HALF YEARLY FINANCIAL REPORT

JUNE 30, 2009

ACTIA Group

www.actiagroup.com

ACTIA GROUP
A French public limited company (*Société Anonyme*)
with and Executive Board and Supervisory Board
with share capital of €15,074,955.75
Registered office: 25, chemin de Pouvourville
31400 Toulouse
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We hereby present the half yearly financial report for the six months ending June 30, 2009, 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 for consultation at our Company’s website, www.actiagroup.com.

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1 RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements and the interim management report on page 5 includes a fair view of material events occurring in the first six months, their impact on the interim financial statements, the main transactions with related parties and a description of the key risks and uncertainties for the remaining six months.

September 14, 2009

Christian Desmoulins
Chairman of the Executive Board

2 INTERIM MANAGEMENT REPORT

1.1 FINANCIAL HIGHLIGHTS

1.1.1 Sales

The Group had consolidated sales in the 2009 first half of €105.14 million.

€ millions	2009			2008			Change (%)		
	Q1	**Q2**	**H1**	**Q1**	**Q2**	**H1**	**Q1**	**Q2**	**H1**
Automotive	46.5	45.3	**91.7**	53.9	61.5	**115.4**	<13.7>%	<26.3>%	**<20.5>%**
Telecommunications	5.9	7.8	**13.7**	7.0	9.9	**16.9**	<15.7>%	<21.2>%	**<18.9>%**
TOTAL	**52.4**	**53.1**	**105.4**	**60.9**	**71.4**	**132.3**	**<14.0>%**	**<25.6>%**	**<20.3>%**

Sales were significantly impacted by the worldwide economic turmoil.
Changes in the consolidation scope that remained virtually unchanged in relation to the 2008 first half included increased shareholdings and the creation of a new subsidiary that had no impact on Group revenue:

- ACTIA AUTOMOTIVE, with the shareholding increasing from 99.9725% to 99.9730% on June 8, 2009 from the exercise of 941 warrants by the parent company, ACTIA GROUP;
- ACTIA TUNISIE, a subsidiary created on November 22, 2008 in which the Group has an 89.87% stake.

In the 2009 first half, revenue declined 15.6% in France and 21.6% from foreign operations. However, the latter includes the impact of a non-recurrent revenue from a contract in Germany in the 2008 second quarter. Excluding sales from this delivery, the revenue from foreign subsidiaries declined 13%. The contribution from French subsidiaries in the revenue mix increased from 54.8% to 58%.

International revenue (foreign subsidiaries + export sales by French subsidiaries) accounts for 55.8% of total consolidated sales at June 30, 2009, up marginally in relation to the same period in 2008 from 55.5%.

Revenue for the TELECOMMUNICATIONS Division continues to have a significant seasonal component with between 55% and 65% generated in the second half.

1.1.2 Earnings

Consolidated results for the first half break down as follows:

GROUP CONSOLIDATED RESULTS (€ thousands)	06/30/2009	06/30/2008 restated (1)
Operating results	<3,072>	7,690
Net financial expenses	<1,495>	<2,427>
Net income / (loss)	<3,707>	2,974
✓ *attributable to the Group*	*<3,377>*	*2,954*
✓ *minority interests*	*<330>*	*20*

(1) Restated to exclude the impact of the Research Tax Credit (RTC) of ACTIA AUTOMOTIVE and ACTIA SODIELEC. The RTC obtained from capitalized development costs is spread over the useful lives of the fixed assets (four years for ACTIA AUTOMOTIVE and five years for ACTIA SODIELEC).

The decline in sales that was in line with forecasts is a direct outcome of worldwide economic trends and particular difficulties in certain market segments such as industrial and construction equipment and heavy trucks.

The implementation of action plans adopted following the first signs of the economic crisis starting in fall 2008 has remained on track and will produce some of its benefits in the second half and in the 2010 full year. In order to optimize certain line items, the Group has in effect been required to invest in human resources while measures to reduce external costs could not be implemented until the second half. These measures focusing on external costs are expected to produce their effects beginning in the first half (travel expenses, insurance…).

Pending the implementation of credit lines expected for fiscal 2009 and in light of the significant improvement in WCR, total debt has been reduced by 10% in relation to December 31, 2008. Credit lines obtained in the second half combined with a marginal improvement in WCR should result in a stable, or marginally increased gearing at December 31, 2009 in relation to the end of the prior year. Borrowing costs remain contained in part in response to lower interest rates.

EBITDA breaks down as follows:

EBITDA (€ thousands)	06/30/2009	06/30/2008 restated (1)
Net income (loss) for the period	<3,707>	2,974
Income tax	<2,093>	994
Interest expense and other financial charges	1,696	2,475
Depreciation and amortization	4,085	3,795
EBITDA	**<19>**	**10,238**

(1) Restated to exclude the impact of the Research Tax Credit (RTC) of ACTIA AUTOMOTIVE and ACTIA SODIELEC. The RTC obtained from capitalized development costs is spread over the useful lives of the fixed assets (four years for ACTIA AUTOMOTIVE and five years for ACTIA SODIELEC).

1.2 BUSINESS OVERVIEW

1.2.1 Automotive Division

The AUTOMOTIVE Division's net contribution to consolidated sales marked a slowdown in relation to June 30, 2008, retreating to €91.7 million.

Diagnostics:
Growth in this segment in Germany in the 2008 first half that reflected a non-recurring sale of products (€9 million) resulting in a particularly unfavorable comparison base, accentuated the contraction in revenue.

In the garage equipment segment, sales reached a low point in the first quarter followed by a marginal uptick in the second quarter in the level of deliveries from renewed capital spending by garage operators accompanied by a contracting competitive landscape (bankruptcy filing by FOG).

Despite the drop in capital spending by manufacturers, the Group has pursued commercial efforts to develop new solutions and continued to register successes notably with its multi-mark solution for the Renault network and an express repair service network.

Embedded systems:
The first sector impacted by the crisis in terms of revenue has been the industrial vehicles segment, notably with the suspension of orders by customers that experienced a 75% decline in their own sales. The full-year impact of this trend for the Group is expected to be approximately €3.5 million.

