GROUPE LATECOERE




2011

Half-Year Report

CONTENTS

1 HALF-YEAR REPORT

The consolidated financial statements of the Group have been approved by the Management Board on August 29, 2011.

The Group's Business

In € millions	H1 2011	H1 2010	Change
Revenue excluding non-recurring items	**261.3**	**217.0**	20.4%
Non-recurring items - Aerostructure*	55.0	-	
Total revenue	**316.3**	**217.0**	45.8%
Current operating result (COR)	**23.8**	**13.4**	
Current operating margin	*7.5%*	*6.2%*	
Non-current operating result **	0.0	0.0	
EBIT	**23.8**	**13.4**	
EBIT margin	*7.5%*	*6.2%*	
• Realized gains & losses	-9.4	-4.9	
• Unrealized gains & losses **	3.8	-9.0	
Net financial result	**-5.6**	**-13.9**	
Net income(loss) after minority interests	**15.5**	**0.4**	
Net margin	*4.9%*	*0.2%*	

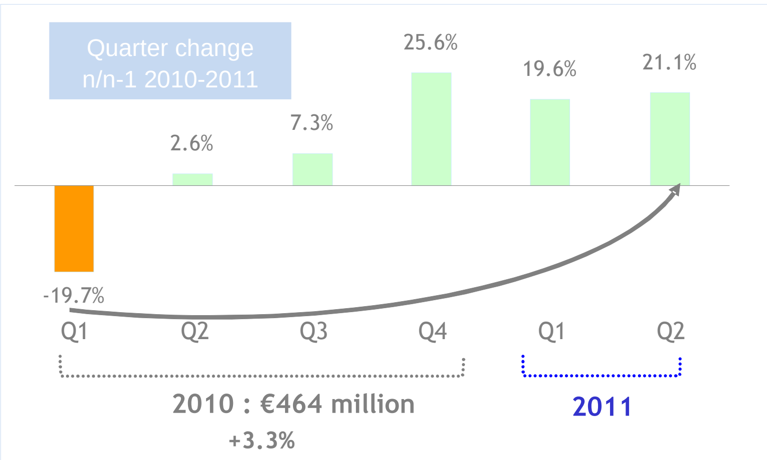
** Non recurring billing of development costs*
*** Non cash items*

In € millions	06/30/2011	12/31/2010
Consolidated net debt	**352.8**	**350.7**
Shareholders' equity (Group share)	**200.2**	**170.9**

The Latécoère Group discloses an aggregate to clarify its operational business: "current operating result". Current operating result reflects operating result excluding significant extraordinary items (expenses or income), whose nature is unrelated to the Group's recurring operation and whose value is not predictive. Furthermore, unrealized financial result reflects unrealized potential financial gains or losses not having an impact on cash flow for the relevant year; it is primarily the foreign exchange rate reappraisal of assets and liabilities and the change in fair value of financial instruments not described as hedging instruments.

H1 2011 Revenue Sharply Higher: +20.4% (excluding non-recurring items)

In € millions	H1 2011	H1 2010	Change
Aerostructures			
- Revenue excluding non-recurring items	147,8	123,3	+19,9%
- Non-recurring items	55,0	-	
Interconnexion Systems	75,9	69,8	+8,8%
Engineering and Services	37,5	23,9	+57,1%
Revenue total	316,3	217,0	
Revenue excluding non-recurring items	**261,3**	**217,0**	**+20,4%**



In H1 2011, the Group posted revenue excluding non-recurring items of €261.3 million, up 20.4% year on year. At a constant €/$ exchange rate, organic growth stood also at 20.4%, with results of hedging unwinds offsetting a weakening USD.

In Q1 2011 the Group also recorded additional non-recurring revenue of €55 million corresponding to billing of development costs (refer to press release dated March 22, 2011). As a result, total consolidated revenue reached €316.3 million.

All divisions are experiencing strong growth; as of June 30, 2011 the Latécoère Group recorded its fifth consecutive quarter of growth, thus capturing the full effect of the cycle upturn of the sector, which is currently speeding up as shown during the recent Paris Air Show.

Confirmed Recovery in Current Operating Profitability

The recovery in operating profitability that began in 2010 was confirmed in H1 2011; current operating margin rose by €10.4 million to 7.5% of revenue, with all business divisions contributing positively to the improvement.

The adaptation and streamlining initiatives undertaken over the past two years have been crucial to the recovery by returning the Group to a profitable growth trend.

Net Income after Minority Interests of €15.5 Million

The Group posted net income after minority interests of €15.5 million after recognition of a €2.7 million tax expense.

The cost of debt, which stood at 5% as of June 30, 2011 versus 4% in H1 2010, was primarily impacted by higher variable interest rates over the period and the conversion of 20% of medium-term debt into convertible bonds.

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 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 87% in 2012.

During July 2011, the Group took advantage of a temporary strengthening of the US Dollar against the euro to extend its hedging coverage allowing 90% of its net exposure to be hedged in 2012 and 24% in 2013 at “worst case” levels of hedging in line with its projected budget assumptions.

Debt under Control while Revenue Grows

Under these conditions, consolidated net financial debt stood at €353 million at June 30, 2011 (including €325 million of long and medium-term debt) and remained stable compared to December 31, 2010 (+ €2 million).

Operating working capital needs were contained in H1 2011, despite the Group's revenues growing by over 20% (excluding non-recurring items) during the same period.

Capital expenditures have been limited to €3 million, and were primarily related to the industrial and information systems master plans.

Monitoring of the Agreement Entered into with the Bank Creditors

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:

i. the short-term lines were confirmed until January 1, 2012,
ii. 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,
iii. 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.

In accordance with the agreements concluded in May 2010, the Group and its bank creditors met in Q2 2011 and - taking into account a bull cycle, the Group’s recovery and the ongoing discussions on a possible partnership - both parties have agreed to postpone in H2 2011 their discussions on a possible rescheduling of the repayment schedule for the medium-term debt beyond 2012. The banks also confirmed - with no change in terms - the short-term lines available to the Group through June 30, 2012.

Headcount

After two years devoted to its restructuring, the Latécoère Group has resumed with growth. In this context of increased production rates and strong demand from manufacturers in development assistance for their new programs, the Group's headcount (end of period) increased 6% from 3,707 people at December 31, 2010 to 3,918 people at June 30, 2011. The Group plans to recruit 400 employees during the year, including 150 in France (essentially experienced engineers and technicians) and 250 abroad.

