2013 Half-year report

GROUPE LATECOERE

CONTENTS

1 HALF-YEAR REPORT

The consolidated financial statements of the Group have been approved by the Management Board on August 27, 2013.

The Group's business

In € millions	Jun 30, 2013	Jun 30, 2012
Revenue excluding non-recurring items	**310,4**	**290,3**
Non-recurring items – Aerostructure*	0,0	62,5
Total revenue	**310,4**	**352,8**
Economic EBIT excluding non-recurring items	**7,5**	**5,4**
Non-recurring items – Aerostructure*	0,0	62,5
Economic EBIT	**7,5**	**68,0**
EBIT	**17,8**	**24,7**
Net financial result	**-14,6**	**-25,9**
Realized gains and losses	-9,9	-10,6
Unrealized gains and losses	-4,8	-15,3
Group net result	**1,3**	**3,5**
Group net result excluding unrealized gains & losses on derivatives	*2,7*	*12,1*

In € millions	Jun 30, 2013	Dec 31, 2012
Consolidated net debt	320,1	322,6
Shareholders' Equity (Group share)	183,7	185,0
Shareholders' Equity (Group share) adjusted for the fair values of derivatives	*192,0*	*190,4*

** Non recurring billing of development costs (€62.5M in 2012)*

The Group uses **Economic EBIT** as relevant key indicator to monitor the economic performance of the Group sectors. **Economic EBIT** corresponds at the consolidated financial statements level, (i) operating result (EBIT), (ii) corrected by the change in non recurring costs work in progress net of associated depreciation and provision.

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Sustained growth in activity

In H1 2013, the Group posted revenue of €310.4 million, up 6.9% year on year (excluding non-recurring items). At a constant €/$ exchange rate, organic growth stood at +7.6%.

The Group recalls that during Q1 2012, non-recurring revenue of €62.5 million corresponding to billing of development costs was recorded.

Services activities significantly contribute to this growth both in Aerostructure (+13.1%) and within Interconnexion Systems, in a context of intense production rates.

Change in activity over H1 2013 is consistent with the overall expected 5% growth for 2013 communicated by the Group on March 27, 2013.

An improvement in operating profitability in line with guidance

Operating result (EBIT), which amounted to €17.8 million, up to 5.7% of consolidated revenue, is in line with the March 27 guidance. Operating margin improved by 1.3% compare to FY 2012, confirms the recovery announced following resolution of the Tunisian crisis.

Realized financial result amounted to -€9.9 million versus -€10.6 million in H1 2012. The overall average interest rate declined by around 100 basis points to 4.4%, mainly due to changes in interest rates market.

US dollar exposure hedged through the end of April 2015

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

The Group exclusively uses hedging instruments with closed risk positions (exchange rate at worst defined) while partially benefiting from any appreciation of the US dollar currency (collars). This strategy has enabled the Group to realize its H1 2013 exposure at an average €/US$ rate of 1.339 versus an average spot rate of 1.319.

H1 unrealized financial result amounted to -€4.8 million versus -€15.3 million at June 30, 2012 in a strengthening market for the US currency. The closing €/$ spot rate was 1.3080, compared with a €/$ spot rate of 1.2590 at June 30, 2012.

As a reminder, this unrealized financial result has no present or future cash impact as the instruments will be held until the hedges are unwound at maturity.

Net income after minority interests amounted to +€1.3 million accordingly.

Net income after minority interests amounted to +€1.3 million

Net income after minority interests amounted to €1.3 million; excluding unrealized financial result on ongoing financial hedging instruments, net income after minority interests would amount to €2.7 million. Shareholders' equity (Group share) decreased by €1.3 million to €183.7 million; adjusted for changes in the fair values of ongoing financial hedging instruments, it increased for the period by €+1.6 million to €192.0 million.

Net debt under control at €320 million, down -€2.5 million in H1 2013

Economic EBITDA[1] amounted to €9.1 million in H1 2013 versus €6.6 million in H1 2012 (excluding non-recurring items linked to non-recurring billing of development costs).

Operating working capital needs decreased by €15.3 million during the period, thanks to an optimized credit management and factored receivables facilities (born and unborn) on the French government.

Net capital expenditures were limited to €8.9 million, and concerned primarily industrial plants and information systems.

Under these conditions, and after taking into account the realized financial result (-€9.9 million) and other needs (-€0.2 million), consolidated net financial debt stood at €320.1 million as of June 30, 2013, down by €2.5 million from December 31, 2012.

Relative to the Group's March 27, 2013 guidance forecasting a temporary increase of around €20 million in net financial debt, this controlled progression confirms the stated outlook for ongoing debt reduction beginning in the 2014 financial year.

[(1)] ***Economic EBITDA*** *consists of operating result (EBIT) restated by:*

- *Change in non recurring costs work in progress net of associated depreciation and provision*
- *Amortizations, net provisions and net depreciations (excluding net depreciations of non recurring costs work in progress)*

A good order book renewal, which stood at 3.7 years of revenue

As of June 30, 2013 and based on a €/$ exchange rate of 1.35, the order book – which includes only firm orders announced by aircraft manufacturers – amounted to €2.24 billion, up 6.1% during H1 2013. It represents 3.7 years of revenue.

The dynamics of the order book illustrate the relevance of the choice of programs where the Group is positioned (commercial, regional and business aircraft) which have recorded excellent orders in H1 2013. It also reflects the growth of both Aerostructure and Interconnexion Systems activities in design and manufacturing services, which are developed with an end-to-end approach to customer relationship.

A group structured around its two industrial business lines, Aerostructures and Interconnexion Systems, both of them integrate the entire value chain

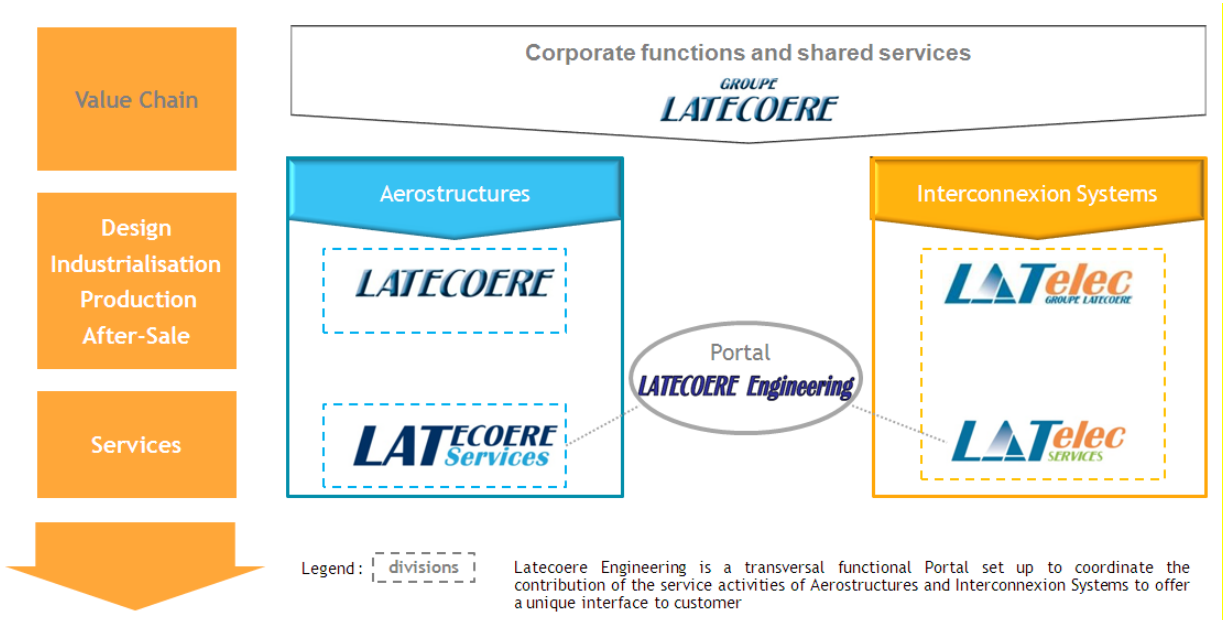
As from 2013, the Latécoère group has modified its organization to improve its ability to adapt to its fast-changing economic, industrial and competitive environment.

