HALF-YEAR FINANCIAL REPORT
JUNE 30, 2008

ACTIA Group

www.actiagroup.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.

ACTIA GROUP

A public limited company under French law with an Executive Board and Supervisory Board
and share capital of €15,074,955.75.
Registered office: 25, chemin de Pouvourville
31400 Toulouse
Trade and Companies Registry Toulouse: 542 080 791

We hereby present the half-year financial report for the six months ending June 30, 2008, prepared in accordance with the provisions of Articles L. 451-1-2 III of the French Monetary and Financial Code (hereinafter “CMF”) and 222-4 *et seq*. of the General Regulations of France's Financial Market Authority (hereinafter “AMF”).

This report has been issued in accordance with Article 221-3 of the AMF’s General Regulations. It is available in particular on our Company website, www.actiagroup.com.

As a reminder, as a result of the Combined General Meeting of September 15, 2008, the financial holding company, ACTIELEC TECHNOLOGIES S.A., adopted the corporate name ACTIA GROUP S.A. and all publications shall be henceforth prepared under the new corporate name.

CONTENTS

1 CERTIFICATION OF PERSON RESPONSIBLE

I attest to my knowledge that the financial statements for the previous half-year were prepared in accordance with applicable accounting standards and give a true and fair view of the net assets, financial situation and results of the Company and all companies included in the consolidation and that the half-year business report provides a true and fair account of important events having occurred during the first six months of the year and their impact on the financial statements, of the major risks and uncertainties for the remaining six months of the year and the main transactions between related parties.

September 15, 2008

Christian Desmoulins
Chairman of the Executive Board

2 HALF-YEAR BUSINESS REPORT

2.1 FIGURES

2.1.1 SALES

Our Group's consolidated financial statements show €132.3 million in sales for the first half of 2008.

€ millions	2008			2007			% change		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive	53.9	61.5	**115.4**	48.0	54.7	**102.7**	+12.3%	+12.3%	**+12.3%**
Telecommunications	7.0	9.9	**16.9**	6.1	10.3	**16.4**	+14.3%	<3.0%>	**+3.4%**
TOTAL	**60.9**	**71.4**	**132.3**	**54.1**	**65.0**	**119.1**	**+12.5%**	**+9.9%**	**+11.1%**

The increase in sales corresponded to the Group's organic growth. The consolidation scope is almost identical to that of the first half of 2007, with the increased shareholdings in the following subsidiaries having had no effect on Group business:

- SODIMOB, up from 60.0% to 100.0% on July 11, 2007;
- ACTIA Nordic, increasing from 55.6% to 100.0% on October 1, 2007; and
- ACTIA Polska, up from 70.0% to 100.0% on January 18, 2008.

These subsidiaries were majority owned and already consolidated globally.

In the first half of 2008, growth in Group business continued fairly uniformly across all sectors.

At June 30, 2008, international activity (subsidiaries and exports) represented 55.5% of consolidated sales, thus a three [percentage] point increase against June 30, 2007.

It is also important to reiterate the marked seasonality in the TELECOMS division, which records between 55% and 65% of its sales in the second half-year.

2.1.2 RESULTS

Consolidated results were as follows:

GROUP CONSOLIDATED RESULTS (€ thousands)	06/30/2008	06/30/2007
Operating income	8,074	5,695
Net financial debt	<2,427>	<2,062>
Net income (loss)	3,358	2 108
✓ *Attributable to the Group*	*3,319*	*2 068*
✓ *Minority interests*	*39*	*40*

Strong business volumes and adjustment measures implemented resulted in increases in both operating profit (+€2.4 million) and overall net income (+€1.3 million), despite a generally challenging context impacting on sales and external charges, in particular, with an almost 20% increase in transport costs for the main French companies.

Total debt was stable against December 31, 2007. The additional financial expenses resulted directly from the interest-rate increases (+16%).

The new regulations on research tax credits in France had a significant effect, increasing such by €1.1 million against June 30, 2007. The effect enabled the Group to pursue its R&D programs intensively while reducing their overall cost.

EBITDA was up 12%:

EBITDA (€ thousands)	06/30/2008	06/30/2007
Net income (loss)	3,358	2,108
Income (tax) credit	610	916
Interest expense and other financial charges	2,475	2,197
Depreciation and amortization	3,795	3,900
EBITDA	**10,238**	**9,121**

2.2 BUSINESS

2.2.1 THE AUTOMOTIVE DIVISION

The AUTOMOTIVE division's net contribution to consolidated sales increased by €12.7 million, or +12.3% compared with June 30, 2007, to €115.4 million.

Diagnostics:
The diagnostic activity performed in-line with forecasts as business expanded in Germany.

At June 30, 2008, the net contribution to the consolidated financial statements of ACTIA MULLER exceeded €20.6 million, up 14.7% against the first half of 2007 (€18.0 million). However, the garage equipment business was put under great pressure in the second quarter of 2008 due to the recession in the automobile sector and falling prices. As a result, ACTIA MULLER saw its gross margin contract, prompting it to begin a program to restore this figure:

- re-designing of our products:
- cost-saving plan;
- development of the activity in Tunisia; and
- sales prospection.

Embedded Systems:
Despite the increased sales, it should be noted that, during the first six months of 2008, many of our customers were obliged to alter their purchasing plans (delays, deferment, changes and so on). The immediate effect was that, at June 30, there was a significant increase in our finished goods inventories.

Services:
The first half of 2008 enabled a very significant increase in sales to be generated, the highest ever recorded. However, business fell as from June and July as a direct result of production delays at Continental. Business with Airbus remains strong and sustained.

Meanwhile, very extensive costing activity should enable new customers to be found in the second half-year.

2.2.2 THE TELECOMS DIVISION

In general, the Telecoms division contributed to the half-year's growth with a 3.4% increase, or a €0.5 million net contribution in the consolidated financial statements.

- Earth stations:

The major key event is that of having signed a multi-year strategic agreement with NATO. This international contract worth several million euros involves the research, development and operational installation of a surveillance and command system for all satellite links (ASNMC: Advances Satcom Network Monitoring and Control). The smooth implementation of the Syracuse program should also be noted.

- Broadcasting:

Changes in this activity continue to be affected by uncertainties over WORLDSPACE, the main digital radio customer. It is being recapitalized and is experiencing payment delays, owing to which the Group has set aside €600 thousand in provisions.

- Telecommunication Systems:

There is no particular comment to make on other businesses, other than a slight reduction in the aeronautical sector.

2.3 OUTLOOK

The 2008 annual consolidated sales target of €255 million has been maintained.

2008 TARGET	AUTOMOTIVE	TELECOMMUNICATIONS	TOTAL
Consolidated sales	**€213 million**	**€42 million**	**€255 million**

Given the global economic climate and despite very good business in the first half-year, the Group has kept its sales target at €255 million. In certain geographical regions such as Europe, some Group customers may cut their production volumes, thus impacting on our sales in, for example, the Embedded System activity. However, other regions such as Asia are booming.

