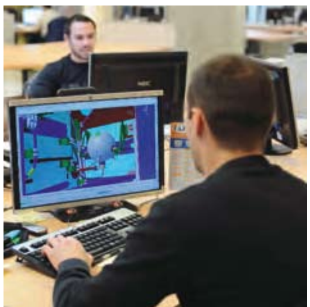
GROUPE LATECOERE

2012 Half-year report



CONTENTS

1 HALF-YEAR REPORT

The consolidated financial statements of the Group have been approved by the Management Board on August 30, 2012.

The Group's Business

In € millions	H1 2012	H1 2011	Var.
Revenue excluding non-recurring items	**290,3**	**261,3**	11,1%
Non-recurring items - Aerostructure*	62,5	55	
Total revenue	**352,8**	**316,3**	11,6%
Current operating result (COR)	**24,7**	**23,8**	
Current operating margin	*7,0%*	*7,5%*	
Non-current operating result **	0,0	0,0	
EBIT	**24,7**	**23,8**	
EBIT margin	*7,0%*	*7,5%*	
• Realized gains & losses	-10,6	-9,4	
• Unrealized gains & losses **	-15,3	3,8	
Net financial result	**-25,9**	**-5,6**	
Group net result	**3,5**	**15,5**	
Group net result excl. unrealized gains & losses on non-settled financial hedging instruments	12,1	12,5	

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

In € millions	06/30/2012	12/31/2011
Consolidated net debt	**331,2**	**368,8**
Shareholders' equity (Group share)	**177,3**	**169,4**
Shareholders' equity (Group share) adjusted for changes in the fair values of financial hedging instruments	201,5	182,7

Sustained growth in activity

In H1 2012, the Group posted revenue, excluding non-recurring items, of €290.3 million, up 11.1% year on year. At a constant €/$ exchange rate, organic growth stood also at 10.5%.

The Group recorded on the period an additional non-recurring revenue of €62.5 million corresponding to billing of development costs (refer to press release dated February 2, 2012). As a result, total consolidated revenue reached €352.8 million.

Total H1 2012 consolidated revenue is consistent with the overall expected 10% growth over current fiscal year communicated by the Group on February 21, 2012.

A confirmed Current operating margin

The current operating result (COR) increased by €0.9 million up to €24.7 million, in line with the guidance communicated by the Group on February 21, 2012, despite social disturbances in Tunisia and difficulties encountered in supply chain.

The realized net financial result amounted to €-10.6 million versus €-9.4 million recorded in H1 2011. The cost of debt amounted to €-10.2 million, up 53 bp at 5.57%, of which 13 bp linked to changes in market rates.

As of June 20, 2012, 71% of net financial debt is hedged on an average duration of 2.7 years through financial instruments capping risk on underlying market interest rates at 3.32% while continuing to benefit from variable rates.

USD exposure hedged through the end of 2014

The Group hedges its industrial exposure to fluctuations in the US dollar through a policy designed to maintain a long term €/$ budgeted exchange rate of 1.35 while partially benefiting from any rise in the American currency.

At the end of August 2012, USD exposure is hedged to a total of 93% for 2012 and 2013 at rates, at the worst, of respectively, €1 = $1.336 and €1 = $1.363 and to a total of 88% for 2014, at a rate, at the worst, of €1 = $1.324.

During H1 2012, the Group has unwound its hedging instruments at an average exchange rate of €1 = $1.321, capturing thus most of the favorable evolution of the US dollar against Euro over the period.

However and paradoxically, the revalorization of the US Dollar on June 30 (€1 = $1,259) in a volatile market negatively impacts option and time values of collars put in place. This amount weighs on the unrealized financial result; it has no cash incidence and is not predictive of the actual results which will be recorded when these instruments will be unwound.

Net income after minority interests amounted to €12.1 million and shareholders' equity (Group share) rising €+18.8 million (adjusted for changes in the fair values of ongoing financial hedging instruments)

Net income after minority interests amounted to €3.5 million; excluding unrealized financial result on ongoing financial hedging instruments, net income after minority interests would amount to €12.1 million. Shareholders' equity (Group share) rose by €7.9 million (including €6.9 million from conversion of Convertible Bonds) to €177.3 million; adjusted for changes in the fair values of ongoing financial hedging instruments, it increased by €+18.8 million to €201.5 million.

These results, in line with guidance, confirm the recovery engaged since 2010.

Net debt down €37.6 million over H1 2012

EBITDA(1) reached €26.8 million.

Operating working capital needs mobilized €19.5 million on H1 2012; this increase must be appreciated in the light of sharp increases in production rates and a supply chain under pressure.

Work-in-process driven by programs in development and accounted under construction contracts - net of movements on related refundable advances - have been reduced by €41.5 million.

Net capital expenditure has been kept to €5.8 million, and concerned primarily industrial plants and information systems.

Under these conditions, and after factoring realized financial expenses (€-10.6 million), other needs (€-1.7 million) and conversion of Convertible Bonds over the period (€+6.9 million), consolidated net financial debt stood at €331.2 million on June 30, 2012, decreasing of €37.6 compared to December 31, 2011.

(1) *EBITDA refers in the consolidated accounts to EBIT increased of (i) provisions net of reversals on working capital and for risks and expenses, (ii) depreciation and amortization on intangible and tangible assets*

Order book: 4 years of revenues

As of June 30, 2012 and on the basis of a €/$ exchange rate of 1.25, the order book – which includes only firm orders announced by aircraft manufacturers – amounts to €2.2 billion. It represents about 4 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.