The Latécoère group is now structured around its two industrial business lines, Aerostructures and Interconnexion Systems. Both of them integrate the entire value chain (design, industrialization, production, after sale and services).

Now, the branch « Aerostructures » aggregates the activity of two divisions: “Aerostructure Industrial” driven by Latécoère and “Aerostructure Services” (previously called “Engineering and Services”) driven by Latécoère Services. The branch “Interconnexion Systems” continues to be driven by LATelec.

Latecoere Engineering is a transversal functional Portal set up to coordinate the contribution of the service activities of Aerostructures and Interconnexion Systems to offer a unique interface to customer

This simplified structure promotes cross-divisional cooperation and innovation to serve both areas of our business



Reconciliation of indicators with consolidated financial statements

The Group uses as main indicators: EBIT Economic, EBITDA Economic, EBITDA and Consolidated Net debt.

Economic EBIT corresponds at the consolidated financial statements level, (i) operating result (EBIT), (ii) corrected by the change in non recurring costs work in progress net of associated depreciation and provision.

Economic EBITDA consists of operating result (EBIT) restated by:

- Amortizations, net provisions and net depreciations
- Change in non recurring costs work in progress net of associated depreciation and provision

EBITDA consists of operating result (EBIT) increased by depreciation, amortization and provisions, including depreciation and provision related to non recurring work in progress.

('000 EURO)	Notes	Jun 30, 2013	Jun 30, 2012
EBIT (Operating result)		**17 808**	**24 749**
Change in Inventories - "Non Recurring" costs	6.1	8 741	-42 313
"Non Recurring" costs depreciation	6.1	1 542	-893
Economic EBIT		**7 524**	**67 955**
Economic EBIT excluding non-recurring items		*7 524*	*5 422*
Economic EBIT - non-recurring items		*0*	*62 533*
Amortization		-5 995	-5 712
Net operating provisions charge		971	-32
Depreciation of current assets		3 718	5 033
Provisions included in Personnel Expenses		-234	-448
Economic EBITDA		**9 064**	**69 114**
Economic EBITDA excluding non-recurring items		*9 064*	*6 580*
Economic EBITDA - non-recurring items		*0*	*62 533*
EBITDA		**17 805**	**26 800**

For June 30, 2012: non-recurring items concerned non recurring billing of development cost for € 62,5m.

Consolidated Net debt represents loans and bank borrowing (non-current and current) net of cash and cash equivalents and can be broken down into the following items:

('000 EURO)	Notes	Jun 30, 2013	Dec 31, 2012
Loans and bank borrowings - Non current	13.1	273 216	268 424
Loans and bank borrowings - Current	13.1	60 810	81 968
Cash & Cash Equivalents		-13 944	-27 835
Consolidated Net debt		**320 082**	**322 556**

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 2013 on the basis of the same agreements as those applied at December 31, 2012.

Accounting Standards, Principles and Methods

The condensed consolidated financial statements at June 30, 2013 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, 2013. The accounting rules and methods applied to the condensed consolidated financial statements at June 30, 2013 are identical to those applied in the consolidated financial statements at December 31, 2012 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2013.

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 standard IFRS 13 Fair Value Measurement, effective as of January 1, 2013. This standard has had no material impact on the Group's condensed consolidated financial statements at June 30, 2013.

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, adopted by the IASB in 2012 and applicable as of January 1, 2014. At this date, the Group does not expect any major impact due to their application.

2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2013

2.1 Consolidated Statement of financial position

('000 EURO)	Notes	Jun 30, 2013	Dec 31, 2012
Goodwill	5.2	1 300	1 300
Other intangible assets	5.1	1 627	1 890
Tangible assets	5.1	89 704	89 308
Investments in associates (equity method)		0	1 731
Other financial assets		6 421	3 788
Deferred tax assets	15.2	23 446	22 446
Financial derivative instruments	9.1	63	2 253
Other non-current assets		262	0
TOTAL NON-CURRENT ASSETS		**122 823**	**122 717**
Inventories	6.1	469 548	444 962
Accounts receivable	8	151 102	155 390
Tax receivable	15.1	21 814	18 674
Financial derivative instruments	9.1	377	324
Other current assets	8	1 721	945
Cash & Cash Equivalents		13 944	27 835
TOTAL CURRENT ASSETS		**658 506**	**648 131**
TOTAL ASSETS		**781 329**	**770 848**

('000 EURO)	Notes	Jun 30, 2013	Dec 31, 2012
Share capital	10.1	18 649	18 648
Share premium		75 327	75 321
Treasury stock		1 660	1 675
Other Reserves		2 805	5 311
Accumulated Net Income		85 301	84 016
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**183 743**	**184 971**
Non-controlling interests		1 361	1 680
TOTAL EQUITY		**185 104**	**186 650**
Loans and bank borrowings	13.1	273 216	268 424
Refundable Advances		35 523	34 569
Employee benefits	12	15 173	14 612
Other provisions	11	2 692	3 701
Deferred tax liabilities	15.2	486	633
Financial derivative instruments	9.1	781	400
Other non-current liabilities		13 901	13 201
TOTAL NON-CURRENT LIABILITIES		**341 773**	**335 541**
Loans and bank borrowings (less than 1 year)	13.1	60 810	81 968
Refundable Advances		1 822	2 475
Accounts payable	14	171 214	143 579
Income tax liabilities		3 263	2 389
Other current liabilities		5 279	7 851
Financial derivative instruments	9.1	12 065	10 394
TOTAL CURRENT LIABILITIES		**254 453**	**248 656**
TOTAL LIABILITIES		**596 226**	**584 197**
TOTAL EQUITY & LIABILITIES		**781 329**	**770 848**

2.2 Consolidated Income Statement

('000 EURO)	Notes	Jun 30, 2013	Jun 30, 2012
Revenue		310 355	352 843
Other operating revenue		328	244
Change in inventory: work-in-progress & finished goods		21 940	-38 876
Raw material, Other Purchases & external charges	16	-183 790	-174 016
Personnel expenses		-132 527	-114 816
Taxes		-4 319	-4 133
Amortization		-5 995	-5 712
Net operating provisions charge		971	-32
Depreciation of current assets		5 260	4 051
Other operating income	17	8 633	6 100
Other operating expenses		-3 048	-905
OPERATING INCOME		**17 808**	**24 749**
Operating Income / Sales		*5,74%*	*7,01%*
Net Cost of debt		-7 429	-10 177
Foreign Exchange gains/losses realized		-1 360	-34
Other financial incomes and expenses realized		-1 077	-433
Realized financial result		**-9 867**	**-10 644**
Change in fair value of financial derivative instruments		-1 954	-13 206
Other financial incomes and expenses unrealized		-2 816	-2 076
Unrealized financial result		**-4 771**	**-15 282**
FINANCIAL RESULT	**18**	**-14 637**	**-25 926**
Result from associates		43	-11
Income tax	19	-1 959	4 893
NET RESULT FOR THE PERIOD		**1 254**	**3 704**
Of which, Owners of the parent		1 324	3 473
Of which, Non-controlling interests		-69	232
Group net result/ sales		*0,43%*	*0,98%*
Weighted average number of shares		**9 310 456**	**9 302 842**
Earnings per share	10.1	**0,14**	**0,37**
Diluted earnings per share	10.1	**0,14**	**0,37**