Based on our analyses, we are maintaining our target, with the Group's mix of products and geographical areas allowing the risk to be reduced in a globally challenging context.

Article 222-6 of the AMF General Regulations specifies that the issuer must describe the main risks and uncertainties for the remaining six months of the year. In meeting this requirement, it should be noted that there has been no change in relation to those already mentioned in the notes to the consolidated financial statements as at December 31, 2007, presented at our Annual General Meeting of May 6, 2008 and updated with regard to the financial aspects in section **3.5.20** "**Risk hedging policy**" of the notes to the consolidated financial statements as at June 30, 2008.

2.4 MAIN RELATED-PARTY TRANSACTIONS

The main transactions with related parties are detailed in the notes to the consolidated financial statements (note 3.5.20 Risk hedging policy).

3 HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at June 30, 2008 were approved by the Executive Board on September 15, March 2008.

Declaration of conformity

The financial statements were prepared in accordance with the IFRS framework as adopted by the European Union, including the definitions and the recognition, measurement and presentation practices recommended by the IFRS as well as all disclosures required thereunder. The financial statements comply with all IFRS provisions that had to be applied on June 30, 2008.

Basis of preparation of financial statements:

The interim consolidated financial statements were prepared in accordance with IAS 34 on *Interim Financial Reporting*. They do not include all the information required for the annual financial statements and should be read together with the Group accounts for the year ended December 31, 2007.

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

The amounts mentioned in these financial statements are expressed in thousands of euros (€ thousands).

The preparation of financial statements under the IFRS requires management to make judgments, estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They are thus used as the basis of judgment required to calculate the carrying amounts of certain assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from estimates.

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

The main balance sheet items affected by these estimates are deferred tax assets, goodwill, capitalized development costs and provisions.

Changes in the IFRS

The new IAS/IFRS and interpretations that had to be applied to the consolidated financial statements prepared for June 30, 2008 were as follows:

- IFRIC 11: Group and Treasury Share Transactions
- IFRIC 12: Service Concession Arrangements; and
- IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

There was no noteworthy impact owing to the application of these new interpretations.

The IFRS texts and interpretations that were applicable early to the consolidated financial statements prepared for June 30, 2008 are stated below:

- Mandatory from July 1, 2008:
  - ✓ IFRIC 13: Customer Loyalty Programs.
- Mandatory from January 1, 2009:
  - ✓ Amended IAS 1: Presentation of Financial Statements
  - ✓ IAS 23: Amendment to IAS 23 Borrowing Costs
  - ✓ IFRS 8: Operating Segments,
  - ✓ Amended IFRS 3: Business Combinations (phase II),
  - ✓ Amended IAS 27: Consolidated and Separate Financial Statements,
  - ✓ Amendments to IFRS 2: Vesting Conditions and Cancellations,
  - ✓ Amendments to IAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation.

In the consolidated financial statements as at June 30, 2008, none of these standards or interpretations was applied early.

Business Seasonality

The Group is subject to considerable seasonality in its Telecommunications business. Indeed, it records most of its deliveries to key account customers and the State in the second half-year, i.e. between 55% and 65% of its annual sales.

Presentation Changes

Presentation of research tax credit:

Until the end of 2006, the research tax credit was included under the “Income tax” item in the income statement. As from January 1, 2007 and in accordance with IAS 20, ACTIA GROUP has chosen a more appropriate presentation of this research tax credit, as operating income. This new presentation is more accurate as the research tax credit has the characteristics of a research grant. A specific operating income category has been introduced for this purpose.

Presentation of corporation tax at I+ME Actia:

Until the end of 2007, the German corporation tax for the subsidiary, I+ME Actia, was presented in two separate components:

- ✓ one component consisting of a tax on trading income (“*Gewerbesteuer*”) in “Taxes and duties” in operating income; and
- ✓ another component in “Income tax”, calculated on the company’s taxable income.

The *Gewerbesteuer* is now calculated on the company’s taxable income in the same way as corporation tax. It forms a significant proportion (15.8%) of the tax rate applicable to German firms (31.625%). Accordingly, in the consolidated financial statements, the Group considered it more appropriate to book the *Gewerbesteuer* to income tax.

After reclassifications, the income statement was presented as follows:

- ✓ **At June 30, 2007:**

(€ thousands)	Issued	Restatement		After reclassification
		RTR	CT	
Operating income	4,900	660	135	5,695
Tax charge	<782>	<660>	<135>	<1,576>

✓ **At December 31, 2007:**

(€ thousands)	Issued	Restatement		After reclassification
		RTR	CT	
Operating income	11,718	1,443	571	13,732
Tax charge	<1,425>	<1,443>	<571>	<3,439>

3.1 CONSOLIDATED BALANCE SHEET

TOTAL ASSETS Consolidated, under IFRS (€ thousands)	Notes	Amounts at 06/30/08	Amounts at 12/31/07
NON-CURRENT ASSETS			
Goodwill	3.5.3	22,736	22,960
Development costs	3.5.3	18,099	17,434
Other intangible assets	3.5.3	1,112	1,260
Total intangible assets		**41,946**	**41,655**
Land	3.5.4	1,382	1,412
Buildings	3.5.4	5,061	4,990
Plant and equipment	3.5.4	7,174	7,056
Other items of property, plant and equipment	3.5.4	3,453	3,677
Total property, plant and equipment		**17,070**	**17,136**
Investments in associates (equity method)		212	196
Non-current financial assets		729	748
Deferred tax assets	3.5.8	6,881	7,077
Non-current research tax credit	3.5.6	4,660	3,717
TOTAL NON-CURRENT ASSETS		**71,499**	**70,527**
CURRENT ASSETS			
Inventory	3.5.5	69,914	59,399
Accounts receivable	3.5.6	80,100	77,434
Other current receivables from operations	3.5.6	5,023	3,819
Current tax credit	3.5.6	3,401	3,890
Miscellaneous current receivables	3.5.6	993	1,175
Financial instruments	3.5.20	6	17
Total current receivables		**159,438**	**145,734**
Marketable securities	3.5.7	209	122
Cash and cash equivalents	3.5.7	14,725	17,554
Total cash and cash equivalents		**14,934**	**17,675**
TOTAL CURRENT ASSETS		**174,371**	**163,409**
TOTAL ASSETS		**245,870**	**233,937**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY Consolidated, under IFRS (€ thousands)	Notes	Amounts at 06/30/08	Amounts at 12/31/07
SHAREHOLDERS' EQUITY			
Share capital	3.5.11	14,895	14,895
Share premiums	3.5.11	17,280	17,280
Reserves	3.5.11	19,303	13,083
Retained earnings	3.5.11	8,841	10,296
Cumulative translation differences	3.5.11	<1,757>	<1,908>
Treasury shares	3.5.11	<443>	<443>
Net income	3.5.11	3,319	5,838
Shareholders' equity attributable to Group		**61,437**	**59,040**
Minority interest in income	3.5.11	39	289
Minority interest in reserves	3.5.11	3,925	3,954
Shareholders' equity attributable to minority interests		**3,964**	**4,242**
CONSOLIDATED SHAREHOLDERS' EQUITY.		**65,401**	**63,282**
NON-CURRENT LIABILITIES			
Bank borrowings	3.5.9	26,451	25,203
Other financial liabilities	3.5.9	1,108	962
Leasing obligations	3.5.9	5,559	5,863
Total non-current financial liabilities		**33,118**	**32,029**
Deferred tax liabilities	3.5.8	29	168
Provisions for pensions and other non-current employee benefits	3.5.13	4,022	3,820
TOTAL NON-CURRENT LIABILITIES		**37,169**	**36,017**
CURRENT LIABILITIES			
Current provisions	3.5.13	**5,354**	**4,875**
Current financial liabilities	3.5.9	49,647	51,926
Financial instruments	3.5.20	274	159
Total current financial liabilities		**49,920**	**52,085**
Accounts payable	3.5.10	47,724	41,303
Other operating liabilities	3.5.10	24,030	22,715
Taxes payable (income tax)	3.5.10	1,809	1,367
Miscellaneous liabilities	3.5.10	3,149	3,315
Deferred income	3.5.10	11,313	8,978
TOTAL CURRENT LIABILITIES		**143,300**	**134,638**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**245,870**	**233,937**

