ACTIELEC Technologies

AUTOMOTIVE & TELECOMMUNICATIONS

INTERIM FINANCIAL REPORT

For the six months ended June 30, 2007

WWW.ACTIELEC.COM

This document is a free English translation of the Financial Report issued in French language and it is provided solely for the convenience of English-speaking readers. The Financial Report includes information specifically required by French law in all financial statements. This Financial Report should be read in conjunction with, and construed in accordance with, French law and professional accounting standards applicable in France. Any questions arising from the text may only be elucidated by consulting the original document in French.

Actielec Technologies
French limited corporation (*société anonyme*) with an Executive Board and Supervisory Board structure
and share capital of €14,894,955.75
Registered office: 25, chemin de Pouvourville - 31400 Toulouse - France
Toulouse Registry of Companies (RCS) number: 542 080 791

INTERIM FINANCIAL REPORT

We present you with the interim financial report for the six-month period ended June 30, 2007, prepared in accordance with the provisions of Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 et seq. of the General Regulations of the French Financial Markets Authority (AMF).

This report has been distributed in accordance with the provisions of Article 221-3 of the General Regulations of the AMF. It is available notably on our corporate website: www.actielec.com.

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1 RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

I hereby affirm that to the best of my knowledge these financial statements have been prepared in accordance with all applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of all of the companies included in consolidation, and that the interim business review accurately presents all of the major events that occurred during the first six months of the year and their impact on the interim financial statements, the primary risks and uncertainties for the remaining six months of the year, and the primary transactions between related parties.

September 7, 2007

Christian Desmoulins
Chairman of the Executive Board

2 INTERIM BUSINESS REVIEW

2.1 KEY FIGURES

2.1.1 SALES

The Group reported consolidated net sales of €119.1 million for the first half of 2007.

Sales (€ millions)	2006			2007			Change		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive	41.4	47.7	**89.1**	48.0	54.7	**102.7**	+ 15.9%	+ 14.8%	**+ 15.3%**
Telecommunications	5.4	8.5	**13.9**	6.1	10.3	**16.4**	+ 13.7%	+ 20.2%	**+ 17.7%**
TOTAL	**46.8**	**56.2**	**103.0**	**54.1**	**65.0**	**119.1**	**+ 15.7%**	**+ 15.6%**	**+ 15.6%**

The consolidation scope is the same as at the end of the first half of 2006.

The Group's sales increased substantially (15.6%) during the first half of 2007, providing indisputable evidence of the increasing importance of the new products and sources of growth set in place during the period 2004-2006.

All of the Group's businesses reported higher sales, both in France and abroad.

2.1.2 EARNINGS

Consolidated earnings may be analyzed in the following manner:

Consolidated earnings of the Group (€ thousands)	H1 2006	H1 2007
Operating income (loss)	(2,764)	4,900
Net financial expenses	1,581	2,062
Net income (loss) including minority interests	(3,329)	2,108
✓ Net income (loss)	(3,122)	2,068
✓ Minority interests	(207)	40

EBITDA (€ thousands)	H1 2006	H1 2007
Net income (loss)	(3,329)	2,108
Income tax (credit)	(972)	782
Interest and other financial expenses	1,698	2,197
Depreciation and amortization	3,997	3,900
EBITDA	**1,393**	**8,986**

The good level of sales and the adaptive measures taken resulted in a very substantial increase in both operating and net income, which rose by €7.7 million and €5.4 million, respectively.

Total debt was down slightly, down 1.8% from December 31, 2006. The increase in financial expenses is directly attributable to the rise in interest rates.

Under the government programs available to promote competitiveness and innovation, Actia has submitted several innovative projects that were selected and will receive grants and reimbursable advances in 2007 and 2008.

It is also worth noting the first effects of the reductions that were made of overheads, with a clear improvement of profitability at June 30, 2007.

EBITDA was multiplied by 6.5.

2.2 BUSINESS REVIEW

2.2.1 AUTOMOTIVE DIVISION

The automotive division's contribution to consolidated net sales rose €13.6 million (15.3%).

Diagnostics:
The diagnostics business is buoyed by continued sales of diagnostics solutions, the supplying of diagnostics software for automotive manufacturer's new models, and the expansion of the number of models supported by the multi-make diagnostics application.

Sales to the main French and German automobile manufacturers increased, and Actia is designing more and more diagnostics solutions for them.
The Group's ability to find new and innovative solutions saves automobile manufacturers money on diagnostics.

During the six months ended June 30, 2007, Actia Muller had sales of over €20 million. Heavy garage equipment sales were also strong, confirming the growth of this business both in France and abroad, notably as concerns sales of multi-make diagnostics equipment and new products (hydraulic automotive lifts, headlight testers, shock absorber testers, etc.).
Actia Muller's new shock absorber testing bench received the award for innovation at the Motortec trade show in Madrid (May 2007).
The garage equipment business is achieving the level of sales forecast in the business plan.
The policy of driving sales growth by penetrating new European countries is beginning to bear fruit in the multi-make sector, especially in Spain, and the continuous efforts made in the area of quality control are having a very good impact on independent garage distributors' recognition and perception of the Group's quality and services.

Lastly, the corporate identities of the Actia® and Muller Bem® brands were standardized, resulting in the concept of an Actia Muller garage.

Embedded systems:
Sales of tachographs and telematic gateways were in line with the budget during the first half of 2007. While the number of tachographs sold was slightly lower than forecast, the other products in the tachograph system met with a great deal of success and sales of telematic gateways were on budget.
Our Spanish subsidiary, which specializes in audio & video products, recorded its first sales of integrated multimedia systems for buses and trains.
As planned, the Group signed its first contracts for gauges and clusters for the marine market in the United States.

Services:

The production capacity of the Tunisian factory was expanded again, due to very strong subcontracting demand from Siemens VDO.
The Group is growing its sales in the aeronautics sector, beginning work with three new customers and continuing its growth with Airbus.

The agreements with EADS Test and Services (GIE Pereneo) were extended for the long-term maintenance of our primary customers' equipment.