Principal Risks and Uncertainties for the Remaining Six Months of 2012

The principal risks and uncertainties for the remaining six months of 2012 relate to change in the EUR/USD exchange rate and to the general change in the Tunisian geopolitical situation.

Transactions with Related Parties

The transactions with related parties continued during H1 2012 on the basis of the same agreements as those applied at December 31, 2011.

Accounting Standards, Principles and Methods

The condensed consolidated financial statements at June 30, 2012 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, 2012. The accounting rules and methods applied to the condensed consolidated financial statements at June 30, 2012 are identical to those applied in the consolidated financial statements at December 31, 2011 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2012.

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.

The Group applied for the first time the Amendment to IFRS 7 Financial Instruments: Disclosures -- Transfers of Financial Assets, adopted in 2011 by the European Union and applicable as from January 1, 2012. This amendment has had no effect on the Group's condensed consolidated financial statements at June 30, 2012.

Furthermore, the Group has not applied any standard, interpretation or amendment by anticipation. In particular, the IFRS 10 "Consolidated Financial Statements", and IFRS 11 "Joint Arrangements" standards, published by the IASB in 2011, had not been adopted by the European Union at June 30, 2012 and are thus not applicable by anticipation at that date. At this date, the Group does not expect any major impact due to their application.

Change in the Consolidation Scope

On January 2, 2012, the LATECOERE Group, through its subsidiary LATECOERE do BRASIL, sold a 33.33% stake in the Pesola Company for 1.35 million Brazilian reals. At June 30, 2012 the Group no longer holds any Pesola Company shares.
No other significant change in consolidation scope was noted during H1 2012.

2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2012

2.1 Consolidated Statement of financial position

('000 EURO)	Notes	Jun 30, 2012	Dec 31, 2011
Goodwill	5.2	1 300	1 300
Other intangible assets	5.1	1 870	1 634
Tangible assets	5.1	87 931	88 848
Investments in associates (equity method)	6	1 606	2 018
Other financial assets		3 434	3 302
Deferred tax assets	15.2	36 420	27 847
Other non-current assets		82	0
TOTAL NON-CURRENT ASSETS		**132 643**	**124 949**
Inventories	7	448 021	481 156
Accounts receivable	8	183 552	162 276
Tax receivable	15.1	13 811	12 784
Financial Instruments	9.1	0	1 561
Other current assets		1 438	942
Cash & Cash Equivalents		24 258	26 462
TOTAL CURRENT ASSETS		**671 079**	**685 181**
TOTAL ASSETS		**803 723**	**810 130**

('000 EURO)	Notes	Jun 30, 2012	Dec 31, 2011
Share capital	10.2	18 622	17 220
Premiums		75 218	69 611
Treasury stock		1 677	1 642
Other Reserves		-2 129	306
Accumulated Net Income		83 901	80 591
SHAREHOLDERS' EQUITY GROUP SHARE		**177 288**	**169 370**
Minority Interests		1 359	1 194
TOTAL SHAREHOLDER'S EQUITY		**178 646**	**170 564**
Loans and bank borrowings	13.1	245 873	260 937
Refundable Advances		34 729	33 872
Employee benefits	12	14 584	13 855
Other provisions	11	3 148	3 705
Deferred tax liabilities	15.2	948	307
Financial Instruments	9.1	19 597	11 920
Other non-current liabilities		12 613	11 350
TOTAL NON-CURRENT LIABILITIES		**331 491**	**335 946**
Loans and bank borrowings (less than 1 year)	13.1	109 556	134 333
Refundable Advances		1 527	3 440
Accounts payable	14	153 942	141 087
Income tax liabilities		1 441	1 749
Other current liabilities		5 434	9 119
Financial Instruments	9.1	21 686	13 892
TOTAL CURRENT LIABILITIES		**293 585**	**303 620**
TOTAL LIABILITIES		**625 076**	**639 566**
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		**803 723**	**810 130**

2.2 Consolidated Income Statement

('000 EURO)	Notes	Jun 30, 2012	Jun 30, 2011
Revenue		352 843	316 286
Other operating revenue		244	345
Change in inventory: work-in-progress & finished goods		-38 876	-34 468
Raw material, Other Purchases & external charges	16	-174 016	-153 199
Personnel expenses		-114 816	-107 200
Taxes		-4 133	-4 038
Amortization		-5 712	-5 956
Net operating provisions charge		-32	227
Depreciation of current assets		4 051	8 064
Other operating income	17	6 100	5 657
Other operating expenses		-905	-1 926
OPERATING INCOME		**24 749**	**23 792**
Operating Income / Sales		*7,01%*	*7,52%*
Net Cost of debt		-10 177	-9 083
Foreign Exchange gains/loss realized		-34	49
Other financial incomes and expenses realized		-433	-367
Realized financial result		**-10 644**	**-9 401**
Change in fair value of financial instruments		-13 206	4 834
Other financial incomes and expenses unrealized		-2 076	-1 025
Unrealized financial result		**-15 282**	**3 809**
FINANCIAL RESULT	**18**	**-25 926**	**-5 592**
Result from associates	6	-11	174
Income tax	19	4 893	-2 675
NET RESULT OF CONSOLIDATED COMPANIES		**3 704**	**15 699**
Group net result		3 473	15 492
Minority interests		232	207
Group net result/ sales		*0,98%*	*4,90%*
Weighted average number of shares		**9 302 842**	**8 604 562**
Diluted earnings per share	10.2	**0,28**	**1,12**
Earnings per share	10.2	**0,37**	**1,80**