3.2 CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT Consolidated, under IFRS (€ thousands)	Notes	First-half 2008	First-half 2007	2007
Sales	3.5.14	**132,294**	**119,102**	**250,617**
- Purchases consumed		<60,349>	<50,557>	<105,438>
- Personnel expenses		<37,517>	<35,153>	<70,036>
- External charges		<27,106>	<23,574>	<47,867>
- Taxes and duties other than on income		<2,028>	<2,094>	<4,048>
- Depreciation and amortization		<3,795>	<3,900>	<8,757>
+/- Changes in inventories of work-in-process and finished goods		5,598	1,419	<1,423>
+/- Translation gains and losses on operating transactions		<210>	<92>	<132>
+ Research tax credit		1,749	660	1,443
+ Other operating income		43	220	546
- Other operating expenses		<550>	<334>	<1,139>
+/- Gains (losses) on disposals of non-current assets		<56>	<4>	<33>
Operating income	3.5.14	**8,074**	**5,695**	**13,732**
+ Income on cash and cash equivalents	3.5.16	7	14	21
- Interest expense and other financial charges	3.5.16	<2,475>	<2,197>	<4,500>
+ Other financial income	3.5.16	233	176	414
- Other financial expenses	3.5.16	<192>	<55>	<222>
Net financial debt	3.5.16	**<2,427>**	**<2,062>**	**<4,286>**
+ Share in the earnings of equity-method associates		70	52	120
- Income tax	3.5.15	<2,359>	<1,576>	<3,439>
Net income (loss)	3.5.14	**3,358**	**2,108**	**6,126**
* Attributable to the Group		3,319	2,068	5,838
* Minority interests		39	40	289
Basic earnings (loss) per share (in €)	3.5.12.1	**0.168**	**0.104**	**0.295**
Diluted earnings (loss) per share (in €)	3.5.12.2	**0.166**	**0.099**	**0.291**

3.3 CHANGES IN SHAREHOLDERS' EQUITY

(€ thousands)	Share capital	Treasury shares	Share premiums	Reserves, retained earnings, net income	Cumulative translation differences	Attributable to the Group	Minority interests	Total shareholders' equity including minority interests
At 01/01/07 IFRS	**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>
Subtotal of expenses and revenues recognized in 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 06/30/07 IFRS	**14,895**	**<443>**	**17,280**	**25,273**	**<1,369>**	**55,636**	**4,088**	**59,724**
At 01/01/08 IFRS	**14,895**	**<443>**	**17,280**	**29,217**	**<1,908>**	**59,040**	**4,242**	**63,282**
Net income				3,319		3,319	39	3,358
Changes in translation differences					151	151		151
Subtotal of expenses and revenues recognized in the period	**0**	**0**	**0**	**3,319**	**151**	**3,470**	**39**	**3,509**
Dividends paid				<993>		<993>		<993>
Change in share capital						0		0
Changes in scope						0	<219>	<219>
Other				<81>		<81>	<98>	<179>
At 06/30/08 IFRS	**14,895**	**<443>**	**17,280**	**31,462**	**<1,757>**	**61,437**	**3,964**	**65,401**

3.4 CASH FLOWS

Statement of changes in consolidated cash flow *(€ thousands)*	06/30/2008	06/30/2007
Net income from the period	3,358	2,108
Adjustments for:		
Depreciation, amortization and provisions	4,795	3,964
(Gains) losses on disposal of non-current assets	56	4
Interest expense	2,475	2,197
Current income tax (excluding research tax credit)	2,319	1,015
Change in deferred taxes	40	454
Research tax credit	<1,749>	<687>
Other income and expenses	62	0
Share in the earnings of equity-method associates	<70>	<52>
Operating income before change in working capital requirements	*11,286*	*9,003*
Change in working capital requirements from operating activities	<4,217>	517
Cash generated by operating activities	*7,069*	*9,520*
Income tax paid (excluding research tax credit)	<1,876>	<704>
Research tax credit collected	1,240	0
Net cash generated by operating activities	**6,433**	**8,816**
Acquisitions of non-current assets	<4,907>	<4,926>
Dividends received from associates	0	<23>
Proceeds from disposals of non-current assets	8	15
Period acquisitions less cash acquired	<42>	<220>
Net cash generated by investment activities	**<4,941>**	**<5,154>**
Dividends paid	<12>	<32>
Share capital increase paid in cash	0	19
Increases in borrowings	7,475	8,800
Repayment of borrowings	<7,045>	<7,515>
Interest payments	<2,475>	<2,197>
Net cash generated by financing activities	**<2,057>**	**<925>**
Impact of changes in exchange rates	<123>	<122>
Opening cash balance (refer to the breakdown in Section § 3.5.7)	<22,119>	<34,287>
Closing cash balance (refer to the breakdown in Section § 3.5.7)	<22,808>	<31,672>
Change in cash over the period	**<689>**	**2,615**

3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.5.1 ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the half-year financial statements are identical to those used in relation to December 31, 2007 for the annual financial statements (refer to the notes to the financial statements for the period ended December 31, 2007).