2.2.2 TELECOMMUNICATIONS DIVISION

Generally speaking, the telecommunications division participated fully in the sales growth recorded in H1, and its contribution to consolidated net sales increased by €2.5 million (17.7%).

- Earth stations:

The qualifying tests of the first prototypes for the new HD Earth stations, for the Syracuse program, are taking place without incident.

- Broadcast:

The Group is facing lively competition in the Broadcast sector. However, the new product offer, which has been available for sale since April, enabled the Group to maintain a satisfactory market share.
The Group also had to accommodate a slight (three month) delay in our customer's schedule for the introduction of digital radio solutions to the Italian market.

- Networks:

The Digital Substation Automation is being rolled out under the schedule imposed by our customer; Sodielec has been confirmed as a supplier.

- Aeronautics & Defense:

This sector generated strong sales for the telecommunications division in the first half.

2.3 OUTLOOK

The consolidated sales forecast for the full 12 months of 2007 has been revised upwards by €5 million, to €240 million.

2007 forecast	Automotive division	Telecommunications division	Total
Consolidated sales	**€200 million**	**€40 million**	**€240 million**

The increase comes from the automotive division, which is intensifying its efforts to increase sales of garage equipment (especially on the vehicle inspection lines), in connection with the current and expected regulatory changes taking place in this sector in the countries of the Mediterranean region.

As concerns the telematics product line, we are in the final phase of discussions with a Japanese truck manufacturer.

Sales of high-end multiplexing solutions will be confirmed in the Chinese bus market following the signing of an agreement with a major bus manufacturer.

R&D teams will be assigned more specifically to new electronic diagnostics software solutions, notably through the projects supported by the "Aeronautics, Space and Embedded systems" world competitiveness business cluster.

Article 222-6 of the General Regulations of the French Financial Markets Authority (AMF) specifies that issuers must describe the main risks and uncertainties for the six remaining months of the year: it should be noted that no changes have taken place in comparison with those cited in the notes to the consolidated financial statements at December 31, 2006 presented at our annual Shareholders' Meeting on May 3, 2007.

2.4 RELATED PARTIES

Details concerning the primary transactions between related parties are provided in the notes to the consolidated financial statements (Note 3.4.17).

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3.1 BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET – ASSETS Consolidated, under IFRS (€ thousands)	Notes	6/30/2007	12/31/2006
NON-CURRENT ASSETS			
Goodwill	3.4.3	22,211	22,102
Development costs	3.4.3	18,583	18,101
Other intangible assets	3.4.3	1,348	1,293
Total intangible assets		**42,143**	**41,495**
Land	3.4.4	1,452	1,473
Buildings	3.4.4	5,285	5,506
Plant and equipment	3.4.4	7,041	7,055
Other property, plant and equipment	3.4.4	3,824	3,454
Total property, plant and equipment		**17,601**	**17,489**
Investments in associates (equity method)		181	167
Non-current financial assets		737	684
Deferred tax assets	3.4.8	7,368	7,857
Non-current research tax credit	3.4.6	4,189	3,472
TOTAL NON-CURRENT ASSETS		**72,219**	**71,165**
CURRENT ASSETS			
Inventories	3.4.5	64,910	57,520
Accounts receivable	3.4.6	68,312	72,958
Other current receivables from operations	3.4.6	3,690	3,211
Current tax credit	3.4.6	2,524	2,316
Miscellaneous current receivables		814	1,136
Derivative instruments			
Total current receivables		**140,249**	**137,140**
Marketable securities	3.4.7	196	118
Cash	3.4.7	10,548	10,674
Total cash and cash equivalents		**10,743**	**10,791**
TOTAL CURRENT ASSETS		**150,992**	**147,932**
TOTAL ASSETS		**223,211**	**219,097**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY Consolidated, under IFRS (€ thousands)	Notes	6/30/2007	12/31/2006
SHAREHOLDERS' EQUITY			
Share capital	3.4.11	14,895	14,895
Additional paid-in capital	3.4.11	17,280	17,280
Reserves	3.4.11	12,909	10,625
Retained earnings	3.4.11	10,296	11,083
Cumulative translation differences	3.4.11	(1,369)	(1,057)
Treasury shares	3.4.11	(443)	(443)
Net income	3.4.11	2,068	1,598
SHAREHOLDERS' EQUITY INCLUDING MINORITY INTERESTS		55,636	53,980
Minority share in income	3.4.11	40	79
Minority share in reserves	3.4.11	4,048	4,085
MINORITY INTERESTS		4,088	4,164
SHAREHOLDERS' EQUITY		**59,724**	**58,144**
NON-CURRENT LIABILITIES			
Bonds	3.4.9		
Bank borrowings	3.4.9	18,150	15,324
Other financial liabilities	3.4.9	1,282	1,192
Leasing obligations	3.4.9	6,257	6,961
TOTAL NON-CURRENT FINANCIAL LIABILITIES		25,689	23,478
Deferred tax liabilities	3.4.8	58	97
Provisions for pensions and other non-current employee benefits		3,061	2,977
TOTAL NON-CURRENT LIABILITIES		**28,808**	**26,552**
CURRENT LIABILITIES			
Current provisions	3.4.13	4,866	4,996
Bonds	3.4.9	454	912
Current financial liabilities	3.4.9	53,866	57,045
Derivative instruments			
TOTAL CURRENT FINANCIAL LIABILITIES		54,319	57,957
Accounts payable		40,401	42,073
Other operating liabilities		22,299	20,505
Taxes payable (income tax)		1,226	914
Miscellaneous liabilities		3,010	2,521
Deferred income		8,558	5,434
TOTAL CURRENT LIABILITIES		**134,678**	**134,401**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**223,211**	**219,097**

