTE

Asbestos waste treatment activities

Asbestos waste treatment has increased by nearly 47% in terms of revenue and by 71% in terms of tonnage handled. Sales fell by 16% by tonnage handled, a drop that had been forecast due to the scheduled interruption in 2013 of deliveries from a major customer, whose decommissioning operations are expected to resume in 2014.

In operational terms, the Inertam plant performed better than in 2012, with an operating loss of €767,000 against a loss of €3,139,000 in 2012, a year disrupted by numerous production outages. However, production was adversely affected by technical difficulties linked with investments in the charge preparation area, which could not be delivered until the summer of 2013 following an extensive retrofit. Modifications made to charge preparation, coupled with the comprehensive three-year refurbishment of the furnace carried out over the summer, meant that production rates increased once production resumed at the end of September 2013.

Receipt of investment in the charge preparation area

A total of €2 million has been invested in the charge preparation area since 2010 to boost productivity while reducing the environmental footprint. The principle behind this new charge preparation area involves mixing the waste after shredding, instead of before, which refines the mix of the various types of asbestos waste (flocking, bound asbestos, asbestos cement, etc.) to facilitate the melting process. The expected investment gains are environmental and operational:

- reduced consumption of gas, electricity and reagents for the treatment of flue gases;
- extended life of furnace refractory materials;
- efficient use of human resources.

The expected productivity gains on this investment are in the region of 30%; a return on investment is expected in three years. The effects will be visible over the full year from 2014, since the works could not be finalised or delivered before the summer of 2013.

1.3. RENEWABLE ENERGY

Activity

See comments at the beginning of note 1.

Restructuring

Staff operating the CHO Morcenx plant, initially recruited by Inertam, and the O&M (operation and maintenance) contract, originally awarded to Inertam, were transferred to CHOPEX (a company founded in July 2013 and 100% owned by CHO Power) in July 2013.

Engineers from the Renewable Energy design office, who were originally employees of Europlasma, were transferred to CHO Power on 01/10/2013.

Funding

See comments at the beginning of note 1.

In addition, CHO Power has received several grants and loans from government agencies to finance the construction of the CHO Morcenx plant. For example, in January 2013 the Group received the third and final instalment of the OSEO Turboplasma repayable advance for €150,000.

1.4. AIR AND GAS (DISCONTINUED OPERATION)

Restructuring
A merger was completed on 1 January 2013 between ATS and its wholly-owned subsidiary AMCEC. This was intended to streamline the Group's structure in the US and to generate cost savings. The merger was made "in reverse", with the subsidiary AMCEC absorbing the parent company ATS.

Change in governance
On 01/04/2013, 20 years after he founded the Europe Environnement Group, Jean-Claude Rebischung announced his retirement. Co-founder Pierre Bellmann has since acted as Chairman and Managing Director of the subgroup. Jean-Claude Rebischung has remained a director and shareholder of Europe Environnement, to which he continues to offer his advice and experience.

Disposal of the Air & Gas business
The disposal of the Air & Gas business, described in note 1 above, forms part of the Group's strategy to refocus on its core business, namely the application of plasma technology in the fields of hazardous waste treatment and renewable energy generation.

NOTE 2. ACCOUNTING STANDARDS, CONSOLIDATION METHODS AND VALUATION METHODS AND RULES

The consolidated financial statements of the Europlasma Group for the financial year ended 31 December 2013 were approved by the Board of Directors on 9 July 2014.

2.1. BASIS OF PREPARATION

2.1.1. Statement of compliance

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the Group has decided to draw up its consolidated financial statements in accordance with the international IFRS issued by the IASB (International Accounting Standards Board). These international standards are composed of IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), as well as the related interpretations issued by the IFRIC (IFRS Interpretation Committee) and the former SIC (Standing Interpretations Committee), as adopted by the European Union at 31 December 2013 (publication in the Official Journal of the European Union).
The consolidated financial statements were prepared on the basis of the historical cost principle, except for derivative instruments and financial assets available for sale, which are measured at fair value.

New standards, amendments and interpretations adopted by the European Union and mandatory in 2013

The amendment to IAS 19 Employee Benefits has no impact on the equity of the Europlasma Group, which accounted for all actuarial gains and losses through profit or loss.

The Group applied the amendments to IAS 1 Presentation of Financial Statements in its annual consolidated financial statements to 31 December 2013. These amendments require the presentation of "components of other comprehensive income" in two categories, distinguishing between those that may not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met.
The tax effect must be presented separately for each of the two categories.
At 31 December 2013, actuarial gains of €25,000 recognised for retirement commitments and other long-term employee benefits were the only "components of other comprehensive income" of the Europlasma Group that may not be reclassified subsequently to profit or loss. These actuarial gains totalled €96,000 in 2012.

The amendments to the following standards had no impact on the consolidated financial statements of the Europlasma Group:

- IFRS 1 – First time Adoption of International Financial Reporting Standards: the Group is not affected;
- IAS 32/IFRS 7 – Offsetting Financial Assets and Financial Liabilities and Disclosures;
- IFRS 13 – Fair Value Measurement: this amendment requires the publication of new information on balance sheet items measured at fair value, including the classification by fair value hierarchy level (price quoted on a liquid organised market, data observed other than on a liquid organised market, data based on estimates). This amendment had no impact on the financial statements of the Europlasma Group because the Group only uses level 1 fair value measurements;
- IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- IAS 16 – Classification of servicing equipment;
- IAS 32 – Tax effect of distributions to holders of equity instruments;
- IFRIC 2 – Members' Shares in Co-operative Entities and Similar Instruments;
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

New standards, amendments and interpretations adopted by the European Union for which early adoption was permitted in 2013
The Group has not opted for the early adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements or IFRS 12 Disclosure of Interests in Other Entities, or of the amendments to IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures, for which early adoption was permitted at 31/12/2013.
The Group does not expect these new standards to have a material impact on its consolidated financial statements, subject to confirmation from the Board of Statutory Auditors.

New standards and interpretations not yet adopted by the European Union
The Group does not expect the new standards and interpretations not yet adopted by the European Union to have a material impact on its consolidated financial statements, subject to confirmation from the Board of Statutory Auditors.

The consolidated financial statements are shown in thousands of euros, and all amounts are rounded up or down to the nearest thousand, unless otherwise indicated.

2.1.2. Going concern basis

The Board of Directors of Europlasma has acknowledged the uncertainties surrounding the Group's future, but believes that the use of this convention in the presentation of the Group's consolidated financial statements is justified, given:

- The expected ability to raise funds and/or to arrange other funding of €21 million.
  The Group has effectively identified cash flow requirements in 2014 that are not covered by the capital increase with preferential subscription rights of €4,351,000, including share premium, conducted in February 2014, or by the additional funding of €2.8 million obtained from Crédit Suisse Europlasma SPV and CHO Morcenx in April 2014 (see notes 2.1 Basis of preparation and 14 Events after the balance sheet date), and as a result of which funds must be raised or other funding arranged.
  The €21 million breaks down as follows:
  - €2.5 million to cover the Group's cash flow requirements from 15 July to 15 September 2014;
  - €8.5 million to cover the requirements from 15 September 2014 to 30 September 2015, excluding the repayment of the loans mentioned below;
  - €10 million for the repayment of all loans from Crédit Suisse Europlasma SPV and CHO Morcenx, due between January and April 2015.

  The amounts necessary to cover the Group's requirements until September 2015 would be supplemented by €4 million to fund the Group's share of the second CHO plant during the fourth quarter of 2015.

- Compliance with the agreed performance during and after the ramp-up period of the CHO Morcenx plant, and the final delivery date of the plant, set for 31 January 2015 (Final Acceptance Date, or FAD), in view of the guarantees issued by the Group under the EPC (Engineering, Procurement and Construction) contract for the CHO Morcenx plant.

2.2. CONSOLIDATION METHODS

The consolidated financial statements include the separate financial statements of Europlasma SA and its subsidiaries at December 31, 2013. The subsidiaries are consolidated from the date of acquisition, which means the date on which the Group obtained exclusive control of the subsidiary, directly or indirectly, and remain consolidated until such time as this control comes to an end.

Exclusive control is understood to mean the power to manage the financial and operational policies of a company so as to benefit from its activities. Exclusive control is presumed to exist where the parent company holds over 50% of the voting rights, directly or indirectly, except in exceptional circumstances where it can be clearly demonstrated that this holding does not confer control.

All of the consolidated companies close their individual accounts on 31 December. The first financial year of the subsidiary CHOPEX SAS, created in July 2013, will last for a period of 18 months until 31 December 2014. For consolidation purposes, the financial statements of CHOPEX SAS for the six months from July to December 2013 were prepared using the same rules and methods as those used for closing the annual accounts.

The financial statements of the subsidiaries are prepared using consistent accounting policies. Reciprocal receivables and payables are eliminated in full, together with reciprocal income and expense. The elimination of internal profits and losses and capital gains and losses within the Group is carried out in full, then distributed between the interests of the consolidating company and the non-controlling interests in the company that generated the result.

Non-controlling interests represent the share of profit or loss and of net assets not held by the Group. They are shown separately in the consolidated income statement and in the consolidated statement of financial position.

Changes in the percentage held in a subsidiary not resulting in a loss of control are recognised as transactions between the shareholders of these subsidiaries, and are reflected by movements between "Group share" and "Non-controlling interests" within consolidated equity.

2.3. SUMMARY OF THE MAIN ACCOUNTING STANDARDS

2.3.1. Business combinations and goodwill

Business combinations are recognised by applying the acquisition method, as defined by IFRS 3 (revised).

The cost of a business combination is the sum of fair values of the assets transferred, the liabilities incurred or assumed on the acquisition date, and the equity instruments issued by the acquirer.

The assets acquired, and the liabilities and contingent liabilities assumed to be identifiable of the business acquired are measured at their fair value at the acquisition date. The identifiable contingent liabilities taken into account are potential obligations, the existence of which will only be confirmed by the occurrence (or non-occurrence) of one or several uncertain future events that are not wholly under the company's control. Acquisition costs are expensed in the year in which they are incurred, and shown under external expenses.

Where control is taken in stages, interests held prior to the taking of control are revalued at fair value through profit and loss on the date of the business combination.

The difference between the cost of a business combination and the fair value of the assets, liabilities and contingent liabilities at the acquisition date is recognised in goodwill under balance sheet assets, if positive, and through income, if negative.

For each business combination where the Group acquires a percentage of control that is lower than 100%, the Group determines how goodwill is recognised: partial goodwill, where goodwill is determined as equivalent to the percentage acquired, or full goodwill, which consists in recognising the goodwill amount in full, based on the fair value of the non-controlling interests.

The Group has the year following the financial year when the acquisition took place to finalise the valuations, regardless of whether they relate to the cost of the business combination or to the fair value of the consideration transferred or to be transferred, including earn-outs.

Following its initial recognition, goodwill is valued at cost, less cumulative impairments. For the purposes of impairment tests, goodwill acquired in a business combination is allocated to each Group cash-generating unit expected to benefit from the synergies of the business combination or to a combination of units, regardless of whether the assets or liabilities of the acquired company are allocated to these units.

The goodwill generated on foreign companies whose financial statements are converted according to the closing price method are converted at the closing price, in the same way as all other assets and liabilities of the company held are converted. Therefore, the goodwill on the US subsidiaries was converted at the closing rate, and resulted in the recording of a translation difference.

2.3.2. Investments in associates

The Group's investments in its associates are recognised according to the equity method defined in IAS 28. An associate is a company in which the Group exercises significant influence.

Significant influence is defined as the power to contribute to the associate company's financial and operating policy decisions, without controlling that company. Significant influence is assumed to exist if the parent company holds 20% or more of the voting rights, directly or indirectly. Conversely, it is assumed that holding less than 20% of the voting rights does not enable any significant influence to be exercised. The existence and effect of potential voting rights that are exercisable or convertible are taken into account when assessing whether an entity has significant influence.
According to the equity method, the Group's investment in the associate is valued at cost, plus or minus the Group's share of post-acquisition movements in the Group's share of the associate's net assets. The goodwill recognised on an associate is included in the value of the investment, and is not amortised or individually subjected to an impairment test. The equity instruments of an associate held by the Group are included in the cost of the associate.

The income statement reflects the Group's share in the results of the associate's transactions. Where a movement is recognised directly within the associate's equity, the Group recognises its share in this movement under other headings in its comprehensive income.

Internal gains or losses relating to inventory, tangible and other assets and to income from transactions between this company and fully-consolidated companies are eliminated up to the percentage of the Group's holding in the capital of the equity-accounted company.

The Group's share of an associate's income is shown in the income statement. This is the income attributable to the shareholders of the associate, and is therefore its after-tax income.

Where necessary, the financial statements of associates are restated, in order to make them consistent with the Group's accounting policies. They refer to the same accounting period as the Group's financial statements.

Where the investor's share in the losses of an equity-accounted company reaches or exceeds the book value of their holding, the negative portion of equity is entered on the consolidated balance sheet under the Provisions heading through an entry in "Share in the income of equity-accounted companies" only to the extent that the investor has contracted a legal or implicit obligation, or has made payments in the associate's name. If the associate subsequently records profits, the investor will only start to recognise their share in those profits once they have exceeded their share of unrecognised net losses.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment in addition to its share of the losses on its investment in the associate. Where applicable, the Group assesses the amount of this impairment by comparing its recoverable value, i.e. the higher of its value in use and its fair value less cost of sales, with its book value, and recognises the impairment. If the recoverable value of the investment subsequently rises, the impairment is reversed accordingly.

2.3.3. Translation of foreign currencies

The Group's consolidated financial statements are presented in euros, its operating currency. The euro is the currency of the main business environment in which the Group operates. Each entity determines its operating currency and the financial data for each entity are measured in that operating currency.

Foreign currency transactions are initially recorded in the operating currency at the exchange rate applicable on the transaction date.
At the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the exchange rate on the closing date. The differences are recorded in the income statement, except for differences on borrowings in foreign currencies that are classified as a hedge against a net investment in a foreign operation. Those differences are recognised in equity under other comprehensive income up until the investment disposal date, when they are recognised in income. Tax expenses and credits arising from translation adjustments on these borrowings are treated symmetrically.

Non-monetary items denominated in foreign currencies and measured at their historical cost are translated using the exchange rate applicable on the date of the initial transaction. Non-monetary items denominated in foreign currencies and measured at their fair value are translated using the exchange rate applicable on the date when that fair values was determined.

Foreign operations' assets and liabilities are converted into euros at the closing exchange rate, and income and expenses are converted at the average exchange rate for the period in which the transactions were performed. Translation differences arising from this conversion are allocated directly to equity under a separate equity item, up until the date when the foreign operation is disposed of, when total accrued exchange differences recognised as a separate component of equity are recognised in income.

Any goodwill arising from the acquisition of a foreign operation, and any adjustment to the fair value of the book value of the assets and liabilities acquired through the acquisition of that foreign operation are recognised as an asset or liability of the foreign operation, and converted into euros at the closing rate.

Currency	Closing rate	Average rate N	Average rate N-1
EURO	1.000	1.000	1.000
HUF Hungarian Forint	297.04	297.93	289.25
USD US Dollar	1.3791	1.3308	1.2848

2.3.4. Income from ordinary activities

Income from ordinary activities is recognised at the fair value of the consideration received or receivable for the sale of goods and services. It is recorded net of rebates and revenue taxes where the following criteria are met:

- the amount of this income can be reliably estimated;
- it is likely that the future economic benefits will accrue to the Group;
- the main risks and rewards inherent to ownership of the goods have been transferred to the buyer as part of the sale of goods;
- the service completion stage can be measured reliably as part of the sale of services;
- costs incurred or to be incurred in order to complete the sale can be measured reliably.

2.3.4.1. Revenue and margin according to the percentage-of-completion method

The Group's main contracts are executed over at least two accounting periods. The Group recognises the revenue and margin relating to these so-called long-term contracts according to the percentage-of-completion method specified for construction contracts by IAS 11, and in accordance with IAS 18 where the supply of services is concerned.

The percentage of completion is calculated based on the full costs, factoring in the ratio between costs incurred as at the closing date and the total estimated costs for the execution of the contract. The costs incurred are the cost prices directly assignable to the contract. They include the financial expenses incurred to execute the contract. Revenue invoiced in excess of percentage-of-completion revenue is recognised in a deferred income account under balance sheet liabilities. Financial income received due to particularly favourable contractual invoicing arrangements is included in contract-related income.

Where income from a contract cannot be measured reliably upon completion, the costs are recorded as an expense in the year in which they are incurred, while the income is recognised up to the limit of the costs incurred.
Where the estimated income from a contract is negative upon completion, the loss is immediately recognised in income through a provision for losses on completion.

2.3.4.2. Licensing income

Licences are generally granted for an indefinite period, which enables them to be immediately recognised under income. Where this is not the case, the licensing income is spread over the validity period of the rights granted.

2.3.4.3. Hazardous waste treatment services

The asbestos and other hazardous waste treatment business consists in delivering a service provided within the framework of waste disposal contracts. The waste to be treated is mostly invoiced on receipt.

The corresponding revenue is recognised as income from ordinary activities at the end of the effective treatment. Revenue invoiced before the effective treatment is recognised in a deferred income account under balance sheet liabilities.

2.3.4.4. Lease income

Lease income on investment properties is recorded on a straight-line basis over the term of the current leases.

2.3.4.5. Interest income

Interest income is recognised for the amount accrued based on the effective interest rate. It is shown under financial income in the income statement.

2.3.4.6. Dividends

Dividend income is recognised where the Group is entitled to collect the payment.

2.3.5. Public subsidies

Public subsidies are recognised where there is reasonable assurance that all the conditions to which they are subject will be met, and that they will be awarded.

Where the subsidy is awarded to offset an expense item, it is recognised as income on a systematic basis and over the term of the costs that it offsets on the "Other income from ordinary activities" line.
Where the subsidy is linked to an asset, it is shown under deferred income and entered in income as the corresponding asset is depreciated on the "Other income from ordinary activities" line.

The Group has treated the new Competitiveness and Employment Tax Credit (CICE) as a grant awarded with related expenses recognised in net income for the year, accounting for this in other income from ordinary activities, in the same way as other grants awarded with related expense items. The CICE recognised for the 2013 financial year is not significant, at €64,000.

2.3.6. Income tax

The income tax charge or credit on net income corresponds to the corporation tax payable or recoverable by each consolidated fiscal entity, and to deferred taxes. These charges or credits are the result of differences over time between the expense and income amounts selected for drawing up the consolidated financial statements and the amounts selected for calculating the tax payable by each consolidated fiscal entity.

Deferred taxes relate mainly to the taxation of timing differences, to consolidation restatements, to the elimination of intra-group profits, and to tax losses carried forward.
They are recorded according to the liability method, depending on the tax rate voted in each country at the closing date, or, in exceptional cases where the legislative process of the country in question allows it to be assumed that the rates announced by the government will be voted and will definitely enter into force, on these "partially voted" rates as at the closing date.
Deferred tax assets are reviewed on a case-by-case basis, and are recorded as soon as they are deemed likely or highly likely to be recovered, where deferred tax assets from short and medium term tax losses within a timeframe not exceeding five years are concerned.
Deferred taxes are not discounted.
Deferred taxes are recognised in income unless they relate to transactions recognised directly within equity.
Tax assets and liabilities are offset within a fiscal entity where that entity is entitled to offset the tax receivables and payables due in its jurisdiction, and where the deferred tax payment deadlines are concurrent.

The Group recognises Europlasma and its French subsidiaries' Contribution on Value-Added (CVAE) as a tax. Indeed, the Group considers that this Contribution on Value-Added is based on the difference between income and expenses, which represents a significant component of the income from the ordinary activities conducted by Europlasma and its French subsidiaries.
In accordance with the provisions of IAS 12, this means that the deferred taxes on timing differences relating to provisions for contingencies that cover expenses included when calculating added value and asset impairments are recognised at the value-added contribution rate. These deferred taxes are adjusted every year according to the appropriations and reversals booked over the period.
Furthermore, a deferred tax liability equal to the book value of tangible and intangible assets not held for sale was recognised as at 1 January 2010, as the Finance Act published on 31 December 2009 changed the regulations regarding the recognition of deferred taxes, in accordance with paragraph 60 of IAS 12. Fixed assets acquired separately after 1 January 2010 are exempt from the basis of recognition of a deferred tax under the exemption specified in Paragraph 22c of IAS 12, except for fixed assets acquired as part of a business combination, which do not benefit from this exemption.

2.3.7. Intangible assets excluding goodwill

Development expenses
Development expenses are recognised as intangible assets if they relate to clearly identifiable projects and satisfy all the capitalisation criteria listed by IAS 38. i.e. technical feasibility, intention of completing the intangible asset and of using or selling it, ability to use or sell the intangible asset, generation of future economic benefits, availability of appropriate financial resources, and ability to value the expenses attributable to the asset during its development on a reliable basis.

Development expenses entered under assets are generally amortised over a period of 5 years from their date of commission, i.e. the date on which they are in the operating condition provided for by Management.

Other intangible assets
Other intangible assets consist mainly of patents, licenses, and software.

The amounts recognised under patents correspond to:
- the cost of filing patents generated in-house; and
- to acquired patents;

These amounts are amortised over a timeframe that corresponds to the shorter of their expected useful life and the duration of the rights attached to the patent, which is usually between five and ten years.

The amounts recognised under know-how licences correspond to:
- the cost of the licences; and
- the incidental costs (documentation, prototyping, etc.) incurred to commission them.

Licences are amortised over their effective useful life, which is assumed to be equal to their contractual life, usually 12 years.