3.5.2 CONSOLIDATED COMPANIES

Name	Registered office	Siren no.	% control		Consolidation method		Activity
			12/07	06/08	12/07	06/08	
ACTIA GROUP SA	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company
AUTOMOTIVE							
ACTIA (1)	Toulouse	389 187 360	99.97	99.97	FC	FC	Electronics research & manufacturing
ACTIA MULLER	Toulouse	350 183 182	99.99	99.99	FC	FC	Manufacturing and distribution of mechanical equipment for garages and inspection centers
ACTIA AIXIA (2)	Le Bourget du Lac	381 805 514	99.90	99.91	FC	FC	Electronics research & manufacturing
ATON SYSTÈMES	Maison Alfort	384 018 263	87.80	87.80	FC	FC	Electronics research & manufacturing
ACTIA UK	Newtown *(Wales)*		100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA MULLER UK (3)	Farnborough *(UK)*		100.00	100.00	FC	FC	Distribution of diagnostics solutions
ACTIA VIDEOBUS	Getafe, Madrid *(Spain)*		100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA MULLER ESPAÑA (4)	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	Manufacturing and distribution of audio and video equipment
ACTIA DO BRASIL	Porto Alegre *(Brazil)*		90.00	90.00	FC	FC	Electronics research & manufacturing
ACTIA INC.	Elkhart-Indiana *(USA)*		100.00	100.00	FC	FC	Electronics research & manufacturing
ATAL	Tabor *(Czech Republic)*		89.98	89.98	FC	FC	Electronics research & manufacturing
ACTIA ITALIA	Torino *(Italy)*		100.00	100.00	FC	FC	Electronics research & manufacturing
I + ME ACTIA	Braunsweig (Germany)		100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA CORP.	Elkhart-Indiana *(USA)*		100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA NL	Nuenen *(The Netherlands)*		100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA POLSKA (5)	Lodz *(Poland)*		70.00	100.00	FC	FC	Electronics research & manufacturing
CIPI-ACTIA	Tunis *(Tunisia)*		65.80	65.80	FC	FC	Electronics manufacturing
ACTIA INDIA	New Delhi *(India)*		51.00	51.00	FC	FC	Electronics research & manufacturing
ACTIA SHANGAI	Shanghai *(China)*		100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA NORDIC	Spanga *(Sweden)*		100.00	100.00	FC	FC	Electronics research & manufacturing
TELECOMMUNICATIONS							
SODIELEC SA	St Georges de Luzençon	699 800 306	91.51	91.51	FC	FC	Electronics research & manufacturing
SCI SODIMOB	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate
ARDIA	Tunis *(Tunisia)*		73.33	73.33	FC	FC	Electronics research
SCI DE L'ORATOIRE (6)	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 March 28, 2008, the holding company, “Actia Group SA”, purchased one Actia share, without any effect on the percentage control of the Company.
(2) Aixia changed its name to become Actia Aixia. On June 3, 2008, Actia bought one share in Actia Aixia. The percentage control of the Company is now 99.91%, compared with 99.90% on December 31, 2007.
(3) Teckhne (no industrial activity up to March 31, 2008) changed its name on April 1, 2008, becoming Actia Muller UK. It now distributes diagnostics solutions.
(4) Actia Automotive changed its company name, to become Actia Muller España.
(5) On January 18, 2008, Actia purchased 1,260 shares in Actia Polska. The percentage control of the Company is now 100.00%, against 70.00% on December 31, 2007. The treatment of this operation is presented in § 3.5.3.1.
(6) SCI de l'Oratoire is 86% owned by Actia Group SA and 14% by ACTIA SA.

3.5.3 INTANGIBLE ASSETS

3.5.3.1 Goodwill

On January 18, 2008, Actia SA purchased 1,260 shares in Actia Polska from minority owners for €42 thousand. The proportion of shareholders' equity purchased (30%) was valued on acquisition at €204 thousand. This purchase thus generated €162 thousand in badwill, which the Group recognized in the income statement account, “Other operating expenses”, in accordance with its accounting policies.

Furthermore, in the consolidated financial statements for June 30, 2008, impairment was recognized in full for the goodwill recorded in relation to Actia Polska in 2001 (€224 thousand). This impairment was also recognized in the income statement account, “Other operating expenses”,

The overall effect of these transactions thus represents a net charge of €62 thousand recognized in the income statement account, “Other operating expenses”,

Actia Polska is now 100% owned by the Group and is being reorganized to ensure its profitability in future years.

3.5.3.2 Other intangible assets

New intangible assets were generated internally (capitalized production) for €2 million (€1.5 million as at June 30, 2007).

In the first half of 2008, gross capitalized development costs were €2.1 million (€1.6 million as at June 30, 2007) and mainly concerned:

	06/30/08	06/30/07
Actia	+€1.1 million	+€0.2 million
Actia Nordic	N.S.	+€0.6 million
SODIELEC	+€0.8 million	€0.7 million

In the first half of this year, SODIELEC canceled capitalized development costs that had been fully amortized. The operation involved a gross value and full amortization of €3.8 million.

3.5.4 PROPERTY, PLANT AND EQUIPMENT

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

In the first half of 2008, the main acquisitions concerned:

	06/30/08	06/30/07
✓ Plant and equipment	+€1.6 million	+€1.3 million
✓ Other property, plant and equipment	+€0.8 million	+€0.8 million

Pledged property, plant and equipment items are set-out in Section 3.5.19.

3.5.5 INVENTORIES

The **net realizable value** of inventories changed as follows:

(€ thousands)	06/30/2008			12/31/2007		
	Automotive division	Telecoms division	Group consolidated financial statements	Automotive division	Telecoms division	Group consolidated financial statements
Raw materials	18,362	8,193	26,555	18,148	7,078	25,226
Work-in-process - goods and services	4,026	10,804	14,830	2,533	8,811	11,345
Semi-finished and finished goods	9,941	4,063	14,004	8,468	3,355	11,823
Goods held for resale	14,526	0	14,526	10,852	154	11,006
Total	**46,854**	**23,060**	**69,914**	**40,001**	**19,398**	**59,399**

Items scrapped during the period totaled €1.036 million (zero in 2007) and concerned:

- ✓ Actia Muller €550 thousand (o.w. €500 thousand provided for in 2007); and
- ✓ SODIELEC €486 thousand (o.w. €312 thousand provided for in 2007).

Inventories increased by a gross amount of €10.5 million. This large increase was mainly due to:

- ✓ the considerable seasonality of the Telecommunications business. Indeed, the Company records most of its deliveries to key account customers and the State in the second half-year, that is to say between 55% and 65% of its annual sales; and
- ✓ export sales being brought-forward for ACTIA MULLER.