The second sector is heavy trucks, with a decline in sales of approximately 50% for most truck manufacturers that in turn directly impacted our own sales volumes. The first signs of improvement appeared in the summer of 2009 as manufacturers announced renewed growth in orders and a reduction in idle days for production lines.

The segment of buses, coaches and trains has overall remained stable worldwide with a confirmation of our expansion into China offsetting reduced activity by our European customers.

Services:
The start of the year was significantly impacted by reduced sales of our customer Continental, resulting in cuts in working hours at our Tunisian production plant. However, economic stimulus plans for the automobile sector combined with the resumption in growth of smaller models have contributed to renewed sales growth, boosted by demand for the manufacture of new boards for our main customer. The Tunisian plant is expected to return to normal level of activity by the end of the year as diversification adds new customers and certain Group products are transferred to this site to improve manufacturing costs.

The Toulouse production plant was not impacted by the downturn in worldwide activity as the products it produces are destined for small production runs for the aeronautics and railway sectors.

1.2.2 Telecommunications Division

The Telecommunications Division experienced a business cycle comparable to prior years distinguished mainly by billings for 35% of annual revenue in the first half, significantly impacting results though in line with expectations.

Earth stations:

Revenue for earth stations was generated by the program for deliveries notably to NATO and the French General Delegation for Ordnance (*Délégation Générale pour l'Armement* or "DGA"). The renewal of orders by NATO is a positive sign for the outlook of orders in the second half.

Broadcast:
In the Digital Terrestrial Television segment, competition has remained particularly intense among TDF suppliers. However, the market of 1,300 transmitters to be delivered to local administrations (excluding the TDF network) remains to be developed. In consequence, sales in the first half remained weak. The digital radio sector in Europe has not developed thus far as expected. The period will probably experience a significant drop in sales in this segment.

Telecommunication systems:
There are no particular comments to be made concerning the other businesses.

1.3 OUTLOOK

In the first half, ACTIA GROUP reaped the benefits of its strategy of focusing on commercial development and innovation that has enabled it to maintain significant competitive strengths.
As a result, the Group has been successful with major European customers for automobile diagnostics solutions and a US defense player for embedded systems.

The Group however cannot exclude that the TELECOMMUNICATIONS Division's sales could be affected by the "weak" recovery.

Measures under the cost reduction plan that have been pursued over the last two years and accelerated in fall 2008, combined with sustained R&D efforts that have contributed to recent commercial successes ensure that ACTIA GROUP has the resources to remain resilient despite particularly challenging market conditions and confirm its confidence in the medium and long-term outlook.

In light of current market trends, fiscal 2009 sales are expected to decline within the 15% to 18% range. However, the full impact in the second half of measures implemented at the end of 2008 should in part offset losses in the first half.

The Group currently has three strategic priorities that seem particularly well adapted in light of the current crisis and the values that they represent:

1) **Vehicle safety:** this area covers technical inspection equipment (break testers, headlamp control equipment, exhaust emission test units, geometric measuring equipment, expert shock absorber platforms, …), the in-vehicle emergency calls "eCall" system as well as the digital tachograph.
   In addition to the automobile segment, certain European countries are today extending technical inspections to motorcycles. This represents a significant growth area in developing countries as safety standards becomes an increasing international priority.
2) **Automobile pollution prevention:** the major sources of pollution originating from industrial plants (S02) have been significantly reduced. As a result, transportation now constitutes an important source of pollution for large companies. The Group is thus pursuing significant investments in public transit systems (bus, coaches, trains, tramways) as well as electrical vehicles. This reflects both a national objective highlighted by the French Environment Round Table but also a European and worldwide priority.
3) **Communication ("to be connected"):** For the last eight years, the Group has invested in embedded systems that include digital tachographs as well as their supporting telematic platforms. Several commercial successes have been achieved in this area. This is also a growth area fueled by increasing needs by the public. These tools contribute to increased road safety (driver controls), optimizing fuel consumption (driver behavior) and freight management through the temporary localization of commercial vehicles.

These three strategic priorities are supplemented by the Group's goal of pursuing commercial diversification in line with the technological know-how developed by the engineering departments and production plants.

Recent successes in developing a point-of-sale terminal for the retail segment and breakthroughs in the aeronautics sector represent examples. The Group is also exploring options to diversify into other areas such as the home automation in the healthcare segments.

1.4 MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions are presented in section **3.5.18 “Related-party transactions”** of the notes to the condensed consolidated financial statements of June 30, 2009.

3 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements as of June 30, 2009 were approved by the Executive Board on September 14, 2009.

Compliance statement

The interim financial statements were prepared in accordance with IFRS guidelines as adopted by the European Union including the definitions and procedures for recognition and measurement, provided for therein. In compliance with IAS 34, *Interim financial statements*, they do not include all disclosures required for annual financial statements and in consequence must be read in conjunction with the Group's annual financial statements for the fiscal year ended December 31, 2008.

Basis of preparation of financial statements:

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

The consolidated financial statements have been prepared on the basis of the historical cost approach, except for certain classes of assets and liabilities, in compliance with IFRS.

Amounts mentioned in these financial statements are denominated in euros, rounded to the nearest thousand (€ thousands).

Use of estimates

The preparation of financial statements under 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, income 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 line items affected by these estimates are deferred tax assets (see Section 3.5.8 “Deferred tax”), goodwill (see Section 3.5.3 “Intangible assets”), capitalized development costs (see Section 3.5.3 “Intangible assets”) and provisions (see Section 3.5.13 “Provisions”).

Changes in IFRS

The new IAS/IFRS and interpretations coming into force on January 1, 2009 and applied by the Group for the consolidated financial statements of June 30, 2009 are as follows:

- Revised IAS 1 "Presentation of financial statements" that requires:
  - Changes recognized under equity resulting from transactions transaction with owners in their capacity as owners be presented separately from transactions with non-owners,
  - All income and expenses recognized in the period are to be presented in a single statement (comprehensive income statement) or in two separate statements (a separate income statement followed by a statement of comprehensive income),
  - Comprehensive income is to be presented in the financial statements.