2.3 Consolidated Statement of comprehensive income

('000 EURO)	Jun 30, 2013	Jun 30, 2012
NET RESULT FOR THE PERIOD (1)	**1 254**	**3 704**
OTHER COMPREHENSIVE INCOME:		
- Items that will not be reclassified subsequently to profit or loss:		
Commitments to purchase minority interests	-17	-127
Actuarial gain or loss for year relating retirements benefits	0	0
Income tax related to items that will not be reclassified to profit or loss	0	0
- Items that will be reclassified subsequently to profit or loss:		
Translation differences	-1 486	-201
Financial instruments (cash flow hedging) : change in fair value and transfer in profit and loss	-1 693	-3 569
Income tax related to items that may be reclassified to profit or loss	647	1 302
TOTAL OTHER COMPREHENSIVE INCOME (2):	**-2 549**	**-2 595**
TOTAL COMPREHENSIVE INCOME (1+2)	**-1 294**	**1 109**
Of which, Owners of the parent	-1 221	874
Of which, Non-controlling interests	-73	235

2.4 Consolidated Statement of Cash-Flows

('000 EURO)	Jun 30, 2013	Jun 30, 2012
Net result for the period	1 254	3 704
Adjustments related to non-cash activities :		
Result from associates	-43	11
Depreciation and provisions	288	2 300
Fair value gains/losses	2 514	13 523
Other non-cash items	6	-81
Dividend income received	0	0
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	**4 020**	**19 458**
Income taxes	1 959	-4 893
Interest expenses	7 625	10 389
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	**13 604**	**24 953**
Changes in inventories [1]	-22 092	36 548
Changes in client and other receivables	1 228	-23 146
Changes in suppliers and other payables	27 350	11 515
Income tax paid	-1 393	-1 105
CASH FLOWS FROM OPERATING ACTIVITIES	**18 697**	**48 765**
Effect of subsidiaries acquisitions	0	559
Purchase of tangible and intangible assets (including changes in payables to fixed asset suppliers)	-8 036	-6 339
Purchase of financial assets	-50	-25
Increase (decrease) in loans and advances made	-813	-282
Proceeds from sale of tangible and intangible assets	26	101
Dividends received	0	0
Other flows from investing activites	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-8 873**	**-5 987**
Expenses on increase of capital	8	128
Purchase or disposal of treasury shares	-15	35
Proceeds from borrowings	3	150
Repayments of borrowings [2]	-1 801	-65 826
Financial interest paid	-7 416	-8 113
Dividends paid	-245	-70
Flows from refundable advances	297	-1 056
Other flows from financing operation [3]	-15 232	32 732
CASH FLOW FROM FINANCING ACTIVITIES	**-24 401**	**-42 020**
Effects of exchange rate changes	250	-53
Other changes without cash impact	0	225
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-14 327**	**930**
Opening cash and cash equivalents position	26 485	22 931
Closing cash and cash equivalents position	12 158	23 862
Cash and cash equivalents	13 944	24 258
Discounted receivables	0	0
Overdraft facilities	-1 786	-396
CASH AND CASH EQUIVALENTS AT YEAR-END	**12 158**	**23 862**

[1] For June 30, 2012 a reclassifying has been made, regarding to half year financial statements 2012, from the line "Depreciation and provisions" to the line "changes in inventories" for €2.0m.

[2] For June 30, 2012 it corresponds essentially to the partial repayment of the tranche A of the syndicated loan (€ 64.5m)

[3] Essentially it corresponds to short-term lines (factoring and revolver line)

2.5 Consolidated Statement of changes in Equity

('000 EURO)	Share capital	Share Premium	Treasury stock	Reserves and Accumulated Results	Cash flow hedgings - financial instruments	Translation difference	Other variations	**Equity attributable to owners of parent**	Non-controlling interests	**TOTAL**
Dec 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[1]										
Transactions with owners	**1 402**	**5 606**	**35**	**0**	**0**	**0**	**0**	**7 044**	**-70**	**6 974**
Net result for the period (1)				**3 473**				**3 473**	**232**	**3 704**
Financial instruments (cash flow hedging): 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
Other variations[2]							-127	-127		-127
Other comprehensive income (2)	**0**	**0**	**0**	**0**	**-2 267**	**-205**	**-127**	**-2 599**	**4**	**-2 595**
TOTAL COMPREHENSIVE INCOME (1)+(2)	**0**	**0**	**0**	**3 473**	**-2 267**	**-205**	**-127**	**874**	**235**	**1 109**
Jun 30, 2012	**18 622**	**75 218**	**1 677**	**91 629**	**-5 965**	**-1 785**	**-2 107**	**177 288**	**1 359**	**178 646**
Dec 31, 2012	**18 648**	**75 321**	**1 675**	**91 280**	**1 355**	**-1 629**	**-1 679**	**184 971**	**1 680**	**186 650**
Capital variations	2	6						8		8
Share-based payments								0		0
Transactions on treasury stock			-15					-15		-15
Dividends								0	-245	-245
Other variations[1]										
Transactions with owners	**2**	**6**	**-15**	**0**	**0**	**0**	**0**	**-7**	**-245**	**-252**
Net result for the period (1)				**1 324**				**1 324**	**-69**	**1 254**
Financial instruments (cash flow hedging): change in fair value and transfer in profit and loss					-1 036			-1 036		-1 036
Financial instruments: Translation differences					-10			-10		-10
Translation differences: change and transfer in profit and loss						-1 482		-1 482	-4	-1 486
Other variations[2]							-17	-17		-17
Other comprehensive income (2)	**0**	**0**	**0**	**0**	**-1 046**	**-1 482**	**-17**	**-2 545**	**-4**	**-2 549**
TOTAL COMPREHENSIVE INCOME (1)+(2)	**0**	**0**	**0**	**1 324**	**-1 046**	**-1 482**	**-17**	**-1 221**	**-73**	**-1 294**
Jun 30, 2013	**18 649**	**75 327**	**1 660**	**92 604**	**309**	**-3 110**	**-1 696**	**183 743**	**1 361**	**185 104**

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 half year ended on June 30, 2013, 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 27, 2013.

NOTE 1 MAIN EVENTS

Governance change

The supervisory Board had designated, on May 16, 2013, Mr Bertrand Parmentier, as Chairman of the Management Board ; Mr Eric Gillard was also confirmed as member and becomes responsible of operations.

LATecis becomes LATECOERE Services

LATecis, subsidiary of the Latécoère Group for Aerostructure services, changed its company name and becomes LATECOERE Services.

A group structured around its two industrial business lines, Aerostructures and Interconnexion Systems. Both of them integrate the entire value chain

As from 2013, the Latécoère group has modified its organization to improve its ability to adapt to its fast-changing economic, industrial and competitive environment.