INCOME STATEMENT **Consolidated, under IFRS** (€ thousands)	**Notes**	**H1 2007**	**H1 2006**	**FY 2006**
Sales	3.4.14	**119,102**	**103,002**	**222,099**
- Purchases consumed		(50,557)	(44,472)	(96,923)
- Personnel expenses		(35,153)	(34,479)	(66,114)
- External charges		(23,574)	(23,907)	(45,156)
- Taxes and duties other than on income		(2,228)	(1,931)	(3,860)
- Depreciation and amortization		(3,900)	(3,997)	(7,807)
+/- Changes in inventories of work-in-process and finished goods		1,419	3,012	2,742
+/- Translation gains and losses on operating transactions		(92)	119	(77)
+ Other operating income		220	306	641
- Other operating expenses		(334)	(420)	(950)
+/- Gains (losses) on disposals of non-current assets		(4)	2	73
Operating income (loss)	3.4.14	**4,900**	**(2,764)**	**4,669**
+ Income on cash and of cash equivalents		14	22	25
- Interest expense and other financial charges		(2,197)	(1,698)	(3,609)
+ Other financial income		176	100	1,197
- Other financial expenses		(55)	(5)	(58)
(of which, translation gains and losses)				
Net financial expenses	3.4.14	**(2,062)**	**(1,581)**	**(2,445)**
+ Share in the earnings of equity-method associates		52	44	102
- Income tax	3.4.15	(782)	972	(649)
Net income (loss) including minority interests		**2,108**	**(3,329)**	**1,677**
* Net income		2,068	(3,122)	1,598
* Minority interests		40	(207)	79
Basic earnings (loss) per share (in €)	3.4.12	0.104	(0.158)	0.081
Diluted earnings (loss) per share (in €)	3.4.12	0.099	(0.149)	0.074

3.2 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Presented under IFRS (€ thousands)	Share capital	Treasury shares	Additional paid-in capital	Reserves, retained earnings, net income	Cumulative translation differences	Shareholders' equity	Minority interests	Total shareholders' equity including minority interests
At 01/01/2006	**14,879**	**(443)**	**17,296**	**21,742**	**(920)**	**52,554**	**3,911**	**56,465**
Net income				(3,122)		(3,122	(207)	(3,329)
Changes in translation differences					(271)	(271)		(271)
Total income and expenses for the period	**0**	**0**	**0**	**(3,122)**	**(271)**	**(3,393)**	**(207)**	**(3,600)**
Dividends paid						0		0
Change in share capital	16		(16)			0		0
Other				(123)		(123)	126	3
At 6/30/2006	**14,895**	**(443)**	**17,280**	**18,497**	**(1,191)**	**49,038**	**3,830**	**52,868**
At 01/01/2007	**14,895**	**(443)**	**17,280**	**23,305**	**(1,057)**	**53,980**	**4,164**	**58,144**
Net income				2,068		2,068	40	2,108
Changes in translation differences					(312)	(312)		(312)
Total income and expenses for the period	**0**	**0**	**0**	**2,068**	**(312)**	**1,756**	**40**	**1,796**
Dividends paid						0		0
Change in share capital						0		0
Other				(100)		(100)	(116)	(216)
At 6/30/2007	**14,895**	**(443)**	**17,280**	**25,273**	**(1,369)**	**55,636**	**4,088**	**59,724**

3.3 STATEMENT OF CHANGES IN CONSOLIDATED CASH FLOW

Statement of changes in consolidated cash flow (€ thousands)	H1 2007	H1 2006
Net income (loss)	2,108	(3,329)
<u>*Adjustments for:*</u>		
Depreciation, amortization and provisions	3,964	4,541
(Gains) losses on disposal of non-current assets	4	(39)
Interest expense	2,197	1,710
Current income tax (excluding research tax credit)	1,015	872
Change in deferred taxes	454	(1,217)
Research tax credit	(687)	(627)
Other income and expenses	0	52
Share in the earnings of equity-method associates	(52)	(44)
Operating income before change in working capital requirements	*9,003*	*1,919*
Change in working capital requirements from operating activities	517	7,083
Cash provided by operating activities	*9,520*	*9,002*
Income tax paid (excluding research tax credit)	(704)	(1,006)
Research tax credit received	0	0
Net cash provided by operating activities	**8,816**	**7,996**
Acquisitions of non-current assets	(4,926)	(3,369)
Dividends received from associates	(23)	0
Proceeds from disposals of non-current assets	15	143
Impact of changes in the consolidation scope	(220)	(24)
Net cash used by investing activities	**(5,154)**	**(3,250)**
Dividends paid	(32)	(21)
Increase of share capital paid in cash	19	226
Increases in borrowings	8,800	4,194
Repayment of borrowings	(7,515)	(6,710)
Interest paid	(2,197)	(1,710)
Net cash used by financing activities	**(925)**	**(4,021)**
Impact of changes in exchange rates	**(122)**	**88**
Cash and cash equivalents - opening balance	(34,287)	(30,381)
Cash and cash equivalents - closing balance	(31,672)	(29,568)
Change in cash and cash equivalents	**2,615**	**813**

<u>Analysis of cash and cash equivalents - opening balance:</u>		
Marketable securities available for sale	118	115
Short-term restricted investment	0	0
Cash	10,674	8558
Bank lines (included in current financial liabilities)	(45,079)	(39,054)
	(34,287)	(30,381)
<u>Analysis of cash and cash equivalents - closing balance:</u>		
Marketable securities available for sale	196	253
Short-term restricted investment	0	2,004
Cash	10,547	6,243
Bank lines (included in current financial liabilities)	(42,415)	(38,068)
	(31,672)	(29,568)

3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at June 30, 2007 were approved by the Executive Board of September 7, 2007.

Changes in International Financial Reporting Standards (IFRS)

- New standards, amendments of standards and interpretations in effect at June 30, 2007:
  - ✓ IFRS 7: Derivative instruments: Disclosures;
  - ✓ Amendment to IAS 1: Presentation of Financial Statements - Capital Disclosures;
  - ✓ IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies;
  - ✓ IFRIC 8: Scope of IFRS 2 (Share-based Payment);
  - ✓ IFRIC 9: Reassessment of Embedded Derivatives;
  - ✓ IFRIC 10: Interim Financial Reporting and Impairment.