Inventory **write-downs** changed as follows:

(€ thousands)	06/30/2008			12/31/2007		
	Automotive division	Telecoms division	Group consolidated financial statements	Automotive division	Telecoms division	Group consolidate d financial statements
Raw materials	2,024	368	2,392	1,975	675	2,650
Work-in-process - goods and services	26	0	26	2	0	2
Semi-finished and finished goods	492	128	619	492	134	625
Goods held for resale	2,009	0	2,009	2,445	0	2,445
Total	**4,551**	**496**	**5,047**	**4,913**	**809**	**5,722**

3.5.6 ACCOUNTS RECEIVABLE

Accounts receivable fall due in under a year. These changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Accounts receivable (Gross amounts)	61,820	20,770	95	82,685	55,064	24,269	145	79,478
o.w. Dailly-type factored receivables	*5,028*	*7,774*	*0*	*12,802*	*9,552*	*8,122*	*0*	*17,674*
o.w. bills discounted not yet due	*2,913*		*0*	*2,913*	*3,398*	*0*	*0*	*3,398*
<Provisions>	<1,536>	<1,049>	0	<2,586>	<1,593>	<451>	0	<2,044>
Total	**60,284**	**19,721**	**95**	**80,100**	**53,471**	**23,818**	**145**	**77,434**

A €600 thousand provision was allocated for the Telecommunications division as at June 30, 2008 due to the financial difficulties faced by a major customer.

Other current receivables from operations changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Advances and prepayments	1,080	206	12	1,298	1,425	13	7	1,445
Amounts receivable from payroll tax agencies	202	27	1	230	163	20	0	183
VAT receivable	1,950	200	238	2,388	696	179	209	1,084
Prepaid expenses	746	263	98	1,107	738	215	154	1,107
Total	**3,979**	**695**	**349**	**5,023**	**3,023**	**427**	**369**	**3,819**

Current tax credits changed as follows:

(€ thousands)	06/30/2008			12/31/2007			
	Automotive division	Telecoms division	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Tax receivables	774	64	839	1,018	75	0	1,093
Other tax and income tax receivables	1,196	16	1,211	1,011	0	15	1,026
Current research tax credit	733	618	1,351	950	821	0	1,771
Total	**2,703**	**698**	**3,401**	**2,979**	**896**	**15**	**3,890**

The differences in **current and non-current research tax credits** are detailed below:

(€ thousands)	06/30/2008			12/31/2007		
	Automotive division	Telecoms division	Group consolidated financial statements	Automotive division	Telecoms division	Group consolidated financial statements
Non-current research tax credit	2,884	1,777	4,660	1,948	1,768	3,717
Current research tax credit	733	618	1,351	950	821	1,771
Total	**3,617**	**2,395**	**6,011**	**2,898**	**2,589**	**5,488**

The research tax credit increased owing to changes in calculation rules in effect in France.

ACTIA GROUP, with its Automotive and Telecommunications divisions, commits itself to a large amount of R&D expenses. Over the past three years, this has averaged 15.3% of consolidated sales. From a tax perspective, this proactive policy results in receiving a research tax credit that reduces the tax rate usually applicable in France.

3.5.7 CASH, CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE VIA INCOME

Net available cash and cash equivalents changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Marketable securities available for sale	13	110	85	209	13	108	1	122
Cash in bank	13,018	1,184	523	14,725	16,066	1,153	335	17,554
<Current bank lines>	<24,093>	<9,464>	<4,185>	<37,742>	<26,981>	<9,303>	<3,511>	<39,795>
Total	**<11,062>**	**<8,170>**	**<3,577>**	**<22,808>**	**<10,902>**	**<8,042>**	**<3,175>**	**<22,119>**

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

Investment securities are recognized at their market value at the balance sheet cut-off date. The impact on reserves and earnings is set-out below:

(€ thousands)	06/30/2008				12/31/2007			
	Cost	Fair value	Impact on reserves	Impact on earnings	Cost	Fair value	Impact on reserves	Impact on earnings
Investment securities	175	209	32	2	90	122	28	4

3.5.8 DEFERRED TAX

(€ thousands)	06/30/2008	12/31/2007
Tax assets recognized in respect of:		
Temporary differences	2,511	2,434
Tax losses	4,370	4,643
Total net tax assets	**6,881**	**7,077**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	29	168
Total net tax liabilities	**29**	**168**
Total net deferred tax assets	**6,852**	**6,909**

At June 30, 2008, non-capitalized tax losses were €5.8 million. The potential gain from these tax loss carry-forwards is €1.9 million.

3.5.9 FINANCIAL LIABILITIES

Financial liabilities by type of financing and maturity break-down as follows:

(€ thousands)	06/30/2008				12/31/2007			
	<06/30/09	>01/07/09 <06/30/13	>01/07/13	Total	<12/31/08	>01/01/09 <12/31/12	>01/01/13	Total
Bank borrowings	10,254	24,506	1,945	**36,704**	10,045	23,075	2,128	**35,249**
Other financial liabilities	529	1,108		**1,637**	818	962		**1,779**
Leasing obligations*	1,122	3,074	2,485	**6,681**	1,267	3,185	2,679	**7,131**
Bank lines and overdrafts	37,742			**37,742**	39,795			**39,795**
Total	**49,647**	**28,688**	**4,430**	**82,764**	**51,926**	**27,222**	**4,807**	**83,954**

* Refer to section 3.5.4

The "net debt/shareholders' equity" ratio is as follows:

(€ thousands)	06/30/2008	12/31/2007
Bank borrowings	36,704	35,249
Other financial liabilities	1,637	1,779
Leasing obligations	6,681	7,131
Bank lines and overdrafts	37,742	39,795
Subtotal A	**82,764**	**83,954**
Other marketable securities	209	122
Cash and cash equivalents	14,725	17,554
Subtotal B	**14,934**	**17,675**
Total net debt = A - B	**67,831**	**66,279**
Total shareholders' equity	**65,401**	**63,282**
Net debt/shareholders' equity ratio	**104%**	**105%**

3.5.10 Other current liabilities

Accounts payable fall due in under a year. These changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Accounts payable on goods and services	40,239	7,377	107	47,724	36,279	5,524	<499>	41,303
Total	**40,239**	**7,377**	**107**	**47,724**	**36,279**	**5,524**	**<499>**	**41,303**

Other operating liabilities changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Advances and prepayments received	2,369	465	119	**2,953**	2,869	440	172	**3,481**
Amounts payable to payroll tax agencies	10,913	3,374	164	**14,451**	9,316	2,981	178	**12,475**
Taxes payable	4,611	1,752	263	**6,626**	4,050	2,503	206	**6,759**
Total	**17,894**	**5,591**	**546**	**24,030**	**16,235**	**5,924**	**556**	**22,715**

Other financial liabilities changed as follows:

(€ thousands)	06/30/2008				12/31/2007			
	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated	Group consolidated financial statements
Liabilities on non-current assets	16	0	3	**19**	124	181	0	**304**
Creditor current a/cs	114	289	* 701	**1,104**	15	519	<461>	**73**
Other miscellaneous liabilities	1,909	76	41	**2,026**	2,807	76	54	**2,938**
Total	**2,039**	**365**	**745**	**3,149**	**2,946**	**776**	**<407>**	**3,315**

* Essentially represents the elimination of a current account between the Telecommunications division and ACTIELEC TECHNOLOGIES SA (holding company) for <€289 thousand>, plus €993 thousand in dividends payable to parent company shareholders.