  The Group has chosen to present a comprehensive income statement (i.e. a single statement) in Section 3.2 "Statement of Comprehensive Income" ;
- IFRS 8 "Operating segments" replaces IAS 14 "Segment information". Information to be provided for the period as well as for periods presented for comparison is presented in § 3.5.15 "Segment information". Analysis of performance as monitored by management has resulted in the presentation of two distinct operating segments, "Automotive" and "Telecommunications". The application of this standard has no impact on the presentation of segment information. There is also no impact on the scope of CGU as defined in Section 8.1.6.3 "Intangible assets" of the 2008 Registration Document to be noted;
- Revised IAS 23 "Borrowing costs";
- IAS 32 (amendment) and IAS 1 (amendment) "Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation";
- IFRS 2 (amendment) "Vesting conditions and cancellations";
- IFRS 1 and IAS 27 (amendments) "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate";
- Improvements to IFRS published in May 2008.

Excluding Revised IAS 1 and IFRS 8 that modify the presentation of consolidated financial statements, the application of the other standards and interpretations had no impact on the interim consolidated financial statements.

New standards, amendments to standards published by IASB but not adopted by the European Union or adopted by the European Union with an application date subsequent to periods beginning on or after January 1, 2009 have not been applied by the Group. These include:

- Revised version of IFRIC 9 and IAS 39 "Financial instruments: recognition and measurement" - Embedded derivatives;
- Revised version of IFRS 7 "Financial instruments: disclosures" - Improvement of information to be provided on financial instruments;
- Revised version of IFRS 3 "Business combinations" and revised version of IAS 27 "Consolidated in a separate financial statements" following the modification of IFRS 3;
- IAS39 (amendment) "Financial instruments" published on July 31, 2008: "recognition and measurement - eligible hedged items";
- Improvement of IFRS published in May 2008 concerning the section relating to IFRS 5 "Non-current assets held for sale and discontinued operations" for fiscal periods in progress commencing on or after July 1, 2009;
- Improvement of IFRS published in April 2009;
- IFRIC 12 "Service concession agreements", an interpretation not yet adopted by the European Union;
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;

- IFRIC 15 “Agreement for the construction of real estate”;
- IFRIC 16 “Hedges of a net investment in a foreign operation”, effective for periods beginning on or after 10/01/2008;
- IFRIC 17 “Distributions of Non-cash Assets to Owners”, effective for periods beginning on or after 07/01/2009;
- IFRIC 18 “Transfers of Assets from Customers”, effective for periods beginning on or after le 07/01/2009.

Change in method:

Research tax credit

Research and development expenditures are capitalized by the ACTIA Group when they meet the criteria for recognition as intangible assets. Accordingly, starting January 1, 2008, the Group recognized the portion of the research tax credit attributable to assets capitalized in the balance sheet under deferred income and associated with operating income for the duration of the useful lives of the assets for which they were received. The impact on this change in method on the presentation of consolidated income for the six-month period ending June 30, 2008 is presented in the following table:

(€ thousands)	**Published**	**Restatement of research tax credit**	**Restated**
Operating results	8.074	<384>	7.690

Seasonal factors affecting revenue

The Group’s TELECOMMUNICATIONS business is subject to seasonal trends whereby the larger share of deliveries to major accounts and government customers is in the second half (between 55% and 65% of its annual revenue).

3.1 CONSOLIDATED BALANCE SHEET

ASSETS (€ thousands)	Notes	06/30/2009	12/31/2008
Goodwill	3.5.3	22,736	22,736
Development costs	3.5.3	19,038	19,331
Other intangible assets	3.5.3	1,560	1,309
Total intangible assets	**3.5.3**	**43,334**	**43,377**
Land	3.5.4	2,131	1,796
Buildings	3.5.4	6,868	6,961
Plant and equipment	3.5.4	5,979	6,435
Other property, plant and equipment	3.5.4	3,258	3,180
Total property, plant and equipment	**3.5.4**	**18,236**	**18,372**
Investments in associates	3.5.18.2	244	229
Non-current financial assets	3.5.9	698	707
Deferred tax	3.5.8	9,711	7,841
Non-current research tax credit	3.5.9	0	0
TOTAL NON-CURRENT ASSETS		**72,223**	**70,527**
Inventory and work-in-process	3.5.5	67,668	63,487
Accounts receivable	3.5.6	58,295	76,579
Other current receivables from operations	3.5.9	4,160	5,455
Current tax credit	3.5.9	3,523	10,534
Miscellaneous current receivables	3.5.9	794	1,106
Financial instruments	3.5.7.2	201	357
Total current receivables		**134,641**	**157,518**
Marketable securities	3.5.7.1	76	126
Cash	3.5.7.1	15,891	19,248
Total cash and cash equivalents	**3.5.7.1**	**15,968**	**19,374**
TOTAL CURRENT ASSETS		**150,609**	**176,892**
TOTAL ASSETS		**222,831**	**247,418**

SHAREHOLDERS' EQUITY AND LIABILITIES (€ thousands)	Notes	06/30/2009	12/31/2008
Share capital	3.5.11	15,075	15,075
Share premiums	3.5.11	17,561	17,561
Reserves	3.5.11	24,215	19,180
Retained earnings	3.5.11	7,366	8,844
Cumulative translation differences	3.5.11	<2,621>	<2,787>
Treasury shares	3.5.11	<443>	<443>
Net income	3.5.11	<3,377>	4,556
Shareholders' equity attributable to Group	**3.5.11**	**57,776**	**61,985**
Minority interest in income	3.5.11	<330>	86
Minority interest in reserves	3.5.11	3,874	3,793
Minority interests	**3.5.11**	**3,544**	**3,879**
CONSOLIDATED SHAREHOLDERS' EQUITY	**3.5.11**	**61,320**	**65,864**
Bank borrowings	3.5.10	23,326	26,756
Other financial liabilities	3.5.10	1,334	931
Finance lease liabilities	3.5.10	5,174	5,548
Total non-current financial liabilities		**29,834**	**33,236**
Deferred tax liabilities	3.5.8.	125	18
Provisions for pensions and other non-current employee benefits	3.5.13	3,532	3,433
TOTAL NON-CURRENT LIABILITIES		**33,491**	**36,687**
Other provisions	**3.5.13**	**6,392**	**6,780**
Current financial liabilities	3.5.10	51,362	58,975
Financial instruments	3.5.7.2	1,207	910
Total current financial liabilities		**52,569**	**59,885**
Accounts Payable	3.5.14	35,156	44,409
Other operating liabilities	3.5.14	22,739	21,243
Tax payables (income tax)	3.5.14	628	1,638
Miscellaneous liabilities	3.5.14	2,358	1,796
Deferred income	3.5.14	8,179	9,116
TOTAL CURRENT LIABILITIES		**128,020**	**144,868**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**222,831**	**247,418**

