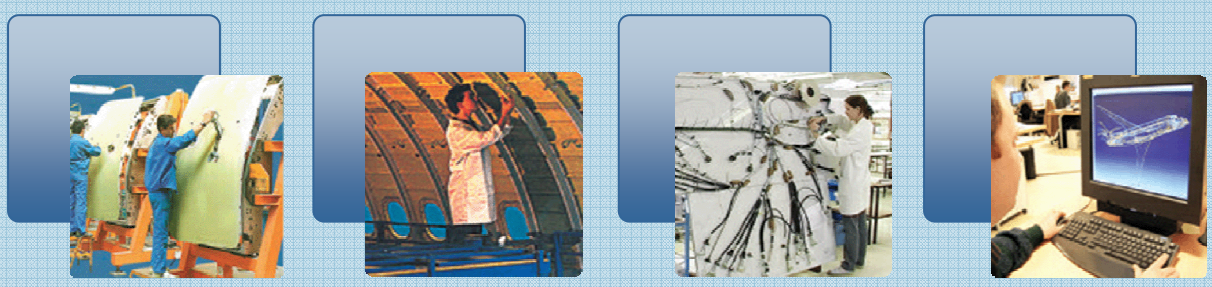
GROUPE LATECOERE



2010

Annual Financial Report

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1 PERSONS RESPONSIBLE AND STATUTORY AUDITORS

1.1 Person responsible for the document

François Bertrand, Chairman of the Management Board, appointed on January 7, 2003 and reappointed on January 6, 2009 for a term of six years

1.2 Statement of the person responsible for the Annual Financial Report

"I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and of the consolidated entities; and that the management report includes a fair review of the development and performance of the business, the results and financial position of the company and of the consolidated entities together with a description of the principal risks and uncertainties that they face."

The Chairman of the Management Board
François Bertrand

1.3 Statutory auditors

KPMG Audit, A division of KPMG S.A.
Rue Carmin, BP 17610, 31676 Labège Cedex, France
Statutory Auditor
Represented by Mr. Christian Libéros
Appointed on: 6/25/1993; reappointed on: 6/27/2008
End of their appointment at the end of the Annual General Meeting that will rule on the financial statements for the fiscal year 2013.

GRANT THORNTON
100, rue de Courcelles, 75017 Paris, France
Statutory Auditor
Represented by Mr. François Pons
Appointed on: 6/10/1983; reappointed on: 6/03/2005
End of their appointment at the end of the Annual General Meeting that will rule on the financial statements for the fiscal year 2010.

Mr. Patrick Carricondo
Rue Carmin, BP 17610, 31676 Labège Cedex, France
Substitute statutory Auditor
Appointed on: 5/06/2004, reappointed on: 6/27/2008
End of their appointment at the end of the Annual General Meeting that will rule on the financial statements for the fiscal year 2013.

Mr. Thierry Chautant
42, avenue Georges Pompidou, 69442 Lyons Cedex 03, France
Substitute statutory Auditor
Appointed on: 6/03/2005
End of their appointment at the end of the Annual General Meeting that will rule on the financial statements for the fiscal year 2010.

1.4 Fees Paid to the Statutory Auditors

	KPMG				GRANT THORNTON				Autres CAC			
('000 EURO)	Amount		%		Amount		%		Amount		%	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Audit :												
Statutory audit, certification, review of individual and consolidated financial statements												
- Issuer	209	135	50%	43%	136	118	96%	95%				
- Subsidiaries	167	146	40%	47%	4	6	3%	5%				
Other engagements and services directly related to the statutory audit engagement												
- Issuer	23	16	5%	5%	1		1%					
- Subsidiaries												
Sub-total	**399**	**297**	**95%**	**95%**	**141**	**124**	**100%**	**100%**	**0**	**0**	**0%**	**0%**
Other services, if applicable:												
- Legal, tax and labor	21	17	5%	5%								
- Information Technology			0%	0%								
- Internal Auditing			0%	0%								
- Other			0%	0%					3			
Sub-total	**21**	**17**	**5%**	**5%**	**0**	**0**	**0%**	**0%**	**3**	**0**	**0%**	**0%**
TOTAL	**420**	**314**	**100%**	**100%**	**141**	**124**	**100%**	**100%**	**3**	**0**	**0%**	**0%**

2 MANAGEMENT REPORT

2.1 The Group's Business in 2010

2.1.1 The Basic Essentials

Confirmed recovery in activity

Following two years during which the aeronautical sector experienced the after-effects of the financial crisis of the 2nd half of 2008, the year 2010 saw the return of a bull cycle with an outlook for growth in the short and medium term in correlation with the recovery in the aviation industry.

This recovery was shown:

- by high 2010 delivery levels for all aircraft ranges (commercial, regional and corporate),
- by the booking of new orders which, on the one hand, maintains the order books of the various customers at high levels and, on the other hand, reinforces future growth prospects, thus giving greater visibility to the entire sector for the upcoming years.

The favorable change in the €/$ exchange rate (an average of 1.326 in 2010, compared to 1.395 in 2009 and 1.471 in 2008, respectively) contributed to the industry's recovery by limiting the exchange rate impact linked to a stronger Euro for the long term.

Summary of the key consolidated aggregate figures

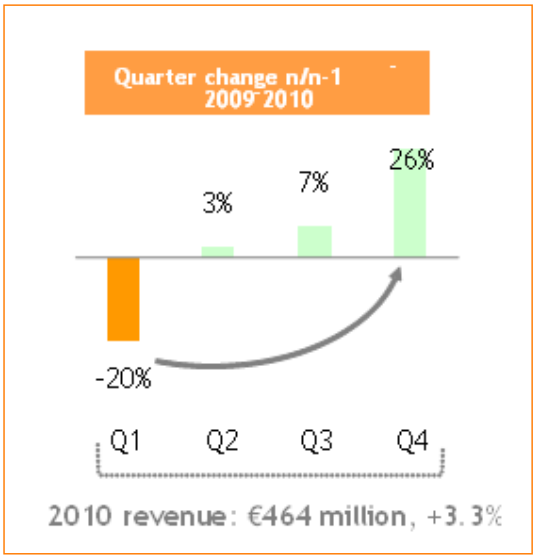
In millions of euros	2010	2009	2008
Revenue excluding non-recurring items	**464,4**	**449,5**	**579,5**
Aerostructures non-recurring items*	-	-	104,4
Revenue	464,4	449,5	683,9
Current operating result	**27,5**	**10,1**	**31,9**
Non-current operating result **	17,8	-112,9	
EBIT	**45,3**	**-102,8**	**31,9**
Net financial result	**-18,3**	**-3,7**	**-41,9**
► of which realized gains and losses	-10,9	-21,3	-35,4
► of which unrealized gains and losses**	-7,3	17,6	-6,5
Net income (loss) after minority interests	**29,9**	**-91,2**	**-6,7**
Net debt	**350,7**	**359,2**	**336,1**
Shareholder's Equity	**171,7**	**143,9**	**221,2**

** Invocing in 2008 of development work (€ 104.4 million)*

*** non-cash items*

A 3.3% increase in revenue

The Group closed fiscal year 2010 with revenue up 3.3% compared to 2009 (organic change of -0.2%) in the context of the recovery mentioned above, with growth accelerating in H2.



This strong growth reflects the volume effects correlated to the pace of deliveries to aircraft manufacturers and percentage of completion billings on programs in development and tooling contracts.

The growing importance of the Boeing activity was shown, representing 7% of the Group's revenue in 2010 compared to 2.3% in 2009.

Current operating profitability significantly higher

In 2010, the Group recorded the first results of the adaptation and streamlining initiatives it has been undertaking for the past two years to restore profitability: current operating income was multiplied by 2.7 to 5.9% of revenue, and was up in all three business divisions. The primary driving forces behind this turnaround - based on a sustainable improvement of productivity and in which the entire company participated - included the rightsizing of the workforce; reduction and specialization of the industrial facilities; increasing reliance on low cost sites; lower fixed cost base; shortening of industrial cycles; sourcing initiatives; better integration of processes; and implementation of "lean" strategies.

Stronger partnerships

A tier 1 partner to the world's largest aircraft manufacturers, the Group drove its recovery while ensuring a high degree of quality and timeliness in the products and services it provides, thus creating a favorable environment to the conclusion of major agreements.

The Latécoère Group was honored with two 2010 Best Supplier awards from Embraer in the "Aerostructures" and "Technical Support to Operators" categories.

During the year, the Group has closed its dispute with Dassault Aviation regarding a business jet contract. This agreement, which cements the partnership at its current scope, resulted in the recognition of a €17.8 million reversal in the 2010 non-current operating result.

In early 2011, Latécoère reached an agreement with Boeing regarding certain claims associated with the development and production of the 787 passenger doors. The agreement confirmed Latécoère as the supplier of passenger doors, and has been transposed into a contractual agreement; it will result, in particular, in the conversion of $75 million of cash advances previously received in billings which will have a positive impact on H1 2011 revenue.

Net income after minority interests of €29.9 million

The Group posted net income after minority interests of €29.9 million for the period, illustrating the extent of the turnaround achieved during the year. Latécoère intends to ask its shareholders to allocate the net income generated to reserves, in order to shore up the Company's equity, which increased by 19% to €170.9 million during the year.

Actual net financial expenses of €10.9 million benefited from the favorable trend in interest rates during the year, with a cost of debt that came in at 4%; this figure included net foreign exchange gains of €4.3 million.

The unrealized net financial expense of €7.3 million was impacted primarily by changes in the fair value of the financial instruments used to hedge the Group's exposure to interest rate and currency risks (-€9.9 million). This unrealized charge had no cash impact, as it reflects merely the mark-to-market variation of hedging instruments intended to be held to maturity.

Latécoère's exposure to USD is managed through a 24 to 36 month rolling active hedging policy aiming at allowing the Group to partially benefit from any upside in the value of that currency while capping its risk: 90% of the Group's exposure is hedged in 2011, and 71% in 2012.

Debt reduced and restructured, Group's financial position strengthened

EBITDA was multiplied by 5.8 to €50 million.

Operating working capital needs were significantly lowered in a context of activity upturn:

- Inventories and physical work-in-progress decreased by €21 million during the year, bringing to €52 million the total reduction achieved during the past two years through the initiatives undertaken to streamline industrial facilities and optimize production cycles;
- Trade accounts receivable increased by €45 million with no worsening of the ratio of number

of days outstanding; this increase is related to the strong growth observed in the fourth quarter
(+26% year-on-year) and the high level of invoices recorded in December.

Increases in work-in-progress driven by programs in development and industrialization phases (€45 million) were financed by advances net of refunds received during the year (€47 million).

Capital expenditures have been limited to €7 million, and were primarily related to the industrial and information systems master plans.

Under these conditions, and after factoring realized financial expenses (€11 million) and other needs (€2 million), consolidated net financial debt fell by €8 million year-on-year to €351 million at December 31, 2010, including the €67.3 million share of the convertible bonds issued by the Group that were stated in debt.

Hedging instruments are used to cap the interest rate risk on 67% of the debt over an average duration of 3.5 years, while allowing the Group to continue to benefit from variable rates.

Latécoère's financial debt was restructured under conditions that received the overwhelming support of the Group's shareholders. Under the terms of the conciliation protocol signed with its French bank creditors on May 18, 2010 and approved on May 19, 2010 by the Commercial Court of Toulouse:

- the short-term lines were confirmed until 1, 2012,
- the installments falling due in 2010 and 2011 under the medium-term lines were frozen and rescheduled between 2012 and 2015 under a schedule that will be reviewed with the creditor banks during Q2 2011 to take account of any developments that have taken place in the meantime,
- 20% of all medium-term debt (€71.5 million) was converted into bonds convertible into Latécoère shares between August 2012 and July 2015, at a strike of €10, representing a 75% premium over the last share price preceding the opening of negotiations. These convertible bonds were issued on July 30, 2010 by Latécoère and LATelec.

The convertible bond issue by Latécoère and LATelec was preceded by a bonus issue of warrants to Latécoère's shareholders in the proportion of 1 warrant for 2 shares, giving them the right to exercise their warrants under identical conditions to those for the convertible bonds. On July 29, 2010 these share warrants were admitted to trading on the Euronext Paris market. If these warrants were to be exercised, shareholders' equity would be increased by €43 million.

At December 31, 2010, net bank debt excluding the convertible bonds represented 1.2 times the sum of equity plus the convertible bonds and 5.7 times EDBITA for the year. The Group is in compliance with all of its financial covenants.

Favorable outlook in a bull cycle

The Group has emerged from the crisis stronger; thanks to a multi-customer platform developed from complementary activities with multiple synergies, it has restored its fundamentals and can draw on an order book that rose by 6.4% during the year, at a constant rate of exchange, to €2.3 billion, representing close to five years of revenue.

Based on the latest production rates announced by the aircraft manufacturers, the Group is expecting growth to be significantly higher in 2011 than in 2010,

- with revenue growth estimated 20%, including billings of development costs. Excluding these billings, the growth revenue should stand between 5 and 10%,
- a current operating margin of more than 7%, with a target of 8% for 2012.

In a growth and investment context, net financial debt will remain tightly controlled in 2011. It is expected to reduce significantly by approximately €50 million in 2012, thanks inter alia to scheduled payments of development costs.

Stronger governance

Corporate governance was enhanced,

- on the one hand, by the election of Pierre Gadonneix as Chairman of the Supervisory Board, the appointment of Christian Duvillet, former CEO of LCL as a new member of the Supervisory Board, and the creation of a Strategy Committee within the Supervisory Board;
- and, on the other hand, by the appointment to the Management Board of Eric Gillard, Director of the Aerostructures division.

Group is well-positioned to contribute to the consolidation of the industry

In line with its communication of May 20, 2010, the Group having streamlined its industrial organization and finalized a first step of financial restructuring in 2010, has initiated a search for a partnership. The objective of the process is to enhance its industrial contribution to the upcoming consolidation of the sector and to strengthen its equity. After an initial exploratory phase, the Group received several expressions of interest that it intends to analyze further in the coming months. At this stage, the process does not call for any further comment.

2.1.2 Other events during the year

Change in the Group Consolidation Scope

During 2010, the LATecis Company created a subsidiary -- LATecis Canada Inc. -- in order to support its customer Bombardier in development work for its future projects.

2.1.3 Additional Information

Revenue of the Group

Revenue in 2010 was €464.4 million, up 3.3 % compared with the revenue published in 2009; restated for the impact of USD/EUR exchange rates, the Group's organic revenues declined 0.2%.

The share of revenue invoiced in dollars is valued at the spot exchange rate for such currency to which is added the impact of hedging instruments relating to these flows.

The analysis of revenue by branch of business is as follows:

- **Aerostructures (56%):** Revenue in 2010 was €258.8 million, down 0.9% on a comparable basis. Corrected for dollar foreign currency exchange effects, the organic change is -6.5%.
- **Connecting systems (32%):** Revenue was €147.8 million. This sector was especially affected by the drop in Dassault's production rates. The organic change was – 1.3%.
- **Engineering and services (12%):** Revenue was €57.8 million (+44.9%). It is principally realized by the LATecis subsidiary.

Results of the Group

Operating result was positive at €45.3 million. Adjusted for the recognition of a reversal following the agreement with Dassault which ended the dispute between it and Latécoère, the operating result comes to +€27.5 million.

Personnel expenses for 2010 fell by €5.9 million (-3.3%) in connection with the reductions in the Group's average total staff managed between 2009 and 2010 by 240 Full Time Equivalents (-5%).

Expenditures were reduced by close to €33.4 million, a drop of 13.8%, to be compared with an increase in the consolidated revenue published of 3.3%. This decrease results from cost savings plans implemented in 2009, whose optimization effects continued throughout 2010 in the context of a strong upturn in activity.

Financial result was -€18.3 million at December 31, 2010, a €14.5 million decrease compared to 2009. Realized financial result of €10.9 million benefited from the favorable trend in interest rates during the year, with a cost of debt that came in at 4%; this figure included net foreign exchange gains of €4.3 million.

Unrealized financial result of €7.3 million was impacted primarily by changes in the fair value of the financial instruments used to hedge the Group's exposure to interest rate and currency risks (-€9.9 million). This unrealized charge had no cash impact, as it reflects merely the mark-to-market variation of hedging instruments intended to be held to maturity.

The Group posted tax income of €3.1 million including deferred tax income of €5.3 million and current income tax due of €2.2 million.

After taking into account the financial result, income tax and the result from associates, the net result Group share is €29.9 million compared to -€91.2 million in 2009.

Work-in-progress relating to construction contracts

At December 31, 2010 the net work-in-progress relating to construction contracts was €356.3 million compared to €304.7 million at December 31, 2009. The increase of €51.6 million is primarily attributable to the growing importance of the Boeing 787 doors program, as well as to a partial reversal of the provision recognized at December 31, 2009 relating to the corporate aircraft dispute.
This increase was reduced in part by the decrease in work-in-progress on mature programs (Embraer).

The valuation of this work-in-progress has been the subject of numerous estimates whose sensitivity assumptions are recalled in note 23 to the consolidated financial statements.

Shareholders' equity

The shareholders' equity Group share at December 31, 2010 was €170,902k. It can be broken down as follows:

Capital and initial reserves	€136,842k
Hedging instruments not used	€3,884k
Fiscal year net result	€30,176k
Total shareholders' equity:	€170,902k

Net debt of the Group

The Group had net bank debt of €350.7 million, compared to €359.2 million at December 31, 2009.

Latécoère's financial debt was restructured under conditions which are recalled in paragraph 2.1.1 above

This financial debt is subject to covenants, the situation at year end of which is described in note 14.2 to the consolidated financial statements.

The financings benefitting the main programs are subject to the French Dailly law assignment of receivables which may have arisen or may arise.

Investments and fixed assets

The investment plan was limited to €7.4 million in 2010, compared to €8 million in 2009.

The main acquisitions of 2010 relate to the construction of industrial buildings on a new production site in Tunisia for the SEA LATelec Company for €1.5 million and on the Latécoère site in Gimont, France for €0.5 million. Furthermore, following the upturn in activity noted starting in Q2 2010, computer investing activities in an amount of €1.1 million were realized for the Group's research activities. The other investments realized during the period primarily relate to industrial equipment intended to renew existing assets or to support the growth in activity.

2.2 Business of the Parent company in 2010

The financial statements of the company at December 31, 2010 have been prepared in accordance with regulations in force, in compliance with regulation CRC 99-03. Moreover, the Company applies the recommendations of the accounting plan of the aeronautical and space industry for the accounting treatment of some specific operations.

Business

The LATECOERE Company, the parent company, realized revenue of €314.9 million in 2010, which represents 56% of the consolidated revenue of the Group after elimination of intercompany invoicing. Operations in US dollars are valued at the spot exchange rate of this currency, whereas the exchange gains or losses from the exchange rate hedging instruments (forward sales or collars) are noted in the financial result. Following a commercial dispute regarding a business jet contract, a provision was recognized in the financial statements at December 31, 2009. In 2010, Latécoère closed that dispute. This cemented the partnership in this program at its current scope, and a reversal was recognized. 2010 operating result is €27.7 million.

The financial result, made up principally of the cost of debt (-€12 million), foreign exchange income (-€1.5 million) and income from dividends received by Latécoère from its subsidiaries (€4 million), was -€8.4 million.

Non-recurring result is -€0.3 million.

At December 31, 2010, the workforce, which consisted of 1,004 people of whom 36 on fixed term contracts, increased by 85 temporary staff.

Net Result, Appropriation and Dividends

Net result was positive at €24,081,851. It was proposed to allocate the full amount to the "retained profit or loss brought forward" account.

It will be proposed to the general meeting of shareholders not to distribute any dividend with respect to 2010. The number of shares is currently 8,609,997. Dividends paid out over the last three fiscal years were:

	Revenue eligible for tax deduction		Revenue not eligible for tax deduction	Number of shares
	Dividends	Other distributed revenue		
Fiscal year 2007	0 €			8 609 997
Fiscal year 2008	0 €			8 609 997
Fiscal year 2009	0 €			8 609 997

The total of expenses and charges related to Articles 39-4 of the French General Tax Code, amounted to €64,848.

Inventories of raw materials and works-in-progress

The balance sheet at the closing of the year shows net inventories of raw materials of €28 million (compared to €32.5 million in 2009). Work in progress amounts to €367.3 million, compared to €321.9 million at December 31, 2009.

Research & Development Costs

Research & development expenses are recorded in connection with partnership contracts and do not give rise to the filing of patents in order to obtain patent right protection. They reached €17 million and correspond to non-recurring expenses on the programs that are re-invoiced to customers. These expenses, financed by the Company, are included in the works-in-progress. They will be reincorporated in Profit and Loss depending on the stage of completion of the related contracts according to the contractual agreements defining, for

each program, the number of aircraft retained by the aircraft manufacturers. The margin on the partnership contracts is recognized based on the stage of completion by consolidating together the costs of these contracts, including the development costs.

The main development programs are committed with respect to customer contracts. The related risks are those described in the program risks. Furthermore, LATECOERE does not receive any research grants for research and development programs.

In a few special cases and in a marginal way, the Company may be led to file patents.

Investments

The acquisitions of new tangible assets amounted to €2.3 million. It principally concerns machine tools for production and of fitting out following the reorganization of production sites.

Net financial debt

During 2010, the LATECOERE Company mobilized an additional €5 million of the medium-term lines available; given the freeze of repayments resulting from the agreement with the financial partners, there was no repayment made in 2010. Furthermore, all of the Company's financings were confirmed up to and including December 31, 2011.

The Company converted a part of its medium-term debt into Convertible debt for an amount of €57.1 million.

As part of their agreement with the Latécoère Company, the partners agreed not to use their right to accelerate repayment of existing medium-term credit lines, up to and including December 31, 2011, despite a breach of covenants included in them.

Refundable Advances

The company obtained refundable advances from official bodies and customers as additional financing of new programs (A380 and Falcon 7X); during the fiscal year, repayments were made, as a function of contractual conditions and deliveries of relevant products. At the end of 2010, the amount registered in the balance sheet item "Refundable advances" is €42.0 million.

Information on the time of payment of suppliers

In application of the terms of Article L. 441-6-1 para. 1 of the French Commercial Code ("Code de commerce"), the mandatory information on the times of payment of French suppliers (outside the group) are the following:

At December 31, 2010, the balance of relevant accounts payable debt was €9.8 million with the following breakdown:

- 33% of invoices payable within 30 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 67% of invoices payable within 45 days after the end of the month as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).

At December 31, 2010, this balance included 11% of past due debts.

At December 31, 2009, the balance of relevant accounts payable debt was €17.8 million with the following breakdown:

- 2% of invoices payable within 30 days after the end of the month ending the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 4% of invoices payable within 30 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 63% of invoices payable within 45 days after the end of the month as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 10% of invoices payable within 60 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 21% of invoices payable within 90 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).

Suppliers' invoices for which the payment time is within 60 days after the end of the month ending on the 10th or 90 days after the end of the month ending on the 10th relate mostly to orders prior to January 1, 2009.
At December 31, 2009, this balance included 5% of past due debts.

Information on the time of payment of customers

In application of the terms of Article L. 441-6-1 para. 1 of the French Commercial Code (Code de commerce), the mandatory information on the times of payment of French customers (outside the group) is the following:

At December 31, 2010, the balance of relevant account receivables was €36.4 million with the following breakdown:

- 82% of invoices payable within 30 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 9% of invoices payable within 45 days after the end of the month as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).

- 8% of invoices payable within 60 days net as from the date of the invoice's issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 1% of invoices payable within 90 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).

At December 31, 2010, this balance included 13% of accounts receivable past due.

At December 31, 2009, the balance of relevant account receivables was €19.6 million with the following breakdown:

- 87% of invoices payable within 30 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 1% of invoices payable within 45 days net after the end of the month as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 11% of invoices payable within 45 days after the end of the month as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).
- 1% of invoices payable within 90 days after the end of the month ending on the 10th, as from the invoice's date of issue (or of the receipt of the goods or of the performance of the service, as the case may be).

At December 31, 2009, this balance included 5% of accounts receivable past due.

2.3 Businesses of the Subsidiaries and other affiliates in 2010

2.3.1 Integrated subsidiaries

LETOV s.r.o.

LETOV s.r.o., a wholly-owned subsidiary of the LATECOERE Company, located in Prague (Czech Republic), constitutes the Group's center of excellence for the production of mechanical parts and the assembly of door structures and of electrical racks. It is also the production center of doors in composite materials for the Boeing 787. This Company invoices most of its production to Latécoère.

The activity for the year 2010 was marked by the continuation of the transfer of activity of Latécoère to Letov s.r.o., primarily concerning the A320 and Embraer doors for which Letov s.r.o. performs all of the assembly and finishing operations.

There were 523 employees at December 31, 2010, nearly unchanged from 2009.

Revenue earned in 2010 was €65.8 million, increasing by 48.5% compared to 2009. This strong growth is principally due to the taking into account in revenue of consumption of raw materials which were previously entrusted by the parent company. Result was positive at €2.14 million.

LATECOERE do BRASIL

This subsidiary is held 98% by LATECOERE and 2% by LATECOERE Développement. At the end of the 2010, LATECOERE do BRASIL realized an increase of capital by abandonment of debt of LATECOERE for an amount of €13 million; Latécoère Développement did not participate in this operation.

The objective of this entity is to carry out, given its proximity to Embraer, the final assembly and the customizing of ERJ 170 / 190 aircraft family fuselage sections. In 2010, all fuselage sections delivered to Embraer were assembled at this site.

In 2010 LATECOERE do BRASIL revenue amounted to €11.8 million, almost all with the parent company. At December 31, 2010, its workforce numbered 345 employees. This workforce was increased by 28% starting in Q2 2010 in order to respond to changes in Embraer's delivery rates. Its revenue was €1.99 million, affected in particular by the positive effect of the Real exchange rate. Investments reached €0.36 million in 2010.

LATECOERE do Brasil holds a 33 1/3% interest in the PESOLA Company which is specialized in the production of machined small- to medium-dimensioned parts for the aeronautical industry. The other shareholders are Eltra Holdings Overseas Inc. (33 1/3%) and Sobraer Ltda. (33 1/3%).

LATECOERE International Inc

The American subsidiary of the LATECOERE Group which is wholly-owned by LATECOERE is charged with covering the American market in the area of marketing. It also ensures, when necessary, additional services for the North American market in support of the parent company.

Its revenue amounted to €1.5 million in 2010, realized entirely with the parent company. The 2010 result is stable.

LATelec

LATelec, a wholly-owned subsidiary of the Latécoère Company, constitutes the Group's center of excellence in connecting systems. LATelec holds 100% control of its subsidiaries in Germany and in Tunisia. It has developed, taking a significant share of the Latécoère Group's business over the years. In terms of strategy, it is solidly centered on its basic business which is the interconnection of onboard electrical systems in the aeronautical and space sectors.

During the year ended December 31, 2010, the main results were the following:

Revenue was €145.9 million;
The total of operating income is: €146.6 million;
The total of operating expenses is: €132.4 million;
The operating result comes to: €14.2 million;
Operating net income before tax comes to: €14.4 million.

Given these elements, the result for the year is a net profit of €9 million and it will be proposed to the parent company to appropriate it to retained profit or loss brought forward.

At December 31, 2010, the total of the company's balance sheet is: €155.3 million.

Information on Subsidiaries:

('000 EURO)	SEA-Latelec	Latelec Gmbh
Sales	4 984	25 726
Net income	17	2 082

The first half of 2010 remains the low point of the crisis which began at the beginning of 2009; the second half marked the beginning of the increase in production rates for Dassault as well as Airbus.
The steps taken in 2009 in terms of the reallocation of workload between the sites progressively gave way to a resumption of transfers to the Tunisian subsidiary so as to face up to the recovery.

The Airbus series programs, which had held up well on the whole, began a stepping up in production rates, in particular for the A320 towards a delivery rate of 40. LATelec delivered the first set of A400M avionics cabinets in accordance with the standard aircraft. The A380's industrialization significantly improved, both for Airbus and for its suppliers. LATelec's delivery in 2009 of two sets of commercial fitting harnesses, in addition to the avionics bays, and four in 2010 demonstrates the shortening of program assembly cycles.

The development of the A350 insofar as the LATelec part (avionics bays and wing harnesses) is concerned, has followed Airbus's schedule, with the reaching of planned milestones. LATelec completed its participation in this program with two contracts concluded with Spanish manufacturers concerning the rear of the airplane.

The space businesses experienced a good year with an improvement in the management of expenses and performance subsequent to the new organization relating to the current improvement plan.

As part of the "LATelec 2011" improvement plan, the implementation of the "lean enterprise" concept was the subject of a heavy training program (more than 120 employees throughout, and a specific organization for, all of the sites). LATelec Services' businesses through the Colomiers unit and the Crès establishment were heavily involved and each finalized a significant realization. The implementation will continue in a global manner.

In Germany, the development A350 wing wiring takes up the slack in terms of workload following the productivity gains obtained on the A380 for cabin fitting harnesses of the customers' various interior layouts. In 2010 the development at Marignane was strengthened through a doubling of the workforce.

Registered workforce, which had decreased by 5% in France and approximately 10% in Tunisia in 2009 in order to face up to the crisis, remained virtually unchanged in 2010.

LATECOERE Développement

This holding company, wholly-owned by the Latécoère Company, holds 2% of LATECOERE do BRASIL (compared to 49% in 2009) and 100% of the capital of LATecis. At the end of the year, Latécoère carried out an increase of capital of LATECOERE do BRASIL in which LATECOERE Développement did not participate, thus greatly reducing its interest.

LATecis

LATecis is the main engineering subsidiary of the LATECOERE Group. Its business covers the aeronautical and space sectors, as well as rail and automotive, and more recently in the nuclear sector. Approximately 10% of its revenue is realized with the Group. LATecis, in addition to its establishment in the Toulouse region -- at Ste. Foy d'Aigrefeuille -- has local offices in Paris, Bordeaux, Nantes, as well as in the PACA region of southeastern France. It also holds 100 % of the capital of LATecis IBERIA, established in Seville, Spain, 85% of the capital of LATecis srl based in Romania (the remaining 15% of the capital being held by the DZ holding company) and 51% of the capital of G²Métric located nearby Toulouse (48% of the capital being held by the SARL AXYL and 1% by natural persons). During 2010, the business growth of LATecis was led by the realization of studies completed in Canada for its customer Bombardier (program C-Series). In order to be close to its customer and taking into account future developments, LATecis also created a subsidiary in Canada in late November 2010.

LATecis had revenue of €57.2 million in 2010, with a result of €1.4 million. It had 375 employees at December 31, 2010. The LATecis IBERIA subsidiary had revenue of €1.6 million in 2010, with a negative net result of -€0.1 million. Furthermore, the 2010 revenue of G²Métric was €5.7 million for a net result of €0.6 million, with a workforce of 40 employees; LATecis srl (Romania) realized revenue of €1.9 million for an appreciably balanced result with a workforce of 23 employees at December 31, 2010. Finally, LATecis UK had revenue of €0.5 million and a balanced net result with a workforce of 8 employees at December 31, 2010.

2.3.2 Investments in associates

LATECOERE AEROSERVICES

This company realizes maintenance and repair business and is held 30% by the LATECOERE Company (70% being held by the Pierre LATECOERE TECHNOLOGIES BV Company). In 2010, it had revenue of €22.4 million, and a net result of €0.7 million.

CORSE COMPOSITES AERONAUTIQUE (C.C.A.)

LATECOERE holds 25 % of the capital of CORSE COMPOSITES AERONAUTIQUE. This investment by LATECOERE, along with the other shareholders -- Airbus, Dassault and SAFRAN, allows the Group to reinforce its competencies in the area of composite materials. In 2010, C.C.A. had revenue of €26.1 million and a net result of -€1.1 million.

2.4 Research & Development Expenses

In 2010, the total of these research and development expenses was €31 million (7% of revenue) compared to €32 million in 2009. In 2011, expenses will be concentrated on the Boeing 787 and Airbus A350 programs under development; insofar as this last program benefits from financing assistance in the form of refundable advances, these expenditures should not create sizeable financial needs.

Furthermore, the Group does not receive any investment grants for research and development programs.

2.5 Human Resources

The development of the LATECOERE Group is based on the skill and the involvement of the men and women who form it and are its principal assets. Labor policy is based on:

- Continuing training;
- The development of competences;
- An open and constructive labor dialogue through a contractual policy;
- Team spirit, the transmission of knowledge and know-how;
- Professional development by maintaining a safe environment and work conditions;
- The setting up of a socially-responsible insurance system.
- Employee shareholding.
- Non-discrimination on the basis of origins, sex, handicap, political or religious beliefs or labor union membership.

The workforce put to work by the Group (registered and external) at December 31, 2010 had increased over the year to 307 people subsequent to the upturn in activity noted starting in Q2 2010.

	Dec 31, 2010	Dec 31, 2009	Var.
Employees	3 707	3 639	68
of which France	2 027	2 069	-42
of which International	1 680	1 570	110
Temporary staff	974	735	239
of which France	441	459	-18
of which International	533	276	257
TOTAL	**4 681**	**4 374**	**307**
of which France	**2 468**	**2 528**	**-60**
of which International	**2 213**	**1 846**	**367**

Absenteeism remains relatively low. Prevention measures help to maintain a low level of accidents at the workplace.

The employees, through company investment funds and a non-trading company now hold 12.4% of the capital of the parent company. Three employees as well as a representative of the wage-saving scheme sit on the Supervisory Board.

The professional training budget represents close to 2.4% of the Group's total payroll.

Sums attributed pursuant to profit-sharing scheme were: in 2010, €4.4 million; and, in 2009, €1.3 million.

Furthermore, personnel-related information has been prepared and distributed in compliance with legal requirements.

2.6 Sustainable development

2.6.1 Environment

As part of its sustainable development policy, the LATECOERE Group committed itself to an environmental management initiative. The Gimont, France unit and the Labège, France site obtained ISO 14001 certification.
The LATECOERE Group is therefore determined to continue the actions permitting it:

- to be in compliance with the laws and regulations applicable to the businesses of the different sites.
- to preserve resources and the natural environment: energy savings, the most efficient consumption of chemical products and natural resources.
- to improve the management of the environmental impact relating to its businesses.

The follow-up of the environmental objectives and the active involvement of all will allow us to ensure a constant improvement of our environmental performance.

The Group's business has no harmful consequences on the environment (neither CO2 emissions nor waste water). When new facilities are established, environmental aspects are taken into account in order to reduce their impact in consultation with the official bodies, in all the countries where the Group is present. At this date, no environmental risk has been noted.

2.6.2 Relations with the Civil Society

The actions of the Group in this area related mainly to the following points:

- Local economic development, relations with the authorities and stakeholders, with strict political, religious and philosophical neutrality.
- Respect of business ethics and deontology.
- Openness to the scientific and academic communities, participation in professional training and in international exchanges of knowledge, technique and know-how.
- Adoption of environmental and social criteria in relations with suppliers and the sub-contractors.

2.7 Risk Factors

2.7.1 Business Risks

2.7.1.1 Program Risk

Commercial Risk

The strategic choice of future programs is carried out in a changing technological environment and involves the commitment of large investments, particularly in Research & Development. These investment programs assume that there will be long-term profitability. The profitability of the company depends upon the commercial success of the programs. The commercial and profitability assumptions accepted by the Group could turn out not to be true and the products which have been the subject of these investments might not achieve the commercial success necessary to make the initial investments profitable.

In order to face up to this risk, the Group has diversified its programs and has obtained refundable advances to finance a part of the Development costs on some programs. These advances are only refundable if the program succeeds. Details on these advances may be found in note 14.3 to the consolidated financial statements, at paragraph 5.6 of this document.

Program Delay Risk

Aircraft manufacturers can have difficulties respecting their program calendars. Delays in the schedule for the realization of new aircraft can cause delivery postponements and thus affect the rate of the realization of the Group's revenue.