2.3 Consolidated Statement of comprehensive income

('000 EURO)	Jun 30, 2012		
	Gross Amount	Deferred tax	Net Amount
CONSOLIDATED NET RESULT FOR THE YEAR (1)	**-1 188**	**4 893**	**3 704**
Translation differences	-201	0	-201
Financial instruments: change in fair value and transfer in profit and loss	-3 567	1 301	-2 267
Commitments to purchase minority interests	-127	0	-127
Other	0	0	0
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (2)	**-3 896**	**1 301**	**-2 595**
TOTAL RECOGNISED INCOME AND EXPENSES (1+2)	**-5 085**	**6 194**	**1 109**
of which, Group net result			874
of which, Minority interests			235

('000 EURO)	Jun 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

2.4 Consolidated Statement of Cash-Flows

('000 EURO)	Jun 30, 2012	Jun 30, 2011
Consolidated net result	3 704	15 699
Adjustments related to non-cash activities :		
Result from associates	11	-174
Depreciation and provisions [1]	593	-2 132
Fair value gains/losses	13 523	-4 114
Other non-cash items	-81	83
Dividend income received	0	0
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	**17 751**	**9 363**
Income taxes	-4 893	2 675
Interest expenses	10 389	9 083
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	**23 246**	**21 121**
Changes in working capital [1]	26 883	-8 528
Income tax paid	-1 105	-2 795
CASH FLOWS FROM OPERATING ACTIVITIES	**49 025**	**9 798**
Effect of subsidiaries acquisitions	559	0
Purchase of tangible and intangible assets	-6 339	-3 314
Purchase of financial assets	-25	-88
Increase (decrease) in loans and advances made	-282	-40
Proceeds from sale of tangible and intangible assets	101	1 041
Other flow from investing activites	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-5 987**	**-2 401**
Expenses on increase of capital	128	0
Purchase or disposal of treasury shares	35	-26
Proceeds from borrowings	150	36
Repayments of borrowings [2]	-65 826	-2 405
Financial interest paid	-8 113	-9 461
Dividends paid	-70	-98
Flow from refundable advances	-1 056	0
Other flow from financing operation [3]	32 472	509
CASH FLOW FROM FINANCING ACTIVITIES	**-42 280**	**-11 445**
Effects of exchange rate changes	-53	-12
Other change without cash impact	225	0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**930**	**-4 060**
Opening cash and cash equivalents position	22 931	-8 388
Closing cash and cash equivalents position	23 862	-12 448
Cash and cash equivalents	24 258	32 805
Discounted receivables	0	-12 131
Overdraft facilities	-396	-33 122
CASH AND CASH EQUIVALENTS AT YEAR-END	**23 862**	**-12 448**
Dividends paid per share	**0**	0

[1] To clarify its Consolided Cash low statement, the Group discloses from december 31, 2011 the line "changes in working capital" excluding the provisions change. Provisions change are now posted in line "Depreciations and provisions". The reclassifying impact was 8 491 K€ as of June 30, 2011.
[2] Essentially corresponds to the tranche A of the syndicated loan (64.5 M€)
[3] Essentially corresponds to short-term lines (factoring and revolver line)

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	TOTAL Group share	Minority interests	TOTAL
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		-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**	**13 466**	**463**	**-150**	**13 779**	**-5**	**13 774**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**15 492**	**13 466**	**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**
SHAREHOLDER'S EQUITY 12/31/2011	**17 220**	**69 611**	**1 642**	**88 156**	**-3 698**	**-1 580**	**-1 980**	**169 370**	**1 194**	**170 564**
Capital variations	1 402	5 606						7 008		7 008
Share-based payments								0		0
Transactions on treasury stock			35					35		35
Dividends								0	-70	-70
Other variations								0		0
Net result for the period (1)				**3 473**				**3 473**	**232**	**3 704**
Financial instruments: change in fair value and transfer in profit and loss					-2 261			-2 261		-2 261
Financial instruments: Translation differences					-6			-6		-6
Translation differences : change and transfer in profit and loss						-205		-205	4	-201
Conversion option embedded in convertible bonds								0		0
Other variations¹							-127	-127		-127
Income and expenses directly recorded in equity (2)	**0**	**0**	**0**	**0**	**-2 267**	**-205**	**-127**	**-2 599**	**4**	**-2 595**
TOTAL INCOME AND EXPENSES OF THE PERIOD (1)+(2)	**0**	**0**	**0**	**3 473**	**-2 267**	**-205**	**-127**	**874**	**235**	**1 109**
SHAREHOLDER'S EQUITY 06/30/2012	**18 622**	**75 218**	**1 677**	**91 629**	**-5 965**	**-1 785**	**-2 107**	**177 288**	**1 359**	**178 646**

2.6 Notes to the Condensed Consolidated Financial Statements

GENERAL INFORMATION

INCOME STATEMENT DETAIL

BALANCE SHEET 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, 2012, 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 30, 2012.

NOTE 1 MAIN EVENTS

Non-Recurring Billing of Development Costs

The Group invoiced development costs which had a positive impact on H1 2012 revenue for an amount of $82 million or €62.5 million. At H1 2011, the Group had invoiced development costs for an amount of $75 million or €55 million.

Repayment of Tranche A of the Syndicated Loan

In compliance with the commitments undertaken in connection with the syndicated loan, the Group repaid Tranche A during H1 2012 (see Note 13 to the condensed consolidated financial statements).

Equity building

At June 30, 2012, 687,996 bonds were converted out of a total of 2,860,000, and 12,811 share warrants (BSA) were exercised out of a total of 4,304,998, thus equity building by €7,008,070 (see Note 10.2 to the condensed consolidated financial statements).