Software is recorded at acquisition cost, and amortised on a straight-line basis over its expected useful life, i.e. between one and five years.

2.3.8. Property, plant and equipment

Valuation

Assets are valued at their historical acquisition or production cost, or at the cost at which they entered into the Group, less cumulative depreciation and impairment recorded in accordance with the provisions of IAS 16.

Each component of a tangible fixed asset that has a significant cost relative to the total cost of the asset is recognised and depreciated separately.

Financial expenses relating to the financing, acquisition, construction or production of tangible assets that require a long period of preparation prior to their use are recognised in the cost of the asset financed for the portion incurred during the preparation period, in accordance with the provisions of IAS 23.

Assets made available to the company under lease-financing agreements are entered under fixed assets in the statement of consolidated financial position. They are depreciated over a useful life identical to that of other assets.

No costs relating to returning a site to its original state have been capitalised, due to the absence of any current, legal, or implicit obligation for the Group to return the sites on which it conducts in businesses to their original state.

Depreciation

The depreciable amount of a tangible asset is determined after deducting its residual value. The residual value is the net value of the expected exit price that an entity would obtain from the sale of the asset on the market at the end of its useful life. Residual values for assets used by the Group have been estimated at zero, as the Group has not planned to stop using these assets before the end of their maximum theoretical useful life.

The depreciation method selected reflects the usage rate of the economic benefits that the Group expects from the asset. Three units have been selected to reflect the usage rate of the economic benefits expected from fixed assets:

- the number of production units that the Group expects to obtain from the asset, specifically tonnages treated where the hazardous waste treatment business is concerned;
- the number of hours of operation;
- the years of use.

Category	Depreciation units	Useful life range In numbers of depreciation units
Buildings	Years	20 to 40
Technical facilities, industrial equipment and tools	Tonnage treated (in vitrified tonnes)	2,500 to 130,000
	Number of hours of operation	29,400 to 44,100
	Years	3 to 12
Other PP&E	Years	3 to 10

2.3.9. Impairment of intangible and tangible assets

At the end of each financial reporting period, the Group checks whether there is any evidence of impairment on its tangible and intangible assets, and determines the recoverable value of the relevant asset or group of assets, where applicable.
An impairment test is performed on an annual basis for goodwill and other unamortised intangible assets, and specifically for intangible assets in progress.
Where the recoverable value of the asset is lower than its book value, an impairment charge equal to the difference is recognised, and shown on the "Impairment" line in the income statement.
The impairment charge recognised is reversed to bring the asset back to its recoverable value, where the estimated recoverable value is revised upwards compared with the estimate made when the impairment was recognised, except for any impairment of goodwill.

Evidence of impairment
The main evidence of impairment considered by the Group are of an internal and external nature.
External evidence primarily includes:
- major changes that have occurred in the technological, economic, legal, or market environment in which the Group operates;
- significant upward movements in market interest rates that are likely to result in a change in the discount rate selected when calculating the value in use of an asset, and that consequently significantly reduce the recoverable value of the asset;
- the market value of the asset falling more quickly than expected through the result of the passage of time or use of the asset.

Internal evidence primarily involves:
- major changes that have a negative impact on the asset's expected usage level or method;
- tangible signs of an asset's obsolescence or physical deterioration;
- discounted net cash flows or operating income generated by the asset that is substantially lower than previously budgeted;
- budgeted discounted net cash flows or operating income that is substantially lower, or significantly higher budgeted losses.

Recoverable value
The recoverable value of an asset or group of assets corresponds to the higher of the fair value less sale costs and the value in use of the asset or group of assets.
The recoverable value for an asset is determined separately, except where the asset does not generate cash inflows that are mostly independent of the cash inflows generated by other assets or groups of assets. In the last case, the recoverable value is determined for the cash-generating unit (CGU) to which the asset belongs, except where the asset's fair value minus sale costs is higher than its book value, or where the value in use of the asset can be estimated as close to its fair value minus sale costs, and that value can be determined. Where the goodwill tested within the CGU to which the asset belongs represents partial goodwill, it is increased by the amount of goodwill that would have been recorded for non-controlling interests as part of a full goodwill amount for the purposes of the impairment test.
Values in use are measured based on estimated discounted future cash flows and terminal value. Estimated future cash flows are based on detailed short-term budgets and projected medium-term budgets, which are prepared separately for each CGU to which the individual assets are assigned. These budget and projected data usually cover a period of three to five years. Beyond that point, the growth rate selected is applied to terminal values. The terminal values selected and the growth rate used are in line with the available market data for the relevant business segment.
Discount rates are after-tax rates, and are applied to cash flows after tax, which results in an estimated value in use identical to the value that would be obtained using pre-tax rates applied to pre-tax cash flows, as specified in IAS 36.

Where an impairment charge must be recognised on a CGU to which a goodwill or partial goodwill amount is allocated, the impairment charge is deducted first from the goodwill amount, and then from the net book value of the other assets in proportion to their value.

2.3.10. Investment properties

Investment properties are initially recognised at their acquisition cost inclusive of transaction costs. Following their initial recognition, they are valued at cost minus cumulative depreciation and impairment according to the provisions of IAS 16, as summarised above.

2.3.11. Leases

In the course of its activities, the Group uses assets made available to it through lease agreements. The Group determines the substance of these lease agreements according to IAS 17. Where almost all the risks and rewards incidental to ownership of the asset are transferred to the Group pursuant to the lease agreement, that agreement is classified as a finance lease and recognised as such. In all other cases, the lease agreement is classified as an operating lease and recognised as such.

Finance leases

At the start of the lease, the asset used is recognised under tangible fixed assets in balance sheet assets, and the corresponding consideration is recognised under financial debt. The value selected for the initial recognition of the asset is the lower of the fair value of the leased asset and the current value of the minimum lease payments.

The discount rate used to calculate the current value of the minimum lease payments is the implicit contractual rate. In exceptional cases where the implicit rate cannot be determined, the Group will use the lessee's incremental borrowing rate. Initial direct costs incurred by the lessee are added to the amount recognised as an asset.

Following their initial recognition, the minimum lease payments are split between financial expense and amortisation of the remaining balance of the debt. The financial expense is allocated to each period covered by the lease, so as to obtain a constant periodic interest rate on the remaining balance of the debt for each period.

The depreciable amount of the leased asset is allocated to each reporting period for the period of expected use on a systematic basis that is consistent with the depreciation policy that the lessee adopts for depreciable assets that they own. If the Group is reasonably certain that it will obtain ownership of the asset at the end of the lease, the period of expected use is the useful life of the asset. Otherwise, the asset is depreciated over of the shorter of the term of the lease and its useful life.

Operating leases

Payments made pursuant to operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

2.3.12. Inventories and work-in-progress

Inventories of raw materials, materials and other supplies, and inventories of goods for resale are valued at their acquisition cost using the "average weighted unit cost" (AWUC) method. The acquisition cost includes the purchase price and ancillary costs.

Work-in-progress and unfinished and finished products are valued at production cost, which consists of supplies consumed and direct and indirect production expenses, including the depreciation of assets used in the production process.

The under-capacity cost is always excluded from the value of inventories and work-in-progress.

Interim financial expenses and research and development expenses are not included in the value of inventories and work-in-progress.

A provision for impairment of inventories equal to the difference between the gross value determined according to the methods indicated above and the current market price or realisable value minus proportional sales costs is charged where that gross value is lower than the other term mentioned.

2.3.13. Financial assets

2.3.13.1. Financial assets measured at fair value through reserves

Until the sale of the Europe Environnement subgroup in December 2013, the Group held derivative financial instruments that it chose to recognise according to the fair value through reserves method, in accordance with hedge accounting principles and with IAS 39. These derivative instruments were interest-rate swaps that allowed switching from a variable to a fixed rate. They were measured at their fair value, and changes in fair value were recognised under other components of comprehensive income, within reserves for the effective portion, and in the income statement for the ineffective portion.

2.3.13.2. Loans and receivables at amortised cost

Loans and receivables at amortised cost primarily consist of customer receivables, other operating receivables, and security deposits.
When they are first recognised, they are measured at their fair value plus any transaction costs incurred, where applicable. Following their initial recognition, they are measured at their amortised cost, which corresponds to their initial recognition amount, minus principal repayments, plus or minus the amortisation calculated using the effective interest rate method, and minus any reduction for impairment or uncollectability.
The fair value of receivables when they are initially recognised usually corresponds to their face value.
Customer receivables include receivables relating to the recognition of percentage-of-completion revenue.

Impairment of receivables is recorded, in order to take account of the risks of non-recovery; the purpose of this assessment, which is performed on a case-by-case basis, is to reduce the receivables concerned to their likely recovery value.

2.3.13.3. Financial assets available for sale

Financial assets available for sale consist mainly of transferable securities that do not meet the definition for other categories of financial assets, especially term deposits that do not meet the presentation criteria for cash and cash equivalents. These financial assets are recognised at fair value, and changes in fair value are recognised directly in equity until these assets are deconsolidated, at which time the accumulated changes in fair value are recognised in income.

2.3.13.4. Cash and cash equivalent

Cash and cash equivalents include cash floats, overnight deposits, short-term deposits, and liquid investments in marketable investment securities.
Marketable investment securities include money-market unit trusts (SICAVs) and certificates of deposit, which are realisable or transferable at very short notice and do not pose a significant risk of impairment. They are recognised at fair value through profit and loss.
Current bank overdrafts repayable on demand that finance short term requirements relating to the Group's ordinary activities are included in net cash for the presentation of the consolidated cash flow statement.

2.3.14. Financial liabilities

2.3.14.1. Financial liabilities, trade payables and other liabilities at amortised cost

Financial liabilities, trade payables, and other operating liabilities are measured using the amortised cost method. When they are initially recognised, they are measured at fair value minus the transaction costs directly attributable to the issue of the financial liability. Following their initial recognition, they are measured at amortised cost using the effective interest rate method.

2.3.14.2. Hedging of a net investment in a foreign entity

A financial instrument is classified as a hedging instrument for a net investment in a foreign operation if the following conditions are met, in accordance with the recommendations of IAS 39:

- the hedging relationship, which is defined as such, and the Group's goal in terms of risk management and hedging strategy are documented at the beginning of the hedge;
- the Group expects the hedge to be highly effective;
- the effectiveness of the hedge can be measured reliably; and
- the hedge is assessed on an ongoing basis and has been highly effective throughout all the financial information reporting periods during which the hedge has been defined as such.

Changes in the fair value of a hedging instrument for a net investment in a foreign operation are recognised directly in equity under translation differences for the effective portion of the currency risk hedge, and in income for the ineffective portion.

Accumulated changes in fair value entered in equity during the period when the foreign investment is held are recognised in income upon disposal or termination of the net investment concerned.

2.3.14.3. Financial liabilities measured at fair value through reserves

The Group holds derivative financial instruments that it has chosen to recognise according to the fair value through reserves method, in accordance with hedge accounting principles and with IAS 39. These derivative instruments are interest-rate swaps that allow switching from a variable to a fixed rate. They are measured at their fair value, and changes in fair value are recognised under other comprehensive income items, within reserves for the effective portion, and in the income statement for the ineffective portion.

2.3.15. Own shares

Treasury shares are recognised at acquisition cost and deducted from equity. Gains and losses resulting from the disposal of treasury shares, net of tax, are directly deducted from equity.

2.3.16. Provisions

Provisions are intended to cover contingencies and expenses, the purpose of which is clearly defined, and which events that have occurred during the financial year or which are ongoing as at 31 December render likely. In accordance with the criteria set out in IAS 37, they are charged if the Group has an obligation to a third party, and it is likely or certain that it will have to deal with an outflow of resources in favour of this third party without expecting any consideration of at least equal value.

These provisions are estimated by taking the most likely assumptions into consideration as at the closing date.

Provisions where the outflow of resources is set to occur within a timeframe in excess of one year are discounted if the impact of the discount is significant.

2.3.17. Post-employment employee benefits

The Group's employees may receive benefits when they retire. These commitments are provisioned. The rights acquired by all employees are determined according to the provisions applicable in each country.

Contributions paid by the Group to defined contribution schemes are recognised in income for the period.

Post-employment benefits relating to defined benefit schemes are determined once a year using the projected unit credit method.
This method consists in:
- assessing likely future cash flows based on remuneration trend assumptions, the duties payable on retirement, and on the likelihood of employees remaining in the Group;
- discounting these cash flows as at the assessment date, in order to obtain the likely current value of future cash flows;
- calculating the current likely value of future cash flows on a pro-rata basis in order to obtain the actuarial liability.

The amount is calculated for each employee. The company's total commitment corresponds to the sum of all individual commitments.
Gains and losses resulting from changes in actuarial assumptions, recognised in the income statement until 31 December 2012, have been recognised in other comprehensive income since 1 January 2013 in accordance with the amendment to IAS 19, applicable on a mandatory basis from 2013.
The commitment is calculated based on the assumption that employees leave voluntarily.

The actuarial calculations are based on the following formulas:
- Actuarial commitment: future commitment x (seniority coefficient/total duration) x likelihood of reaching retirement age;
- Future commitment: basic benefits x entitlement acquired;
- Basic benefits: (seniority in N/seniority at retirement age);
- Probability of reaching retirement age: (life expectancy) x (probability of non-departure);
- Life expectancy: probability of reaching the age of 65/probability of reaching the age in N
- Probability of non-departure: (1-0.1) ^ (number of years before retirement);
- Seniority coefficient / total duration: (N-entry date)/seniority at the age of 65.

2.3.18. Share-based payments

The Group has set up free share allocation schemes via the issue of new shares at some of its French subsidiaries, as remuneration for performance, or when employees join the Group following a trial period.

In accordance with the provisions of IFRS 2, the Group recognises services rendered in the context of the transaction, payment of which is based on shares for results, as it receives such services, and recognises a corresponding increase in equity, as these are transactions that are settled via equity instruments. The free allocation of shares is only final at the end of a vesting period of: two years for French tax residents and four years for non-French tax residents. The Group recognises services rendered and the corresponding increase in equity, as these services are rendered by the beneficiary during the vesting period.

The fair value of the schemes is measured according to the share price on the allocation date, and taking into account the likelihood that the beneficiary will remain in the workforce until the end of the vesting period.

2.3.19. Segment reporting

The Group presents its operating activities in four segments. The division of these four segments corresponds to the manner in which the operational departments and the internal reporting to the Group's chief operating decision-maker are organised for the purpose of managing the businesses (which includes assessing performance and allocating resources) in accordance with IFRS 8.
As Management has decided to organise the Group according to the markets addressed and to the methods for distributing related products and services, a segment may therefore cover various geographical areas and several activities, provided that the economic features of the activities combined within the same segment are substantially the same.

The four operating segments corresponding to the business activities of the Europlasma Group are as follows:

- Research and Engineering, Torches and Processes

Design and manufacturing of plasma torch systems for industrial applications, primarily in the waste disposal and high-temperature gasification sectors. Holding company and R&D activities relating to the development of torch systems are attached to this segment. In 2013, this segment corresponded to the Europlasma SA and SCIG legal entities;

- Hazardous waste

Services for the collection, transportation and treatment of hazardous waste and particularly asbestos waste. In 2013, this segment corresponded to the Inertam SAS legal entity;

- Renewable energy

Complete provision of waste and biomass power generation solutions. The industrial process is based on advanced plasma gasification technology. In 2013, this segment corresponded to the CHO Power SAS, CHOPEX SAS and CHO Morcenx SAS legal entities;

- Air and Gas

At 31/12/2013, this segment corresponded only to the company FIG (Financière GEE SAS), the former holding company of the Europe Environnement subgroup, sold in December 2013. FIG is responsible for the remaining payment instalments due from the sale of the Europe Environnement subgroup and the asset and liability guarantee. Therefore, this segment no longer corresponds to an active business segment of the Group, but has been maintained as an operating segment in view of the information it continues to provide for the key decision makers.

In addition, Group revenue is also broken down by geographical area in note 7.1 on revenue. However, the other information by geographical area listed in IFRS 8.33 is not available or monitored by the Group.

NOTE 3. JUDGEMENTS AND ESTIMATES

The preparation of the Europlasma Group's consolidated financial statements requires the use of judgements, assumptions, and estimates that have an impact on the amounts recognised as assets and liabilities, and as income and expenses in the financial statements, and on the information provided in some notes. The outcome of the transactions underlying these estimates and assumptions may result in a significant adjustment to the amounts recognised in a subsequent period, due to the uncertainty attached to the estimates and assumptions selected. Judgements, assumptions, and estimates are reviewed at each closing date.

As at 31/12/2013, the key assumptions and other main sources of uncertainty relating to estimates that could result in a significant adjustment to assets and liabilities in subsequent periods primarily involved the following categories:

Recognition of percentage-of-completion revenue and margin on long-term contracts
The Group recognises revenue and margin on its long-term contracts using the percentage-of-completion method outlined in note 2.3.4.1. Revenue and margin according to the percentage-of-completion method. Final budgets and the percentage of completion of long-term contracts are assessed on a contract-by-contract basis, in accordance with internal procedures.

Impairment tests on non-financial assets with an indefinite useful life
The procedures for assessing the potential impairment of tangible and intangible assets are provided in Note 2.3.9. More specifically, the key assumptions used for impairment tests on the CGUs to which goodwill has been allocated, and the sensitivity of the results of the impairment tests to these key assumptions as at 31/12/2013, are provided in note 6.1. Goodwill.

Recoverable value of the investment in CHO Morcenx and financial assets pledged to secure the contract for the construction of the CHO Morcenx plant
The methods for determining the recoverable value of investments in associates are disclosed in note 2.3.2. More specifically, the key assumptions used to determine the recoverable value of the investment in CHO Morcenx at 31/12/2013 are disclosed in note 6.4.1. CHO Morcenx. Furthermore, the assumptions relating to the recoverable value of the €7.5 million pledged to secure the contract for the construction of the CHO Morcenx plant are outlined in note 4.1.4. Equity risk and risk on other financial instruments.

Capitalised deferred taxes on tax losses carried forward
Deferred tax assets are recognised under tax losses carried forward where it is likely that the fiscal entity concerned will have future taxable income against which these tax losses can be offset as indicated in Note 2.3.6 - Income tax. The special considerations selected at the end of 2013 are disclosed in notes 6.11.3. and 6.11.4.

Post-employment employee benefits
Post-employment employee benefits are recognised in accordance with the general principles listed in Note 2.3.17. The main assumptions selected as at 31/12/2013 are listed in note 6.8 Employee benefits.

Share-based payments
The Group has set up free share allocation schemes, for which the accounting principles are disclosed in note 2.3.18. Share-based payments. The fair value of the free share allocation schemes is assessed in view of the likelihood that the beneficiary will remain in the workforce until the end of the vesting period. This continued employment assumption is based on past statistics and adjusted, where applicable, in the event of specific information being brought to the Group's attention.

Capitalised development expenses
Development expenses are entered as assets in accordance with the principles set out in Note 2.3.7. The decision to capitalise these expenses is taken by Management, based on its assessment of whether the criteria listed in this note have been met. A breakdown of capitalised development expenses at 31/12/2013 is given in note 6.2.1. Development expenses.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1. MARKET RISK

4.1.1. Risks relating to fluctuations in the price of raw materials, and to suppliers

The Group is exposed to risks of changes in raw material prices in the course of its ordinary business activities, and specifically biomass prices, which are set in long-term contracts, and fossil fuel, electricity and natural gas prices, which are a significant production overhead, particularly for the hazardous waste treatment business. These contracts provide for the indexing of prices on economic indices or regulatory tariff changes.
Before the sale of the Europe Environnement subgroup, the Group was exposed to fluctuations in the prices of some petroleum-based raw materials.

The Group does not hedge this risk with financial instruments.

4.1.2. Risks relating to fluctuations in exchange rates

Before the sale of the Europe Environnement subgroup, the Group was mainly exposed to fluctuations in the US dollar, pound sterling and Hungarian forint against the euro. In view of its business activities and footprint, fluctuations in these currencies against the euro could have affected the Group's results and shareholders' equity. The Group did not use derivatives to hedge this risk. The bulk of the Group's revenue was nevertheless generated in Europe, meaning that its foreign exchange risk was limited.
Since the sale of the Europe Environnement subgroup, the Group no longer has a significant exposure to exchange-rate fluctuations, as it now operates only in the euro zone and its transactions take place mostly in euros.

The exchange-rate risk resulting from the conversion of foreign-currency accounts is not hedged as it is not reflected in financial flows. Unrealised gains and losses at the closing date are recognised in translation reserves under equity.

4.1.3. Risks relating to the fluctuation of interest rates

The Group's exposure to interest-rate risk is summarised below:

	31/12/2013	Fixed rate	Variable rate
Non-current loans and other financial liabilities	15,676	13,276	2,400
Current loans and other financial liabilities (excluding bank overdrafts and interest accrued)	1,364	1,089	275
Total	17,040	14,365	2,675
Exposure to variable rates before derivatives	2,675		2,675
Interest-rate derivatives	0		0
Exposure to variable rates after derivatives	2,675	0	2,675

In 2013, a one-point rise in interest rates rise would have had an impact of €28,000 on financial expense before management of interest-rate risk.

4.1.4. Equity risk and risk on other financial instruments

The Group does not hold any securities or investments considered as speculative.

Financial assets	31/12/2013	31/12/2012 Rev	Change
Deposits and non-current investments	5,731	5,402	329
Deposits and current investments	1,192	1,215	-24
Cash equivalents	10	50	-40
Cash and cash equivalents	1,961	4,001	-2,039
TOTAL	**8,895**	**10,668**	**-1,774**

Term deposits and accounts held are managed in a prudent manner. They are mostly investments at a risk-free or money-market rate.