3.2 STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (€ thousands)	Notes	2009 first half	2008 first half		2008
			Restated	Published	
Revenue from ordinary activities *(Sales)*	**3.5.15**	**105,441**	**132,294**	**132,294**	**261,267**
- Purchases consumed	3.5.15.1	<44,687>	<60,349>	<60,349>	<115,040>
- Personnel expenses	3.5.15.1	<37,398>	<37,517>	<37,517>	<70,850>
- External charges	3.5.15.1	<24,276>	<27,106>	<27,106>	<55,215>
- Taxes and duties other than on income		<1,993>	<2,028>	<2,028>	<3,905>
- Depreciation and amortization		<4,085>	<3,795>	<3,795>	<7,516>
+/- Changes in inventories of work-in-process and finished goods		1,641	5,598	5,598	1,928
+/- Translation gains and losses on operating transactions		405	<210>	<210>	<977>
+ Research tax credit		1,302	1,365	1,749	3,366
+ Other operating income		358	43	43	281
- Other operating expenses		<29>	<550>	<550>	<1,500>
+/- Gains (losses) on disposals of non-current assets		248	<56>	<56>	<56>
Operating results	**3.5.15.1**	**<3,072>**	**7,690**	**8,074**	**11,783**
+ Income on cash and cash equivalents		11	7	7	13
- Interest expense and other financial charges	3.5.15.1	<1,696>	<2,475>	<2,475>	<5,014>
+ Other financial income		670	233	233	910
- Other financial expenses		<480>	<192>	<192>	<957>
Net financial expenses	**3.5.17**	**<1,495>**	**<2,427>**	**<2,427>**	**<5,048>**
+ Share in the earnings of equity-method associates	3.5.18.2	69	70	70	166
- Income tax	3.5.16	790	<2,359>	<2,359>	<2,259>
Earnings for the period	**3.5.15.1.**	**<3,707>**	**2,974**	**3,358**	**4,642**
* attributable to the Group		<3,377>	2,954	3,319	4,556
* minority interests		<330>	20	39	86
Basic earnings (loss) per share (in €) – attributable to the Group	**3.5.12.1**	**<0,169>**	**0,149**	**0,168**	**0,229**
Diluted earnings (loss) per share (in €) – attributable to the Group	**3.5.12.2**	**<0,169>**	**0,147**	**0,166**	**0,229**
Other items of comprehensive income		**0**	**0**	**0**	**0**
Comprehensive income of the period		**<3,707>**	**2,974**	**3,358**	**4,642**
* attributable to the Group		<3,377>	2,954	3,319	4,556
* minority interests		<330>	20	39	86

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 01/01/2008	**14,895**	**<443>**	**17,280**	**29,217**	**<1,908>**	**59,040**	**4,242**	**63,282**
Consolidated comprehensive income				2,954		2,954	20	2,974
Changes in translation differences					151	151		151
Dividends paid				<993>		<993>		<993>
Change in share capital						0		0
Changes in scope						0	<219>	<219>
Other				<81>		<81>	<98>	<179>
At 06/30/2008	**14,895**	**<443>**	**17,280**	**31,097**	**<1,757>**	**61,071**	**3,945**	**65,017**
At 01/01/2009	**15,075**	**<443>**	**17,561**	**32,580**	**<2,788>**	**61,985**	**3,879**	**65,864**
Consolidated comprehensive income				<3,377>		<3,377>	<330>	<3,707>
Changes in translation differences					166	166		166
Dividends paid				<993>		<993>		<993>
Change in share capital						0		0
Changes in scope						0		0
Other				<6>		<6>	<5>	<11>
At 06/30/2009	**15,075**	**<443>**	**17,561**	**28,204**	**<2,621>**	**57,776**	**3,544**	**61,320**

3.4 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of changes in cash flow (€ thousands)	**2009 first half**	**2008 first half**
Net income from the period	<3,707>	2,974
Adjustments for:		
Depreciation, amortization and provisions	4,017	4,795
(Gains) losses on disposal of non-current assets	<248>	56
Interest expense	1,696	2,475
Current income tax (excluding research tax credit)	1,072	2,319
Change in deferred taxes	<1,862>	40
Research tax credit	<1,302>	<1,365>
Other income and expenses	<127>	62
Share in the earnings of equity-method associates	<69>	<70>
Operating income before change in working capital requirements	*<531>*	*11,286*
Change in working capital requirements from operating activities	7,168	<4,217>
Cash generated by operating activities	*6,637*	*7,069*
Income tax paid (excluding research tax credit)	<2,082>	<1,876>
Research tax credit collected	8,187	1,240
Net cash generated by operating activities	**12,743**	**6,433**
Acquisitions of non-current assets	<3,942>	<4,907>
Dividends received from associates	0	0
Proceeds from disposals of non-current assets	404	8
Period acquisitions less cash acquired	0	<42>
Net cash used by investing activities	**<3,538>**	**<4,941>**
Dividends paid	<41>	<12>
Share capital increase paid in cash at parent	0	0
Share capital increase paid in cash at subsidiaries (portion paid by minority shareholders)	9	0
Increases in borrowings	2,801	7,475
Repayment of borrowings	<6,553>	<7,045>
Interest payments	<1,696>	<2,475>
Net cash generated (used) by financing activities	**<5,480>**	**<2,057>**
Impact of changes in exchange rates	8	<123>
Opening cash and cash equivalents (see breakdown in Section 3.5.7.1)	<25,674>	<22,119>
Closing cash and cash equivalents (see breakdown in Section 3.5.7.1)	<21,941>	<22,808>
Change in cash over the period	**3,733**	**<689>**

3.5 ACCOUNTING POLICIES

3.5.1 SCOPE AND BASES OF CONSOLIDATION

The accounting policies adopted by the Group to prepare the interim financial statements are identical to those used for the annual financial statements for the period ended December 31, 2008 (refer to the notes to the financial statements for the period ended December 31, 2008).