For LATECOERE, this risk is shared out because the company uses second-tier "partners" as suppliers, who are subject to the same risks. The refundable advances obtained also make it possible to reduce this risk because reimbursements depend on the deliveries carried out. Moreover, the Group may occasionally open negotiations with its customers which enable it to reduce this risk. These negotiations support and secure the financing of the relevant programs.

2.7.1.2 Aircraft Manufacturer Delivery Rate Risk

Aircraft order rates show cyclic tendencies related to changes in passenger traffic, to the rate of ageing and renewal of aircraft fleets, to equipment decisions and to the financial health of the airlines and also, in a more general way, to changes in international business. The Group's activity resulting directly from the production rates of the aircraft manufacturers, variations in production rates impact its level of activity and can affect its financial position. Furthermore, exceptional events (terrorism, pandemics, and air crashes) could have major repercussions on air traffic and, as a consequence, on the aeronautical programs in which the Group participates. In 2010, about 98% of the Group's consolidated revenue related to civil aviation.

In order to face up to the risk that aircraft manufacturers reduce production rates, in particular in a period of downturn cycle, the Group develops an industrial policy aiming to ensure a good level of reactivity of its cost structure and in which there is the choice to resort to "partner" suppliers of the second level, subject to the same constraints. Moreover, refundable advances obtained also make it possible to reduce this risk because reimbursements depend on the deliveries carried out.

2.7.1.3 Product Risk

The manufacturer guarantees the airworthiness of delivered aircraft. In case of failure, LATECOERE, as a supplier, could be found liable. The very strict quality standards (selection of suppliers, internal quality control procedures, etc.) implemented in the ISO 9001 V 2000 EN 9100 system of reference by the companies of the Group, permit them to ensure irreproachable reliability of the products delivered. An ISO 14001 certification initiative was undertaken; two of the Group's sites have already been certified and the extension to other sites and companies is ongoing. Furthermore, a product liability insurance policy has been taken out by the Group.

2.7.1.4 Raw Material Risk

Raw material procurement (aluminum, steel and titanium) is covered principally by contracts managed by the aircraft manufacturers (conbids) and by long-term contracts containing clauses which limit the impact of price fluctuations. Market purchases constitute only a negligible portion of procurement, and represent the only part of our raw material purchasing subjected to price fluctuations.

2.7.1.5 Legal and Tax Risks

During 2010, the Group has closed its dispute which arose in 2009 with Dassault Aviation regarding a business jet contract. The legal action has thus lapsed.

Furthermore, the LATECOERE Company is subject to a tax audit as mentioned in note 25.3 to the consolidated financial statements.

Except for the disputes described in this item, there exists no other governmental, legal or arbitral proceeding, including any proceeding of which the Group has knowledge, which is outstanding or

threatened, likely to have or having had during the last twelve months, a significant effect on the Group's financial position or profitability.

2.7.2 Financial Risks

2.7.2.1 Foreign Currency Exposure

Through its international exposure and invoicing in US dollars to its French customers the Group is confronted with foreign currency exposure. The exposure linked to fluctuations in the US dollar is partially hedged through forward sales contracts and option "collars". The dollar rate and the associated foreign exchange rate exposure are part of the estimated future assumptions for the determination of margins on construction contracts. The fluctuations of the exchange rates may affect operational margin, financial result, shareholders' equity and net debt.

The Group consequently developed a policy of natural hedging by carrying out a part of its purchases in USD. Thus, the Group invoices approximately 64% of its sales in dollars and buys approximately 57 % of supplies or sub-contracting in dollars. The Group's natural hedging on the USD represents approximately 31%.

In order to manage its net residual exposure, the Group uses exchange hedging financial instruments, of the forward sale or option collar hedging nature. Option collar hedging implemented give the Group the possibility to benefit from an improvement in the EUR/USD rate. The Group hedged all of its flows for 2010.

In 2010, the Group completed its program for exchange rate hedging, decreasing its net residual exposure for 2011. In compliance with the agreement made and entered into with all of the banking partners in May 2010, the Group has also implemented new exchange rate hedging, decreasing its net residual exposure for 2012.

At December 31, 2010, the Group has hedged its exposure until 2012 by forward sale and option tunnel hedging at EUR/USD rates of, at the worst, 1.36 for 2011 and 1.31 for 2012.

In addition, the Group has set-up exchange rate hedges to protect against the fluctuations of the Czech crown (koruna) with respect to the Euro, in relation with its Letov s.ro. subsidiary, and against fluctuations of the Brazilian real with respect to the dollar, in relation with its LdB subsidiary.
Details of these derivative instruments and their impact on the financial statements appear in note 10 to the consolidated financial statements.

The effect of the dollar exchange risk hedging operations on revenue was -€4.3 million in 2010 compared to -€8.3 million in 2009.

The Group's exposure to foreign exchange risk and the sensitivity analysis are detailed in Note 22.3 to the consolidated financial statements. The characteristics of the financial instruments are described in notes 2.17 and 10 to the consolidated financial statements.

2.7.2.2 Interest Rate Risk

Almost all medium and long-term net debt is based on short-term floating rates. The LATECOERE Group benefits from hedging of interest rates ("collars") that allow it to limit the impact of a strong volatility in short-term rates on the cost of the debt. The average interest rate borne by the Group in 2010 was 4.0%.

The Group's exposure to the interest rate risk and the sensitivity analysis are mentioned in Note 22.4 to the consolidated financial statements.

The renegotiation of the bank debt has not substantially modified the Group's interest rate risk. Indeed, only the nature of the debt and the margin of the banks have changed, the nominal total of the debt and the proportionate share of the debt subjected to variable floating rates (Euribor) remain identical. The Group's exposure not having changed, the Group maintained its hedging positions.

2.7.2.3 Equity share risks

The Group holds essentially LATECOERE shares, the carrying value of which is adjusted according to the closing market prices. The treasury shares are accounted for in deduction of shareholders' equity in the consolidated financial statements. The amount of treasury shares at December 31, 2010 is €29k.

Given the fact that at year end the LATECOERE Company only held 4,377 of its own shares, the equity share risk is not significant. Furthermore, the Group does not hold any other significant listed shares and for this reason is not exposed to the risk of the fluctuation of share prices.

2.7.2.4 Credit risks

Because of the nature of the principal counterparts, the Group is not exposed to credit risk in any major way and foresees no default of third parties which could have a significant impact on the financial statements of the Group. At year end, the Group had identified no significant credit risk on these assets due but not depreciated.

2.7.2.5 Liquidity Risk

The Group manages its cash flow in a centralized way. The surpluses or the financing needs of its subsidiaries are invested or financed by the parent company on market conditions. The Group's cash flow department manages the current and provisional financing activities of the Group and its capacity to face up to its financial commitments.

In order to face up to its liquidity risk, the Group has the following financial resources: debt, borrowings, medium-

term credit lines, commercial paper, authorized overdrafts and discount lines. At the closing, some of these resources had not been used.

The Group restructured its debt in 2010. Under the terms of the agreements signed with its French bank creditors:

- the short-term lines were confirmed until January 1, 2012,
- the installments falling due in 2010 and 2011 under the medium-term lines were frozen and rescheduled between 2012 and 2015 under a schedule that will be reviewed with the creditor banks during Q2 2011 to take account of any developments that have taken place in the meantime,
- 20% of all medium-term debt (€71.5 million) was converted into bonds convertible into Latécoère shares between August 2012 and July 2015, at a strike of €10, representing a 75% premium over the last share price preceding the opening of negotiations; These convertible bonds were issued on July 30, 2010 by Latécoère and LATelec under the terms and conditions described in the prospectus approved by the French Financial Markets Authority (AMF) on June 11, 2010 under the no. 10-174.

The borrowing schedule for the Group's bank debt is reported in note 22.2 to the consolidated financial statements.

Some financing contracts are subject to covenants. Following the renegotiation of the bank debt that occurred in 2010, the creditor banks agreed not to use their right to accelerate repayment of existing medium-term credit lines, up to and including December 31, 2011, despite a breach of covenants included in them.

In addition, under the issuance contracts for convertible bonds, the Group committed to respect:

- A minimum level for shareholders' equity; that level was €123 million at December 31, 2010,
- A minimum level for EBITDA; that level was €42 million for 2010,
- A limit for investments; this limit was €11 million for 2010,
- A limit for additional indebtedness contracted of €10 million per Group company.

At December 31, 2010, the Group respected all of these commitments.

The Group's exposure to liquidity risk is presented in note 22.2 to the consolidated financial statements.

On these bases, the company proceeded with a specific review of its liquidity risk and it considers itself to be able to face up to its future amounts due.

2.7.3 Other Risks

2.7.3.1 Continuity of Information Systems

The Information Systems Department (DSI) is in charge of controlling this risk. In particular, it is in charge of data integrity management. An Information System master plan approved in 2010 will enable the alignment of the Information System to strategy and operational needs, while improving the performances and security of infrastructures.

2.7.3.2 Other

A risk manager is in charge of the security of assets through a policy of prevention relying on a team of correspondents throughout the Group companies.
Almost all of the risks of the Group's companies are covered by insurance policies. These concern the risk of destruction, the total amount of the damages guarantee is €250 million, and their consequences, operating loss, during a period of 15 months to a maximum amount of €90 million. Third party liabilities related to manufactured products are covered to a maximum of €750 million.

2.8 Information about Capital

LATECOERE's shares are listed on EURONEXT Paris, of NYSE EURONEXT, compartment "C". ISIN code: FR0000032278

2.8.1 Share capital at December 31, 2010 (Article 8 of the bylaws)

The authorized capital was SEVENTEEN MILLION TWO HUNDRED NINETEEN THOUSAND NINE HUNDRED NINETY-FOUR EUROS (€17,219,994). It is divided into EIGHT MILLION SIX HUNDRED NINE THOUSAND NINE HUNDRED NINETY-SEVEN (€8,609,997) shares of common stock with a par value of TWO EUROS (€2) each.

2.8.2 Unissued authorized capital

Currently, there is not any delegation of authority to the Management Board in order to proceed with increases in capital.

2.8.3 Potential share capital

Bonds Convertible in Shares

On July 29, 2010, the Group issued bonds convertible in new Latécoère shares of a par value of €71,500k to the creditor banks. The 7,150,000 convertible bonds were issued at a par value per unit of €10. The conversion period runs from the second to the fifth anniversary of the date of issue.

Share Warrants

Subsequent to the agreement reached with the Group's French banking partners to restructure its financial debt, the Management Board, by virtue of the delegation of authority which was granted to it by the general meeting of Latécoère shareholders on June 25, 2010, made a bonus issue of share warrants (BSA) to all existing Latécoère Group shareholders, in the proportion of one share warrant for each two existing shares they already own. On July 29, 2010, these share warrants were admitted to trading on the Euronext Paris market under the ISIN code FR0010910562. Each share warrant gives a right to subscribe to one new share at a fixed price of €10 per new share and for a period of three years starting on July 30, 2012. The theoretical number of share warrants at May 31, 2010 was 4,294,642 on the basis of the total number of Latécoère Company shares reduced by the number of treasury shares. At December 31, 2010, the number of share warrants actually issued was 4,281,711.

2.8.4 Change in the authorized capital during the past five years

	Change in Capital in €		Capital in €	Cumulative number of shares and Investment certificate
	Nominal	Premium and increase in capital through capitalization of reserves		
Fiscal year 2006				
None			17 219 994	8 609 997
Fiscal year 2007				
None			17 219 994	8 609 997
Fiscal year 2008				
None			17 219 994	8 609 997
Fiscal year 2009				
None			17 219 994	8 609 997
Fiscal year 2010				
None			17 219 994	8 609 997

No company controlled by Latécoère has notified of any interest in the latter's capital. To the issuer's knowledge, no shares have been entered in a pledged financial instruments account.

2.8.5 Treasury stock

At December 31, 2010, the LATECOERE Company held 4,377 (0.05%) of its own shares. The table below summarizes the movements on the treasury shares during 2010.

Number of shares	Dec 31, 2009	Acquisitions	Disposals	Dec 31, 2010	% of ownership
LATECOERE Shares	19 909	82 337	97 869	4 377	0,05%

('000 EURO)	Dec 31, 2009	Acquisitions / Provisions	Disposals	Dec 31, 2010	Average purchase price
LATECOERE Shares	128	520	618	29	6,45

2.8.6 Information relating to the share buyback program

2.8.6.1 Prior Program report during fiscal year 2010

As part of a share buyback program, the Company proceeded with purchase and sale operations with respect to its own shares between the date of opening and of closing of the past year, as follows:

Number of shares purchased: 82,337
Average purchase price: €6.21

Number of shares sold: 97,869
Average sale price: €6.31

Total amount of commission fees: 0

Number of shares registered at the closing of the year: 4,377

Value determined at the purchase price: €30,595
Nominal value: €8,754

Nature of acquisitions	% of capital
Market animation	100%
Employee shareholding plan	0%
Marketable securities giving right to shares	0%
External growth transaction	0%

The shares held at this date respond only to an objective of market animation. The shares held by the Company have not been the subject of any reallocation for any other objectives since the last authorization granted by the general meeting.

2.8.6.2 Description of share buyback program

In accordance with the provisions of Article 241-2 of the AMF's General Regulation as well as the European Regulation n° 2273/2003 of December 22, 2003, this description has as its aim to describe the objectives and the methods of the buyback program for the Company's own shares. This program will be submitted to the Annual General Meeting of June 25, 2010 for approval.

Prior Program report at 3/31/2011

The declaration of operations realized with respect to its own shares from 4/01/2010 to 3/31/2011 appears as follows:

	Total gross flow (1)		Position open at the beginning of the program	
	Purchases	Sales / transfer	Position open on purchases	Position open on sales
Number of shares	136 755	152 966	None	None
Average exercise price	7,55	7,45		
Amount	1 032 839	1 140 131		

(1) The relevant period begins the day following the date the prior program report was established and ends on the day of publication of the program description.

2.8.6.3 Breakdown by objectives of the shares of capital held at March 31, 2011

Number of shares held directly and indirectly: 3,698 representing 0.4% of the Company's capital.
Number of shares held broken down by objective:

- Market animation through a liquidity contract: 100%
- External growth transactions: 0%
- Hedging of purchase options for shares or other system of employee shareholding: 0%
- Hedging of marketable securities giving right to shares: 0%
- Cancellation: 0%

2.8.6.4 Current share buyback program

- **Approval of program:** Annual General Meeting of June 25, 2010
- **Relevant Shares**: common stock
- **Maximum percentage of capital for which buyback is approved**: 10% of capital (or 860,999 shares today), it being made clear that this limit must be seen in the context of the buyback date in order to take into account any applicable capital increase or reduction transactions which may occur during the term of the program. The number of shares taken into account for the calculation of this limit correspond to the number of shares purchased, reduced by the number of shares resold during the term of the program in connection with the liquidity objective. The company may not hold more than 10% of its own capital and, taking into account the number of shares already held in the amount of 19,909 at March 31, 2010 (or 0.2% of capital), the maximum amount of shares which may be purchased will be 841,090 shares (or 9.8% of capital) unless the shares already held are sold (or cancelled).
- **Maximum purchase price**: €20
- **Maximum amount of the program**: €16,821,814
- **Buyback Terms**: purchases, sales and transfers may be realized by any means on the market or by private sale, including by transactions for blocks of shares, it being understood that the resolution proposed for shareholder vote does not limit the share of the program which may be realized through the purchase of blocks of shares. These transactions may in particular be carried out during periods of public offers in compliance with Article 232-17 of the AMF's General Regulation, if on the one hand, the offer is paid entirely in cash and, on the other hand, the buyback transactions are realized in connection with the continuation of the performance of the ongoing program and that they are not likely to cause the offer to fail.

The objectives are as follows:

- Ensure the animation of the secondary market or the liquidity of the stock through an Investment Service Provider intermediary, through a liquidity contract consistent with the charter of deontology of the AMAFI, as accepted by the AMF,
- Keep the purchased shares and turn them over later for exchange or in payment in connection with eventual operations of growth, being specified that the shares acquired for this purpose cannot exceed 5% of the Company's capital,
- Grant share purchase options and other forms of allocation of shares to employees and group officers as set out in legal dispositions, in particular for profit-sharing, under a company savings scheme or by the allotment of free shares to employees,
- Ensure the hedging of securities giving right to an allotment of shares in the company within the framework of the regulations in force,
- Proceed with the cancellation of the shares acquired, in accordance with the approval given by the Annual General Meeting of Shareholders of June 26, 2009 in its 22nd extraordinary resolution.

- **Duration of program**: 18 months from the Annual General Meeting of June 25, 2010 or until December 24, 2011.

2.8.7 Dividend distribution policy

The Group wishes, while remaining coherent with market practices, to continue to allow its shareholders to share in its results provided that the results of the Group and its financial position allow it.

2.9 Information about Shareholders

2.9.1 Analysis of the shareholders and voting rights

	Dec 31, 2010		Dec 31, 2009		Dec 31, 2008	
	shareholders %	voting rights %	shareholders %	voting rights %	shareholders %	voting rights %
Employees	12,4%	17,2%	15,0%	19,8%	12,9%	19,0%
MONDRIAN	0,0%	0,0%	8,3%	7,4%	8,3%	7,7%
PRIGEST	9,3%	8,3%	8,5%	7,6%	8,5%	7,9%
WELLINGTON	7,0%	6,2%	0,0%	0,0%	0,0%	0,0%
SALVEPAR	5,0%	9,0%	5,0%	8,8%	5,0%	4,7%
LATECOERE (self-holding)	0,1%	0,0%	0,2%	0,0%	0,3%	0,0%
Market	66,2%	59,3%	63,0%	56,4%	65,0%	60,7%
TOTAL	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

***Employees:**
(through four company investment funds and a non-trading company)

FCPE "A":	0.5%
FCPE "B":	10.7%
FCPE "C":	0.2%
FCPE "D":	0.0%
Soc. Civ. de la Roseraie**:**	1.0 %
Total Employees:	**12.4%**

At December 31, 2010, to the Company's knowledge no other shareholder holds, directly or indirectly, either alone or in conjunction with others, more than 5% of the capital or voting rights.

In 2010, the following crossings of thresholds were notified:

- June 30: Crédit Agricole Asset Management, on behalf of an FCPE B LATECOERE, upward crossing of the 15% of voting rights threshold
- August 19: Mondrian, downward crossing of the 5% of voting rights threshold
- September 9: Wellington, upward crossing of the 5% of voting rights threshold.

A TPI study performed in January 2011 shows that the Company has more than 12,000 shareholders.

A provision of the agreement signed with the banks as part of the renegotiation of the bank debt applies to the control of the company. Indeed, in the event of a change of the first shareholder of Latécoère resulting from the entry to the capital of an investor taking a participation higher than 33% of the capital or designating the majority of the members of the Supervisory Board, the representatives of the respective groups of the holders of Latécoère Convertible Bonds, on instruction of each of the respective groups, could together require the advance repayment of the whole amount (and only of the whole amount) of the Latécoère Convertible Bonds still in circulation.

Position at March 31, 2011

	March, 31 2011	
	shareholders %	voting rights %
Employees	12,5%	17,7%
PRIGEST	8,7%	7,7%
WELLINGTON	4,2%	3,7%
SALVEPAR	5,0%	8,9%
LATECOERE (self-holding)	0,0%	0,0%
Market	69,6%	62,0%
TOTAL	**100,0%**	**100,0%**

2.9.2 Other Information

To the best of the Company's knowledge, there exists no shareholders' agreement.

There does not exist any statutory restriction of voting rights except the deprivation which may be requested at the general meeting by one or more shareholders holding at least 2% of share capital, in case of a non-declaration of a crossing of statutory threshold, in accordance with article 9 of the bylaws.

With the exception of shares with double voting rights accorded to the shares registered as registered

securities for at least four years in the name of the same shareholder, there does not exist any security having special control rights.

The rules applicable to the appointment and to the replacement of the Members of the Management Board, to their power and the rules relating to the amendment of the Company's bylaws are those foreseen by law.

The items relating to payments likely to be due to the members of the Management Board as a result of the termination of their employment contract or their corporate office, as the case may be, are part of the compensation conditions described above.

The voting rights attached to the LATECOERE shares held by the employees through F.C.P.E. actions LATECOERE are exercised by a representative named by the supervisory board of F.C.P.E. for the purpose of representing it at the Annual General Meeting.

2.10 Corporate governance

The Company has adopted the AFEP-MEDEF's listed companies' corporate governance code, and referred to it during 2009. However, on some points the organization of the Company's governance is not entirely in compliance with this code, which is more particularly used by large companies.

On April 21, 2010, the new Middlenext corporate governance code was reported to the Supervisory Board. After studying this new code, the Supervisory Board decided on May 17, 2010 to refer to it from that moment on.

This change's different implications are explained in the Chairman's report on corporate governance and internal control.

2.10.1 The Management Board

2.10.1.1 Positions and duties

The Management Board was composed of three Members at the beginning of 2010: François Bertrand, Chairman of the Management Board, Bertrand Parmentier, Managing Director and Roland Tardieu. The Supervisory Board met on August 31, 2010 in order to increase the number of Members of the Management Board to four. After consultation and advice of the Nominations and Compensation Committee, Eric Gillard, who is, in addition, Director of the Aerostructures division was appointed Member of the Management Board. His position will end at the same time as the other Members, on January 6, 2015.

Name	Positions	Duties		First appointment Date	Other positions	Other current duties	Duties (except subsidiaries) during the last 5 years, already expired	Number of shares owned
		Nature	Expiring					
François BERTRAND (54)	President and CEO	Chairman of the Management Board	06-Jan-15	Jan-03		Director, SEA LATelec (TUNISIE) Director, GIFAS		90
Bertrand PARMENTIER (54)	Managing Director and CFO	Member of the Management Board	06-Jan-15	Jan-09				25
Roland TARDIEU (60)		Member of the Management Board	06-Jan-15	Jan-09		Chairman, LATelec Director, SEA		0
Eric GILLARD (54)	Director of Aerostructure Division	Member of the Management Board	06-Jan-15	Aug-10				0

François Bertrand, born on May 14, 1955, a graduate of the Ecole Polytechnique and holder of an MBA (University of California at Berkeley), joined Latécoère in 1988. He first held the position of General Secretary then Assistant Managing Director. Managing Director since 1995, he is a Director of the Company since 1989. In 2003, he became Chairman of the Management Board

Bertrand Parmentier, born on June 13, 1955, graduated from HEC. Before joining the LATECOERE Company in 2008, he was Managing Director of the Pierre Fabre S.A. Company, the holding company at the head of Laboratoires Pierre FABRE.

Roland TARDIEU, born on August 20, 1949, has been part the LATECOERE Company since 1986; he holds the office of Chairman of LATelec, a subsidiary specialized in connecting systems.

Eric Gillard, born on August 16, 1956, is the holder of a DEA degree in Chemistry and a graduate of the IAE de Toulouse School of Management. In 1984, Eric Gillard joined Aérospatiale. In 2004 he became Director of Purchasing - Aerostructures with responsibility for Airbus's major subcontractors abroad. He joined Latécoère as Director of Purchasing in 2008, and was then made Director of Operations in 2009. He was subsequently appointed Director of the Aerostructures division in 2010.

To the Company's knowledge, and at the date of the establishment of this document, none of the Members of the Supervisory Board or the Management Board, during the past five years:

- was convicted for fraud,
- was associated with a bankruptcy, sequestration or liquidation,
- was subject to incrimination or official public sanction ordered by a statutory or regulatory authority,
- was prevented by a court from acting as a member of a corporate administrative, management or supervisory body or from participating in the management or the conduct of business of an issuer.

There has not been brought to the Company's knowledge the existence of any family ties of whatsoever nature between the Members of the Supervisory Board and the Management Board.

2.10.1.2 Remunerations

Summary table of remuneration and of options allocated to each Member of the Management Board

In euros	Fiscal Year N	Fiscal Year N-1
François BERTRAND, Chairman of the Management Board		
Remuneration relating to the fiscal year (detailed in table B)	283 847	442 167
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**283 847**	**442 167**
Bertrand PARMENTIER, Member of the management Board		
Remuneration relating to the fiscal year (detailed in table B)	251 137	332 463
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**251 137**	**332 463**
Roland TARDIEU, Member of the management Board		
Remuneration relating to the fiscal year (detailed in table B)	190 534	223 232
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**190 534**	**223 232**
Eric GILLARD, Member of the management Board		
Remuneration relating to the fiscal year (detailed in table B)	0	277 289
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**0**	**277 289**
(Eric GILLARD wasn't member of the management board in 2009)		

Recapitulative table of remuneration of each Member of the Management Board

In euros	Fiscal year N-1		Fiscal year N	
	Amount due	Amount paid	Amount due	Amount paid
François BERTRAND, Chairman of the Management Board				
Fixed remuneration	220 000	220 000	222 021	222 021
Variable compensation	44 400	0	193 400	44 400
Exceptional remuneration			2 500	2 500
Attendance fees				
Benefits in kind	19 447	19 447	24 246	24 246
TOTAL	**283 847**	**239 447**	**442 167**	**293 167**
Bertrand PARMENTIER, Member of the Management Board				
Fixed remuneration	204 000	204 000	204 021	204 021
Variable compensation	40 800	15 000	106 800	40 800
Exceptional remuneration			500	500
Attendance fees				
Benefits in kind	6 337	6 337	21 142	21 142
TOTAL	**251 137**	**225 337**	**332 463**	**266 463**
Roland TARDIEU, Member of the Management Board				
Fixed remuneration	132 000	132 000	132 000	132 000
Variable compensation	56 307	0	86 900	56 307
Exceptional remuneration				
Attendance fees				
Benefits in kind	2 227	2 227	4 332	4 332
TOTAL	**190 534**	**134 227**	**223 232**	**192 639**
Eric GILLARD, Member of the Management Board				
Fixed remuneration			140 421	140 421
Variable compensation			133 080	85 700
Exceptional remuneration			500	500
Attendance fees				
Benefits in kind			3 288	3 288
TOTAL	**0**	**0**	**277 289**	**229 909**
(Eric GILLARD wasn't member of the management board in 2009)				

Subscription or share purchase options allocated during the year to each corporate officer

Share purchase options allocated to each corporate officer by Latécoère or any company of the Group (name list)	N°and date of the plan	Nature of the options (subscription or purchase)	Value of the options according to the accounting principles of the consolidated accounts	Number of options allocated during the fiscal year	Exercise price	Exercise date
None						

Subscription or share purchase options exercised during the year by each corporate officer

Options exercised by each corporate officer (name list)	N°and date of the plan	Number of options exercised during the	Exercice price
None			

Performance shares allocated to each corporate officer

Performance shares allocated during the fiscal year to each corporate officer by Latécoère or any company of the Group (name list)	N°and date of the plan	Number of shares allocated during the fiscal year	Value of the shares according to the accounting principles of the consolidated accounts	Acquisition date	Availibility date
None					

Performance shares which have become available during the year for each corporate officer

Performance shares which have become available during the fiscla year for each corporate officer (name list)	N° and date of the plan	Number of performance shares which have become available during the fiscal year	Acquisition conditions
none			

Other contractual elements

Corporate officer	Contract of employment		Additional retirement programme		Allowance or benefit due or likely to be due following cessation or change in position		Compensation for non compete clause	
	Yes	Non	Yes	Non	Yes	Non	Yes	Non
François BERTRAND, *Chairman of the Management Board* Appointed Jan, 7 2009, duty expiring Jan, 6 2015	X			X	X			X
Bertrand PARMENTIER, *Managing Director and CFO* Appointed Jan, 7 2009, duty expiring Jan, 6 2015	X			X	X			X
Roland TARDIEU *Member of the Management Board* Appointed Jan, 7 2009, duty expiring Jan, 6 2015	N/A*			X	X			X
Eric GILLARD, *Director of Aerostructure Division* Appointed Aug, 31 2010, duty expiring Jan, 6 2015	X			X		X		X

The employment contract of François BERTRAND and Bertrand PARMENTIER have been suspended for the duration of their position
** Roland TARDIEU has no contract of employment with Latécoère and nor with any company of the Group.*

Remuneration for the new Management Board Members was set by the Supervisory Board on the advice of the Nominations and Compensation Committee. They are detailed below, in compliance with the recommendations of the new Middlenext corporate governance code to which the Company refers since May 11, 2010.

Mr. François Bertrand will receive an annual salary of €222,000, reviewed annually in accordance with the average of the increases allocated to the other executives. A bonus of 20% based on this remuneration will be added to it. Mr. François Bertrand will benefit from a variable bonus of 0.90%, based on the Group net result, calculated on the result of year N and paid in year N+1, at the closing of the financial statements. A company car will be made available to him. He will have no other benefits, allocation of shares, stock options or special executive retirement scheme.

Mr. Bertrand Parmentier will receive an annual salary €204,000, reviewed annually in accordance with the average of the increases allocated to the other executives. A bonus of 20% based on this remuneration will be added to it. Mr. Bertrand Parmentier will benefit from a variable bonus of 0.40%, based on the Group net result, calculated on the result of year N and paid in year N+1, at the closing of the financial statements. A company car will be made available to him. He will have no other benefits, allocation of shares, stock options or special executive retirement scheme.

Mr. Roland Tardieu will receive an annual salary €132,000, reviewed annually in accordance with the average of the increases allocated to the other executives. A bonus of 20% based on this remuneration will be added to it. Mr. Roland Tardieu will benefit from a variable bonus of 0.15%, based on the Group net result, to which will be added an amount equal to 0.25% of the operating result of the LATelec Company. These variable items are calculated on the result of year N and paid in year N+1, at the closing of the financial statements. A company car will be made available to him. He will have no other benefits, allocation of shares, stock options or special executive retirement scheme.

Appointed to the Management Board on August 31, 2010, Mr. Eric Gillard will receive an annual salary of €140,400, reviewed annually in accordance with the average of the increases allocated to the other executives. A bonus of 20% based on this remuneration will be added to it, as well as a variable bonus equal to 0.15% of the operating result of the LATelec Company.

In addition, starting in 2011 Mr. Eric Gillard will benefit from a variable bonus, linked to a "Revenue minus Expenses" objective for the Aerostructures division for year N, for which meeting the target value will result in a bonus of 20% of his annual salary, and which may vary

from a minimum of 10% to a maximum of 30%, depending on accomplishments; this bonus will be paid in Year N+1, at the closing of the financial statements.

Exceptionally for 2010, and due to the appointment of Mr. Eric Gillard to the Management Board in the middle of the year, the Supervisory Board, on the recommendation of the Nominations and Compensation Committee, has decided to accord him the fixed amount of €20,000 as a bonus, which will be paid to him in 2011.
A company car will be made available to him. He will have no other benefits, allocation of shares, stock options or special executive retirement scheme.

In the context of the recovery of the Company's business, and on a proposal of the Management Board, the variable bonus of the Members of the Management Board and of the Executive Committee which is based on Group net result was reduced by canceling out the non-recurring items of fiscal years 2009 and 2010; the Group net result amount reconstituted for this purpose is €16,559,000.

The Members of the Management Board benefit in the event of, respectively, termination of their employment contract (Mr. François Bertrand and Mr. Bertrand Parmentier) or end of their appointment (Mr. Roland Tardieu) and, for any other reason than resignation or retirement, of a severance payment

- calculated on the basis of their seniority, respectively of corporate office insofar as Mr. Roland Tardieu is concerned, by applying the scale foreseen by the French collective bargaining agreement of engineers and managers in the Metallurgy sector, which limits to 18 months the maximum amount attributable for this reason;
- increased by one month for each "consolidated operating result/consolidated revenue" ratio point above 10%, as calculated during the corporate fiscal year preceding the termination of their employment contract (Mr. François Bertrand and Mr. Bertrand Parmentier) or of his corporate office (Mr. Roland Tardieu).

This guarantee was granted to them on their appointment on January 6, 2009 and it was ratified by decisions of the Supervisory Board of the same date and the Annual General Meeting of June 26, 2009.

With the exception of Mr. Roland Tardieu, who is remunerated by the LATelec Company, neither remuneration (including conditional or deferred) nor benefits in kind were granted by one of the subsidiaries to any of the Members of the Management Board.

The salaries received by the Members of the Management Board correspond to their functional and technical activities exercised within the Company. The salaries, bonuses and advantages are gross sums. There is no share allotment or stock options plan, nor any special executive retirement scheme.

The amount of the sums reserved for retirement and other personnel-related benefits for the Members of the Management Board is €160,841.

Recapitulative state of stock transactions of corporate agents of high officials and their close ones during the year

Transaction date	Name	Duty/position	Type of transaction	Unit price *(euros)*	Quantity	Transaction amount *(euros)*	Stock concerned	Transaction location
NONE								

2.10.1.3 Establishment of residence

In respect of their positions, the Members of the Management Board are domiciled at c/o LATECOERE, 135, Rue de Périole, BP 25211, 31079 Toulouse cedex 05, France.

2.10.2 The Supervisory Board

2.10.2.1 Positions and duties

Name	Positions	Duties		First appointment Date	Other positions	Other current duties	Duties (except subsidiaries) during the last 5 years, already expired	Number of shares owned
		Nature	Expiring					
Pierre GADONNEIX (68)	None	Chairman of the Supervisory Board	General meeting 2015	Aug-10	None	Chairman of world Energy Council Member of the Board of Directors of the National Foundation of Political Science	Chairman of the Board of Directors of EDF Chaiman and Chief Executive Officer of EDF Director of Edison Chairman of the Board of Directors of Electra, of Transalpina di Energia, of the EDF Diversiterre Foundation and of the Group'action CO2 Association Member of the Board of Directors of the Foundation for Tomorrow's Energies the Association of the French gas Member of Atomic Energy Committee, the Advisory Council of the Banque de France and the National Committee for Vital Importance Lines of Business (Comité National des secteurs d'activité d'importance vitale (CNSAIV)), High Comitee for transparency information on nuclear safety, of the Economic and Social Council.	0
Jean Claude CHAUSSONNET (69)	None	Vice Chairman of the Supervisory Board	General meeting 2015	Jan-03	Member of the Audit & Financial Statement Committee and compensation committee	Director of RECAERO		162
Jean Jacques PIGNERES (65)	None	Member of the Supervisory Board	General meeting 2015	Jun-09	Member of the Audit & Financial Statement Committee	Member of the Supervisory Board, LATECOERE AEROSERVICES Chairman LATECOERE DEVELOPPEMENT	Director of SEA	25
Pierre LATECOERE (47)	None	Member of the Supervisory Board	AG 2015	Jan-03	Member of the Nomination & compensation Committee	Chairman of the Supervisory Board LATECOERE AEROSERVICES	Chairman of the Board of Directors ETAMIC	110
Pierre ALESI (78)	None	Member of the Supervisory Board	AG 2015	Jan-03		Director CORSE COMPOSITES AERONAUTIQUE	None	10
Christian BEUGNET (66)	None	Member of the Supervisory Board	AG 2015	Jan-03	President of the Nomination & Compensation Committee	Director CORSE COMPOSITES AERONAUTIQUE	None	10
Gérard CAVERIVIERE (58)	Continuous improvement Director	Member of the Supervisory Board	AG 2015	Jan-03	Member of the Nomination & compensation Committee	None	None	34
Patrick CHOLLET (48)	None	Member of the Supervisory Board	AG 2015	Jan-03	Member of the Audit & Financial Statement Committee	Chairman CHOLLET Finances Investissements	None	99
Hervé COSTES (59)	Technician manager, Secretary of the Works Council	Member of the Supervisory Board	AG 2015	Jan-03	Member of the Nomination & compensation Committee	None	None	42
Christian REYNAUD (66)	None	Member of the Supervisory Board	AG 2015	Jan-03	Member of strategic committee	Chairman SORID Director FONDS D'AMORCAGE MIDI PYRENEES Chairman of the Supervisory Board, ICSO GESTION	Chairman of the Board and CEO, IRDI Director MIDI PYRENEES CREATION Vice chairman of the Supervisory Board, SOCRI	600
Yves DA COSTA (42)	Quality Technician and union representative	Member of the Supervisory Board	AG 2015	Jun-09		None	None	10
SALVEPAR represented by Jacques PREDRERO (59)	None	Member of the Supervisory Board	AG 2011	Jun-06	Néant	Representative chairman of SALVEPAR Board of Directors SALVEPAR Permanent representative of : - AFICA - Affinage Champagne Ardennes - FAVI - Le Laiton Injecté - FINANCIERE SPIE BATIGNOLLES - LIPPI MANAGEMENT - LOHR S.A. SALVEPAR censor of LE NOBLE AGE Board of Directors	None	432 911
Jean Louis PELTRIAUX (44) representing the FCPE "B" of LATECOERE employees	Cost control manager and cash manager of the Works Council	Member of the Supervisory Board	AG 2015	Jun-06		None	None	10

During its August 31, 2010 meeting, the Supervisory Board duly noted the resignation of Mr. Pierre Alesi. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Pierre Gadonneix to replace Mr. Pierre Alesi. The appointment of Mr. Pierre Gadonneix will be submitted for ratification to the next Annual General Meeting of Shareholders scheduled for June 30, 2011, and Mr. Pierre Gadonneix will carry on with the position of Mr. Pierre Alesi, which ends at the close of the Annual General Meeting that will rule on the financial statements for the year 2014, or at the latest by June 30, 2015. During that same meeting, the Supervisory Board duly noted the resignation of Mr. Jean-Jacques Pignères from the position of Vice-Chairman and of Mr. Jean-Claude Chaussonnet from the position of Chairman. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Jean-Claude Chaussonnet as Vice-Chairman of the Supervisory Board and Mr. Pierre Gadonneix as Chairman of that Board. The Supervisory Board also duly noted that from that moment on, Mr. Jacques Pedrero would be the permanent representative of SALVEPAR on that Board, replacing Mr. Didier Alix.