Order Book: Close to Five Years of Revenues

As of June 30, 2011 and on the basis of a $/€ exchange rate of 1.35, the order book – which includes only firm orders announced by aircraft manufacturers – amounts to €2.3 billion. Favorably impacted by the recent order recorded by its main clients, it represents close to five years of revenue, and demonstrates the relevance of the multi-client platform built by the Group, which is confirmed for all the major, determinant programs launched for commercial, regional and corporate aircraft in the medium and long term.

FY 2011 Projected Revenue Revised Upward, Current Operating Profitability Target Confirmed

Based on the latest production rates released by aircraft manufacturers, the Group revised its anticipated growth for 2011 upward, with total revenue growth now expected to top 20%. Excluding non-recurring billings of development costs, revenue growth initially expected between 5 to 10% should be over 10%.

Moreover, given the current operating income recorded in H1 2011 (7.5% of revenue), the Group has confirmed a current operating margin of over 7%, with a target of 8% in 2012.

Stronger Governance

The shareholders meeting held on June 30, 2011 appointed Claire Dreyfus-Cloarec and Jean Goumy to the Supervisory Board. The shareholders meeting also ratified the appointments of Pierre Gadonneix and Christian Duvillet as members of the Supervisory Board.

Claire Dreyfus-Cloarec, board member of different companies, has made her career in the French senior civil service and in industry, where she held executive positions including within the Air France Group and SNCF (French national railway).

Jean Goumy, board member of different companies, has spent his entire career at Société Générale where he served as Director of Major Corporate Clients of the French branch network.

The Supervisory Board has 13 members, eight of whom are independent.

Will to Contribute to the Sector's Industrial Development

After having streamlined its industrial organization and finalized a first step of financial restructuring in 2010, the Group is pursuing its search process for a partnership with the objective to enhance its contribution to the development of the sector and strengthen its equity.

Combined Annual and Extraordinary General Meeting Held on June 30, 2011: Resolutions on Convertible Bonds and Stock Subscription Warrants

At the extraordinary shareholders' meeting held on June 30, 2011, the shareholders authorized the Management Board to modify the period during which bonds convertible into Latécoère shares ("CB") issued by Latécoère could be converted, subject to the approval of the majority of the CB holders. Furthermore, sole shareholder of LATelec, Latécoère gave LATelec permission to change the conversion period for LATelec convertible bonds, subject to the approval of the holders of LATelec convertible bonds.

During the same shareholders' meeting, the shareholders also authorized the Management Board, subject to the modification of the conversion period for Latécoère bonds and the authorization of the holders of Latécoère stock subscription warrants (BSA), to alter the exercise period of the warrants so that it corresponds to the same period as the CB if modified.

The terms and conditions of these convertible bonds and stock subscription warrants were described in the prospectus no. 10-174 approved by the French Financial Markets Authority (AMF) on June 11, 2010.

Principal Risks and Uncertainties for the Remaining Six Months of 2011

The principal risks and uncertainties for the remaining six months of 2011 relate to change in the EUR/USD exchange rate.

Transactions with Related Parties

The transactions with related parties continued during H1 2011 on the basis of the same agreements as those applied at December 31, 2010.

Accounting Standards, Principles and Methods

The consolidated financial statements at June 30, 2011 are established in compliance with IAS 34 "interim financial reporting". The Group has chosen not to apply by anticipation the standards and interpretations that will enter into force after June 30, 2011. The accounting rules and methods applied to the Condensed Consolidated Financial Statements at June 30, 2011 are identical to those applied in the consolidated financial statements at December 31, 2010 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2011.

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.

New standards, amendments to standards and interpretations have entered into force as from January 1, 2011. This concerns:

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",
- IFRIC 14 (Amendment) "Prepayments of a Minimum Funding Requirement",
- IAS 32 (Amendment) "Classification of Rights Issues",
- IAS 24 Revised "Related Party Disclosures",
- Improvements to IFRSs published in May 2010.

These standards, amendments to standards and interpretations do not have a significant impact on the condensed consolidated financial statements at June 30, 2011.

New standards and amendments were published by the IASB but not applicable at June 30, 2011:

- IFRS 7 "Financial Instruments: Disclosures" – Disclosures about transfers of financial assets,
- IAS 12 "Income Taxes" – Recovery of Underlying Assets,
- IFRS 9 "Financial Instruments" - Classification and measurement of financial assets,
- IFRS 10 "Consolidated Financial Statements",
- IFRS 11 "Joint Arrangements",
- IFRS 12 "Disclosure of Interests in Other Entities",
- IAS 27 Revised "Consolidated and Separate Financial Statements",
- IAS 28 Revised "Investments in Associates and Joint Ventures",
- IFRS 13 "Fair Value Measurement",

The Group has not applied by anticipation standards and interpretations whose application was not mandatory at January 1, 2011.

Change in the Consolidation Scope

No variation of consolidation scope was noted during H1 2011.

2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2011

2.1 Consolidated Statement of financial position

('000 EURO)	Notes	June 30, 2011	Dec 31, 2010
Goodwill	5.2	1 300	1 300
Other intangible assets	5.1	1 891	2 387
Tangible assets	5.1	91 975	95 179
Investments in associates (equity method)	6	3 639	3 471
Other financial assets		353	214
Deferred tax assets	16	10 122	16 975
Financial Instruments	10.1	8 912	7 459
TOTAL NON-CURRENT ASSETS		**118 192**	**126 985**
Inventories	7	461 793	487 691
Accounts receivable	9	146 766	158 424
Tax receivable		11 392	9 521
Financial Instruments	10.1	23 067	8 281
Other current assets		1 663	1 128
Cash & Cash Equivalents		32 805	10 301
TOTAL CURRENT ASSETS		**677 486**	**675 346**
TOTAL ASSETS		**795 678**	**802 331**