3.5.2 CONSOLIDATED COMPANIES

There have been no changes in the scope of consolidation in the six-month period ending 30 June 2009.

3.5.3 INTANGIBLE ASSETS

At June 30, 2009, new capitalized development costs recognized as internally generated intangible assets (capitalized production) totaled €1.9 million (€2.1 million at June 30, 2008). These acquisitions concerned notably:

	06/30/2009	06/30/2008
➢ ACTIA AUTOMOTIVE	+€1.2 million	+€1.1 million
➢ ACTIA SODIELEC	+€0.7 million	+ €0.8 million

In the 2009 first half, ACTIA SODIELEC wrote off capitalized development costs that were fully amortized. This concerned gross amortization expenses of €2 million (€3.8 million in the 2008 first half).

3.5.4 PROPERTY, PLANT AND EQUIPMENT

At June 30, 2009, all new property, plant and equipment (€1.9 million) were purchased from third-party suppliers.

In the 2009 first half, the main acquisitions concerned:

	06/30/2009	06/30/2008
➢ Plant and equipment	+€0.7 million	+€1.6 million
➢ Other property, plant and equipment	+€0.4 million	+€0.8 million

Detailed information on tangible fixed assets used as collateral is presented in section 3.5.20 "Encumbered assets".

The Group does not plan on significant capital expenditures for property, plant and equipment in the 2009 second half.

3.5.5 Inventory

In the 2009 first half, inventories registered a net increase of €4.2 million (compared with €10.5 million in the 2008 first-half). The breakdown of inventory is as follows:

(€ thousands)	06/30/2009	12/31/2008	06/30/2008	12/31/2007
Raw materials	27,694	25,503	26.555	25.226
Work/services-in-process	13,331	11,953	14.830	11.345
Semi-finished and finished goods	13,881	13,359	14.004	11.823
Goods held for resale	12,763	12,671	14.526	11.006
Total	**67,668**	**63,487**	**69.914**	**59.399**
Net changes	*+4,181*		*+10,515*	
	<2,246>			

Changes in the first half reflect in large part the seasonal nature of Group revenue trends, particularly in the Telecommunications sector.

However, between June 30, 2008 and June 30, 2009, inventories decreased <€2.2 million>. This decline reflects primarily the impact of the current worldwide economic environment and the resulting deceleration in Group sales since the 2008 third-quarter.

Pledged inventories are set out in Section 3.5.20 "Encumbered assets".

3.5.6 Accounts Receivable

Accounts receivable that that fall due to under one year are presented below:

(€ thousands)	06/30/2009	12/31/2008	*Change*
Accounts receivable (Gross amounts	60,387	78,706	*<18,319>*
o.w. Dailly-type factored receivables	*11,565*	*14,333*	*< 2,768>*
o.w. bills discounted not yet due	*1,298*	*1,451*	*<153>*
o.w SPOT	*4,155*	*4,273*	*<118>*
- Provisions	<2,092>	<2,128>	*+36*
Accounts receivable (net amounts)	**58,295**	**76,578**	***<18,283>***
Advances and prepayments	1,846	2,246	*<400>*
Amounts receivable from payroll tax agencies	262	202	*+60*
VAT receivable	836	1,952	*<1,116>*
Prepaid expenses	1,216	1,055	*+161*
Other current receivables from operations	**4,160**	**5,455**	***<1,295>***
Tax receivables	1,029	1,273	*<244>*
Other tax and income tax receivables	676	886	*<210>*
Research tax credit	1,819	8,375	*<6,556>*
Current research tax credit	**3,523**	**10,534**	***<7,011>***
Miscellaneous current receivables	**794**	**1,106**	***<312>***
Total	**66,772**	**93,673**	***<26,901>***

No **loss on a nonrecoverable receivable** was recognized at June 30, 2009 by ACTIA Group. At June 30, 2008, a loss of €600,000 was recognized under "Other operating expenses" in the consolidated income statement by ACTIA Sodielec.

The maturity of receivables not due and due (aged trial balance) is as follows:

	06/30/2009	12/31/2008
➢ Not due	€48.1 million	€71.9 million
➢ Past due 0 to 30 days	€5.1 million	€2.0 million
➢ Past due 31 to 60 days	€1.6 million	€0.8 million
➢ Past due 61 to 90 days	€1.6 million	€0.3 million
➢ Past due more than 91 days	€3.9 million	3.7 million
Gross value of total receivables	**€60.4 million**	**€78.7 million**

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

3.5.7.1 Cash and cash equivalents

These items changed as follows:

(€ thousands)	**06/30/2009**	**12/31/2008**	***Change***
Marketable securities Cash	76 15,891	126 19,248	*<50>* *<3,357>*
Cash and cash equivalents	**15,968**	**19,374**	***<3,406>***
<Current bank lines>	**<37,908>**	**<45,048>**	***+7,140***
Total	**<21,941>**	**<25,674>**	***+3,733***

Current bank lines are included under “Current financial liabilities”.

Marketable securities are recognized at market value at the balance sheet date. The impact on income of the period is as follows:

(€ thousands)	**Fair value at 06/30/2009**	**Fair value at 12/31/2008**	**Impact on earnings**
Marketable securities	76	126	0

The change of fair value in the balance sheet reflects the impact of acquisitions and disposals in the period.

3.5.7.2 Financial instruments at fair value via income

ACTIA Group recognizes interest rate hedging instruments at fair value through profit and loss.

These include:

3.5.7.3 Interest rate risk hedging instruments

In 2007, ACTIA AUTOMOTIVE put in place an interest rate swap for:

- ✓ €15 million at a fixed rate of 3.95% over a one-year period from December 21, 2007; and
- ✓ Followed by €20 million at a fixed rate of 3.95% over a four-year period from December 21, 2008 to December 20, 2012.