At 31/12/2013, as at 31/12/2012, this item also included the net amount of €3,750,000 in respect of the €7.5 million security originally held in escrow for CHO Morcenx under the plant construction (EPC) contract. CHO Morcenx called the entire amount in late 2012, the Group retaining the option of recovering the full amount subject to compliance with the new agreements reached in 2013 and early 2014.
An impairment loss of €3,750,000 was recognised in the 2012 financial statements to reflect the risks of enforcement of guarantees given to CHO Morcenx. At 31/12/2013, the provision was maintained given the uncertainties surrounding the plant ramp-up and the guaranteed performance on the Final Acceptance Date. The final delivery of the plant, which determines the final release or enforcement of the guarantee, is scheduled for the first half of 2015. Therefore, net assets of €3,750,000 were still recognised in non-current financial assets at 31/12/2013.

4.2. LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to honour its commitments when they mature.

The Group has identified cash flow requirements in 2014 that are not covered by the capital increase with preferential subscription rights of €4,351,000, including share premium, conducted in February 2014, or by the additional funding of €2.8 million obtained from Crédit Suisse Europlasma SPV LLC and CHO Morcenx in April 2014, and as a result of which funds must be raised or other funding arranged (see notes 2.1.2. Going concern basis and 14. Events after the balance sheet date).

The Group's net debt is as follows:

Net debt	Closing balance	Opening balance	*of which continuing operations*	Difference
Current and non-current financial liabilities	17,746	23,556	*14,364*	-5,811
Cash and cash equivalent	1,978	4,055	*2,885*	-2,077
Net debt	**15,767**	**19,501**	***11,479***	**-3,734**

The financial debt repayment schedule is shown in note 6.7 Financial liabilities.

The Group therefore benefits from certain subsidised loans at low or zero rates of interest, early repayment of which may be required by the lenders in certain conditions, including failure to meet job creation or investment programme targets.

In late 2012, the Group borrowed €2 million from its reference shareholder and €2 million from CHO Morcenx (of which €2.8 million was still outstanding at 31/12/2013). In July 2013, the Group also obtained a new €4.6 million pari passu loan from its reference shareholder and CHO Morcenx. These loan agreements contain default and acceleration clauses; the Group considers it unlikely that these clauses will need to be enforced, subject to the fulfilment of the conditions set out in note 2.1.2 Going concern basis. These default and acceleration clauses apply in the event that the Group ceases trading, is wound up, enters voluntary liquidation, commences insolvency proceedings, fails to disclose information, or if a beneficiary defaults on one of its obligations.

In addition, CHO Morcenx, a company consolidated using the equity method and in which the Group had a 25% stake at 31/12/2013, received a loan of €26 million from its majority shareholder to finance technical facilities and equipment at the power plant built by CHO Power in Morcenx. The loan is repayable in six-monthly instalments, depending on the cash surplus generated by the business, with a final repayment date scheduled for the summer of 2015. Due to the delay in the preliminary delivery of the power plant, which took place on 13 June 2014 rather than on the original date of 28 February 2012, CHO Morcenx has not yet begun to repay the loan, except for the interest which accrued until December 2012.
The loan is guaranteed by assets pledged by CHO Morcenx, in common with any other project finance deal, as well as by shares and stock warrants held by the Group in CHO Morcenx, at their gross book value of €7.8 million (see note 8.1 to the 2013 consolidated financial statements). The Group considers it unlikely that the guarantee will be called in by the lender for the following reasons:

- CHO Morcenx has offered the Group financial assistance and has taken risks by lending money set aside for the payment of any penalties;
- It is in the interest of the lender, a majority shareholder of CHO Morcenx, that CHO Morcenx owns a fully functional plant, and that it can replicate this success eight times (non-exclusive financing agreement for eight new plants);
- Calling in the guarantee would compound the fragility of the Group, which would most likely no longer be able to continue operating or making operational improvements to the CHO Morcenx plant under reasonable conditions.

Note that the bank loans do not include covenants that could have a material impact on the Group's accounts.

Furthermore, the Group sets up a number of financial guarantees as part of its business activities, as described in note 8. Off-balance sheet commitments. Some of these commitments are guaranteed by investments (see note 6.6.1), and others are guaranteed by assets (investment securities and tangible and/or intangible assets).

4.3. CREDIT AND COUNTERPARTY RISK

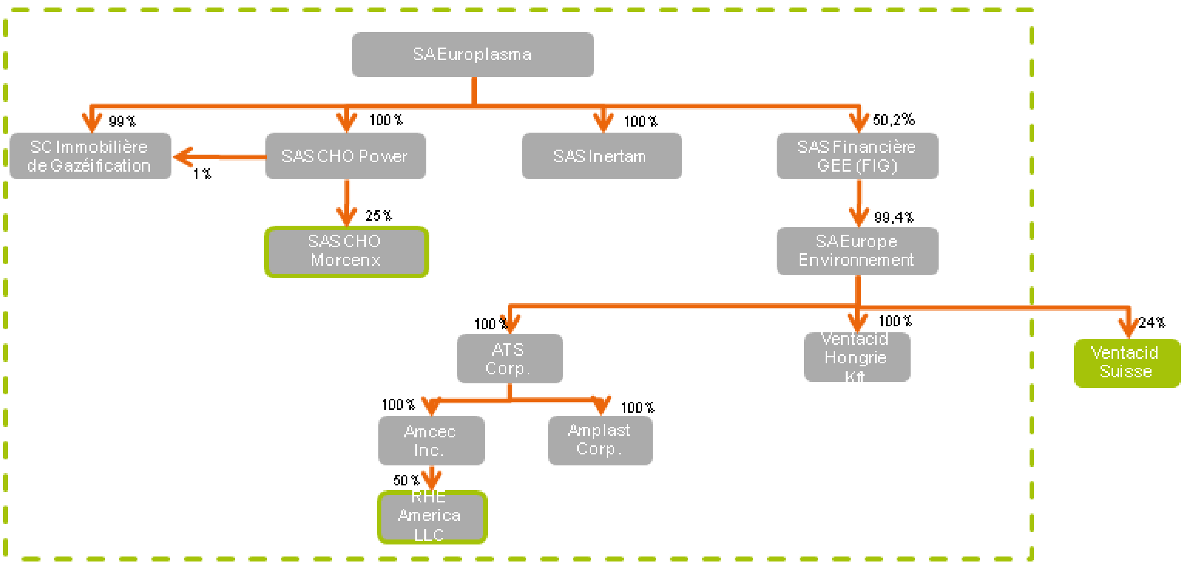
Credit risk is the risk of a financial loss in the event that a Group client defaults on payment.

A portion of revenue is subject to advance payments, in return for which the Group provides an advance payment bank guarantee. Long-term contracts are generally subject to a guarantee regarding the proper completion of works or projects. Recourse to credit insurance is considered on a case-by-case basis.

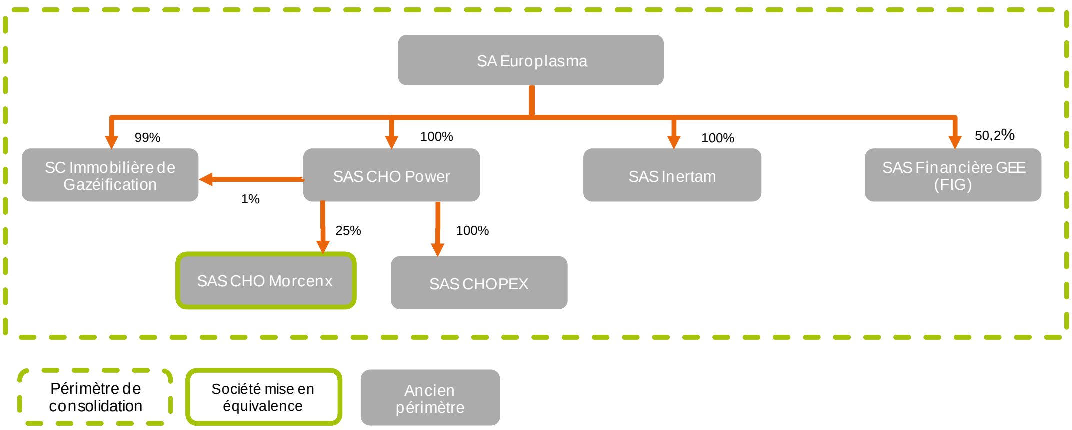
NOTE 5. SCOPE OF CONSOLIDATION

5.1. OVERVIEW OF THE SCOPE OF CONSOLIDATION

At 31/12/2012



At 31/12/2013



Périmètre de consolidation	Scope of consolidation
Société en équivalence	Equity accounting company
Ancien périmètre	Operational companies

5.2. CHANGES IN THE SCOPE OF CONSOLIDATION DURING THE FINANCIAL YEAR

Europe Environnement subgroup:

AMCEC and ATS

A merger was completed on 1 January 2013 between ATS and its wholly-owned subsidiary AMCEC. The merger was made "in reverse", with the subsidiary AMCEC absorbing the parent company ATS.

Europe Environnement, AMCEC, AMPLAST, RHE America and Ventacid Hungary

Europe Environnement, 99.4% owned by Financière GEE SAS (FIG), was sold to the CMI Group on 16 December 2013, as explained in note 1.4 Significant events during the period.

CHOPEX

CHOPEX SAS, the wholly-owned subsidiary of CHO POWER SAS, was created on 17 July 2013. The company will operate the CHO Morcenx power plant once the plant is finally delivered to its owner CHO Morcenx, scheduled for the end of 2014.

5.3. CONSOLIDATED COMPANIES

Name	Registered office	% held by the consolidating company	% controlled by the consolidating company	Method
Europlasma S.A.	471, route de Cantegrit Est 40 110 MORCENX SIREN: 384 256 095	Parent Company		Full consolidation
Inertam S.A.S.	471, route de Cantegrit Est 40 110 MORCENX SIREN: 437 791 296	100%	100%	Full consolidation
CHO Power S.A.S.	471, route de Cantegrit Est 40 110 MORCENX SIREN: 507 787 000	100%	100%	Full consolidation
CHOPEX SAS.	471, route de Cantegrit Est 40 110 MORCENX SIREN: 794 354 092	100%	100%	Full consolidation
CHO Morcenx S.A.S.	471, route de Cantegrit Est 40 110 MORCENX SIREN: 521 784 694	25%	25%	Equity method
SC Immobilière de Gazéification	471, route de Cantegrit Est 40 110 MORCENX SIREN: 518 432 778	100%	100%	Full consolidation
Financière GEE S.A.S.	66, rue Jacques Mugnier 68 200 MULHOUSE* SIREN: 339 520 454	50.22%	50.22%	Full consolidation

* Formerly based at 471, route de Cantegrit Est, 40 110 MORCENX

5.4. NON-CONSOLIDATED COMPANIES

At December 31, 2013, there was no unconsolidated company within the Group.

NOTE 6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1. GOODWILL

Goodwill

Subsidiaries	Year of acquisition	Foreign-currency acquisition costs	Currency	Acquisition costs in €'000s	Opening balance	Companies added to the consolidation scope	Companies removed from the consolidation scope	Increase	Exchange rate movements	Closing balance
Inertam	2005	6,115	€'000	0	2,615	0	0	0	0	2,615
Financière GEE	2006-2008	5,705	€'000	54	8	0	0	0	0	8
Europe Environnement	2006-2008	11,616	€'000	209	4,483	0	-4,483	0	0	0
ATS - AMCEC - RHE	2008-2009	3,938	$'000	126	765	0	-686	0	-79	0
Ventacid Hungary	2007	38	€'000	0	0	0	0	0	0	0
Total				**389**	**7,872**	**0**	**-5,169**	**0**	**-79**	**2,624**

As indicated in Note 2.3.9 - Impairment of intangible and tangible assets, the Group performed impairment tests on each cash-generating unit (CGU) to which goodwill is allocated in accordance with IAS 36, with the exception of the Financière GEE CGU, which was deemed insignificant.

Changes in the period related to the disposal of the Europe Environnement subgroup, corresponding to the Air and Gas business segment, in accordance with IFRS 5. An impairment loss of €2,644,000 was recognised on goodwill from activities held for sale after their reclassification under IFRS 5. See note 10.2.1 Evaluation of discontinued operations.

At 31/12/2013, the recoverable value of the Inertam CGU was considered greater than its net book value based on its value in use.
The main assumptions selected for determining values in use are as follows:

2012

CGU	Geographical area	Projected cash flow horizon	Growth rate applied to terminal value	Discount rates after tax
Inertam	France	3 years	1.5%	7.7%

2013

CGU	Geographical area	Projected cash flow horizon	Growth rate applied to terminal value	Discount rates after tax
Inertam	France	3 years	1.5%	7.3%

The discount rates used are the Average Weighted Cost of Capital for each CGU tested, and were determined in reference to the market data and expert assessments available for the geographical area to which the relevant CGU is attached (risk-free rate, market risk premium, beta coefficient, and cost of debt).

Sensitivity analyses of impairment tests performed based on a discount rate plus 1 point do not indicate any impairment of the Inertam CGU. For the recoverable value of the Inertam CGU to be equal to its book value, the value assigned to the discount rate must increase by 2.5 points.

Sensitivity analyses of impairment tests performed based on a perpetual growth rate minus 1 point do not indicate any impairment of the Inertam CGU. For the recoverable value of the Inertam CGU to be equal to its book value, the value assigned to the perpetual growth rate must decrease by 3.0 points.

6.2. OTHER INTANGIBLE ASSETS

	Opening balance	Acquisitions	Disposals and scrapped assets	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	Closing balance
Research & Development expenses	2,156	0	0	0	0	176	0	2,332
Franchises, patents, & similar rights	1,563	44	-35	0	-147	0	0	1,425
Other intangible assets	0	0	0	0	0	0	0	0
Intangible assets in progress	236	564	-21	0	0	-176	0	603
Advances and prepayments on intangible assets	13	0	-13	0	0	0	0	0
Total Gross Value	**3,968**	**608**	**-69**	**0**	**-147**	**0**	**0**	**4,360**

	Opening balance	Appropriations	Reversals	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	Closing balance
Amortisation and/or impairment of R&D expenses	-1,177	-437	19	0	1	0	0	-1,594
Amortisation and/or impairment of franchises, patents, & similar rights	-1,421	-55	35	0	114	0	0	-1,327
Amortisation and/or impairment of other intangible assets	0	0	0	0	0	0	0	0
Amortisation and/or impairment of intangible assets in progress	0	0	0	0	0	0	0	0
Impairment of advances and prepayments on intangible assets	-13	0	13	0	0	0	0	0
Total Amortisation and/or Impairment	**-2,611**	**-492***	**67**	**0**	**115**	**0**	**0**	**-2,922**
Total Net Value	**1,357**	**115**	**-2**	**0**	**-32**	**0**	**0**	**1,438**

*of which allowances for continuing operations: -€484,000

6.2.1. Development expenses

At 31/12/2013, research and development expenses mainly consisted of the following:
- €70,000 in development expenses for the Galacsy® programme;
- €169,000 in development expenses for the Sesco programme;
- €474,000 in development expenses for the CHO industrial process;
- and €148,000 in development expenses for Turboplasma®.

Galacsy®
The aim of the Galacsy® project®, , launched in 2006 in partnership with the CEA (French Alternative Energies and Atomic Energy Commission) was to:
- perfect the core gasification process (reactor, biomass injection, specialist plasma torch) and its compatibility with Fischer Tropsch petrochemical catalysts;
- develop a plasma torch that does not add an external component to the process, in order to guarantee the highest purity level for synthetic gas;
- scaling this process in a "Pilot Demonstration Unit" of 100 kg/hour to demonstrate its feasibility.

Between 2006 and 2010, €560,000 of costs associated with this programme were capitalised under intangible assets. The capitalised costs primarily relate to the time spent calculated on the basis of employee timesheets and on the hourly rates determined from the payroll charged, together with the flat-rate indirect costs, which are estimated at 20% of the payroll in question. These hourly rates do not take into account any potential under-capacity.
The programme, which is amortised over five years, came on stream in 2009. The amortisation recorded in 2013 amounted to €112,000, the same amount as in 2012.

Several grants have been obtained for this programme: a repayable advance of €212,000 was granted by OSEO and an investment subsidy of €108,000 by the ANR (French National Research Agency).

SESCO
This project consists of recovering Cofalit (a material derived from the vitrification of asbestos waste) in the field of high-temperature sensitive storage, primarily through the use of solar concentrators. The

consortium working on this programme is made up of the PROMES thermal energy laboratory, the Cemthi materials laboratory and Europlasma.
This programme has received a total of €30,000 in funding from the ANR, the first instalment of which was received in 2010 and the second and third instalments on 19 October 2012.

These development expenses are amortised over a period of five years starting from 1 November 2013, the date when they came on stream.

CHO Power process
The development expenses for the CHO Power industrial process, which relates to the production of renewable energy through biomass gasification, are reported in balance sheet assets for a net value of
€474,000. These expenses consist almost entirely of the time spent by employees working on this programme. This working time has been valued at hourly rates, which consist of the payroll charged, plus flat-rate indirect costs estimated at 20% of the payroll. These hourly rates do not take into account any potential under-capacity.

These development expenses are amortised over a period of fiveyears starting from 1 July 2010, which was the date when came on stream.

Turboplasma
The development expenses for Turboplasma®, excluding development expenses relating to the programme funded by the ANR for 2010-2012, are included in development expenses for €148,000. These expenses consist almost entirely of the time spent by employees working on this programme. This working time has been valued at hourly rates, which consist of the payroll charged, plus flat-rate indirect costs estimated at 20% of the payroll. These hourly rates do not take into account any potential under-capacity.

These development expenses are amortised over a period of five years starting from 1 July 2010, which was the date when came on stream.

6.2.2. Intangible assets in progress

At 31 December 2013, intangible assets in progress related mainly to research and development expenses for current programmes meeting the capitalisation criteria, namely KiWi (expenses of €523,000 for test programmes) and including Turboplasma development work, funded by the ANR, OSEO and Aquitaine Regional Council.

6.3. PROPERTY, PLANT AND EQUIPMENT

	Opening balance	Acquisitions	Disposals and scrapped assets	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	Closing balance
Land	882	8	0	0	-544	0	0	346
Buildings	14,728	267	0	0	-8,138	916	0	7,772
Plant, industrial equipment & tools	20,201	1,656	-1,683	-4	-1,533	1,346	0	19,982
Other PP&E	1,830	58	-102	-14	-785	21	0	1,009
Tangible assets in progress	2,635	534	0	0	0	-2,270	0	899
Advances and prepayments on tangible assets	0	0	0	0	0	0	0	0
Total Gross Value	**40,275**	**2,523**	**-1,786**	**-18**	**-11,000**	**12**	**0**	**30,007**

	Opening balance	Appropriations	Reversals	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	Closing balance
Depreciation and/or impairment of buildings	-2,167	-536	0	0	1,966	0	0	-737
Depreciation and/or impairment of plant and industrial equipment and tools	-12,474	-2,855	1,636	1	1,218	0	0	-12,474
Depreciation and/or impairment of other tangible assets	-1,154	-129	114	12	598	0	0	-560
Impairment of land	0	0	0	0	0	0	0	0
Depreciation and/or impairment of tangible assets in progress	-100	-200	0	0	0	0	0	-300
Impairment of advances and prepayments on tangible assets	0	0	0	0	0	0	0	0
Total Amortisation and/or Impairment	**-15,895**	**-3,720***	**1,750**	**13**	**3,782**	**0**	**0**	**-14,071**
Total Net Value	**24,380**	**-1,197**	**-36**	**-5**	**-7,218**	**12**	**0**	**15,936**

* of which allowances for continuing operations: -€3,532,000

The main tangible asset items concern:
- land acquired by Société Civile Immobilière de Gazéification in Morcenx, including the Inertam operating site and CHO Morcenx operating site for €321,000;
- buildings at the Morcenx power plant and dry kiln built by the Group, commissioned in 2012 and 2013 (€5,642,000 and €1,180,000, respectively);
- technical facilities, plant and industrial equipment; the Inertam hazardous waste treatment line has a net value of €4,265,000, against €3,957,000 at 31/12/2012; the facilities at the Morcenx test site, including those relating to the Kiwi programme, represent a total of nearly €2,702,000, against €3,157,000 at 31/12/2012;
- other tangible assets consist mainly of miscellaneous office and transportation equipment, and of sundry facilities;
- intangible assets in progress mainly comprise the refractory materials used by Inertam, totalling €448,000, as well various other equipment at the test site totalling €400,000 (of which €300,000 has been funded).

Acquisitions during the period mainly concern new refractory materials used by Inertam, totalling €1,623,000, and the scrapping of old refractories, fully amortised for €1,523,000.

At 31/12/2013, financial expenses capitalised in fixed assets totalled €238,000, versus €158,000 at 31/12/2012. Leased fixed assets amounted to €411,000 (vs. €7,620,000 at 31/12/2012). The significant change was mainly due to the sale of the Europe Environnement subgroup.

6.4. INVESTMENTS IN ASSOCIATES

	Opening balance	Net income	Impairment of investments in associates	Acquisition of securities	Companies removed from the consolidation scope	Closing balance
CHO Morcenx	4,029	-352				**3,677**
RHE America	12	-1			-11	**0**
Total	**4,041**	**-352**	**0**	**0**	**-11**	**3,677**

Investments in associates stood at €3,677,000 at 31/12/2013, compared with €4,041,000 at 31/12/2012. These investments are not listed.