These new standards, amendments of standards and interpretations have no impact on the condensed consolidated financial statements of the Actielec Technologies group at June 30, 2007.

- New standards, amendments of standards and interpretations that took effect after June 30, 2007:
  - ✓ IFRS 8 : Operating Segments;
  - ✓ IAS 23 revised: Borrowing Costs;
  - ✓ IFRIC 11: Group and Treasury Share Transactions;
  - ✓ IFRIC 12: Service Concession Arrangements Defined.

The Group has not elected early application of the standards and interpretations that will take effect after June 30, 2007.

Preparation of the consolidated financial statements:

The interim consolidated financial statements were prepared in compliance with IAS 34: Interim Financial Reporting. These statements do not provide all of the information required in annual financial statements, and should be read together with the Group's annual financial statements for the year ended December 31, 2006.

The accounting principles and valuation methods have been applied in exactly the same manner to each of the periods presented.

All figures provided in these notes are expressed in thousands of euros (€ thousands).

Preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) requires that the company's management exercise its judgment, and provide estimates and assumptions that impact the application of the accounting principles used and the valuations of the company's assets, liabilities, revenues and expenses. The estimates and underlying assumptions must take into account historical experience and other factors considered reasonable under the circumstances. They are also used as the basis of the judgment required to calculate the accounting values of certain assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from estimated values.

All underlying estimates and assumptions are reassessed continuously. The impact of changes in accounting estimates is recognized during the period in which the change occurs if it affects only that period, or in the period in which the change occurs and subsequent periods, if the latter are likewise affected by the change.

The primary balance sheet items concerned by these estimates are deferred tax assets, goodwill, capitalized development costs, and provisions for risks and expenses.

Seasonality of sales

The Group's revenues from the telecommunications sector are highly seasonal, as most deliveries to large corporate and public-sector accounts (55% to 65% of total annual sales) are recorded in the second half.

3.4.1 ACCOUNTING PRINCIPLES

The Group applied the same accounting principles to both the interim financial statements and the annual financial statements at December 31, 2006 (see notes to the financial statements for the year ended December 31, 2006).

3.4.2 CONSOLIDATION SCOPE

Name	Registered office	Siren no.	% of capital held 12/06	% of capital held 6/07	Consolidation method 12/06	Consolidation method 6/07	Activity
ACTIELEC TECHNOLOGIES	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company
AUTOMOTIVE							
ACTIA	Toulouse	389 187 360	99.97	99.97	FC	FC	Electronics research and manufacturing
ACTIA MULLER SERVICES	Toulouse	350 183 182	99.99	99.99	FC	FC	Manufacturing and distribution of mechanical equipment for garages and inspection centers
PARMA	Méry sur Oise	400 812 897	100.00	100.00	FC	FC	Real estate
AIXIA	Le Bourget du Lac	381 805 514	99.93	99.90	FC	FC	Electronics research and manufacturing
ATON SYSTEMS	Maison Alfort	384 018 263	87.81	87.80	FC	FC	Electronics research and manufacturing
ACTIA UK	Newtown *(Wales)*		100.00	100.00	FC	FC	Electronics research and manufacturing
TEKHNE	Farnborough *(United Kingdom)*		100.00	100.00	FC	FC	No industrial activity since 1995
ACTIA VIDEOBUS	Getafe Madrid *(Spain)*		100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA AUTOMOTIVE	Getafe Madrid *(Spain)*		80.01	80.01	FC	FC.	Distribution of diagnostics solutions
SCI LOS OLIVOS	Getafe Madrid *(Spain)*		39.99	39.99	EM	EM	Real estate
KARFA	Mexico City (*Mexico*)		90.00	90.00	FC	FC	Administration of holdings
ACTIA DE MEXICO	Mexico City (*Mexico*)		100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA DO BRASIL	Porto Alegre *(Brazil)*		90.00	90.00	FC	FC	Electronics research and manufacturing
ACTIA INC.	Elkhart-Indiana *(USA)*		100.00	100.00	FC	FC	Electronics research and manufacturing
ATAL	Tabor (*Czech Republic*)		89.98	89.98	FC	FC	Electronics research and manufacturing
ACTIA ITALIA	Torino *(Italy)*		100.00	100.00	FC	FC	Electronics research and manufacturing
I + ME ACTIA	Braunsweig (*Germany*)		100.00	100.00	FC	FC	Electronics research and manufacturing
ACTIA CORP.	Elkhart-Indiana (*USA*)		100.00	100.00	FC	FC	Electronics research and manufacturing
ACTIA NL	Nuenen *(Netherlands)*		100.00	100.00	FC	FC	Electronics research and manufacturing
ACTIA POLTIK SP	Lodz *(Poland)*		70.00	70.00	FC	FC	Electronics research and manufacturing
CIPI	Tunis (*Tunisia*)		65.80	65.80	FC	FC	Electronics manufacturing
ACTIA INDIA	New Delhi *(India)*		51.00	51.00	FC	FC	Electronics research and manufacturing
ACTIA SHANGAI	Shanghai *(China)*		100.00	100.00	FC	FC	Electronics research and manufacturing
ACTIA NORDIC	Spanga *(Sweden)*		55.56	55.56	FC	FC	Electronics research and manufacturing
TELECOMMUNICATIONS							
SODIELEC SA (1)	St Georges de Luzençon	699 800 306	91.10	91.51	FC	FC	Electronics research and manufacturing
SCI SODIMOB	St Georges de Luzençon	419 464 490	60.00	60.00	FC	FC	Real estate
PILGRIM	Toulouse	403 566 375	99.99	99.99	FC	FC	Electronics research and manufacturing
ARDIA (2)	Tunis (*Tunisia*)		60.00	73.33	FC	FC	Electronics research
SCI DE L'ORATOIRE (3)	Toulouse	345 291 405	100.00	100.00	FC	FC	Real estate
SCI LES COTEAUX DE POUVOURVILLE	Toulouse	343 074 738	27.50	27.50	EM	EM	Real estate

[(1)] On January 18, 2007, Actielec Technologies acquired 10,001 shares of Sodielec stock. The Company's percentage of control now amounts to 91.51%, versus 91.10% at December 31, 2006. This purchase led to the recognition of an additional €110 thousand in goodwill.
[(2)] Ardia increased its share capital on May 22, 2007. The Company's percentage of control now amounts to 73.33%, versus 60% at December 31, 2006.
[(3)] 86% of SCI de l'Oratoire is held by Actielec Technologies and 14% by Actia.
FC = Fully consolidated
EM = Equity method

3.4.3 INTANGIBLE ASSETS

The €1.5 million in additional intangible assets added during H1 (€1.2 million in H1 2006) were all produced in-house (capitalized production).