3.5.11 Shareholders' equity

During the first half of 2008, changes to the shareholders' equity of the Group and minority interests related in particular:

- ✓ to net income for the period;
- ✓ to dividends paid by the holding company, “ACTIA GROUP SA”, (dividend of €0.05 per share paid-out); and
- ✓ changes in the scope relating to the acquisition of Actia Polska shares from third parties.

3.5.12 EARNINGS PER SHARE

3.5.12.1 Basic earnings per share

The basic earnings per share at June 30, 2008 were calculated on the basis of net income attributable to the Group for the period, namely €3,318,971, divided by the weighted average number of shares in circulation during the period, namely 19,796,612 shares.

The breakdown of these calculations and prior-period comparative figures are provided in the table below:

(in €)	06/30/2008	06/30/2007
Net income attributable to the Group	**3,318,971**	**2,067,995**
Weighted average number of shares		
Shares issued on January 1	19,859,941	19,859,941
Treasury shares held at the end of the period	<63,329>	<63,361>
Weighted average number of shares	**19,796,612**	**19,796,580**
Basic earnings per share *(in €)*	**0.168**	**0.104**

3.5.12.2 Diluted earnings per share

Diluted earnings per share at June 30, 2008 were calculated on the basis of net income attributable to the Group for the period of €3,318,971. No adjustment was made to net income as at June 30, 2008 for the exercising of Actia share warrants (the same applied as at June 30, 2007). SODIELEC SA convertible bonds were not taken into consideration as at June 30, 2007 due to their accretive effect. The weighted average number of potential ordinary shares for the period was 20,036,612.

Details of these calculations and prior-period comparative figures are given in the table below:

(in €)	06/30/2008	06/30/2007
Diluted net income	**3,318,971**	**2,067,995**
Weighted average number of potential shares		
Weighted average number of ordinary shares	19,796,612	19,792,041
Impact of share warrants (FR 0010121061)	-	918,098
Impact of share subscription plans	240,000	240,000
Diluted weighted average number of shares	**20,036,612**	**20,950,139**
Diluted earnings per share *(in €)*	**0.166**	**0.099**

3.5.13 PROVISIONS

There were the following changes in **provisions**:

(€ thousands)	**06/30/2008**	**12/31/2007**
Provisions for pension and other non-current employee benefits	4,022	3,820
Current provisions	5,354	4,875
o.w. provisions for contingencies	*5,102*	*3,843*
o.w. provisions for liabilities	*253*	*1,032*
Total	**9,376**	**8,695**

- Retirement and other long-term benefits increased by €0.2 million in the first half of 2008 (no significant increase in the first half of 2007);

- Provisions for contingencies were up €1.3 million in the first six months of this year, having fallen by €0.1 million in the first half of 2007.

In particular, these include:
- ✓ provisions for guarantees: €2.3 million;
- ✓ a provision for an equity-method associate: SCI Pouvourville, €0.3 million;
- ✓ a provision for a fine and penalty: €0.6 million; and
- ✓ a provision for litigation: €0.5 million.

- Provisions for liabilities fell by €0.8 million in the first half of 2008 (having fallen by €0.3 million in the same period the previous year). This reduction in the first six months was mainly due to applying a provision for breach of contract (€0.6 million).

3.5.14 OPERATING SEGMENTS

The operating segments identified by the Group are:
- The Automotive segment, which combines the Diagnostics, Embedded Systems and Services businesses; and,
- The Telecommunications segment, which combines the Earth Stations, Broadcasting and Telecommunication Systems activities.

The breakdown of net income (loss) by operating segment is as follows:

	First-half 2008				**First-half 2007**			
(€ thousands)	Automotive division	Telecoms division	Unallocated and eliminations	Group consolidated financial statements	Automotive division	Telecoms division	Unallocated and eliminations	Group consolidated financial statements
Sales	115,668	17,394	<767>	132,294	102,927	16,559	<384>	119,102
Operating income	**9,007**	**<409>**	**<524>**	**8,074**	**5,591**	**261**	**<156>**	**5,695**
Net financial debt	**<2,015>**	**<436>**	**24**	**<2,427>**	**<1,691>**	**<404>**	**33**	**<2,062>**
Share in the earnings of equity-method associates	16	0	54	70	13	0	39	52
Income tax	<2,453>	108	<13>	<2,359>	<1,302>	81	<355>	<1,576>
Net income (loss)	**4,555**	**<738>**	**<460>**	**3,358**	**2,611**	**<63>**	**<440>**	**2,108**

3.5.15 INCOME TAX

(€ thousands)	First-half 2008	First-half 2007
Earnings (loss) of the consolidated companies	3,287	2,056
Current tax <credit>	2,319	1,123
Deferred tax <credit>	40	454
o.w. deferred tax on temporary differences	*40*	*454*
o.w. deferred tax on change in tax rate	*0*	*0*
Pretax earnings (loss) of the consolidated companies	**5,646**	**3,633**

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

(€ thousands)	First-half 2008	First-half 2007
Theoretical income tax calculated at standard rate in France	1,882	1,211
Annual flat tax & research tax credit	<599>	<246>
Impact on theoretical income tax of:		
- Tax rate differential (between French and foreign rates)	<256>	<144>
- Effect of rate changes on deferred tax	0	<1>
- Non-capitalized tax losses	1,227	488
- Change in outlook for utilization of tax losses	<115>	179
o.w. income on the utilization of non-capitalized tax losses	*<115>*	*<171>*
o.w. income on modification of capitalization of tax losses	*0*	*0*
o.w. losses on modification of capitalization of tax losses	*0*	*350*
- Tax on capital gains	0	0
- Adjustment of prior year’s tax	0	189
- Other (including permanent differences)	220	<99>
Income tax recognized	**2,359**	**1,577**

The deferred income tax is set-out in Section 3.5.8.

3.5.16 NOTE ON NET FINANCIAL DEBT

The **net contribution** of the divisions to the Group's net financial debt is as follows

€ thousands	First-half 2008				First-half 2007			
	Automotive Division	Telecom Division	Unallocated	Group consolidated financial statements	Automotive Division	Telecom Division	Unallocated	Group consolidated financial statements
Revenues from cash and equivalents	1	4	2	7	4	8	2	14
Interest and financial expenses	<2,097>	<450>	71	<2,475>	<1,852>	<436>	91	<2,197>
o.w. interest on financial liabilities	*<2,097>*	*<450>*	*71*	*<2,475>*	*<1,852>*	*<436>*	*91*	*<2,197>*
Other financial revenues	268	10	<44>	233	203	28	<55>	176
o.w. interest income	*118*	*10*	*0*	*128*	*134*	*10*	*1*	*145*
o.w. dividends received	*45*	*0*	*<45>*	*0*	*56*	*0*	*<56>*	*0*
Other financial expenses	*<187>*	*0*	*<5>*	*<192>*	*<45>*	*<4>*	*<6>*	*<55>*
Net financial debt	**<2,015>**	**<436>**	**24**	**<2,427>**	**<1,691>**	**<404>**	**33**	**<2,062>**

3.5.17 RELATED-PARTY TRANSACTIONS

Below are the operations performed with parties related to ACTIA GROUP in the first half of 2008:

➢ **The holding company, LP2C SA:**

The **scope of relations** with LP2C was defined in a new agreement signed between the two companies on October 23, 2006. This new agreement canceled and replaced the preceding agreement of March 31, 1994. Two types of services are entrusted to LP2C:

- ✓ Recurring assignments:
  - management support;
  - business coordination support;
  - communications support,
  - accounting, legal and administrative support; and
  - financial support.
- ✓ Periodic assignments:
  ACTIA GROUP SA may ask LP2C to carry-out specific, clearly defined, closed-ended assignments, not typically included in the services listed above, on its behalf.