The company RHE America was part of the Europe Environnement subgroup sold in late 2013 and so no longer appears in the balance sheet at 31/12/2013.

At 31/12/2013, equity investments in CHO Morcenx amounted to €3,677,000 (vs. €4,029,000 at 31/12/2012), corresponding to:

- €6,041,000 in securities, mainly corresponding to the conversion of the BSA1 and BSA2 warrant tranches into shares, and to the subscription of €7,000 in securities in 2011, relating to the exercise of these two BSA warrant tranches, following compliance with the first 2 contract milestones with the Group's financial partner;
- €1,710,000 for the BSA3 and BSA4 warrant tranches;
- a negative interest of €197,000 in the equity of CHO Morcenx (vs. €155,000 at 31/12/2012); and
- an impairment loss of €3,875,000 recognised at 31/12/2012.

The main IFRS measurements of CHO Morcenx at 31/12/2013 are:

	Revenue	Net income	Balance sheet total
CHO Morcenx	1,242	-817	48,498
Total	**1,242**	**-817**	**48,498**

At 31/12/2012, the Group deemed it necessary to recognise a provision for impairment of €3,875,000 on its share of equity investments in CHO Morcenx, in view of the delay in the provisional technical delivery of the plant (Takeover Date, or TOD) and the decision to replace the faulty gasifier at the facility. The plant was brought back online in late 2013/early 2014 and provisional delivery to its owner, CHO Morcenx, took place on 13 June 2014. The plant is currently in its ramp-up phase, which should enable it to proceed from its minimum contractual capacity, as demonstrated on the TOD, to its rated capacity, gas engines included, as expected on the date of final delivery of the plant (Final Acceptance Date), scheduled for the first half of 2015. Yield and cash flow assumptions may therefore be revised based on actual performance in 2014.

The features of the share warrant tranches three and four described below arise from the shareholder agreement of 1 December 2010, which was signed by the founders and investors who made up CHO Morcenx's shareholder base at that time, as subsequently modified by amendments signed by the parties.

Note that in view of the traditional definition of the price offered, the Chairman did not justify the calculation items selected in his report. As a result, CHO Morcenx's Statutory Auditor was unable to issue an opinion on the items selected to calculate the issue price and its amount in his four reports to the sole shareholder, or on the impact of the securities issue on the position of holders of equity securities and marketable securities giving access to the capital, as assessed in relation to equity, and on the proposal to withdraw the preferential subscription right attached to this issue.

These equity subscription warrants were entered in equity associates' fixed assets in proportion to the investment in CHO Morcenx that they represent:

- BSA 3

On 1 December 2010, CHO Power, in its capacity as the sole shareholder in CHO Morcenx, decided to issue 492,307 equity warrants, known as the BSA3 warrants, for a total amount of €850,000.
Each BSA3 warrant will give the right to subscribe to an ordinary share in CHO Morcenx with a par value of €0.01, at a subscription price equal to €0.01 per share.
As a result, CHO Power has authorised the issue of 492,307 new ordinary shares in the event that all the BSA3 warrants are exercised, which represents a maximum nominal capital increase of €4,923.07, plus the potential nominal amount of the new ordinary shares to be issued in order to preserve the rights of BSA3 warrant holders.
These BSA3 warrants were fully paid up at the subscription price, i.e. €850,000, at the time of subscription through offsetting them against the receivable in CHO Power's shareholder's current account.
The BSA3 warrants may be exercised at any time for a period of 90 working days, on condition that certain contractual delivery dates for the facility are met.
The BSA3 warrants could not be exercised in 2012 or 2013 in view of the delay in the technical delivery of the plant (TOD). Based on the agreements reached in 2013 and early 2014, the BSA3 warrants may be exercised within 90 business days as from 13 June 2014, the date of the preliminary technical delivery of the plant.

- BSA 4

On 1 December 2010, CHO Power, in its capacity as the sole shareholder in CHO Morcenx, decided to issue 671,329 equity warrants referred to as the BSA4 warrants, for a total amount of €850,000.
Each BSA4 warrant will give the right to subscribe to an ordinary share in CHO Morcenx with a par value of €0.01, at a subscription price equal to €0.01 per share.
As a result, CHO Power has authorised the issue of 492,307 new ordinary shares in the event that all the BSA4 warrants are exercised, which represents a maximum nominal capital increase of €6,713.29, plus the potential nominal amount of the new ordinary shares to be issued in order to preserve the rights of BSA4 warrant holders..
The BSA4 warrants were fully paid up at the subscription price, i.e. €850,000, at the time of subscription through offsetting them against the receivable in CHO Power's shareholder's current account.
The initial conditions for the exercise of the BSA4 warrants stated they could be exercised at any time for a period of 90 business days, conditional on the economic performance of the CHO Morcenx project. Based on the amendments signed in 2013, the BSA4 warrants may be exercised from 2014 subject to compliance with the performance conditions and plant capacity for three consecutive months.

6.5. INVENTORIES AND WORK-IN-PROGRESS

	31/12/2013			31/12/2012			
Inventories and work-in-progress	**Gross**	**Provision**	**Net**	**Gross**	**Provision**	**Net**	***of which continuing operations***
Inventories of raw materials, materials, and other supplies	721	-166	555	1,517	-297	1,219	*676*
Inventories - work-in-progress	0	0	0	441	0	441	*245*
Inventories - semi-finished and finished goods	541	-68	473	708	-68	641	*473*
Inventories of goods for resale	0	0	0	0	0	0	
Total	**1,261**	**-234**	**1,028**	**2,666**	**-365**	**2,302**	***1,395***

6.6. FINANCIAL ASSETS

Financial assets	31/12/2013 Gross	31/12/2013 Provision	31/12/2013 Net	31/12/2012 Gross	31/12/2012 Provision	31/12/2012 Net	31/12/2012 *of which continuing operations*
Equity investments	0	0	0	1	-1	0	*0*
Loans, guarantees, and other receivables	9,605	-3,874	5,731	9,152	-3,750	5,402	*5,136*
Total other non-current financial assets	**9,605**	**-3,874**	**5,731**	**9,153**	**-3,751**	**5,402**	***5,136***
Customer receivables and related accounts	7,845	-161	7,684	14,381	-398	13,983	*7,906*
Total customer receivables and related accounts	**7,845**	**-161**	**7,684**	**14,381**	**-398**	**13,983**	***7,906***
Trade payables - Advances and prepayments made	323	0	323	339	0	339	*285*
Employee and social security body receivables	9	0	9	48	0	48	*13*
Tax receivables - excl. Income tax	2,784	0	2,784	4,430	0	4,430	*3,531*
Other operating receivables	0	0	0	0	0	0	*0*
Total other operating receivables	**3,116**	**0**	**3,116**	**4,817**	**0**	**4,817**	***3,829***
Loans, guarantees, & other receivables – portion < 1 year	503		503	383	0	383	*383*
Accrued interest on receivables and loans	86	0	86	56	0	56	*56*
Other receivables	1,422	0	1,422	137	0	137	*81*
Prepaid expenses	130	0	130	301	0	301	*205*
Marketable securities - other investments	720	-31	689	865	-33	833	*833*
Total other current assets	**2,861**	**-31**	**2,830**	**1,742**	**-33**	**1,709**	***1,557***
Marketable securities - cash equivalents	10	0	10	50	0	50	*0*
Cash at hand	1,961	0	1,961	4,001	0	4,001	*2,881*
Accrued interest payables on cash at bank	7	0	7	4	0	4	*4*
Total cash and cash equivalents	**1,978**	**0**	**1,978**	**4,055**	**0**	**4,055**	***2,885***

6.6.1. Non-current financial assets

	Gross	Provision	Net	Less than 1 year	2 years	3 years	4 years	5 years and over
Equity investments	0	0	0					0
Loans, guarantees, and other receivables	9,605	3,874	5,731		3,750		19	1,962
Total other non-current financial assets	**9,605**	**-3,874**	**5,731**		**3,750**		**19**	**1,962**

Loans, guarantees and other receivables are non-derivative financial assets, with fixed or determinable payments and a fixed maturity, and which the Group has the clear intention and the capacity to hold to maturity. They are therefore recognised according to the amortised cost method.
They mostly involve interest-bearing deposits pledged as guarantees, including:

- the financial guarantee of €3.8 million (€7.5 million in total) paid under the EPC (Engineering, Procurement and Construction) contract for the CHO Morcenx power plant. The final delivery of the plant, which determines the release or enforcement of the guarantee, is scheduled for the first half of 2015. The assumptions relating to the recoverable value of this financial asset at 31/12/2013 are described in note 4.1.4. Equity risk and risk on other financial instruments;
- €1.2 million in SCIG, as security for the bank loan financing the buildings at the CHO Morcenx plant;
- The final payment instalment from CMI following the sale of the Europe Environnement subgroup for the net amount of €576,000 (due no later than 2018). A

€124,000 impairment loss was recognised on this instalment after this receivable was discounted.

6.6.2. Customer receivables and related accounts

	Gross	Provision	Net	Less than 1 year	2 years	3 years	4 years	5 years and over
Customer receivables and related accounts	7,845	-161	7,684	7,684	0			
Total customer receivables and related accounts	**7,845**	**-161**	**7,684**	**7,684**	**0**	**0**	**0**	**0**

	2013	2012
Provision for impairment of customer receivables at beginning of period	-398	-397
Appropriations	-169	-175
Reversals	142	174
Change in consolidation scope	264	0
Provision for impairment of customer receivables at end of period	**-161**	**-398**

Customer receivables and related accounts show a slight decrease of 2.8% over the period after controlling for changes in scope.

6.6.3. Other operating receivables

	Gross	Provision	Net	Less than 1 year	2 years	3 years	4 years	5 years and over
Trade payables - Advances and prepayments made	323	0	323	323				
Employee and social security body receivables	9	0	9	9				
Tax receivables - excl. Income tax	2,784	0	2,784	2,784				
Other receivables	0	0	0	0				
Total other operating receivables	**3,116**	**0**	**3,116**	**3,116**	**0**	**0**	**0**	**0**

Tax receivables excluding income tax consist primarily of deductible VAT, VAT receivables and research tax credit (CIR). The decrease on a constant scope basis compared with 31/12/2012 is mainly due to the decrease in deductible VAT, linked to the relative decline in purchases at the end of 2013 compared with the end of 2012.

6.6.4. Other current assets

	Gross	Provision	Net	Less than 1 year	2 years	3 years	4 years	5 years and over
Loans, guarantees, & other receivables – portion < 1 year	503		503	503				
Other receivables	1,422	0	1,422	1,422				
Accrued interest on receivables and loans	86	0	86	86				
Prepaid expenses	130	0	130	130				
Marketable securities - other investments	720	-31	689	79	65	13		532
Total other current assets	**2,861**	**-31**	**2,830**	**2,220**	**65**	**13**	**0**	**532**

Other receivables include the second and third instalment of the proceeds from the sale of the Europe Environnement subgroup totalling €1,050,000, of which €750,000 was paid in January 2014 and €300,000 was due in July 2014.

Marketable securities include €637,000 of portfolio securities pledged as collateral for two bank guarantees issued to a customer.

6.6.5 Cash and cash equivalents

	31/12/2013			31/12/2012				
	Gross	Provision	Net	Gross	Provision	Net	Of which continuing operations	Difference
Cash at hand	1,961		1,961	4,001		4,001	2,881	-2,039
Cash equivalents	10		10	50		50	0	-40
Accrued interest payables on cash at bank	7		7	4		4	4	2
Total Cash - assets	**1,978**	**0**	**1,978**	**4,055**	**0**	**4,055**	**2,885**	**-2,077**
Current bank overdrafts	5		5	1,226		1,226	5	-1,221
Total net cash	**1,973**	**0**	**1,973**	**2,829**	**0**	**2,829**	**2,880**	**-855**

At 31/12/2013, cash assets consisted of the cash available on euro bank accounts and liquid securities.

6.7. FINANCIAL LIABILITIES

6.7.1. Financial liabilities by currency and interest rate

	31/12/2013	Euro	US Dollar	Other	Fixed rate	Variable rate
Bonds	0					
Loans from credit institutions[1]	8,973	8,973			6,573	2,400
Other loans and similar liabilities	6,703	6,703			6,703	
Accrued interest on loans	259	259			259	
Total non-current financial liabilities	**15,935**	**15,935**	**0**	**0**	**13,535**	**2,400**
Bonds – portion < 1 year	0					
Loans from credit institutions - portion < 1 year[2]	665	665			390	275
Other loans and similar liabilities – portion < 1 year	699	699			699	
Accrued interest on loans – portion < 1 year	442	442			442	
Bank overdrafts (cash liabilities)	5	5			5	
Bank overdrafts (liabilities)	0					
Total current financial liabilities	**1,810**	**1,810**	**0**	**0**	**1,535**	**275**
Total financial liabilities	**17,746**	**17,746**	**0**	**0**	**15,071**	**2,675**
[1] including non-current portion of the lease	0					
[2] including current portion of the lease	0					
Total lease liability	**0**	**0**	**0**	**0**	**0**	**0**

Loans from credit institutions mainly include:

- the debt incurred by SCI de Gazéification for the buildings and drying kiln at the CHO Morcenx plant, for €5,789,000;
- loans granted by Bpifrance (formerly OSEO Financement) to Inertam (equity loan and green loan), for €2,400,000;
- refundable advances received from Bpifrance (formerly OSEO Innovation) as part of the innovation grants for the Galacsy, Turboplasma and Kiwi projects, for €1,006,000.

Other loans and similar liabilities include:

- the interest-free loan granted by CHO Morcenx at the end of 2012 (€2 million, with a balance of €699,000 as of 31/12/2013);
- the loan granted by Crédit Suisse Europlasma SPV LLC at the end of 2012 (€2 million, with a balance of €2,143,000 at the end of 2013 due to the capitalisation of a portion of the interest);
- pari passu loan for €4,560,000 granted by CHO Morcenx and Crédit Suisse Europlasma SPV LLC in July 2013.

See notes 1 Significant events during the period and 8.1 Commitments given in relation to the construction of the CHO Morcenx plant for the terms of these loans and associated guarantees.

6.7.2. Maturities of financial liabilities

	31/12/2013	Less than 1 year	2 years	3 years	4 years	5 years and over
Bonds	0					
Loans from credit institutions[1]	8,973		1,021	1,212	1,172	5,569
Other loans and similar liabilities	6,703		6,703			
Accrued interest on loans	259		259			
Total non-current financial liabilities	**15,935**	**0**	**7,983**	**1,212**	**1,172**	**5,569**
Bonds – portion < 1 year	0	0				
Loans from credit institutions - portion < 1 year[2]	665	665				
Other loans and similar liabilities – portion < 1 year	699	699				
Accrued interest on loans – portion < 1 year	442	442				
Bank overdrafts (cash liabilities)	5	5				
Bank overdrafts (liabilities)	0	0				
Accrued interest not yet due - liabilities	0	0				
Total current financial liabilities	**1,810**	**1,810**	**0**	**0**	**0**	**0**
Total financial liabilities	**17,746**	**1,810**	**7,983**	**1,212**	**1,172**	**5,569**
[1] including non-current portion of the lease	0					
[2] including current portion of the lease	0					
Total lease liabilities	**0**	**0**	**0**	**0**	**0**	**0**

6.7.3. Change in financial liabilities

	31/12/2012	Increase in loans	Repayments	Other changes	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	31/12/2013
Bonds									0
Loans from credit institutions[1]	15,256	217	-276		-1	-6,564	341		8,973
Other loans and similar liabilities	4,497	5,033	-113		-72	-15	-2,628		6,703
Accrued interest on loans		259							259
Total non-current financial liabilities	**19,753**	**5,509**	**-388**	**0**	**-72**	**-6,579**	**-2,287**	**0**	**15,935**
Bonds – portion < 1 year									0
Loans from credit institutions - portion < 1 year[2]	2,053		-1,274		-11	-769	665		665
Other loans and similar liabilities – portion < 1 year	122		-1,045			0	1,622		699
Accrued interest on loans – portion < 1 year	401	910	-807		-3	-60			442
Bank overdrafts (cash liabilities)	1,226		-25			-1,196			5
Bank overdrafts (liabilities)									0
Accrued interest not yet due - liabilities									0
Total current financial liabilities	**3,803**	**910**	**-3,152**	**0**	**-14**	**-2,025**	**2,287**	**0**	**1,810**
Total financial liabilities	**23,556**	**6,419**	**-3,540**	**0**	**-86**	**-8,604**	**0**	**0**	**17,746**
[1] including non-current portion of the lease	6,116					-6,116			0
[2] including current portion of the lease	569		-283			-286			0
Total lease liability	**6,685**	**0**	**-283**	**0**	**0**	**-6,402**	**0**	**0**	**0**

Increases in loans for the period mainly include the €4,560,000 *pari passu* loan granted in July 2013 by the Group's reference shareholder and CHO Morcenx.

On receiving the first instalment of the price agreed for the sale of Europe Environnement in December 2013, FIG repaid the outstanding balance on its two bank loans (€780,000, including interest paid).

6.8. EMPLOYEE BENEFITS

	31/12/2013	31/12/2012	*of which continuing operations*	Change
Non-current employee benefits	257	613	*421*	-356

The provision for pensions and retirement benefits primarily relates to retirement benefits at the French subsidiaries, as most Group employees have defined contribution plans for their retirement benefits, which are expensed every year.

The change in the provision for pensions and retirement benefits can be explained as follows:

		Of which continuing operations
Opening obligation	613	421
Cost of services rendered +	70	-55
Interest +	16	11
Actuarial gains or losses +	25	-120
Change in consolidation scope	-467	0
Closing obligation	257	257

The main assumptions selected are summarised as follows:

Main assumptions	
Discount rate	3.17%
Table selected	Insee 2012
Assumed retirement date	100% voluntary
Retirement age	60-67
Increase in salaries	1-3% per year, depending on the employee profile
Turnover assumption	according to workforce profile, from weak to strong

6.9. CURRENT AND NON-CURRENT PROVISIONS

	31/12/2012	Appropriations	Reversals	Exchange rate movements	Changes in consolidation scope	Reclassifications	Change in accounting policies	31/12/2013
Total non-current provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provisions for legal proceedings	243	0	-235	0	-8	0	0	0
Provisions for litigation - portion maturing in less than one year	10	0	0	0	0	0	0	10
Provisions for guarantees	216	71	0	0	-36	0	0	251
Provisions for guarantees – portion < 1 year	0	0	0	0	0	0	0	0
Provisions for foreign exchange losses	0	0	0	0	0	0	0	0
Provisions for losses on contracts	598	11		0	-4	0	0	605
Provisions for losses on contracts - portion < 1 year	0	0	0	0	0	0	0	0
Other provisions for contingencies	0	198	-5	0	0	0	0	194
Other provisions for risks - portion < 1 year	1	1	0	0	-2	0	0	0
Other provisions for charges	8	1	-8	0	0	0	0	1
Other provisions for charges - portion < 1 year	0	0	0	0	0	0	0	0
Total current provisions	**1,077**	**283**	**-248**	**0**	**-51**	**0**	**0**	**1,061**
Total provisions	**1,077**	**283**	**-248**	**0**	**-51**	**0**	**0**	**1,061**

Provisions consist mainly of provisions for guarantees given to customers, notably under the supply contract for the low and very low-level radioactive waste treatment and conditioning facility at the Bulgarian nuclear power plant (KNPP Kozloduy Nuclear Power Plant), and provisions for losses to completion on long-term contracts in progress, particularly on the construction contract for the CHO Morcenx power plant.

The provision for losses on contracts for the CHO Morcenx plant was increased by €11,000 due to projected additional costs in excess of €1 million, offset by an increase in the percentage of completion during the year.

Provisions for legal proceedings of €243,000 mainly related to a court case in which the Court of Appeal of Aix-en-Provence issued a ruling on 17 October 2013 ordering Europe Environnement to pay the sum of €235,000, plus incidental costs and interest. The provision was therefore reversed and used before the disposal of the subgroup.

The increase of €198,000 in other provisions for risks mainly concerns provisions for payment of penalties and surcharges linked to the deferred payments arranged by the Group in 2013 (+€138,000) and various other risks.

6.10. OTHER CURRENT FINANCIAL LIABILITIES

	31/12/2013	31/12/2012	*of which continuing operations*	Difference
Liabilities relating to the acquisition of fixed assets – portion due in over 1 year	0	0	*0*	0
Derivative liabilities	0	529	*0*	-529
Other liabilities - portion maturing in over one year	1,111	0	*0*	1,111
Total other non-current financial liabilities	**1,111**	**529**	***0***	**582**
Trade payables	8,051	10,098	*6,755*	-2,047
Total trade payables and related accounts	**8,051**	**10,098**	***6,755***	**-2,047**
Customer receivables - Advances and prepayments received	391	434	*517*	-43
Payroll liabilities	1,619	2,679	*1,427*	-1,060
Tax liabilities	1,433	2,576	*1,746*	-1,143
Other liabilities	111	472	*439*	-361
Total other operating liabilities	**3,554**	**6,160**	***4,129***	**-2,607**
Liabilities relating to the acquisition of assets	0	264	*263*	-264
Current accounts - liabilities	0	3	*3*	-3
Accrued interest on liabilities	0	0	*0*	0
Prepaid income & other accruals	13,027	14,251	*13,010*	-1,223
Liabilities classified as held for sale	0	0	*0*	0
Total other current liabilities	**13,027**	**14,517**	***13,276***	**-1,490**

6.10.1 Hedging derivatives

Hedging derivatives related exclusively to the Europe Environnement subgroup, sold in late 2013. These were derivative liabilities hedging cash flows, and more specifically two interest rate swaps intended to reduce the Group's exposure to interest rates.