During the first half of 2007, the additional €1.6 million (€1.2 million in H1 2006) in gross capitalized development costs concerned primarily:

	H1 2007	H1 2006
➢ Actia	€0.2 million	€0.2 million
➢ Actia NORDIC	€0.6 million	N/S.
➢ Sodielec	€0.7 million	€0.9 million

3.4.4 PROPERTY, PLANT AND EQUIPMENT

All new property, plant and equipment were purchased from third-party suppliers.

During the first half of 2007, the largest purchases concerned:

	H1 2007	H1 2006
➢ Plant and equipment	€1.3 million	€0.4 million
➢ Other non-current assets	€0.8 million	€0.7 million

The property, plant and equipment provided as collateral are analyzed in Paragraph 3.4.18 - Assets used as guarantees.

3.4.5 INVENTORIES

Net realizable values of inventories were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Raw materials	16,939	6,721	0	23,660	20,411	7,671	0	28,082
Work/services-in-process	3,850	9,080	0	12,930	3,805	10,763	0	14,568
Finished and semi-finished goods	8,875	2,702	0	11,577	7,898	3,461	0	11,359
Goods held for resale	9,219	46	88	9,353	10,767	134	0	10,901
Total	**38,883**	**18,549**	**88**	**57,520**	**42,881**	**22,029**	**0**	**64,910**

No inventories were scrapped during the first half of 2007.

Impairment recorded on inventories was as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Raw materials	1,819	475	0	2,294	1,854	528	0	2,382
Work/services-in-process	54	0	0	54	49	0	0	49
Finished and semi-finished goods	491	130	0	621	492	134	0	625
Goods held for resale	2,045	0	0	2,045	1,956	0	0	1,956
Total	**4,409**	**605**	**0**	**5,014**	**4,351**	**661**	**0**	**5,012**

3.4.6 ACCOUNTS RECEIVABLE

All **accounts receivable** are due in less than one year:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Trade accounts payable (gross)	49,542	25,199	(84)	74,657	53,219	16,779	133	70,131
o.w. Dailly-type factored receivables	*9,006*	*7,590*	*0*	*16,596*	*9,316*	*6,738*	*0*	*16,054*
o.w. bills discounted not yet due	*2,647*	*0*	*0*	*2,647*	*2,556*	*0*	*0*	*2556*
(Impairment)	(1,241)	(433)	(26)	(1,700)	(1,338)	(455)	(26)	(1,819)
Total	**48,301**	**24,766**	**(110)**	**72,957**	**51,881**	**16,324**	**107**	**68,312**

Other **receivables from operations** were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Advances and prepayments	622	28	4	654	862	35	18	915
Amounts receivable from payroll tax agencies	117	28	0	145	235	26	0	261
VAT receivable	1,338	155	198	1,691	1,501	151	188	1,840
Prepaid expenses	462	157	102	721	333	225	116	674
Total	**2,539**	**368**	**304**	**3,211**	**2,930**	**437**	**322**	**3,690**

Current tax credits were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Tax receivables	402	6	0	408	893	35	0	928
Other tax and income tax receivables	1,301	0	20	1,321	1,012	0	19	1,031
Current research tax credit	535	52	0	587	535	29	0	564
Total	**2,238**	**58**	**20**	**2,316**	**2,439**	**65**	**19**	**2,523**

The **current and non-current portions of the research tax credit** were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Non-current research tax credit	1,445	2,027	0	3,472	1,881	2,308	0	4,189
Current research tax credit	535	52	0	587	535	29	0	564
Total	**1,980**	**2,080**	**0**	**4,060**	**2,416**	**2,337**	**0**	**4,753**

3.4.7 CASH, CASH EQUIVALENTS AND DERIVATIVE INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Net available cash and cash equivalents were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Marketable securities available to the sale	14	104	0	118	13	106	77	196
Cash in bank	9,395	622	657	10,674	10,061	279	207	10,547
(Current bank lines)	(29,733)	(9,472)	(5,874)	(45,079)	(29,877)	(7,657)	(4,881)	(42,415)
Total	**(20,324)**	**(8,746)**	**(5,217)**	**(34,287)**	**(19,803)**	**(7,272)**	**(4,596)**	**(31,672)**

Current bank lines are included under current liabilities as current financial liabilities.

Marketable securities are recognized at their market value at the balance sheet date. The impact on equity reserves and income is analyzed in the table below:

(€ thousands)	12/31/2006				6/30/2007			
	Cost	Fair value	Impact on equity	Impact on earnings	Cost	Fair value	Impact on equity	Impact on earnings
Marketable securities	90	118	26	2	166	196	28	2

3.4.8 DEFERRED TAXES

(€ thousands)	12/31/2006	6/30/2007
Tax assets recognized on:		
Temporary differences	1,195	1,148
Tax losses	6,662	6,220
Total net deferred tax assets	**7,857**	**7,368**
Tax liabilities recognized on:		
Deferred tax liabilities	97	58
Total net tax liabilities	**97**	**58**
Total net deferred tax assets	**7,760**	**7,310**

3.4.9 FINANCIAL LIABILITIES

Financial liabilities may be analyzed in the following manner, by maturity date:

(€ thousands)	12/31/2006				6/30/2007			
	< 1 year	Between 1 and 5 years	> 5 years	Total	< 1 year	Between 1 and 5 years	> 5 years	Total
Convertible bonds	1,142			**1,142**	596			**596**
Bank borrowings	9,680	12,888	2,437	**25,005**	9,321	15,723	2,427	**27,471**
Other financial liabilities	649	1,192		**1,841**	578	682	600	**1,860**
Leasing obligations	1,407	3,956	3,005	**8,368**	1,409	3,234	3,023	**7,666**
Bank lines and overdrafts	45,079			**45,079**	42,415			**42,415**
Total	**57,957**	**18,036**	**5,442**	**81,435**	**54,319**	**19,639**	**6,050**	**80,008**

Bank lines are impacted by the financing of the Dailly-type factored receivables and bills discounted not yet due, which amounted to €18.6 million at December 31, 2007 and €19.2 million at December 31, 2006.