NOTE 2 ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The condensed consolidated financial statements at June 30, 2012 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, 2012. The accounting rules and methods applied to the condensed consolidated financial statements at June 30, 2012 are identical to those applied in the consolidated financial statements at December 31, 2011 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2012.

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

The Group applied for the first time the Amendment to IFRS 7 Financial Instruments: Disclosures -- Transfers of Financial Assets, adopted in 2011 by the European Union and applicable as from January 1, 2012.

Furthermore, the Group has not applied any standard, interpretation or amendment by anticipation. In particular, the IFRS 10 "Consolidated Financial Statements", and IFRS 11 "Joint Arrangements" standards, published by the IASB in 2011, had not been adopted by the European Union at June 30, 2012 and are thus not applicable by anticipation at that date. At this date, the Group does not expect any major impact due to their application.
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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. They serve thus 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 21).

The estimate of the variation of employee benefits has been extrapolated on the basis of the information at December 31, 2011.

At June 30, 2012, 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 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 2012 with the exception of the Pesola Company (see paragraph 1 of this Report).

Company name & Headquarter address	SIREN Code (EIN)	Control %	Interest %	Consolidation method
LATECOERE do BRASIL Avenida Correga Dorneles Varga, N° 3320 Bairro Corrego Seco - 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 31079 Toulouse cedex 5 France	388 377 269	100.00 %	100.00 %	Consolidation
LATelec Z.I. La Bourgade 762 Rue Max Planck - CS 57632 31676 LABEGE Cédex France	420 742 660	100.00 %	100.00 %	Consolidation
LATelec GmbH Ruschweg 25 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 & Headquarter 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 UK Limited The Business & Technology Centre (F011) Bessemer Drive Stevenage – SG1 2DX England	None	100.00 %	100.00 %	Consolidation
LATecis Canada Inc. 3200 Autoroute Laval Laval, Quebec H7T 2H6 Canada	None	100.00%	100.00%	Consolidation
G²METRIC GmbH Zeppelinring 1-6, 33142 Büren Germany	None	51.00%	51.00%	Consolidation
G²METRIC Limited 16 Woodlands Gerrards Cross BUCKINGHAMSHIRE Angleterre SL9 8DD	None	51.00%	51.00%	Consolidation
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%	No consolidation
LATecis srl Sect. 6, Bd. Timisoara nr. 100G Bucuresti Romania	None	30.00 %	30.00 %	No consolidation

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 are identical to those used by the Group for the establishment of its consolidated financial statements under IFRS standards.

('000 EUR) **June 30, 2012**	Aerostructures	%	Engineering and services	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Revenue	235 803	67%	42 667	12%	89 886	25%	-15 513	-4%	352 843
Inter-segment revenue	-9 547	62%	-2 043	13%	-3 923	25%		0%	-15 513
Consolidated revenue	**226 256**	**64%**	**40 624**	**12%**	**85 963**	**24%**	**0**	**0%**	**352 843**
Operating result	**14 095**	**57%**	**1 999**	**8%**	**8 865**	**36%**	**-210**	**0**	**24 749**
Operating result/revenue	*5,98%*		*4,69%*		*9,86%*				***7,01%***
Realized financial result	**-9 873**	**93%**	**95**	**-1%**	**-866**	**8%**	**0**	**0%**	**-10 644**
Unrealized financial result	**-12 612**	**83%**	**-29**	**0%**	**-2 640**	**17%**	**0**	**0%**	**-15 282**
Income tax and miscellaneous	7 481		-801		-1 787		0	0%	4 893
Result from associates	-11	100%	0	0%	0	0%	0	0%	-11
Result: Group share	-921		1 032		3 572		-210	0%	3 473
Result: Minority interests	0		232		0		0	0%	232
Net result	**-921**	**-25%**	**1 263**	**34%**	**3 572**	**96%**	**-210**	-6%	**3 704**
Net result/revenue	*-0,39%*		*2,96%*		*3,97%*				***1,05%***
Intangible fixed assets	1 270	68%	340	18%	259	14%	0	0%	1 870
Goodwill	0	0%	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	68 170	78%	5 626	6%	14 128	16%	8	0%	87 931
Investments in associates	1 606	100%	0	0%	0	0%	0	0%	1 606
Other fixed assets	80 266	0%	75	0%	824		-76 125		5 040
Total	**151 312**	**155%**	**7 341**	**8%**	**15 211**	**16%**	**-76 117**	-78%	**97 748**
Acquisition of tangible and intangible fixed assets	4 053	64%	1 085	17%	1 201	19%	0	0%	6 339
Inventories	375 517	84%	508	0%	73 106	16%	-1 110	0%	448 021
Trade and other receivables	116 008	63%	34 746	19%	97 262	53%	-64 465	-35%	183 552
Net debt	330 012	100%	-4 903	-1%	82 199	25%	-76 137	-23%	331 171
Accounts payable	153 871	100%	30 208	20%	34 324	22%	-64 461	-42%	153 942
Total Assets	706 937	88%	46 187	6%	192 708	24%	-142 110	-18%	803 723

The elimination of inter-segments from "Other financial assets" and from net debt corresponds primarily to loans of associates related to the arrangement of the syndicated loan at the Latécoère Company level.