Fair value	Maturity	Hedged item	Notional amount at 31/12/2013	Notional amount at 31/12/2012	31/12/2013	31/12/2012	Change recognised in profit and loss	Change recognised in reserves	Companies removed from the consolidation scope
3-month EURIBOR swap rate	01/07/2024	Portion of the loan held as a lease €4,500,000	0	3,670	0	486	-1	-122	-363
12-month USD LIBOR collar	31/07/2015	Dollar loan to finance AMCEC for USD 2,338,000	0	782	0	43	0	-22	-21
Total			**0**	**4,452**	**0**	**529**	**-1**	**-144**	**-384**

6.10.2 Liabilities at amortised cost

Liabilities at amortised cost are down due to the change in consolidation scope. Adjusted for companies removed from the consolidation scope, liabilities are increasing, mainly due to:

- the negative impact of the slowdown in activity;
- the positive impact of deferred payments obtained in 2013 for over €2.2 million (payment spread over 2014 and 2015).

The breakdown by maturity is as follows:

Liabilities at amortised cost

	31/12/2013	Less than 1 year	2 years
Other liabilities - portion maturing in over one year	1,111	0	1,111
Trade payables	8,051	8,051	0
Total other operating payables	3,554	3,554	0
Total other current liabilities	13,027	13,027	0
Total	**25,744**	**25,744**	**1,111**

6.10.3 Long-term contracts

Assets and liabilities relating to long-term contracts are included under trade receivables and other current liabilities respectively.
The impact on the income statement of continuing operations is as follows:

Income statement items	**2013**	**2012**	***of which continuing operations***
Revenue recognised over the year	2,646	26,252	*4,408*
Total percentage-of-completion revenue on contracts in progress	30,759	55,603	*28,325*

The balance sheet totals are as follows:

Balance sheet items	**2013**
Advances received	-91
Deductions	3,819
Long-term contracts – assets due from customers	765
Long-term contracts – liabilities due to customers	-2,565

Deductions concern the construction (EPC) contract for the CHO Morcenx plant, payment of which is subject to delivery of the plant.

6.11. TAX ASSETS AND LIABILITIES

6.11.1. Tax assets and liabilities

	31/12/2013	31/12/2012	*of which continuing operations*	Difference
Deferred tax assets	2,191	3,003	*2,338*	-812
Deferred tax liabilities	-361	-506	*-621*	145
Total deferred taxes	**1,830**	**2,497**	***1,717***	**-667**
Current tax assets	57	76	*54*	-19
Current tax liabilities	0	0		0
Total current taxes	**57**	**76**	***54***	**-19**

6.11.2. Main deferred tax assets and liabilities by type

	31/12/2012	Impact on income	Exchange rate movements	Differences in the consolidation scope	Other	31/12/2013
Tax effect of temporary differences related to:						
- Financial instruments	180	0	0	-128	-51	0
- Fixed assets	-29	75	0	-29	0	17
- Regulated provisions	0	0	0	0	0	0
- Retirement commitments	82	-4	0	0	0	77
- Contribution on Value-Added	-85	11	0	56	0	-19
- Tax losses	846	76	-11	-612	0	300
- Other temporary differences	1,408	-39	0	0	0	1,369
- Other consolidation adjustments	95	-188	0	178	0	86
Total	**2,497**	**-70**	**-11**	**-535**	**-51**	**1,830**

6.11.3. Maturity of deferred taxes

	31/12/2013	Less than 1 year	Over 1 year
Tax effect of temporary differences related to:			
- Financial instruments	0	0	0
- Fixed assets	17	-71	88
- Regulated provisions	0	0	0
- Retirement commitments	77	0	77
- Contribution on Value-Added	-19	-5	-14
- Tax losses	300	0	300
- Other temporary differences	1,369	1,362	7
- Other consolidation adjustments	86	1	85
Total	**1,830**	**1,287**	**543**

Deferred tax assets recognised against tax losses carried forward were reviewed on a case-by-case basis, depending on the collectability assumptions used by the fiscal entity concerned. Capitalised tax losses usable over a period of more than one year amounted to €300,000 and concerned Inertam.

Assets held by French companies were tested according to the capping rules applicable to the deduction of losses, as introduced by the 2012 Finance Act. No. additional deferred tax assets on tax losses were recognised in 2013.

6.11.4. Unrecognised deferred tax

Unrecognised or impaired deferred tax assets mainly relate to future tax savings from the use of tax losses that may be carried forward, their recovery not being considered likely in the short or medium term:

- at 31/12/2013, Europlasma had a tax loss carryforward corresponding to a non-capitalised or impaired deferred tax asset of €4,869,000;
- at 31/12/2013, Inertam had a tax loss carryforward corresponding to a non-capitalised or impaired deferred tax asset of €1,845,000;
- at 31/12/2013, CHOP had a tax loss carryforward corresponding to a non-capitalised or impaired deferred tax asset of €5,402,000;
- at 31/12/2013, CHOPEX had a tax loss carryforward corresponding to a non-capitalised deferred tax asset of €158,000; and
- at 31/12/2013, FIG had a tax loss carryforward corresponding to a non-capitalised deferred tax asset of €132,000.

6.12. EQUITY

6.12.1. Composition of the share capital

At 31/12/2013, the share capital of Europlasma consisted of 15,764,735 shares with a par value of €0.10 each:

	31/12/2013	31/12/2012	Change
Number of ordinary shares	15,764,735	13,532,235	2,232,500
Number of preferred shares	0	2,205,000	-2,205,000
Closing number of shares	**15,764,735**	**15,737,235**	**27,500**

	31/12/2013	31/12/2012	Change
Average number of shares	**15,745,071**	**15,705,287**	**-39,783**

In the 2013 financial year,

- 27,500 ordinary shares were issued as part of the free share allocation;
- The 2,205,000 preferred shares outstanding at the end of 2012 were converted into ordinary shares in 2013: 125,000 preferred shares were converted into ordinary shares in the first half of 2013 at the request of their holder and the remaining preferred shares were automatically converted on 02/09/2013 at the end of a three-year period.

6.12.2. Own shares

	31/12/2013	31/12/2012	Change
Number of treasury shares held (shares)	56,288	56,909	-621
Valuation (€'000s)	40	85	-45
Amount of liquidity agreement cash	100	54	46

6.12.3. Diluted shares

	31/12/2013	31/12/2012	Change
Average number of shares	**15,745,071**	**15,705,287**	**39,783**
Diluted number of shares			
- BSA warrants			
- Unvested free shares	308,250	402,912	-94,662
Average number of diluted shares	**16,053,321**	**16,108,199**	**-54,879**
Dilution rate	2.0%	2.6%	

Unvested free shares

See note 6.12.5. Share-based payments below.

6.12.4. Non-controlling interests

	31/12/2012	Distributions	Net income	Translation differences	Change in consolidation scope	31/12/2013
AMCEC	-764	0	-242	-35	1,040	0
Amplast	-66	0	17	-3	52	0
ATS	-111	0	0	0	111	0
Europe Environnement	-2,072	0	-1,011	1	3,082	0
FIG	5,040	0	-101	0	-4,192	748
Ventacid Hungary	106	0	-27	11	-89	0
Total	**2,133**	**0**	**-1,364**	**-26**	**5**	**748**

6.12.5. Share-based payments

The Group has set up free share allocation schemes for its employees and corporate officers.
The free allocation of shares is only final at the end of a vesting period of: two years for French tax residents and four years for non-French tax residents. During this period, the beneficiaries do not own the shares allocated to them, and the rights resulting from this allocation are non-transferable. At the end of this period, the new shares will be finally allocated to their beneficiaries, but will remain non-transferable for French tax residents, who will have to retain them for a minimum period of two years (period referred to as the retention period).

Below is a summary of the changes in the number of shares still vesting in 2013:

	Unvested shares at 31/12/2012	Permanently allocated shares	New share allocations	Shares forfeited	Unvested shares at 31/12/2013
Number of shares	402,912	-35,500	75,000	-134,162	308,250

Amounts recognised under free share allocations (in €'000)	In equity at 31/12/2012	Changes 2013	In equity at 31/12/2013
In income and retained earnings	-772	-163	-936
In reserves	772	163	936

The shares allocated are valued by the Board of Directors at their market price on the allocation date, weighted according to the likelihood of actual allocation of the shares, and the expense is spread over the vesting period.
Therefore, the 75,000 shares allocated in 2013 were valued at an average price of €0.75 per share before the likelihood of their actual payment was determined.
Unvested shares at the closing date were valued at an average price of €1.43.

NOTE 7. NOTES TO THE CONSOLIDATED INCOME STATEMENT

7.1. REVENUE

	2013	2012	*of which continuing operations*
Production of goods sold	3,103	5,337	*4,737*
Production of services sold	9,469	29,998	*6,511*
Sales of goods	0	3	*3*
Total	**12,572**	**35,338**	***11,251***

	2013	2012	*of which continuing operations*
Europe	12,085	31,242	*10,818*
Americas	0	2,378	*0*
Asia	486	860	*433*
Africa	0	828	*0*
Pacific	0	30	*0*
Total	**12,572**	**35,338**	***11,251***

Group revenue was down 64% to €12.6 million in 2013, primarily due to the recognition in 2013 of the Europe Environnement subgroup according to IFRS 5. On a same scope basis, this was an increase of €1.3 million, or 12%, mainly due to the performance of Inertam, which reported growth in revenue of €2.9 million.

7.2. OTHER OPERATING INCOME

	2013	2012	*of which continuing operations*
Capitalised production	3,042	6,692	*6,692*
Stored production	-245	193	*312*
Subsidies	1,150	1,089	*1,012*
Other income	414	57	*0*
Reallocation of operating expenses	509	139	*80*
Total	**4,870**	**8,171**	***8,097***

Other income primarily consists of:
- capitalised production, corresponding mainly to buildings at the Morcenx site (€346,000), KiWi test programmes and other R&D projects (€542,000) and the refurbishment of the asbestos treatment furnace (€2,149,000);
- subsidies granted as part of the Morcenx project, and the IFRS treatment of the Research Tax Credit:
- €412,000 invoiced for services rendered to the subsidiary Europe Environnement, sold in December 2013. Due to the treatment of the Europe Environnement subgroup in accordance with IFRS 5, intergroup flows are not eliminated.

7.3. PURCHASES CONSUMED AND EXTERNAL EXPENSES

7.3.1. Purchases consumed

	2013	2012	*of which continuing operations*
Purchase of raw materials, consumables and other supplies	-678	-6,775	*-727*
Change in inventory of raw materials, consumables and other supplies	-146	15	*100*
Changes in goods for resale inventories	0	0	*0*
Other purchases	-9,027	-19,639	*-16,522*
Purchase of goods	-15	0	*0*
Total	**-9,867**	**-26,399**	***-17,149***

7.3.2. External expenses

	2013	2012	*of which continuing operations*
Rentals and rental expenses	-728	-1,426	*-689*
Remuneration of intermediaries & fees	-1,382	-1,457	*-892*
Other external expenses	-3,430	-7,476	*-3,581*
Total	**-5,540**	**-10,359**	***-5,162***

7.4. AVERAGE WORKFORCE AND PERSONNEL EXPENSES

7.4.1. Average workforce by employee category

Workforce in average FTE*	31/12/2013	*of which continuing operations*	31/12/2012	*of which continuing operations*
Managers	80	*32*	93	*34*
Supervisors and technicians	29	*29*	29	*29*
Employees	71	*20*	79	*21*
Workers	53	*0*	57	*0*
Temporary staff	1	*1*	2	*2*
Total	**234**	**82**	**260**	***87***

* excluding apprentices and corporate officers

7.4.2. Personnel expenses

	2013	2012	*of which continuing operations*
Employee remuneration	-3,548	-9,263	*-4,151*
Social security and contingency expenses	-1,590	-3,973	*-1,960*
Other personnel expenses	-308	-355	*-284*
Employee profit-sharing	0	0	*0*
Total	**-5,445**	**-13,591**	***-6,395***

7.5. DEPRECIATION, AMORTISATION, IMPAIRMENT AND PROVISIONS

	2013	2012	*of which continuing operations*
Net depreciation and impairment of property, plant and equipment	-3,532	-2,863	*-2,101*
Net amortisation and impairment of intangible assets	-466	-542	*-502*
Net operating provisions	-82	-443	*-505*
Net contributions to pension commitments	-52	-133	*-54*
Net impairment of current assets	-15	-56	*-53*
Total	**-4,146**	**-4,038**	***-3,215***

7.6. OTHER OPERATING EXPENSES

	2013	2012	*of which continuing operations*
Other expenses	-274	-1,894	*-1,733*

Other expenses in 2012 mainly consisted of compensation paid under the CHO Morcenx EPC contract due to the postponement of the plant Takeover Date (TOD).

7.7. OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

	2013	2012	*of which continuing operations*
Capital gains or losses on asset retirement	-38	-145	*-145*
Other non-recurring expenses	-1,083	-150	*-92*
Other non-recurring income	210	73	*87*
Total	**-910**	**-222**	***-150***

Other non-recurring expenses mainly include costs linked to the difficulties encountered in 2013 and the restructuring measures put in place, namely:

- costs linked to the departure of the former Managing director of €422,000; and
- fees associated with the conciliation procedure for €379,000.

7.8 FINANCIAL INCOME

	2013	2012	*of which continuing operations*
Income from cash and cash equivalents	62	78	*78*
Cost of gross financial debt	-851	-645	*-236*
Cost of net financial debt	**-788**	**-567**	***-158***
Foreign exchange gains and losses	-5	-2	*-2*
Dividends	0	0	*0*
Net impairment of financial assets	-123	-3,748	*-3,748*
Other financial expense	-22	-42	*-6*
Other financial income	39	31	*26*
Total	**-899**	**-4,327**	***-3,888***

The impairment of financial assets in 2012 primarily concerned the escrow account pledged as security for the construction of the CHO Morcenx plant.
The increase in the cost of gross financial debt is mainly due to the funding obtained in December 2012 and July 2013 of close to €7 million.

7.9. Taxes payable and deferred taxes

7.9.1. Breakdown between deferred taxes and taxes payable

	2013	2012	*of which continuing operations*
Deferred taxes	-76	1,054	*691*
Tax payable	-76	-256	*-76*
Tax income or expense relating to tax consolidation	0	16	*0*
Carry-back	0	0	*0*
Total	**-152**	**814**	***614***

7.9.2. Tax controls

	2013	2012
Net income (100%)	-13,061	-21,152
Income tax expense	-152	814
Net taxable income	-12,909	-21,966
Standard tax rate	*33.33%*	*33.33%*
Theoretical tax expense (A)	**4,303**	**7,322**
Temporary differences	6	35
Permanent Contribution on Value-Added difference	-60	-191
Other permanent differences (excl. income taxed at a reduced rate)	551	136
Impact of social security and/or tax imbalances (B)	**497**	**-20**
Impact of consolidation entries (C)	**1,415**	**-1,102**
Tax on dividend distributions	0	0
Tax at a reduced and/or different rate	-2,807	14
Use of tax losses carried forward	0	0
Tax credit and other adjustments	0	-5
Tax losses created in the period	-3,562	-5,185
Capitalisation of tax-loss carry-forwards	0	291
Cap on deferred taxes	0	-504
Impact of specific tax positions (D)	**-6,368**	**-5,388**
Impact of change in tax rate (accrual method) (E)	**0**	**0**
Actual theoretical tax expense [A+B+C+D+E]	**-152**	**814**
Actual tax expense recognised	**-152**	**814**

NOTE 8. OFF-BALANCE SHEET COMMITMENTS

The Group has received no significant off-balance-sheet commitments.
The commitments given are as follows:

	31/12/2013	31/12/2012
Financial assets pledged as loan guarantees	17,229	15,672
Property lease and mortgages	6,343	12,706
Commitments relating to fixed asset purchases	-	903
Guarantees, endorsements, and sureties granted in the course of business	11,908	15,035
TOTAL	**35,480**	**44,316**

We recommend re-reading note 1. Significant events during the period after the current note 8. for a complete description of the Group's off-balance sheet commitments based on the finance agreements signed in July 2013.

8.1. COMMITMENTS GIVEN IN RELATION TO THE CONSTRUCTION OF THE CHO MORCENX PLANT

The following commitments correspond to the commitments given under the EPC (Engineering, Procurement and Construction) contract for the CHO Morcenx plant, the mortgage agreement for the buildings at the CHO Morcenx plant and drying kiln, and commitments given in relation to the additional funding arranged in late 2012 and mid-2013 to cover the delays in the provisional technical delivery of the plant (Takeover Date).

	31/12/2013	31/12/2012
Financial assets pledged as loan guarantees	16,529	12,572
Property finance lease and mortgages	6,343	6,021
Commitments relating to fixed asset purchases		
Guarantees, endorsements, and sureties granted in the course of business	10,000	10,000
TOTAL	**32,872**	**28,593**

Commitments given mainly result from:

- loans arranged at the end of 2012, of which €0.7 million is guaranteed by a standalone guarantee and accounts receivable pledge (guarantees given on the residual balance of the €2 million advance granted by CHO Morcenx in December 2012) and €2.1 million by Inertam securities (guarantee given on the loan principal of €2 million granted by Crédit Suisse Europlasma SPV in December 2012);
- the pledge of CHO Morcenx shares and warrants at their gross value of €7.8 million as security for the €26 million loan, repayable in the summer of 2015, granted by the financial partner of the CHO Morcenx project to the company CHO Morcenx to finance the technical facilities of the plant built by CHO Power;
- the performance guarantee for the CHO Morcenx EPC contract for a total of €10 million, including €2.5 million through a standalone guarantee and €7.5 million through the pledging of an escrow account called by CHO Morcenx in late 2012, recoverable by the Group in 2015 subject to certain conditions;
- the securities account (€1.2 million) and financed assets (€6 million), pledged as collateral for the loan taken out to finance the CHO Morcenx plant building;
- the *pari passu* loan for €4.6 million granted to CHO Power SAS in July 2013 by CHO Morcenx and Crédit Suisse Europlasma SPV. The guarantees associated with this loan are as follows:
    - o Inertam securities pledge,
    - o pledge of a CHO Power preferred share conferring rights over changes in governance of CHO Power,

- o FIG securities pledge,
- o Standalone guarantee.

Moreover, one of the two preferred shares in CHO Power held by the Group was pledged in favour of CHO Morcenx as part of the €2 million advance granted by CHO Morcenx in late 2012. Were it to be transferred to the beneficiary of the pledge, this preferred share would give the latter rights over changes in governance of CHO Power.

8.2. OTHER COMMITMENTS GIVEN

	31/12/2013	31/12/2012
Financial assets pledged as loan guarantees	700	3,100
Property lease and mortgages		6,685
Commitments relating to fixed asset purchases	-	903
Guarantees, endorsements, and sureties granted in the course of business	1,908	5,035
TOTAL	**2,608**	**15,723**

In 2012, of the total amount of €15,723,000, €12,766,000 concerned the Europe Environnement subgroup, sold as of 31 December 2013.

Off-balance sheet commitments consist primarily of:
- the commitment to clean up the hazardous waste treatment site upon its closure for €1 million;
- sales commitments given to customers for €881,000;
- The Asset and Liability Guarantee granted by FIG in connection with the sale of the Europe Environnement subgroup. FIG has agreed to indemnify CMI or Europe Environnement, at CMI's discretion:
  - o for any loss incurred,
  - o for any obligation, debt or other liability,
  - o for any asset impairment.

  This guarantee, which is valid until 2018, is capped at €700,000, except as regards share ownership, for which the amount of the guarantee is capped at the sale price. The guarantee may be deducted from the final payment instalment of €700,000 due in 2018.

NOTE 9. SEGMENT REPORTING

31/12/2013	Holding Company, R&D, Engineering and Torches	Hazardous waste	Renewable Energy	Air and Gas	Total
Goodwill	0	2,615	0	8	2,624
Other intangible assets	920	21	497	0	1,438
Property, plant and equipment	10,336	5,530	71	0	15,937
Other non-current assets	1,288	732	9,003	576	11,599
Cash and cash equivalent	311	880	742	45	1,978
Financial liabilities	7,386	2,698	7,661	0	17,746
Total assets	16,512	13,739	16,326	1,713	48,290
Revenue	1,613	9,175	1,784	0	12,572
Operating income	-1,950	-767	-6,402	-17	-9,135
EBITDA	-441	1,545	-6,331	-113	-5,341
Net increase in depreciation, amortisation, and impairment	-1,509	-2,311	-422	96	-4,146

31/12/2012	Holding Company, R&D, Engineering and Torches	Hazardous waste	Renewable Energy	Air and Gas	Total
Goodwill	0	2,615	0	5,256	7,872
Other intangible assets	496	21	805	35	1,357
Property, plant and equipment	11,216	5,776	2	7,387	24,380
Other non-current assets	1,273	738	9,490	944	12,446
Cash and cash equivalent	1,715	786	300	1,254	4,055
Financial liabilities	9,321	2,673	1,622	9,940	23,556
Total assets*	18,450	14,328	17,162	23,056	72,996
Revenue	2,457	6,250	2,544	24,087	35,338
Operating income	-647	-3,180	-14,165	-222	-18,215
EBITDA	179	-1,481	-8,973	1,071	-9,204
Net increase in depreciation, amortisation, and impairment	-826	-1,699	-743	-770	-4,038

** The distribution of total assets by segment has been revised from the segment reporting contained in the 2012 financial statements.*

NOTE 10. DISCONTINUED OPERATIONS

10.1. DESCRIPTION OF DISCONTINUED OPERATIONS

Europe Environnement, 99.4% owned by Financière GEE SAS (FIG), was sold to the CMI Group on 16 December 2013. The FIG/Europe Environnement subgroup, which is the Group's Air & Gas business segment, was recognised under assets held for sale for the first time in the financial statements to 30 June 2013, the Executive Committee of FIG having decided to sell the subgroup on 28 March 2013.
The transaction is in line with the Group's strategy of refocusing on its core business and allows the Group to benefit from additional liquidity.