The Latécoère group is now structured around its two industrial business lines, Aerostructures and Interconnexion Systems. Both of them integrate the entire value chain (design, industrialization, production, after sale and services).

Now, the branch « Aerostructures » aggregates the activity of two divisions: “Aerostructure Industrial” driven by Latécoère and “Aerostructure Services” (previously called “Engineering and Services”) driven by Latécoère Services. The branch “Interconnexion Systems” continues to be driven by LATelec.

The business segments defined by the Group are as from fiscal year 2013:

- **Aerostructures** (including Aerostructure industry segment and Aerostructure services segment)
- **Interconnexion systems**

NOTE 2 ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The condensed consolidated financial statements at June 30, 2013 are prepared 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, 2013. The accounting rules and methods applied to the condensed consolidated financial statements at June 30, 2013 are identical to those applied in the consolidated financial statements at December 31, 2012 with the exception of standards, amendments and interpretations which are required to be applied as from January 1, 2013.

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 has applied for the first time IFRS 13 Fair value measurement effective for annual periods beginning on or after January 1, 2013. This standard does not have a material impact on the consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 6.2).

The estimate of the variation of employee benefits has been extrapolated on the basis of the information at December 31, 2012 since no significant change in assumptions has occurred during the first six months 2013.

At June 30, 2013, the estimates and the assumptions retained for the condensed 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.

NOTE 3 CONSOLIDATION SCOPE

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

	Company name & Headquarter address	Country	Control %	Interest %	Consolidation method
Aerostructure segment:					
Aérostructure Industrial	LATECOERE	France		**Parent company**	
	LATECOERE do BRASIL	Brazil	100.00 %	100.00 %	Consolidation
	LETOV s.r.o. (Letov Letecka Vyroba s.r.o.)	Czech Republic	100.00 %	100.00 %	Consolidation
	LETOV LV a.s.	Czech Republic	100.00 %	100.00 %	Consolidation
	LATECOERE INC.	USA	100.00 %	100.00 %	Consolidation
	LATECOERE DEVELOPPEMENT	France	100.00 %	100.00 %	Consolidation
	LATECOERE Mexico	Mexico	100,00%	0,00%	Consolidation
	LATECOERE Mexico Services	Mexico	100,00%	0,00%	Consolidation
Aerostructure Services	LATECOERE Services	France	100.00 %	100.00 %	Consolidation
	LATecis IBERIA	Spain	100.00 %	100.00 %	Consolidation
	LATecis UK Limited	England	100.00 %	100.00 %	Consolidation
	LATecis Canada Inc.	Canada	100.00%	100.00%	Consolidation
	LATECOERE services Gmbh	Germany	100,00%	100,00%	Consolidation
	G²METRIC	France	51.00%	51.00%	Consolidation
	G²METRIC GmbH	Germany	51,00%	51,00%	Consolidation
	G²METRIC Limited	England	51.00%	51.00%	Consolidation
Interconnexion System segment:					
	LATelec	France	100.00 %	100.00 %	Consolidation
	LATelec GmbH	Germany	100.00 %	100.00 %	Consolidation
	SEA LATelec	Tunisia	100.00 %	100.00 %	Consolidation
	LATelec Mexico	Mexico	100,00%	0,00%	Consolidation
	LATelec Mexico Services	Mexico	100,00%	0,00%	Consolidation

For information, the Group no longer exercises significant influence over the Corse Composites Aéronautique Company. Therefore, this company was deconsolidated as of April 1, 2013 and the financial asset was recorded in other financial assets. The deconsolidation of this company does not have a material impact on the consolidated financial statements as of June 30, 2013.

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.

Following the merger between the sectors “Engineering and services” and “Aerostructure” described in chapter 1 “Half-year report” and in note 1 “Main events”, the business segments defined by the Group are as from fiscal year 2013:

- **Aerostructures** (including Aerostructure industry segment and Aerostructure services segment)
- **Interconnexion systems**

These two 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.

The Group uses **Economic EBIT** as relevant key indicator to monitor the economic performance of the Group sectors.

Economic EBIT corresponds at the consolidated financial statements level, (i) operating result (EBIT), (ii) corrected by the change in non recurring costs work in progress net of associated depreciation and provision.

Consolidated Net debt represents loans and bank borrowing (non-current and current) net of cash and cash equivalents

('000 EUR) June 30, 2013	Aerostructure Industrial	%	Aerostructure Services[1]	%	Intersegment eliminations	Aerostructures	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Revenue	175 902	57%	48 954	16%	-4 273	220 583	71%	108 112	35%	-18 340	-6%	310 355
Inter-segment revenue	-11 387	62%	-3 000	16%	4 273	-10 115	55%	-8 225	45%	18 340	0%	0
Consolidated revenue	**164 515**	**53%**	**45 953**	**15%**		**210 468**	**68%**	**99 886**	**32%**	**0**	**0%**	**310 355**
Economic EBIT	**-874**	**-12%**	**2 497**	**33%**	**0**	**1 622**	**22%**	**5 936**	**79%**			**7 524**
Economic EBIT / revenue	*-0,50%*		*5,10%*					***5,49%***				***2,42%***
Operating result	**8 232**	**46%**	**2 497**	**14%**	**0**	**10 729**	**60%**	**7 113**	**40%**			**17 808**
Operating result/revenue	*4,68%*		*5,10%*					***6,58%***				***5,74%***
Realized financial result	**-10 049**	**102%**	**16**	**0%**	**0**	**-10 033**	**102%**	**166**	**-2%**	**0**	**0%**	**-9 867**
Unrealized financial result	**-2 639**	**55%**	**-32**	**1%**	**0**	**-2 672**	**56%**	**-2 099**	**44%**	**0**	**0%**	**-4 771**
Income tax and miscellaneous	662		-614		0	48		-2 007		0	0%	-1 959
Net result	**-3 751**	**-299%**	**1 867**	**149%**	**0**	**-1 884**	**-150%**	**3 173**	**253%**	**-35**	-3%	**1 254**
Net result/revenue	*-2,13%*		*3,81%*			***-0,85%***		***2,93%***				***0,40%***

('000 EUR) June 30, 2013	Aerostructure Industrial	%	Aerostructure Services[1]	%	Intersegment eliminations	Aerostructures	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Intangible fixed assets	986	61%	404	25%	0	1 390	85%	237	15%	0	0%	1 627
Goodwill	0	0%	1 300	100%	0	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	69 564	78%	5 500	6%	0	75 065	84%	14 631	16%	8	0%	89 704
Other financial assets	80 438	0%	788	0%	-2 012	79 214	0%	1 292	0%	-74 084	0%	6 421
Total	**150 988**	**152%**	**7 993**	**8%**	**-2 012**	**156 968**	**158%**	**16 160**	**16%**	**-74 076**	-75%	**99 052**
Net investments	5 816	66%	1 368	15%	0	7 184	81%	1 690	19%			8 873
Inventories	384 871	82%	1 182	0%	0	386 053	82%	84 351	18%	-857	0%	469 548
Trade and other receivables	77 738	51%	38 582	26%	-1 974	114 346	76%	116 256	77%	-79 500	-53%	151 102
Net debt	306 449	96%	-2 674	-1%	-2 012	301 763	94%	92 415	29%	-74 097	-23%	320 082
Accounts payable	171 070	100%	30 643	18%	-1 974	199 739	117%	50 975	30%	-79 500	-46%	171 214
Total Assets	**677 076**	**87%**	**49 664**	**6%**	**-3 986**	**722 755**	**93%**	**214 171**	**27%**	**-155 596**	**-20%**	**781 329**