('000 EURO)	Notes	June 30, 2011	Dec 31, 2010
Share capital	11.2	17 220	17 220
Premiums		69 611	69 611
Treasury stock		1 751	1 759
Other Reserves		20 938	7 008
Accumulated Net Income		90 646	75 304
SHAREHOLDERS' EQUITY GROUP SHARE		**200 166**	**170 902**
Minority Interests		877	773
TOTAL SHAREHOLDER'S EQUITY		**201 043**	**171 675**
Loans and bank borrowings	14.1	300 727	331 489
Refundable Advances		28 843	29 262
Employee benefits	13	14 060	13 399
Other provisions	12	1 818	2 076
Deferred tax liabilities	16	2 972	1 137
Financial Instruments	10.1	25	1 705
Other non-current liabilities		10 894	10 068
TOTAL NON-CURRENT LIABILITIES		**359 339**	**389 135**
Loans and bank borrowings (less than 1 year)	14.1	72 749	23 940
Loans against receivables mobilization	14.1	12 131	5 604
Refundable Advances		13 163	12 748
Accounts payable	15	124 282	175 744
Income tax liabilities		1 324	1 551
Other current liabilities		8 687	13 252
Financial Instruments	10.1	2 962	8 682
TOTAL CURRENT LIABILITIES		**235 296**	**241 521**
TOTAL LIABILITIES		**594 635**	**630 656**
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		**795 678**	**802 331**

2.2 Consolidated Income Statement

('000 EURO)	Notes	June 30, 2011	June 30, 2010
Revenue		316 286	217 026
Other operating revenue		345	357
Change in inventory: work-in-progress & finished goods		-25 228	22 545
Raw material, Other Purchases & external charges	17	-159 143	-133 932
Personnel expenses		-101 257	-89 005
Taxes		-4 038	-3 552
Amortization		-5 956	-6 254
Net operating provisions charge		227	266
Depreciation of current assets		-1 176	-3 359
Other operating income	18	5 657	9 447
Other operating expenses	18	-1 926	-138
OPERATING INCOME		**23 792**	**13 402**
Operating Income / Sales		*7,52%*	*6,18%*
Cost of debt		-9 084	-5 996
Cash and cash equivalent income		1	0
Change in fair value of financial instruments		4 834	-13 706
Other financial incomes and expenses		-1 343	5 830
FINANCIAL RESULT	**19**	**-5 592**	**-13 872**
Result from associates	6	174	-26
Income tax	20	-2 675	989
NET RESULT OF CONSOLIDATED COMPANIES		**15 699**	**493**
Group net result		15 492	416
Minority interests		207	77
Group net result/ sales		*4,90%*	*0,19%*
Weighted average number of shares		**8 604 562**	**8 591 801**
Diluted earnings per share	11.2	**1,12**	**0,05**
Earnings per share	11.2	**1,80**	**0,05**

2.3 Consolidated Statement of comprehensive income

('000 EURO)	June 30, 2011		
	Gross Amount	Deferred tax	Net Amount
CONSOLIDATED NET RESULT FOR THE YEAR (1)	**18 374**	**-2 675**	**15 699**
Translation differences	426	0	426
Financial instruments: change in fair value and transfer in profit and loss	20 245	-6 742	13 503
Commitments to purchase minority interests	-137	0	-137
Other	-28	10	-18
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (2)	**20 506**	**-6 732**	**13 774**
TOTAL RECOGNISED INCOME AND EXPENSES (1+2)	**38 880**	**-9 407**	**29 473**
of which, Group net result			29 271
of which, Minority interests			202

('000 EURO)	June 30, 2010		
	Gross Amount	Deferred tax	Net Amount
CONSOLIDATED NET RESULT FOR THE YEAR (1)	**-496**	**989**	**493**
Translation differences	548	0	548
Financial instruments: change in fair value and transfer in profit and loss	-48 435	17 187	-31 248
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (2)	**-47 886**	**17 187**	**-30 699**
TOTAL RECOGNISED INCOME AND EXPENSES (1+2)	**-48 382**	**18 176**	**-30 206**
of which, Group net result			-30 283
of which, Minority interests			77

2.4 Consolidated Statement of Cash-Flows

('000 EURO)	Notes	June 30, 2011	June 30, 2010
Consolidated net result		15 699	493
Adjustments related to non-cash activities :			
Result from associates	6	-174	26
Depreciation and provisions		6 359	6 646
Fair value gains/losses		-4 114	5 637
Other non-cash items		83	54
Dividend income received		0	0
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES		**17 854**	**12 856**
Income taxes	9	2 675	-989
Interest expenses	18	9 083	5 996
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES		**29 611**	**17 862**
Changes in working capital		-17 019	-8 963
Income tax paid		-2 795	6 715
CASH FLOWS FROM OPERATING ACTIVITIES		**9 798**	**15 614**
Effect of subsidiaries acquisitions		0	0
Purchase of tangible and intangible assets		-3 314	-3 143
Purchase of financial assets		-88	0
Increase (decrease) in loans and advances made		-40	-26
Proceeds from sale of tangible and intangible assets		1 041	0
Dividends received		0	0
Other flow from investing activites		0	27
CASH FLOWS FROM INVESTING ACTIVITIES		**-2 401**	**-3 143**
Expenses on increase of capital		0	0
Purchase of treasury shares		-18	-43
Disposal of treasury shares		-7	96
Proceeds from borrowings (including refundable advances)		36	454
Repayments of borrowings (including refundable advances)		-2 405	-4 127
Financial interest paid		-9 461	-6 355
Dividends paid		-98	0
Other flow from financing operation		509	-834
CASH FLOW FROM FINANCING ACTIVITIES		**-11 445**	**-10 810**
Effects of exchange rate changes		-12	48
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**-4 060**	**1 710**
Opening cash and cash equivalents position		-8 388	-5 364
Closing cash and cash equivalents position		-12 448	-3 654
Cash and cash equivalents		32 805	12 020
Discounted receivables		-12 131	-2 909
Overdraft facilities		-33 122	-12 766
CASH AND CASH EQUIVALENTS AT YEAR-END		**-12 448**	**-3 654**
Dividends paid per share		**0**	0