The ratio of **net debt/shareholders' equity** was as follows:

(€ thousands)	12/31/2006	6/30/2007
Convertible bonds	1,142	596
Bank borrowings	25,005	27,471
Other financial liabilities	1,841	1,860
Leasing obligations	8,368	7,666
Bank lines and overdrafts	45,079	42,415
Subtotal A	**81,435**	**80,008**
Other marketable securities	118	196
Cash	10,674	10,547
Subtotal B	**10,791**	**10,743**
Total net debt = A - B	**70,643**	**69,265**
Total shareholders' equity	**58,144**	**59,724**
Net debt/shareholders' equity	**121%**	**116%**

During the first half of 2007, Actia Corp. and Comerica Bank agreed to spread out the repayment of the bank line, due to a lack of compliance with a contractual provision at December 31, 2006 (debt/equity ratio). To date, the repayment schedule has been respected.

3.4.10 OTHER CURRENT LIABILITIES

All **accounts payable** are due in less than one year:

	12/31/2006				6/30/2007			
(€ thousands)	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Accounts payable on goods and services	32,714	8,653	706	42,073	34,672	6,082	(353)	40,401
Total	**32,714**	**8,653**	**706**	**42,073**	**34,672**	**6,082**	**(353)**	**40,401**

The **other operating liabilities** were as follows:

	12/31/2006				6/30/2007			
(€ thousands)	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Advances and prepayments received	1,589	1,151	156	2,896	2,721	955	156	3,832
Amounts payable to payroll tax agencies	8,084	2,941	243	11,268	9,526	3,348	252	13,126
Taxes payable	3,959	2,285	97	6,341	3,650	1,509	182	5,341
Total	**13,632**	**6,377**	**496**	**20,505**	**15,897**	**5,813**	**589**	**22,299**

Miscellaneous liabilities were as follows:

(€ thousands)	12/31/2006				6/30/2007			
	Automotive division	Telecoms division	Unallocated	Consolidated financial statements	Automotive division	Telecoms division	Unallocated	Consolidated financial statements
Liabilities on non-current assets	112	0	0	112	131	82	0	213
Current account credit balances	16	431	(429)	18	18	570	(564)	24
Other miscellaneous liabilities	2,219	80	92	2,392	2,559	137	77	2,773
Total	**2,347**	**511**	**(337)**	**2,521**	**2,708**	**789**	**(487)**	**3,010**

3.4.11 SHAREHOLDERS' EQUITY

During the first half of 2007, the changes in shareholders' equity and minority interests reflected notably:

- The earnings of the period,
- The change of scope related to the acquisition of Sodielec shares from third parties (impact on minority interests),
- The change of scope resulting from the increase of Ardia's share capital.

3.4.12 EARNINGS PER SHARE

- Basic earnings per share

Basic earnings per share were calculated at June 30, 2007 by dividing the net income for the period (€2,067,995) by the average number of shares outstanding during the period (19,796,580). The table below provides an analysis of the calculations and comparative data:

(in €)	6/30/2006	6/30/2007
Net income (loss)	**(3,121,901)**	**2,067,995**
Weighted average number of shares		
Shares outstanding at January 1	19,859,941	19,859,941
Treasury shares held at June 30	(63,361)	(63,361)
Weighted average number of shares	**19,796,580**	**19,796,580**
Basic earnings (loss) per share (in €)	**(0.158)**	**0.104**

- Diluted earnings per share:

Diluted earnings per share were calculated at June 30, 2007 by dividing the net income for the period (€2,067,995), adjusted for the impacts of the stock option and warrant plans, by the weighted average number of potential common shares outstanding during the period (20,950,139).

Note that the Group subsidiaries' warrants and stock options had no impact on the earnings of either H1 2007 or FY 2006, i.e.:

- ✓ Actia's warrants,
- ✓ Sodielec's convertible bonds.

The table below provides an analysis of the calculations and comparative data:

(in €)	6/30/2006	6/30/2007
Diluted net income (loss)	**(3,121,901)**	**2,067,995**
Weighted average number of potential shares		
Weighted average number of common shares	19,796,580	19,792,041
Impact of warrants (registration no. FR 0010121061)	918,098	918,098
Impact of stock option plans	240,000	240,000
Weighted average diluted number of shares	**20,954,678**	**20,950,139**
Diluted earnings (loss) per share (in €)	**(0.149)**	**0.099**

Actia SA's warrants and Sodielec SA's convertible bonds were not taken into account in the calculation of diluted earnings per share due to their antidilutive impact at June 30, 2007.

3.4.13 PROVISIONS FOR RISKS AND CHARGES

The **provisions for risks and charges** were as follows:

(€ thousands)	12/31/2006	6/30/2007
Provisions for pension and other non-current employee benefits	2,977	3,061
Current provisions	4,996	4,866
o.w. provisions for risks	*3,341*	*3,238*
o.w. provisions for charges	*1,655*	*1,628*
Total	**7,973**	**7,927**

- Termination benefits and other non-current employee benefits did not increase materially during the first half of 2007 (€0.3 million increase during H1 2006).

- Provisions for risks decreased by €0.1 million during the first half of 2007, just like in H1 2006.

These provisions include notably:
- ✓ Provisions for guarantees: €1.3 million,
- ✓ A provision on an associated (equity method) company, SCI Pouvourville: €0.4 million,
- ✓ A provision for contractual risk: €0.6 million.