('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%***
Realized financial result	**-8 343**	**89%**	**22**	**0%**	**-1 080**	**11%**	**0**	**0%**	**-9 401**
Unrealized financial result	**2 747**	**72%**	**-50**	**-1%**	**1 111**	**29%**	**0**	**0%**	**3 809**
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

NOTE 5 FIXED ASSETS

5.1 Changes in Fixed Assets

('000 EUR)	Dec 31, 2011	Currency variations	Other	Acquisitions	Disposals	Jun 30, 2012
Franchises/patents/similar rights	8 963	-22	305	389	0	9 635
Other Intangible Fixed Assets	4 063	0	-16	14	0	4 062
Goodwill	1 300	0	0	0	0	1 300
Land	4 150	-106	0	3	0	4 047
Buildings	38 081	-627	-11	315	0	37 757
Plants & Equipment	83 720	-1 007	1 159	2 040	-183	85 729
Other Fixed Assets	21 741	-135	0	669	-57	22 218
Fixed assets in progress	3 934	-4	-1 422	2 635	0	5 143
Advanced payments on fixed assets	20	-1	-7	60	0	72
Real estate leasing	27 681	0	0	0	0	27 681
Long-term Investments	5 416	0	-175	317	-10	5 548
Investments in associates	2 018	0	0	0	-400	1 618
GROSS ASSSETS	**201 087**	**-1 902**	**-167**	**6 441**	**-650**	**204 809**

('000 EUR)	Dec 31, 2011	Currency variations	Autres	Increase	Decrease	Jun 30, 2012
Franchises/patents/similar rights	7 273	-24	0	411	0	7 661
Other Intangible Fixed Assets	4 119	0	0	48	0	4 167
Buildings	8 996	-151	0	801	0	9 645
Plants & Equipment	54 559	-720	0	3 401	-44	57 197
Other Fixed Assets	15 434	-88	0	640	-16	15 971
Real estate leasing	11 491	0	0	412	0	11 902
Long term investments	2 114	0	0	0	0	2 114
AMORTIZATIONS	**103 986**	**-982**	**0**	**5 712**	**-59**	**108 656**

('000 EUR)	Dec 31, 2011	Jun 30, 2012
Franchises/patents/similar rights	1 634	1 870
Other Intangible Fixed Assets	0	0
Goodwill	1 300	1 300
Land	4 150	4 047
Buildings	29 086	28 112
Plants & Equipment	29 161	28 532
Other Fixed Assets	6 307	6 247
Fixed assets in progress	3 934	5 143
Advanced payments on fixed assets	20	72
Real estate leasing	16 190	15 778
Long-term Investments	3 302	3 434
Investments in associates	2 018	1 618
GROSS ASSSETS	**97 101**	**96 153**

Tangible and intangible investments of H1 2012 totaled €6.1 million, of which:

- industrial plant and equipment for €2.8 million;
- computer projects and licenses for €1.8 million (principally information systems master plans);
- computer hardware, and layouts and fitting work for €0.7 million;
- investments related to buildings for €0.6 million.

5.2 Goodwill

('000 EURO)	Jun 30, 2012	Dec 31, 2011
LATecis	834	834
G2 METRIC	466	466
TOTAL	**1 300**	**1 300**

NOTE 6 INVESTMENTS IN ASSOCIATES

('000 EURO)	Jun 30, 2012	Jun 30, 2011
PESOLA	0	132
Corse Composites Aéronautiques	-11	-3
LATECOERE AEROSERVICES	0	44
RESULT FROM ASSOCIATES	**-11**	**174**

('000 EURO)	Jun 30, 2012	Dec 31, 2011
PESOLA	0	400
Corse Composites Aéronautiques	1 606	1 618
INVESTMENTS IN ASSOCIATES	**1 606**	**2 018**

NOTE 7 DETAILS OF INVENTORIES & WORK-IN-PROGRESS

('000 EURO)	Jun 30, 2012			Dec 31, 2011		
	Gross	Provision	Net	Gross	Provision	Net
Industrial Inventories	200 444	-20 862	179 581	194 688	-25 173	169 515
Work in progress - Non Recurring Cost	359 223	-90 784	268 439	401 532	-89 891	311 641
TOTAL	**559 667**	**-111 646**	**448 021**	**596 220**	**-115 064**	**481 156**

The increase of inventories and work-in-progress is primarily due to temporary postponed programs and to occasional stress on the supply-chain in the context of a strong increase in manufacturer production rates.
Non-recurring work-in-progress posted a pronounced downturn in connection with exceptional billing of development work posted over H1 2012 ($82 million or €62.5 million) partially compensated by the activation of new work performed over the period, in particular on the Boeing 787 program. Additional information on the construction contracts is given in Note 21.

NOTE 8 RECEIVABLES

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Advanced payments	487	331
Trade receivables	165 995	142 336
Of which discount of receivables	*73 240*	*41 394*
Of which discount of receivables non cash received at closing	*17 528*	*43 287*
Group current account	281	655
Tax receivables	10 587	13 234
Other current receivables	6 202	5 721
TOTAL RECEIVABLES	**183 552**	**162 276**

Tax receivables at June 30, 2012 correspond primarily to VAT credits.

NOTE 9 DERIVATIVE INSTRUMENTS

New hedging financial instruments (EUR/USD) for a total amount of $358.7 million were put in place during H1 2012 to provide hedging until 2014. The Group also implemented new hedging financial instruments (EUR/CZK) during H1 2012 for an overall amount of €4 million to complete the CZK hedging until 2013.