Discontinued operations include all assets and liabilities of the following companies:

- Europe Environnement SA;
- Amcec Inc;
- Amplast Corp;
- Ventacid Hungaria Kft;
- RHE America LLC.

The Europlasma Group owns 50.22% of FIG, which in turn held 99.40% of the shares of Europe Environnement. There were no other non-controlling interests for subsidiaries of Europe Environnement.

10.2. IMPACT ON THE FINANCIAL STATEMENTS AT 31/12/2013

10.2.1. Evaluation of discontinued operations

In accordance with IFRS 5.30, the Group presented on a line of the income statement net income from discontinued operations, minus the impairment loss recognised at 30 June 2013 relating to the fair value measurement of activities held for sale, plus net income on disposal.

In accordance with IFRS 5.25, the Group ceased depreciating depreciable assets included in activities held for sale. This led to the cancellation in the consolidated financial statements of appropriations totalling €768,000, corresponding to the period from the decision to sell the subgroup (28 March 2013) to the actual sale of the subgroup (16 December 2013).

In the interim financial statements to 30 June 2013, in accordance with IFRS 5.15, the net value of all discontinued operations had been measured at fair value, considered as the expected selling price less costs to sell. As such, an impairment loss of €2,651,000 was recognised in view of the offers received after the interim reporting date. This impairment loss was deducted from the goodwill of Europe Environnement and AMCEC in proportion to their respective values at 30/06/2013.

In the 2013 annual consolidated financial statements, the transaction, finalised on 16 December 2013 for a total of €3.5 million, generated a loss of €2.5 million on discontinued operations.

Moreover, income statement items are presented after elimination of intercompany flows but before elimination of intergroup flows: only the amount of €412,000 invoiced by FIG to Europe Environnement has not been eliminated. This invoiced amount is presented:

- on the line "Other operating income", for the income recognised by FIG; and
- on the line "Net income from discontinued operations", for the expense recognised by Europe Environnement.

10.2.2. Breakdown of income from discontinued operations

In €'000s	31/12/2013	31/12/2012
Revenue	21,158	24,087
Other operating income	-370	-692
Purchases consumed	-8,562	-9,250
External expenses	-4,103	-5,197
Personnel expenses	-6,745	-7,195
Other operating expenses	-144	-161
Taxes	-282	-456
Depreciation and amortisation, impairment, and provisions	-159	-823
Current operating income	**791**	**313**
Impairment of goodwill and investments in associates	-2,644	-522
Other non-recurring operating income and expenses	-538	-71
Operating income	**-2,391**	**-280**
Income from cash and cash equivalents	6	0
Cost of gross financial debt	-299	-409
Cost of net financial debt	**-293**	**-409**
Other financial income	1	5
Other financial expense	-57	-36
Financial income	**-349**	**-439**
Income tax	-87	199
Net income from consolidated companies	**-2,827**	**-520**
Share of net income from associates	0	2
Gains on disposals	304	0
Net income for the year	**-2,523**	**-519**
Non-controlling interests	1,364	261
Net income (Group share)	**-1,159**	**-257**

10.3. PRO FORMA INFORMATION

Since IFRS 5 has a material impact on the presentation of the financial statements, the 2012 pro forma financial statements are presented below. These pro forma statements were prepared under the accounting policies applied to the 2013 consolidated financial statements, and by presenting discontinued operations in 2013 as activities held for sale in 2012.
This pro forma financial information is presented solely to allow a comparison of the 2012 and 2013 financial information. It is purely illustrative and, since it relates to a hypothetical situation, does not represent the actual financial position or results of the Group in 2012.

10.3.1. Pro forma statement of financial position

In €'000s	Notes	31/12/2013	31/12/2012 Actual	Difference	31/12/2012 Pro forma	Difference
Goodwill	6.1	2,624	7,872	-5,248	2,624	0
Other intangible assets	6.2	1,438	1,357	81	1,322	116
Property, plant and equipment	6.3	15,937	24,380	-8,444	16,994	-1,057
Investment properties		0	0	0	0	0
Investment in associates	6.4	3,677	4,041	-364	4,029	-352
Other non-current financial assets	6.6	5,731	5,402	329	5,136	595
Deferred tax assets	6.11	2,191	3,003	-812	2,338	-147
Non-current assets		**31,597**	**46,055**	**-14,458**	**32,442**	**-844**
Inventories and work-in-progress	6.5	1,028	2,302	-1,274	1,394	-366
Customer receivables and related accounts	6.6	7,684	13,983	-6,299	7,906	-222
Other operating receivables	6.6	3,116	4,817	-1,701	3,849	-733
Current tax receivables	6.11	57	76	-19	54	3
Other current assets	6.6	2,830	1,709	1,121	1,557	1,273
Cash and cash equivalent	6.6	1,978	4,055	-2,077	2,885	-907
Assets from activities held for sale	10	0	0	0	22,910	-22,910
Current assets		**16,693**	**26,941**	**-10,248**	**40,555**	**-23,862**
Assets		**48,290**	**72,996**	**-24,705**	**72,996**	**-24,706**
Capital		1,576	15,737	-14,161	15,737	-14,161
Additional paid-in capital		14,729	34,658	-19,929	34,658	-19,929
Reserves and retained earnings		-2,235	-15,697	13,462	-15,697	13,462
Income for the financial year		-11,697	-20,891	9,194	-20,891	9,194
Equity attributable to Group shareholders	6.12	2,373	13,808	-10,269	13,808	-10,269
Non-controlling interests		748	2,133	-1,385	2,133	-1,385
Equity	6.12	**3,122**	**15,940**	**-12,818**	**15,940**	**-12,818**
Non-current employee benefits	6.8	257	613	-356	421	-164
Non-current provisions	6.9	0	0	0	0	0
Non-current financial liabilities	6.7	15,935	19,753	-3,818	12,921	3,015
Deferred tax liabilities	6.11	361	506	-145	391	-30
Other non-current liabilities	6.10	1,111	529	582	0	1,111
Non-current liabilities		**17,664**	**21,401**	**-3,737**	**13,733**	**3,931**
Current provisions	6.9	1,061	1,077	-15	807	2,551
Current financial liabilities	6.7	1,810	3,803	-1,992	1,444	367
Trade payables and related accounts	6.10	8,051	10,098	-2,047	6,755	1,296
Current tax payables	6.11	0	0	0	0	0
Other operating payables	6.10	3,554	6,161	-2,606	4,084	-530
Other current liabilities	6.10	13,027	14,517	-1,490	13,302	-275
Liabilities of businesses held for sale	10	0	0	0	16,932	-16,932
Current liabilities		**27,504**	**35,655**	**-8,151**	**43,323**	**-15,819**
Liabilities		**48,290**	**72,996**	**-24,706**	**72,996**	**-24,706**

10.3.2. Pro forma income statement

In €'000s	Notes	31/12/2013	31/12/2012 Actual	Change	31/12/2012 Pro forma	Change
Revenue	7.1	12,572	35,338	-22,766	11,251	1,321
Other operating income	7.2	4,870	8,171	-3,301	8,863	-3,993
Purchases consumed	7.3	-9,867	-26,399	16,532	-17,149	7,282
External expenses	7.3	-5,540	-10,359	4,819	-5,162	-378
Personnel expenses	7.4	-5,445	-13,591	8,145	-6,395	950
Taxes		-394	-825	431	-369	-25
Depreciation and amortisation, impairment, and provisions	7.5	-4,146	-4,038	-109	-3,215	-931
Other operating expenses	7.6	-274	-1,894	1,620	-1,733	1,458
Current operating income		**-8,225**	**-13,596**	**5,371**	**-13,909**	**5,684**
Impairment of goodwill and investments in associates		0	-4,397	-4,397	-3,875	3,875
Other non-recurring operating income and expenses	7.7	-910	-222	-689	-150	-760
Operating income		**-9,135**	**-18,215**	**285**	**-17,934**	**8,799**
Income from cash and cash equivalents		62	78	-16	78	-16
Cost of gross financial debt		-851	-645	-205	-236	-615
Cost of net financial debt		**-788**	**-567**	**-221**	**-158**	**-630**
Other financial income		47	64	-16	59	-11
Other financial expense		-158	-3,824	3,666	-3,788	3,631
Financial income	7.8	**-899**	**-4,327**	**3,429**	**-3,888**	**2,989**
Income tax	7.9	-152	814	-966	614	-767
Net income from consolidated companies		**-10,186**	**-21,728**	**11,542**	**-21,208**	**11,021**
Share of net income from associates	6.4	-352	576	-928	574	-926
Net income from discontinued operations	10	-2,523	0	-2,523	-519	-2,004
Net income for the year		**-13,061**	**-21,152**	**8,091**	**-21,152**	**8,091**
Non-controlling interests	6.12	1,364	261	1,103	261	1,103
Net income (Group share)		**-11,697**	**-20,891**	**9,194**	**-20,891**	**9,194**

10.3.3. Pro forma cash flow statement

In €'000s	31/12/2013	31/12/2012 pro forma	Difference
Net cash flows from operating activities	-2,711	-9,916	7,205
Net cash flows from investing activities	-708	-7,450	6,742
Net cash flows from financing activities	2,596	9,615	-7,018
Impact of exchange rate fluctuations	0	0	0
Change in cash and cash equivalents	**-823**	**-7,751**	**6,929**
Opening cash position	2,796	10,548	-7,752
Closing cash position	1,973	2,796	-823

NOTE 11. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, transactions and balances between related intra-group parties, i.e. fully consolidated subsidiaries, are eliminated during the preparation of the consolidated financial statements.

Transactions and balances with associates listed in the consolidated financial statements were as follows:

	2013	2012	*of which continuing operations*
Sales	1,737	2,863	*2,543*
Purchases	1,278	1,665	*1,657*
Receivables against associates	3,950	11,510	*4,010*
Payables against associates	6,364	2,321	*2,312*
Guarantees given to associates	20,778	11,622	*11,622*
Guarantees received from associates			

In addition to the above transactions, the reference shareholder Crédit Suisse Europlasma SPV LLC has granted the Group several loans subject to specific guarantees (see note 8 on off-balance sheet commitments).

NOTE 12. REMUNERATION OF MEMBERS OF THE ADMINISTRATIVE AND EXECUTIVE BODIES

The remuneration paid to members of the administrative and executive bodies during 2013 was as follows:

Administrative bodies excluding Management	**Amounts paid in 2013**	**Amounts paid in 2012**
Attendance fees	15	40
Other remuneration amounts	28	13
Total	43	53

Management	**Amounts paid in 2013**	**Amounts paid in 2012**
Short-term employee benefits	425	604
Post-employment benefits	64	0
Other long-term benefits:	0	0
Termination benefits	330	0
Executive severance benefits	144	0
Share-based payment	44	115
Total	1,007	719

Termination and executive severance benefits correspond to benefits paid to the former Managing director, Didier Pineau, and to the former Deputy managing director, Jean-Claude Rebischung.

In addition, there were no specific commitments in terms of pensions and similar allowances, aside from the provision for retirement benefits provisioned in the Group's financial statements.

No advance or loan was granted to members of the administrative and executive bodies.

NOTE 13. STATUTORY AUDITORS' FEES

The Statutory Auditors' fees shown in the consolidated income statement, including expenses, amounted to:

	For statutory audit	For directly related due diligence	2012	For statutory audit	For directly related due diligence	2013
Inertam	28		28	26	0	26
Europlasma	95	48	143	135	52	187
Financière GEE	6		6	6	0	6
CHO Power	16	11	27	53	0	53
Europe Environnement	40		40	43	0	43
Ventacid Hungary	2		2	2	0	2
Total	**188**	**59**	**247**	**265**	**52**	**317**

NOTE 14. EVENTS AFTER THE BALANCE SHEET DATE

Changes in governance

Appointment of Jean-Eric Petit to the Group's General Management

At its meeting on 23 December 2013, the Board of Directors appointed Jean-Eric Petit to succeed François Marchal as Managing director of the Europlasma Group, effective 6 January 2014.

Jean-Eric Petit also succeeded François Marchal as Managing Director of CHO Power, Chairman of Inertam, Chairman of CHOPEX and manager of SC Immobilière de Gazéification.

Changes within the Board of Directors

At the meeting of the Board of Directors on 28 January 2014, Jean-Claude Rebischung, who had served on Europlasma's Board since 2006, resigned from office. Following this resignation, the Board decided to co-opt Jean-Eric Petit to the Board effective from the same date and for the remaining term of office of Mr Rebischung, i.e. until the close of the annual general meeting held to approve the financial statements for the year ending 31 December 2017.

In addition, following the sale by Crédit Suisse of its "Customized Fund Investment Group" (CFIG) business to Grosvenor Capital Management LP, announced in January, the equity stake held by Crédit Suisse Europlasma SPV in Europlasma was restructured on 12 April 2014. Accordingly, the company DLJ MB Advisors, represented by Roger Ammoun, resigned from the Board with effect from 31 March 2014. At its meeting on 1 April 2014, the Board of Directors decided to co-opt, as a replacement for DLJ MB Advisors, the company Crédit Suisse Asset Management, represented by Henri Arif, for the remaining term of office of its predecessor, i.e. until the close of the annual general meeting held to approve the financial statements for the year ending 31 December 2018.

Both co-options will be presented at the next general meeting for ratification by the shareholders.

Provisional technical delivery of the CHO Morcenx plant

The CHO Morcenx plant came online again in early 2014, once the new gasifier had been built and connected to the rest of the facility. However, minor incidents affecting some of the auxiliary equipment caused further delays to the preliminary technical delivery of the plant (the Takeover Date, or TOD), which was scheduled for 28 February 2014. This finally took place on 13 June 2014 (see note 14.2 below).

Funding

In 2013, the Group identified funding requirements of around €6 million to be met in 2014 to cover the start-up of the CHO Morcenx plant and its ramp-up period, following the preliminary technical delivery then scheduled for 28 February 2014. This funding requirement had to be covered in two stages, the first before the TOD, and the second after the TOD. The first stage of this funding was completed successfully during the capital increase with preferential subscription rights in February 2014. However, the second stage was postponed in view of the further delay in the TOD, which was finally confirmed on 13 June 2014. The latter delay, which prevented the preparation and implementation of the second round of fund-raising originally expected in the spring of 2014, also had the effect of increasing cash flow requirements in the first half of 2014. This led the Group to suspend trading in its shares on 1 April 2014 and to negotiate further financial assistance from its main financial partners and additional deferments from its other partners.

Capital increase with preferential subscription rights of February 2014
A capital increase with preferential subscription rights was launched on 6 January 2014. After a four-day extension of the subscription period, the closing date of which was originally scheduled for 20 January 2014, the Board of Directors decided to exercise its extension option on 15% of the amount of the initial issue to meet the surplus demand. Therefore, the amount of the transaction, which was initially supposed to be €3,783,536, was increased following the exercise of the extension clause to €4,351,067, with 7,251,778 new ordinary shares being issued in total. The principal shareholder, Crédit Suisse Europlasma SPV LLC, participated in the capital increase by converting a portion of its debt claim into 1,305,892 new shares worth €783,535.

Additional bridging loans granted by the Group's reference shareholder and CHO Morcenx in May 2014

At its meeting on 16 April 2014, the Board of Directors approved the terms of the new pari passu loan granted by the reference shareholder Crédit Suisse Europlasma SPV LLC (CSE) and the company CHO Morcenx.

The €2.8 million loan was intended to supplement the financial assistance (debt rescheduling) granted by the State and by some other key partners of the Group to cover cash flow requirements between April and July 2014. The loan is repayable no later than May 2015, in cash or by conversion into Europlasma shares or CHO Power shares, if the lenders should so request it, subject to the prior approval of the Annual General Meeting (AGM) of the shareholders concerning the conversion into Europlasma shares.

The conversion into CHO Power shares would take place at the subscription price of any fund-raising carried out, where applicable, in the three months prior to the requested conversion date. Otherwise, the conversion would be based on a market value to be agreed between Europlasma and the lender concerned or, in the absence of agreement on this market value, based on the valuation of an independent expert appointed by the two parties.

The conversion into Europlasma shares would take place at the same price as the exercise price of €0.80 set by the Board of Directors for the capital increase with preferential subscription rights planned for September 2014. The conversion option would be limited to a period of three months from the authorisation by the AGM. If the AGM rejected the resolution to authorise the conversion, an additional 10% interest would be charged if a conversion request had been issued on Europlasma shares.

If the AGM authorises the conversion of the bridging loans granted to the Group since 1 January 2013 into Europlasma shares as part of the September 2014 capital increase, the lenders' conversion plans would help to underwrite 75% of the transaction.

This loan also includes mandatory acceleration clauses based on the occurrence of certain events, including a minimum amount raised in cash as part of the capital increase planned for September 2014, the repayment by CHO Morcenx of the €7.5 million pledged by the Group as collateral for the EPC (Engineering, Procurement and Construction) contract for the plant, or the sale of assets.

The collateral on this loan is in the form of a joint guarantee from Europlasma.

Furthermore, this loan is accompanied by a clause requiring Europlasma share warrants (BSA) to be issued at a token price of €0.01 subject to prior authorisation from the AGM. The number of warrants issued would depend on the ratio between 20% of the loan amount at the date of issue of the warrants and €0.80, the subscription price set by the Board of Directors for the capital increase planned for September 2014. These warrants could be exercised over a period of five years at an exercise price equal to the subscription price of the capital increase.

If the AGM rejects the resolutions submitted to it for issuing these warrants, the parties will use their best efforts to find an alternative solution.

This new funding underscores the confidence of the reference shareholder and financial partner in the Group's ability to operate the CHO Morcenx plant at its maximum operating capacity.

Additional funding currently in the pipeline

As described in note 2.1.2. Going concern basis, the Group still faces significant short-term cash flow requirements to ensure its long-term survival.

€3 million in funding to cover the Group's requirements until September 2014 is currently under discussion with potential lenders, including CHO Morcenx.

Moreover, Europlasma is planning a major capital increase with preferential subscription rights, which it intends to launch in September 2014. The aim of this transaction is to:
i) clear the Group's current debt by repaying and/or converting the bridging loans granted by its main financial partners since late 2012;
ii) finance the reinvestment in the CHO Morcenx plant needed to improve its performance and provide working capital during the ramp-up period;
ii) secure the Group's recovery and enable it to leverage the growth opportunities on offer within each of its business segments; and

iv) finance the share of the Group's investment in the next CHO Power plant by the end of 2015 based on the provisional roll-out schedule.
The proposed transaction is subject to obtaining approval from the French Financial Markets Authority (AMF).

Following the capital increase, the Group intends to proceed with the free allocation of redeemable share warrants (BSAR) to all new and existing shareholders.

14.1. 1.1 RESEARCH AND ENGINEERING, TORCHES AND PROCESSES

KNPP contract (Kozloduy Nuclear Power Plant)
The construction schedule for the building intended to house the vitrification unit for low-level radioactive waste supplied by Europlasma has been modified by the customer, following decisions issued by the Bulgarian government. The new provisional schedule sent by the customer involves the installation of equipment in mid-2015. The vitrification unit, which successfully completed its factory acceptance in Morcenx during the summer of 2013, was shipped to the Bulgarian site in late 2013. It will be reassembled and brought online at the nuclear power plant in the autumn of 2015.

Business development
Following a recent marketing and sales drive, Europlasma was commissioned to produce three studies in the first half of 2014, emphasising the relevance of Europlasma technology in industries as diverse as steelmaking, biofuel production and waste neutralisation. One such study was commissioned by a Chinese manufacturer.

KIWI R&D programme
The ninth and last test programme was completed successfully in February 2014, validating the concept of thermal cracking by the Turboplasma® reactor of tar contained in the syngas produced by the fluidized bed gasifier supplied by Kobe Steel Group (KES), the Group's partner.
The development partnership agreement between Europlasma and KES expired at the end of March 2014. The terms of its possible renewal are currently under discussion.

14.2. RENEWABLE ENERGY

Preliminary delivery of the CHO Morcenx plant
The provisional technical delivery of the plant (Takeover Date, or TOD) took place on 13 June 2014 following the agreed performance tests. Since these were scaled back compared with the original contractual requirements, the plant's ramp-up period includes a process improvement plan, entailing an additional investment of around €1 million, and new technical milestones to validate the improvements made.
The final delivery of the plant (Final Acceptance Date, or FAD) is scheduled for the first half of 2015.

Business development
The development of new plant projects continues, dictated by market expectations of when the Morcenx plant will come back online.
In France, studies are under way that should enable comprehensive permit applications to be filed for several projects in the second half of 2014. Although the project roll-out strategy relies on a network of developer partners, the proposed structure of these projects are of the "BOO" (Build, Own, Operate) variety, in which the plant will be built by CHO Power and operated by CHOPEX.
The Canadian developer Fourth State Energy has selected CHO Power technology for its plant projects, especially in Nova Scotia. A preliminary design was submitted to it in early 2014, while the detailed design is expected to follow shortly.
More broadly, CHO Power responds to enquiries by offering preliminary design studies: several such proposals have been made in different countries, which should yield results in the coming months.
CHO Power has joined the industry body Club Pyro-gazéification, mainly to help improve the regulatory framework: with the new technology often still classed as incineration by legislators, the current framework is inadequate.