While this interest rate hedging instrument is not associated with a particular financing agreement it did cover Group debt for up to €20 million at June 30, 2009.

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

(€ thousands)	06/30/2009		12/31/2008	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
Swap	<1,206>	<296>	<910>	<904>
Total derivatives	**<1,206>**	**<296>**	**<910>**	**<904>**

3.5.7.4 Exchange rate risk hedging instruments

At June 30, 2009, ACTIA AUTOMOTIVE and ACTIA SODIELEC had put in place the following exchange rate risk hedges:

- ✓ For ACTIA AUTOMOTIVE:
  - A EUR/USD tunnel option, covering a purchase of US$6 million staged over three years. The minimum rate was set at 1.40 and the maximum at 1.4635. The hedge expires on September 23, 2010;
  - A EUR/USD currency forward contract for the purchase of $6 million at an exchange rate of 1.56250 maturing on May 9, 2011;
- ✓ For ACTIA SODIELEC:
  - A EUR/USD currency forward contract for the purchase of $2.14 million at an exchange rate of 1.4450 maturing on April 8, 2009;
  - A EUR/USD currency forward contract for the purchase of $4 million at an exchange rate of 1.3953 maturing on June 30, 2010.

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

(€ thousands)	06/30/2009		12/31/2008	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
EUR/USD hedge	199	<158>	357	493
Total derivatives	**199**	**<158>**	**357**	**493**

3.5.8 DEFERRED TAX

(€ thousands)	06/30/2009	12/31/2008
Tax assets recognized in respect of:		
Temporary differences	2,058	2,281
Tax losses	7,653	5,560
Total net tax assets	**9,711**	**7,841**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	125	18
Total net tax liabilities	**125**	**18**
Total net deferred tax assets	**9,585**	**7,823**

3.5.9 FINANCIAL ASSETS AND LIABILITIES

The following table presents the carrying value of financial assets:

(€ thousands)	06/30/2009				12/31/2008			
	Marketable securities available for sale	Financial assets at fair value via income	Loans and receivables	**Group consolidated financial statements (*)**	Marketable securities available for sale	Financial assets at fair value via income	Loans and receivables	**Group consolidated financial statements (*)**
Non-current assets								
Investments in associates	244			**244**	229			**229**
Non-current financial assets	264		434	**698**	264		443	**707**
Non-current research tax credit				**0**				**0**
Current assets								
Accounts receivable			58,295	**58,295**			76,578	**76,578**
Other current receivables from operations			4,160	**4,160**			5,455	**5,455**
Current research tax credit			3,523	**3,523**			10,534	**10,534**
Miscellaneous current receivables			794	**794**			1,106	**1,106**
Financial instruments		201		**201**		357		**357**
Marketable securities		76		**76**		126		**126**
Cash			15,891	**15,891**			19,248	**19,248**
Total financial assets	**508**	**277**	**83,097**	**83,882**	**493**	**483**	**113,364**	**114,341**

(*) The fair value, representing valuation at the market price on the basis of observable parameters, is identical to the value recognized in the consolidated financial statements.

The following table presents the carrying value of financial liabilities:

(€ thousands)	06/30/2009			12/31/2008		
	Financial liabilities at amortized cost	Financial liabilities at fair value via income	**Group consolidated financial statements (*)**	Financial liabilities at amortized cost	Financial liabilities at fair value via income	**Group consolidated financial statements (*)**
Non-current liabilities						
Bank borrowings	23,326		**23,326**	26,756		**26,756**
Other financial liabilities	0	1,334	**1,334**	931		**931**
Finance lease liabilities	5,174		**5,174**	5,548		**5,548**
Current liabilities						
Current financial liabilities	50,657	711	**51,362**	58,975		**58,975**
Financial instruments		1,207	**1,207**		910	**910**
Accounts payable	35,156		**35,156**	44,409		**44,409**
Other operating liabilities	22,739		**22,739**	21,243		**21,243**
Taxes payable (income tax)	628		**628**	1,638		**1,638**
Miscellaneous liabilities	2,358		**2,358**	1,796		**1,796**
Deferred income	8,179		**8,179**	9,116		**9,116**
Total financial liabilities	**148,211**	**3,252**	**151,463**	**170,413**	**910**	**171,323**

(*) The fair value, representing valuation at the market price on the basis of observable parameters, is identical to the value recognized in the consolidated financial statements.

There was no financial asset maturing and not accrued for at June 30, 2009.

3.5.10 FINANCIAL LIABILITIES

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

(€ thousands)	06/30/2009				12/31/2008			
	<06/30/10	>07/01/10 <06/30/14	>07/01/14	**Total**	<12/31/09	>01/01/10 <12/31/13	>01/01/14	**Total**
Bank borrowings	11,645	21,040	2,286	**34,971**	11,957	24,551	2,206	**38,713**
Other financial liabilities	711	1,334		**2,044**	766	931		**1,697**
Finance lease liabilities (*)	1,097	3,312	1,862	**6,271**	1,205	3,402	2,147	**6,753**
Bank lines and overdrafts	37,908			**37,908**	45,048			**45,048**
Total	**51,362**	**25,686**	**4,147**	**81,195**	**58,975**	**28,884**	**4,352**	**92,211**

(*) See Section 3.5.4 “Property, plant and equipment”

In the 2009 first half changes in financial liabilities were as follows:

(€ thousands)	**At 01/01/09**	**Increases in borrowings**	**Loan repayments**	**Cumulative translation differences**	**At 06/30/09**
Bank borrowings	**38,713**	2,212	<5,842>	<111>	**34,971**
Other financial liabilities	**1,697**	590	<247>	4	**2,044**
Finance lease liabilities	**6,753**	203	<685>		**6,271**
Bank lines and overdrafts	**45,048**		<7,159>	20	**37,908**
Total	**92,211**	**3,005**	**<13,934>**	**<87>**	**81,195**

At June 30, 2009, the maturity of financial liabilities including interest breaks down as follows:

(€ thousands)	06/30/2009			
	<06/30/10	>07/01/10 <06/30/14	>07/01/14	**Total**
Bank borrowings	12,783	22,380	3,423	**38,585**
Other financial liabilities	711	1,334	0	**2,044**
Finance lease liabilities (*)	1,375	3,980	1,944	**7,300**
Bank lines and overdrafts	38,761			**38,761**
Total	**53,629**	**27,694**	**5,367**	**86,690**