Pierre Gadonneix was born on January 10, 1943. With a PhD in Business Economics from Harvard Business School, he is also an alumnus of France's Ecole Polytechnique and a graduate of the Ecole Nationale Superieure du Petrole et des Moteurs, and holds a Bachelor of Science degree in Economics. Pierre Gadonneix is Chairman of the World Energy Council (WEC), which will hold its 21st congress in Montreal on September 12-16, 2011. He is also Honorary Chairman of EDF, a Member of the "Conseil Economique, Sociale et Environmental", and a Member of the Board of Directors of the "Fondation Nationale des Sciences Politiques". An experienced businessman, Pierre GADONNEIX has spent most of his career in industry. In 1976 he served as Technical Advisor to the Minister of Industry and Research. From 1978 to 1987 he was Director of Metallurgical, Engineering and Electrical Industries in the Ministry of Industry and, in this context, made a significant contribution to the restructuring of the French steel industry. Pierre Gadonneix served as Chairman of Gaz de France from 1996 to 2004, after joining the company nine years previously as Chief Operating Officer. In 2004 he was appointed Chairman and CEO of EDF, a position he held until 2009.

2.10.2.2 Remunerations

Summary table of remuneration and of options allocated to each corporate officer

In euros	Fiscal Year N	Fiscal Year N-1
Pierre GADONNEIX, Chairman of the Supervisory Board		
Remuneration relating to the fiscal year (detailed in table B)	0	50 000
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**0**	**50 000**
Jean Claude CHAUSSONNET, Vice chairman of the Supervisory Board		
Remuneration relating to the fiscal year (detailed in table B)	75 000	90 000
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**75 000**	**90 000**
Jean Jacques PIGNERES, Member of the Supervisory Board		
Remuneration relating to the fiscal year (detailed in table B)	15 000	30 000
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**15 000**	**30 000**
Pierre ALESI, Member of the Supervisory Board		
Remuneration relating to the fiscal year (detailed in table B)	0	0
Value of the options allocated during the fiscal year		
Value of the performance shares allocated during the fiscal year		
TOTAL	**0**	**0**

In euros		Fiscal Year N	Fiscal Year N-1
Christian BEUGNET, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		0	0
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**0**	**0**
Gérard CAVERIVIERE, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		111 403	113 613
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**111 403**	**113 613**
Patrick CHOLLET, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		0	0
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**0**	**0**
Hervé COSTES, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		70 136	72 052
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**70 136**	**72 052**
Yves DA COSTA, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		34 050	35 006
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**34 050**	**35 006**
Pierre LATECOERE, Vice chairman of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		0	0
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**0**	**0**
Christian REYNAUD, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		0	0
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**0**	**0**
SALVEPAR, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		0	0
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**0**	**0**
Jean Louis PELTRIAUX, Member of the Supervisory Board			
Remuneration relating to the fiscal year (detailed in table B)		75 287	77 497
Value of the options allocated during the fiscal year			
Value of the performance shares allocated during the fiscal year			
	TOTAL	**75 287**	**77 497**

Recapitulative table of remuneration of each corporate officer

In euros	Fiscal year N-1		Fiscal year N	
	Amount due	Amount paid	Amount due	Amount paid
Pierre GADONNEIX, Chairman of the Supervisory Board				
Fixed remuneration	0	0	50 000	50 000
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**50 000**	**50 000**
Jean Claude CHAUSSONNET, Vice Chairman of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration	75 000	75 000	90 000	90 000
Attendance fees	0	0	0	0
Benefits in kind				
TOTAL	**75 000**	**75 000**	**90 000**	**90 000**
Jean-Jacques PIGNERES, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration	15 000	15 000	30 000	30 000
Attendance fees				
Benefits in kind				
TOTAL	**15 000**	**15 000**	**30 000**	**30 000**
Not including additionnal payment of retirement bonus				
Pierre ALESI, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
Christian BEUGNET, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
Gérard CAVERIVIERE, Member of the Supervisory Board				
Fixed remuneration	92 501	92 501	90 501	90 501
Variable compensation	16 500	16 500	17 200	17 200
Exceptional remuneration			2 500	2 500
Attendance fees				
Benefits in kind	2 402	2 402	3 412	3 412
TOTAL	**111 403**	**111 403**	**113 613**	**113 613**
Patrick CHOLLET, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
Hervé COSTES, Member of the Supervisory Board				
Fixed remuneration	63 386	63 386	62 652	62 652
Variable compensation	6 750	6 750	6 900	6 900
Exceptional remuneration			2 500	2 500
Attendance fees				
Benefits in kind				
TOTAL	**70 136**	**70 136**	**72 052**	**72 052**

In euros	Fiscal year N-1		Fiscal year N	
	Amount due	Amount paid	Amount due	Amount paid
Yves DA COSTA, Member of the Supervisory Board				
Fixed remuneration	31 475	31 475	31 830	31 830
Variable compensation	2 575	2 575	2 676	2 676
Exceptional remuneration			500	500
Attendance fees				
Benefits in kind				
TOTAL	**34 050**	**34 050**	**35 006**	**35 006**
Christian REYNAUD, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
Pierre LATECOERE, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
SALVEPAR, Member of the Supervisory Board				
Fixed remuneration				
Variable compensation				
Exceptional remuneration				
Attendance fees				
Benefits in kind				
TOTAL	**0**	**0**	**0**	**0**
Jean Louis PELTRIAUX, Member of the Supervisory Board				
Fixed remuneration	66 287	66 287	66 097	66 097
Variable compensation	9 000	9 000	9 000	9 000
Exceptional remuneration			2 400	2 400
Attendance fees				
Benefits in kind				
TOTAL	**75 287**	**75 287**	**77 497**	**77 497**

The differentials between the amounts due and the amounts paid come from the fact that the variable share of remuneration is calculated based on the result of the prior year and paid at the beginning of the following year.

The variable shares of the other Members of the Supervisory Board are calculated on the basis of a percentage of their remuneration. The special remunerations of the Members of the Supervisory Board (Chairman and Vice-Chairman) correspond to payments made in respect of their office. Benefits in kind are exclusively linked to the use of a company car.

Table of attendance fees

No attendance fees were distributed during 2009 and 2010.

Subscription or share purchase options allocated during the year to each corporate officer

Share purchase options allocated to each corporate officer by Latécoère or any company of the Group (name list)	N°and date of the plan	Nature of the options (subscription or purchase)	Value of the options according to the accounting principles of the consolidated accounts	Number of options allocated during the fiscal year	Exercise price	Exercise date
None						

Subscription or share purchase options exercised during the year by each corporate officer

Options exercised by each corporate officer (name list)	N°and date of the plan	Number of options exercised during the	Exercice price
None			

Performance shares allocated to each corporate officer

Performance shares allocated during the fiscal year to each corporate officer by Latécoère or any company of the Group (name list)	N°and date of the plan	Number of shares allocated during the fiscal year	Value of the shares according to the accounting principles of the consolidated accounts	Acquisition date	Availibility date
None					

Performance shares which have become available during the year for each corporate officer

Performance shares which have become available during the fiscla year for each corporate officer (name list)	N°and date of the plan	Number of performance shares which have become available during the fiscal year	Acquisition conditions
none			

Recapitulative state of stock transactions of corporate agents of high officials and their close ones during the year

Transaction date	Name	Duty/position	Type of transaction	Unit price *(euros)*	Quantity	Transaction amount *(euros)*	Stock concerned	Transaction location
NONE								

2.10.2.3 Establishment of residence

In respect of their positions, the Members of the Supervisory Board are domiciled at c/o LATECOERE, 135, Rue de Périole, BP 25211, 31079 Toulouse cedex 05, France.

Members of the Supervisory Board whose positions ended in 2010

The Members of the Supervisory Board whose positions ended in 2010:

- Mr. Pierre Alesi, whose position was assumed by Mr. Pierre Gadonneix
- Mr. Didier Alix, who was replaced as representative of Salvepar by Mr. Jacques Pedrero

2.10.2.4 Events post closing

During its February 16, 2011 meeting, the Supervisory Board duly noted the resignation of Mr. Gérard Caverivière. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Christian Duvillet to replace Mr. Gérard Caverivière. The appointment of Mr. Christian Duvillet will be submitted for ratification to the next Annual General Meeting of Shareholders scheduled for June 30, 2011, and Mr. Christian Duvillet will carry on with the position of Mr. Gérard Caverivière, which ends at the close of the Annual General Meeting that will rule on the financial statements for the year 2014, or at the latest by June 30, 2015.

2.11 Other Information

2.11.1 Investments of the LATECOERE Company

('000 EURO)	Number of shares held	Gross value	Provision	**Net value**
LATECOERE INTERNATIONAL Inc.	600	541	0	541
LATECOERE Développement	149 998	572	0	572
LATelec	1 900	7 600	0	7 600
Letov s.r.o.	NC	20 787	0	20 787
LATECOERE Do Brasil	30 339 461	13 425	4 797	8 628
LATECOERE AEROSERVICES	15 000	229	0	229
Corse Composites Aéronautique	184 139	2 700	923	1 777
SUBSIDIARIES AND OTHER AFFILIATES		**45 854**	**5 720**	**40 134**
LATECOERE shares	4 377	29	0	29
SHORT-TERM INVESTMENTS	**4 377**	**29**	**0**	**29**

2.11.2 Five Years record of the LATECOERE Company

('000 EURO)	**Dec 31, 2006**	**Dec 31, 2007**	**Dec 31, 2008**	**Dec 31, 2009**	**Dec 31, 2010**
Capital at year-end:					
Share Capital	17 219 994	17 219 994	17 219 994	17 219 994	17 219 994
Number of issued ordinary shares	8 609 997	8 609 997	8 609 997	8 609 997	8 609 997
Operations and results of the fiscal year:					
Sales excluding VAT	279 326 396	313 937 133	481 096 561	329 030 798	314 958 397
Income before tax, employee profit sharing, depreciation, amortization and provisions	32 763 028	19 723 441	-4 273 419	-50 917 903	10 817 505
Income taxes	6 912 320	1 010 330	-7 222 712	-13 837 402	-7 347 069
Employee profit sharing (legal and contractual)	3 522 841	2 523 923	208 116	0	2 249 829
Income after tax, employee profit sharing, depreciation, amortization and provisions	17 882 114	10 379 451	-5 698 086	-129 024 352	24 081 851
Dividend paid during the year (including withholding tax on securities)	8 176 737	6 456 773	0	0	0
Earnings per share:					
Earnings after tax and profit sharing, but before depreciation, amortization and provisions	2,6	1,9	0,3	-4,3	1,8
Earnings after tax and profit sharing, depreciation, amortization and provisions	2,1	1,2	-0,7	-15,0	2,8
Dividend paid per share (excluding tax credit) in the year	0,9	0,7	0,0	0,0	0,0
Personnel :					
Average number of employees	1 168	1 117	1 166	1 088	1 024
Total remuneration	42 072 330	43 728 749	44 858 226	42 000 151	40 906 000
Total social charges and other personnel-related benefits	20 688 919	21 308 862	20 873 093	19 323 298	19 182 243

2.11.3 Subsequent events

In early 2011, Latécoère reached an agreement with Boeing regarding certain claims associated with the development and production of the 787 passenger doors. The agreement confirmed Latécoère as the supplier of passenger doors, and has been transposed into a contractual agreement; it will result, in particular, in the conversion of $75 million of cash advances previously received in billings which will have a positive impact on H1 2011 revenue.

3 CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2010

3.1 State of the consolidated financial situation

('000 EURO)	Notes	Dec 31, 2010	Dec 31, 2009
Goodwill	5.2	1 300	1 300
Other intangible assets	5.1	2 387	2 427
Tangible assets	5.1	95 179	97 278
Investments in associates (equity method)	6	3 471	3 359
Other financial assets		214	274
Deferred tax assets	16	16 975	12 340
Financial Instruments	10.1	7 459	12 513
TOTAL NON-CURRENT ASSETS		**126 985**	**129 491**
Inventories	7	487 691	456 454
Accounts receivable	9	158 424	109 335
Tax receivable		9 521	14 650
Financial Instruments	10.1	8 281	10 089
Other current assets		1 128	917
Cash & Cash Equivalents		10 301	9 797
TOTAL CURRENT ASSETS		**675 346**	**601 243**
TOTAL ASSETS		**802 331**	**730 734**

('000 EURO)	Notes	Dec 31, 2010	Dec 31, 2009
Share capital	11.2	17 220	17 220
Premiums		69 611	69 611
Treasury stock		1 759	1 657
Other Reserves		7 008	7 018
Accumulated Net Income		75 304	47 831
SHAREHOLDERS' EQUITY GROUP SHARE		**170 902**	**143 338**
Minority Interests		773	525
TOTAL SHAREHOLDER'S EQUITY		**171 675**	**143 863**
Loans and bank borrowings	14.1	331 489	11 513
Refundable Advances		29 262	42 777
Employee benefits	13	13 399	11 852
Other provisions	12	2 076	1 444
Deferred tax liabilities	16	1 137	3 945
Financial Instruments	10.1	1 705	1 200
Other non-current liabilities		10 068	8 184
TOTAL NON-CURRENT LIABILITIES		**389 135**	**80 916**
Loans and bank borrowings (less than 1 year)	14.1	23 940	345 816
Loans against receivables mobilization	14.1	5 604	11 688
Refundable Advances		12 748	7 620
Accounts payable	15	175 744	121 199
Income tax liabilities		1 551	256
Other current liabilities		13 252	16 387
Financial Instruments	10.1	8 682	2 989
TOTAL CURRENT LIABILITIES		**241 521**	**505 955**
TOTAL LIABILITIES		**630 656**	**586 871**
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		**802 331**	**730 734**

3.2 Consolidated Income Statement

('000 EURO)	Notes	Dec 31, 2010	Dec 31, 2009
Revenue	17	464 429	449 446
Other operating revenue		770	741
Change in inventory: work-in-progress & finished goods		59 483	-25 922
Raw material, Other Purchases & external charges	18	-290 755	-239 158
Personnel expenses		-175 111	-181 026
Taxes		-7 691	-7 961
Amortization		-12 460	-11 694
Net operating provisions charge		-703	-889
Depreciation of current assets		-2 337	-96 701
Other operating income	19	12 064	12 278
Other operating expenses		-2 348	-1 907
OPERATING INCOME		**45 341**	**-102 792**
Operating Income / Sales		*9,76%*	*-22,87%*
Cost of debt		-15 166	-14 650
Cash and cash equivalent income		3	13
Change in fair value of financial instruments		-9 885	13 087
Other financial incomes and expenses		6 793	-2 192
FINANCIAL RESULT	**20**	**-18 256**	**-3 742**
Result from associates	6	33	-363
Income tax	21	3 057	15 872
NET RESULT OF CONSOLIDATED COMPANIES		**30 176**	**-91 024**
Group net result		29 863	-91 204
Minority interests		312	180
Group net result/ sales		*6,43%*	*-20,29%*
Weighted average number of shares		**8 599 229**	**8 583 927**
Diluted earnings per share		**2,75**	**-10,62**
Earnings per share		**3,47**	**-10,62**

3.3 State of the overall consolidated net result

('000 EURO)	Dec 31, 2010		
	Gross Amount	Deferred tax	Net Amount
CONSOLIDATED NET RESULT FOR THE YEAR (1)	**27 118**	**3 057**	**30 176**
Translation differences	979	0	979
Actuarial gain or loss for year relating retirements benefits	-1 390	478	-912
Conversion option embedded in convertible bonds	4 765	-1 641	3 124
Financial instruments: change in fair value and transfer in profit and loss	-7 678	3 564	-4 113
Commitments to purchase minority interests	-1 535	0	-1 535
Other	84	-29	55
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (2)	**-4 774**	**2 373**	**-2 401**
TOTAL RECOGNISED INCOME AND EXPENSES (1+2)	**22 344**	**5 430**	**27 774**
of which, Group net result			27 463
of which, Minority interests			311

En milliers d'euros	Dec 31, 2009		
	Gross Amount	Deferred tax	Net Amount
CONSOLIDATED NET RESULT FOR THE YEAR (1)	**-106 896**	**15 872**	**-91 024**
Translation differences	-2 736	0	-2 736
Financial instruments: change in fair value and transfer in profit and loss	24 889	-8 081	16 808
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (2)	**22 153**	**-8 081**	**14 072**
TOTAL RECOGNISED INCOME AND EXPENSES (1+2)	**-84 743**	**7 791**	**-76 952**
of which, Group net result			-77 132
of which, Minority interests			180

3.4 Consolidated Statement of Cash Flow

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Consolidated net result	30 176	-91 024
Adjustments related to non-cash activities :		
Result from associates	-33	363
Depreciation and provisions	14 916	11 394
Fair value gains/losses	7 473	-10 575
Other non-cash items	-203	109
Dividend income received	0	0
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	**52 328**	**-89 733**
Income taxes	-3 057	-15 872
Interest expenses	15 164	14 636
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	**64 435**	**-90 969**
Changes in working capital	-33 224	103 176
Income tax paid	4 181	-2 093
CASH FLOWS FROM OPERATING ACTIVITIES	**35 392**	**10 113**
Effect of subsidiaries acquisitions	-63	0
Purchase of tangible and intangible assets	-7 704	-8 722
Purchase of financial assets	0	-25
Increase (decrease) in loans and advances made	-32	17
Proceeds from sale of tangible and intangible assets	203	148
Dividends received	0	0
Other flow from investing activites	27	-26
CASH FLOWS FROM INVESTING ACTIVITIES	**-7 569**	**-8 607**
Expenses on increase of capital	63	0
Purchase of treasury shares	-520	-604
Disposal of treasury shares	618	659
Proceeds from borrowings (including refundable advances)	410	9 903
Repayments of borrowings (including refundable advances)	-14 097	-13 174
Financial interest paid	-15 090	-14 445
Dividends paid	-64	-60
Other flow from financing operation	-7	6 849
CASH FLOW FROM FINANCING ACTIVITIES	**-28 687**	**-10 871**
Effects of exchange rate changes	26	92
Other change without cash impact	-2 186	0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-3 024**	**-9 274**
Opening cash and cash equivalents position	-5 364	3 910
Closing cash and cash equivalents position	-8 388	-5 364
Cash and cash equivalents	10 301	9 771
Discounted receivables	-5 604	-11 688
Overdraft facilities	-13 085	-3 447
CASH AND CASH EQUIVALENTS AT YEAR-END	**-8 388**	**-5 364**
Dividends paid per share	**0**	0

3.5 Variation of Consolidated Shareholders' Equity

('000 EURO)	Share capital	Premiums	Treasury stock	Reserves and Accumulated Results	Hedging financial instruments	Translation difference	Other variations [1]	TOTAL Group share	Minority interests	TOTAL
SHAREHOLDER'S EQUITY 12/31/2008	**17 220**	**69 611**	**1 603**	**142 848**	**-12 309**	**1 865**	**0**	**220 839**	**405**	**221 244**
Capital variations								0		0
Share-based payments								0		0
Transactions on treasury stock			55					55		55
Dividends								0	-60	-60
Other variations						-423		-423		-423
Net result for the period (1)				**-91 204**				**-91 204**	**180**	**-91 024**
Financial instruments: change in fair value and transfer in profit and loss					16 943			16 943		16 943
Financial instruments: Translation differences					-135			-135		-135
Translation differences : change and transfer in profit and loss						-2 736		-2 736	0	-2 736
Income and expenses directly recorded in equity (2)	**0**	**0**	**0**	**0**	**16 808**	**-2 736**		**14 072**	**0**	**14 072**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**-91 204**	**16 808**	**-2 736**		**-77 132**	**180**	**-76 952**
SHAREHOLDER'S EQUITY 12/31/2009	**17 220**	**69 611**	**1 657**	**51 645**	**4 499**	**-1 294**	**0**	**143 338**	**525**	**143 863**
Capital variations								0		0
Share-based payments								0		0
Transactions on treasury stock			101					101		101
Dividends								0	-64	-64
Other variations								0		0
Net result for the period (1)				**29 863**				**29 863**	**312**	**30 176**
Financial instruments: change in fair value and transfer in profit and loss					-4 113			-4 113		-4 113
Financial instruments: Translation differences					-326			-326		-326
Translation differences : change and transfer in profit and loss						1 305		1 305		1 305
Conversion option embedded in convertible bonds							3 124	3 124		3 124
Other variations[1]							-2 391	-2 391	-1	-2 392
Income and expenses directly recorded in equity (2)	**0**	**0**	**0**	**0**	**-4 439**	**1 305**	**734**	**-2 400**	**-1**	**-2 401**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**29 863**	**-4 439**	**1 305**	**734**	**27 463**	**311**	**27 774**
SHAREHOLDER'S EQUITY 12/31/2010	**17 220**	**69 611**	**1 759**	**81 508**	**59**	**11**	**734**	**170 902**	**773**	**171 675**

[1] Including actuarial gain or loss for year relating retirements benefits and commitments to purchase minority interests

3.6 Notes to the consolidated financial statements

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INFORMATION RELATIVE TO THE GROUP

Latécoère is a French corporation ("société anonyme") headquartered in Toulouse, France

The consolidated financial statements of the LATECOERE Group for the fiscal year ended on December 31, 2010, include the parent company and its subsidiaries (the whole being designated as "the Group") and its share of results in associates.

The Group's consolidated financial statements were approved by the Management Board of February 15, 2011. They will be submitted to the Annual General Meeting on June 30, 2011.

NOTE 1 MAIN EVENTS

1.1 Confirmed upturn in activity

The Group confirmed the rebound in activity starting in the second quarter, with an acceleration of growth in the second half of the year.

This strong growth reflects the volume effects correlated to the pace of deliveries to aircraft manufacturers and percentage of completion billings on programs in development and tooling contracts.

For the full 12 months ended December 31, 2010 Latécoère recorded a 3.3% increase in revenue (0.2% organic revenue decrease), higher than the last estimates released.

In 2010, the Group recorded the first results of the adaptation and streamlining initiatives it has been undertaking for the past two years to restore profitability: current operating income was multiplied by 2.7 to 5.9% of revenue, and was up in all three business divisions. The primary driving forces behind this turnaround - based on a sustainable improvement of productivity and in which the entire company participated - included the rightsizing of the workforce; reduction and specialization of the industrial facilities; increasing reliance on low cost sites; lower fixed cost base; shortening of industrial cycles; sourcing initiatives; better integration of processes; and implementation of "lean" strategies.

1.2 Stronger partnerships

During the year, the Group has closed its dispute with Dassault Aviation regarding a business jet contract. This agreement, which cements the partnership at its current scope, resulted in the recognition of a €17.8 million reversal in the 2010 non-current operating result.

In early 2011, Latécoère reached an agreement with Boeing regarding certain claims associated with the development and production of the 787 passenger doors. The agreement confirmed Latécoère as the supplier of passenger doors, and has been transposed into a contractual agreement; it will result, in particular, in the conversion of $75 million of cash advances previously received in billings which will have a positive impact on H1 2010 revenue.

1.3 Restructuring of the Group's debt

Latécoère's financial debt was restructured under conditions that received the overwhelming support of the Group's shareholders. Under the terms of the conciliation protocol signed with its French bank creditors on May 18, 2010 and approved on May 19, 2010 by the Commercial Court of Toulouse:

- the short-term lines were confirmed until January 1, 2012,
- the installments falling due in 2010 and 2011 under the medium-term lines were frozen and rescheduled between 2012 and 2015 under a schedule that will be reviewed with the creditor banks during Q2 2011 to take account of any developments that have taken place in the meantime,
- 20% of all medium-term debt (€71.5 million) was converted into bonds convertible into Latécoère shares between August 2012 and July 2015: each bond, convertible into one share, was issued at a par value of €10, representing a 75% premium over the last share price preceding the opening of negotiations. These convertible bonds were issued on July 30, 2010 by Latécoère and LATelec.

1.4 Issue of share warrants (BSA)

The convertible bond issue by Latécoère and LATelec was preceded by a bonus issue of warrants to Latécoère's shareholders in the proportion of 1 warrant for 2 shares, giving them the right to subscribe, for every warrant, to one share at the exercise price of €10; On July 29, 2010 these share warrants were admitted to trading on the Euronext Paris market. If these warrants were to be exercised, shareholders' equity would be increased by €43 million.

1.5 Stronger governance

Corporate governance was enhanced by the election of Pierre Gadonneix as Chairman of the Supervisory Board, the appointment of Christian Duvillet, former CEO of LCL as a new member of the Supervisory Board, and the creation of a Strategy Committee within the Supervisory Board.

1.6 Process of searching for a partner

In line with its communication of May 20, 2010, the Group having streamlined its industrial organization and finalized a first step of financial restructuring in 2010, has

initiated a search for a partnership. The objective of the process is to enhance its industrial contribution to the upcoming consolidation of the sector and to strengthen its equity. After an initial exploratory phase, the Group received several expressions of interest that it intends to analyze further in the coming months. At this stage, the process does not call for any further comment.

NOTE 2 ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements:

The 2010 consolidated financial statements have been prepared in compliance with the IFRS as issued by the IASB and adopted by the European Union at December 31, 2010.

The IFRS system of reference IFRS includes the IFRS, the IAS (International Accounting Standards) as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The Group not being subject to the exclusion of IAS 39 relating to the recognition of financial instruments (carve-out for the European Union), nor by the standards or interpretations of mandatory application in 2010 not yet adopted by the European Union, these financial statements also comply with the IFRS of the IASB.

The financial statements are presented '000 EURO rounded to the closest thousand euros.

They are prepared on the basis of historical cost, with the exception of the following assets and liabilities which are valued at fair value: derivative financial instruments, financial instruments held for trading, financial instruments and liabilities designated at fair value through profit and loss.

2.2 Application of applicable standards, amendments and interpretations for the financial statements

New standards, amendments to standards or interpretations entered into force at December 31, 2010. This relates to:

- IAS 27 (Amended) "Consolidated and Separate Financial Statements" and the revised IFRS 3 (Revised) "Business Combinations";
- IFRS 1 (Revised) "First-Time Adoption of International Financial Reporting Standards";
- IFRIC 12 "Service Concession Arrangements";
- IFRIC 18 "Transfer of Assets from Customers"
- IFRIC 15 "Agreements for the Construction of Real Estate";
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation";
- IFRIC 17 "Distributions of Non-cash Assets to Owners";
- the "Eligible Hedged Items" amendments to IAS 39 "Financial Instruments: Recognition and Measurement";
- the "Additional Exemptions for First-time Adopters" amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards";
- the "Group Cash-settled Share-based Payment Transactions" amendments to IFRS 2 "Share-based Payment";
- the amendment to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" contained in the Annual Improvements (2006-2008) of the IFRS ;
- the Annual Improvements (2007-2009) of the IFRS.

These standards, amendments to standards or interpretations do not have a significant impact on the consolidated financial statements at December 31, 2010.

Furthermore, the Group has decided not to apply by anticipation the texts adopted by the European Union in 2009 and 2010 whose application is not mandatory:

- IAS 24 (Revised) "Related Party Disclosure" adopted by the European Union on July 20, 2010 and whose application is mandatory, at the latest, as from the commencement date of its first financial year starting after December 31, 2010;
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" adopted by the European Union on July 24, 2010 and whose application is mandatory, at the latest, as from the commencement date of its first financial year starting after June 30, 2010;
- The "Classification of Rights Issues" amendment to IAS 32 "Financial instruments: Presentation" adopted by the European Union on December 24, 2009 and whose application is mandatory, at the latest, as from the commencement date of its first financial year starting after January 31, 2010;
- The "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" amendments to IFRS 1 adopted by the European Union on July 1, 2010;
- The "Prepayments of a Minimum Funding Requirement" amendments to IFRIC 14 adopted by the European Union July 20, 2010 and whose application is mandatory, at the latest, as from the commencement date of its first financial year starting after December 31, 2010.

Furthermore, the Group has decided not to apply by anticipation the following texts which should be subject to an approval by the European Union no earlier than 2011:

- the amendments to IFRS 7 « Financial Instruments: Disclosures";
- the IFRS 1 amendments entitled "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters".
- IFRS 9 "Financial instruments" - Classification and measurement of financial assets.

2.3 Use of estimates and assumptions

The preparation of financial statements requires that the Management Board make estimates and assumptions which have an impact on the application of accounting methods as well as on amounts of assets and liabilities, income and expenses. The estimates and the underlying assumptions have been made from past experience and other factors considered as reasonable in view of the circumstances. Thus, they serve as the basis for the exercise of judgment necessary for the determination of the carrying value of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from estimated values.

The Management Board reviews its estimates and appreciations regularly on the basis of its past experience as well as other factors deemed reasonable, which constitutes the grounds for its appreciations of the carrying value of assets and liabilities. The impact of changes in accounting estimates is recognized during the period of the change if it affects only that period or during the course of the period of the change and subsequent periods if these are also affected by the change.

The use of estimates and assumptions assumes a special importance principally for:

- the estimated margin for construction contracts (note 23);
- employee benefits (note 13) ;
- deferred tax assets;
- provisions on inventory;
- the recoverable value of intangible and tangible assets as well as their useful life;
- the fair value of financial instruments.

At December 31, 2010, the accounting estimates used in the preparation of the financial statements were performed in a context where economic prospects were definitely difficult to grasp. The estimates and the assumptions retained for the consolidated financial statements were determined based on the elements in the Group's possession at the closing date and, in particular, relating to construction contracts, as a function of firm orders confirmed by aircraft manufacturers. The Group has noted a trend of production rate change announcements, increasing the difficulty to grasp the assumptions to be retained for the closing of the financial statements. However, only public information was taken into account in the estimates and assumptions retained by the Group at year-end.

On the basis of cash flow forecasts and of the waivers obtained, the Group considers in a reasonable way that the cash flow needs of 2011 will be met.

2.4 Subsidiaries

Companies controlled directly or indirectly by the LATECOERE Company are fully consolidated. Control exists as soon as the parent company holds directly or indirectly the power to direct the financial and operational policy of the subsidiary and to obtain benefits from its activities.
The full consolidation method consists in integrating all assets, liabilities, income and expenses. The share of assets and income attributable to the minority shareholders is accounted for as minority interests in the consolidated balance sheet and the consolidated statement of income. Subsidiaries are integrated into the consolidation scope from the date when control is obtained.

2.5 Associated Companies

Associates are defined as holdings in which the LATECOERE Company exercises significant influence (with at least 20% of voting rights). Significant influence exists when the parent company has the power to participate in the financial and operational policy of the subsidiary without having control.
The consolidation method is the equity method, which consists in entering in the balance sheet an amount reflecting the Group's share of the net assets of the associate, increased, if applicable, by the goodwill generated by the original acquisition.

2.6 Elimination of Intercompany Transactions

Intercompany transactions between consolidated subsidiaries are fully eliminated, as well as the resulting receivables and payables. The Group's internal income (dividends and income from disposals) is also eliminated from consolidated income. Unrealized losses are eliminated like unrealized profits, but only insofar as they do not represent a loss in value.

2.7 Foreign Currency Translation

Foreign currency transactions are converted into euros by applying the exchange rate prevailing at the transaction date. The monetary assets and liabilities appearing in balance sheet at closing date are translated by applying the exchange rate at such date. Foreign currency differences for commercial transactions are recognized in the result.

2.8 Financial Statements of Foreign Subsidiaries

Assets and liabilities of consolidated entities for which the functional currency is different from the euro are converted at the exchange rate at the closing date, with the exception of shareholders' equity which is accounted for at the historical rate. Income and expenses are converted at the exchange rate in force at the relevant transaction date or, as a practical matter, at the rate which approaches this and which corresponds to the average rate for the period, except for cases of large fluctuations in exchange rates. Exchange rate variations resulting from these conversions are accounted for in consolidated shareholders' equity (translation differences).

In accordance with IAS 21, the exchange rate differences relating to permanent financing activities part of the net investment in a consolidated subsidiary are recorded in shareholders' equity (under translation differences). At disposal of these investments, the accumulated translation differences recorded in the shareholders' equity will be recognized in income statement.

2.9 Goodwill

As from January 1, 2010

Business Combinations are accounted for according to IFRS 3 (Revised). Identifiable assets acquired and liabilities recovered are valued at fair value at the date of acquisition and, when applicable, the interest not giving control in the acquired company is valued either at fair value, or at the share in the net identifiable assets (including adjustments of fair value) of the acquired entity. This option is available on a case-by-case basis for each business combination transaction. The direct costs related to the acquisition (transaction costs) are included in expenses for the period during which they are incurred. Any share previously held in the acquired business, before the taking of control, is revalued at its fair value and the corresponding income or loss is posted in result.
Identifiable assets and liabilities recovered are valued at fair value at the date of acquisition and changes in fair value will be noted in the future in result beyond the appropriation period of one year. Contingent price adjustments of business combinations are valued at fair value at the date of acquisition.
After the date of acquisition, the price adjustment is valued at its fair value at each closing of the financial statements. Beyond the appropriation period, any subsequent change to this fair value will be recorded in result. The purchase price paid by the buyer, which includes a contingent portion, is valued and recognized at its fair value at the date of acquisition, subsequent variations to fair value of the contingent portion present in liabilities, being recognized in accordance with IAS 39, IAS 37 or other applicable IFRS, will be accounted for in net result, or in Income and expenses accounted for directly in shareholders' equity.

At the date of acquisition, the goodwill determined at the occasion of each business combination may be valued either on the basis of the share of the net acquired assets (including adjustments for fair value), or on the basis of the overall value of the business.

If they are generated by the acquisition of integrated companies or proportionally integrated companies, positive goodwill are posted to balance sheet assets in the item "Goodwill" and negative goodwill (badwill) is immediately recorded in the income statement. On the other hand, goodwill from the acquisition of associates is posted on the line "investments in associates" in accordance with IAS 28.

Goodwill may be corrected within the appropriation period of one year after the date of acquisition in order to take into account the final estimate of the fair value of acquired assets and liabilities. Beyond that period, the adjustments are posted in result.