Funding

The main funding arranged after the 2013 year-end close is described in note 14 above. The loans granted to Europlasma by Crédit Suisse Europlasma SPV and CHO Morcenx were primarily used for the Renewable Energy business and in particular the CHO Morcenx plant.

14.3. HAZARDOUS WASTE

Production in the first half of 2014 was severely disrupted by problems with torch rectifiers, for years a recurring problem for Inertam. However, renewed efforts by the production and engineering teams meant that normal operation was restored in mid-May, with rectifier capacity close to 100%.
The second scheduled refurbishment of the furnace was completed in June 2014; production resumed in July with good prospects for the second half of 2014 in terms of production quality and volumes.
The overall performance of the decommissioning business, which since September 2013 has involved a new partner, made solid progress, suggesting that the annual targets would be exceeded by a significant margin.

4.2 RAPPORT D'AUDIT DES COMMISSAIRES AUX COMPTES SUR LES COMPTES CONSOLIDES 2013

Rapport des commissaires aux comptes
sur les comptes consolidés

(Exercice clos le 31 décembre 2013)

Aux Actionnaires
EUROPLASMA SA
Zone artinsanale de Cantegrit Est
40110 Morcenx

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2013, sur :

- le contrôle des comptes consolidés de la société EUROPLASMA SA, tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- la vérification spécifique prévue par la loi.

Les comptes consolidés ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I - Opinion sur les comptes consolidés

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes consolidés ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes consolidés. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes consolidés de l'exercice sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière, ainsi que du résultat de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur la situation financière de la société et l'incertitude relative à la continuité d'exploitation exposées dans les notes 2.1.2 « Continuité d'exploitation », 4.2 « Risque de liquidité » ainsi que sur les mesures financières déjà prises et celles envisagées en 2014 telles que décrites dans les notes 1 « Faits caractéristiques de la période » et 14 « Evénements postérieurs à la clôture » des états financiers.

II - Justification des appréciations

En application des dispositions de l'article L. 823-9 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

Estimations comptables

La société procède systématiquement, à chaque clôture, à un test de dépréciation des écarts d'acquisition et des actifs à durée de vie indéfinie et évalue également s'il existe un indice de perte de valeur des actifs à long terme, selon les modalités décrites dans les notes 2.3.9 et 6.1 aux états financiers. Nous avons examiné les modalités de mise en œuvre de ce test de dépréciation ainsi que les prévisions de flux de trésorerie et hypothèses utilisées et nous avons vérifié que les notes 2.3.9 et 6.1 donnent une information appropriée.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes consolidés, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

III - Vérification spécifique

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, à la vérification spécifique prévue par la loi des informations données dans le rapport sur la gestion du groupe.

A l'exception de l'incidence éventuelle des faits exposés dans la première partie de ce rapport, nous n'avons pas d'autres observations à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Fait à Poitiers et Le Tourne, le 8 août 2014

Les commissaires aux comptes

PricewaterhouseCoopers Audit	Deixis
Michel Pasquet	Nicolas De Laage De Meux

5. OTHER INFORMATION

OTHER INFORMATION

5.1 ANNUAL INFORMATION DOCUMENT

5.1.1 PERIODIC INFORMATION

Information published or made public by Europlasma between 1 January and 31 December 2013 is set out below.
Documents relating to the periodic and ongoing information can be consulted on the website www.europlasma.com.

5.1.1.1 Press releases and publications

Date	Document	Purpose
07/01/2013	Press release	Half-yearly summary of the liquidity contract
04/03/2013	Press release	Report on Group business
15/04/2013	Euronext notice	Trading suspended
05/07/2013	Press release	Half-yearly summary of the liquidity contract
11/07/2013	Press release	Report on Group business and its reorganisation
26/09/2013	Press release	Success of the conciliation procedure, new funding and resumption of trading
27/09/2013	Euronext notice	Trading resumed
26/09/2013	Press release	2012 annual consolidated results
31/10/2013	Press release	Consolidated results as at 30 June 2013
07/11/2013	Letter to shareholders	Report on Group business
21/11/2013	Press release	Exclusive negotiations with the CMI Group for the sale of the Air and Gas business
06/12/2013	Letter to shareholders	Progress of work on the CHO Morcenx plant
17/12/2013	Press release	Finalisation of the sale of the Air and Gas business to the CMI Group
19/12/2013	Press release	Appointment of a new Chief Executive Director

5.1.1.2 Information meetings

Date	Event
08/11/2013	General Meeting of Shareholders

5.1.2 ONGOING INFORMATION

5.1.2.1 Financial transaction disclosures

No transactions were disclosed during the 2013 financial year.

However, the following disclosures were made after the balance sheet date:

23/01/2014 – Declaration from Jean-Eric Petit, the Group's Managing Director, relating to the subscription of Europlasma shares totalling €36,922.80.

07/02/2014 – Declaration from Credit Suisse Europlasma SPV LLC (holds 24.3% of the capital following the capital increase launched on 06/01/2014) that it had passed the lower threshold.

24/02/2014 – Declaration from François Marchal, Director, relating to the sale of Europlasma shares for a total of €50,420.

25/02/14 - Declaration from François Marchal, Director, relating to the sale of Europlasma shares for a total of €19,758.27.

5.1.2.2 Information regarding the number of shares and voting rights

Date	Total number of shares making up the capital	Total number of voting rights
31/12/2013	15,764,735	24,430,943
30/11/2013	15,764,735	23,520,550
08/11/2013	15,764,735	23,754,831
30/09/2013	15,764,735	24,005,254
31/08/2013	15,737,235	23,977,977
31/07/2013	15,737,235	23,976,857
30/06/2013	15,737,235	23,973,851
31/05/2013	15,737,235	23,963,177
30/04/2013	15,737,235	24,085,177
31/03/2013	15,737,235	24,025,692
28/02/2013	15,737,235	24,098,447
31/01/2013	15,737,235	24,264,025

5.1.2.3 Information regarding the liquidity agreement

Date	Liquidity provider	Number of shares bought by month	Number of shares sold by month	Total of shares the previous month
31/12/2013	KEPLER	258,555	224,305	22,038
30/11/2013	KEPLER	78,686	146,852	90,204
31/10/2013	KEPLER	85,834	98,516	102,886
30/09/2013	KEPLER	16,668	3,000	92,218
31/08/2013	KEPLER	0	0	92,218
31/07/2013	KEPLER	0	0	92,218
30/06/2013	KEPLER	0	0	92,218
31/05/2013	KEPLER	0	0	92,218
30/04/2013	KEPLER	15,487	8,514	85,245
31/03/2013	KEPLER	49,710	33,294	68,829
28/02/2013	KEPLER	61,613	52,658	59,874
31/01/2013	KEPLER	48,687	45,722	56,909

5.2 INFORMATION REGARDING THE SHARE CAPITAL

5.2.1 INFORMATION REGARDING THE ISSUER

The Company, known as Europlasma SA, was founded on 11 January 1992 and registered with the Bordeaux Trade and Company Registry on 10 February 1992. The Company was incorporated for a term of 99 years, i.e. until 2090, unless extended or dissolved prior to that date. The Company's registered offices were transferred to Morcenx (Landes, France), and the Company has therefore been registered with the Clerk of the Commercial Court of Mont de Marsan (Landes, France) under number B 384 256 095 since 2005.

The Company is a French limited company (Société Anonyme, or SA) incorporated under French law with a Board of Directors, and its operations are subject to Articles L. 225-1 et seq. of the French Commercial Code.

The Company's purpose is to engage in engineering and in the development of industrial processes, together with the manufacturing and sale of industrial equipment, and specifically plasma torches.

5.2.2 DISTRIBUTION OF THE REGISTERED SHARE CAPITAL OVER THE LAST 3 FINANCIAL YEARS

To the Company's knowledge, the registered share capital was distributed as follows over the last 3 financial years:

Shareholders	31/12/2013 Number of shares	capital	voting rights	31/12/2012 Number of shares	capital	voting rights	31/12/2011 Number of shares	capital	voting rights
Crédit Suisse Europlasma SPV LLC	**4,302,218**	**27%**	**37%**	4,302,218	27%	35%	4,302,218	27%	30%
BA B-A	**1,037,186**	**7%**	**5%**	1,003,587	6%	5%	-	-	-
Other institutional investors	**322,538**	**2%**	**3%**	756,924	4%	5%	923,416	6%	7%
Public (registered shares)	**2,967,945**	**19%**	**24%**	2,695,384	17%	21%	2,845,015	18%	25%
Bearer shares	**6,805,292**	**43%**	**29%**	6,831,467	43%	27%	6,382,482	41%	30%
Employees and management	**329,556**	**2%**	**2%**	833,219	5%	6%	788,839	5%	5%
Treasury shares	**56,288**	**0%**	**0%**	56,909	0%	0%	59,729	0%	0%
Total	**15,764,735**	**100%**	**100%**	**15,737,235**	**100%**	**100%**	**15,656,035**	**100%**	**100%**

NB: The Kasbank/AEK, Pictet & Cie lines have been deleted since their respective holdings are not significant (0%).
Instead, the BA B-A (entered in the Nanterre Register of Trade and Companies under number 51 3406058) line has been added given their significant holding since 2012.
The line "of which held by Didier Pineau" has also been deleted since as of 1 July 2013 Mr Pineau is no longer responsible for the Group's management and resigned from his position as Director on 24 June 2013.

Members of the Board of Directors must hold at least one share during their term of office.

As at 31/12/2013, the share capital comprised 15,764,735 ordinary shares. The 2,080,000 preferred shares (with voting rights) held by Crédit Suisse Europlasma SPV LLC were automatically converted into ordinary shares on 2 September 2013 at the end of their three year validity period.

To the Company's knowledge:

- Crédit Suisse Europlasma SPV and B-A BA SAS hold more than 5% of the capital or voting rights;
- there are no concert parties or shareholders' agreements;
- no Europlasma securities have been pledged.

Europlasma is not controlled, as no shareholder:

- holds a majority of the voting rights, whether by virtue of an agreement or not;
- and/or determines decisions at general meetings de facto given the number of voting rights held;
- and/or has a majority of seats on the Board of Directors;
- and/or has the right to appoint and dismiss a majority of the directors.

5.2.3 AUTHORISED CAPITAL NOT ISSUED

Currently valid delegations of powers at the end of the 2013 financial year and at 13.15.2Currently valid delegations of powers3.15.2 Currently valid delegations of powers..

5.2.4 HISTORY OF SHARE CAPITAL

Date	Type of transaction	Share par value	Amount	Number of shares issued	Total number of shares	Total amount of the share capital	Issue premium	Total contributions
11/01/1992	Creation of SARL EUROPLASMA	100 FF	50,000 FF	500	500	50,000 FF	0 FF	50,000 FF
16/01/1993	Capital increase	100 FF	600,000 FF	6,000	6,500	650,000 FF	0 FF	600,000 FF
23/11/1993	Capital increase	100 FF	1,450,000 FF	14,500	21,000	2,100,000 FF	362,500 FF	1,812,500 FF
30/03/1995	Transformation of SARL into SA	100 FF			21,000	2,100,000 FF		
31/07/1995	Capital increase	100 FF	450,000 FF	4,500	25,500	2,550,000 FF	225,000 FF	675,000 FF
27/03/1998	Capital increase	100 FF	637,500 FF	6,375	31,875	3,187,500 FF	1,275,000 FF	1,912,500 FF
24/09/1999	Conversion of share capital into euros and corresponding capital increase	€16			31,875	€510,000	157,880.7 FF	157,880.7 FF
08/06/2001	Reduction of the share par value	€1			510,000	€510,000		
30/06/2001	Conversion of CBs	€1	€96,000	96,000	606,000	€606,000	€360,000	€456,000
20/08/2001	Conversion of CBs	€1	€28,800	28,800	634,800	€634,800	€108,000	€136,800
21/08/2001	Exercise of 1,200 BSPCE (French stock options on company start-ups)	€1	€19,200	19,200	654,000	€654,000	€35,712	€54,912
31/08/2001	Conversion of CBs	€1	€48,000	48,000	702,000	€702,000	€180,000	€228,000
27/09/2001	Capital increase following the Company's listing on the French Stock Market	€1	€218,000	218,000	920,000	€920,000	€2,834,000	€3,052,000
06/06/2002	Exercise of BSPCEs	€1	€78,400	78,400	998,400	€998,400		
27/03/2003	Exercise of BSPCEs	€1	€9,600	9,600	1,008,000	€1,008,000		
17/05/2005	Exercise of equity warrants	€1	€6,334,640	6,334,640	7,342,640	€7,342,640	€19,738,794	€26,073,434
05/01/2006	Exercise of equity warrants in A	€1	€200,000	200,000	7,542,640	€7,542,640	€264,399.89	€464,399.89
02/02/2006	Exercise of equity warrants in A	€1	€203,000	203,000	7,745,640	€7,745,640	€268,365.89	€471,365.89
09/02/2006	Exercise of equity warrants in B	€1	€317,974	317,974	8,063,614	€8,063,614	€420,361.60	€738,335.60
17/02/2006	Exercise of equity warrants in A	€1	€384,640	384,640	8,448,254	€8,448,254	€508,493.86	€893,133.86
31/03/2006	Exercise of equity warrants in A	€1	€72,082	72,082	8,520,336	€8,520,336	€95,292.36	€167,374.36

Date	Type of transaction	Share par value	Amount	Number of shares issued	Total number of shares	Total amount of the share capital	Issue premium	Total contributions
31/03/2006	Exercise of equity warrants in B	€1	€46,082	46,082	8,566,418	€8,566,418	€60,920.40	€107,002.40
31/03/2006	Exercise of equity warrants in C	€1	€333,334	333,334	8,899,752	€8,899,752	€440,668	€774,002
18/05/2006	Exercise of equity warrants in compartment B	€1	€227,500	227,500	9,127,252	€9,127,252	€807,625	€1,035,125
22/10/2007	Issue of ABSAs (shares with warrants attached)	€1	€2,000,000	2,000,000	11,127,252	€11,127,252	€9,000,000	€11,000,000
12/12/2007	Exercise of equity warrants	€1	€2,500	2,500	11,129,252	€11,129,252	€3,305	€5,805
14/01/2008	Exercise of equity warrants	€1	€2,500	2,500	11,129,752	€11,129,752	€3,305	€5,805
10/04/2008	Free allocation	€1	€223,000	223,000	11,352,752	€11,352,752	-	-
12/09/2008	Free allocation	€1	€16,000	16,000	11,368,752	€11,368,752	-	-
12/09/2008	Exercise of equity warrants	€1	€2,000	2,000	11,370,752	€11,370,752	€2,644	€4,644
17/04/2009	Free allocation	€1	€13,000	13,000	11,383,752	€11,383,752	-	-
14/12/2009	Free allocation	€1	€28,000	28,000	11,411,752	€11,411,752	-	-
24/02/2010	Free allocation	€1	€99,000	99,000	11,510,752	€11,510,752	-	-
	Exercise of equity warrants	€1	€1,000	1,000	11,511,752	€11,511,752	€1,322	€2,322
23/08/2010	Issue of ordinary shares with preferential subscription rights	€1	€1,470,945	1,470,945	12,982,697	€12,982,697	€809,019.75	€2,279,964.75
03/09/2010	Issue of preferred shares without preferential subscription rights	€1	€2,302,350	2,302,350	15,285,047	€15,285,047	€1,726,762.50	€4,029,112.50
27/04/2011	Free share allocations	€1	€370,988	370,988	15,656,035	€15,656,035	-	-
23/05/2012	Free share allocation	€1	€81,200	81,200	15,737,235	€15,737,235	-	-
18/09/2013	Free share allocation	€1	€27,500	27,500	15,764,735	€15,764,735	-	-
08/11/2013	Reduction of the share par value	€0.10	-	-	15,764,735	€1,576,473.50	-	-
28/01/2014	Free share allocations	€0.10	€1,600	16,000	15,780,735	€1,578,073.50	-	-
04/02/2014	Issue of ordinary shares with preferential subscription rights	€0.10	€725,177.80	7,251,778	23,032,513	€2,303,251.30	€3,625,889	€4,351,066.80
17/06/2014	Free share allocation	€0.10	€5,950	59,500	23,092,013	€2,309,201.30	-	-

5.3 ARTICLES OF INCORPORATION AND ASSOCIATION

5.3.1 PURPOSE

The company's purpose is stated in Article 3 of its Articles of Association.

The Company's purpose is to engage in engineering and in the development of industrial processes, together with the manufacturing and sale of industrial equipment, and specifically plasma torches.

The Company may take part directly or indirectly, with all other companies or private individuals, in all commercial or industrial transactions relating to its purpose, by founding new companies, contributions, subscribing to or purchasing shares or voting rights, and via mergers, corporation, investment, association, an Economic Interest Group or otherwise.

Generally speaking, it may perform all industrial, commercial, financial, investment, and property transactions that relate directly or indirectly, wholly or in part, to its purpose, as specified above, and to all similar or connected purposes, on its own account or on the behalf of third parties, regardless of the form of those transactions.

It may perform all transactions that are compatible with this purpose, or that relate to it and contribute to its achievement.

5.3.2 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO ORDINARY SHARES (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

1- Possession of an ordinary share automatically entails compliance with the Articles of Association and the resolutions regularly adopted by all general meetings.

2- Shareholders shall only bear losses up to the amount of their capital contributions.

Each ordinary share gives the right to one unit, which is proportional to the share of capital that it represents in the profits, company assets, and liquidation surpluses.

Where applicable, and subject to mandatory recommendations, all shares shall be combined into a single class regardless of any tax exemptions or deductions, and of all taxes for which the Company is likely to be responsible, before proceeding with any repayment during the Company's existence or upon its liquidation, in such a way that all ordinary shares receive the same net amount regardless of their origin and creation date, according to their respective par value.

3- Voting rights attached to ordinary shares are proportional to the share of capital that they represent, and each share gives the right to at least one vote, subject to any exceptions set out in law and in the Articles of Association.

Voting rights belong to the beneficial owners at ordinary general meetings, and to the bare owners at extraordinary general meetings.

Voting rights that are[27] double those awarded to other ordinary shares, in view of the share of capital that they represent, are awarded to all fully paid-up shares that have been registered in the name of the same shareholder for at least two years.

This right is also awarded to the free registered shares awarded to a shareholder in exchange for former shares that granted them this right from the time the shares are issued, in the event of a capital increase through the capitalisation of reserves, profits or issuance premiums.

Registered shares with double voting rights that are converted into bearer shares or undergo a change of ownership lose their double voting right except in the cases specified in law.

5.3.3 ALTERATIONS TO SHAREHOLDERS' RIGHTS

No specific provision beyond the statutory obligations has been introduced.

Double voting rights may be withdrawn by decision of the extraordinary general meeting and after approval by a special meeting of the beneficiary shareholders.

[27] The introduction of double voting rights and the corresponding changes to the Articles of Association were approved by the General Meeting of Shareholders of 28 March 1997 (seventh resolution).

5.3.4 NOTICE OF MEETING AND CONDITIONS FOR ADMISSION TO THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS (ARTICLE 15 OF THE ARTICLES OF ASSOCIATION)

1- Ordinary general meetings, extraordinary general meetings, and special meetings shall have the jurisdiction respectively assigned to them by law.

2- Shareholder meetings shall be convened and shall deliberate under legal and regulatory conditions.

Meetings shall be held at the registered offices or in any other place indicated in the notice of meeting.
All shareholders have the right to attend the general meetings, to be represented at those meetings, or to vote by post, regardless of the number of shares that they hold, provided that their shares are fully paid up and registered in their name no later than three working days before the meeting (by midnight Paris time) either in the registered share ledgers held by the Company, or in the bearer share ledgers held by their authorised intermediary. The Board of Directors may shorten this period through a general measure for the benefit of all shareholders.

All shareholders who own a specific class of shares may attend the special shareholder meetings for this class under the same conditions.

Shareholders who attend the meeting by video conference or by other means of telecommunication that confirm their identity and comply with the regulations in force, may be deemed present for the calculation of the quorum and majority vote when the Board of Directors decides on the use of such methods of attendance, prior to convening the general meeting.
Votes are expressed by a show of hands or by any appropriate technical means decided upon by the Board of Directors.
Preferred shareholders must be convened to a Special Meeting in order to exercise the rights attached to said preferred shares, or in the event that their rights are altered, as specified in Article 8 of the Articles of Association above.

5.3.5 CLAUSES THAT COULDDELAY, DEFER, OR PREVENT A CHANGE IN CONTROL OF THE COMPANY

There is no clause that could delay, defer, or prevent a change in the control of Europlasma SA apart from the preferred shares and double voting rights mentioned in Sections 2.4.1 and 5.2.2.

5.3.6 DISCLOSURE OF THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

1- Unless otherwise provided for in the issuance agreement or in law, capital stock and all other transferable securities that may be issued by the Company shall take the form of registered or bearer shares, at the discretion of the holder. They may only take the form of bearer shares once they have been fully paid up.

2- The Company is entitled to request information regarding the identity of holders of bearer shares that grant immediate or future voting rights at shareholders' meetings from the central financial instrument custodian at any time.
Furthermore, under the conditions specified in law, the Company has the right to request the identity of shareholders where it deems that certain holders, whose identity has been disclosed to the Company, own shares on behalf of third parties.
The Company may ask any company that holds more than 2.5% of the share capital or voting rights to disclose the identity of the companies or individuals who hold over one third of that company's share capital or voting rights at its general meetings, either directly or indirectly.