(*) See Section 3.5.4 "Property, plant and equipment"

At June 30, 2009, financial liabilities by currency break down as follows:

(€ thousands)	06/30/2009			
	Euro	Dollar	Other	**Total**
Bank borrowings	33,121	1,840	10	**34,971**
Other financial liabilities	1,708	42	294	**2,044**
Finance lease liabilities	6,271			**6,271**
Bank lines and overdrafts	35,418	1,864	626	**37,908**
Total	**76,519**	**3,756**	**930**	**81,195**

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

(€ thousands)	06/30/2009	12/31/2008
Convertible bonds		
Bank borrowings	34,971	38,713
Other financial liabilities	2,044	1,697
Finance lease liabilities	6,271	6,753
Bank lines and overdrafts	37,908	45,048
Subtotal A	**81,195**	**92,211**
Other marketable securities	76	126
Cash	15,891	19,248
Subtotal B	**15,968**	**19,374**
Total net debt = A - B	**65,227**	**72,838**
Total shareholders' equity	**61,320**	**65,864**
Gearing	**106%**	**111%**

The breakdown between variable and fixed rate debt is set out in Section 3.5.21.1 "Interest rate risk".

3.5.11 SHAREHOLDERS' EQUITY

In the 2009 first-half, the changes to the Group's **shareholders' equity** stemmed mainly from:

- Earnings for the period,
- Dividends paid by the holding company ACTIA GROUP S.A.. The amount of dividends paid per share totaled €0.05 with a payment date no later than September 30, 2009.

The breakdown of the **changes in numbers of shares** over the period is as follows:

Units	12/31/2008	Share capital increase	06/30/2009
ACTIA GROUP SHARES	**20,099,941**	**None**	**20,099,941**
o.w. ISIN: FR0000076655	*19,859,941*	-	*19,859,941*
ISIN: FR0010664763(*)	*240,000*	-	*240,000*

(*) 240.000 shares (code ISIN FR0010664763) will not confer a right to dividend for fiscal 2008. As such, they are distinguished from other ACTIA GROUP shares ACTIA GROUP (FR0000076655) by a different ISIN code.

At June 30, 2009, there were:

- 5.945.926 shares with ordinary voting rights,
- 14.090.686 shares with double voting rights,
- 63.329 treasury shares with no voting rights.

As well as:

- 15.321.233 registered shares,
- 4.778.708 bearer shares.

60.000 treasury shares are reserved under a bonus share plan.
There are no preferred dividend stock or preference shares in ACTIA GROUP S.A.
The par value is €0.75.

3.5.12 EARNINGS PER SHARE

3.5.12.1 Basic earnings per share

The basic earnings per share at June 30, 2009 were calculated on the basis of net income attributable to the Group for the period, namely <€3.377.173>, divided by the weighted average number of shares in circulation during the period, namely 20.036.612 shares. These calculations break down as follows:

Euros	06/30/2009	06/30/2008 Restated
Consolidated net income attributable to Group *(in €)*	**<3,377,173>**	**2,954,049**
Weighted average number of shares		
Shares issued at January 1	20,099,941	19,859,941
Treasury shares held at the end of the period	<63,329>	<63,329>
Weighted average number of shares	**20,036,612**	**19,796,584**
Basic earnings (loss) per share *(in €)*	**<0.169>**	**0.149**

3.5.12.2 Diluted earnings per share

The diluted earnings per share at June 30, 2009 were calculated on the basis of consolidated net income attributable to the Group for the period, namely <€3.377.173>. No adjustments were made in connection with the exercise of ACTIA warrants at 06/30/09 (same as at 06/30/08). The weighted number of potential ordinary shares of the period was 20.036.612.

These calculations break down as follows:

Euros	**06/30/2009**	**06/30/2008 Restated**
Diluted net income *(in €)*	<3,377,173>	**2,954,049**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,036,612	19,796,612
Impact of ACTIA GROUP share warrants (FR 0010121061)	0	0
Impact of share subscription plans	0	240,000
Diluted weighted average number of shares	**20,036,612**	**20,036,612**
Diluted earnings per share *(in €)*	**<0.169>**	**0.147**

3.5.13 PROVISIONS

In the 2009 first half, **Provisions for pension and other non-current employee benefits** increased €100,000 to €3,532,000 at June 30, 2009.

Other provisions for contingencies and expenses decreased <€388,000>. This change reflects primarily the impact of discounting provisions for customer warrantees. These customer warrantees for an initial amount of €2,691,000 are for periods up to June 30, 2018. The impact of the discounting these warrantees on the amount of the provision was <€325,000> at June 30, 2009 recognized in the income statement under “Other financial income”.

3.5.14 OTHER CURRENT LIABILITIES

Current liabilities break down as follows:

(€ thousands)	**06/30/2009**	**12/31/2008**	***Change***
Accounts payable on goods and services	**35,156**	**44,409**	***<9,253>***
Advances in prepayments paid	3,671	3,480	*+192*
Amounts payable to payroll tax agencies	14,638	12,480	*+2,158*
Tax payables (other than income tax)	4,429	5,284	*<855>*
Other operating liabilities	**22,739**	**21,243**	***+1,496***
Tax payables (income tax)	**628**	**1,638**	***<1,010>***
Liabilities on non-current assets	1	155	*<154>*
Creditor curr. accs	1,005	8	*+997*
Other miscellaneous liabilities	1,351	1,634	*<283>*
Miscellaneous liabilities	**2,358**	**1,796**	***+562***
Total	**60,881**	**69,086**	***<8,205>***

3.5.15 SEGMENT INFORMATION

3.5.15.1 Operating segments

In compliance with the provisions of IFRS 8, information by operating segment is based on the management approach that involves reporting on operating segments defined in the same manner as those used by management internally for evaluating performance and allocating resources. Within the ACTIA Group, the Chairman of the Executive Board is the chief operating decision maker. The Group has two segments that propose different products and services and are managed separately as they require different technological and commercial strategies. The activities covered by the different segments can be summarized as follows:

- The AUTOMOTIVE segment, which combines the "Diagnostics", "Embedded Systems" and "Services" businesses; and;
- The TELECOMMUNICATIONS segment, which combines the "Earth Stations", "Broadcast" and "Embedded Products and Systems" businesses.