[1] previously called "Engineering and Services"

('000 EUR) June 30, 2012	Aerostructure Industrial	%	Aerostructure Services[1]	%	Inter secteur	Aerostructures	%	Interconnexion Systems	%	Inter secteur	%	Total
Revenue	235 803	67%	42 667	12%	-3 461	275 009	78%	89 886	25%	-12 052	-3%	352 843
Inter-segment revenue	-9 547	0%	-2 043	0%	3 461	-8 129	67%	-3 923	0%	12 052	0%	0
Consolidated revenue	**226 256**	**64%**	**40 624**	**12%**	**0**	**266 880**	**76%**	**85 963**	**24%**	**0**	**0%**	**352 843**
Economic EBIT excluding non-recurring items	**-4 660**	**-86%**	**1 999**	**37%**	**0**	**-2 660**	**-49%**	**8 293**	**153%**	**-210**		**5 422**
Economic EBIT excluding non-recurring itemes / revenue	*-1,98%*		*4,69%*			***-0,97%***		*9,23%*				***1,54%***
Operating result	**14 095**	**57%**	**1 999**	**8%**	**0**	**16 094**	**65%**	**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%**	**0**	**-9 779**	**92%**	**-866**	**8%**	**0**	**0%**	**-10 644**
Unrealized financial result	**-12 612**	**83%**	**-29**	**0%**	**0**	**-12 641**	**83%**	**-2 640**	**17%**	**0**	**0%**	**-15 282**
Income tax and miscellaneous	7 481		-801		0	6 680		-1 787		0	0%	4 893
Net result	**-921**	**-25%**	**1 263**	**34%**	**0**	**342**	**9%**	**3 572**	**96%**	**-210**	-6%	**3 704**
Net result / revenue	*-0,39%*		*2,96%*			***0,12%***		*3,97%*				***1,05%***

('000 EUR) Dec 31, 2012	Aerostructure Industrial	%	Aerostructure Services[1]	%	Intersegment eliminations	Aerostructures	%	Interconnexion Systems	%	Intersegment eliminations	%	Total
Intangible fixed assets	1 270	67%	371	20%	0	1 641	87%	249	13%	0	0%	1 890
Goodwill	0	0%	1 300	100%	0	1 300	100%	0	0%	0	0%	1 300
Tangible fixed assets	69 178	77%	5 405	6%	0	74 583	84%	14 717	16%	8	0%	89 308
Investments in associates	1 731	100%	0	0%	0	1 731	100%	0	0%	0	0%	1 731
Other fixed assets	80 324	0%	110	0%	-1 580	78 854	0%	1 187	0%	-74 522	0%	5 519
Total	**152 503**	**153%**	**7 186**	**7%**	**-1 580**	**158 110**	**159%**	**16 153**	**16%**	**-74 514**	-75%	**99 748**
Inventories	367 514	83%	239	0%	0	367 753	83%	78 031	18%	-822	0%	444 962
Trade and other receivables	87 460	56%	37 463	24%	-1 523	123 399	79%	92 173	59%	-60 183	-39%	155 390
Net debt	322 638	100%	-1 746	-1%	-1 580	319 313	99%	77 778	24%	-74 535	-23%	322 556
Accounts payable	138 090	96%	26 395	18%	-1 523	162 962	114%	40 800	28%	-60 183	-42%	143 579
Total Assets	**668 086**	**87%**	**45 895**	**6%**	**-3 103**	**710 877**	**92%**	**199 156**	**26%**	**-139 210**	**-18%**	**770 822**

[1] previously called "Engineering and Services"

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

NOTE 5 FIXED ASSETS

5.1 Changes in Fixed Assets

('000 EUR)	Dec 31, 2012	Currency variations	Other	Acquisitions	Disposals	Jun 30, 2013
Franchises/patents/similar rights	10 112	-103	14	265	-9	10 279
Other Intangible Fixed Assets	4 159	0	-13	18	0	4 163
INTANGIBLE ASSETS	**14 271**	**-103**	**1**	**283**	**-9**	**14 442**
Land	4 295	-144	0	0	0	4 152
Buildings	37 892	-1 293	368	697	0	37 664
Plants & Equipment	88 206	-2 183	162	2 417	-663	87 939
Other Fixed Assets	22 594	-235	84	1 115	-36	23 522
Fixed assets in progress	8 178	-26	-588	3 423	0	10 987
Advanced payments on fixed assets	34	-1	-14	0	0	20
Real estate leasing	27 681	0	0	0	0	27 681
TANGIBLE ASSETS	**188 880**	**-3 882**	**12**	**7 651**	**-699**	**191 962**

('000 EUR)	Dec 31, 2012	Currency variations	Other	Increase	Decrease	Jun 30, 2013
Franchises/patents/similar rights	8 166	-83	0	497	-9	8 570
Other Intangible Fixed Assets	4 215	-6	0	35	0	4 245
AMORTIZATION INTANGIBLE ASSETS	**12 381**	**-89**	**0**	**532**	**-9**	**12 815**
Buildings	10 295	-342	-3	751	0	10 701
Plants & Equipment	60 571	-1 602	-36	3 648	-635	61 945
Other Fixed Assets	16 392	-164	39	655	-33	16 888
Real estate leasing	12 314	0	0	410	0	12 724
AMORTIZATION TANGIBLE ASSETS	**99 572**	**-2 109**	**0**	**5 463**	**-668**	**102 258**

('000 EUR)	Dec 31, 2012	Jun 30, 2013
Franchises/patents/similar rights	1 890	1 627
Other Intangible Fixed Assets	0	0
INTANGIBLE ASSETS	**1 890**	**1 627**
Land	4 295	4 152
Buildings	27 597	26 963
Plants & Equipment	27 635	25 993
Other Fixed Assets	6 202	6 633
Fixed assets in progress	8 178	10 987
Advanced payments on fixed assets	34	20
Real estate leasing	15 367	14 956
TANGIBLE ASSETS	**89 308**	**89 704**

Tangible and intangible investments of H1 2013 totaled €7,9 million, of which:

- industrial plant and equipment for €4.7 million including €2.3 million due to development of new sites in Mexico;
- computer projects and licenses for €1 million (principally information systems master plans);
- computer hardware, and layouts and fitting work for €1.1 million;
- investments related to buildings for €0.7 million.

5.2 Goodwill

('000 EUR)	Jun 30, 2013	Dec 31, 2012
LATECOERE services	834	834
G2 METRIC	466	466
CGU "Aérostructure"	**1 300**	**1 300**

NOTE 6 INVENTORIES AND WORK-IN-PROGRESS AND CONSTRUCTION CONTRACTS

6.1 Detail of Inventories and Work-in-Progress

('000 EURO)	Jun 30, 2013			Dec 31, 2012			Variation		
	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
Industrial Inventories	205 844	-18 567	187 277	193 587	-20 612	172 975	12 257	2 045	14 302
Work in progress - Non Recurring Cost	366 504	-84 233	282 271	357 762	-85 775	271 987	8 741	1 542	10 284
TOTAL	**572 348**	**-102 800**	**469 548**	**551 349**	**-106 387**	**444 962**	**20 998**	**3 587**	**24 586**

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.

Inventories and work-in-progress includes raw materials, parts and work-in-progress. Non-recurring work-in-progress is made up of the development costs of programs (NRC work-in-progress), and the curve recognized in accordance with IAS 11 (Construction Contracts).