Goodwill is not amortized but is subject to impairment tests on at least an annual basis and in case of indications of loss in value.

Before January 1, 2010

Goodwill represents the difference between the cost of acquisition and the acquired share of the fair value of identified assets, liabilities and contingent liabilities at the acquisition date.

For acquisitions prior to January 1, 2004, the goodwill is maintained at its deemed cost which represents the amount accounted for according to the previous standards.

In accordance with IFRS 3 and IAS 36, goodwill is recorded as an intangible asset at its initial value, reduced by accumulated loss in value. They are not amortized but are subject to impairment tests on an annual basis and in case of indications of loss in value. The impairment test is realized in accordance with the principles described in note 2.12.
Negative goodwill (badwill) is recorded in the income statement of the period.

2.10 Other Intangible Fixed Assets

Intangible fixed assets are identifiable non-monetary assets (resulting from a legal right or able to be sold, transferred, rented or exchanged in an isolated manner or with a contract, another asset or liability), without physical substance, held to be used for the production or the furnishing of goods or services, for the rental to third parties or for administrative purposes.

The intangible fixed assets must respond to the following criteria:
- probability of obtaining future economic benefits attributable to this asset;
- reliable valuation of the cost of the asset.

The amortization method used reflects the consumption rate by the company of the economic benefits of the fixed asset.

The intangible fixed assets acquired through a business combination are accounted for according to the same principles.

The intangible assets held by the Group are principally:
- contracts acquired through a business combination, depreciated over the term of the contracts;
- software and other licenses depreciated over four years.

Intangible assets are depreciated over their useful life. The Group holds no intangible assets of indefinite useful life. The intangible fixed assets acquired by the Group are accounted for at their cost reduced by the accumulated depreciation and loss in value. If an indication of loss in value exists, an impairment test is

carried out as described in note 2.12. Any loss in value is recognized in operating result, on the line "depreciation amortization".

Research expenses are accounted for in expenses. Development costs are recognized as assets when all the following criteria are met:

- the technical feasibility of completing the intangible fixed asset in order to use or sell it;
- the intention to complete the intangible fixed asset and use or sell it;
- the capacity to use or sell the intangible fixed asset;
- the manner in which the intangible fixed asset will generate probable future economic benefits;
- the availability of technical, financial and other resources in order to complete the development and to use or sell the intangible fixed asset;
- the capacity to measure expenses reliably.

To date, the development expenses incurred by the Group have been committed through partnership contracts responding to the characteristics of contracts defined by IAS 11 as construction contracts. These expenses therefore follow the treatment detailed in note 2.15.

2.11 Tangible Assets

The tangible fixed assets are accounted for at their directly attributable cost (including purchase price, taxes paid and direct purchase cost), reduced by accumulated depreciation and loss of value.

Subsequent expenses relating to tangible fixed assets are accounted for as expenses of the fiscal year which they are incurred if they maintain the performance level of the asset. They are added to the carrying value of the initial fixed asset if they generate future economic benefits higher than the initial level of performance and if their cost can be measured reliably.

When applicable, the total cost of an asset is broken down between its different constitutive elements (components) if their useful lives are different. Each element of the asset is depreciated over a different time period. The Group has defined families of assets that might be broken down, together with the useful lives of the components thus determined.

As the assets acquired by the Group are not meant to be resold before the end of their economic lives, no residual value has been applied to the different tangible fixed assets.

The amortization method reflects the rate of consumption of the future economic benefits relating to the asset.

If an indication of loss in value exists, an impairment test is carried out as described in note 2.12.
Any loss in value is recognized in operating result, on the line "depreciation amortization".

The grants received by the Group to finance industrial fixed assets are accounted for in deduction of the asset's original value.

The amortization periods associated with the groups and sub-groups of assets are as follows.

Group	Amortization period
Construction	15 - 40 years
General facilities	10 -20 years
Technical facilities	6 2/3 – 20 years
Tooling	3 years
Electronic equipment	5 years
Computer hardware	3 – 5 years
Transportation equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

(*) the amortization period depends on the components identified

2.12 Impairment of Assets

The carrying value of the Group's assets (other than inventory and deferred tax assets) is examined at each closing so as to appreciate if any indication of a loss in value exists. If such an indication is identified (reduction in market value or accelerated obsolescence, for example) an impairment test is carried out.

Concerning the intangible assets not yet available for use or for which the useful life is indefinite, and for the goodwill, such impairment test is carried out at a minimum of once a year.

The impairment test consists in comparing the carrying value of the asset or of the relevant group of assets with its recoverable value.

The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use. The value in use is the discounted value of estimated future cash flows expected from the continuing use of the asset and from its disposal at the end of its useful life.

In order to determine the value in use of an asset, the Group uses:

- an estimate of the future cash flows (before income tax and financial cost) based on assumptions that keep the asset in its current condition and represent the best estimate of the economic conditions which will exist during the remaining useful life of the asset;
- the pre-tax discount rate which reflects the current market valuations of the time value of money and of the specific risks of the asset. The discount rate does not reflect the risks which have already been taken into account in the estimate of future cash flows.

Depreciation is recorded if the carrying value of an asset is higher than its recoverable value.

The recoverable value shall be estimated for each asset individually. If that is not possible, IAS 36 states that companies shall determine the recoverable value of the cash-generating unit to which the asset belongs.

Assets are thus allocated to the Cash-Generating Units (the smallest identifiable group of assets the continuous use of which generates cash inflows that are largely

independent of cash flows from other assets or groups of assets).

The fixed assets of each Group company are not specific to a business or to a sector but are usable by the whole of the Company (no independence of cash inflows between them). Therefore, the Cash-Generating Units are the different companies of the Group taken individually.

An impairment loss accounted for in a Cash-Generating Unit is first allocated to the reduction in carrying value of any goodwill allocated to this Cash-Generating Unit, then to the reduction in carrying value of the other assets of the Unit, at the pro rata of the carrying value of each asset.

An impairment of goodwill cannot be reversed.

An impairment loss recognized for another asset is reversed if there has been a change in the estimates used in order to determine the recoverable value.
The carrying value of an asset, increased by reason of the reversal of a loss in value, must not be higher than the carrying value that would have been determined net of depreciation, if no loss of value had been accounted for.

2.13 Borrowing costs

As from January 1, 2009, borrowing costs directly attributable to the purchase of tangible and intangible assets requiring at least twelve months of preparation before being put in service are included in the gross value of these assets referred to as "qualifying". The gross value of the Group's inventory fitting the definition of qualifying asset for the purposes of IAS 23 "Borrowing costs" is also adjusted.

When a qualifying asset is financed by a specific loan, the additional cost taken into account in its gross value corresponds to the interests actually accounted for over the period, net of the income received on the funds not yet used. When a qualifying asset is not financed by a specific loan, the borrowing cost capitalized corresponds to the average general debt rate over the period.

2.14 Lease Agreements

Tangible asset leases for which the LATECOERE Group bears almost all the risks and rewards incidental to ownership of the asset leased are considered as finance leases in accordance with IAS 17 and thus are adjusted in the consolidated financial statements. The assets are accounted for at their fair value or the current value of minimum future lease payments if lower. These assets are then amortized on their useful life. If the Company does not have a reasonable certitude of becoming owner of the asset at the end of the contract, these assets are amortized over the shorter of the useful life and the duration of the contract.

A financial debt is recognized with respect to each finance lease agreement.

The lease agreements, in which the lessor does not transfer almost all the risks and rewards incidental to ownership of the asset are classified as operating leases. The payments pursuant to these agreements are accounted for in expenses in the income statement.

2.15 Inventories & Work-in-Progress

Raw materials

The gross value of raw materials and supplies includes the purchase price and associated costs. Raw materials and facilities are depreciated when their realization value is lower than their carrying value. Raw materials inventories are valued according to the weighted average price method.

Work-in-Progress (excluding construction contracts)

The gross value of work-in-progress is measured using the full cost method. Non-production costs (financial costs, marketing costs, unsuccessful proposal cost, administrative costs, etc.) are excluded from this valuation. Work-in-progress is depreciated when its realization value is under its book value.

Construction/Partnership Contracts

The Group has concluded with some of its clients partnership contracts with the characteristics of construction contracts according to IAS 11:
- contract relating to the production of a group of assets closely interrelated or interdependent in terms of design, technology and function;
- which covers several years.

The accounting for these contracts responds to the following criteria:
The principal revenues and costs of construction contracts are:
a) for revenues:
- the initial amount of revenue agreed in the contract;
- the modifications in contract work or the claims to the extent that it is probable that they give rise to revenue and that they can be measured reliably.

b) for costs:
- the costs directly related to the contract;
- the costs attributable to the contract activity in general and which can be allocated to the contract;
- All other costs that can specifically be charged to the customer according to the terms of the contract.

The margin is recognized by reference to the stage of completion and calculated in relation to the delivery of elements ("milestones").
Actually, the Group invoices on delivery and all the invoicing is due by the customer whatever the outcome of the program.
It is also possible that additional invoicing be carried out subsequently (modifications or additional work). A study

is undertaken on a case-by-case basis in order to define elements permitting the determination of the stage of completion.
The estimated margin is calculated on the basis of a forecast including the technical and budgetary elements. This margin is revised periodically based on costs and revenues realized during the period and remaining to come. When the foreign exchange exposure is hedged, the impact of this hedging is integrated in the calculation of the estimated margin. When the projected margin is negative, it is immediately recorded in income statement.

Construction contracts covering several years, during the first years the Group is brought to note in the balance sheet costs of production which will subsequently be recycled in income statement according to their decrease really observed.

2.16 Revenue Recognition

Revenue is recognized according to the following criteria:
- for contracts falling within the criteria of IAS 11, refer to note 2.15;
- for other types of contracts (other than services), revenue is recognized when the main part of risks and rewards are transferred to the buyer, which occurs on delivery;
- for service contracts, revenue is recognized by reference to the stage of completion based on the actual advancement of work on the basis of costs recorded in relation to total estimated costs.

2.17 Financial Assets and Liabilities

The Group applies IAS 32 and 39 and IFRS 7. These standards define four categories of financial assets and two categories of financial liabilities:
- financial assets and liabilities at fair value through profit and loss: it concerns derivative instruments which do not qualify for hedge accounting as well as cash flow investments designated at fair value through profit and loss;
- financial assets and liabilities available for sale valued at fair value with fair value variations recorded in shareholders' equity (the Group holds no such assets);
- financial assets held to maturity valued at amortized cost: to date, no assets enter in this family;
- loans and credits issued by the company and valued at amortized cost;
- other financial liabilities valued at amortized cost, following the effective interest rate method.

These financial assets and liabilities are allotted to the balance sheet in current and non-current elements following their expiry date less than or greater than a year.

Derivative instruments

The Group uses financial derivative instruments such as hedging contracts on foreign currency and on interest rates so as to hedge its current positions against foreign exchange exposure and interest rate risk. The hedging instruments are forward sales and purchases for the foreign currency and hedging for interest rates in the form of "collar". The derivative instruments are measured at fair value with fair value variations recognized in the income statement except for hedging instruments hereinafter designated. The fair value of derivative instruments is measured by an independent company. It takes into account the value of the derivative instrument at closing date (“mark to market"). The derivative instruments are recognized on the transaction date.

Impact of hedging instruments

The Group realizes a large share of its revenue in US dollars. Given the importance of these flows, a hedging strategy of future flows in this currency was put in place by applying the following principles:
- hedging of part of estimated future cash inflows with some customers;
- taking into account of a probability of realization of these future flows; this permits the appreciation of hedging needs relative to each hedged item for the application of the hedge accounting.

Similarly, the Letov s.r.o. Company, Czech subsidiary of the Latécoère Company, realized its revenue in Euros while its expenses are in Czech koruna (CZK). The Group has implemented hedging instruments for future flows of the Czech koruna and has decided to describe these hedging instruments from the point of view of IAS 39 because of the business growth of this subsidiary and the current volatility of this currency. Until June 30, 2008, these instruments were accounted for at fair value through profit and loss. The criteria that enable the application of cash flow hedge accounting have been respected since July 1, 2008. The flows hedged from such date are budgeted flows considered as highly likely operating expenses and financial expenses for the Letov s.r.o. Company until 2011.

The derivative instruments subject to hedge accounting have been documented according to IAS 39. Tests of effectiveness are realized at the implementation of hedging instruments and at each closing. Based on the hedge item, two kinds of hedge exist in the Group:
- the fair value hedge that hedges the exposure to variation of fair value of an asset accounted for in the balance sheet as a result of the evolution of interest rates or of a currency;
- the cash flow hedge which hedges the exposure to variations in future cash flows of existing or future assets or liabilities.

For the fair value hedge of existing assets or liabilities, the hedged share of these elements is valued in the balance sheet at its fair value. The variation of this fair value is recorded in the income statement where it is compensated by the symmetric fair value variations of financial hedging instruments, as far as their effectiveness.

The future cash flows hedge which qualifies for hedge accounting is treated in the consolidated financial statements of the Group as follows:
- the effective share of profit or loss on the hedging instruments is directly accounted for in shareholders'

equity (net of deferred tax); the inefficient share and the time value of options (non-qualified) are immediately recognized in income;
- the profits or losses accounted for in shareholders' equity are reported to the income statement of the period during the course of which the under-lying hedged item is accounted for;

At each closing, every existing hedging instrument is subject to an actualization of its fair value and an updating of the effectiveness test specific to each hedge relationship. If a hedge proves ineffective at the end of the test, the hedge accounting ceases to be applied. Certain financial instruments are not treated as hedging instruments because they do not qualify for hedge accounting under IAS 39. In such case, the profits or the losses resulting from the fair value variations of these instruments are accounted for in income statement.

Cash and Cash Equivalents

Cash and cash equivalents include cash funds and demand deposits. Bank overdrafts repayable on demand and financing under discounted receivables (not respecting the criteria for derecognition of assets) which forms an integral part of the Group's cash management are a component of cash and cash equivalents for the needs of the statement of cash flows. Short term investments, very liquid, easily convertible in a known amount of cash and carrying a negligible risk of change in value are considered as the cash equivalents. These investments are valued at fair value.

Borrowings

Financial debts are initially recognized at fair value on which are allocated the transactions costs directly attributable to the issuance of the liabilities. At the closing, financial debts are valued at amortized cost, based on the effective interest rate method. The fair value of financial liabilities valued at amortized cost (fixed rate borrowings, essentially), disclosed in the notes, was determined by an independent organization on the basis of a valuation technique.

Market Value Determination

Financial assets and liabilities at fair value through profit and loss and derivatives qualified as hedging instruments are evaluated and accounted for at their market value at their first accounting date, as well as at subsequent valuation dates.

Market value is determined:
- either based on a price quoted on an active market;
- or based on a valuation technique using:
  - mathematical calculation methods based on recognized financial theories
  - the parameters whose value is determined, in some cases, based on the price of instruments negotiated on active markets, and in others, based on statistical estimates or other quantitative methods.

The distinction between the two valuation methods is applied depending on whether the market on which the instrument is negotiated is active or not.
A market is considered as active and thus liquid for a given instrument if transactions are regularly made on it or if transactions of instruments very similar to those subject to the valuation are carried out on it.
The Group distinguishes three categories of financial instruments according to the consequences that their characteristics have on their valuation method and bases itself on this classification in order to disclose some of the information required by IFRS 7:
- Level One "Market Price" category: financial instruments quoted on an active market;
- Level Two "Model with observable parameters" category: financial instruments whose valuation uses valuation techniques based on observable parameters;
- Level Three "Model with non-observable parameters" category: financial instruments whose valuation uses valuation techniques based in part or in whole on non-observable parameters; a non-observable parameter being defined as a parameter whose value results from assumptions or correlations which are neither based on observable market transaction prices for the same instrument at the valuation date, nor on observable market data available at the same date.

In the case of an inactive market evidenced, for example, by an increasing scarcity of counterparts, the Group may resort to mathematical models evaluating risks based on assumptions that would normally take market participants, according to a time horizon corresponding to the term of the relevant instruments, in compliance with IAS 39.

Convertible Bonds

The convertible bonds issued by the Group are recognized and measured as follows:
- The debt component is recognized in liabilities at amortized cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- The conversion option is recognized in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognized in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed number of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognized in equity.

Commitment to purchase minority interests

In accordance with IAS 32, put options granted to minority shareholders of subsidiaries are recognized in the balance sheet under “Non current liabilities” with an offsetting adjustment to equity. The adjustment is recorded as a deduction of Shareholders’ Equity Group share. The liability is remeasured at the present value of the redemption amount (which is equal to the exercise price of the put) at each period-end by adjusting equity.

2.18 Trade & Other Receivables

Trade & other receivables are initially valued at fair value, then at amortized cost reduced by the amount of losses in value. The loss in value is recognized in the income statement.

As part of its short term financing activities, the Group carries out discount receivables operations with certain financial partners. The corresponding financial assets are totally or partially derecognized if the discounted receivables contracts respect the following conditions:

- transfer of the contractual right to receive cash;
- assignment to a financial partner of the risks and rewards relating to the receivable;
- the financial partner bears entirely the risk of non-payment of the receivable for solely financial reasons; the Group remaining guarantor of all of the technical and industrial risks;
- the recovery of the receivable is the responsibility of the financial partner. However, the latter may contractually ask the Group to carry out the receivable collection on its behalf.

Contracts not respecting these criteria do not give rise to derecognition of assets.

2.19 Other Liabilities

Other liabilities are initially valued at their fair value, then at amortized cost.

2.20 Treasury Shares

Treasury shares, whatever their use, are deducted from shareholders' equity. The income from disposal of treasury shares is recognized directly in shareholders' equity, so that the eventual gain or loss on disposal does not affect the income statement of the fiscal year.

2.20 Provisions

The Group constitutes a provision as soon as:

- there exists a current obligation (legal or implicit) resulting from a past event;
- it is probable that an outflow of resources will be necessary to settle the obligation;
- the amount of this obligation can be estimated reliably.

The amount of the provision is determined on the basis of the best estimate relating to the obligation. The estimate of provisions is analyzed at each closing and if necessary, its amount is updated.
The provision is maintained in the financial statements as long as precise information (time period and amount) do not allow its conclusion to be decided. When the effect of the time value of money could be material, the provisions are discounted. The provisions noted by the Group have not been discounted.

2.22 Employee Benefits

The Group recognizes some employee benefits. After analysis of the specific regulations of the countries in which the Group is present, it appears that these provisions concern principally French companies.

Defined Contribution Plans

Contributions to a defined contribution plan are accounted for in expenses when they are incurred.

Retirement Liabilities

The obligations of the Group for retirement benefits consist in retirement severance pay at the time of the employee's retirement departure. In accordance with IAS 19, for defined benefit plans, the retirement liabilities are calculated according to the projected unit credit method. The Group's obligations for French companies' employees are estimated by an independent actuary. The method takes into account, on the basis of actuarial assumptions, the probability of the length of future service of the employee, the level of future remuneration, the life expectancy and employee turnover. The obligation, including social security charges, is discounted and is accounted for on the basis of the years of service of the employees. Actuarial variations resulting from these assumptions have been recognized in shareholders' equity since 2010 (cf., note 2.27).

Long-Service Medals

The LATECOERE Group recognizes a provision on the basis of actuarial assumptions, the future level of remuneration, life expectancy and employee turnover (IAS 19). Group's obligations under the long-service medals (French companies only) are estimated by an independent actuary.

Individual Right to Professional Training

In the consolidated financial statements, the Group recognizes its obligation under the individual right to professional training ("DIF"). The calculation method for this provision is the following:

- determination for each employee of the total of hours acquired and not used at the closing for the DIF and application of the net hourly rate of the previous fiscal year (the total of hours having an upper limit of 120 hours);
- application of a percentage of probability that the employee uses his individual right to training;

- determination of an average hourly cost of training to which is applied the probable number of hours of training used in the framework of the DIF.

2.23 Public Financing

The Group has obtained public financing for the development of some programs.
These financings of the "refundable advances" type bear interest contractually (calculated on the basis of a market interest rate). Consequently, these types of financing are not subject to IAS 20 on public grants, to the extent that the program will likely succeed.
At the origin, they are valued for the counterpart of the cash flow received. At each closing, they are valued according to the amortized cost method, calculated with the help of the effective interest rate.
These advances shall be repaid if the program succeeds, and repayments are made as deliveries of each financed product subject to an advance occur.
For certain contracts, after full repayment of the advance the Group continues to pay out a royalty as a function of the program's revenue, the latter being deemed an operating expense.

2.24 Customer Financing

The Group has obtained customer financing in the form of refundable advances in connection with the development of certain programs.

2.25 Other operating income

The Group recognizes operating grants and the research-based tax credit, in particular, in other operating income.

2.26 Income Tax

The income tax includes the current income tax due and deferred tax. Tax is recognized in income statement, except if it attached to items which are accounted for directly in shareholders' equity. In such case, it is accounted for in shareholders' equity. The tax due is the amount of the estimated tax due for the period, taking into account any tax adjustment of the tax due relating to previous periods.

The deferred tax is determined according to the balance sheet liability method. It is calculated on the temporary differences between the carrying value of assets and liabilities and their tax value, with the exception of the following elements:

- goodwill;
- temporary differences relating to holdings insofar as they are not reversed in a foreseeable future.

Valuation of deferred tax assets and liabilities is based on the Group's estimate of their settlement, using the tax rates that were adopted or quasi-adopted at the closing date. A deferred tax asset is recognized only if the future pre-tax profits on which this tax could be applied are probable. The deferred tax assets are reduced when it is not probable that a sufficient profit will be realized. In accordance with IAS 12, the deferred tax assets and liabilities are not discounted.

2.27 Change in accounting method

The Group has adopted the option under IAS 19 "Employee Benefits", to recognize all actuarial differences in the period when they arose to income and expenses recognized directly in Equity. The Group considers that this accounting policy provides more relevant information since it means that the cost of the year is reflected in the net result (cost of services rendered in personnel expenses and financial costs in financial result). Actuarial differences resulting from revisions to these calculation assumptions are posted in the state of the overall consolidated net result.

The impact on the periods presented is not deemed significant and therefore these have not been restated. For information, the impact on the net result for 2009 is an increase of €1.1 million and does not have an impact on the 2009 state of the overall consolidated net result. The 2009 earnings and the 2009 diluted earnings per share would be -€10.5 instead of -€10.6.

Concerning 2008, the impact on the net result is an increase of €0.3 million and has no impact on the 2008 state of the overall consolidated net result. The 2008 earnings and the 2008 diluted earnings per share would be -€0.74 instead of -€0.78.

In the event where the Group had not adopted the option under IAS 19, 2010 net result would have been decreased by €0.9 million.

NOTE 3 CONSOLIDATION SCOPE

As the Group has, directly or indirectly, exclusive control in all Group companies except LATECOERE AEROSERVICES, PESOLA and Corse Composites Aéronautique, subsidiaries are consolidated by full consolidation. All the companies forming part of the consolidation scope close their financial statements on December 31.

During 2010, the LATecis Company created a subsidiary in Canada -- LATecis Canada Inc. -- in order to be close to one of its main customers. In addition, G²METRIC created a subsidiary in Germany -- G²METRIC GmbH.

Company name & Haedquarter address	SIREN Code (EIN)	Control %	Interest %	Consolidation method
LATECOERE do BRASIL Getulio Domelles Vargas, 3320 CEP 12305-010 Jacarei Brazil	None	100.00 %	100.00 %	Consolidation
LETOV s.r.o. Letov Letecka Vyroba s.r.o. Beranovich, 65 199 02 Prague 9 – Letnany Czech Republic	None	100.00 %	100.00 %	Consolidation
LETOV LV a.s. Letov Letecka Vyroba a.s. Beranovich, 65 199 02 Prague 9 – Letnany Czech Republic	None	100.00 %	100.00 %	Consolidation
LATECOERE INC. 1000 Brickel av. – suite 641 Miami Florida 33131 USA	None	100.00 %	100.00 %	Consolidation
LATECOERE DEVELOPPEMENT 135, Rue de Périole BP 5211 31079 Toulouse cedex 5 France	388 377 269	100.00 %	100.00 %	Consolidation
LATelec Z.I. La Bourgade Rue Max Planck 31315 Labège France	420 742 660	100.00 %	100.00 %	Consolidation
LATelec GmbH Hein-SaB-Weg 38 D- 21129 Hamburg Germany	None	100.00 %	100.00 %	Consolidation
SEA LATelec 13, Rue 8612 Impasse n°5 ZI Charguia 1 2035 Tunis Carthage Tunisia	None	100.00 %	100.00 %	Consolidation
LATecis 1, Avenue P.G. Latécoère 31570 Saint Foy d'Aigrefeuille France	378 735 534	100.00 %	100.00 %	Consolidation

Company name & Haedquarter address	SIREN Code (EIN)	Control %	Interest %	Consolidation method
LATecis IBERIA C/ San Vincente, 30 28903 Getafe – Madrid Spain	None	100.00 %	100.00 %	Consolidation
G²METRIC 40 Chemin Cazalbarbier 31140 Launaguet France	410 949 879	51.00%	51.00%	Consolidation
LATecis srl Sect. 6, Bd. Timisoara nr. 100G Bucuresti Romania	Néant	85.00 %	85.00 %	Intégration globale
LATecis UK Limited The Business & Technology Centre (F011) Bessemer Drive Stevenage – SG1 2DX England	None	100.00 %	100.00 %	Intégration globale
LATecis Canada Inc. 1819, bd René-Lévesque ouest Montréal Canada	None	100.00%	100.00%	Intégration globale
G²METRIC GmbH Zeppelinring 1-6, 33142 Büren Germany	None	51.00%	51.00%	Intégration globale
Corse Composites Aéronautique Z.I. du Vazzio 20090 Ajaccio France	325 396 471	24.81 %	24.81%	Equity method
LATECOERE AEROSERVICES Route de Toulouse 31700 Cornebarrieu France	352 373 492	30,00%	30,00%	Equity method
PESOLA Rua José de Campos 270 Bairro de Jardim 12236-650 Sao José dos Campos Brazil	None	33.33 %	33.33%	Equity method

NOTE 4 OPERATIONAL SEGMENTS

The sectors or segments presented by the Group are distinct components of the Group which are committed in the supply of goods or dependent services (business segments), and that are exposed to risks and to a profitability different from those of other segments.
The adoption of IFRS 8 has not modified the nature of the segments previously presented.

The business segments defined by the Group are:

- aerostructures;
- onboard wiring and systems; and
- engineering and services.

These three segments represent the industrial activities of the Group and call upon the activities of subsidiaries where appropriate. Furthermore, expenses relating to the position of parent company of the LATECOERE Company are maintained in the aerostructures segment.

In accordance with IFRS 8, the information presented by segment is based on the Group's internal reporting, examined regularly by Senior Management.

The accounting methods used by the Group for the establishment of the information presented by operational segment in accordance with IFRS 8 is identical to that used by the Group for the establishment of its consolidated financial statements under IFRS standards.

It should be noted that two customers of the Group each represent more than 10% of total consolidated revenue. The analysis of revenue by customer is presented in Chapter 1 of this document.

('000 EUR) Dec 31, 2010	Aerostructures	%	Engineering and services	%	Onboard wiring and systems	%	Intersegment eliminations	%	Total
Revenue	277 977	60%	63 813	14%	150 182	32%	-27 544	-6%	464 429
Inter-segment revenue	-19 143	70%	-5 975	22%	-2 425	9%		0%	-27 544
Consolidated revenue	**258 834**	**56%**	**57 838**	**12%**	**147 757**	**32%**	**0**	**0%**	**464 429**
Operating result	**26 831**	**59%**	**2 884**	**6%**	**15 626**	**34%**	**0**	**0%**	**45 341**
Operating result/revenue	*9,65%*	*0%*	*4,52%*	*0%*	*10,40%*	*0%*	*0%*	*0%*	***9,76%***
Financial result	**-18 499**	**101%**	**92**	**-1%**	**151**	**-1%**	**0**	**0%**	**-18 256**
Income tax and miscellaneous	9 192		-926		-5 209		0	0%	3 057
Result from associates	33	100%	0	0%	0	0%	0	0%	33
Result: Group share	17 558		1 738		10 568		0	0%	29 863
Result: Minority interests	0		312		0		0	0%	312
Net result	**17 558**	**58%**	**2 050**	**7%**	**10 568**	**35%**	**0**	0%	**30 176**
Net result/revenue	*6,32%*	*0%*	*3,21%*	*0%*	*7,04%*	*0%*	*0%*	*0%*	***6,50%***
Intangible fixed assets	1 630	68%	472	20%	285	12%	0	0%	2 387
Goodwill	0	0%	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	75 916	80%	5 650	6%	13 606	14%	8	0%	95 179
Investments in associates	3 471	100%	0	0%	0	0%	0	0%	3 471
Other fixed assets	61	29%	57	27%	95	44%	0	0%	214
Total	**81 078**	**79%**	**7 479**	**7%**	**13 986**	**14%**	**8**	0%	**102 551**
Acquisition of tangible and intangible fixed assets	3 203	43%	1 487	20%	2 812	37%	0	0%	7 502
Inventories	424 967	87%	1 295	0%	62 329	13%	-900	0%	487 691
Trade and other receivables	95 258	60%	32 987	21%	76 757	48%	-46 578	-29%	158 424
Net debt	279 385	80%	-176	0%	71 523	20%		0%	350 732
Accounts payable	174 392	99%	22 671	13%	25 251	14%	-46 570	-26%	175 744
Total Assets	643 269	80%	45 736	6%	161 951	20%	-48 625	-6%	802 331

('000 EUR) *Dec 31, 2009*	Aerostructures	%	Engineering and services	%	Onboard wiring and systems	%	Intersegment eliminations	%	Total
Revenue	278 563	62%	47 381	11%	150 744	34%	-27 241	-6%	449 446
Inter-segment revenue	-17 476	64%	-7 450	27%	-2 315	8%		0%	-27 241
Consolidated revenue	**261 087**	**58%**	**39 931**	**9%**	**148 428**	**33%**	**0**	**0%**	**449 446**
Operating result	**-116 541**	**113%**	**750**	**-1%**	**12 999**	**-13%**	**0**	**0%**	**-102 792**
Operating result/revenue	*-41,84%*		*1,58%*		*8,62%*				***-22,87%***
Financial result	**-1 629**	**44%**	**-27**	**1%**	**-2 085**	**56%**	**0**	**0%**	**-3 742**
Income tax and miscellaneous	19 563	123%	-162	-1%	-3 528	-22%	0	0%	15 872
Result from associates	-363	100%	0		0		0		-363
Result: Group share	-98 970		381		7 385		0		-91 204
Result: Minority interests	0		180		0		0		180
Net result	**-98 970**	**109%**	**560**	**-1%**	**7 385**	**-8%**	**0**	0%	**-91 024**
Net result/revenue	*-35,53%*		*1,18%*		*4,90%*				***-20,25%***
Intangible fixed assets	2 109	87%	100	4%	218	9%	0	0%	2 427
Goodwill	0	0%	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	77 989	80%	5 052	5%	14 229	15%	8	0%	97 278
Investments in associates	3 359	100%	0	0%	0	0%	0	0%	3 359
Other fixed assets	57	21%	140	51%	74	27%	3	1%	274
Total assets	**83 514**	**80%**	**6 592**	**6%**	**14 521**	**14%**	**11**	0%	**104 638**
Acquisition of tangible and intangible fixed asset:	5 981	69%	606	7%	2 134	24%	0	0%	8 722
Inventories	390 991	86%	567	0%	65 797	14%	-900	0%	456 454
Trade and other receivables	64 101	59%	32 481	30%	65 825	60%	-53 072	-49%	109 335
Net debt	283 952	79%	4 107	1%	71 162	20%	0	0%	359 221
Accounts payable	134 117	111%	14 111	12%	26 043	21%	-53 072	-44%	121 199

.

NOTE 5 FIXED ASSETS

5.1 Change in fixed assets

('000 EUR)	Dec 31, 2009	Currency variations	Other	Acquisitions	Disposals	Dec 31, 2010
Franchises/patents/similar rights	8 124	136	36	826	-135	8 988
Other Intangible Fixed Assets	4 053	0	0	13	-3	4 063
Goodwill	1 300	0	0	0	0	1 300
Land	4 104	193	0	0	0	4 297
Buildings	33 547	1 356	2 042	1 750	-6	38 689
Plants & Equipment	79 837	2 989	719	1 622	-1 009	84 158
Other Fixed Assets	20 257	324	-242	1 305	-252	21 393
Fixed assets in progress	445	2	-1 031	1 888	0	1 304
Advanced payments on fixed assets	1 360	-1	-1 524	245	0	80
Real estate leasing	27 681	0	0	0	0	27 681
Long-term Investments	752	0	22	61	-105	692
Investments in associates	3 359	37	42	33	0	3 471
GROSS ASSSETS	**184 819**	**5 036**	**63**	**7 744**	**-1 510**	**196 115**

('000 EUR)	Dec 31, 2009	Currency variations	Other	Increase	Decrease	Dec 31, 2010
Franchises/patents/similar rights	5 772	63	0	896	-105	6 626
Other Intangible Fixed Assets	3 978	2	0	59	0	4 038
Buildings	5 285	284	0	2 124	0	7 692
Plants & Equipment	41 153	1 605	0	7 332	-831	49 260
Other Fixed Assets	13 672	177	-19	1 221	-250	14 802
Real estate leasing	9 840	0	0	828	0	10 667
Long term investments	478	0	0	0	0	478
AMORTIZATIONS	**80 178**	**2 131**	**-19**	**12 460**	**-1 186**	**93 564**

('000 EUR)	Dec 31, 2008	Currency variations	Other	Acquisitions	Disposals	Dec 31, 2009
Franchises/patents/similar rights	5 344	36	1 503	1 336	-95	8 124
Other Intangible Fixed Assets	4 956	11	-917	3	0	4 053
Goodwill	2 378	0	-1 077	0	0	1 300
Land	3 909	241	0	0	-46	4 104
Buildings	30 916	2 121	62	448	0	33 547
Plants & Equipment	69 994	3 550	3 133	4 156	-995	79 837
Other Fixed Assets	19 345	313	0	794	-195	20 257
Fixed assets in progress	3 918	46	-3 677	157	0	445
Advanced payments on fixed assets	130	-5	-105	1 338	0	1 357
Real estate leasing	27 681	0	0	0	0	27 681
Long-term Investments	716	-1	29	-44	52	752
Investments in associates	4 234	45	-558	-363	0	3 359
GROSS ASSSETS	**173 520**	**6 357**	**-1 606**	**7 825**	**-1 279**	**184 816**

('000 EUR)	Dec 31, 2008	Currency variations	Other	Increase	Decrease	Dec 31, 2009
Franchises/patents/similar rights	4 309	19	789	724	-69	5 772
Other Intangible Fixed Assets	4 565	15	-789	186	0	3 978
Buildings	3 806	168	0	1 311	0	5 285
Plants & Equipment	34 066	1 035	0	7 120	-1 068	41 153
Other Fixed Assets	12 110	104	0	1 530	-72	13 672
Real estate leasing	9 017	0	0	823	0	9 840
Long term investments	478	0	0	0	0	478
AMORTIZATIONS	**68 352**	**1 341**	**0**	**11 694**	**-1 209**	**80 178**

('000 EUR)	Dec 31, 2009	Dec 31, 2010
Franchises/patents/similar rights	2 352	2 362
Other Intangible Fixed Assets	75	25
Goodwill	1 300	1 300
Land	4 104	4 297
Buildings	28 262	30 996
Plants & Equipment	38 684	34 898
Other Fixed Assets	6 585	6 591
Fixed assets in progress	445	1 304
Advanced payments on fixed assets	1 360	80
Real estate leasing	17 841	17 013
Long-term Investments	274	214
Investments in associates	3 359	3 471
NET ASSETS	**104 641**	**102 551**

The intangible fixed assets include in particular software and licenses relating to the Group's information systems.