The **financial details** are provided below:

€ thousands	First-half 2008	First-half 2007
Net transaction amount (<expense>)	<780>	<775>
Balance sheet amount (<liability>)	<466>	<606>
Payment terms	Immediate	Immediate
Impairment of bad and doubtful debts	0	0

➢ **Equity-method associates:**

These are two property investment company (*société civile immobilière*, hereinafter "SCI"), SCI LOS OLIVOS and SCI LES COTEAUX DE POUVOURVILLE.

The relations between these two SCIs and the Group are of a **real-estate nature**:

- ✓ SCI Los Olivos owns land and a building in Getafe (Spain) that are leased to ACTIA Videobus,
- ✓ SCI Les Coteaux de Pouvourville has a lease-back agreement with CMCIC Lease and subleases this land and these buildings in Toulouse (31) to ACTIELEC Technologies and ACTIA on a pro rata basis of the floor space used.

The **financial details** are provided below:

€ thousands	First-half 2008	First-half 2007
Net transaction amount (<expense>)	457	417
Balance sheet amount (<liability>)	<27>	0
Payment terms	Immediate	Immediate
Impairment of bad and doubtful debts	0	0

➢ **Subsidiaries:**

These are companies that the Group controls (refer to section 3.5.2).

All transactions with subsidiaries are wholly eliminated from the consolidated financial statements. These are varied in nature:

- ✓ Purchase and sale of goods and services;
- ✓ Leasing of premises;
- ✓ Transfer of research and development;
- ✓ Purchase and sale of capitalized assets;
- ✓ License agreements;
- ✓ Current accounts;
- ✓ Loans;
- ✓ Management fees ….

➢ **<u>With members of the management bodies:</u>**

This involves **corporate officers**:

- ✓ in the holding company, "ACTIA GROUP SA", members of the Executive Board and Supervisory Board;
- ✓ in the controlling company, LP2C, members of the Executive Board and Supervisory Board; and
- ✓ in subsidiaries controlled by the ACTIA GROUP.

The **breakdown of remuneration paid** for the first halves of 2007 and 2008 is as follows:

(€ thousands)	**First-half 2008**	**First-half 2007**
Remuneration		
Fixed	239	236
Variable	0	0
Non-recurring	0	0
Directors' fees	0	0
Benefits in kind	4	4
Total	**243**	**240**

➢ **<u>Other related parties:</u>**

- **GIE PERENEO**
  ACTIA SA owns 50% of GIE PERENEO. The goal of this economic interest grouping is to provide total support services (*Maintien en Condition Opérationnelle*) and to extend the lifespan of electronic systems.

The **figures** are set-out below:

(€ thousands)	**First-half 2008**	**First-half 2007**
Amount of transaction (<expense>)	466	426
Balance sheet amount (<liability>)	615	439
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

3.5.18 OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments break-down as follows:

(€ thousands)	06/30/2008	12/31/2007
Commitments received		
Bank guarantees	750	750
Total commitments received	**750**	**750**
Commitments given		
Contingent liabilities (*)	-	-
Total commitments given	-	-

The above information does not include lease liabilities, which are covered in the section on financial liabilities.

(*) ACTIA ITALIA has been subject to a tax reassessment. The company disputed the position of the tax authorities and began appeal proceedings. A decision was handed-down on May 15, 2008 in favor of ACTIA ITALIA. This decision related to 90% of the disputed amount. Pending a judgment on the remaining 10%, a provision recognized on June 30, 2007 was not reversed as at June 30, 2008. This allowance corresponds to the probable cash outflow probable following the settlement of the dispute.

3.5.19 ENCUMBERED ASSETS

Encumbered assets are those used as collateral for balance sheet liabilities. They break-down as follows:

	06/30/08			12/31/07		
(€ thousands)	Automotive division	Telecommunications division	**Total**	Automotive division	Telecommunications division	**Total**
Trade receivables pledged	14,372	7,774	**22,146**	17,808	8,122	**25,930**
o.w.: Dailly-type, with guarantee	*4,123*	*0*	***4,123***	*3,771*	*0*	***3,771***
Dailly-type, with recourse	*7,335*	*7,774*	***15,109***	*10,639*	*8,122*	***18,761***
Bills discounted not yet due	*2,914*	*0*	***2,914***	*3,398*	*0*	***3,398***
Research tax credit pledged	0	511	**511**	0	511	**511**
Inventory pledged	970	0	**970**	679	0	**679**
Equipment pledged	0	32	**32**	0	36	**36**
Mortgages / pledges (land / buildings)	1,469	277	**1,746**	1,559	308	**1,867**
Total encumbered assets	**16,811**	**8,594**	**25,405**	**20,046**	**8,977**	**29,023**

3.5.20 RISK HEDGING POLICY

3.5.20.1 Exchange-rate risk

Foreign-currency denominated commercial and financial transactions present a systematic exchange rate risk.

Since 1999, the Group has been invoicing all inter-company flows in euros in countries with the highest risk levels and has been limiting customer payment terms in countries with weakening currencies.

For the Group, sales, accounts receivable and payable are the main line items exposed to exchange rate risks. Their breakdown by currency is set out in the table below:

	06/30/2008			12/31/2007		
(€ thousands)	EUR	USD	Other currencies *	EUR	USD	Other currencies *
Consolidated sales	83%	4%	13%	82%	5%	13%
Accounts receivable	86%	3%	11%	87%	2%	11%
Accounts payable	90%	2%	8%	92%	2%	6%

* 9 other currencies are involved, but none exceeds the threshold of 4%.

Because of the preponderance of the euro as its trading currency, the Group is not very exposed to exchange rate risk.

For transactions denominated in foreign currencies (for example: USD-denominated purchases or sales by Eurozone companies), the companies involved independently manage their exchange rate risk, putting in place exchange rate hedges when necessary.

In 2007, ACTIA took out a EUR/USD tunnel option, covering a purchase of US$6 million staggered over three years. The minimum rate was set at 1.40 and the maximum at 1.4635. The hedge expires on September 23, 2010.