2.5 Consolidated Statement of changes in 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 12/31/2009	**17 220**	**69 611**	**1 657**	**51 645**	**4 499**	**-1 294**	**0**	**143 337**	**525**	**143 863**
Capital variations								0		0
Share-based payments								0		0
Transactions on treasury stock			53					53		53
Dividends								0	-64	-64
Other variations				57		-92		-35		-35
Net result for the period (1)				**416**				**416**	**77**	**493**
Financial instruments: change in fair value and transfer in profit and loss					-31 247			-31 247		-31 247
Financial instruments: Translation differences					-177			-177		-177
Translation differences : change and transfer in profit and loss						725		725		725
Income and expenses directly recorded in equity (2)	**0**	**0**	**0**	**0**	**-31 424**	**725**	**0**	**-30 699**	**0**	**-30 699**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**416**	**-31 424**	**725**	**0**	**-30 283**	**77**	**-30 206**
SHAREHOLDER'S EQUITY 06/30/2010	**17 220**	**69 611**	**1 710**	**52 118**	**-26 925**	**-661**	**0**	**113 073**	**538**	**113 611**
SHAREHOLDER'S EQUITY 12/31/2010	**17 220**	**69 611**	**1 759**	**81 508**	**59**	**11**	**734**	**170 902**	**773**	**171 675**
Capital variations								0		0
Share-based payments								0		0
Transactions on treasury stock			-7					-7		-7
Dividends								0	-98	-98
Other variations								0		0
Net result for the period (1)				**15 492**				**15 492**	**207**	**15 699**
Financial instruments: change in fair value and transfer in profit and loss					13 503			13 503		13 503
Financial instruments: Translation differences					-37			-37	0	-37
Translation differences : change and transfer in profit and loss						463		463		463
Conversion option embedded in convertible bonds							0	0		0
Other variations¹							-150	-150	-5	-155
Income and expenses directly recorded in equity (2)	**0**	**0**	**0**	**0**	**13 467**	**463**	**-150**	**13 779**	**-5**	**13 774**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**15 492**	**13 467**	**463**	**-150**	**29 271**	**202**	**29 473**
SHAREHOLDER'S EQUITY 06/30/2011	**17 220**	**69 611**	**1 751**	**97 000**	**13 526**	**474**	**583**	**200 166**	**877**	**201 043**

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

2.6 Notes to the Condensed Consolidated Financial Statements

GENERAL INFORMATION

BALANCE SHEET DETAIL

INCOME STATEMENT DETAIL

ADDITIONAL INFORMATION

INFORMATION RELATIVE TO THE GROUP

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

The consolidated financial statements of the Latécoère Group for the six months ended on June 30, 2011, include the parent company and its subsidiaries (the whole being designated as "the Group") and the Group's share in associates.

The consolidated financial statements of the Group have been approved by the Management Board on August 29, 2011.

NOTE 1 MAIN EVENTS

Latécoère Reaches an Agreement with Boeing on 787 Program

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.

Monitoring of the Agreement Entered into with the Bank Creditors

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:

1. the short-term lines were confirmed until January 1, 2012,
2. 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,
3. 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 Group and the creditor banks met as provided in Q2 2011 and agreed to postpone to H2 2011 the discussions referred to in paragraph (ii) above; the banks then confirmed the short-term lines made available to the Group on the same terms until June 30, 2012.

NOTE 2 ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The consolidated financial statements at June 30, 2011 are established in compliance with IAS 34 "interim financial reporting". The Group has chosen not to apply by anticipation the standards and interpretations that will enter into force after June 30, 2011. The accounting rules and methods applied to the Condensed Consolidated Financial Statements at June 30, 2011 are identical to those applied in the consolidated financial statements at December 31, 2010 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2011.

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 and interpretations have entered into force as from January 1, 2011. This concerns:

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",
- IFRIC 14 (Amendment) "Prepayments of a Minimum Funding Requirement",
- IAS 32 (Amendment) "Classification of Rights Issues",
- IAS 24 Revised "Related Party Disclosures",
- Improvements to IFRSs published in May 2010.

These standards, amendments to standards and interpretations do not have a significant impact on the condensed consolidated financial statements at June 30, 2011.

New standards and amendments were published by the IASB but not applicable at June 30, 2011:

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- IAS 12 "Income Taxes" – Recovery of Underlying Assets,
- IFRS 9 "Financial Instruments" - Classification and measurement of financial assets,
- IFRS 10 "Consolidated Financial Statements",
- IFRS 11 "Joint Arrangements",
- IFRS 12 "Disclosure of Interests in Other Entities",
- IAS 27 Revised "Consolidated and Separate Financial Statements",

- IAS 28 Revised "Investments in Associates and Joint Ventures",
- IFRS 13 "Fair Value Measurement",

The Group has not applied by anticipation standards and interpretations whose application was not mandatory at January 1, 2011.

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 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 22).

The estimate of the variation of employee benefits has been extrapolated on the basis of the information at December 31, 2010.

At June 30, 2011, 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, particularly in the case of construction contracts, as a function of firm orders confirmed by aircraft manufacturers and of announced decreases in production rates.

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.

No variation of consolidation scope was noted during H1 2011.

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 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 business segments defined by the Group are:

- aerostructures;
- interconnect systems;

- 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.

('000 EUR) June 30, 2011	Aerostructures	%	Engineering and services	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Revenue	210 921	67%	40 198	13%	77 976	25%	-12 809	-4%	316 286
Inter-segment revenue	-8 100	63%	-2 656	21%	-2 052	16%		0%	-12 809
Consolidated revenue	**202 820**	**64%**	**37 542**	**12%**	**75 924**	**24%**	**0**	**0%**	**316 286**
Operating result	**12 094**	**51%**	**2 000**	**8%**	**9 698**	**41%**			**23 792**
Operating result/revenue	*5,73%*		*4,97%*		*12,44%*				***7,52%***
Financial result	**-5 595**	**100%**	**-27**	**0%**	**31**	**-1%**			**-5 592**
Income tax and miscellaneous	1 247		-639		-3 283		0	0%	-2 675
Result from associates	174	100%	0	0%	0	0%	0	0%	174
Result: Group share	7 920		1 126		6 446		0	0%	15 492
Result: Minority interests	0		207		0		0	0%	207
Net result	**7 920**	**50%**	**1 333**	**8%**	**6 446**	**41%**	**0**	0%	**15 699**
Net result/revenue	*3,75%*		*3,32%*		*8,27%*				***4,96%***
Intangible fixed assets	1 598	84%	49	3%	245	13%	0	0%	1 891
Goodwill	0	0%	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	73 258	80%	5 234	6%	13 474	15%	8	0%	91 975
Investments in associates	3 639	100%	0	0%	0	0%	0	0%	3 639
Other fixed assets	61	17%	192	54%	100	28%	0	0%	353
Total	**78 556**	**79%**	**6 775**	**7%**	**13 819**	**14%**	**8**	0%	**99 158**
Acquisition of tangible and intangible fixed assets	1 770	54%	555	17%	972	29%			3 297
Inventories	396 223	86%	1 395	0%	65 075	14%	-900	0%	461 793
Trade and other receivables	102 100	70%	32 987	22%	92 127	63%	-80 390	-55%	146 823
Net debt	271 501	77%	55	0%	81 246	23%		0%	352 801
Accounts payable	150 383	121%	23 505	19%	30 892	25%	-80 498	-65%	124 282
Total Assets	651 266	82%	46 396	6%	179 409	23%	-81 394	-10%	795 678