9.1 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
Financial instruments not designed as a hedge						
- Forward currency contracts **BRL/USD**	**0**	**1 408**	15 488	10 723	4 766	0
- Currency option contracts ** and forward currency contracts EUR/USD	**0**	**25 681**	***			0
- Currency option contracts **EUR/CZK** **	**0**	**153**	***			
Cash flow hedging						
- Forward currency contracts **EUR/USD**	**0**	**2 285**	**56 156**	29 468	26 688	0
- Forward currency contracts **CZK/EUR**	**0**	**14**	**11 000**	7 000	4 000	0
- Currency option contracts **EUR/USD** *(intrinseque value)*	**0**	**6 400**	**635 465**	248 570	386 894	0
- Currency option contracts **EUR/CZK** *(intrinseque value)*	**0**	**0**	**19 000**	15 000	4 000	
Foreign currency risk total	**0**	**35 941**	**737 109**	**310 761**	**426 348**	**0**
Financial instruments not designed as a hedge						
- Collar ****	**0**	**5 341**	**235 000**	60 000	175 000	
Interest rate risk total	**0**	**5 341**	**235 000**	**60 000**	**175 000**	
Financial instruments not designed as a hedge	0	32 584	250 488	70 723	179 766	0
Cash flow hedgind	0	8 699	721 620	300 038	421 582	0
FINANCIAL INSTRUMENTS TOTAL	**0**	**41 283**	**972 109**	**370 761**	**601 348**	**0**
of which non current financial instruments	0	19 597				
of which current financial instruments	0	21 686				

*Notional is converted in euro K by applying the exchange rate at the closing date
** Correspond essentially to time value and digital option
*** 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.

9.2 Information on the impact of derivative instruments on income and shareholders' equity

Impact of future cash flow hedging

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Fair value at the opening date	**-3 698**	**59**
Equity change for the effective portion	-5 318	-530
Reclasssified in income when the hedged element affects profit and loss	1 756	-5 282
Recorded through income statement	-6	43
Deffered tax variation	1 301	2 011
Fair value at the closing date	**-5 965**	**-3 698**

Impact of derivative instruments to which hedge accounting is not applied

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Fair value at the opening date	**-19 620**	**-1 877**
Recorded through income statement before Taxes	-12 964	-17 743
Fair value at the closing date	**-32 584**	**-19 620**

The large change in the fair value of derivative instruments to which hedged accounting is not applied (particularly digital options) 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.
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NOTE 10 SHAREHOLDERS' EQUITY

10.1 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 13.

10.2 Breakdown of Capital

	Jun 30, 2012	Dec 31, 2011
Number of shares	9 310 804	8 609 997
Nominal value of each share (in euro)	2,00	2,00
Share Capital	18 621 608	17 219 994

During H1 2012, 687,996 bonds were converted out of a total of 2,860,000, and 12,811 share warrants (BSA) were exercised out of a total of 4,304,998, thus building share capital by €1,401,614.

	Jun 30, 2012	Jun 30, 2011
Averaged issued shares	9 310 804	8 609 997
Averaged treasury shares	7 962	5 435
Weighted average shares (a)	**9 302 842**	**8 604 562**
Dilutive impact of convertible bonds (b)	2 172 004	7 150 000
Dilutive impact of share purchase warrant (c)	121 285	54 981
Total of shares diluted (a+b+c)	**11 596 131**	**15 809 543**
Net resultat - Group Share (in euro) (d)	3 472 929	15 492 115
Result impact of Convertible bonds (e)	855 694	2 287 957
Diluted result (d+e)	**4 328 624**	**17 780 072**
Earnings per share (in euro)	0,37	1,80
Diluted earnings per share (in euro)	0,37	1,12

All shares were fully paid.

10.3 Treasury Shares

Number of shares	Dec 31, 2011	Acquisitions	Disposals	Jun 30, 2012	% of ownership
LATECOERE Shares	13 975	30 553	32 897	11 631	0,12%

('000 EURO)	Dec 31, 2011	Acquisitions / Provisions	Cessions	Jun 30, 2012	Average purchase
LATECOERE Shares	123,6	328	333	118,5	10,19

NOTE 11 NON-CURRENT PROVISIONS

('000 EURO)	Dec 31, 2011	Increase	Write-backs used	Write-backs not used	Jun 30, 2012
Provisions	**3 705**	**0**	**-557**	**0**	**3 148**

No significant provision was accounted for during H1 2012. The reversal for the year is due to a decrease of the loss on completion on a program in progress. The provisions for risks and expenses at June 30, 2012 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 €2,337k.

NOTE 12 EMPLOYEE BENEFITS

('000 EURO)	Dec 31, 2011	Increase	Write-backs used	Write-backs not used	Jun 30, 2012
Retirement bonus	12 722	694	0	0	13 416
Long-service medals	1 134	34	0	0	1 168
TOTAL	**13 855**	**728**	**0**	**0**	**14 584**

Retirement liabilities and the obligation under long-service medals accounted for at June 30, 2012 were calculated according to the method accepted during the calculation carried out at December 31, 2011.

NOTE 13 LOANS AND BANK BORROWINGS

13.1 Loans and Bank Borrowings

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Debenture loan	20 710	27 379
Bank loans - non current	221 454	228 464
Leasing - non current	3 708	5 094
Non-current liabilities	**245 873**	**260 937**
Bank loans - current	9 305	65 195
Leasing - current	647	1 126
Factoring and revolver credit	99 208	62 595
Other short term credit	396	5 417
Current liabilities	**109 556**	**134 333**
TOTAL OF LOAN AND BANK BORROWINGS	**355 429**	**395 270**

In compliance with the commitments undertaken in connection with the syndicated loan, the Group repaid Tranche A during H1 2012 for an amount of €64.5 million.