The main acquisitions of 2010 concern software and information system licenses for €0.7 million; the construction of industrial buildings and facilities for €1.9 million realized in particular by the LATECOERE Company and the SEA LATelec Company; of equipment and industrial plant for €1.2 million primarily relating to the LATECOERE and Letov s.r.o. companies. ; of computer hardware for €0.5 million and various fixed assets in progress for €1.8 million relating, in particular, to the development of computer tools and the reorganization of production sites.

At year-end, there existed guarantees (pledges and mortgages) on the Group's tangible fixed assets amounting to €18 million.

5.2 Goodwill

('000 EUR)	Dec 31, 2010	Dec 31, 2009	Valuation method	Discounting rate	Discounting period	Growth rate
LATecis	834	834	Discounted future	8%	Infinity	2,0%
G2 METRIC	466	466	cash flow method	8%	Infinity	2,0%
TOTAL	**1 300**	**1 300**				

5.3 Finance lease contracts

(000 EUR)	Minimum future payments as of December 31, 2010				Present value of minimum future payments as of Dec 31, 2010			
	Less tan 1 year	From 1 to 5 years	Over 5 years	Total	Less tan 1 year	From 1 to 5 years	Over 5 years	Total
Fructicomi 1	0	0	0	0	0	0	0	0
Fructicomi 2	562	1 686	0	2 248	348	1 672	0	2 020
Batimap	640	2 560	1 120	4 320	471	2 127	1 068	3 665
LATECOERE	**1 202**	**4 246**	**1 120**	**6 568**	**818**	**3 799**	**1 068**	**5 685**
Auximur 1	0	0	0	0	0	0	0	0
Auximur 2	0	0	0	0	0	0	0	0
LB 1	48	112	0	159	40	101	0	141
LB 2	47	187	205	439	34	149	187	371
LATelec	**95**	**299**	**205**	**599**	**74**	**251**	**187**	**512**
LB 1	61	0	0	61	60	0	0	60
LB 2	93	496	973	1 562	56	265	769	1 091
LATecis	**154**	**496**	**973**	**1 623**	**116**	**265**	**769**	**1 151**
TOTAL	**1 451**	**5 041**	**2 298**	**8 790**	**1 009**	**4 315**	**2 024**	**7 348**

5.4 Impairment test of assets

In accordance with the principle stated in note 2.12, the accounting value of each Cash-Generating Unit (CGU) was the subject of a comparison with the highest amount of the market value and the value in use, defined as

equal to the sum of the discounted cash flows calculated from information resulting from the plan at medium long-term.
For all of the CGUs, the discount rate of the cash flows using the average cost of capital is 8%; it is based on a market rate without risk increased by a risk premium. This rate is calculated after tax and is applied to cash flows after tax. A single discount rate was used for all the CGUs insofar as the specific risks of each CGU were taken into account in the forward-looking cash flows.

The terminal value was determined from normalized cash flow to which a perpetuity growth rate of 2% was applied.

At December 31, 2010, the tests carried out on all of the Group's CGUs did not lead to the recognition of depreciation.

A sensitivity analysis was carried out on all of the Group's CGUs by changing the main assumptions accepted, namely: Change in the discount rate of + 0.5% and change in the perpetuity growth rate of – 0.5%. Taken individually, the changes in the main assumptions did not lead to values in use lower than the net book values.

Furthermore, a 3% increase in the discount rate would have led to the recognition of depreciation.

NOTE 6 INVESTMENTS IN ASSOCIATES

('000 EURO)	Dec 31, 2010	Dec 31, 2009
PESOLA	107	59
Corse Composites Aéronautiques	-279	-495
LATECOERE AEROSERVICES	206	73
RESULT FROM ASSOCIATES	**33**	**-363**

('000 EURO)	Dec 31, 2010	Dec 31, 2009
PESOLA	389	245
Corse Composites Aéronautiques	1 491	1 771
LATECOERE AEROSERVICES	1 591	1 343
INVESTMENTS IN ASSOCIATES	**3 471**	**3 359**

The main financial information in respect of investments in associates is the following:

('000 EURO)	PESOLA	CCA	LATECOERE AEROSERVICES	TOTAL
Fixed assets	1 136	3 889	5 926	10 950
Inventories & work in progress	895	10 817	5 051	16 762
Trade receivables	663	4 937	4 212	9 812
Other receivables	0	3 100	1 725	4 825
Cash and cash equivalent	337	6 002	29	6 369
TOTAL ASSETS	**3 030**	**28 745**	**16 943**	**48 718**
Shareholders' equity	1 122	3 958	4 417	9 497
Autres fonds propres	0	12 391	1 512	13 902
Provisions	88	2 841	110	3 040
Financial liabilities	0	3	3 453	3 456
Trade payables	528	3 319	3 475	7 323
Social and tax liabilities	0	1 580	2 967	4 547
Ohters liabilities	1 292	4 653	1 009	6 954
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES	**3 030**	**28 745**	**16 943**	**48 718**
Revenue	1 984	26 131	22 421	50 536
Net result	297	-1 075	674	-104

Items of the balance sheet of companies whose functional currency is one other than the Euro were converted at the closing rate and the income statement items at the average rate for the relevant period.

NOTE 7 DETAIL OF INVENTORIES & WORK IN PROGRESS

('000 EURO)	Dec 31, 2010			Dec 31, 2009		
	Gross	Provision	Net	Gross	Provision	Net
Raw materials	56 373	11 111	45 262	83 094	11 283	71 811
Work in progress - Construction contracts	442 943	86 618	356 326	404 609	99 927	304 682
Work in progress - Other	115 006	28 903	86 103	103 185	23 223	79 961
TOTAL	**614 322**	**126 632**	**487 691**	**590 887**	**134 433**	**456 454**

Inventories and work-in-progress increased by €31 million between December 31, 2009 and December 31, 2010. This increase is primarily attributable to the growing importance of the Boeing 787 doors program, for an amount of €38 million, as well as to a partial reversal of the provision recognized at December 31, 2009 relating to a corporate aircraft dispute, for an amount of €12 million, partly reduced by the decrease in work-in-progress on mature programs (Embraer), for €13 million. Additional information on the construction contracts is given in note 23.

NOTE 8 FINANCIAL ASSETS

('000 EURO)	Loans and receivables at amortised cost	Financial assets at fair value through profit and loss	Hedging instruments	Dec 31, 2010	Fair value	Financial instrument (cat 1)	Financial instrument (cat 2)
Non current financial assets	214			214			
Trade receivables and other receivables	158 424			158 424			
Financial instruments		4 491	11 249	15 740	15 740		15 740
Cash and cash equivalent		10 301		10 301	3 253	3 253	
TOTAL FINANCIAL ASSETS	**158 638**	**14 792**	**11 249**	**184 679**	**18 993**	**3 253**	**15 740**

('000 EURO)	Loans and receivables at amortised cost	Financial assets at fair value through profit and loss	Hedging instruments	Dec 31, 2009	Fair value	Financial instrument (cat 1)	Financial instrument (cat 2)
Non current financial assets	274			274			
Trade receivables and other receivables	109 335			109 335			
Financial instruments		5 254	17 348	22 602	22 602		22 602
Cash and cash equivalent		9 797		9 797	352	352	
TOTAL FINANCIAL ASSETS	**109 609**	**15 052**	**17 348**	**142 008**	**22 954**	**352**	**22 601**

The fair value of trade receivables is treated as their balance sheet value, given the very short payment periods. The same is true for other receivables.

NOTE 9 RECEIVABLES

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Advanced payments	504	537
Trade receivables	140 790	95 844
Of which discount of receivables	*5 604*	*11 688*
Group current account	247	221
Tax receivables	12 262	9 299
Other current receivables	4 620	3 434
TOTAL RECEIVABLES	**158 424**	**109 335**

The antecedence of trade receivables breaks down as follows:

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Trade receivables non past due	130 455	90 902
Past due trade receivables < 30 days	6 946	3 087
Past due trade receivables between 30 and 60 days	3 044	762
Past due trade receivables between 60 and 90 days	93	218
Past due trade receivables between 90 and 180 days	1 501	493
Past due trade receivables > 6 months	445	1 146
Provision for doubful debt	-194	-271
TRADE RECEIVABLES	**140 790**	**95 844**

NOTE 10 DERIVATIVE INSTRUMENTS

New hedging financial instruments (EUR/USD) for a total amount of $283 million were put in place during 2010 to cover the dollar exposure until 2012.

10.1 Information on the value of derivative instruments and on their covered notional contract value

('000 EURO)	Balance sheet position		Notional*	Maturity		
	Assets	Liabilities		< To 1year	From 1 to 5 years	> 5 years
Foreign currency risk						
Financial instruments not designed as a hedge						
- Forward currency contracts **BRL/USD**	2 429	0	9 579	9 579	0	0
- Currency option contracts **EUR/USD** **	2 062	1 788	***			
Cash flow hedging						
- Forward currency contracts **EUR/USD**	3 180	4 019	138 827	91 678	47 149	0
- Forward currency contracts **CZK/EUR**	2 354	0	35 000	21 000	14 000	0
- Currency option contracts **EUR/USD** *(intrinseque value)*	5 715	0	299 207	138 452	160 754	0
Total	**15 740**	**5 807**	**482 613**	**260 710**	**221 903**	**0**
Interest rate risk						
Financial instruments not designed as a hedge						
- Collar	0	4 579	235 000	****		
Total	**0**	**4 579**	**235 000**			
TOTAL FINANCIAL INSTRUMENTS NOT DESIGNED AS A HEDGE	**4 491**	**6 367**	**244 579**	**9 579**	**0**	**0**
TOTAL CASH FLOW HEDGING	**11 249**	**4 019**	**473 033**	**251 130**	**221 903**	**0**

*Notianal is converted in euro K by applying the exchange rate at the closing date
** Time value and Ineffectiveness of intrinseque value
*** To avoid redundancy of information, the total notional amount of currency options EUR / USD (intrinsic value and time value) of €299 207 K is mentioned in the line "Currency option contract EUR / USD (intrinsic value)"
**** These instuments cover a risk rate of nominal € 235 million until end 2012 on a nominal basis to € 175 million in early 2013 until early 2015.

In order to ensure the coherence of the information given, the analysis of the periods of interest rate risk hedging instruments (€235 million) corresponds to that given in note 22.4. These instruments cover the debt of the Group to a total value of €235 million over the period 2011-2012 and to a total value of €175 million over the period 2013-2014.

10.2 information on the impact of derivative instruments on income and shareholders' equity

Impact of future cash flow hedging

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Fair value at the opening date	**17 315**	**-3 656**
Equity change for the effective portion	-7 678	25 046
Reclasssified in income when the hedged element affects profit and loss	-2 407	-4 075
Fair value at the closing date	**7 230**	**17 315**

Impact of derivative instruments to which hedge accounting is not applied

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Fair value at the opening date	**1 098**	**-15 049**
Recorded through income statement	-2 975	16 148
Fair value at the closing date	**-1 877**	**1 098**

NOTE 11 SHAREHOLDERS' EQUITY

11.1 Capital management policy

The Latécoère Group considers it a principle of good governance to monitor shareholders' equity and debt. The ratio between these two items is subject to the contractual restrictions contained in the financial covenants mentioned in note 14. The consequences of these covenants are generally an adaptation of the conditions for the granting of credits by banks.

Furthermore, the Group has a policy of purchasing and selling its own shares, with the principal objective of market animation (detailed in note 11.3).

11.2 Breakdown of capital and earnings per share

	Dec 31, 2010	Dec 31, 2009
Number of shares	8 609 997	8 609 997
Nominal value of each share (in euro)	2,00	2,00
Share Capital	17 219 994	17 219 994

	Dec 31, 2010	Dec 31, 2009
Averaged issued shares	8 609 997	8 609 997
Averaged treasury shares	10 768	26 070
Weighted average shares (a)	**8 599 229**	**8 583 927**
Dilutive impact of convertible bonds (b)	2 979 167	0
Dilutive impact of share purchase warrant (c)	0	0
Total of shares diluted (a+b+c)	**11 578 396**	**8 583 927**
Net resultat - Group Share (in euro) (d)	29 863 433	-91 203 601
Result impact of Cconvertible bonds (e)	1 964 359	0
Diluted result (d+e)	**31 827 792**	-91 203 601
Earnings per share (in euro)	3,47	-10,62
Diluted earnings per share (in euro)	2,75	-10,62

Given the trend of the average price of stock during 2010 which was below the strike price of €10, the share warrants (BSA) did not have a dilutive effect. Moreover, the number of share warrants (BSA) issued was 4,281,711 at December 31, 2010.

11.3 Treasury Shares

Number of shares	Dec 31, 2009	Acquisitions	Disposals	Dec 31, 2010	% of ownership
LATECOERE Shares	19 909	82 337	97 869	4 377	0,05%

('000 EURO)	Dec 31, 2009	Acquisitions / Provisions	Disposals	Dec 31, 2010	Average purchase price
LATECOERE Shares	128	520	618	29	6,45

('000 EURO)	Amount in Equity
Impact of adjustment of treasury shares in Equity at 12/31/2007	**1 810**
Adjustment of treasury shares of fiscal year	-207
Impact of adjustment of treasury shares in Equity at 12/31/2008	**1 603**
Adjustment of treasury shares of fiscal year	55
Impact of adjustment of treasury shares in Equity at 12/31/2009	**1 657**
Adjustment of treasury shares of fiscal year	101
Impact of adjustment of treasury shares in Equity at 12/31/2010	**1 759**

11.4 Issue of share warrants (BSA)

Subsequent to the agreement reached with the Group's French banking partners to restructure its financial debt, the Management Board, under the terms of the delegation of authority which was granted to it by the general meeting of Latécoère shareholders on June 25, 2010, made a bonus issue of share warrants (BSA) to all existing Latécoère Group shareholders, in the proportion of one share warrant for each two existing shares they already own. On July 29, 2010, these share warrants were admitted to trading on the Euronext Paris market under the ISIN code FR0010910562. Each share warrant gives a right to subscribe to one new share at a fixed price of €10 per new share and for a period of three years starting on July 30, 2012. The number of share warrants

is 4,294,642 on the basis of the total number the LATECOERE Company shares reduced by the number of treasury shares at May 31, 2010.

NOTE 12 NON-CURRENT PROVISIONS

('000 EURO)	Dec 31, 2009	Increase	Write-backs used	Write-backs not used	Dec 31, 2010
Provisions	**1 444**	**632**	**0**	**0**	**2 076**

The provisions for risks and expenses at year-end include in particular a provision for tax relating to the reintegration of lands under a real estate lease-back agreement for an amount of €610k and a provision for loss on completion for an amount of €1,291k.

NOTE 13 EMPLOYEE BENEFITS

In accordance with IAS19, for defined benefit plans, the retirement liabilities are calculated according to the projected unit credit method. The Group's obligations for French companies' employees are estimated by an independent actuary. It should be noted that the potential commitments of the foreign subsidiaries are immaterial.
The method takes into account, on the basis of actuarial assumptions, the probability of the length of future service of the employee, the level of future remuneration, the life expectancy and employee turnover. The obligation, including social security charges, is discounted and is accounted for on the basis of the years of service of the employees. Actuarial variations resulting from these assumptions are entirely recognized in income statement for the period.

Employee benefits include the discounted amounts relating:
- to long-service medals, accounted for in the individual financial statements;
- to retirement liabilities.

The table below shows the amounts recognized by the Group at December 31, 2010.

('000 EURO)	Dec 31, 2009	Increase	Write-backs used	Write-backs not used	Dec 31, 2010
Retirement bonus	10 836	1 992	-525	0	12 302
Long-service medals	1 016	195	-115	0	1 096
TOTAL	**11 852**	**2 187**	**-640**	**0**	**13 399**

13.1 Retirement Benefits

Retirement liabilities accounted for at December 31, 2010 relate to France only and were calculated according to the method described in note 2.22 of this document.
The calculation assumptions retained are the following:
- discount rate of 4.2% (compared to 4.8% in 2009) calculated on the basis of rates observed at December 31, 2010 for high quality corporate bonds;
- use of the TH-002/TF-002 mortality table;
- employee turnover noted by age group and by company;
- age of retirement departure: 66 years old;
- progression of salaries consistent with the average of the last years.

There exists no deferred past service costs at the year-ends 2009 and 2010. Actuarial variations are recognized in shareholder's equity since 2010 in accordance with the option offered by IAS 19 "Employee Benefits", to recognize the entirety of actuarial variations in the period in which they are produced, outside of the income statement in the state of the overall consolidated net result. The obligation is noted in the balance sheet as a non-current liability for the amount of the total obligation, as there exist no deferred actuarial variations nor deferred past service costs. The long-service medal bonus pay relating to employees who should leave in 2011 is €392k.
A variation of 0.5 point of discount rate would have an 8% impact on the provision for retirement severance pay. For information, and based on identical actuarial assumptions, the 2011 provision should be (excluding departures) €1,492k.

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Increase	1 992	1841
Decrease	-525	-799
Contributions paid	1 177	1996
NET COST (REVENUE) OF THE YEAR	**2 645**	**3038**
of wich		
Actuarial gains or losses	1 390	1725
Interest cost	568	510
Services cost	686	804
TOTAL	**2 645**	**3038**

13.2 Employee long-service medals

The obligation under long-service medals accounted for at December 31, 2010 was calculated according to the method described in note 2.22 of this document.
The calculation assumptions retained are the following:

- discount rate of 4.2% (compared to 4.80% in 2009) calculated on the basis of rates observed at December 31, 2010 for high quality corporate bonds;
- use of the TH-002/TF-002 mortality table;
- employee turnover noted by age group and by company;
- progression of salaries consistent with the average of the last years (for the company taking the referenced salaries).

The long-service medal bonus pay relating to employees who should leave in 2011 is €32k.
A variation of 0.5 point of discount rate would have a 5% impact on the provision for long-service medal bonuses. For information, and based on identical actuarial assumptions, the 2011 provision should be (excluding departures) €79k.

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Increase	195	68
Decrease	-115	-6
Contributions paid	108	98
NET COST (REVENUE) OF THE YEAR	**188**	**160**
of wich		
Actuarial gains or losses	117	81
Interest cost	52	48
Services cost	19	31
TOTAL	**188**	**160**

13.3 Individual Right to Training

The obligation under the individual right to training accounted for at year-end was calculated according to the method described in note 2.22 of this document. At December 31, 2010, the provision amounted to €348k compared to €322k at December 31, 2009.

NOTE 14 FINANCIAL LIABILITIES

('000 EURO)	Financial liabilities at fair value through profit and loss	Hedging instruments	Other financiel liabilities	Dec 31, 2010	Fair value
Refundable Advances			42 010	42 010	42 010
Discounted Receivables			5 604	5 604	5 604
Debenture loan			67 278	67 278	67 278
Bank loans			260 009	260 009	261 110
Finance lease			7 348	7 348	6 930
Unsecured banking facility			20 794	20 794	20 794
Other non-current liabilities			10 068	10 068	10 068
Financial instruments *	6 367	4 019		10 386	10 386
Accounts payable			175 744	175 744	175 744
TOTAL FINANCIAL LIABILITIES	**6 367**	**4 019**	**588 855**	**599 242**	**599 925**

** financial instrument (cat 2)*

('000 EURO)	Financial liabilities at fair value through profit and loss	Hedging instruments	Other financiel liabilities	Dec 31, 2009	Fair value
Refundable Advances			50 397	50 397	50 397
Discounted Receivables			11 688	11 688	11 688
Bank loans			337 502	337 502	338 161
Finance lease			8 693	8 693	8 736
Unsecured banking facility			11 134	11 134	11 134
Other non-current liabilities			8 184	8 184	8 184
Financial instruments *	4 156	32		4 188	4 188
Accounts payable			121 199	121 199	121 199
TOTAL FINANCIAL LIABILITIES	**4 156**	**32**	**548 797**	**552 985**	**553 687**

** financial instrument (cat 2)*

The fair value of accounts payable is treated as their balance sheet value, given the very short payment periods. The same is true for other payables. Loans and bank borrowings are accounted for at amortized cost, calculated used the effective interest rate ("TIE").

The financial liabilities whose balance sheet value differs from fair value are fixed rate loans and bank borrowings which are not subject to hedging.

14.1 Loans and Bank Borrowings

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Debenture loan	67 278	0
Bank loans - non current	257 872	4 165
Leasing - non current	6 339	7 348
Non-current liabilities	**331 489**	**11 513**
Bank loans - current	2 137	333 337
Leasing - current	1 009	1 345
Bank overdraft, commercial paper and other financial debts	26 398	22 822
Current liabilities	**29 544**	**357 504**
TOTAL OF LOAN AND BANK BORROWINGS	**361 033**	**369 017**

Following the signature of an agreement with our financial partners which led in particular to a freezing of the principal of the medium term debt up to and including December 31, 2011, the Group recorded its relevant

medium-term debt on the line "Bank loans -- non-current" at December 31, 2010.
The renegotiation of the Group's bank debt was treated as an insignificant change to the existing debt from the point of view of the IAS 39 criteria of analysis. Consequently, the Group has chosen to adjust the existing debt by the amount of the renegotiation costs which are €3.5 million. The latter are amortized over the remaining term of the negotiated debt through their being taken into account in the effective interest rate of the debt.
Furthermore, on July 29, 2010, the Group issued bonds convertible in new Latécoère shares of a par value of €71,500k to the creditor banks. The 7,150,000 Convertible Bonds were issued at a par value per unit of €10 and will bear interest at the six-month Euribor rate plus 350 base points during the first two years following the date of issue and 300 base points thereafter. The conversion period runs from the second to the fifth anniversary of the date of issue.
In accordance with the accounting principles detailed in note 2.17, bonds convertible in shares are accounted for by distinguishing two components:

- the debt component accounted for at amortized cost, for an amount of €66.7 million
- an option component accounted for in shareholders' equity for an amount of €4.8 million. The impact on shareholders' equity is €3.1 million net of taxes.

At December 31, 2010, the debt component was €67.3 million.

The terms and conditions of the existing loans are the following:

En milliers d'euros	Devise	Taux intérêt	Année d'échéance	Dec 31, 2010	
				Valeur nominal	Valeur comptable
Debenture loan	EURO	EURIBOR+ margin	2012-2015	71 500	67 278
Bank borrowings with guarantee	EURO	EURIBOR+ margin	2010-2015	312 850	230 770
Bank borrowings with guarantee	EURO	T4M + margin	2010-2013	9 500	2 680
Bank borrowings with guarantee	EURO	4,8%-5,9%	2010-2020	40 840	26 560
Finance lease	EURO	4,65%-7,2%	2010-2020	25 013	7 348
Commercial paper and other financial debts	EURO	EUR. / T4M+	n/a	20 794	20 794
Loans against receivables mobilization	EURO	EURIBOR +	n/a	5 604	5 604
TOTAL DES EMPRUNTS ET DETTES FINANCIERES				**486 101**	**361 033**

Some borrowings set up at the Group level can be used in currencies other than the euro.

14.2 Financial ratios ("covenants")

Covenants on medium-term bank borrowings

Some financing contracts are subject to covenants. Following the renegotiation of the bank debt that occurred in 2010, the creditor banks agreed not to use their right to accelerate repayment of existing medium-term credit lines, because of covenants already breached or to be breached up to and including December 31, 2011.

Financial commitments on bonds convertible in shares

Under the issuance contracts for convertible bonds, the Group committed to respect:

- A minimum level for shareholders' equity; that level was €123 million at 12/31/2010.
- A minimum level for EBITDA; that level was €42 million for 2010.
- A limit for investments; this limit was €11 million for 2010.
- A limit for additional indebtedness contracted of €10 million per Group company

At December 31, 2010, the Group respected all of these commitments.

14.3 Refundable Advances

The most significant refundable advances concern the F7X (€8 million) and A380 (€32 million) programs. These advances shall be repaid if the program succeeds, and repayments are linked to the deliveries of each financed product. The repayment conditions have been established in the agreement signed with the lending organization.

NOTE 15 OTHER LIABILITIES

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Trade payables	78 636	78 914
Employee related liabilities	27 499	23 098
State payables	9 866	9 229
Credit balance on trade receivables and advance payments from customers	56 429	3 588
Other creditors	3 315	6 369
ACCOUNTS PAYABLE	**175 744**	**121 199**

Accounts receivable credit balances include, in particular, a customer advance relating to Boeing 787 program for an amount of € 55 million.

NOTE 16 DEFERRED TAXES

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Deferred tax assets	12 340	6 013
Refundable Advances	-3 945	-715
DEFERRED TAX AT OPENING	**8 395**	**5 298**
Deferred tax Income (Expense) recognised in P&L	5 262	11 391
Deferred tax variation recognised directly in equity	2 181	-8 294
DEFERRED TAX AT CLOSING	**15 838**	**8 395**
Of which Deferred tax assets	16 975	12 340
Of which Deferred tax liabilities	-1 137	-3 945

The analysis of the net deferred tax assets by nature is as follows:

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Tangible and intangible assets	-5 406	-5 660
Financial instruments	-549	-6 194
Retirement bonus	4 050	3 418
Other provisions	-1 765	-1 603
Loan and bank borrowings	1 064	2 979
Loss carry-forwards	17 215	17 215
Other	1 229	-1 761
NET DEFERRED TAX ASSETS (LIABILITIES)	**15 838**	**8 395**

The main source of deferred tax assets is the recognition of the loss carry-forwards of 2009 from the French tax Group. Over the French tax consolidation scope, deferred tax assets in an amount of €11.6 million were not recognized in 2010 in order to take account of the risks on the forecasts of future tax results. The Group's tax losses are carried forward without limit in time.

NOTE 17 REVENUE

BY BUSINESS

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
Civil business	454 759	97,9%	432 938	96,3%
Military business	9 669	2,1%	16 508	3,7%
TOTAL	**464 429**	**100,0%**	**449 446**	**100,0%**

BY GEOGRAPHICAL ZONE

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
France	278 984	60,1%	275 081	61,2%
Export	185 444	39,9%	174 364	38,8%
TOTAL	**464 429**	**100,0%**	**449 446**	**100,0%**

BY GEOGRAPHICAL MARKET (DIRECT EXPORTS)

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
Europe	337 517	72,7%	329 310	73,3%
North America	124 874	26,9%	119 807	26,7%
Asia	2 037	0,4%	329	0,1%
TOTAL	**464 429**	**100,0%**	**449 446**	**100,0%**

BY NATURE

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
Revenue - Construction contrats	201 982	43,5%	203 807	45,3%
Revenue - Goods	175 677	37,8%	155 455	34,6%
Revenue - Services	86 770	18,7%	90 184	20,1%
TOTAL	**464 429**	**100,0%**	**449 446**	**100,0%**

NOTE 18 RAW MATERIAL, OTHER PURCHASES & EXTERNAL CHARGES

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Raw material used	-75 718	-54 581
Cost of goods sold	-1 585	-701
Sub-contracting	-157 611	-129 107
External charges	-55 843	-54 768
RAW MATERIAL, OTHER PURCHASES & EXTERNAL CHARGES	**-290 755**	**-239 158**

NOTE 19 OTHER INCOME

The amount of other income includes, in particular, grants and research-based tax credits for €8.3 million, own work capitalized for €1.7 million and the exchange rate hedging relating to the EUR/CZK hedging for €1.7 million.

NOTE 20 DETAIL OF FINANCIAL INCOME

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Interest expense - net	-15 164	-14 636
Foreign Exchange gains/loss realized	4 277	3 065
- derivative instuments EUR/USD	**-2 848**	**-5 484**
- other derivative instrument	**2 674**	**1 233**
- Foreign Exchange gains/loss realized	**4 451**	**7 316**
Valuation of items on balance sheet at the closing date	3 824	4 093
Change in fair value of financial instruments :	-9 885	13 087
- Change in fair value of currency option contract*	**-2 768**	**5 524**
- Change in fair value of forward currency contract	**-5 526**	**9 478**
- Change in fair value of interest rate contract	**-1 591**	**-1 916**
Other financial expenses / income	-1 308	-9 350
FINANCIAL RESULT	**-18 256**	**-3 742**

* Include time value and ineffectiveness of intrinseque value

NOTE 21 INCOME TAXES

21.1 Establishment of a tax consolidation agreement

Since fiscal year 2009, the LATECOERE Company has made itself the only taxpayer in France for the corporate tax, for additional contributions based on the corporate tax and for the annual flat-rate taxation due in respect of the tax Group which includes the LATECOERE, LATelec, LATecis and LATECOERE Développement companies.

Under the tax consolidation agreement, the tax consolidated subsidiaries bear their own tax expense, as they would had there not been tax consolidation, and pay the corresponding sums to the LATECOERE Company, by way of contribution to the payment of taxes of the tax Group.

21.2 Income tax expense

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Current income taxes	-2 205	4 482
Deferred taxes	5 262	11 391
TOTAL	**3 057**	**15 872**

Current income taxes for fiscal year 2009 include, in particular, a carry-back of €5.4 million.

21.3 Reconciliation between the French corporate income tax rate and the Group's effective tax rate

('000 EURO)	Dec, 31 2010
Group net result of consolidated companies	**30 176**
- Consolidated tax expense (due and deferred)	3 057
Pre-tax consolidated result (before Group/minority interests share)	**27 118**
- Result from associates	33
Pre-tax consolidated result (A)	**27 085**
Theoretical tax rate (current rate applicable to parent company) (B)	**34,43%**
Theoretical tax expense (A*B)	**-9 325**
Items taxed at the reduced rate or not taxed	74
Effect of the tax rate variations on deferred taxes	440
Unreported tax losses *	-11 275
Other	-159
Tax reductions / tax credits **	-1 463
Sub-total	***-12 382***
ACTUAL TAX EXPENSE	**3 057**
EFFECTIVE TAX RATE	**-11,3%**

** The unused tax losses are without carryforward limit*
*** This amount essentially corresponds to the research-based tax credit*

NOTE 22 RISK MANAGEMENT

22.1 Credit Risk

Because of the nature of the principal counterparts, the Group is not exposed to credit risk in any major way and foresees no default of third parties which could have a significant impact on the financial statements of the Group. At year end, the Group had identified no significant credit risk on these assets due but not depreciated. Furthermore, the degree of dependence on main customers remains limited, the Group benefitting from a firm orderbook distributed evenly among its principal customers.

22.2 Liquidity Risk

In order to face up to its liquidity risk, the Group uses borrowings, short term credit lines, authorized overdrafts and discount lines. At the closing date, the Group also has unused lines of credit. Undiscounted cash flows integrate financial interest. The financial interest was calculated on the basis of the 2010 variable rate for the share of variable rate financial liabilities. The financial liabilities by maturity are analyzed as follows:

('000 EURO)	Dec 31, 2010				
	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	42 010	-74 096	-13 615	-8 419	-52 062
Discounted Receivables	5 604	-5 604	-5 604		
Debenture loan	67 278	-90 796	-1 596	-89 200	
Bank loans	260 009	-313 213	-17 638	-290 060	-5 515
Finance lease	7 348	-8 790	-1 451	-5 041	-2 298
Commercial paper and other financial debts	20 794	-20 794	-20 794		
Other creditors	185 812	-130 792	-129 257		-1 535
FINANCIAL LIABILITIES (except derivative instr.)	**588 855**	**-644 085**	**-189 955**	**-392 720**	**-61 410**
Derivative instruments (instrinseque value)	4 019	-4 019	-3 931	-88	0
TOTAL FINANCIAL LIABILITIES	**592 874**	**-648 104**	**-193 886**	**-392 808**	**-61 410**

The €55 million customer advance received by the Group in connection with the Boeing 787 program has been accounted for on the "Other Liabilities" line. For that reason, this advance does not correspond to cash flow.

('000 EURO)	Dec 31, 2009				
	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	50 397	-87 299	-9 941	-30 878	-46 480
Discounted Receivables	11 688	-11 688	-11 688		
Bank loans	337 502	-399 464	-21 771	-343 885	-33 807
Finance lease	8 693	-10 584	-1 763	-5 712	-3 109
Commercial paper and other financial debts	11 134	-11 134	-11 134		
Other creditors	129 383	-129 383	-129 383		
FINANCIAL LIABILITIES (except derivative instr.)	**548 797**	**-649 552**	**-185 680**	**-380 475**	**-83 397**
Derivative instruments (instrinseque value)	7 215	-7 215	-1 469	-5 746	0
TOTAL FINANCIAL LIABILITIES	**556 012**	**-656 767**	**-187 149**	**-386 221**	**-83 397**

Following the renegotiation of the bank debt that occurred in 2010, the creditor banks accepted to confirm the Group's principal resources and to freeze repayments up to and including December 31, 2011. Thus, the Group has the financial resources necessary for its activity in 2011.

22.3 Foreign Currency Exposure

US Dollar Foreign Currency Exposure

Through its international exposure and invoicing in US dollars to its French customers the Group is confronted with foreign currency exposure. The exposure linked to fluctuations in US dollars is partially hedged through forward sales contracts and option "collars". The dollar rate and the associated foreign exchange rate exposure are part of the estimated future assumptions for the determination of margins on construction contracts.
The Group invoices approximately 64% of its sales in dollars and buys approximately 57 % of supplies or sub-contracting in dollars. The effect of the dollar exchange risk hedging operations on revenue was -€4,298k in 2010 compared to -€8,284k in 2009.
The LATECOERE Group's USD hedging policy limits the impact of currency variations on the individual and consolidated financial statements. It should be noted that this table only reflects the situation noted at December 31, 2010 and does not reflect all future hedging. Furthermore, the estimated net flows in US dollars in 2011 and 2012 have been fully hedged.

The Group's foreign currency balance sheet information exposure in dollars is the following:

	Dec 31, 2010		Dec 31, 2009	
	'000 $	'000 €	'000 $	'000 €
Accounts Receivable	97 530	72 991	71 872	49 888
Accounts Payable	-21 285	-15 929	-40 594	-28 178
Other (advanced payments suppliers and customers)	0	0	0	0
Net debt	2 100	1 572	6 070	4 213
NET EXPOSITION BEFORE HEDGING	**78 346**	**58 633**	**37 348**	**25 924**
Hedging instruments for the receivables on the balance sheet	22 500	16 839	0	0
NET EXPOSITION AFTER HEDGING	**55 846**	**41 794**	**37 348**	**25 924**

A sensitivity analysis was carried out, based on the assumption of a €0.05 fall in relation to the dollar on the basis of the Group's net balance sheet exposure at December 31, 2010. This variation would have resulted in a pre-tax decrease in result of €1.5 million compared to a pre-tax decrease in result of €0.9 million in 2009.
Furthermore, a sensitivity analysis was carried out on the basis of a portfolio of derivatives qualified with cash flow hedging and held at year-end. A €0.05 decrease in relation to the dollar would result in a decrease of pre-tax result of €6.3 million and a reduction of pre-tax shareholders' equity of €11.2 million.

Other foreign currency risks

The Group has set up exchange rate hedges to protect against the fluctuations of the Czech crown (koruna) with respect to the Euro in relation with its Letov subsidiary and against fluctuations of the Brazilian real with respect to the dollar in relation with its LdB subsidiary. These financial instruments are detailed in note 10.
A sensitivity analysis was carried out, based on the assumption of a €0.05 fall in relation to the real and a $0.05 fall in relation to the real. These variations would have resulted in a pre-tax decrease in result of €0.3 million.
A sensitivity analysis was also carried out, based on the assumption of a €0.05 fall in relation to the Czech koruna. These variations would have resulted in a pre-tax decrease in shareholders' equity of €0.1 million.
The foreign currency exposure on the other currencies is not considered significant in view of the Group's exposure to them.