6.2 Construction Contracts

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Amount due from customers (work in progress)	312	292
Amount due to customers	2	3
Revenue recognized from the origin of the contracts	2 479	2 359
Expenses incurred since the origin of the contracts	2 782	2 614
Refundable Advances	37	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.

NOTE 7 FINANCIAL ASSETS

Fair value of financial assets

The fair value of financial assets recorded at amortized cost is close to the carrying amount. The Group uses the following hierarchy of inputs to determine the fair value of its financial assets:

- Category 1 (cat1): inputs that reflect quoted prices for identical assets or liabilities in active markets;
- Category 2 (cat 2): directly or indirectly observable inputs other than quoted prices for identical assets or liabilities in active markets;
- Category 3(cat 3): unobservable inputs.

('000 EURO)	Loans and receivables at amortised cost	Financial assets at fair value through profit and loss	Hedging instruments	Jun 30, 2013	Fair value
Non current financial assets	6 421			6 421	
Trade receivables and other receivables	151 102			151 102	
Financial instruments		108	332	440	440
Cash and cash equivalent	420	13 524		13 944	420
TOTAL FINANCIAL ASSETS	**157 943**	**13 632**	**332**	**171 908**	**860**

('000 EURO)	Level 1	Level 2	Level 3	Fair value
Financial instruments		440		440
Cash and cash equivalent	420			420
TOTAL	420	440	0	860

('000 EURO)	Loans and receivables at amortised cost	Financial assets at fair value through profit and loss	Hedging instruments	Dec 31, 2012	Fair value
Non current financial assets	3 788			3 788	
Trade receivables and other receivables	155 390			155 390	
Financial instruments		1 109	1 468	2 577	2 577
Cash and cash equivalent	2 194	25 642		27 835	2 194
TOTAL FINANCIAL ASSETS	**161 371**	**26 750**	**1 468**	**189 590**	**4 771**

('000 EURO)	Level 1	Level 2	Level 3	Fair value
Financial instruments		2 577		2 577
Cash and cash equivalent	2 194			2 194
TOTAL	**2 194**	**2 577**	**0**	**4 771**

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

NOTE 8 RECEIVABLES AND OTHER CURRENT ASSETS

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Advanced payments	379	171
Trade receivables	135 148	136 995
Of which discount of receivables	*56 760*	*76 108*
Of which discount of receivables non cash received at closing	*0*	*0*
Group current account	154	264
Tax receivables	11 380	11 304
Other current receivables	4 041	6 656
TOTAL RECEIVABLES	**151 102**	**155 390**
Prepaid expenses	1 716	941
Other current assets	4	4
TOTAL OTHER CURRENT ASSETS	**1 721**	**945**

Tax receivables at June 30, 2013 correspond primarily to VAT credits.

NOTE 9 DERIVATIVE INSTRUMENTS

New hedging financial instruments (EUR/USD) for a total amount of $100 million were put in place during H1 2013 to provide hedging until 2015.
The Group also implemented new hedging financial instruments (EUR/CZK) during H1 2013 for an overall amount of €24 million to complete the CZK hedging until 2014 and new hedging financial instruments (BRL/USD) during H1 2013 for an amount of €12 million to complete the BRL hedging until 2014.

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		< 1 year	bm 1 to 5 yea	> 5 years
Derivative instruments not designed as a hedge:						
- Forward currency contracts BRL/USD	**0**	**1 588**	13 761	9 174	4 587	
- Currency option contracts ** and forward currency contracts EUR/USD	**108**	**4 529**	***			
- Currency option contracts EUR/CZK **		**643**	31 000	19 000	12 000	
Cash flow hedging:						
- Forward currency contracts EUR/USD	**181**	**2 484**	112 080	96 789	15 291	
- Forward currency contracts CZK/EUR		**42**	4 000	4 000		
- Currency option contracts EUR/USD (intrinsic value)	**151**	**72**	365 520	322 706	42 813	
- Currency option contracts EUR/CZK (intrinsic value)	**0**	**0**	0			
Foreign currency Derivative instruments	**440**	**9 357**	**526 361**	**451 670**	**74 691**	**0**
Financial instruments not designed as a hedge:						
- Collar ****	**0**	**3 488**	235 000		235 000	
Interest rate Derivative instruments	**0**	**3 488**	**235 000**	**0**	**235 000**	
Financial instruments not designed as a hedge	108	10 248	248 761	9 174	239 587	0
Cash flow hedgind	332	2 598	481 599	423 495	58 104	0
TOTAL OF DERIVATIVES INSTRUMENTS	**440**	**12 846**	**730 361**	**432 670**	**297 691**	**0**
of which non current derivative instruments	63	781				
of which current derivative instruments	377	12 065				

*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 the debt of the Group to a total value of € 235 million until end of 2014 and to a total value of € 50 million over the period 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, 2013	Dec 31, 2012
Equity - Hedging instruments (net of tax) at the opening date	**1 355**	**-3 698**
Equity change for the effective portion	-2 405	5 859
Reclasssified in income when the hedged element affects profit and loss	722	1 655
Translation differences	-10	-34
Deferred tax variation	647	-2 426
Equity - Hedging instruments (net of tax) at the closing date	**309**	**1 355**

Impact of derivative instruments to which hedge accounting is not applied

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Fair value at the opening date	**-8 191**	**-19 620**
Recorded through income statement before Taxes	-1 949	11 429
Fair value at the closing date	**-10 140**	**-8 191**

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NOTE 10 SHAREHOLDERS' EQUITY

10.1 Breakdown of Capital

	Jun 30, 2013	Dec 31, 2012
Number of shares	9 324 513	9 323 754
Nominal value of each share (in euro)	2,00	2,00
Share Capital	18 649 026	18 647 508

759 share warrants (BSA) were exercised during H1 2013.

	Jun 30, 2013	June 30, 2012
Averaged issued shares	9 324 513	9 310 804
Averaged treasury shares	14 057	7 962
Weighted average shares (a)	**9 310 456**	**9 302 842**
Dilutive impact of convertible bonds (b)	2 164 004	2 172 004
Dilutive impact of share purchase warrant (c)	0	121 285
Total of shares diluted (a+b+c)	**11 474 460**	**11 596 131**
Net resultat - Group Share (in euro) (d)	1 323 855	3 472 929
Result impact of Convertible bonds (e)	557 075	855 694
Diluted result (d+e)	**1 880 930**	**4 328 624**
Earnings per share (in euro)	0,14	0,37
Diluted earnings per share (in euro)	0,14	0,37

All shares were fully paid.

10.2 Treasury Shares

Number of shares	Dec 31, 2012	Acquisitions	Disposals	Jun 30, 2013	% of ownership
LATECOERE Shares	10 621	167 266	166 296	11 591	0,12%

('000 EURO)	Dec 31, 2012	Acquisitions / Provisions	Cessions	Jun 30, 2013	Average purchase
LATECOERE Shares	80,2	1 474	1 452	103	8,74

NOTE 11 NON-CURRENT PROVISIONS

('000 EURO)	Dec 31, 2012	Increase	Write-backs used	Write-backs not used	Jun 30, 2013
Provisions	**3 701**	**190**	**-1 199**	**0**	**2 692**

No significant provision was accounted for during H1 2013. The reversal for the year is due to a decrease of the loss on completion on a program in progress for an amount of €811 k. The provisions for risks and expenses at June 30, 2013 include in particular a provision for loss on completion for an amount €1,876k.