('000 EURO)	Currency	Interest rate	Maturity	Jun 30, 2012	
				Notional	Actual
Debenture loan	EURO	EURIBOR+ margin	2015	28 600	20 710
Syndicated loan - Tranche B	EURO	EURIBOR+ margin	2018	225 610	216 571
Syndicated loan - Tranche C (revolver credit)	EURO	EURIBOR+ margin	2015	29 652	29 652
Bank borrowings with guarantee	EURO	3,0%-4,8%-5,9%	2014-2016	21 209	10 256
Bank borrowings with guarantee	EURO	EURIBOR+ margin	2016	1 500	981
Factoring	EURO/USD	EURIBOR/LIBOR + margin	2015	76 000	69 556
Finance lease	EURO	4,7%-7,2%	2010-2020	25 013	4 355
Unsecured banking facility and other	EURO	EURIBOR + margin	n/a	3 347	3 347
TOTAL OF LOAN AND BANK BORROWINGS				**410 931**	**355 429**

13.2 Financial Ratios

Covenants on medium-term bank borrowings

The syndicated loan established on December 21, 2011 replaces the existing bilateral loan agreements which constituted most of the medium-term debt of the LATECOERE Group. Consequently, all of the financial covenants included in these agreements have lapsed.

Financial commitments on the syndicated loan

The financial commitments defined in connection with the syndicated loan do not apply to the financial statements closed at June 30, 2012.

Financial commitments on bonds convertible in shares

The financial commitments defined in connection with the issuance contract for the convertible bonds do not apply to the financial statements closed at June 30, 2012.

NOTE 14 OTHER LIABILITIES

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Trade payables	94 534	95 100
Employee related liabilities	34 531	27 907
State payables	10 015	10 110
Credit balance on trade receivables and advance payments from customers	5 021	3 749
Other creditors	9 840	4 221
ACCOUNTS PAYABLE	**153 942**	**141 087**

NOTE 15 TAXES

15.1 Income Tax Receivable

The amount recorded at June 30, 2012 for €13.8 million corresponds to a carry-back for an amount of €5.4k and to tax credits for €8.3 million (primarily, the research-based tax credit).

15.2 Deferred Taxes

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Deferred tax assets	27 847	16 975
Refundable Advances	-307	-1 137
DEFERRED TAX AT OPENING	**27 541**	**15 838**
Deferred tax Income (Expense) recognised in P&L	6 871	8 666
Deferred tax variation recognised directly in equity	1 060	3 036
DEFERRED TAX AT CLOSING	**35 471**	**27 541**
Of which Deferred tax assets	36 420	27 847
Of which Deferred tax liabilities	-948	-307

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

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Tangible and intangible assets	-6 074	-6 193
Financial instruments	13 703	7 938
Retirement bonus	4 443	4 217
Other provisions	-1 954	-1 866
Loan and bank borrowings	-1 436	-1 324
Loss carry-forwards	24 880	22 315
Other	1 909	2 454
NET DEFERRED TAX ASSETS (LIABILITIES)	**35 471**	**27 541**

At June 30, 2012 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, all deferred tax assets were recognized at June 30, 2012, thus reflecting the Group's ability to reclaim these assets on the basis of forecasts of future tax results of the tax consolidation scope over a period of five years. The Group's tax losses may be carried forward without limit in time.

NOTE 16 RAW MATERIALS, OTHER PURCHASES & EXTERNAL CHARGES

('000 EURO)	Jun 30, 2012	Jun 30, 2011
Raw material used	-55 152	-43 647
Cost of goods sold	-2 486	-1 617
Sub-contracting	-86 353	-79 433
External charges	-30 026	-28 502
RAW MATERIAL, OTHER PURCHASES & EXTERNAL CHARGES	**-174 016**	**-153 199**

A reclassification was made during the period from June 30, 2011 from the "Raw material, Other Purchases & external charges" line to the "Personnel expenses" line for an amount of €5,943k.

NOTE 17 OTHER INCOME AND EXPENSE

At June 30, 2012, the other income includes in particular grants and research-based tax credits for €3.2 million, and own work capitalized for €1.6 million.

NOTE 18 DETAIL OF FINANCIAL RESULT

('000 EURO)	Jun 30, 2012	Jun 30, 2011
Interest expense - net	-10 177	-9 083
Foreign Exchange gains/loss realized :	-34	49
- derivative instuments EUR/USD	**0**	**606**
- other derivative instrument	**-209**	**1 531**
- Foreign Exchange gains/loss realized	**175**	**-2 088**
Other realized financial expenses / income	-433	-367
Realized net financial result	**-10 644**	**-9 401**
Change in fair value of financial instruments :	-13 206	4 834
- Change in fair value of currency derivative instruments EUR/USD	**-12 167**	**4 932**
- Change in fair value of other currency derivative instruments	**-350**	**-2 009**
- Change in fair value of interest rate contract	**-688**	**1 912**
Valuation of items on balance sheet at the closing date	-1 133	-722
Other unrealized financial expenses / income	-943	-303
Unrealized net financial result	**-15 282**	**3 809**
FINANCIAL RESULT	**-25 926**	**-5 592**

NOTE 19 INCOME TAXES

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Current income taxes	-1 978	-3 268
Deferred taxes	6 871	8 666
TOTAL	**4 893**	**5 398**

Deferred tax income recorded in profit and loss primarily comes from deferred taxes relating to unrealized losses of financial instruments for an amount of €4.4 million and from the supplementary recognition of tax losses of the Group for €2.6 million.

NOTE 20 RISK MANAGEMENT

Except as specified below, the Group's exposure to the principal risks did not significantly change during H1 2012. These risks are described in Note 22 to the consolidated financial statements of the 2011 Registration Document.