22.4 Interest Rate Risk

En milliers d'euros		Less than 1 year	From 1 to 5 years	Over 5 years	Dec 31, 2010	Dec 31, 2009
Financial assets	Taux fixe	0	0	0	**0**	0
	Taux variable	10 515	0	0	**10 515**	10 071
Financial liabilities	Taux fixe	-11 945	-27 178	-31 721	**-70 844**	-78 327
	Taux variable	-25 346	-301 679	-173	**-327 199**	-331 087
NET EXPOSURE BEFORE HEDGING	Taux fixe	-11 945	-27 178	-31 721	**-70 844**	-78 327
	Taux variable	-14 831	-301 679	-173	**-316 684**	-321 016
Derivative financial instruments	Taux fixe	0	0	0	**0**	0
	Taux variable	11 012	223 988	0	**235 000**	235 000
NET EXPOSURE AFTER HEDGING	Taux fixe	-11 945	-27 178	-31 721	**-70 844**	-78 327
	Taux variable	-3 820	-77 691	-173	**-81 684**	-86 016

Almost all medium and long-term net debt is based on short-term floating rates. The average interest rate borne by the Group in 2010 was 4.0%. In 2009, the LATECOERE Group set up hedging of interest rates ("collar") that allows it to limit the impact of a strong increase in short-term rates on the cost of the debt until the period 2013-2015. The rate guaranteed for the Group is limited at 3.7% for the period from 2011 to 2012 for an amount of €235 million and at 3.9% over the period going from 2013 to 2014 for an amount of €175 million.
These derivative financial instruments were shared out pro rata the net exposure before hedging (on the periods of less than a year and of one to five years) in the table presented above

The sensitivity tests implemented were made on a hedging of interest rates net basis. By taking as an assumption a 100 basis point increase in short-term rates, the impact on the Group's pre-tax result would be an increase in financial costs of €817k at December 31, 2010 compared to an increase of financial costs of €860k at December 31, 2009.

22.5 Raw Material Risk

The LATECOERE Group is exposed to raw material risk relating to its purchasing for raw materials, essentially aluminum, steel and titanium. Since 2007, the Group has negotiated contracts with its main suppliers, either independently, or through its customers' programs. These contracts have been concluded for 2 or 3 years, include price clauses which either make them constant for the duration of the contract, or cause them to evolve according to an index provided for in advance, on the average lower than the past increases. In some contracts, the raw material is consigned by the client, which reduces the risk for the Group.

22.6 Equity share risk

The Group holds essentially LATECOERE shares, the carrying value of which is adjusted according to the closing market prices. The treasury shares are accounted for in deduction of shareholders' equity in the consolidated financial statements. The amount of treasury shares at December 31, 2010 is €29k.

Given the fact that at year end the LATECOERE Company only held 4,377 of its own shares, the equity share risk is not significant.
Furthermore, the Group does not hold any other significant listed shares and for this reason is not exposed to the risk of the fluctuation of share prices.

NOTE 23 CONSTRUCTION CONTRACTS

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Amount due from customers (work in progress)	356	305
Amount due to customers	56	1
Revenue recognized from the origin of the contracts	1 736	1 533
Expenses incurred since the origin of the contracts	2 201	1 961
Refundable Advances	42	50

Construction contracts are based on forecasts made by the Group taking into account the commercial information (order book and production rates) released by the different aircraft manufacturers and the information coming from the outlook for the aeronautical market. Future costs are estimated on the basis of the industrial organizations of the Group. Furthermore, the dollar flows (revenue and expenses) representing a significant share of the total flows, the Group founded its projections on assumptions of the future evolution of the dollar in relation to the duration of contracts. This last assumption could be reviewed depending on the outlook for the currency evolution and its impact on the projections.
The main construction contracts relate to the following programs: A380 (lower part of the nose section, doors of upper deck, electrical racks, commercial harnesses), A400M (electrical rack), F7X (harnesses, rear fuselage section), Embraer ERJ 170/190 (fuselage section and doors), B787 (passenger doors), A340 WBI (lower part of the forward nose fuselage, upper fuselage section), and Falcon 900/2000 Easy (wiring). Detailed numbers by program (and in particular, the margins of construction contracts) cannot be communicated, for confidentiality reasons). Certain assumptions were reviewed during 2010 as a function of the advancement of commercial negotiations.

A €0.05 downward evolution of the USD rate assumptions over the period 2011 to 2013 would have a -€2.6 million impact on the margin recognized at December 31, 2010 and a 0.05 point decrease of the completion margins for construction contracts. A longer term change to the EUR/USD exchange rates would have an impact on the organization of the Group's industrial processes.

NOTE 24 AVERAGE HEADCOUNT

	Dec 31, 2010					Dec 31, 2009	
	Executives & management	Administration	Blue-collars	**Total Employees**	Temporary staff	**Total Employees**	Temporary staff
LATECOERE	283	548	192	1 024	99	1 088	99
LATECOERE do BRASIL	21	80	218	319	0	322	0
LETOV s.r.o.	10	184	322	517	7	575	6
LATECOERE Inc.	0	1	0	1	0	2	1
LATelec	107	255	253	615	71	651	70
SEA LATelec	26	89	557	672	22	690	31
LATecis	192	171	0	363	3	365	8
LATelec GmbH	24	29	6	58	0	54	0
G²Metric	26	12	0	38	0	31	0
G²Metric GmbH	2	1	0	3	0		
LATecis Ibéria	1	22	0	24	0	22	0
LATecis srl	4	18	0	22	0	19	0
LATecis UK	8	0		8	0	10	
TOTAL GROUPE	**705**	**1 411**	**1 548**	**3 663**	**203**	**3 830**	**215**

NOTE 25 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

25.1 Financial Commitments

The amount of commitments given and/or received by the Group at year-end was as follows:

('000 EURO)	Dec 31, 2010				Dec 31, 2009
	< To 1year	From 1 to 5 years	> 5 years	**Total**	Total
Trade receivables given as security	94 955	0	0	**94 955**	61 954
Discounting of receivables	0	0	0	**0**	2 313
Sub-contracting agreements	4 778	0	0	**4 778**	5 690
Cooperation agreements	175	2 984	0	**3 159**	3 505
Securities, collateral and mortgages *(1)*	3 454	38 762	575	**42 791**	45 515
Guarantees accorded	1	21 328	5 239	**26 568**	12 739
Construction contracts Pledges	22	112 274	0	**112 295**	210 052
TOTAL	**103 385**	**175 348**	**5 814**	**284 546**	**341 768**

(1) These securities relate to tangible and intangible items for €24.1 million, and intangible items not recognized to the balance sheet for €18.7 million.

25.2 Commitments under Operating Leases

During the ordinary course of its operations the Group enters into operating leases. The amount of the expense for the year was €5.3 million. The main contracts are the following:

- leasing of vehicles;
- leasing of computer and office equipment (general and technical office data processing equipment, photocopiers, fax machines, etc.);
- other leasing (as needed).

All these contracts do not include any specific clause which could have an impact on the method of renewal or of termination of these contracts.

25.3 Other Contingent Liabilities

The LATECOERE Company is subject to a tax audit. There remains a potential dispute relating to the consequences of an appreciation of the basis of the local business tax. The LATECOERE Company contests the tax adjustments proposed by the Taxing authority, which have not been the subject of a provision.

NOTE 26 RELATED PARTIES

26.1 Main flows with related parties

Group flows of the integrated companies:

('000 EURO)	Latécoère	LETOV sro	LdB	LAT. Inc.	LATelec	SEA	LATelec GmbH	LATecis	Other subsidiaries	**Dec 31, 2010**
Revenue	53 708	64 871	11 750	1 505	3 180	4 984	19 503	5 837	3 644	168 984
Purchasing	84 808	34 530	0	0	42 481	226	784	5 645	510	168 984
Trade receivables	8 980	9 767	2 687	158	1 099	387	2 690	1 951	729	28 450
Trade payables	15 058	6 199	0	0	5 285	49	219	1 536	68	28 414

Group flows of associates:

('000 EURO)	Latécoère	CCA	Latécoère Aeroservices	**Dec 31, 2010**
Operating revenue	292	560	523	1 376
Purchasing	1 084	0	292	1 376
Trade receivables	264	184	0	447
Trade payables	184	0	264	447

Transactions with related parties are done on a market-price basis.

26.2 Director Compensation

The Group has defined as Key Managers the individuals holding the following functions:

- Members of Management Board of the LATECOERE Company;
- Members of the Executive Committee of the LATECOERE Company;
- directors or managers of consolidated subsidiaries.

For all the individuals falling into the above definition, the total of remuneration, benefits acquired or to be acquired (having been accounted for directly or through a provision) represents at December 31, 2010 the amount of €2,445k (of which €542k relates to retirement liabilities and €26k relates to long-service medals). At December 31, 2009, the total of remuneration was €2,378k (of which €572k relating to retirement liabilities and €25k relating to long-service medals).

Remuneration in 2010 for all of the Members of the Supervisory Board was €453k to which €148k relating to retirement liabilities and €11k relating to long-service medals must be added. At December 31, 2009 the remuneration for all of the Members of the Supervisory Board was €380k to which €130k relating to retirement liabilities and €13k relating to long-service medals was to be added.

26.3 Main relationships between the LATECOERE Company and its subsidiaries

The main Group flows concern economic flows relating to the production of sub-assemblies.

The Group is organized around three businesses: Aerostructures; onboard wiring and systems; and engineering and services. Every company which is a leader in a business has subsidiaries (in France or abroad) that enable it to respond to its industrial needs. Given the general organization of the Group, the different companies that form part of the scope of consolidation may have industrial and commercial relations between themselves so as to respond to the production needs of each entity. Group transactions being variable, it is not possible a priori to define their annual amounts.

The conditions of payment applicable between the different companies of the Group match those applicable for other suppliers and take into account, as appropriate, occasional needs related to centralized cash flow management.

The LATECOERE Company, the parent company of the Group, centralizes some global management actions with respect to subsidiaries (general management, insurance and risk management, financial management, etc.). Therefore, it invoices its subsidiaries for management fees, integrating the relative costs of these items.

Furthermore, as part of its centralized cash flow management, the LATECOERE Company may grant to its subsidiaries (directly held) advances on current account (short term cash flow) or loans (medium or long term) to enable the financing of real estate and industrial investments. Short-term financings are subject to regulated agreements and carry interest. Loans are subject to specific contracts which state the object of the financing, the duration as well as the interest rate applied.

In some cases, this method of financing internal to the Group may be set up between a subsidiary of the LATECOERE Company and its indirect subsidiary or subsidiaries, the procedures and conditions remaining identical to those described above. With the exception of companies of the Group and of the Key Manager relationships mentioned above, there does not exist any significant operation with related parties outside the Group.

Since fiscal year 2009, the LATECOERE Company has made itself the only taxpayer in France for the corporate tax, for additional contributions based on the corporate tax for the annual flat-rate taxation due in respect of the tax Group which includes the LATECOERE, LATelec, LATecis and LATECOERE Développement companies.

Under the tax consolidation agreement, the tax consolidated subsidiaries bear their own tax expense, as they would had there not been tax consolidation, and pay the corresponding sums to the LATECOERE Company, by way of contribution to the payment of taxes of the tax Group.

NOTE 27 SUBSEQUENT EVENTS

In early 2011, Latécoère reached an agreement with Boeing regarding certain claims associated with the development and production of the 787 passenger doors. The agreement confirmed Latécoère as the supplier of passenger doors, and has been transposed into a contractual agreement; it will result, in particular, in the conversion of $75 million of cash advances previously received in billings which will have a positive impact on H1 2011 revenue.

3.7 Report of the Statutory Auditors on the consolidated financial statements

Dear Shareholders,

Following our appointment as statutory auditors by your General Meeting, we have audited the accompanying consolidated financial statements of Latécoère S.A. for the year ended December 31, 2010:

- the audit of the consolidated financial statements of the Latécoère S.A. company, as they accompany this report;
- the justification of our assessments;
- the specific verification foreseen by law.

The consolidated financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for that opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.
Without qualifying our opinion, we draw attention to the following notes to the consolidated financial statements:

- Note 2.27 which discloses a change in accounting procedure concerning the recognition, in the balance sheet state of the overall consolidated net result, of actuarial variations which arise during the period, in accordance with the provisions of IAS 19.
- Notes 1.3 and 14.1 which disclose the restructuring method and the accounting classification of the group's financial debt following the agreements concluded with the French bank creditors in 2010.

Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.17 to the consolidated financial statements discloses the methods applied for recording hedging financial instruments detailed in note 10 to the consolidated financial statements and note 22.3 to the consolidated financial statements presents the Company's sensitivity to the dollar/euro parity on construction contracts.

  In the context of our assessment of the accounting principles of your company, we have verified that these accounting methods and the related information disclosed in the notes were appropriate, and we have assessed their correct implementation.

- Furthermore, your group recognizes the results on long-term contracts under the stage of completion method as described in note 2.15 to the consolidated financial statements. When applicable, your group depreciates inventories & work in progress relating to these contracts, as indicated in note 7 to the consolidated financial statements. The results on construction contracts are based on estimates, relating mainly to industrial assumptions and US dollar exchange rate, realized under the control of the Senior Management.

  These estimates are based on assumptions which are by their very nature uncertain, as indicated in note 2.2 to the consolidated financial statements, the realizations being likely to differ sometimes significantly from the estimated data used.
  On the basis of information available, our work consisted of assessing the assumptions and data underlying these valuations of results on completion of these contracts retained, of comparing the valuations of results on completion to

prior periods with corresponding realizations, and of reviewing the calculations of the company and examining the approval procedures for these estimates by Senior Management.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

In accordance with professional standards applicable in France, we have also verified the information relative to the group given in the parent company's management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Toulouse-Labège, April 29, 2011

KPMG Audit
A division of KPMG S.A.

Mr. Christian Libéros
Partner

Paris, April 29, 2011

Mr. Grant Thornton
French Member of Grant Thornton International

Mr. François Pons
Partner

4 STATUTORY FINANCIAL STATEMENTS OF THE LATECOERE S.A. COMPANY. AT DECEMBER 31, 2010

4.1 Balance sheet of the LATECOERE S.A. Company

('000 EURO)	Gross	Amortization	Dec 31, 2010	Dec 31, 2009
Research and development expenditure	0	0	0	0
Other intangible fixed assets	4 552	3 900	652	852
Intangible fixed assets	**4 552**	**3 900**	**652**	**852**
Land	284		284	284
Buildings	1 039	445	594	188
Plant, equipment and tooling	23 682	17 877	5 806	6 316
Other tangible fixed assets	11 023	8 595	2 428	2 688
Fixed assets in progress	1 144		1 144	336
Advance payments			0	0
Tangible fixed assets	**37 172**	**26 917**	**10 255**	**9 812**
Other shareholdings	45 854	5 720	40 134	31 506
Other long-term investments	8 358	0	8 358	3 006
Other fixed shares	25		25	25
Loans	409	409	0	0
Other financial fixed assets	65	0	65	159
Financial fixed assets	**54 711**	**6 128**	**48 582**	**34 697**
Fixed assets	**96 435**	**36 946**	**59 489**	**45 361**
Raw materials	36 209	8 204	28 005	32 469
Work-in-process	436 172	100 626	335 546	285 321
Intermediate and finished products	42 077	10 345	31 733	36 612
Intermediate and finished products	**514 459**	**119 175**	**395 284**	**354 402**
Advances, payments on account	276		276	1 009
Trade accounts receivable	83 989	113	83 877	91 104
Other receivables	50 196		50 196	45 173
Short-term investments	0		0	0
Cash and bank	1 340		1 340	1 428
Prepayments, unrealized exchange losses	488		488	232
	2 539		2 539	
CURRENT ASSETS	**653 288**	**119 288**	**534 000**	**493 349**
TOTAL ASSETS	**749 723**	**156 234**	**593 489**	**538 710**

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Share capital	17 220	17 220
Share premium	69 611	69 611
Legal reserve	1 722	1 722
Regulated reserves		
Other reserves	107 496	107 496
Retained earnings	-129 024	
Income for the year (profit or loss)	24 082	-129 024
Tax based provisions	3 510	3 288
Shareholders' equity	**94 617**	**70 313**
Conditional advances	42 010	50 397
Total equity	**136 627**	**120 710**
Provisions for risks and expenses	**2 603**	**2 423**
Debenture loan	57 150	0
Loans and debts from financial institution	202 415	254 165
Other loans and financial liabilities		
Advances and down payments received	55 020	5
Trade accounts payable	68 118	80 807
Tax, personnel and social security	19 205	14 144
Due for fixed assets	259	398
Other liabilities	50 314	63 806
Deferred income-unrealized exchange gains	1 778	2 251
Total liabilities	**454 260**	**415 576**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**593 489**	**538 710**

4.2 Income Statement of the LATECOERE S.A Company

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Sale of goods purchased for resale	0	0
Production sold (goods)	283 981	303 625
Production sold (services)	30 977	25 406
Net sales	**314 958**	**329 031**
Change in inventory (WIP and finished goods)	36 029	-21 852
Capitalized production	1 516	0
Operating grants	3 375	4 400
Write-back of provisions and amortization, expense transfers	14 189	14 388
Other income	288	1 892
Other operation income	55 397	-1 172
Operation income	**370 356**	**327 859**
Purchase of goods	0	1
Purchase of raw materials and other supplies	27 737	27 374
Changes in inventory (raw materials, supplies)	5 269	4 702
Other purchases and external expenses	240 192	228 673
Taxes, duties and similar	4 517	5 140
Wages and salaries	42 286	43 022
Social security	19 182	19 323
Depreciation, amortization	2 229	2 504
Provisions on current assets	106	108 057
Other operation expenses	1 116	0
Operation expenses	**342 634**	**438 796**
NET OPERATING INCOME	**27 722**	**-110 936**
NET FINANCIAL INCOME	**-8 430**	**-31 299**
INCOME BEFORE TAX	**19 292**	**-142 235**
NET EXCEPTIONAL EXPENSES	**-307**	**-627**
Employee profit sharing	2 250	0
Tax on profit	-7 347	-13 837
TOTAL INCOME	**395 248**	**355 098**
TOTAL EXPENDITURE	**371 167**	**484 123**
NET INCOME	**24 082**	**-129 024**

4.3 Statement of Cash Flows of the LATECOERE S.A. Company

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Net income	24 082	-129 024
Elim of depreciation and provisions	2 394	-915
Elim of profit/loss on disposal	54	1
Cash flow	**26 530**	**-129 938**
Changes in working capital	-20 704	122 587
Cash flow from operating activities	**5 826**	**-7 352**
Purchase of tangible and intangible assets	-3 314	-10 381
Proceed of sale of tangible and intangible assets	289	1 771
Cash flows from (used in) investing activities	**-3 025**	**-8 609**
Dividends paid	0	0
Augmentation (réduction) de capital	0	0
Proceeds from borrowings (incl. Conditional advances)	26	16 847
Repayments of borrowings (incl. Conditional advances)	-8 387	-9 968
Disposal (acquisition) of treasury shares	98	92
Cash flows from (used in) financing activities	**-8 263**	**6 972**
Increase (decrease) in cash and cash equivalents	**-5 462**	**-8 989**
Opening cash position	-11 153	-2 164
Closing cash position	-16 615	-11 153
Cash and cash equivalents	1 340	1 428
Overdraft facilities	-12 351	-2 643
Discounted receivables	-5 604	-9 938
CASH AND CASH EQUIVALENTS AT YEAR-END	**-16 615**	**-11 153**

4.4 Notes to the Corporate Financial Statements at December 31, 2010

These documents are annexed to the balance sheet before apportionment of the fiscal year ending on December 31, 2010 totaling €593,488,840, and to the income statement of the fiscal year presented in the form of a list, showing total income of €395,248,494, total expenditure of €371,166,643, and net income of €24,081,851.

The relevant year covers a period of 12 months from January 1, 2010 to December 31, 2010.

The notes and the tables herein, form an integral part of the annual financial statements. The financial statements are presented in €k rounded to the closest thousand euros.

NOTE 1 MAIN EVENTS

1.1 Stronger partnerships

During 2010, Latécoère closed its dispute with Dassault Aviation regarding a business jet contract. This agreement, which cements the partnership at its current scope, resulted in the recognition of a €17.8 million reversal in the 2010 accounts.

In early 2011, Latécoère reached an agreement with Boeing regarding certain claims associated with the development and production of the 787 passenger

doors. The agreement confirmed Latécoère as the supplier of passenger doors, and has been transposed into a contractual agreement; it will result, in particular, in the conversion of $75 million of cash advances previously received in billings which will have a positive impact on H1 2011 revenue.

1.2 Restructuring of the Group's debt

Latécoère's financial debt was restructured under conditions that received the overwhelming support of the shareholders. Under the terms of the conciliation protocol signed with its French bank creditors on May 18, 2010 and approved on May 19, 2010 by the Commercial Court of Toulouse:

- the short-term lines were confirmed until January 1, 2012,
- the installments falling due in 2010 and 2011 under the medium-term lines were frozen and rescheduled between 2012 and 2015 under a schedule that will be reviewed with the creditor banks during Q2 2011 to take account of any developments that have taken place in the meantime,
- Medium-term debt (€57.2 million) was converted into bonds convertible into Latécoère shares between August 2015 and July 2015: each bond, convertible into one share, was issued at a par value of €10, representing a 75% premium over the last share price preceding the opening of negotiations. These convertible bonds were issued on July 30, 2010 by Latécoère.

1.3 Issue of share warrants (BSA)

The convertible bond issue by Latécoère and LATelec was preceded by a bonus issue of warrants to Latécoère's shareholders in the proportion of 1 warrant for 2 shares, giving them the right to subscribe, for every warrant, to one share at the exercise price of €10; on July 29, 2010 these share warrants were admitted to trading on the Euronext Paris market. If these warrants were to be exercised, shareholders' equity would be increased by €43 million.

1.4 Stronger governance

Corporate governance was enhanced by the election of Pierre Gadonneix as Chairman of the Supervisory Board, the appointment of Christian Duvillet, former CEO of LCL as a new member of the Supervisory Board, and the creation of a Strategy Committee within the Supervisory Board.

1.5 Process of searching for a partner

In line with its communication of May 20, 2010, the Latécoère Company having streamlined its industrial organization and finalized a first step of financial restructuring in 2010, has initiated a search for a partnership. The objective of the process is to enhance its industrial contribution to the upcoming consolidation of the sector and to strengthen its equity. After an initial exploratory phase, Latécoère received several expressions of interest that it intends to analyze further in the coming months. At this stage, the process does not call for any further comment.

NOTE 2 ACCOUNTING POLICIES

2.1 Presentation of the financial statements

The financial statements of the Company at December 31, 2010 have been prepared in accordance with regulations in force, in compliance with regulation CRC 99-03. Moreover, the Company applies the recommendations of the accounting plan of the aeronautical and space industry for the accounting treatment of some specific operations.

2.2 Assumptions and estimates

The preparation of financial statements requires that the Management Board make estimates and assumptions which have an impact on the application of accounting methods as well as on amounts of assets and liabilities, income and expenses. The estimates and the underlying assumptions have been made from past experience and other factors considered as reasonable in view of the circumstances. Thus, they serve as the basis for the exercise of judgment necessary for the determination of the carrying value of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from estimated values.

The Management Board reviews its estimates and appreciations regularly on the basis of its past experience as well as other factors deemed reasonable, which constitutes the grounds for its appreciations of the carrying value of assets and liabilities. The impact of changes in accounting estimates is recognized during the period of the change if it affects only that period or during the course of the period of the change and subsequent periods if these are also affected by the change.

The judgments made by the Management Board, having a significant impact on financial statements and estimates having an important risk of variations during the period, concern mainly the estimated margin on construction contracts (note 2.7), provisions on inventory, the recoverable value of long-term investments, and employee benefits (note 5).

At December 31, 2010, the accounting estimates used in the preparation of the financial statements were performed in a context where economic prospects were definitely difficult to grasp. The estimates and the assumptions retained for the consolidated financial statements were determined based on the elements in the Company's possession at the closing date and, in

particular, relate to construction contracts, as a function of firm orders confirmed by aircraft manufacturers and of announced decreases in production rates. The Company has noted a trend of production rate change announcements, increasing the difficulty to grasp the assumptions to be retained for the closing of the financial statements. However, only public information was taken into account in the estimates and assumptions retained by the Company at year-end.

2.3 Research & Development Costs

At December 31, 2010, research & development expenses are recorded as expenses with the exception of development expenditures relating to construction contracts which are recognized as work-in-progress.

2.4 Other Intangible Fixed Assets

Composed essentially of computer software, they are measured on the basis of acquisition cost (purchase price and associated costs) or at their production cost (own work capitalized). The interest costs on loans specific to own work capitalized are not included in the cost of production.

For fixed assets which use reducing balance methods for tax purposes the difference with respect to book depreciation is shown as accelerated fiscal depreciation in regulated provision. Other intangible fixed assets are amortized over their duration of use.

2.5 Tangible fixed assets

The tangible fixed assets are accounted for at their directly attributable cost (including purchase price, taxes paid and direct purchase cost), reduced by accumulated depreciation and loss of value.

Subsequent expenses relating to tangible fixed assets are accounted for as expenses of the fiscal year which they are incurred if they maintain the performance level of the asset. They are added to the carrying value of the initial fixed asset if they generate future economic benefits higher than the initial level of performance and if their cost can be measured reliably.

When applicable, the total cost of an asset is broken down between its different constitutive elements (components) if their useful lives are different. Each element of the asset is depreciated over a different time period. The LATECOERE Company has defined families of assets that might be broken down, together with the useful lives of the components thus determined.

As the assets acquired by the LATECOERE Company are not meant to be resold before the end of their economic lives, no residual value has been applied to the different tangible fixed assets.

The amortization method reflects the rate of consumption of the future economic benefits relating to the asset.

Any loss in value is recognized in operating result, on the line "depreciation amortization".

The grants received by the LATECOERE Company as assistance to the financing of industrial fixed assets are accounted for in deduction of the original value of the asset.

Furthermore, the LATECOERE Company has not chosen the option of integrating in the cost of fixed asset, the financial costs relating to the specific financing of this asset.

The amortization periods associated with the groups and sub-groups of assets are as follows.

Group	Amortization period
Construction	15 - 40 years
General facilities	10 -20 years
Technical facilities	6 2/3 – 20 years
Tooling	3 years
Electronic equipment	5 years
Computer hardware	3 – 5 years
Transportation equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

In general, the LATECOERE Company has opted for the use of the straight-line method of depreciation for the whole of its assets. However, according to nature and specificity of the asset, the decreasing-balance method may be applied.

Impairment of Assets

The carrying value of the Company's assets (other than inventory and deferred tax assets) is examined at each closing so as to appreciate if any indication of a loss in value exists. If such an indication is identified an impairment test is carried out. The impairment test consists in comparing the carrying value of the asset or of the relevant group of assets with its recoverable value.
The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use. The value in use is the discounted value of estimated future cash flows expected from the continuing use of the asset and from its disposal at the end of its useful life.
In order to determine the value in use of an asset, the LATECOERE Company uses:

- estimates of future cash flows (before income tax and financial cost) based on assumptions that keep the asset in its current condition and represent the best estimate of the economic conditions which will exist during the remaining useful life of the asset,
- the pre-tax discount rate which reflects the current market valuations of the time value of money and of the specific risks of the asset. The discount rate does not reflect the risks which have already been taken into account in the estimate of future cash flows.

Depreciation is recorded if the carrying value of an asset is higher than its recoverable value.

2.6 Shareholdings and other long-term investments

Shareholdings

Shareholdings are initially measured at their price or subscription price. At each year end, their value in use is determined by taking into account the net equity and potential profitability of each holding.

Other Long Term Investments

Their gross value includes their purchase price excluding associated costs.

2.7 Inventories and Work-in-Progress

Raw materials

The gross value of raw materials and supplies includes the purchase price and associated costs. Valuation is made at the weighted average price. Provisions for depreciation are constituted on the raw materials and facilities which have not moved during the year and for which no use is foreseen in the short-term.

Work-in-Progress (excluding construction contracts)

The gross value of work-in-progress is measured using the full cost method excluding non-production costs (financial expenses, marketing costs, estimates without follow-up, administrative costs, etc.). Work-in-progress is depreciated when its realization value is under its book value.

Construction contracts (long-term contracts):

The LATECOERE Company has concluded with some of its customers partnership contracts the characteristics of which are those of construction contracts:

- contract relating to the production of a group of assets closely interrelated or interdependent in terms of design, technology and function;
- which covers several years.

The accounting for these contracts responds to the following criteria:
The principal revenues and costs of construction contracts are:

- the initial amount of revenue agreed in the contract;
- the modifications in contract work or the claims to the extent that it is probable that they give rise to revenue and that they can be measured reliably.

And for costs:
The costs directly related to the contract;

- the costs attributable to the contract activity in general and which can be allocated to the contract;
- All other costs that can specifically be charged to the customer according to the terms of the contract.

The margin is recognized by reference to the stage of completion and calculated in relation to the delivery of elements ("milestones"). Actually, the LATECOERE Company invoices on delivery and all the invoicing is due by the customer whatever the outcome of the program.
It is also possible that additional invoicing be carried out subsequently (modifications or additional work). A study is undertaken on a case-by-case basis in order to define elements permitting the determination of the stage of completion ("milestones").
The estimated margin is calculated on the basis of a forecast including the technical and budgetary elements determined at the inception. This margin is revised periodically based on costs and revenues realized during the period and remaining to come. When the foreign exchange exposure is hedged, the impact of this hedging is integrated in the calculation of the estimated margin.
When the projected margin is negative, it is immediately recorded in income statement.

Construction contracts covering several years, during the first years the Company is brought to note in the balance sheet costs of production which will subsequently be recycled in income statement according to their decrease really observed.

2.8 Receivables

Receivables are valued at their nominal value. The risks of non-recovery are provided for as required at the end of each year.

2.9 Investment securities

They are exclusively made up of securities other than treasury shares. Their gross value includes their purchase price excluding associated costs. When the inventory value is under their gross value, a provision for depreciation is constituted.

2.10 Provisions for risks

Provisions for risks and expenses are established in compliance with regulation CRC 2000-06 on liabilities. Risks known at the date of the closing of the financial statements are subject to a review and a provision is made.

2.11 Tax related provisions

Regulatory provisions which figure in the balance sheet include exclusively accelerated fiscal depreciation. Accelerated fiscal depreciation represents the difference between straight-line depreciation to determine net operating income and the accelerated depreciation authorized by the current tax legislation.

2.12 Recording of Foreign Currency operations

The LATECOERE Company, for transactions carried out in foreign currencies (essentially the U.S. dollar), manages its exposure by covering the expected cash inflows with forward sales of currencies. Foreign currency transactions are converted into euros by applying the

exchange rate prevailing at the transaction date. Receivables denominated in dollars are converted at year end using the rate of the forward exchange contracts. Other receivables and liabilities denominated in other currencies are converted using the closing exchange rate. Exchange rate differences are posted in financial result and the hedging instruments are detailed in off-balance sheet commitments.

2.13 Employee long-service medals

In compliance with recommendation n° 2003-R-01 of the "Conseil National de la Comptabilité" (Regulation n° 2000-06 on liabilities), the LATECOERE Company set up a provision in 2004 for employee long-service awards, calculated in compliance with IAS 19 (using actuarial assumptions, the level of future remuneration, life expectancy and employee turnover rates). At December 31, 2010, this provision was revalued and amounts to €1,029k compared to €958k at December 31, 2009.

2.14 Recognition of revenue

Revenue is recognized on product delivery or upon the provision of services.

2.15 Borrowings issue expense

The LATECOERE Company has incurred costs relating to the refinancing of its debt. The LATECOERE Company has chosen to allocate these costs over the term of the relevant borrowings. The amount of the borrowings issue expense recorded to balance sheet assets at December 31, 2010 is €2,539k. The expense recognized in income statement is €232k for the fiscal year 2010.

NOTE 3 FIXED ASSETS

('000 EURO)	Dec 31, 2009	Acquisitions	Transfer	Disposals	Dec 31, 2010
Intangible fixed assets	**4 523**	**96**	**36**	**102**	**4 552**
Land	284			0	284
Buildings constructed on leasehold land	578		461		1 039
Plant, industrial equipment and tooling	23 096	398	260	71	23 682
Fixtures and fittings	8 147	172		26	8 293
Vehicles	242				242
Office equipment, I.T., furniture	2 509	48	15	84	2 487
Fixed assets in progress	336	1 579	-772		1 144
Tangible fixed assets	**35 191**	**2 197**	**-36**	**181**	**37 171**
Shares in subsidiary companies	32 605	13 249		0	45 854
Receivables concerning associated companies	7 627	1 020		289	8 358
Other long-term investments	25				25
Loans, other financial fixed assets	571	1		98	474
Financial fixed assets	**40 828**	**14 269**	**0**	**387**	**54 711**
TOTAL GROSS FIXED ASSETS	**80 542**	**16 562**	**0**	**670**	**96 435**

NOTE 4 DEPRECIATION

('000 EURO)	Dec 31, 2009	Increase	Decrease	Dec 31, 2010
Intangible fixed assets	**3 671**	**302**	**73**	**3 900**
Buildings constructed on leasehold land	389	55		445
Plant, industrial equipment and tooling	16 780	1 167	70	17 877
Fixtures and fittings	5 733	339	9	6 063
Vehicles	242	0		242
Office equipment, I.T., furniture	2 234	132	77	2 290
Tangible fixed assets	**25 379**	**1 694**	**156**	**26 917**
TOTAL AMORTIZATIONS	**29 050**	**1 997**	**229**	**30 817**

('000 EURO)	straight-line method	double declining method	Accelerated fiscal depreciation	
			Increase	Decrease
Intangible fixed assets	**302**	**0**	**148**	**242**
Buildings constructed on leasehold land	55		3	15
Plant, industrial equipment and tooling	1 167		446	158
Fixtures and fittings	339		84	44
Vehicles	0			
Office equipment, I.T., furniture	132		8	8
Tangible fixed assets	**1 694**	**0**	**540**	**225**
TOTAL BREAKDOWN OF DEPRECIATION	**1 997**	**0**	**689**	**467**

NOTE 5 PROVISIONS

('000 EURO)	Dec 31, 2009	Increase	Decrease	Dec 31, 2010
Accelerated fiscal depreciation	3 288	689	467	3 510
Regulated provision	**3 288**	**689**	**467**	**3 510**
Foreign exchange losses	0	51	0	51
Provisions for taxes	610			610
Provisions for taxes	1 814	246	118	1 942
Total provisions for risks and expenses	**2 423**	**297**	**118**	**2 603**
Provisions for financial assets	6 132	0	3	6 128
Provisions for stocks and work-in-process	129 543	0	10 368	119 175
Provisions for trade accounts receivable	77	36	0	113
Total provisions on assets	**135 752**	**36**	**10 371**	**125 416**
TOTAL PROVISIONS	**141 464**	**1 021**	**10 956**	**131 529**

('000 EURO)	Increase	Decrease
Operating	106	10 486
Financial	51	3
Exceptional	864	467
TOTAL	**1 021**	**10 956**

The other provisions for risks correspond to €1,029k in respect of Long-Service Medals and €738k in respect the retirement liabilities of LATECOERE AEROSTRUCTURE. The reversed provision on inventories and work-in-progress corresponds in essence to the partial reversal of the provision recognized at December 31, 2009 relating to a corporate aircraft dispute.