('000 EUR) June 30, 2010	Aerostructures	%	Engineering and services	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Revenue	129 791	60%	27 067	12%	70 901	33%	-10 732	-5%	217 026
Inter-segment revenue	-6 461	60%	-3 173	30%	-1 098	10%		0%	-10 732
Consolidated revenue	**123 329**	**57%**	**23 894**	**11%**	**69 803**	**32%**	**0**	**0%**	**217 026**
Operating result	**3 934**	**29%**	**1 762**	**13%**	**7 706**	**57%**	**0**	**0%**	**13 402**
Operating result/revenue	*3,03%*		*6,51%*		*10,87%*				***6,18%***
Financial result	**-15 365**	**111%**	**67**	**0%**	**1 425**	**-10%**	**0**	**0%**	**-13 872**
Income tax and miscellaneous	4 618		-594		-3 035		0	0%	989
Result from associates	-26	100%	0		0		0		-26
Result: Group share	-6 839		1 159		6 097		0		416
Result: Minority interests	0		77		0		0		77
Net result	**-6 839**	**-1386%**	**1 236**	**251%**	**6 097**	**1236%**	**0**	0%	**493**
Net result/revenue	*-5,27%*		*4,57%*		*8,60%*				***0,23%***
Intangible fixed assets	1 876	84%	158	7%	208	9%	0	0%	2 241
Goodwill	0	0%	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	78 437	80%	5 568	6%	13 996	14%	8	0%	98 009
Investments in associates	3 405	100%	0	0%	0	0%	0	0%	3 405
Other fixed assets	55	24%	99	42%	74	32%	6	3%	234
Total	**83 773**	**80%**	**7 124**	**7%**	**14 277**	**14%**	**14**	0%	**105 189**
Acquisition of tangible and intangible fixed asse	1 575	50%	901	29%	667	21%	0	0%	3 143
Inventories	399 718	86%	1 390	0%	66 156	14%	-900	0%	466 364
Trade and other receivables	86 166	62%	27 303	20%	73 540	53%	-47 746	-34%	139 262
Net debt	279 552	80%	-887	0%	72 379	21%	0	0%	351 045
Accounts payable	162 625	105%	15 203	10%	24 967	16%	-47 746	-31%	155 049
Total Assets	**613 219**	**80%**	**39 955**	**5%**	**163 903**	**21%**	**-49 585**	**-6%**	**767 493**

NOTE 5 FIXED ASSETS

5.1 Changes in Fixed Assets

('000 EUR)	Dec 31, 2010	Currency variations	Other	Acquisitions	Disposals	June 30, 2011
Franchises/patents/similar rights	8 988	43	41	434	-630	8 876
Other Intangible Fixed Assets	4 063	0	0	11	0	4 074
Goodwill	1 300	0	0	0	0	1 300
Land	4 297	-24	0	0	0	4 273
Buildings	38 689	136	34	390	0	39 248
Plants & Equipment	84 158	492	161	377	-370	84 818
Other Fixed Assets	21 393	-1	452	639	-749	21 735
Fixed assets in progress	1 304	1	-553	1 102	0	1 854
Advanced payments on fixed assets	80	-1	-68	87	0	97
Real estate leasing	27 681	0	0	0	0	27 681
Long-term Investments	692	0	46	94	0	831
Investments in associates	3 471	-6	0	174	0	3 639
GROSS ASSSETS	**196 115**	**641**	**113**	**3 307**	**-1 750**	**198 426**

('000 EUR)	Dec 31, 2010	Currency variations	Other	Increase	Decrease	June 30, 2011
Franchises/patents/similar rights	6 626	19	0	450	-115	6 980
Other Intangible Fixed Assets	4 038	1	0	39	0	4 079
Buildings	7 692	37	0	792	0	8 521
Plants & Equipment	49 260	290	0	3 601	-264	52 887
Other Fixed Assets	14 802	16	0	661	-246	15 233
Real estate leasing	10 667	0	0	412	0	11 079
Long term investments	478	0	0	0	0	478
AMORTIZATIONS	**93 564**	**363**	**0**	**5 956**	**-625**	**99 257**

('000 EUR)	Dec 31, 2010	June 30, 2011
Franchises/patents/similar rights	2 362	1 895
Other Intangible Fixed Assets	25	-4
Goodwill	1 300	1 300
Land	4 297	4 273
Buildings	30 996	30 727
Plants & Equipment	34 898	31 930
Other Fixed Assets	6 591	6 502
Fixed assets in progress	1 304	1 854
Advanced payments on fixed assets	80	97
Real estate leasing	17 013	16 602
Long-term Investments	214	353
Investments in associates	3 471	3 639
NET ASSETS	**102 551**	**99 168**

The investments of H1 2011 were limited to €3 million and relate primarily to IT projects for €0.7 million (principally information systems Core model), industrial plant and equipment for €0.4 million, software and computer hardware for, respectively, €0.4 million and €0.3 million, as well as for layouts and fitting work for €0.4 million.

5.2 Goodwill

('000 EUR)	June 30, 2011	Dec 31, 2010
LATecis	834	834
G2 METRIC	466	466
TOTAL	**1 300**	**1 300**

NOTE 6 INVESTMENTS IN ASSOCIATES

('000 EURO)	June 30, 2011	June 30, 2010
PESOLA	132	4
Corse Composites Aéronautiques	-3	-150
LATECOERE AEROSERVICES	44	120
RESULT FROM ASSOCIATES	**174**	**-26**

('000 EURO)	June 30, 2011	Dec 31, 2010
PESOLA	515	389
Corse Composites Aéronautiques	1 489	1 491
LATECOERE AEROSERVICES	1 635	1 591
INVESTMENTS IN ASSOCIATES	**3 639**	**3 471**

NOTE 7 DETAILS OF INVENTORIES & WORK-IN-PROGRESS

('000 EURO)	June 30, 2011			Dec 31, 2010		
	Gross	Provision	Net	Gross	Provision	Net
Raw materials	55 686	11 332	44 354	56 373	11 111	45 262
Work in progress - Construction contracts	408 384	82 749	325 635	442 943	86 618	356 326
Work in progress - Other	115 900	24 096	91 804	115 006	28 903	86 103
TOTAL	**579 969**	**118 176**	**461 793**	**614 322**	**126 632**	**487 691**

The decrease of inventories & work in progress of the programs followed in construction contracts is in particular due to the billing of $75 million, or €55 million in H1 2011 of Boeing 787 program development costs as well as the billing in the amount of $15.2 million (or €10.3 million) of tooling specific to this program. This decrease is however offset by growing importance of the same program. The increase in other inventories and work-in-progress is primarily due to A350 programs under development.