NOTE 12 EMPLOYEE BENEFITS

('000 EURO)	Dec 31, 2012	Increase	Write-backs used	Write-backs not used	Jun 30, 2013
Retirement bonus	12 733	521	0	0	13 254
Long-service medals	1 879	40	0	0	1 919
TOTAL	**14 612**	**561**	**0**	**0**	**15 173**

Retirement liabilities and the obligation under long-service medals accounted for at June 30, 2013 were calculated according to the method accepted during the calculation carried out at December 31, 2012.

NOTE 13 FINANCIAL LIABILITIES

13.1 Detail of Financial liabilities

('000 EURO)	Financial liabilities at fair value through profit and	Hedging instruments	Other financiel liabilities	Jun 30, 2013	Fair value
Refundable Advances			37 345	37 345	37 345
Debenture loan			21 038	21 038	21 038
Syndicated loan - Tranche B			217 638	217 638	217 638
Syndicated loan - Tranche C (revolver credit)			27 500	27 500	27 500
Other Bank loans			7 503	7 503	7 711
Factoring			52 294	52 294	52 294
Finance lease			3 708	3 708	3 895
Unsecured banking facility and other			4 346	4 346	4 346
Other non-current liabilities			13 901	13 901	13 901
Financial instruments	10 248	2 598		12 846	12 846
Accounts payable			171 214	171 214	171 214
TOTAL FINANCIAL LIABILITIES	**10 248**	**2 598**	**556 487**	**569 333**	**569 728**

('000 EURO)		Level 1	Level 2	Level 3	Fair value
Financial instruments			12 846		12 846
TOTAL		0	12 846	0	12 846

('000 EURO)	Financial liabilities at fair value through profit and loss	Hedging instruments	Other financiel liabilities	Dec 31, 2012	Fair value
Refundable Advances			37 044	37 044	37 044
Debenture loan			20 842	20 842	20 842
Syndicated loan - Tranche B			217 263	217 263	217 263
Syndicated loan - Tranche C (revolver credit)			27 500	27 500	27 500
Other Bank loans			9 241	9 241	9 413
Factoring			67 994	67 994	67 994
Finance lease			4 035	4 035	4 203
Unsecured banking facility and other			3 517	3 517	3 517
Other non-current liabilities			13 201	13 201	13 201
Financial instruments	9 300	1 495		10 795	10 795
Accounts payable			143 579	143 579	143 579
TOTAL FINANCIAL LIABILITIES	**9 300**	**1 495**	**544 216**	**555 010**	**555 351**

('000 EURO)	Level 1	Level 2	Level 3	Fair value
Financial instruments		10 795		10 795
TOTAL	0	10 795	0	10 795

The fair value of accounts payable is treated as its 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.

13.2 Loans and Bank borrowings

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Debenture loan	21 038	20 842
Bank loans - non current	249 143	244 214
Leasing - non current	3 036	3 368
Non-current liabilities	**273 216**	**268 424**
Bank loans - current	3 498	7 290
Leasing - current	672	667
Factoring	52 294	70 494
Other short term credit	4 346	3 517
Current liabilities	**60 810**	**81 968**
TOTAL OF LOAN AND BANK BORROWINGS	**334 026**	**350 392**

('000 EURO)	Currency	Interest rate	Maturity	Jun 30, 2013	
				Notional	Actual
Debenture loan	EURO	EURIBOR+ margin	2015	28 600	21 038
Syndicated loan - Tranche B	EURO	EURIBOR+ margin	2018	225 610	217 638
Syndicated loan - Tranche C (revolver credit)	EURO	EURIBOR+ margin	2015	29 652	27 500
Bank borrowings with guarantee	EURO	3,0%-4,8%-5,9%	2014-2016	21 209	6 407
Bank borrowings with guarantee	EURO	EURIBOR+ margin	2016	1 500	1 096
Factoring	EURO/USD	EURIBOR/LIBOR + margin	2015	83 600	52 294
Finance lease	EURO	4,7%-7,2%	2010-2020	25 013	3 708
Unsecured banking facility and other	EURO	EURIBOR + margin	n/a	4 346	4 346
TOTAL OF LOAN AND BANK BORROWINGS				**419 530**	**334 026**

NOTE 14 OTHER LIABILITIES

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Trade payables	96 130	90 361
Employee related liabilities	45 517	31 024
State payables	11 121	13 154
Credit balance on trade receivables and advance payments from customers	8 429	5 596
Other creditors	10 017	3 444
ACCOUNTS PAYABLE	**171 214**	**143 579**

NOTE 15 TAXES

15.1 Income Tax Receivable

The amount recorded at June 30, 2013 for €21.8 million corresponds to a carry-back for an amount of €5.4 million and to tax credits for €16.2 million (primarily, the research-based tax credit).

15.2 Deferred Taxes

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Deferred tax assets	22 446	27 847
Deferred tax liabilities	-633	-307
DEFERRED TAX AT OPENING	**21 813**	**27 541**
Deferred tax Income (Expense) recognised in P&L	504	-2 615
Deferred tax variation recognised directly in equity	643	-3 112
DEFERRED TAX AT CLOSING	**22 960**	**21 813**
Of which Deferred tax assets	23 446	22 446
Of which Deferred tax liabilities	-486	-633

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

('000 EURO)	Jun 30, 2013	Dec 31, 2012
Tangible and intangible assets	-5 303	-4 491
Financial instruments	3 619	2 836
Retirement bonus	4 417	4 251
Other provisions	-2 167	-2 107
Loan and bank borrowings	-1 685	-1 770
Loss carry-forwards	22 315	22 315
Other	1 764	777
NET DEFERRED TAX ASSETS (LIABILITIES)	**22 960**	**21 813**

The main sources of deferred tax assets were the recognition of the loss carry-forwards from the French tax group in an amount of €22.3 million at June 30, 2013. Over the French tax consolidation scope, deferred tax assets in an amount of €8.4 million were not recognized at June 30, 2013. The Group's tax losses come from the French tax group and may be carried forward without limit in time. In order to assess its ability to reclaim these assets, the Group takes into account estimates of the future tax results of the tax consolidation scope over a period generally of five years.

NOTE 16 RAW MATERIALS, OTHER PURCHASES & EXTERNAL CHARGES

('000 EURO)	Jun 30, 2013	Jun 30, 2012
Raw material consumed	-65 608	-55 152
Cost of goods sold	-575	-2 486
Sub-contracting	-85 571	-86 353
External charges	-32 036	-30 026
RAW MATERIAL, OTHER PURCHASES & EXTERNAL CHARGES	**-183 790**	**-174 016**

NOTE 17 OTHER INCOME AND EXPENSE

At June 30, 2013, the other income includes in particular grants and research-based tax credits for €7.0 million, and own work capitalized for €0.8 million.