- Provisions for charges decreased by €27 thousand during the first half of 2007, compared with a €0.2 million decrease in H1 2006.

These provisions include notably a €1.2 million provision for breach of contract.

3.4.14 OPERATING SEGMENTS

The operating segments identified by the Group are:

- The Automotive division, including the Diagnostics, Embedded Systems and Services business groups,
- The Telecommunications division, including the Earth Stations, Broadcast, Networks and Aeronautics/Defense business groups.

The table below provides an analysis of net income (loss) including minority interests by operating segment:

(€ thousands)	H1 2006				H1 2007			
	Automotive division	Telecoms division	Unallocated and I/C adjustments	Consolidated financial statements	Automotive division	Telecoms division	Unallocated and I/C adjustments	Consolidated financial statements
Sales	89,085	13,910	7	103,002	102,927	16,559	384	119,102
Operating income	**540**	**(3,003)**	**(301)**	**(2,764)**	**5,046**	**10**	**(156)**	**4,900**
Net financial expenses	**(1,463)**	**(238)**	**120**	**(1,581)**	**(1,691)**	**(404)**	**33**	**(2,062)**
Income (tax) credit	390	603	(21)	972	(758)	331	(355)	(782)
Share in the earnings of equity-method associates	7	0	37	44	13	0	39	52
Net income (loss) incl. minority interests	**(526)**	**(2,638)**	**(165)**	**(3,329)**	**2,611**	**(63)**	**440**	**2,108**

3.4.15 INCOME TAX

(€ thousands)	H1 2006	H1 2007
Earnings (loss) of the consolidated companies	(3,373)	2,056
Current tax (credit)	245	328
Deferred tax (credit)	(1,217)	454
o.w. deferred tax on temporary differences	*1,238*	*454*
o.w. deferred tax on change of tax rate	*(21)*	*0*
Pretax earnings (loss) of the consolidated companies	**(4,345)**	**2,838**

The Actielec Technologies group's Automotive and Telecommunications divisions incur significant research and development costs. Over the past three years, R&D expenses have represented an average of 15.2% of consolidated sales. The consequence of this aggressive policy is reflected from a tax standpoint in the obtaining of a research tax credit, which lowers the traditional statutory tax rate in France.

The table below provides an analysis of taxes in the consolidated financial statements:

(€ thousands)	H1 2006	H1 2007
Theoretic tax calculated at the normal French tax rate	(1,481)	946
Annual flat tax & research tax credit	(627)	(687)
Impacts on theoretical tax		
- Interest rate differential (between French and foreign rates)	91	(144)
- Impact of changes in interest rates on deferred tax	21	(1)
- Non-capitalized tax losses	277	488
- Change in outlook for utilization of tax losses	(139)	179
o.w. income on the utilization of non-capitalized tax losses	*(159)*	*(171)*
o.w. income on modification of capitalization of tax losses	*0*	*0*
o.w. losses on modification of capitalization of tax losses	*20*	*350*
- Tax on capital gains	708	0
- Adjustment of prior year's tax	166	189
- Other (including permanent differences)	12	(188)
Income tax reported	**(972)**	**782**

An analysis of deferred taxes is provided in Paragraph 3.4.8.

3.4.16 NET FINANCIAL EXPENSES

The **net contributions** of the divisions to the net financial expense of the Group were as follows:

(€ thousands)	H1 2006 Automotive division	H1 2006 Telecoms division	H1 2006 Unallocated	H1 2006 Consolidated financial statements	H1 2007 Automotive division	H1 2007 Telecoms division	H1 2007 Unallocated	H1 2007 Consolidated financial statements
Income on cash and of cash equivalents	0	22	0	22	4	8	2	14
Interest expense and other financial charges	(1,556)	(266)	125	(1,698)	(1,852)	(436)	91	(2,197)
o.w. interest expense on financial liabilities	*(1,556)*	*(266)*	*125*	*(1,698)*	*(1,852)*	*(436)*	*91*	*(2,197)*
Other financial income	93	7	0	100	203	28	(55)	176
o.w. interest income	*76*	*7*	*0*	*76*	*134*	*10*	*1*	*145*
o.w. dividends received	*17*	*0*	*0*	*17*	*56*	*0*	*(56)*	*0*
Other financial expenses	*0*	*0*	*(5)*	*(5)*	*(45)*	*(4)*	*(6)*	*(55)*
Net financial expenses	**(1,462)**	**(238)**	**120**	**(1,581)**	**(1,691)**	**(404)**	**33**	**(2,062)**

3.4.17 RELATED PARTIES

The details concerning transactions engaged in during the first half of 2007 with parties related to the Actielec Technologies group are provided below:

- **<u>Holding company: LP2C SA:</u>**

The **types of relationships** entered into with LP2C are defined in the new agreement the two companies signed on October 23, 2006. This new agreement cancels and replaces the previous agreement dated March 31, 1994. Two types of services are entrusted to LP2C:

- ✓ Permanent assignments:
  - Assistance with senior management and management,
  - Assistance with the supervision of activities,
  - Assistance with communications,
  - Accounting, legal and administrative assistance,
  - Assistance with financial matters.

- ✓ Periodic assignments:
  Actielec Technologies may request that LP2C carry out on its behalf specific, clearly defined, closed-ended assignments not traditionally included among the services listed above.

The **quantitative data** is presented below:

(€ thousands)	H1 2006	H1 2007
Net value of transaction (expense)	(875)	(775)
Balance sheet balance (liability)	(712)	(606)
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

- **<u>Equity-method associates:</u>**

This concerns two real estate partnerships, SCI Los Olivos and SCI Les Coteaux de Pouvourville.

The relationships between these SCIs and the Group involve **real estate**:

- ✓ SCI Los Olivos owns land and a building in Getafe (Spain), which it rents to Actia Videobus,
- ✓ SCI Les Coteaux de Pouvourville has a lease-back contract with CMCIC Lease, and sublets its land and buildings in Toulouse (31) to Actielec Technologies and Actia in proportion to the floor space used.