Additional information on the construction contracts is given in Note 22.

NOTE 8 FINANCIAL ASSETS

('000 EURO)	Loans and receivables at amortised cost	Financial assets at fair value through profit and loss	Hedging instruments	**June 30, 2011**	**Fair value**	Financial instrument (cat 1)	Financial instrument (cat 2)
Non current financial assets	353			353			
Trade receivables and other receivables	146 766			146 766			
Financial instruments		2 569	29 410	31 979	31 979		31 979
Cash and cash equivalent		32 805		32 805	1 254	1 254	
TOTAL FINANCIAL ASSETS	**147 119**	**35 374**	**29 410**	**211 904**	**33 233**	**1 254**	**31 979**

('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**

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)	**June 30, 2011**	**Dec 31, 2010**
Advanced payments	375	504
Trade receivables	126 831	140 790
Of which discount of receivables	*12 131*	*5 604*
Group current account	232	247
Tax receivables	13 952	12 262
Other current receivables	5 376	4 620
TOTAL RECEIVABLES	**146 766**	**158 424**

NOTE 10 DERIVATIVE INSTRUMENTS

New hedging financial instruments (EUR/USD) for a total amount of $113.1 million were set up during H1 2011 to cover the dollar exposure until 2012. The Group also implemented new hedging financial instruments (EUR/CZK) during H1 2011 for an overall amount of €18 million, including €6 million to complete the CZK hedging in 2012 and €12 million in 2013.

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	> 5 years
Foreign currency risk						
Financial instruments not designed as a hedge						
- Forward currency contracts **BRL/USD**	1 657	0	4 497	4 497	0	0
- Currency option contracts ** and forward currency contracts EUR/USD	889	253	17 297	17 297	0	0
- Currency option contracts **EUR/CZK** **	23		***			
Cash flow hedging						
- Forward currency contracts **EUR/USD**	6 592	67	78 946	58 189	20 757	0
- Forward currency contracts **CZK/EUR**	1 853	0	26 000	19 000	7 000	0
- Currency option contracts **EUR/USD** *(intrinseque value)*	20 392	0	279 112	187 816	91 296	0
- Currency option contracts **EUR/CZK** *(intrinseque value)*	572	0	18 000	3 000	15 000	
Total	**31 979**	**320**	**423 852**	**289 799**	**134 053**	**0**
Interest rate risk						
Financial instruments not designed as a hedge						
- Collar	0	2 667	235 000	****		
Total	**0**	**2 667**	**235 000**			
TOTAL FINANCIAL INSTRUMENTS NOT DESIGNED AS A HEDGE	**2 569**	**2 920**	**256 794**	**21 794**	**0**	**0**
TOTAL CASH FLOW HEDGING	**29 410**	**67**	**402 058**	**268 005**	**134 053**	**0**

*Notional 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) 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.

10.2 Information on the Impact of Derivative Instruments on Income and Shareholders' Equity

Impact of Future Cash Flow Hedging

('000 EURO)	June 30, 2011	Dec 31, 2010
Fair value at the opening date	**7 230**	**17 315**
Equity change for the effective portion	20 245	-7 678
Reclasssified in income when the hedged element affects profit and loss	2 966	
Recorded through income statement	-1 098	-2 407
Fair value at the closing date	**29 343**	**7 230**

The large change in the fair value of derivative instruments during the first half of the year is due to a strong variation in the foreign exchange rates of hedged currencies (in particular the EUR/USD exchange rate), in a context of great volatility on the financial markets.

Impact of Derivative Instruments to Which Hedge Accounting Is Not Applied

('000 EURO)	June 30, 2011	Dec 31, 2010
Fair value at the opening date	**-1 877**	**1 098**
Reclasssified in income when the hedged element affects profit and loss	-2 966	
Recorded through income statement	4 492	-2 975
Fair value at the closing date	**-351**	**-1 877**

NOTE 11 SHAREHOLDERS' EQUITY

11.1 Capital Management Policy

The LATECOERE 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.

11.2 Breakdown of Capital

	June 30, 2011	Dec 31, 2010
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

	June 30, 2011	June 30, 2010
Averaged issued shares	8 609 997	8 609 997
Averaged treasury shares	5 435	18 196
Weighted average shares (a)	**8 604 562**	**8 591 801**
Dilutive impact of convertible bonds (b)	7 150 000	0
Dilutive impact of share purchase warrant (c)	54 981	0
Total of shares diluted (a+b+c)	**15 809 543**	**8 591 801**
Net resultat - Group Share (in euro) (d)	15 492 115	416 441
Result impact of Convertible bonds (e)	2 287 957	0
Diluted result (d+e)	**17 780 072**	416 441
Earnings per share (in euro)	1,80	0,05
Diluted earnings per share (in euro)	1,12	0,05

All shares were fully paid.

11.3 Treasury Shares

Number of shares	Dec 31, 2010	Acquisitions	Disposals	June 30, 2011	% of ownership
LATECOERE Shares	4 377	85 646	84 588	5 435	0,06%

('000 EURO)	Dec 31, 2010	Acquisitions / Provisions	Disposals	June 30, 2011	Average purchase price
LATECOERE Shares	29	892	860	61	10,55

NOTE 12 NON-CURRENT PROVISIONS

('000 EURO)	Dec 31, 2010	Increase	Write-backs used	Write-backs not used	June 30, 2011
Provisions	**2 076**	**0**	**-258**	**0**	**1 818**

No significant provision was accounted for during H1 2011. The provisions for risks and expenses at June 30, 2011 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 €1,033k.