3- Any private individual or company, acting alone or in concert, who comes to acquire a number of shares or voting rights that amounts to more than one of the thresholds determined by law, must comply with the reporting obligations provided by law within the specified timeframe. The same information shall also be provided when the holding in the capital or voting rights falls below the legal thresholds.

5.3.7 CONDITIONS GOVERNING CHANGES TO THE SHARE CAPITAL (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

The share capital can be increased by issuing ordinary or preferred shares and, where applicable, by increasing the par value of the existing capital stock. It may also be increased by exercising rights that give access to the share capital, regardless of whether they are attached to transferable securities.

The capital may also be reduced in accordance with the provisions in force.

Capital increases and decreases are carried out notwithstanding the existence of fractional shares. Except in the event that the General Meeting decides on payment in cash for fractional rights, shareholders who hold a number of shares lower than that required to exercise a conversion, exchange, or allocation right, shall be personally responsible for purchasing or selling the shares required.

5.4 INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS, AND DECLARATIONS OF FINANCIAL INTEREST

None.

6. GLOSSARY

6.1 FINANCIAL AND LEGAL GLOSSARY

BALO : the *Bulletin des annonces légales obligatoires* (Official Gazette) is a publication that contains announcements by companies that make public offerings, such as annual financial statements, financial transactions and notices of meetings.

BSA: a BSA (*Bon de Souscription d'Action*) is an equity warrant that entitle the holder to subscribe to shares for a given period, in a proportion and at a price determined in advance**.**

SAs: the Statutory Auditors

PSR: preferential subscription right (or PSR) is a right attached to each former share that allows the holder to subscribe to new share issues. The former shareholder therefore has a priority right to subscribe to the capital increase, which they may also sell at any point during the transaction. It is a marketable right that allows the issue price to be adjusted to the market value of the share.

EBIT: Earnings Before Interest and Taxes. This is net consolidated income, excluding income tax and net financial expense.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation. This is net consolidated income, including income tax, net financial income and expense, and depreciation, amortisation, and provisions, net of reversals.

EPC: Engineering, Procurement and Construction contract. This is an engineering, procurement and construction contract.

Net debt: current and non-current financial liabilities after deducting cash and cash equivalents

Gearing: net debt/(net debt + equity) ratio.

O&M: Operation and Maintenance Contract. This is an operation and maintenance contract.

SFAF: the French Financial Analysts' Association (or SFAF) is a professional association that aims to contribute to the improvement of financial analysis techniques, as well as to the development of high-quality economic and financial information. Its members are mostly financial analysts or portfolio managers.

Net debt-to-equity ratio: net debt/equity ratio

TGAP: general pollution activity tax.

6.2 TECHNICAL GLOSSARY

Asbestos: a natural mineral fibre extracted from the earth, which refers to six natural silicate minerals. Its insulating properties have lead to its widespread use in construction materials (asbestos sheets and cement, etc.) and as a thermal and sound insulation material (lagging, flocking, and brake pads, etc.).
As a result, there are several types of asbestos waste:
- free asbestos, which comes from flocking or lagging;
- bound asbestos, known as asbestos cement;
- asbestos found in brake pads or other manufactured products.

Today, the use of asbestos is prohibited. Indeed, the inhalation of asbestos fibres can be responsible for many medical conditions. The problem therefore comes from the dismantling and disposal of materials used prior to the ban.

ANR: the *Agence nationale de la recherche* (French National Research Agency), or ANR, established by the French Research code, is a public administrative institution under the supervision of the Ministry for Research. The ANR's mission is to finance and promote the development of fundamental, applied, and finalised research, and innovation and the transfer of technologies, as well as partnership between the public and private sectors.

APAVE: the *Association des propriétaires d'appareils à vapeur et électriques* (French Association of Steam and Electrical Appliance Owners) is a monitoring body designed to ensure the security of installations. The APAVE's business is risk management, and it offers a full range of technical and intellectual services (inspection, testing & measurement, advice, and training, etc.)

“2011 Barometer of renewable energy in France” Observ’ER (extract from the report, page 45)

"Biomass gasification is another interesting process for increasing the cogeneration performance. It consists in heating mainly organic components (waste, biomass, etc.) in an airless atmosphere, in order to produce a gas formed of carbon monoxide and hydrogen, which is called synthetic gas, or syngas. In Morcenx (Landes), Europlasma, a company specialising in waste recovery, is finalising the construction of its CHO Power plant, which is based on waste wood gasification. After shredding and sorting, the combustion material is gasified. The tars are then cracked at 1,200°C using patented equipment developed by Europlasma. The gas is cooled, then filtered and transported to an alternator connected to a turbine, in order to generate electricity. The Morcenx plant is a "typical 10 MW plant with a capacity of 50,000 tonnes of combustion materials per year".

Wastewater Sludge: residue: from the wastewater treatment process gathered by sewerage systems.

Cofalit: a product resulting from the vitrification of asbestos waste that has the appearance of black glass or basaltic rock. Cofalit is totally inert and non-hazardous, and is used as an aggregate for road underlays.

Basel Convention: a convention that entered into force on 5 May 1992, in order to monitor the cross border movement of hazardous waste and its disposal. 170 countries have signed the convention.

Class I landfill: according to French regulations, a storage centre that accepts special industrial waste (mineral waste with special or hazardous properties, ash residues from the incineration of household waste, or special waste, etc.).

Final waste: Treated or untreated waste that is no longer likely to be treated under current technical and economic conditions, primarily by extracting its recyclable component or by reducing its polluting or hazardous properties (often, but not necessarily a "waste from waste").

DREAL, *Direction régionale de l’environnement, de l’aménagement et du logement* (Regional department for the environment, development and housing) results from the merger of the DRE (Regional facilities department), the DIREN (Regional department for the environment) and the DRIRE

(Regional department for industry, research and the environment). The DREAL steers and implements the Grenelle Round Table sustainable development policies, under the authority of the regional prefect.

Energy dependence: energy dependence shows to what extent a country relies on energy imports in order to meet its energy demand.

PPE: Personal Protection Equipment.

Flocking: flocking is the application to any medium of asbestos fibres, which may be combined with a binder in order to create a coating with a fibrous appearance.

GALACSY: Gazéification Allothermique de Ligno-cellulose Appliquée à la production de bio-Carburant de SYnthèse, or allothermic gasification of ligno-cellulose, as applied to the production of synthetic bio-fuel.

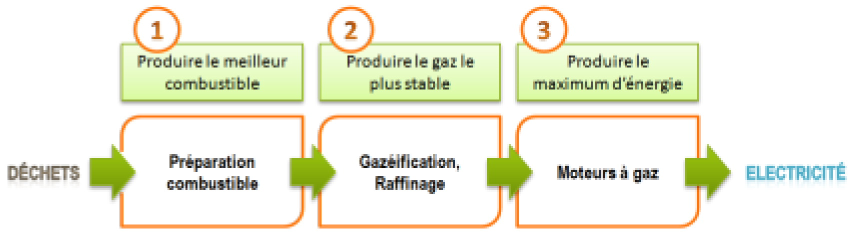
Gasification: a thermal process that involves heating mostly organic components (waste, biomass, etc.) in an airless atmosphere. The carbon reacts with the steam and CO2, at a temperature of at least 600°C. The gas obtained in this way, which is known as synthetic gas or syngas, consists of carbon monoxide and hydrogen. The gas transmits thermal energy, but also has a high caloric value; it then powers a gas engine in order to generate electricity.
The gasification principle has been in existence for a long time, since the 19th century, in fact, when gas factories turned coal into gas for lighting and heating.

KIWI: Kobelco Eco Solution Industrial CHO PoWer Gasification.

Ligno-cellulose: biomass waste.

Leachates: water with a high organic or mineral pollutant content as a result of being in contact with dumped waste.

➔ Voir traduction de l'image dans le fichier Excel joint



The CHO Power Process: transformation of waste into a purified BioSynGas by gasification, due to the high temperature of the plasma torch.
Turboplasma®, an innovative process developed and patented by Europlasma, is a reactor for purifying and refining synthetic gas that optimises the effectiveness of gasifiers, in order to produce more energy. Turboplasma®'s main advantage is that it allows the refining of synthetic gas to be improved, and the tars that clog up gas engines to be eliminated.
The purified BioSynGas then powers a gas turbine or engine that generates electricity.
The overall yield of the CHO Power Process is estimated to be much higher than that of a simple gasification process.

Plasma: Known as the 4th state of matter, after the solid, liquid and gas states, plasma is characterised by the ionisation of a high proportion of a gas' atoms.
According to scientists, plasma could account for around 99% of the universe. The natural elements containing plasma that are most widely known are stars, and more specifically the sun, and lightning. Plasma states display very high energy densities and extremely high temperatures of up to several tens of thousand degrees.

Ramp-up: the period including start-up, installation and commissioning.

RPIFHW: Residues from the Purification of Incineration Fumes from Household Waste. These residues result from the treatment of fumes from the incineration of household waste. They consist of: fly ash, residues from fume neutralisation, filter cakes from water-based flue gas cleaning systems, and boiler dust. This type of waste has a high heavy metal content. These are harmful to the human body and may cause cancers, mutations, and genetic damage, as well as brain and bone lesions. It is for this reason that this waste is considered highly toxic.

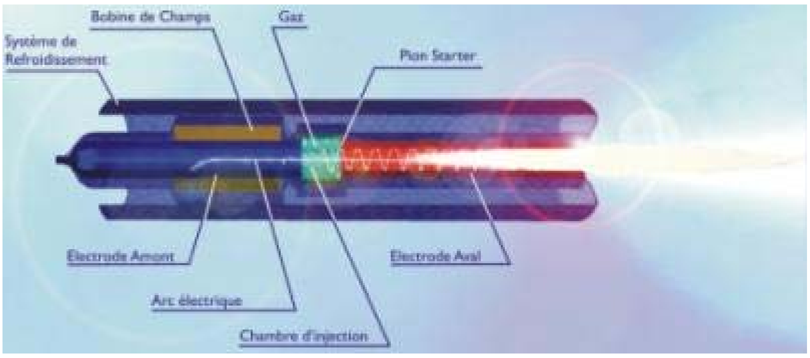
RESCOFIS: REcepteur Solaire sous Concentration Focale avec Intégration du Stockage, or solar receiver integrated with high temperature thermal storage with Cofalit under focal concentration. This is a three-year R&D project supported by the ANR which aims to develop a receiver-storer with thermal storage for use in micro solar power plants. The receiver-storer will be developed based on a Cofalit granular bed passed by a stream of air at atmospheric pressure to reach 600°C.

SESCO: Stockage d'Energie Solaire sur Cofalit, or Cofalit Solar Energy Storage

Plasma Torch: This technology, which was initially designed by EADS for the space industry, was acquired by the Group in March 2000. Owning an exclusive licence for the manufacturing and marketing of plasma torches has enabled Europlasma to enter firmly into the industrialisation phase and to develop a full range of products and services.
The technological challenge of perfecting a tool that allows plasma to be produced artificially became apparent in the 1960s in France and the United States, at the time when the space programmes were being launched.
To test the resistance of missile or spacecraft materials during their re-entry into the atmosphere, and to succeed in simulating intensive kinetic heating systems, it was essential to know how to produce a flow of gas with an extremely high temperature.
Plasma torches were developed with this aim in mind, namely to produce very high temperature plasma from a standard gas, beyond the level offered by any conventional heating method.
The technology mastered by Europlasma belongs to the category of thermal plasma generators, which are more commonly known as non-transferred arc "plasma torches".
Non-transferred arc plasma torches, which range from a few dozen kW to several MW, produce a hot, high energy-density plasma known as thermal plasma.

A non-transferred arc plasma torch consists of two tubular coaxial electrodes (in red and blue on the diagram):
- connected to an electrical feed;
- and separated by a plasmagenic gas injection chamber.

➔ Voir traduction de l'image dans le fichier Excel joint



NB: The plasmagenic gas is chosen according to the properties required from the final plasma. For the treatment of ash or asbestos, the gas used is air.
Plasma torch operation: opening a short-circuit activates an electric arc between the two electrodes, while the plasmagenic gas is fed into the torch through the injection chamber as a vortex (whirlwind). The gas heats up quickly on contact with the arc, and is transformed into very high temperature plasma. The plasma produced is gradually expelled by through the torch's downstream end. The result is a stream of high temperature (2000 °C to 5000 °C) plasma (otherwise known as a plasma spike).
These torches are usually used in the thermal energy field, where very high temperatures must be achieved, and conventional heating methods are unsuitable.

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Treatment of hazardous waste: the principle of the process is as follows: one or more plasma torches allow the final waste (RPIFHW or asbestos) to be heated to very high temperatures (1,400°C), in order to turn it into completely inert waste. The resulting product of this fusion is inert, non-hazardous slag. The main steps of the vitrification process are as follows:

- the waste to be treated is put into the melting furnace;
- in the central section of the furnace, one or several plasma torches generates a plasma that melts the waste to be treated, in order to form a pool of liquid slag;
- on contact with the plasma, the material is brought to a temperature of between 1,400°C and 1,600°C. The hazardous waste is thus totally destroyed. All the material's hazardous features are removed;
- the time in the furnace, influenced by the furnace construction rules, guarantees perfectly consistent slag, and an unmelted particle rate that complies with the standards in force (<1% unmelted);
- after passing through the refining area, the melted glass is expelled into a cooling system through a melt opening, in order to obtain solid slag;
- this slag, which is known as Cofalit for asbestos, for instance is completely inert and reclaimed for use in public construction works, as road underlay, for example.

7. CONCORDANCE TABLE

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20.	**FINANCIAL INFORMATION REGARDING THE ASSETS, FINANCIAL SITUATION, AND EARNINGS OF THE ISSUER**		
	20.1. Historic financial information	Introductory note	3
	20.2. Pro forma financial information	Note 10.3 to the 2013 consolidated financial statements	180
	20.3. Financial statements	4.1 2013 consolidated financial statements	121
	20.4. Audit of annual historic financial information	4.2 Rapport d'audit des commissaires aux comptes sur les comptes consolidés 2013 Introductory note	193 3
	20.5. Date of latest financial information	4.1 2013 consolidated financial statements	121
	20.6. Interim financial information and others	Not applicable	
	20.7. Dividend distribution policy	3.6.2 Previous distributions of dividends	77
	20.8. Legal and arbitration proceedings	3.4.5.3 Legal and arbitration proceedings	73
	20.9. Significant change in the financial or commercial position	3.1.1 Major events in 2013 3.2 Events after the balance sheet date and trading outlook	45 60
21.	**ADDITIONAL INFORMATION**		
	21.1 *Share capital*		
	21.1.1. Amount of capital subscribed, and for each category of shares: - number of shares authorised - number of shares issued and fully paid up and number of shares issued not fully paid up - share par value - reconciliation of the number of shares in circulation on the opening and closing dates of the financial year	2.3.1Distribution of share capital 5.2.3 Authorised capital not issued 5.2.4 History of share capital 3.1.4.4 Equity	12 198 199 57
	21.1.2 Shares not representing capital	Not applicable	
	21.1.3. Number, book value and par value of treasury shares	3.7.5 Liquidity programme	80
	21.1.4. Amount of convertible or exchangeable negotiable securities, or of securities with warrants attached, indicating the methods and conditions for conversion, exchange or subscription	5.2.3 Authorised capital not issued Note 6.12.3 to the 2013 consolidated financial statements	198 169
	21.1.5. Information about and terms of any right of acquisition and/or any obligation attached to the capital subscribed but not paid up or an undertaking to increase capital	Not applicable	
	21.1.6. Information on the capital of any member of the group that is subject to an option or to an agreement providing for the capital to be subject to an option	2.5.4.2.4 The CHO Morcenx plant	27
	21.1.7. History of share capital	5.2.4 History of share capital	199

CONCORDANCE TABLE

	Sections of Annex I to the Prospectus Directive	Chapters of the Registration document that refer to this information	Pages
	21.2. *Articles of Incorporation and Association* 21.2.1. Purpose 21.2.2. Provisions concerning the members of the administration, management and supervisory bodies 21.2.3. Rights, privileges, and restrictions attached to each existing share class 21.2.4. Alterations to shareholders' rights 21.2.5. Notice of meeting and conditions for admission to annual general meetings and extraordinary general meetings 21.2.6. Provisions in the Company's Articles of Incorporation, Articles of Association, charter or regulations that might have the effect of delaying, deferring or preventing a change in its control. 21.2.7. Provisions in the Company's Articles of Incorporation, Articles of Association, charter or regulations fixing the threshold above which any investment must be disclosed 21.2.8. Conditions imposed in the Articles of Incorporation and Articles of Association, a charter or regulations governing changes to the capital, when such conditions are stricter than those provided by law	5.3 Articles of Incorporation and Associations5.3 2.6.3 Role and function of the Board of Directors 2.6.6 Role and function of the specialist committees (extract from the rules of procedure) 2.3.1Distribution of share capital 5.3.2 5.3.3 Alterations to shareholders' rights 5.3.4 Notice of meeting and conditions for admission to the annual general meetings and extraordinary general meetings of shareholders (Article 15 of the Articles of Association) 5.3.5 Clauses that coulddelay, defer, or prevent a change in control of the company 5.3.6 Disclosure of thresholds 5.3.7 Conditions governing changes to the share capital	201 35 39 12 201 201 202 202 202 202
22.	**MAJOR CONTRACTS**	2.5 Business overview 2.5.4.2.4 The CHO Morcenx plant	45 66 16 27
23.	**INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS, AND DECLARATIONS OF FINANCIAL INTEREST**	5.4 Information from third parties, expert statements, and declarations of financial interest	203
	23.1. In the event that a declaration or expert's report is included in the registration document: - name; - business address; - qualifications; - and material interest in the issuer; - declaration specifying that this document has been included, as well as the form and context under which it has been included, indicating the consent of the person who approved the content of this section of the registration document 23.2. When this information is provided by a third party, provide a statement confirming that the information has been faithfully reproduced and insofar as the issuer is aware and is able to ascertain from information published by the third party, no fact has been omitted that would render the reproduced information inaccurate or misleading	Not applicable	

CONCORDANCE TABLE

	Sections of Annex I to the Prospectus Directive	Chapters of the Registration document that refer to this information	Pages
24.	**DOCUMENTS ACCESSIBLE TO THE PUBLIC**		
	Declaration certifying that, during the period of validity of the registration document, the following documents (or a copy of these documents) can, where necessary, be consulted: a) the Articles of Incorporation and Articles of Association of the issuer; b) any reports, letters and other documents, historic financial information, valuations and declarations prepared by an expert at the issuer's request, part of which is included or referred to in the registration document; c) historic financial information of the issuer or, in the case of a group, the historic financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the registration document	Introductory note 1.3 Financial information	3 7
25.	**INFORMATION ON SHAREHOLDINGS**	2.5.1 Group structure 3.5 Acquisition of holdings and control Note 5 to the 2013 consolidated financial statements	16 77 150-151

CONCORDANCE TABLE

Table of concordance with the sections of Annex II to the Prospectus Directive

	Sections of Annex II to the Prospectus Directive	Chapters of the Registration document that refer to this information	Pages
1.	The pro forma financial information must include a description of the transaction and the businesses or entities concerned and must indicate the period to which they refer; the following must also be clearly indicated: a) the purpose for which they were prepared; b) the fact that they were prepared for illustrative purposes only; c) the fact that, due to their nature, they only refer to a hypothetical situation and thus do not represent the actual financial position or results of the company.	Note 10.1 to the 2013 consolidated financial statements Note 10.3 to the 2013 consolidated financial statements	178 180
2.	In order to present pro forma financial information, a balance sheet and profit and loss account, and accompanying explanatory notes, depending on the circumstances, may be included.	Note 10.3 to the 2013 consolidated financial statements	180
3.	The pro forma financial information must normally be presented in a column, in the following order: a) non-adjusted historical information; b) pro forma adjustments; and c) the pro forma financial information resulting from these adjustments. The sources of the pro forma financial information must be indicated and, where necessary, the financial statements of businesses or entities purchased must be included in the prospectus.	Note 10.3 to the 2013 consolidated financial statements	180
4.	The pro forma financial information must be prepared in a form that is compatible with the accounting policies that the issuer has applied to its latest financial statement or that it will apply to its next financial statements. The following should also be indicated: a) the basis on which they were prepared; b) the origin of each piece of information provided and reason for each adjustment made.	Note 10.3 to the 2013 consolidated financial statements	180
5.	Pro forma financial information can only be published for: a) the financial year in course; b) the financial year most recently ended; and/or c) the most recent interim period for which unadjusted information has been or will be published or is being published in the same document.	Note 10.3 to the 2013 consolidated financial statements	180
6.	The pro forma adjustments relating to pro forma financial information must: a) be presented clearly with explanations; b) be directly related to the transaction; c) be supported by facts. Moreover, in the case of a pro forma income statement or cash flow statement, there must be a clear distinction between adjustments supposed to have a lasting impact on the issuer and the other adjustments.	Note 10.3 to the 2013 consolidated financial statements	180
7.	The report prepared by independent accountants or statutory auditors must certify that, in their opinion: a) the pro forma financial information has been adequately prepared, on the basis indicated; b) this basis complies with the accounting policies applied by the issuer.	4.2 Rapport d'audit des commissaires aux comptes sur les comptes consolidés 2013	193

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