NOTE 6 ANALYSIS OF RECEIVABLES AND OF LIABILITIES

('000 EURO)	Gross Amount	Due within one year	Due after one year
Receivable related to associates	8 358	1 265	7 093
Loans	409		409
Other financial fixed assets	65	30	35
Other trade accounts receivable	83 989	83 989	
Payroll and similar accounts	121	121	
Social security and other similar organizations	0	0	
State and other community bodies	17 305	17 305	
Group and shareholders	28 899	28 899	
Miscellaneous	3 872	3 872	
Prepayments expenses	437	437	
TOTAL RECEIVABLES	**143 454**	**135 918**	**7 536**
Loans granted during the year	0		
Reimbursements obtained during the year	0		

('000 EURO)	Gross Amount	Due within one year	Due between one and five years	Due after five years
Refundable Advances	42 010	12 748	4 353	24 909
Debenture loan	57 150		57 150	
Loans due within 1 year at origin	24 655	24 655		
Loans due after 1 year at origin	177 761	451	177 309	
Trade accounts payable	68 118	68 118		
Payroll and similar accounts	7 495	7 495		
Social security and other similar organizations	7 051	7 051		
State : tax on profits	971	971		
State : value added tax	1 625	1 625		
State : other taxes and duties	2 063	2 063		
Due for fixed assets	259	259		
Group current accounts	39 294	39 294		
Other liabilities	11 020	11 020		
Deferred income	0	0		
TOTAL LIABILITIES	**439 472**	**175 750**	**238 813**	**24 909**
Loans obtained during the year	0			
Loans reimbursed during the year	0			

NOTE 7 LOANS AND BANK BORROWINGS

('000 EURO)	Currency	Interest rate	Maturity	Dec 31, 2010	
				Nominal value	Carrying value
Debenture loan	EURO	EURIBOR + Margin	2012-2015	57 150	57 150
Bank borrowings with guarantee	EURO	EUR. / T4M+ margin	2012-2015	177 344	177 761
Commercial paper and other financial debts	EURO	EUR. / T4M+ margin	n/a	19 051	19 051
Loans against receivables mobilization	EURO	EURIBOR + Margin	n/a	5 604	5 604
TOTAL OF LOAN AND BANK BORROWINGS				**259 148**	**259 565**

Issue of bonds convertible in shares

As part of its financial restructuring, the LATECOERE Company issued to the creditor banks bonds convertible in new shares of LATECOERE for a par value of €57,150k. The 5,715,000 Convertible Bonds were issued at a par value per unit of €10 and will bear interest at the six-month Euribor rate plus 350 basis points during the first two years following the date of issue and 300 basis points thereafter. The conversion period runs from the second to the fifth anniversary of the date of issue.

Covenants on medium-term bank borrowings

Some financing contracts are subject to covenants. Following the renegotiation of the bank debt that occurred in 2010, the creditor banks agreed not to use their right to accelerate repayment of existing medium-term credit lines, up to and including December 31, 2011, despite a breach of covenants included in them.

Financial commitments on bonds convertible in shares

Under the issuance contracts for convertible bonds, the Company committed to respect:

- A minimum level for Group shareholders' equity; that level was €123 million at December 31, 2010.
- A minimum level for Group EBITDA; that level was €42 million for 2010.
- A limit for investments; this limit was €11 million for 2010.
- A limit for additional indebtedness contracted of €10 million per Group company.

At December 31, 2010, the Company respected all of these commitments.

NOTE 8 REFUNDABLE ADVANCES

The most significant refundable advances concern the F7X (€8 million) and A380 (€32 million) programs. These advances shall be repaid if the program succeeds, and repayments are linked to the deliveries of each financed product. The repayment conditions have been established in the agreement signed with the lending organization.

NOTE 9 ACCRUALS AND PREPAYMENTS

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Invoices to be issued	2 487	3 326
Accrued interest receivable, other	0	0
Total income accruals	**2 487**	**3 326**
Accrued interest on loans	417	414
Supplier invoices not yet received	32 386	19 570
Tax, personnel and social security	9 266	6 624
Interest accrued on overdraft	456	279
Other (1)	10 981	13 831
Total expense accruals	**53 505**	**40 717**
Insurance premiums	215	140
Miscellaneous expenses	222	92
Total prepayments (net)	**437**	**232**

NOTE 10 SHAREHOLDERS' EQUITY

The share capital is €17,219,994, and breaks down as follows:

	Number	Nominal value
Total shares at beginning of year	8 609 997	2,00
Shares issued during the year	0	
Shares exchanged during the year	0	
Total shares at end of year	8 609 997	2,00

('000 EURO)	Amount
Shareholders' equity as of 31/12/08	**199 192**
Premium	0
2009 Net income	-129 024
Distribution of dividends in 2008	0
Charge in regulated provisions	146
Shareholders' equity as of 31/12/09	**70 313**
Premium	0
2010 Net income	24 082
Distribution of dividends in 2009	0
Charge in regulated provisions	222
Shareholders' equity as of 31/12/10 (1)	**94 617**

(1) Including unavailable reserves for hedging of treasury shares in an amount of €29k.

Treasury Shares

Number of shares	Dec 31, 2009	Acquisitions	Disposals	Dec 31, 2010	% of ownership
LATECOERE Shares	19 909	82 337	97 869	4 377	0,05%

('000 EURO)	Dec 31, 2009	Acquisitions / Provisions	Disposals	Dec 31, 2010	Average purchase price
LATECOERE Shares	128	520	618	29	6,45

Issue of share warrants (BSA)

Subsequent to the agreement reached with the Group's French banking partners to restructure its financial debt, the Management Board, by virtue of the delegation of authority which was granted to it by the general meeting of Latécoère shareholders on June 25, 2010, made a bonus issue of share warrants (BSA) to all existing Latécoère Group shareholders, in the proportion of one share warrant for each two existing shares they already own. On July 29, 2010, these share warrants were admitted to trading on the Euronext Paris market under the ISIN code FR0010910562. Each share warrant gives a right to subscribe to one new share at a fixed price of €10 per new share and for a period of three years starting on July 30, 2012. The number of share warrants is 4,294,642 on the basis of the total number the LATECOERE Company shares reduced by the number of treasury shares at May 31, 2010.

NOTE 11 REVENUE

BY BUSINESS

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
Civil business	311 006	98,7%	324 949	98,8%
Military business	3 953	1,3%	4 082	1,2%
TOTAL	**314 958**	**100,00%**	**329 031**	**100,00%**

BY GEOGRAPHICAL ZONE

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
France	126 397	40,1%	132 945	40,4%
Export	188 562	59,9%	196 086	59,6%
TOTAL	**314 958**	**100,00%**	**329 031**	**100,00%**

BY GEOGRAPHICAL MARKET (DIRECT EXPORTS)

('000 EURO)	Dec 31, 2010		Dec 31, 2009	
	Amount	%	Amount	%
Europe	193 884	61,6%	207 483	63,1%
North America	41 745	13,3%	24 594	7,5%
Asia	1 923	0,6%	1 563	0,5%
Other	77 406	24,6%	95 391	29,0%
TOTAL	**314 958**	**100,00%**	**329 031**	**100,00%**

It should be noted that this breakdown does not show the final destination of products manufactured. Indeed, about 90% of sales to our French customers (Airbus France, Dassault, etc.) may end up being exported.

NOTE 12 FINANCIAL INCOME

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Financial income from shareholdings	5 212	1 163
Other interest and similar income	14	10
Write-back of provision and transfer of expenses	3	8 363
Foreign exchange gains	14 407	15 367
Net income from sales of short-term investments	3	13
Financial income	**19 639**	**24 915**
Financial provision	51	4 621
Interest and related expenses	12 051	21 162
Foreign exchange losses	15 968	30 393
Net loss on sales of short-term investments	0	37
Financial expenses	**28 069**	**56 213**
NET FINANCIAL INCOME	**-8 430**	**-31 299**

NOTE 13 INCOME TAX

The taxes related to each income are determined by taking into account the tax write-back and deductions practices and the tax rates application to the operations concerned. The taxes included the standard rate (33.33%) as well an additional contribution of 3.3% based on the tax at the standard rate after a reduction of €763k.

('000 EURO)	Gross amount	Tax write-back and deduction	Tax basis	Tax	After tax amount
Income before exceptional items, profit sharing and tax	19 292	309	19 601		19 292
Net exceptional income	-307	3	-305		-307
Contractual profit sharing	-2 250				-2 250
Legal profit sharing	0				0
Tax credits	3 403				3 403
Miscellaneous	3 944				3 944
NET INCOME BEFORE/AFTER TAX	**24 082**	**312**	**19 297**	**0**	**24 082**

The "Miscellaneous" item includes, in particular, tax savings for an amount of €4.9 million relating to the tax consolidation.

NOTE 14 NON-RECURRING EXPENSES AND INCOME

('000 EURO)	Dec 31, 2010	Dec 31, 2009
Accelerated fiscal depreciation	689	1 026
Extraordinary expenses for revenue operations	22	441
Net book value of fixed asset disposals	54	1 389
Other exceptional expense	175	95
TOTAL EXCEPTIONAL EXPENSE	**940**	**2 951**
Write-back of accelerated fiscal depreciation	467	880
Proceed from fixed asset disposals	0	1 388
Revenue operations	128	1
Other exceptional income	37	55
TOTAL EXCEPTIONAL INCOME	**633**	**2 325**

NOTE 15 FINANCIAL COMMITMENTS

15.1 Real estate leasing

('000 EURO)	Initial cost	Amount paid		Amounts due			
		In current year	Aggregate	Within 1 year	From 1 to 5 years	After 5 years	Total due
Land and building Périole 1993	7 851	0	12 021	0	0	0	0
Building Périole 2002	5 005	562	4 496	562	1 686	0	2 248
Land and building Gimont 2002	6 791	640	4 730	640	2 560	1 120	4 320
TOTAL	**19 648**	**1 202**	**21 247**	**1 202**	**4 246**	**1 120**	**6 568**

15.2 Retirement Liabilities

Retirement benefits unrecognized in the balance sheet are estimated at December 31, 2010 to be €7,916k, including social charges, compared to €6,936k for the prior fiscal year. The share of the retirement liabilities recognized in balance sheet in the amount of €738k is subsequent to the merger and acquisition of the LATECOERE AEROSTRUCTURE Company.

The retirement benefits are calculated according to recommendation n° 2003-R-01 of the "Conseil National de la Comptabilité". The Company's obligations with respect to its commitments towards the personnel of the French companies have been estimated by an independent actuary, using the projected credit unit method.

This method takes into account, on the basis of actuarial assumptions, the probability of the length of future service of the employee, the level of future remuneration, life expectancy and employee turnover.

The obligation, including social security charges, is discounted at the rate of 4.20% compared to 4.80% in 2009. It is accounted for as the prorata of years of service of the employees.

15.3 Financial commitments on foreign currency contracts and exchange rate hedging

The principal hedging methods are the following:
- hedged transactions: estimate of the future cash inflows or outflows of each period;
- hedging techniques: cover of estimated cash flows using forward contracts and option collars;
- average exchange rate of contracts: average exchange rate of contracts very slightly higher than the average rate of the customer contracts in progress.

The total amount of hedging contracts (forward contracts and option collars) in US$ is $455 million at December 31, 2010 compared to $593 million at year-end 2009.

15.4 Bank guarantees accorded

The total amount of bank guarantees accorded is €98.6 million:
- €0 accorded on contracts;
- €98.6 million given to subsidiaries (guarantees on borrowings).

15.5 Guarantees given in respect of liabilities

The amount of financial debt is €235 million and is guaranteed:
- up to €20 million through real securities (pledges of purchased goodwill and equipment);
- up to €152 million through existing and future assignments of receivables arising out of commercial contracts.
- up to €63 million not being subject to any particular guarantee.

Some contracts include covenants and financial commitments described in note 7.

15.6 Other information

At December 31, 2010, the LATECOERE Company had not realized any discounting of receivables. At December 31, 2009, the amount of discounting of receivables was €730k.

Furthermore, The LATECOERE Company is subject to a tax audit. There remains a potential dispute relating to the consequences of an appreciation of the basis of the local business tax. The LATECOERE Company contests the tax adjustments proposed by the Taxing authority, which have not been the subject of a provision.

NOTE 16 INCIDENCE OF TAX MEASURES ON THE RESULT

('000 EURO)	Amount	Impact
Net income of year	24 082	24 082
Charge for accelerated fiscal depreciation	689	689
Write-back of accelerated fiscal depreciation	467	-467
Tax reduction due to charge	237	-237
Tax increase due to write-back	161	161
NET INCOME BEFORE IMPACT OF TAX MEASURES		**24 227**

NOTE 17 DEFERRED TAX SITUATION

('000 EURO)	Amount	Impact
Accelerated fiscal depreciation	-3 510	1 208
Employee profit sharing	0	0
ORGANIC	496	-171
Provisions for retirement departure	738	-254
Unrealized exchange gains	1 778	-612
DEFERRED TAX SITUATION	**-498**	**171**

NOTE 18 AVERAGE HEADCOUNT

	Dec 31, 2010		Dec 31, 2009	
	Employees	Personal made available to the company	Employees	Personal made available to the company
Managers	283		289	
Monthly-paid employees	548		558	
Employees paid on monthly basis	192		198	
Temporary staff		99		73
TOTAL	**1 024**	**99**	**1 045**	**73**

NOTE 19 DIRECTOR COMPENSATION

The remuneration allotted for members of the Supervisory Board and the management bodies (the Company's 10 highest salaries) totals €1,727k for 2010.

NOTE 20 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

('000 EURO)	Share capital	Retained earnings	Holding %	Carrying value of holding	Loans and advances outstanding not yet reimbursed	Sales in last financial year	Net income of last financial year	Dividends received during last financial year	Guarantees and securities given by the Company
LATECOERE Inc. 1000 Brickel av. - suite 641 Miami Florida 33131 USA	449	99	100%	541	287	1 505	1	0	0
LATECOERE Développement 135 rue de Périole BP 5211 31079 Toulouse cedex 5	600	958	100%	572	1 446	0	1 441	1 500	0
LATELEC Z.I. La Bourgade rue Max Planck 31315 Labège	7 600	29 607	100%	7 600	0	145 851	8 997	4 000	75 840
LATECOERE AEROSERVICES Route de Toulouse 31700 Cornebarrieu	2 500	1 243	30%	229	0	22 421	674	0	0
LLV s.r.o. Letov Letecka Vyroba Beranovich, 65 199 02 Praha 9 - Letnany Czech Republic	25 214	-5 272	100%	20 787	0	65 743	2 145	0	21 604
LATECOERE Do Brasil Av Dr. Joao Batista de Souza Soares Sao Jose Dos Campos Brazil	13 971	-3 732	98%	8 628	6 625	11 794	1 988	0	0
Corses Composites Aéronautiques Z.I. Du Vazzio 20090 AJACCIO	1 707	3 325	24,81%	1 777	0	26 131	-1 075	0	0

Items of the balance sheet of companies whose functional currency is one other than the Euro were converted at the closing rate and the income statement items at the average rate for the relevant period.

NOTE 21 RELATED PARTIES

('000 EURO)	Amounts concerning :	
	Subsidiaries (over 50% of shares held)	Other shareholdings
Shareholdings	38 128	2 006
Other receivables related to shareholdings	8 358	0
Miscellaneous receivables	27 744	0
Trade account receivables	8 980	0
Trade accounts payable	14 694	0
Miscellaneous debts	39 294	0
Operating income	53 691	0
Operating expenses	85 695	2 543
Financial income	5 208	1
Financial expenses	956	0

NOTE 22 INFORMATION ON RISKS

22.1 Credit Risk

Because of the nature of the principal counterparts, the Company is not exposed to credit risk in any major way and foresees no default of third parties which could have a significant impact on the Company's financial statements. At year end, the Company had identified no significant credit risk on these assets due but not depreciated.

22.2 Foreign Currency Exposure

Through its international exposure and invoicing in US dollars to its French clients the Company is confronted with foreign currency exposure. The exposure linked to fluctuations in US dollars is partially hedged through forward sales contracts and option "collars". The dollar rate and the associated foreign exchange rate exposure are part of the estimated future assumptions for the determination of margins on construction contracts.

A €0.05 downward evolution of the USD rate assumptions over the period 2011 to 2013 would have a €2.6 million impact on the margin recognized at December 31, 2010 and a 0.05 point decrease of the completion margins for construction contracts. A longer term change to the €/$ exchange rates would have an impact on the organization of the Company's industrial processes.

22.3 Interest Rate Risk

Almost all medium and long-term net debt is based on short-term floating rates. The average interest rate borne by the Group in 2010 was 4.0%. The LATECOERE Group set-up during the course 2009 hedging of interest rates ("collar") that allow it to limit the impact of a strong increase in short-term rates on the cost of the debt until the period 2013-2015. The rate guaranteed for the Group is limited at 3.7% for a period of 3 years and to 3.9% for the two following years.

NOTE 23 INDIVIDUAL RIGHT TO PROFESSIONAL TRAINING

The obligation under the individual right to training ("DIF") accounted for at December 31, 2010 was calculated according to the following method:

- determination for each employee of the total of hours acquired and not used at the closing for the DIF and application of the net hourly rate of the fiscal year (the total of hours having an upper limit of 120 hours);
- application of a percentage of probability that the employee uses his individual right to training;
- determination of an average hourly cost of training to which is applied the probable number of hours of training used in the framework of the DIF.

At December 31, 2010, the amount of the estimated commitment was €188k.

4.5 Report of the Statutory Auditors on the annual financial statements

Dear Shareholders,

Following our appointment as statutory auditors by your General Meeting, we have audited the accompanying statutory financial statements of Latécoère S.A. for the year ended December 31, 2010:

- the audit of the statutory financial statements of the Latécoère S.A. Company as they accompany this report ;
- the justification of our assessments;
- the specific verifications and information required by law.

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

Opinion on the statutory financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for that opinion.
In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2010, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.
Without qualifying our opinion, we draw attention to notes 1.2 and 7 to the statutory financial statements disclosing the restructuring method and the amounts of the Company's financial debt following the agreements concluded with the French bank creditors in 2010.

Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.12 to the statutory financial statements discloses the accounting methods applied for recording currency operations and note 22.2 to the statutory financial statements presents the Company's sensitivity to the dollar/euro parity on construction contracts.

  In the context of our assessment of the accounting principles of your company, we have verified that these accounting methods and the related information disclosed in the notes were appropriate, and we have assessed their correct implementation.

- Your Company recognizes the results on construction contracts under the stage of completion method as described in note 2.7 to the statutory financial statements. When applicable, your Company depreciates inventories & work-in-progress relating to these contracts, as indicated in note 5 to the statutory financial statements. The results on construction contracts are based on estimates, relating mainly to industrial assumptions and US dollar exchange rate, realized under the control of the Senior Management. These estimates are based on assumptions which are by their very nature uncertain, as indicated in note 2.2 to the statutory financial statements, the realizations being likely to differ sometimes significantly from the estimated data used.

  On the basis of information available, our work consisted of assessing the assumptions and data underlying these valuations of results on completion of these contracts retained, of comparing the valuations of results on completion

to prior periods with corresponding realizations, and of reviewing the calculations of the company and examining the approval procedures for these estimates by Senior Management.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.
We have no matters to report regarding the fair presentation of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
With respect to the information provided in application of the provisions of Article L. 225-102-1 of the French Commercial Code on the remunerations and benefits paid to the corporate officers as well as on the commitments given to them, we have verified their agreement with the financial statements or with the data having served in the establishment of these financial statements and, as appropriate, with items collected by your company from the companies controlling your company or controlled by it. On the basis of our work, we certify the accuracy and the fair presentation of this information.
In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders were given in the management report of the Management Board.

Toulouse-Labège, April 29, 2011

KPMG Audit
A division of KPMG S.A.

Mr. Christian Libéros
Partner

Paris, April 29, 2011

Mr. Grant Thornton
French Member of Grant Thornton International

Mr. François Pons
Partner

4.6 Auditors' special report on regulatory agreements and commitments

Dear Shareholders,

As statutory auditors of your Company, we present our report on regulatory agreements and commitments.

It is our responsibility to present to you, on the basis of the information available, the main characteristics and provisions of agreements and commitments of which we have been informed or that we would have discovered during our engagement, without commenting on their usefulness or merit nor performing any specific procedures aimed at identifying other agreements and commitments which may exist. For the purpose of approving these agreements, it is your responsibility, in accordance with article R. 225-58 of the French Commercial Code, to assess the benefits arising from entering into such agreements and commitments.

Furthermore, we are responsible, when applicable, to inform you of the information provided for in Article R. 225-58 of the French Commercial Code relating to the performance, during the year ended on December 31, 2010, of agreements and commitments already approved by the General Meeting.

We have the implemented procedures that we have considered necessary with regard to the professional policy of the "Compagnie nationale des commissaires aux comptes" relating to this mission. These procedures consisted in checking the agreement of information which was given to us with the background documents from which it results.

Agreements and commitments submitted to the General Meeting for approval

Agreements and commitments authorized during the year ended December 31, 2010

Pursuant to Article L. 225-88 of the French Commercial Code, we have been informed of the following agreements and commitments which have received the prior authorization of your Supervisory Board.

1.1. Cash flow agreement

Persons concerned: subsidiaries of which Latécoère holds directly or indirectly more than 10% of the voting rights (Letov, LATecis, Latécoère Aéroservices, LATelec, Latécoère Développement, and Latécoère do Brasil), Mr. Roland Tardieu (Member of the Latécoère Management Board and Chairman of LATelec), Mr. Pierre Latécoère (Member of the Latécoère Supervisory Board and Chairman of the Latécoère Aéroservices Supervisory Board), and Mr. Jean-Jacques Pignères (Member of the Latécoère Supervisory Board, Member of the Latécoère Aéroservices Supervisory Board and Chairman of Latécoère Développement).

Description: cash flow agreement between your company and its subsidiaries, designed to facilitate cash flows within the group.

Terms: Advances are remunerated at Euribor + 1.50% for those in Euros and at Libor + 1.50% for those in dollars, until July 31, 2010, and as from August 1, 2010 at the rate of Euribor + 1.95% for those in Euros and Libor + 1.95% for those in dollars.

The following table summarizes for each company the loans (in Euros) at December 31, 2010 and the interest received.

Company	Receivables 31/12/2010	Payables 31/12/2010	Financial expenses	Financial income
Letov	14 830 000			
LATecis		7 031 629	205 729	
Latécoère Aéroservices				528
LATelec	2 683 135	31 257 140	733 069	28 801
Latécoère Développement		1 004 860	17 213	1 338
Latecoere do Brasil	10 193 310			856 326

With respect to the Latécoère Aéroservices Company, this cash flow agreement ended on January 1, 2011.

1.2. Foreign currency management agreement

Persons concerned: LATelec of which Latécoère holds directly or indirectly more than 10% of the voting rights and Mr. Roland Tardieu (Member of the Latécoère Management Board and Chairman of LATelec)

Description: EQUALIZATION of exchange gains and losses.

Terms: the Latécoère Company has defined a strategy for U.S. dollar exchange rate hedging and realizes all transactions with the trading floors for all of the companies of the Group, including LATelec. In accordance with the applicable accounting standards, hedging instruments implemented are individually allocated to the various contracts of the companies of the Group. In order to limit the impact of these hedging instruments for each of the companies of the Group, an agreement was signed between Latécoère and LATelec in order to establish an equalization mechanism that would allow them to benefit eventually from the same overall hedging.

It will be applicable as from January 1, 2011.

1.3. Agreement with Mr. Jean-Jacques Pignères

Persons concerned: Mr. Jean-Jacques Pignères, Member of the Supervisory Board

Description: consultancy services agreement.

Terms: Corporate secretary work related to corporate governance, coordination of the employee shareholding and assistance in the institutional financial communication was entrusted to Mr. Jean-Jacques Pignères. This agreement which was signed on August 31, 2010, will end on August 31, 2012.

In 2010, the fee amounted to €30,000.

1.4. Reinvoicing agreement among the Latécoère Company, LATelec and LATecis

Persons concerned: the subsidiaries of which Latécoère holds directly or indirectly more than 10% of the voting rights (LATecis and LATelec) and Mr. Roland Tardieu (Member of the Latécoère Management Board and Chairman of LATelec).

Description: reinvoicing of the costs and expenses incurred by Latécoère in relation to the conciliation protocol.

Terms: Latécoère, LATelec and LATecis entered into an agreement in which provision is made for Latécoère to reinvoice to LATelec and LATecis their share of costs borne by Latécoère relating to the negotiation, signature and the implementation of the conciliation protocol.

During 2010, your Company reinvoiced costs and expenses to LATelec for an amount of €778,268 and to LATecis for an amount of €5,824.

Agreements and commitments not authorized beforehand

Pursuant to Articles L. 225-90 and L. 823-12 of the French Commercial Code, we inform you that the following agreements and commitments have not received the prior authorization of your Supervisory Board.

It is our responsibility to inform you of the circumstances for reason of which the authorization procedure was not followed.

1.5. Agreement with the LATecis Company

Persons concerned: LATecis of which Latécoère holds directly or indirectly more than 10% of voting rights.

Description: Group services.

Terms: the Group services provided by Latécoère to the LATecis Company are covered by a technical services agreement, for services committed by Latécoère as the Group holding company, including legal assistance, in insurance, tax, financial management, information technology, human resources, and in marketing, as well as the reinvoicing of costs incurred by the parent company on the order and for the account of the subsidiary.

In 2010, the amount invoiced by your Company was €648,658 excluding VAT.

This agreement has not received the prior authorization of your Supervisory Board. The invoicing conditions were concluded on the basis of costs incurred.

Agreements and commitments already approved by the general meeting

Agreements and commitments approved during previous years, which remained in force during this year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the general meeting during previous years, remained in force during the year.

1.6. Other agreements with the LATelec Company

Description: Group services

Terms: the Group services provided by Latécoère to the LATelec company concern:

- A general assistance agreement, paying on the one hand for a part of the benefit of belonging to a renown aeronautical group and being based on a vehicle listed on the stock market, and on the other hand for the general assistance services (advice on general policy, strategic orientations, offerings, institutional communication, etc.); ; the remuneration amounts to 1.2% of consolidated revenue (outside the group) of the Connecting Systems division.
- A technical services agreement, for services committed by Latécoère as the Group holding company, including legal assistance, in insurance, tax, financial management, information technology, human resources, and in marketing, as well as the reinvoicing of costs incurred by the parent company on the order and for the account of the subsidiary.

In 2010, the amount invoiced by your Company was €3,017,775 excluding VAT.

1.7. Granting of loans

Description: Your Company has granted loans to several subsidiaries. These loans earn interest at a fixed rate of 4% per year.

The following table summarizes for each company the loans (in Euros) at December 31, 2010 and the interest received.

Company	Receivables 31/12/2010	Financial income
Latécoère Développement	1 445 500	70 344
Latecoere International, Inc.	284 310	11 699
Latecoere do Brasil	6 184 994	239 874

1.8. Agreements with the Latécoère Aéroservices Company

Description: I.T. and accounting services agreement.

Terms: Your Company invoices the Latécoère Aéroservices Company for I.T. and accounting services calculated on the basis of 1.5% of the subsidiary's revenue.

In 2010, the amount invoiced by your Company was €315,000 excluding VAT.

This agreement ended on January 1, 2011.

Description: Commercial lease of property at Cornebarrieu, France.

Terms: these were agreed by the parties on the basis of an independent appraisal. The term of the lease is nine years commencing on January 1, 2005 with a rent which is revised on an annual basis.

Rent paid by your Company to Latécoère Aéroservices for 2010 was €1,163,177 excluding VAT.

This agreement will end upon the final vacating of the occupied areas, at the latest during the first quarter of 2011.

1.9. Agreement entered into with Mr. Jean-Claude Chaussonnet

Description: consultancy services agreement.

Terms: an assignment of reviewing and organizing the relationships between your Company and your subsidiaries was entrusted to Mr. Jean-Claude Chaussonnet.

In 2010, the fee amounted to €90,000.

Agreements and conventions approved during the year

Furthermore, we have been informed of the performance during the year ended on December 31, 2010 of the following agreements and commitments, already approved by the combined ordinary and extraordinary general meeting of June 25, 2010, on the basis of the report of the auditors of June 9, 2010.

1.10. Bonds convertible in new shares of Latécoère to be issued by LATelec

Description: convertible bonds to be issued by LATelec.

Terms: an issue by LATelec of convertible bonds giving a right to new shares of Latécoère was authorized by the shareholders of Latécoère in accordance with the provisions of Articles L. 228-92 and L. 228-93 of the French Commercial Code. The convertible bonds issued by LATelec will give a right, in the event of conversion by the bondholders, to the attribution of new shares which will be issued by Latécoère.

During 2010, the LATelec Company issued 1,435,000 bonds convertible into Latécoère shares for an amount of €14,350,000.

Paris and Toulouse-Labège, April 29, 2011.

The Statutory Auditors

Mr. Grant Thornton	**KPMG AUDIT**
French Member of Grant Thornton International	***A division of KPMG S.A.***
Mr. François Pons	Mr. Christian Libéros
Partner	*Partner*

5 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

5.1 Report of the Chairman of the Supervisory Board on Corporate Governance and Internal Control

Dear Shareholders,

In accordance with law, the Chairman of the Supervisory Board of corporations whose stock is traded on a regulated market is required to give an account on the following in a report attached to that of the Board:

- the composition, conditions of preparation and organization of the work of the Supervisory Board and the references made to a corporate governance code and the special terms relating to the participation of shareholders at the Annual General Meeting; and

- internal control procedures and risk management procedures implemented by the Company.

This report also discloses the principles and rules approved for determining corporate officers' compensation and benefits of whatsoever nature and items likely to have an effect in the event of a public offer.

This report was submitted to the Supervisory Board for approval on April 18, 2011 and transmitted to the auditors.

5.1.1 Corporate governance

The Company had adopted the AFEP-MEDEF's listed companies' corporate governance code, and referred to it during 2009

However, on some points the organization of the Company's governance is not entirely in compliance with this code, which is more particularly used by large companies.

On April 21, 2010, the new Middlenext corporate governance code was reported to the Supervisory Board. After studying this new code, the Supervisory Board decided on May 17, 2010 to refer to it from that moment on.

Indeed, this new code is more specifically intended for securities listed on Euronext Paris compartments "B" and "C", which is to say, small caps and mid-caps ("VAMPs"). Middlenext is a representative association which groups together these mid-caps. This code follows the report: "Frame of reference for a reasonable governance of French companies" ("Référentiel pour un gouvernement raisonnable des entreprises françaises"/Gomez report). It includes two categories of proposals:

- the recommendations and rules to which the Company that adopts this code should subscribe.
- the points to watch out for, subjects the Supervisory Board should wonder about and which must be specified in the Chairman's report.

These proposals are aimed at the three powers:

- Executive: the Management Board
- Supervisory: the Supervisory Board
- Sovereign: the Meeting of the Shareholders

The adoption of the code brings an answer to the non-conformity points which arose from the application of the AFEP-MEDEF code.

5.1.1.1 The executive power: the Management Board

The Middlenext code of corporate governance to which the Company now refers includes recommendations. The Chairman's report should clearly indicate how they apply, or the reasons why they were not applied ("apply or explain").

5.1.1.1.1 Corporate office and employment contract

The Company applies the following treatment of the dual status as a corporate officer with an employment contract:

- after advice of the Nominations and Compensation Committee, the Supervisory Board has suspended the employment contracts of Mr. François Bertrand, Chairman of the Management Board, and of Mr. Bertrand Parmentier, Member of the Management Board and Managing Director, for the duration of their corporate office. It has explained the reasons for this during the report to the General

Meeting of June 26, 2009 which followed their appointment;

- the employment contract of Mr. Eric Gillard was not suspended.
- Mr. Roland Tardieu does not have an employment contract.

5.1.1.1.2 Elements of principal remuneration

In accordance with the Middlenext recommendations, the terms and conditions of remuneration of the Members of the Management Board are clearly explained in this report and in the legal publications of the Group.

The Supervisory Board decides on the remuneration policy for corporate officers and the remuneration of each of them on proposal of the Nominations and Compensation Committee. The Company having adopted the Middlenext listed companies' corporate governance code, it ensured that the remuneration policy implemented for Members of the Management Board appointed after the adoption of such code were in compliance with the latter and has referred to its recommendations, after consulting with the Nominations and Compensation Committee, in order to set the remuneration of Members of the Management Board appointed after such adoption.

This policy applies in an exhaustive manner to fixed, variable and non-recurring remuneration to which are added benefits of whatsoever nature granted by the Company (retirement, severance pay, etc.).

It is determined not only as a function of work carried out, of the results obtained, and of the responsibility assumed, but also with regard to the practices observed in comparable firms and the remuneration of the other managers of the Company.

Determination of the fixed share

The Supervisory Board, after consultation with the Nominations and Compensation Committee, defined the fixed share of the remuneration of each Member of the new Management Board on his appointment on, respectively,

- January 6, 2009 for Mr. François Bertrand, Mr. Bertrand Parmentier and Mr. Roland Tardieu; and
- August 31, 2010, for Mr. Eric Gillard.

This fixed share was determined for each of the Members as a function of the operational duties that they carry out, of their area of competence and their experience. It was compared with those of managing executives of comparable companies. An annual reappraisal of this fixed share as a function of the average change of executive compensation in the Group is foreseen.

Determination of the variable share of remuneration

The Supervisory Board, after consultation with the Nominations and Compensation Committee, also defined the variable share of the remuneration of each Member of the new Management Board. These percentages were established so that the variable share, as a function of the Group's results, remains inferior to 50% of total remuneration.

This variable share is based

- on the Group's net result for the Chairman, Mr. François Bertrand, and the Managing Director, Mr. Bertrand Parmentier, respectively, at 0.90% and 0.40%;
- on two components combining an employee profit-sharing scheme at 0.15% of the Group's net result and an employee profit-sharing scheme on the performance of the operational division for which they are responsible for the two other Members of the Management Board (Mr. Roland Tardieu and Mr. Eric Gillard), respectively determined as follows:
  - for Mr. Roland Tardieu, 0.25% on the operating result of the LATelec subsidiary, of which he is the Chairman;
  - for Mr. Eric Gillard, starting in 2011, the implementation of a variable bonus, linked to a "Revenue minus Expenses" objective for the Aerostructures division for year N, for which meeting the target value will result in a bonus of 20% of his annual salary, and which may vary from a minimum of 10% to a maximum of 30%, depending on accomplishments this bonus will be paid in Year N+1, at the closing of the financial statements.

    Exceptionally for 2010, and due to the appointment of Mr. Eric Gillard to the Management Board in the middle of the year, the Supervisory Board, on the recommendation of the Nominations and Compensation Committee, has decided to accord him the fixed amount of €20,000 as a bonus, which will be paid to him in 2011.

5.1.1.1.3 Other elements of remuneration

Payments, benefits and compensation allotted to the officers because of the expiry or modification of their duties

The Members of the Management Board benefit in the event of, respectively, termination of their employment contract (Mr. François Bertrand and Mr. Bertrand Parmentier) or end of their appointment (Mr. Roland Tardieu) and, for any other reason than resignation or retirement, of a severance payment.

- calculated on the basis of their seniority, respectively of corporate office insofar as Mr. Roland Tardieu is concerned, by applying the scale foreseen by the French collective bargaining agreement of engineers and managers in the Metallurgy sector, which limits to 18 months the maximum amount attributable for this reason;
- increased by one month for each "consolidated operating result/consolidated revenue" ratio point above 10%, as calculated during the corporate fiscal year preceding the termination of their employment contract (Mr. François Bertrand and Mr. Bertrand Parmentier) or of his corporate office (Mr. Roland Tardieu).

Retirement

The Members of Management Board do not benefit from any special executive retirement scheme other than the statutory supplementary pension allotted to all the Company's other executive employees.

Benefits in kind

The Members of the Management Board benefit from a company cars which is taken into account as a benefit in kind.

Stock options

No stock option or free attribution of shares scheme exists within the Group.

5.1.1.1.4 Points to watch out for

As the Middlenext corporate governance code recommends, the Company will display great vigilance about the points to watch out for, listed below.

The Management Board is now composed of four Members. The Supervisory Board has allowed the Management Board the opportunity to share out the management duties among its Members, which was done as a function of their respective competences:

- Mr. François Bertrand is more specifically in charge of strategy and of commercial negotiations;
- Mr. Bertrand Parmentier is responsible, in particular, for financial activites and contacts with the financial market;
- Mr. Roland Tardieu manages more specifically the Connecting systems division;
- Mr. Eric Gillard has responsibility for the Aerostructures division.