NOTE 13 EMPLOYEE BENEFITS

('000 EURO)	Dec 31, 2010	Increase	Write-backs used	Write-backs not used	June 30, 2011
Retirement bonus	12 302	627	0	0	12 930
Long-service medals	1 096	35	0	0	1 131
TOTAL	**13 399**	**662**	**0**	**0**	**14 060**

Retirement liabilities and the obligation under long-service medals accounted for at June 30, 2011 were calculated according to the method accepted during the calculation carried out at December 31, 2010.

The obligation under the individual right to professional training accounted for at June 30, 2011 was calculated according to the same method that was accepted at December 31, 2010. The amount of the provision at June 30, 2011 has not changed significantly in comparison to the amount at December 31, 2010.

NOTE 14 FINANCIAL LIABILITIES

('000 EURO)	Financial liabilities at fair value through profit and loss	Hedging instruments	Other financiel liabilities	June 30, 2011	Fair value
Refundable Advances			42 005	42 005	42 005
Discounted Receivables			12 131	12 131	12 131
Debenture loan			67 863	67 863	67 863
Bank loans			257 489	257 489	256 589
Finance lease			6 785	6 785	6 626
Unsecured banking facility			41 339	41 339	41 339
Other non-current liabilities			10 894	10 894	10 894
Financial instruments *	2 920	67		2 987	2 987
Accounts payable			124 282	124 282	124 282
TOTAL FINANCIAL LIABILITIES	**2 920**	**67**	**562 788**	**565 775**	**564 716**

** financial instrument (cat 2)*

('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)*

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)	June 30, 2011	Dec 31, 2010
Debenture loan	67 863	67 278
Bank loans - non current	227 077	257 872
Leasing - non current	5 788	6 339
Non-current liabilities	**300 727**	**331 489**
Bank loans - current	30 412	2 137
Leasing - current	997	1 009
Bank overdraft, commercial paper and other financial debts	53 470	26 398
Current liabilities	**84 879**	**29 544**
TOTAL OF LOAN AND BANK BORROWINGS	**385 607**	**361 033**

('000 EURO)	Currency	Interest rate	Maturity	June 30, 2011	
				Notional	Actual
Debenture loan	EURO	EURIBOR+ margin	2012-2015	71 500	67 863
Bank borrowings with guarantee	EURO	EURIBOR+ margin	2010-2015	312 850	229 867
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	24 942
Finance lease	EURO	4,65%-7,2%	2010-2020	25 013	6 785
Commercial paper and other financial debts	EURO	EUR. / T4M+ margin	n/a	41 339	41 339
Loans against receivables mobilization	EURO	EURIBOR + margin	n/a	12 131	12 131
TOTAL OF LOAN AND BANK BORROWINGS				**513 173**	**385 607**

14.2 Financial Ratios

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 Group committed to respect:

- A minimum level for shareholders' equity; this level was €123 million at June 30, 2011,
- A minimum level for EBITDA; this level was €40 million at June 30, 2011 (on 12 months rolling),
- A limit for additional indebtedness contracted of €10 million per Group company during the same rolling period of 12 months.

At June 30, 2011, the Group respected all of these commitments.

NOTE 15 OTHER LIABILITIES

('000 EURO)	June 30, 2011	Dec 31, 2010
Trade payables	79 115	78 636
Employee related liabilities	32 069	27 499
State payables	8 958	9 866
Credit balance on trade receivables and advance payments from customers	1 186	56 429
Other creditors	2 954	3 315
ACCOUNTS PAYABLE	**124 282**	**175 744**

The decrease of accounts receivable credit balances is explained by the conversion of $75 million or €55 million of cash advances previously received in billings for development costs related to the Boeing 787 program.

NOTE 16 DEFERRED TAXES

('000 EURO)	June 30, 2011	Dec 31, 2010
Deferred tax assets	16 975	12 340
Refundable Advances	-1 137	-3 945
DEFERRED TAX AT OPENING	**15 838**	**8 395**
Deferred tax Income (Expense) recognised in P&L	-1 895	5 262
Deferred tax variation recognised directly in equity	-6 794	2 181
DEFERRED TAX AT CLOSING	**7 150**	**15 838**
Of which Deferred tax assets	10 122	16 975
Of which Deferred tax liabilities	-2 972	-1 137

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

('000 EURO)	June 30, 2011	Dec 31, 2010
Tangible and intangible assets	-5 196	-5 406
Financial instruments	-8 677	-549
Retirement bonus	4 264	4 050
Other provisions	-1 795	-1 765
Loan and bank borrowings	1 084	1 064
Loss carry-forwards	17 215	17 215
Other	255	1 229
NET DEFERRED TAX ASSETS (LIABILITIES)	**7 150**	**15 838**

At June 30, 2011 the main sources of deferred tax assets were the recognition of the loss carry-forwards from the French tax Group and deferred taxes from the valuation of financial instruments. Over the French tax consolidation scope, deferred tax assets in an amount of €8.2 million were not recognized at June 30, 2011 in order to take account of the risks on the forecasts of future tax results. The Group's tax losses may be carried forward without limit in time.

NOTE 17 RAW MATERIALS, OTHER PURCHASES & EXTERNAL CHARGES

('000 EURO)	June 30, 2011	June 30, 2010
Raw material used	-43 647	-45 146
Cost of goods sold	-1 617	-753
Sub-contracting	-85 377	-63 111
External charges	-28 502	-24 923
RAW MATERIAL, OTHER PURCHASES & EXTERNAL CHARGES	**-159 143**	**-133 932**

NOTE 18 OTHER INCOME AND EXPENSE

At June 30, 2011, the other income includes in particular grants and research-based tax credits for €2.7 million, own work capitalized for €1 million and income from the sale of tangible and intangible assets for €1 million. Other expense primarily includes the net book value of fixed assets sold for €1 million.

NOTE 19 DETAIL OF FINANCIAL INCOME

('000 EURO)	June 30, 2011	June 30, 2010
Interest expense - net	-9 083	-5 996
Foreign Exchange gains/loss realized	49	1 046
- derivative instuments EUR/USD	**606**	**0**
- other derivative instrument	**1 531**	**1 154**
- Foreign Exchange gains/loss realized	**-2 088**	**-108**
Valuation of items on balance sheet at the closing date	-722	4 727
Change in fair value of financial instruments :	4 834	-13 706
- Change in fair value of currency derivative instruments EUR/USD	**4 932**	**-8 245**
- Change in fair value of other currency derivative instruments	**-2 009**	**-3 224**
- Change in fair value of interest rate contract	**1 912**	**-2 237**
Other financial expenses / income	-670	57
FINANCIAL RESULT	**-5 592**	**-13 872**

NOTE 20 INCOME TAXES

('000 EURO)	June 30, 2011	June 30, 2010
Current income taxes	-780	-590
Deferred taxes	-1 895	1 579
TOTAL	**-2 675**	**989**

The Group's effective tax rate at June 30, 2011 was 14%. This rate can be explained by the unused tax losses for €3 million.