The **quantitative data** is presented below:

(€ thousands)	H1 2006	H1 2007
Net value of transaction (expense)	408	417
Balance sheet balance (liability)	0	0
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

- **<u>Subsidiaries:</u>**

Subsidiaries are companies controlled by the Group (see Paragraph 3.4.2).

All transactions with subsidiaries are reversed entirely in the consolidated financial statements. There are several types of intercompany transactions:

- ✓ Purchases and sales of goods and services,
- ✓ Rentals of premises,
- ✓ Transfers of research and development,
- ✓ Purchases and sales of non-current assets,

- ✓ License contracts,
- ✓ Current accounts,
- ✓ Loans,
- ✓ Management fees, etc.

➢ **Members of the management bodies:**

These are the **directors and officers**:

- ✓ In Actielec Technologies: members of the Executive Board and members of the Supervisory Board,
- ✓ In LP2C (the holding company): members of the Executive Board and members of the Supervisory Board,
- ✓ In the controlled subsidiaries of the Actielec Technologies group.

The following **compensation was paid** in respect of the first halves of 2006 and 2007:

(€ thousands)	H1 2006	H1 2007
Compensation		
Fixed	279	236
Variable	21	0
Non-recurring	45	0
Directors' fees	0	0
Benefits in kind	4	4
Total	**349**	**240**

➢ **Other related parties:**

- ✓ OC TV:
  During the first half of 2007, the Actielec Technologies group entrusted OC-TV (subsidiary of the LP2C group) with the updating of the Group's website. The total value of the transaction came to €3 thousand.

3.4.18 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments consisted of the following:

(€ thousands)	12/31/2006	6/30/2007
Commitments received		
Bank guarantees	589	610
Total commitments received	**589**	**610**
Commitments given		
Contingent liability (*)	0	829
Total commitments given	**0**	**829**

The information presented above does not include lease outstandings, which are reported in property, plant and equipment.

(*)Actia Italia received a €900 thousand revised assessment for back taxes. The company is disputing the position of the tax authorities, and has filed an appeal. A €71 thousand provision was set aside at June 30, 2007 for the estimated probable cash payment at risk.

3.4.19 ASSETS USED AS GUARANTEES

Assets used as guarantees are asset items used as collateral for balance sheet liabilities. They may be analyzed as follows:

(€ thousands)	12/31/2006	6/30/2007
Professional receivables pledged *	8,900	8,712
Equipment pledged	93	80
Research tax credit pledged	672	435
Mortgages	356	309
Total assets used as guarantees	**10,021**	**9,536**

* Of which, Actia SA €1,974 thousand and Sodielec SA €6,738 thousand at 6/30/2007 (respectively €1,309 thousand and €7,591 thousand at 12/31/2006).

3.4.20 RISK HEDGING POLICY

Currency risk: Since 1999, the Group invoices all intercompany flows in euros in countries with the highest degrees of currency risk, and limits the duration of customer financing in countries with weakening currencies.

Interest rate risk: 31% of the Group's borrowings are medium and long term at fixed rates, and 69% are variable rate (these variable outstandings are capped at 4%).

The Group uses the following derivative instruments:

- €4 million cap for a maximum rate of 4.5% over a period of 5 years, starting January 1, 2003, contracted by Actielec Technologies SA; the outstanding balance at June 30, 2007 amounted to €0.4 million,
- €5 million cap for a maximum rate of 4.25% over a period of 5 years, starting January 1, 2003, contracted by Actia SA; the outstanding balance at June 30, 2007 amounted to €0.4 million.

The Actielec Technologies group recognizes its hedging instruments at fair value through profit or loss. Details of the impacts of this treatment on earnings are provided in the table below:

	12/31/2006		6/30/2007	
(€ thousands)	Fair value	Impact on earnings	Fair value	Impact on earnings
Derivative instruments - assets				
Caps	0	1	0	0
Total derivative instruments - assets	**0**	**1**	**0**	**0**

3.4.21 EVENTS AFTER THE BALANCE SHEET DATE

No significant events have taken place since June 30, 2007.

4 STATUTORY AUDITORS' REPORT

KPMG

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Actielec Technologies S.A.

Registered office: 25, chemin de Pouvourville - B.P. 74215
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Share capital: €14,894,955.75

Statutory auditors' report on the 2007 interim financial information (free translation of the French original)

Period from January 1, 2007 to June 30, 2007

To the shareholders,

In our capacity as statutory auditors and in application of Article L. 232-7 of the French Commercial Law (Code de Commerce), we hereby report to you on:

- the limited review of the accompanying condensed interim consolidated financial statements of Actielec Technologies S.A., for the period from January 1, 2007 to June 30, 2007;

- the verification of information provided in the interim financial report.

These condensed interim consolidated financial statements have been prepared under the authority of the Executive Board. Our role is to draw our conclusions on these financial statements based on our limited review.

We performed our limited review in accordance with professional standards generally accepted in France. A review of interim financial statements consists of obtaining all information judged necessary, primarily from those persons responsible for the accounting and financial aspects, and of performing all appropriate analyses and other types of procedures. This type of assessment does not include all of the controls used for audits performed in accordance with professional standards generally accepted in France. It does not allow us to guarantee that we have identified all of the important points that could have been identified as part of a full audit, and as such we do not provide an audit opinion.

Based on our limited review, nothing has come to our attention that would call into question the compliance of the condensed interim consolidated financial statements with IAS 34 – standard of the International Financial Reporting Standards as adopted by the European Union for interim financial information.

We also verified the information provided in the interim business report regarding the condensed interim consolidated financial statements concerned by our limited review, in accordance with professional standards applicable in France.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Toulouse - September 10, 2007

KPMG Audit
A department of KPMG S.A.

Philippe Saint-Pierre
Partner

Paris - September 10, 2007

Eric Seyvos

Contact information

ACTIELEC TECHNOLOGIES

A French limited corporation (*société anonyme*) with share capital of €14,894,955.75
Toulouse Registry of Companies (RCS) number: 542 080 791
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