NOTE 18 DETAIL OF FINANCIAL RESULT

('000 EURO)	Jun 30, 2013	Jun 30, 2012
Interest expense - net	-7 429	-10 177
Foreign Exchange gains/losses realized :	-1 360	-34
- derivative instuments EUR/USD	**-2 936**	**0**
- other derivative instrument	**-144**	**-209**
- Foreign Exchange gains/loss realized	**1 720**	**175**
Other realized financial expenses / income	-1 077	-433
Realized net financial result	**-9 867**	**-10 644**
Change in fair value of financial instruments :	-1 954	-13 206
- Change in fair value of currency derivative instruments EUR/USD	**-920**	**-12 167**
- Change in fair value of other currency derivative instruments	**-1 782**	**-350**
- Change in fair value of interest rate contract	**747**	**-688**
Valuation of items on balance sheet at the closing date	-2 143	-1 133
Other unrealized financial expenses / income	-674	-943
Unrealized net financial result	**-4 771**	**-15 282**
FINANCIAL RESULT	**-14 637**	**-25 926**

NOTE 19 INCOME TAXES

('000 EURO)	Jun 30, 2013	30-juin-12
Current income taxes	-2 463	-1 978
Deferred taxes	504	6 871
TOTAL	**-1 959**	**4 893**

NOTE 20 RISK MANAGEMENT

Excepted precisions explained below, The Group's exposure to the principal risks did not significantly change during H1 2013. These risks are described in Note 23 to the consolidated financial statements of the 2012 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. The Group also has unused lines of credit. The financial liabilities by maturity are analyzed as follows:

('000 EURO)	Jun 30, 2013				
	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	37 345	-77 511	-2 552	-15 640	-59 319
Debenture loan	21 038	-23 171	-741	-22 430	
Syndicated loan - Tranche B	217 638	-262 414	-14 749	-196 115	-51 551
Syndicated loan - Tranche C (revolver credit)	27 500	-29 364	-921	-28 443	
Other bank loans	7 503	-7 970	-3 399	-4 570	
Factoring	52 294	-52 294	-52 294		
Finance lease	3 708	-4 364	-817	-3 130	-418
Other short term credit	4 346	-4 346	-4 346		
Accounts payable	185 115	-185 115	-182 295		-2 820
FINANCIAL LIABILITIES (except derivative instr.)	**556 487**	**-646 550**	**-262 114**	**-270 328**	**-114 108**
Derivative instruments (instrinseque value)	2 598	-2 598	-2 598	0	0
TOTAL FINANCIAL LIABILITIES	**559 085**	**-649 147**	**-264 711**	**-270 328**	**-114 108**

('000 EURO)	Dec 31, 2012				
	Carrying value	Undiscounted cash flow	Less than 1 year	From 1 to 5 years	Over 5 years
Refundable Advances	37 044	-78 271	-2 247	-13 773	-62 251
Debenture loan	20 842	-23 533	-725	-22 808	
Syndicated loan - Tranches A and B	217 263	-266 419	-8 009	-155 308	-103 102
Syndicated loan - Tranche C (revolver credit)	27 500	-29 818	-908	-28 911	
Other bank loans	9 241	-9 903	-3 866	-6 036	
Factoring	67 994	-67 994	-67 994		
Finance lease	4 035	-4 794	-859	-3 099	-836
Other short term credit	3 517	-3 517	-3 517		
Accounts payable	156 780	-156 780	-153 993		-2 787
FINANCIAL LIABILITIES (except derivative instr.)	**544 216**	**-641 029**	**-242 118**	**-229 936**	**-168 975**
Derivative instruments (instrinsic value)	1 495	-1 495	-1 457	-38	0
TOTAL FINANCIAL LIABILITIES	**545 711**	**-642 524**	**-243 575**	**-229 974**	**-168 975**

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, 2013.

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

	Jun 30, 2013		Dec 31, 2012	
	'000 $	'000 €	'000 $	'000 €
Accounts Receivable	93 466	71 457	92 376	70 012
Accounts Payable	-34 516	-26 389	-23 857	-18 081
Other (including advanced payments suppliers and customers)	-61 937	-47 352	-77 557	-58 780
Net debt	1 769	1 353	15 235	11 547
NET EXPOSITION BEFORE HEDGING	**-1 218**	**-932**	**6 198**	**4 698**
Hedging instruments for the receivables on the balance sheet	0	0	0	0
NET EXPOSITION AFTER HEDGING	**-1 218**	**-932**	**6 198**	**4 698**

A sensitivity analysis was carried out, based on the assumption of a 5 cents fall of the dollar in relation to the euro on the basis of the Group's net balance sheet exposure at June 30, 2013. This variation wouldn't have significant impact.

NOTE 21 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

21.1 Financial Commitments

The Group's financial commitments and contingent liabilities did not change significantly during H1 2013 with the exception of trade receivables given as security in connection with the factoring agreement which went from €67,994k at December 31, 2012 to € 52,294k at June 30, 2013 and the setting up of a pledge on the business of LATECOERE Company for an amount of €3,403k.

21.2 Commitments under Operating Leases

Within the framework of its operation, the Group is caused to set up 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.);
- real estate leasing;
- other leasing (as needed).

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

21.3 Other Contingent Liabilities

The LATECOERE Company is currently subject to a tax audit.
Moreover, 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 22 RELATED PARTIES

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

Relations between the Latécoère Group and related parties during H1 2013 remained comparable to those for 2012. No significant transaction which was extraordinary, either by its nature or its amount, occurred during H1 2013. Furthermore,

the principles of remuneration and benefits granted to the Group's managing executives and corporate officers remained significantly unchanged during H1 2013.

NOTE 23 SUBSEQUENT EVENTS

Governance

In July 2013, following the death of Mr. Pierre Fabre president and founder of the eponymous pharmaceutical group, Bertrand Parmentier who spent 18 years in this company before joining the Latécoère Group was asked by the supervisory bodies of Laboratoires Pierre Fabre to take over the position of CEO in the delicate context opened by this succession.
It is in this context that Mr. Pierre Gadonneix, Chairman of the Supervisory Board of Latécoère Group took note of Mr. Bertrand Parmentier's decision to join the Pierre Fabre Group as CEO. To ensure a smooth transition of his CEO responsibilities with Latécoère, Mr. Pierre Gadonneix and Mr. Bertrand Parmentier agreed, in accordance with Pierre Fabre Group, that his entry into office at Pierre Fabre will be effective as soon as possible, but in a manner preserving Latécoère's interests. Meanwhile, Mr. Parmentier ensures his full prerogatives at Latécoère (see press release dated August 1, 2013).

Latécoère group announce the appointment of Mr. Olivier Regnard as Chief Financial Officer of the Latécoère group; he will be a member of the Group Executive Committee (see press release dated September 3, 2013)

Latécoère selected by Embraer for the development and the production of all E-Jet E2 doors

Embraer has selected Latécoère group for development and production of the doors of the new EJet E2 aircraft. This set of doors consists of passengers and services doors, the freighter doors for E175-E2, E190-E2 and E195-E2 versions as **well as over wing emergency exit doors for E190-E2 and E195-E2 versions. It is therefore from six to ten doors according** to versions which will be delivered to São José Dos Campos to be installed on the assembly lines of Embraer. The contract which also concerns support in service to the operators is valued at about 1 billion dollars on the length of the program. The entry into service of the E-Jets E2 is planned for 2018.

New tooling contract for LATECOERE Services

The Group has also entered into contracts with the tools Airbus Group in connection with the new A320 assembly in the United States and changes in the A350 program (see press release dated September 3, 2013) online.

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 2013 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 27, 2013

The Chairman of the Management Board
Bertrand Parmentier

4 STATUTORY AUDITORS' REPORT ON THE 2013 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2013

To the Shareholders,

Following our appointment as statutory auditors by your Shareholders' meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Latécoère S.A. for the six-month period ended 30 June 2013,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Executive Board. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II – Specific verification

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements that were subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 30 August 2013

Michel Dedieu
Partner

Paris, on the 30 August 2013

Gilles Hengoat
Partner