NOTE 21 RISK MANAGEMENT

Except as specified below, the Group's exposure to the principal risks did not significantly change during H1 2011. These risks are described in Note 22 to the consolidated financial statements of the 2010 Registration Document.

21.1 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 liabilities by maturity are analyzed as follows:

	June 30, 2011				
('000 EURO)	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	42 005	-74 149	-14 983	-7 491	-51 676
Discounted Receivables	12 131	-12 131	-12 131		
Debenture loan	67 863	-87 652	-3 637	-84 015	
Bank loans	257 489	-303 042	-44 785	-255 999	-2 258
Finance lease	6 785	-8 074	-1 439	-4 742	-1 892
Commercial paper and other financial debts	41 339	-41 339	-41 339		
Other creditors	135 176	-135 176	-133 505		-1 672
FINANCIAL LIABILITIES (except derivative instr.)	**562 788**	**-661 564**	**-251 819**	**-352 247**	**-57 498**
Derivative instruments (instrinseque value)	67	-67	-67		0
TOTAL FINANCIAL LIABILITIES	**562 855**	**-661 631**	**-251 886**	**-352 247**	**-57 498**

	Dec 31, 2010				
('000 EURO)	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**

21.2 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's foreign currency exposure in dollars is the following:

	June 30, 2011		Dec 31, 2010	
	'000 $	'000 €	'000 $	'000 €
Accounts Receivable	114 801	79 430	97 530	72 991
Accounts Payable	-27 598	-19 095	-21 285	-15 929
Other (advanced payments suppliers and customers)	0	0	0	0
Net debt	-7 758	-5 367	2 100	1 572
NET EXPOSITION BEFORE HEDGING	**79 445**	**54 968**	**78 346**	**58 633**
Hedging instruments for the receivables on the balance sheet	22 500	15 568	22 500	16 839
NET EXPOSITION AFTER HEDGING	**56 945**	**39 400**	**55 846**	**41 794**

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 June 30, 2011.

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 June 30, 2011. This variation would have resulted in a pre-tax decrease in result of €1.3 million compared to a pre-tax decrease in result of €1.5 million at December 31, 2010.

NOTE 22 CONSTRUCTION CONTRACTS

('000 EURO)	June 30, 2011	Dec 31, 2010
Amount due from customers (work in progress)	326	356
Amount due to customers	1	56
Revenue recognized from the origin of the contracts	1 911	1 736
Expenses incurred since the origin of the contracts	2 335	2 201
Refundable Advances	42	42

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), and Boeing 787 (passenger doors). Detailed numbers by program (and in particular, the margins of construction contracts) cannot be communicated, for confidentiality reasons).

A €0.05 downward evolution of the USD rate assumptions over the period 2012 to 2013 would not have an impact on the margin recognized at June 30, 2011. A longer term change to the EUR/USD exchange rates would have an impact on the organization of the Group's industrial processes.

NOTE 23 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

23.1 Financial Commitments

The Group's financial commitments did not vary significantly during H1 with the exception of the discounting of receivables which went from €0 at December 31, 2010 to €4,009k at June 30, 2011.

23.2 Commitments under Operating Leases

During the ordinary course of its operations the Group enters into operating leases. 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.

23.3 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 24 RELATED PARTIES

Group flows of associates:

('000 EURO)	Latécoère	CCA	Latécoère Aeroservices	June 30, 2011
Operating revenue	672	171	0	843
Purchasing	171	577	95	843
Trade receivables	482	175	379	1 036
Trade payables	554	123	359	1 036

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

Furthermore, relations between the Latécoère Group and related parties during H1 2011 remained comparable to those for 2010. No significant transaction which was extraordinary, either by its nature or its amount, occurred during H1.

NOTE 25 SUBSEQUENT EVENTS

No significant event occurred between the closing of the financial statements at June 30, 2011, and the date the financial statements were approved by the Management Board.

3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REPORT

"I hereby declare that, to the best of my knowledge, the condensed financial statements for the first-half 2011 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 half-year report set forth in chapter 1 of this report, includes a fair review of the important events which occurred during the first six months of the year, their impact on the financial statements for the half year, the principal transactions between related parties together with a description of the principal risks and uncertainties for the remaining six months of the year. "

Toulouse, August 29, 2011

The Chairman of the Management Board
François Bertrand

4 STATUTORY AUDITORS' REPORT ON THE 2011 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

Following our appointment as statutory auditors by your General Meeting and in application of Article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the limited review of the accompanying condensed half-year consolidated financial statements of the Latécoère S.A. Company, for the period from January 1, 2011 to June 30, 2011;
- the verification of the information contained in the half-year report.

These consolidated half-year financial statements were established under the responsibility of the Management Board. Our role is to express our conclusion on these financial statements based on our limited review.

I. – Conclusion on the Financial Statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review essentially consists in having discussions with the members of the Management in charge of financial and accounting matters and in planning and performing analytical procedures. This work is less extensive than that required for an audit performed in accordance with professional standards applicable in France. Accordingly, the assurance obtained through a limited review that the financial statements, taken as a whole, are free of material misstatement, is a moderate assurance, lower than that obtained through an audit.

We have noticed no material misstatements of a nature to raise questions as to the compliance of the consolidated half-year financial statements with IAS 34 - in accordance with the IFRS as adopted by the European Union relating to intermediate financial reporting, based on our limited review.

Without qualifying our opinion, we draw attention to Note 1 to the condensed consolidated financial statements, disclosing changes to the agreement entered into with the bank creditors leading, in particular, to the confirmation of the short-term lines of credit until June 30, 2012.

II. – Specific Verification

We have also verified the information given in the half-year report commenting upon the condensed consolidated half-year financial statements with which our limited review was concerned. We have no matters to report as to its fair presentation and its consistency with the condensed consolidated half-year financial statements.

Paris La Défense, August 31, 2011

KPMG Audit IS

Christian Libéros
Partner

Paris, August 31, 2011

Grant Thornton

Gilles Hengoat
Partner