20.1 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:

	Jun 30, 2012				
('000 EURO)	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	36 256	-66 916	-2 627	-11 154	-53 134
Debenture loan	20 710	-24 361	-863	-23 498	
Syndicated loan - Tranche B	216 571	-272 686	-11 662	-135 613	-125 411
Syndicated loan - Tranche C (revolver credit)	29 652	-33 087	-3 189	-29 897	
Other bank loans	11 237	-12 810	-3 121	-9 848	
Factoring	69 556	-69 556	-69 556		
Finance lease	4 355	-5 223	-797	-3 059	-1 368
Other short term credit	3 347	-3 347	-3 347		
Unsecured banking facility and other	166 555	-166 555	-163 988		-2 567
FINANCIAL LIABILITIES (except derivative instr.)	558 240	-654 541	-259 150	-213 070	-182 480
Derivative instruments (instrinseque value)	8 699	-8 699	-4 799	-3 900	0
TOTAL FINANCIAL LIABILITIES	**566 938**	**-663 239**	**-263 948**	**-216 970**	**-182 480**

('000 EURO)	Dec 31, 2011				
	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	37 312	-66 665	-3 011	-12 140	-51 513
Debenture loan	27 379	-33 301	-1 372	-31 929	
Syndicated loan - Tranche A and B	281 293	-347 900	-75 558	-124 976	-147 366
Syndicated loan - Tranche C (revolver credit)	29 652	-34 249	-3 397	-30 852	
Other bank loans	12 062	-13 291	-3 958	-9 334	
Bank borrowings with guarantee	32 943	-32 943	-32 943		
Bank borrowings with guarantee	6 220	-7 339	-1 421	-4 431	-1 487
Factoring and revolver credit	5 721	-5 721	-5 721		
Factoring	152 437	-152 437	-150 128		-2 308
FINANCIAL LIABILITIES (except derivative instr.)	**585 018**	**-693 846**	**-277 509**	**-213 663**	**-202 674**
Derivative instruments (instrinseque value)	5 841	-5 841	-3 834	-2 006	0
TOTAL FINANCIAL LIABILITIES	**590 859**	**-699 687**	**-281 344**	**-215 669**	**-202 674**

20.2 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 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, 2012.

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

	Jun 30, 2012		Dec 31, 2011	
	'000 $	'000 €	'000 $	'000 €
Accounts Receivable	130 102	103 337	119 099	92 046
Accounts Payable	-34 770	-27 617	-35 800	-27 668
Other (advanced payments suppliers and customers)	-79 065	-62 799	-28 184	-21 782
Net debt	5 936	4 715	6 011	4 646
NET EXPOSITION BEFORE HEDGING	**22 203**	**17 635**	**61 126**	**47 242**
Hedging instruments for the receivables on the balance sheet	0	0	0	0
NET EXPOSITION AFTER HEDGING	**22 203**	**17 635**	**61 126**	**47 242**

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, 2012. This variation would have resulted in a pre-tax decrease in result of €0.7 million compared to a pre-tax decrease in result of €1.8 million at December 31, 2011.

NOTE 21 CONSTRUCTION CONTRACTS

('000 EURO)	Jun 30, 2012	Dec 31, 2011
Amount due from customers (work in progress)	339	337
Amount due to customers	2	3
Revenue recognized from the origin of the contracts	2 232	2 032
Expenses incurred since the origin of the contracts	2 622	2 471
Refundable Advances	36	37

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 2013 to 2014 would not have an impact on the margin recognized at June 30, 2012 and a 0.02 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 22 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Financial Commitments

The Group's financial commitments did not vary significantly during H1 2012 with the exception of trade receivables given as security in connection with the factoring agreement which went from €32,943k at December 31, 2011 to €69,556k at June 30, 2012.

22.2 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.

22.3 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 23 RELATED PARTIES

('000 EURO)	Latécoère	CCA
Revenue	0	705
Purchasing	705	0
Trade receivables	151	0
Trade payables	0	151

('000 EURO)	LATecis	LATecis srl
Revenue	0	843
Purchasing	843	0
Trade receivables	281	20
Trade payables	20	281

('000 EURO)	Latécoère	Latécoère Aeroservices
Revenue	0	22
Purchasing	22	0
Trade receivables	379	386
Trade payables	386	379

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

Relations between the Latécoère Group and related parties during H1 2012 remained comparable to those for 2011. No significant transaction which was extraordinary, either by its nature or its amount, occurred during H1 2012. Furthermore, the principles of remuneration and benefits granted to the Group's managing executives and corporate officers remained significantly unchanged during H1 2012.

NOTE 24 SUBSEQUENT EVENTS

No significant event occurred between the closing of the financial statements at June 30, 2012, 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 2012 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 30, 2012

The Chairman of the Management Board
François Bertrand

4 STATUTORY AUDITORS' REPORT ON THE 2012 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, 2012 to June 30, 2012, as they accompany this report;
- the verification of the information contained in the half-year report.

These condensed 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.

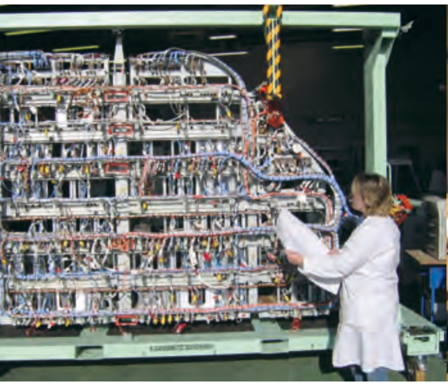
I – Conclusion on the financial statements

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 condensed 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.

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, September 3, 2012	Paris, September 3, 2012
KPMG Audit IS	Grant Thornton
Christian Libéros	Gilles Hengoat
Partner	*Partner*



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