In addition to periodical meetings of the Management Board, its Members participate weekly in Executive Committee meetings which gather together the Company's main directors. These meetings are privileged place of exchange on the strategy and the correct operation of the Group

The remuneration of the Members of the Management Board is decided by the Supervisory Board on a proposal of the Nominations and Compensation Committee. It is composed of two parts -- fixed and variable -- determined according to the method detailed in paragraphs 6.1.1.2 and 6.1.1.3 above: a fixed share corresponding to their competence and in their field of responsibility, a variable share linked to the Group's results and, where applicable, to the results of the segment for which they have direct responsibility. The weighting between fixed and variable remunerations was set so as not to limit the judgment capacity of the Members of the Management Board and thus to thwart the spirit of their mission.

Furthermore, the Nominations and Compensation Committee sees to the development of the Members of the Management Board according to their age and their responsibilities. It periodically reports about this to the Supervisory Board.

5.1.1.2 The supervisory power: the Supervisory Board

5.1.1.2.1 Composition

During its August 31, 2010 meeting, the Supervisory Board duly noted the resignation of Mr. Pierre Alesi. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Pierre Gadonneix to replace Mr. Pierre Alesi. The appointment of Mr. Pierre Gadonneix will be submitted for ratification to the next Annual General Meeting of Shareholders scheduled for June 30, 2011, and Mr. Pierre Gadonneix will carry on with the position of Mr. Pierre Alesi, which ends at the close of the Annual General Meeting that will rule on the financial statements for the year 2014, or at the latest by June 30, 2015. During that same meeting, the Supervisory Board duly noted the resignation of Mr. Jean-Jacques Pignères from the position of Vice-Chairman and of Mr. Jean-Claude Chaussonnet from the position of Chairman. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Jean-Claude Chaussonnet as Vice-Chairman of the Supervisory Board and Mr. Pierre Gadonneix as Chairman of that Board. The Supervisory Board also duly noted that from that moment on, Mr. Jacques Pedrero would be the permanent representative of SALVEPAR on that Board.

During its February 16, 2011 meeting, the Supervisory Board duly noted the resignation of Mr. Gérard Caverivière. On advice of the Nominations and Compensation Committee, the Supervisory Board decided to appoint Mr. Christian Duvillet to replace Mr. Gérard Caverivière. The appointment of Mr. Christian Duvillet will be submitted to the next Annual General

Meeting of Shareholders scheduled for June 30, 2011; Mr. Christian Duvillet will carry on with the position of Mr. Gérard Caverivière, which ends at the close of the Annual General Meeting that will rule on the financial statements for the year 2014, or at the latest by June 30, 2015.

5.1.1.2.2 Compliance with Middlenext recommendations

The Middlenext code of corporate governance to which the Company now refers includes recommendations. The Chairman's report should clearly indicate how they apply, or the reasons why they were not applied ("apply or explain").

Internal bylaws

On May 19, 2006 the Supervisory Board adopted bylaws which had been updated on April 24, 2009 to include in particular the bylaws of the Audit and Financial Statements Committee and the Nominations and Compensation Committee. An update was carried out during the Supervisory Board meeting of May 17, 2010 in order to ratify the adoption of the Middlenext Code of Corporate Governance. On October 27, 2010, the Supervisory Board amended these bylaws by including the creation of a Strategy Committee.

Rules of ethics

The bylaws of the Supervisory Board and of its Committees recall the rules of ethics which the Members of the Board must follow. At the time of their appointment, each Member receives a copy of the internal bylaws as well as a Middlenext code of corporate governance. Every Member must sign those bylaws.

In addition, in a general manner, to the Company's knowledge, at the date of the establishment of this report, there exists no conflict of interest between the duties of each of the Members of the Supervisory Board with respect to the Company and their private interests or other duties.

Presence of independent members

The Supervisory Board has twelve Members, five of them: Mr. Jean-Claude Chaussonnet, Mr. Patrick Chollet Mr. Pierre Gadonneix, Mr. Pierre LATECOERE and Mr. Christian Reynaud, are considered as independent, after studying the criteria indicated in the recommendations of the Middlenext Code and ratified by the Nominations and Compensation Committee.

Choice of the Members of the Supervisory Board

Future Members of the Supervisory Board are co-opted or appointed by the Supervisory Board, after consulting with the Nominations and Compensation Committee. During the vote submitted to the General Meeting, their CVs, their career histories and their competences are explained.

A table presented in paragraph 6.1.1 discloses the positions held by the Members of Supervisory Board and of the Management Board.

Term of positions

In order to fully benefit from the competence of the Members and given the long business cycle of the Group, the term of the positions was set at six years.

Briefing of Members

Any new Member without prior knowledge of the Group and of its business benefits from a detailed presentation of the distinctive features of the segment and of the companies, accompanied by a visit to the main sites of production and a meeting with the main managing executives.

In order to enable the Members of the Board to usefully prepare meetings, the Chairman will endeavor to communicate to them all necessary information and documents.

Every time a Member of the Board so asks, the Chairman communicates to him, to the extent possible, the additional information and documents that he wishes to receive.

The delegates of the Works Council have benefitted from the same information as the Members of the Board, and in the same time periods.

Establishment of Committees

In addition to the two already existing Committees, the Audit and Financial Statements Committee and the Nominations and Compensation Committee, the Supervisory Board has decided, during its meeting of October 27, 2010 to create a Strategy Committee.

The Audit and Financial Statements Committee

Reappointed on June 26, 2009, the Audit and Financial Statements Committee is composed of four Members. These are: Mr. Christian Reynaud (Chairman), Mr. Jean-Claude Chaussonnet, Mr. Jean-Jacques Pignères and Mr. Patrick Chollet; three are independent, Mr. Christian Reynaud, Mr. Jean-Claude Chaussonnet and Mr. Patrick Chollet. Three of these Members were chosen according to their experience and their skill in finance and accounting. The new Chairman of the Supervisory Board, Mr. Pierre Gadonneix, regularly participates in meetings of this Committee.

The missions of the Committee are the following: It is responsible for the follow-up of the process of preparing the financial information, for the efficiency of the internal control systems and for risk management. It issues recommendations regarding the appointment of the auditors and ensures itself of the statutory control they perform.

During these meetings dedicated to the annual and semi-annual closings, it informs the Supervisory Board of its comments on these financial statements.

The Audit and Financial Statements Committee has participated very actively in the preparation of the contacts which took place with the banks under the aegis of CIRI

During the meetings of March 24, April 22 and October 27, 2010, devoted to the presentation of forward-looking items it gave its opinion on the relevance of the assumptions taken into account in the drawing up of these projections.

The December 23, 2010 meeting was dedicated to the review of the 2011 budget.

The Audit and Financial Statements Committee at its October 27, 2010 and December 23, 2010 meetings reviewed the Boeing 787 passenger door program by analyzing the associated risks and opportunities in the context of the ongoing negotiations with the customer.

This Committee's participation rate is: 100%

The Members of the Audit and Financial Statements Committee had sufficient time to examine the financial and accounting documents, and had the possibility of listening to the auditors, the Managing Director & CFO as well as, as a function of the agenda, the relevant Members of the Management Board.

The Audit and Financial Statements Committee reported its work to the Supervisory Board which duly noted it and followed the whole of the recommendations therein.

The Nominations and Compensation Committee

Reappointed on June 26, 2009, the Nominations and Compensation Committee is composed of five Members. These are: Mr. Christian Beugnet (Chairman), Mr. Jean-Claude Chaussonnet, Mr. Pierre Latécoère, Mr. Gérard Caverivière and Mr. Hervé Costes; two of whom are qualified as independent, Mr. Jean-Claude Chaussonnet and Mr. Pierre Latécoère. The new Chairman of the Supervisory Board, Mr. Pierre Gadonneix, regularly participates in meetings of this Committee.

The missions of the Nominations and Compensation Committee are the following: it makes all recommendations to the Supervisory Board concerning the nominations of Members of the Supervisory Board, the Management Board, corporate officers of subsidiaries and Members of the Executive Committee. It also makes recommendations concerning the remuneration of Members of the Management Board and the variable share of corporate officers of subsidiaries and Members of the Executive Committee. It examines the consequences of legal provisions concerning the Members of the Management Board.

The Committee met two times in 2010 and realized the following work:

During its August 30, 2010 meeting, it examined the appointment of Mr. Eric Gillard to the Management Board, which it approved unanimously before presenting it to the Supervisory Board. It also positioned itself on the remuneration of Mr. Eric Gillard. The Committee also examined the foreseen changes in the composition of the Supervisory Board and approved the appointment of Mr. Pierre Gadonneix to the position of Chairman of the Supervisory Board and that of Mr. Jean-Claude Chaussonnet to the position of Vice-Chairman. It also positioned itself on the remuneration of Mr. Pierre Gadonneix.

During its December 23, 2010 meeting, it treated the issue of the remuneration of Mr. Eric Gillard following his appointment to the Management Board, the replacement of the Members of Supervisory Board resigning from office in 2011, the replacement of the Members of the Nominations and Compensation Committee resigning from office in 2011 and the remuneration of the Chairmen of the Committees. It reported its work to the Supervisory Board of the same day, which followed all of its recommendations.

This Committee's participation rate was 100% on August 30, 2010 and 80% on December 23, 2010.

The Strategy Committee

At its October 27, 2010 meeting, the Supervisory Board decided to create a Strategy Committee. This Committee is composed of four Members: Mr. Pierre Gadonneix (Chairman), Mr. Jean-Claude Chaussonnet, Mr. Christian Reynaud and Mr. Jacques Pedrero; the Members of the Management Board participate in meetings of this Committee.

The task of the Strategy Committee is to advise the Supervisory Board on the major strategic orientations of the Group and on the development policy presented by the Management Board (strategic agreements, partnerships, financial and stock market strategies).

The Committee held its first meeting on November 19, 2010.

Meetings of the Supervisory Board and of the Committees

The Board met eight times in 2010.

Notification was given in writing or by e-mail, at least two weeks in advance.

The meetings are held at the registered office.

Over this period, the total attendance of the Members to the meetings of the Supervisory Board comes to 83%.

The delegates of the Works Council are convened to all of the Board meetings. They regularly attended them.

The Statutory Auditors were convened to all the meetings of the Supervisory Board, and in particular to those which approved the annual and the semi-annual

financial statements and forward-looking management documents. They have participated in them.

Minutes were duly established at the close of each meeting.

During its quarterly meetings, the Supervisory Board examined the Management Board report with respect to the period ended, and in particular the semi-annual and annual results. These results were subject beforehand to the comments of the Audit and Financial Statements Committee.

The January 19, 2010 meeting primarily devoted to the negotiations with the banks under the aegis of the CIRI. Stock was regularly taken of these relationships during each of the Supervisory Board meetings.

During its May 17, 2010 meeting, it ratified the bylaws ("règlement intérieur") of the Supervisory Board which now refer to the Middlenext corporate governance code. On October 26, 2010, the Supervisory Board these bylaws by taking into account the creation of a Strategy Committee.

Remuneration of the Members

During 2010, given the economic climate in which the Company found itself, it was decided not to distribute attendance fees to the Members of the Supervisory Board.

During its December 23, 2010 meeting, the Supervisory Board approved the principle of a remuneration of the Members of the Strategy Committee and of the Chairmen of the Audit and Financial Statements Committee and the Nominations and Compensation Committee, in the amount of €10,000 per year and per Member, which amount may not be drawn concurrently with any other remuneration already allocated by the Company on other grounds.

As a consequence, the Supervisory Board asked the Management Board to submit to a vote at the next General Meeting of the shareholders for 2011 the allocation of an amount of €40,000 of attendance fees which will be shared out among those of the Members of the Supervisory Board who are Members of the Strategy Committee, Chairman of the Audit and Financial Statements Committee and Chairman of the Nominations and Compensation Committee, in accordance with the remuneration decided for each of them.

Evaluation of the Supervisory Board's work

In 2010, the Supervisory Board did not do a formal evaluation of its work.

5.1.1.2.3 Points to watch out for relating to the supervisory function

As the Middlenext corporate governance code recommends, the Company will display great vigilance about the following points.

Separation of powers

The missions and roles of the Supervisory Board and of the Management Board are clearly defined in the Supervisory Board's bylaws ("règlement intérieur") and the Company's bylaws ("statuts").

Supervisory duty

The Management Board regularly reports its decisions and its findings to the Supervisory Board. The two first committees created, the Nominations and Compensation Committee and the Audit and Financial Statements Committee, contribute through their work to the knowledge and the information of the Supervisory Board. The creation of the Strategy Committee in 2010 has strengthened the Board's involvement.

The Composition of the Supervisory Board ensures the representativeness of the shareholders. The interests of the employee shareholders are represented by four Members, the interests of historical shareholders, particularly Salvepar, are represented by one Member and the interests of the other shareholders are represented by the independent Members.

Material means

As previously stated, all items that enable the Supervisory Board to act are passed on to it, beforehand where possible, allowing it to know the subjects treated and to form its own opinion.

The Board's decisions are reported in the minutes which lay out the different opinions expressed before the collegial decision-making.

Furthermore, any new Member without prior knowledge of the Group and of its business benefits from a detailed presentation of the distinctive features of the segment and of the companies, accompanied by a visit to the main sites of production and a meeting with the main managing executives.

Appropriate competence

The Members of the Supervisory Board are chosen according to their career history, their experience and their competences. Some have more particularly a high level of experience in industry in general and aeronautics in particular. Others have a more financial profile. The presence of Members who are independent in the sense of the recommendations of the Middlenext Code ensures the diversity necessary to the usefulness of the supervision of the executive power.

Work-exercise conditions

The remuneration of the Members of the Supervisory Board (cf., preceding chapter) does not make them dependent on the Company. The six-year term of their position, is sufficiently long in order to enable them to benefit from the effect of experience.

5.1.1.3 The sovereign power: The General Meeting of the shareholders

As the Middlenext corporate governance code recommends, the Company will display great vigilance about the following points.

5.1.1.3.1 Participation of the shareholders at the Annual General Meeting

The terms for shareholders taking part in the Annual General Meeting appear in Article 18 of the bylaws:

"Shareholder Meetings are convened and decide in the conditions provided for by the French Commercial Code ("Code de Commerce").

They are held at the registered office or at any other location in the same French Department.

The right to take part in Annual General Meetings is subject to the registration of the shares in the name of the shareholder or the intermediary registered for his account, at the third working day preceding the Meeting at zero hour, Paris time, either in the registered securities accounts held by the Company, or in the accounts of bearer shares held by the authorized intermediary.

Any shareholder who is the owner of a given category of shares may take part in the Special General Meetings of Shareholders of that category, under the conditions referred to above.

Are considered present for the calculation of the quorum and the majority, the shareholders who take part in the General Meeting by videoconference or means of telecommunication allowing their identification and the nature and the conditions of application of which are determined by the regulations in force.

Votes are expressed either by a show of hands or by roll call. A secret vote for which the Annual General Meeting will fix the terms, may only be resorted to at the request of the members present, either personally or as agents, the majority being required for the approval of the relevant resolution.

Voting rights double those conferred on shares representing the share of authorized capital that they represent, is allotted to all the fully paid shares registered as registered securities for at least four years in the name of the same shareholder. Moreover, in the event of an increase in capital by means of an incorporation of reserves, profits or share premia, the double voting right is conferred at issuance to registered shares allotted without charge to a shareholder when his holding of old shares gives him this right."

5.1.1.3.2 Elements likely to have an effect in the case of a public offering

These items are disclosed in paragraph 7.3 "Information about Shareholders".

5.1.1.3.3 Points to watch out for relating to the sovereign function

As the Middlenext corporate governance code recommends, the Company will display great vigilance about the following points.

Informing the shareholders about risks

The Company's business risks are clearly explained in the published documents. The annual financial report, containing the financial statements approved by the Management Board, resumes all these risks; it is examined by the Supervisory Board and explained to the Meeting of shareholders before asking them for approval.

Choice of the Members

The historical or major shareholders choose the Members of the Supervisory Board charged with representing them. In particular, the employee shareholders choose their representatives, as well as Salvepar.

Participation in votes

During the Meetings of shareholders, a quorum is always widely exceeded, ensuring the validity of decisions and showing the involvement of the shareholders.

Protection of minority interests

Transactions with related parties are clearly explained in this document. Regulated agreements are also explained. They are the subject of a report of the auditors, included in this document. All of this information is brought to the attention of the shareholders prior to the General Meeting.

Management of the shareholder's base over the long-term

In spite of the very large dispersion of its shareholder's base, the Company benefits from a high degree of shareholder loyalty and sees to its management over the long-term.

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5.1.2 Internal control and risk management procedures

5.1.2.1 The internal control procedures

5.1.2.1.1 Definition and objective of internal control

The Group's internal control is linked to the statutory framework applicable to listed companies. It has been inspired by the framework of reference published by the AMF in 2008, and updated in July 2010, relating to mid- and small-cap issuers.

Internal control is a whole of systems which aim at controlling the Group's activities and giving reasonable assurance that the principal risks are dealt with.

Internal control more particularly aims at ensuring the protection of assets, the reliability of the financial information, the respect of laws and rules and the application of the instructions and the orientations fixed by the Senior Management.

5.2.1.2 Procedures relating to the preparation and processing of accounting and financial information

The financial management, working closely with the Management Board, is responsible for the financial information.
For this reason, the financial management is principally in charge of:

- monthly reports,
- management of currency exchange rate hedging,
- projected cash management,
- quarterly, semi-annual and annual financial reports,
- the budgetary process,
- internal audit, and
- controlling.

The controlling department manages the cost accounting by business and, in particular the monitoring and valuation of inventories and work in progress. Controlling is subdivided into product lines. There also exists a controlling of the purchasing, systems and equipment, and development activities.
Each month, a business report is established by the controlling department for the Management, who liaises with accounting and finance in connection with the monthly financial statements.
Forecasts of delivery rates of the various airplanes, which form the basis for the workload and thus for the establishment of the budget, are reviewed periodically.

The budgetary procedures which existed in the parent company organization have now been extended to all French and foreign subsidiaries.
All managers are involved in this budget review under the control of the Management Board.
The most significant budget items (personnel costs, materials and sub-contracting purchases and investment activities) are analyzed and monitored periodically. Decisions which might have an effect on these items and in particular the evolution of internal personnel in the Group are submitted for the approval of the Senior Management.
The Company's accounting and administrative procedures were completely updated during 2010. Most are applicable in the Group's other companies, in particular in the foreign subsidiaries.
The organization and the responsibilities of the finance and accounting departments of the foreign subsidiaries were finalized. Visits as well as meetings bringing together the persons in charge of finance and accounting at the different sites are organized in order to ensure a follow-through of the procedures and their application.
The distribution of the responsibilities for the accounting tasks has been clearly defined and a calendar of the deadlines to be respected was communicated to all of the Group's directors of finance.
Periodically the foreseeable evolutions of the accounting and finance departments are examined as a function of the changes to, or evolutions in, workload and scope.
The accounting principles and the IFRS adjustments are centralized at the parent company level.
The Group's consolidated financial statements are established by the parent company's financial management. That department is in charge of the updating of consolidation procedures, training and the inclusion of subsidiaries within the consolidation scope. Moreover, it is in charge of the processing of information, the maintenance and development of the consolidation tools for the Group.
Long-term contracts (construction contracts) are the subject of periodic revisions based on evolution of costs, the €/$ parity and industrial processes.
Internal audits relate to specific controls on points which might be identified as sensitive.
The frequency of the controls organized by internal audit, in order to ensure that the procedures manual is being correctly followed, is to be increased.

5.1.2.1.3 Accounting and Financial Information System

The information and reporting systems available to the Group allow it to monitor performances regularly and with precision, thus contributing to the attainment of these goals.

The computer tools have developed and were adapted to the increasing requirements of the Company's management in the areas of quality, relevance, information availability and exhaustiveness, while ensuring a reinforcement of controls.
The accounting and financial information system is based mainly on the SAP software package. Use of this software package has been extended to all of the Aerostructures division companies.
The scope of this system covers financial accounting, controlling, purchasing, orders management and invoicing, the supply chain and production management.
An Information System master plan was approved in 2010 will enable the alignment of the Information

System to strategy and operational needs, while improving the performances and security of infrastructures. More particularly, the Information System master plan has begun to be deployed. It was materialized by the launch of three first projects: the automation of financial reporting relating to budget processes and medium- and long-term planning, the dematerialization of supplier invoices and of bank flows.

The organization and functioning of the whole of the information system are subject to precise rules relating to system access, validation of the processing, closing procedure, data retention, and the verification of recordings. Furthermore, key controls were implemented so as to secure critical transactions.

A document called the “Information System Security Policy” defines the rules to apply in order to ensure the availability, the integrity and the confidentiality of the applications making up the information system.
Data is saved on a regular basis and backups are clearly identified.
The frequency of backups and the time necessary for the recuperation of data in case of trouble satisfy the needs of the production chain and remain within acceptable limits.
Total system-wide backups are performed before each change or important evolution (migration) of the system or of an application.
Data storage media are preserved remotely from the source data in another building and profit from a controlled access and are also made safe by fire protection.
The correct operation and the effectiveness of the backup are checked each day. Corrective measures are foreseen in the event of dysfunction.
Recoveries may only be done by a technician duly authorized to perform them.

The SAP application, considered as a critical application, is the object of special measures to ensure its optimal availability. The servers and storage units were selected to limit any disturbance of operations related to a minor breakdown thanks to the duplication of sensitive equipment (disks, power supply, and network cards).

The computerized procedures, in particular the interfaces, are designed to pass on an alarm in case of dysfunction. Daily monitoring of the good execution of these procedures is ensured by the operations department using batch management tools and suitable supervision.

The risks which may affect the accounting and financial information are related to the correct operation of the circuits of this information and to the validity of the assumptions taken into account. The accepted assumptions are submitted to the Audit and Financial Statements Committee.

5.1.2.1.4 Financial and Accounting Communication

A calendar of the mandatory deadlines for financial communication, regardless of whether they are related to legal, tax or securities requirements, is established before each year end.

The Company is part of compartment "C" of NYSE Euronext, and for this reason must satisfy certain obligations: regular communication (in French and in English), the holding of analyst and investor meetings, and the availability of financial information on a web site.
The Management Board ensures the monitoring of regulatory developments.
Before its distribution, information is submitted to the control of the Supervisory Board.

5.1.2.2 Risk Management

Our Group, in particular at the level of its Senior Management, constantly endeavors to anticipate as well as possible the risks linked to our businesses. The processes set up are as follows:
The Executive Committee regularly analyzes the risks tied to the market, to the business, to legal and regulatory requirements, as well as to those arising from the environmental side.
The mapping of risks was updated in 2010. The main risks were reviewed, and the persons who manage them were identified. First, the gross risk (inherent risk) was evaluated. The procedures and controls implemented were identified so as to define net risk (remaining risk). This analysis did not uncover any new risks nor any change in assessment upon their control by the Company.

The principal risks that have been identified and monitored by the internal control procedures are the following:

5.1.2.2.1 Program Risk

Commercial Risk

The strategic choice of future programs is carried out in a changing technological environment and involves the commitment of large investments, particularly in Research & Development. These investment programs assume that there will be long-term profitability. The profitability of the Group depends upon the commercial success of the programs. The commercial and profitability assumptions accepted by the Group could turn out not to be true and the products which have been the subject of these investments might not achieve the commercial success necessary to make the initial investments profitable.

In order to face up to this risk, the Group has diversified its programs and has obtained refundable advances to finance a part of the Development costs on some programs. These advances are only refundable if the

program succeeds. Details on these advances may be found in note 14.3 to the consolidated financial statements, at paragraph 5.6 of this document.

Program Delay Risk

Aircraft manufacturers can have difficulties respecting their program calendars. Delays in the schedule for the realization of new aircraft can cause delivery postponements and thus affect the rate of the realization of the Group's revenue.

For the Group, this risk is shared out because the company uses second-tier "partners" as suppliers, who are subject to the same risks. The refundable advances obtained also make it possible to reduce this risk because reimbursements depend on the deliveries carried out. Moreover, the Group may occasionally open negotiations with its customers which enable it to reduce this risk. These negotiations support and secure the financing of the relevant programs.

5.1.2.2.2 Aircraft Manufacturer Delivery Rate Risk

Aircraft order rates show cyclic tendencies related to changes in passenger traffic, to the rate of ageing and renewal of aircraft fleets, to equipment decisions and to the financial health of the airlines and also, in a more general way, to changes in international business. The Group's activity resulting directly from the production rates of the aircraft manufacturers, variations in production rates impact its level of activity and can affect its financial position. Furthermore, exceptional events (terrorism, pandemics, and air crashes) could have major repercussions on air traffic and, as a consequence, on the aeronautical programs in which the Group participates. In 2010, about 98% of the Group's consolidated revenue related to civil aviation.

In order to face up to the risk that aircraft manufacturers reduce production rates, in particular in a period of downturn cycle, the Group develops and industrial policy aiming to ensure a good level of reactivity of its cost structure and in which there is the choice to resort to "partner" suppliers of the second level, subject to the same constraints. Moreover, refundable advances obtained also make it possible to reduce this risk because reimbursements depend on the deliveries carried out.

5.1.2.2.3 Product Risk

The manufacturer guarantees the airworthiness of delivered aircraft. In case of failure, LATECOERE, as a supplier, could be found liable. The very strict quality standards (selection of suppliers, internal quality control procedures, etc.) implemented in the ISO 9001 V 2000 EN 9100 system of reference by the companies of the Group, permit them to ensure irreproachable reliability of the products delivered. An ISO 14001 certification initiative was undertaken; two of the Group's sites have already been certified and the extension to other sites and companies is ongoing. Furthermore, a product liability insurance policy has been taken out by the Group.

5.1.2.2.4 Raw Material Risk

Raw material procurement (aluminum, steel and titanium) is covered principally by contracts managed by the aircraft manufacturers (conbids) and by long-term contracts containing clauses which limit the impact of price fluctuations. Market purchases constitute only a negligible portion of procurement, and represent the only part of our raw material purchasing subjected to price fluctuations.

5.1.2.2.5 Legal and Tax Risks

During 2010, the Group has closed its dispute which arose in 2009 with Dassault Aviation regarding a business jet contract. The legal action has thus lapsed.

Furthermore, the LATECOERE Company is subject to a tax audit as mentioned in note 25.3 to the consolidated financial statements.

Except for the disputes described in this item, there exists no other governmental, legal or arbitral proceeding, including any proceeding of which the Group has knowledge, which is outstanding or threatened, likely to have or having had during the last twelve months, a significant effect on the Group's financial position or profitability.

5.1.2.2.6 Foreign Currency Exposure

Through its international exposure and invoicing in US dollars to its French customers, the Group is confronted with foreign currency exposure. The exposure linked to fluctuations in the US dollar is partially hedged through forward sales contracts and option "collars". The dollar rate and the associated foreign exchange rate exposure are part of the estimated future assumptions for the determination of margins on construction contracts. The fluctuations of the parities may affect the operational margin, financial result, shareholders' equity and net debt.

The Group consequently developed a policy of natural hedging by carrying out a part of its purchases in USD. Thus, the Group invoices approximately 64% of its sales in dollars and buys approximately 57 % of supplies or sub-contracting in dollars. The Group's natural hedging on the USD represents approximately 31%.

In order to manage its net residual exposure, the Group uses exchange hedging financial instruments, of the forward sale or option collar hedging nature. Option collar hedging implemented give the Group the possibility to benefit from an improvement in the EUR/USD rate. The Group hedged all of its flows for 2010.

In 2010, the Group completed its program for exchange rate hedging, decreasing its net residual exposure for 2011. In compliance with the agreement made and entered into with all of the banking partners in May 2010, the Group has also implemented new exchange rate hedging, decreasing its net residual exposure for 2012.

At December 31, 2010, the Group has hedged its exposure until 2012 by forward sale and option tunnel hedging at EUR/USD rates of, at the worst, 1.36 in 2011 and 1.31 for 2012.

In addition, the Group has set-up exchange rate hedges to protect against the fluctuations of the Czech crown (koruna) with respect to the Euro, in relation with its Letov s.ro. subsidiary, and against fluctuations of the Brazilian real with respect to the dollar, in relation with its LdB subsidiary.
Details of these derivative instruments and their impact on the financial statements appear in note 10 to the consolidated financial statements.

The effect of the dollar exchange risk hedging operations on revenue was -€4.3 million in 2010 compared to -€8.3 million in 2009.

The Group's exposure to foreign exchange risk and the sensitivity analysis are detailed in Note 22.3 to the consolidated financial statements. The characteristics of the financial instruments are described in notes 2.17 and 10 to the consolidated financial statements.

5.1.2.2.7 Interest Rate Risk

Almost all medium and long-term net debt is based on short-term floating rates. The LATECOERE Group benefits from hedging of interest rates ("collars") that allow it to limit the impact of a strong volatility in short-term rates on the cost of the debt. The average interest rate borne by the Group in 2010 was 4.0%.

The Group's exposure to the interest rate risk and the sensitivity analysis are mentioned in Note 22.4 to the consolidated financial statements.

The renegotiation of the bank debt has not substantially modified the Group's interest rate risk. Indeed, only the nature of the debt and the margin of the banks have changed, the nominal total of the debt and the proportionate share of the debt subjected to variable floating rates (Euribor) remain identical. The Group's exposure not having changed, the Group maintained its hedging positions.

5.1.2.2.8 Equity share risks

The Group holds essentially LATECOERE shares, the carrying value of which is adjusted according to the closing market prices. The treasury shares are accounted for in deduction of shareholders' equity in the consolidated financial statements. The amount of treasury shares at December 31, 2010 is €29k.

Given the fact that at year end the LATECOERE Company only held 4,377 of its own shares, the equity share risk is not significant. Furthermore, the Group does not hold any other significant listed shares and for this reason is not exposed to the risk of the fluctuation of share prices.

5.1.2.2.9 Credit risks

Because of the nature of the principal counterparts, the Group is not exposed to credit risk in any major way and foresees no default of third parties which could have a significant impact on the financial statements of the Group. At year end, the Group had identified no significant credit risk on these assets due but not depreciated.

5.1.2.2.10 Liquidity Risk

The Group manages its cash flow in a centralized way. The surpluses or the financing needs of its subsidiaries are invested or financed by the parent company on market conditions. The Group's cash flow department manages the current and provisional financing activities of the Group and its capacity to face up to its financial commitments.

In order to face up to its liquidity risk, the Group has the following financial resources: debt, borrowings, medium-term credit lines, commercial paper, authorized overdrafts and discount lines. At the closing, some of these resources had not been used.

The Group restructured its debt in 2010. Under the terms of the agreements signed with its French bank creditors:

- the short-term lines were confirmed until January 1, 2012,
- the installments falling due in 2010 and 2011 under the medium-term lines were frozen and rescheduled between 2012 and 2015 under a schedule that will be reviewed with the creditor banks during Q2 2011 to take account of any developments that have taken place in the meantime,
- 20% of all medium-term debt (€71.5 million) was converted into bonds convertible into Latécoère shares between August 2012 and July 2015, at a strike of €10, representing a 75% premium over the last share price preceding the opening of negotiations; These convertible bonds were issued

on July 30, 2010 by Latécoère and LATelec under the terms and conditions described in the prospectus approved by the French Financial Markets Authority (AMF) on June 11, 2010 under the no. 10-174.

The borrowing schedule for the Group's bank debt is reported in note 22.2 to the consolidated financial statements.

Some financing contracts are subject to covenants. Following the renegotiation of the bank debt that occurred in 2010, the creditor banks agreed not to use their right to accelerate repayment of existing medium-term credit lines, up to and including December 31, 2011, despite a breach of covenants included in them.

In addition, under the issuance contracts for convertible bonds, the Group committed to respect:

- A minimum level for shareholders' equity; that level was €123 million at 12/31/2010.
- A minimum level for EBITDA; that level was €42 million for 2010.
- A limit for investments; this limit was €11 million for 2010.
- A limit for additional indebtedness contracted of €10 million per Group company

At December 31, 2010, the Group respected all of these commitments.

The Group's exposure to liquidity risk is presented in note 22.2 to the consolidated financial statements.

On these bases, the company proceeded with a specific review of its liquidity risk and it considers itself to be able to face up to its future amounts due.

5.1.2.2.11 Continuity of Information Systems

The Information Systems Department (DSI) is in charge of controlling this risk. In particular, it is in charge of data integrity management. An Information System master plan approved in 2010 will enable the alignment of the Information System to strategy and operational needs, while improving the performances and security of infrastructures.

5.1.2.2.12 Other

A risk manager is in charge of the security of assets through a policy of prevention relying on a team of correspondents throughout the Group companies.
Almost all of the risks of the Group's companies are covered by insurance policies. These concern the risk of destruction, the total amount of the damages guarantee is €250 million, and their consequences, the operating losses, during a period of 15 months to a maximum amount of €90 million. Third party liabilities related to manufactured products are covered to a maximum of €750 million.

The Management communicates on risks in compliance with legal and regulatory obligations in force through information given in the legal publications of the Group.
This information is also transmitted to the Audit and Financial Statements Committee and to the Supervisory Board.

Toulouse, April 18, 2011

Chairman of the Supervisory Board

5.3 Auditor's report in application of Article L. 2-235 of the French Commercial Code (Code de Commerce) concerning the Report by the Chairman of the Supervisory Board of Latécoère S.A., with respect to the internal control procedures covering the preparation and processing of accounting and financial information

Dear Shareholders,

As statutory auditors of the Latécoère S.A. Company and in application of the terms of Article L.225-235 of the French Commercial Code ("Code de commerce"), we present our report on the report of the Chairman of the Supervisory Board of your company prepared in accordance with the terms of Article L. 225-68 of the French Commercial Code for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare and submit for the approval of the Supervisory Board a report explaining the internal control and risk management procedures implemented within the company and giving the other information required by Article L. 225-68 of the French Commercial Code relating in particular to the system of corporate governance.

We are responsible:

- to inform you of observations that we may have concerning the information contained in the Chairman's report on the internal control procedures for the preparation and processing of accounting and financial information, and
- to certify that the report includes the other information required by Article L. 225-68 of the French Commercial Code, it being specified that it is not our responsibility to verify the fair presentation of this other information.

We have performed our work in accordance with French professional standards.

Information on the internal control procedures for the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

Other information

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

Toulouse-Labège and Paris, April 29, 2011

The Statutory Auditors

KPMG Audit	**Mr. Grant Thornton**
A division of KPMG S.A.	***French Member of Grant Thornton International***
Mr. Christian Libéros *Partner*	Mr. François Pons *Partner*

6 PUBLICATION OF THE ANNUAL INFORMATION

Date	Support	Informations
03-Feb-10	Press release	2009 Revenue
03-May-10	Press release	Release of the 2009 Annual Financial Report
14-May-10	Press release	2010 First Quarter-year Revenue
20-May-10	Press release	Signature of an agreement with the banks
20-May-10	Web site and release	Release of the SFAF presentation
Mai-2010	Web site	Shareholders' information
24-May-10	Press release	Details of release of documents necessary to prepare the Annual General Meeting dated June, 25 2010
14-Jun-10	Web site and release	Release of prospectus
25-Jun-10	Press release	Resolution approval to implement the agreement signed with the banks
20-Jul-10	Press release	Allocation of free share warrants (BSA)
30-Jul-10	Press release	2010 First Half-year Revenue
31-Aug-10	Press release	2010 First Half-year result
31-Aug-10	Web site and release	Release of the 2010 Half year Financial Report
31-Aug-10	Press release	Pierre Gadonneix elected Chairman of Latécoere Supervisory Board
28-Oct-10	Press release	2010 Third Quarter-year Revenue
18-Nov-10	Press release	Recent developments