From June 30, 2008 and henceforth, this option concerns the purchase of US$5 million over two and a half years.

The Group recognizes these foreign-currency hedging instruments at fair value via income.

Details of the impact of this treatment on earnings are set-out below:

	06/30/2008		12/31/2007	
€ thousands	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES> EUR/USD hedge	<305>	<168>	<137>	<137>
Total derivatives	**<305>**	**<168>**	**<137>**	**<137>**

3.5.20.2 Interest-rate risk

Despite the reduction in debt, Group financing requirements remain considerable owing to the expansion of its businesses.

In most cases, loans are taken out at variable rates and benchmarked to the 3-month Euribor rate.

The table below details the breakdown of bank borrowings between fixed and variable-rate debt as at June 30, 2008:

(€ thousands)	06/30/2008			12/31/2007		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank borrowings	11,529	25,175	**36,704**	12,189	23,060	**35,249**
Other financial liabilities	1,637	0	**1,637**	1,779	0	**1,779**
Leasing obligations	6,681	0	**6,681**	7,131	0	**7,131**
Bank lines and overdrafts	0	37,742	**37,742**	0	39,795	**39,795**
Total	**19,847**	**62,917**	**82,764**	**21,099**	**62,855**	**83,954**
% breakdown	**24%**	**76%**	**100%**	**25%**	**75%**	**100%**

The sensitivity to a one percentage point increase in the reference rate was calculated on the basis of figures before hedging. On June 30, 2008, it was €629 thousand, as was the case on December 31, 2007.

So as to ensure a better spreading of the risk between fixed and variable rates, the Group has set-up hedging instruments that reduce the proportion of variable-rate debt to 58%.

On June 30, 2008, the sensitivity to a one percentage point increase in the reference rate, calculated on the basis of figures after hedging, was €479 thousand, as was the case on December 31, 2007.

ACTIA SA has signed an interest-rate swap on:

- ✓ €15 million at a fixed rate of 3.95% over a one-year period from December 21, 2007; and
- ✓ €20 million at a fixed rate of 3.95% over a four-year period from December 21, 2008.

The Group recognizes its interest-rate hedging instruments at fair value via income.

Details of the impact of this treatment on earnings are set out below:

(€ thousands)	06/30/2008		12/31/2007	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES> Swap	38	43	<6>	<6>
Total derivatives	**38**	**43**	**<6>**	**<6>**

At Group level, controls are carried out to keep the spread of overall interest-rate risk equal between fixed and variable rates. However, the aim of gradually reducing Group debts has resulted in limiting the hedging instruments in place.

3.5.20.3 Liquidity risk

For the Group, the risk of an entity experiencing difficulties meeting its financial liabilities is linked to its level of invoicing and collection of receivables. At June 30, 2008, no difficulties needed to be highlighted in this respect. Were this to arise, it may result in the failure to comply with the covenants at period-end. At December 31, 2007, all such covenants were satisfied.

Group companies independently manage their future funding requirements. The parent company only intervenes in the event of difficulties. The cash is generally generated from the company's activities and sometimes from bank lines put in place locally. Major capital expenditure programs (buildings and manufacturing equipment) are most often financed via loans or finance leases entered into by the subsidiary locally. ACTIA, as the head of the Automotive division, sometimes finances major capital expenditure programs for its subsidiaries (for example, manufacturing equipment for CIPI-ACTIA via a finance lease).

At June 30, 2008, the Group consolidated its medium-term debt, while maintaining its short-term lines, thereby cutting its liquidity risk.

Lastly, the Group enjoys cash surpluses at certain Automotive division subsidiaries, and has thus established treasury agreements. They have been progressively put in place between ACTIA and its subsidiaries since the end of 2007 and should enable them to cut financial expenses.

More specifically, at June 30, 2008, ACTIA had signed framework agreements with its subsidiaries, ACTIA Videobus, I+Me ACTIA and ACTIA Italia. Thus at June 30, 2008, ACTIA Italia had lent its parent company, ACTIA, €500 thousand. I+Me ACTIA should make €1 million available in the next few weeks. Framework agreements are also in the process of being signed with the subsidiaries, ATON Systèmes S.A. and ACTIA UK LTD.

It is hereby reiterated that these agreements aim to use cash available within the Group to limit the use of the short-term financing lines of the parent company, and thus cut financial expenses. This does not involve transferring bank financing to the subsidiaries.

The table below presents the liquidity risk analysis for all financial assets and liabilities:

- ✓ **At June 30, 2008:**

(€ thousands)	<06/30/09	>01/07/10 <06/30/13	>01/07/13	Total
Total financial liabilities	<143,300>	<28,717>	<8,452>	**<180,469>**
Total financial assets	149,647	11,541	729	**161,917**
Net position after management	**6,347**	**<17,176>**	**<7,723>**	**<18,552>**
Off-balance sheet commitments	750	0	0	**750**
Net position after management	**7,097**	**<17,176>**	**<7,723>**	**<17,802>**

✓ **At December 31, 2007:**

(€ thousands)	<12/31/08	>01/01/09 <12/31/12	>01/01/13	Total
Total financial liabilities	<134,638>	<27,390>	<8,627>	**<170,654>**
Total financial assets	145,856	10,793	748	**157,397**
Net position after management	**11,218**	**<16,597>**	**<7,879>**	**<13,257>**
Off-balance sheet commitments	589	0	0	**589**
Net position after management	**11,807**	**<16,597>**	**<7,879>**	**<12,669>**

3.5.21 EVENTS AFTER THE BALANCE SHEET CUT-OFF DATE

In the second half of 2008, I+ME ACTIA has signed a binding agreement to buy a real-estate complex including land and a building with an overall value of €1.5 million.

On August 29, 2008, Christian Desmoulins, Chairman of the Executive Board of ACTIA GROUP SA exercised a stock option. This transaction concerned a subscription option for 240,000 ACTIA GROUP SA shares with a unit price of €1.92.

The corporate name of the holding company was changed by the Combined General Meeting of September 15, 2008, to “ACTIA GROUP SA”.

The “ACTIELEC TECHNOLOGIES” Group is therefore now called “ACTIA GROUP”.

No other noteworthy event has taken place since June 30, 2008.

4 Report of the Statutory Auditors

This document having not been issued by ACTIA GROUP, hasn't been translated in English.
Please refer to the French version of the 2008 Half-year Financial Report to see the content of the Auditors' Report.

Contact details

ACTIA GROUP

Public limited company under French law, with share capital of €15,074,955.75
Registered with the Toulouse RCS: 542 080 791 – Economic activity classification code ("*NAF*"): 6420Z

25, Chemin de Pouvourville
B.P. 74215
31432 Toulouse Cedex 4

Tel: 05.61.17.61.98
Fax: 05.61.55.42.31

E-mail: contact@actiagroup.com

Shareholder relations:
Catherine Mallet: catherine.mallet@actia.fr

Our website:

www.actiagroup.com