In addition to these two operating segments are two other headings:

- "Other" that includes the holding company, ACTIA GROUP S.A. and two real estate companies, SCI Les Coteaux de Pouvourville (accounted for under the equity method) and SCI de l'Oratoire,
- "Eliminations" that includes amounts eliminated between operating segments.

Figures provided by operating sector follow the same accounting principles that are used for the consolidated financial statements.

In the 2009 first half, **key aggregates by operating segments** broke down as follows:

(€ thousands)	2009 first half				
	Automotive segment	Telecom segment	Other	Eliminations	**Group consolidated financial statements**
Revenue from ordinary activity *(Sales)*					
* non-Group (sales to external clients)	91,734	13,687	20	0	**105,441**
* Group (inter-segment sales)	250	411	1,118	<1,779>	**-**
Purchases consumed	<39,273>	<5,833>	<6>	425	**<44,687>**
Personnel expenses	<29,182>	<7,817>	<399>	0	**<37,398>**
External charges	<21,038>	<3,543>	<1,374>	1,679	**<24,276>**
Operating income/(loss)	<1,208>	<1,656>	<709>	500	**<3,072>**
Interest expense and other financial charges	<1,456>	<327>	<311>	398	**<1,696>**
Net income (loss)	**<2,093>**	**<1,254>**	**130**	**<490>**	**<3,707>**
SEGMENT ASSETS					
Non-current assets	49,203	23,598	61,042	<61,620>	**72,223**
Inventories	44,927	22,742	0	0	**67,668**
Accounts receivable	43,115	15,526	2,731	<3,077>	**58,295**
Other current receivables	6,461	1,719	701	<127>	**8,754**
Cash and cash equivalents	15,769	114	85	<77>	**15,891**
TOTAL SEGMENT ASSETS	**159,474**	**63,698**	**64,560**	**<64,901>**	**222,831**
CAPEX					
Intangible fixed assets	1,274	738	0	-	**2,012**
Property, plant and equipment	1,747	183	0	-	**1,930**
TOTAL CAPEX	**3,021**	**921**	**0**	**-**	**3,942**
SEGMENT LIABILITIES					
Non-current liabilities	27,680	6,347	6,376	<6,912>	**33,491**
Current financial liabilities	44,492	8,322	10,369	<10,613>	**52,569**
Accounts payable	30,236	4,184	3,661	<2,925>	**35,156**
Other current liabilities	28,999	9,906	1,542	<152>	**40,295**
TOTAL SEGMENT LIABILITIES	**131,407**	**28,759**	**21,948**	**<20,602>**	**161,511**

In the 2008 first-half, **key aggregates by operating segments** broke down as follows:

(€ thousands)	2008 first half				
	Automotive segment	Telecom segment	Other	Eliminations	**Group consolidated financial statements**
Revenue from ordinary activity *(Sales)*					
* non-Group (sales to external clients)	115,366	16,909	20	0	**132,295**
* Group (inter-segment sales)	302	485	1,162	<1,949>	**-**
Purchases consumed	<51,939>	<8,884>	<13>	487	**<60,349>**
Personnel expenses	<28,841>	<7,610>	<1,057>	0	**<37,517>**
External charges	<24,741>	<3,237>	<826>	1,698	**<27,106>**
Operating income/(loss)	8,787	<629>	<759>	291	**7,690**
Interest expense and other financial charges	<2,102>	<450>	<516>	593	**<2,475>**
Net income (loss)	**4,330**	**<958>**	**<48>**	**<350>**	**2,974**
SEGMENT ASSETS					
Non-current assets	47,494	24,274	60,180	<60,449>	**71,499**
Inventories	46,854	23,060	0	0	**69,914**
Accounts receivable	60,497	19,873	2,277	<2,547>	**80,100**
Other current receivables	7,590	1,501	2,345	<2,013>	**9,423**
Cash and cash equivalents	13,057	1,141	582	154	**14,934**
TOTAL SEGMENT ASSETS	**175,493**	**69,849**	**65,384**	**<64,855>**	**245,870**
CAPEX					
Intangible fixed assets	1,540	790	3	-	**2,333**
Property, plant and equipment	2,222	349	3	-	**2,574**
TOTAL CAPEX	**3,762**	**1,139**	**6**	**-**	**4,907**
SEGMENT LIABILITIES					
Non-current liabilities	37,606	7,472	8,810	<16,719>	**37,169**
Current financial liabilities	31,602	10,805	7,514	0	**49,920**
Accounts payable	40,441	7,377	2,370	<2,464>	**47,724**
Other current liabilities	34,997	9,561	3,068	<1,586>	**46,040**
TOTAL SEGMENT LIABILITIES	**144,646**	**35,215**	**21,762**	**<20,770>**	**180,853**

3.5.15.2 Additional disclosures by geographical segment

(€ thousands)	2009 first half				
	France	Europe (outside France);	Americas	Asia	**Group consolidated financial statements**
Revenue from ordinary activity from external clients *(Sales)*	61,206	32,029	9,767	2,440	**105,441**
Non-current assets	48,186	12,911	10,494	631	**72,223**

(€ thousands)	2008 first-half				
	France	Europe (outside France);	Americas	Asia	**Group consolidated financial statements**
Revenue from ordinary activity from external clients *(Sales)*	72,530	47,507	10,053	2,205	**132,294**
Non-current assets	49,139	10,976	10,798	585	**71,499**

3.5.16 INCOME TAX

At June 30, 2009, the income statement had a tax credit balance of €790,000 that included income tax expense of <€1.072,000> and deferred taxes of €1,862,000 from the recognition of tax losses in the period.

3.5.17 NET FINANCIAL EXPENSES

Their financial expenses of the Group break down as follows:

(€ thousands)	06/30/2009	06/30/2008
Income on cash and cash equivalents	11	7
Interest expense and other financial charges	<1,696>	<2,475>
o.w. interest expense on financial liabilities	*<1,696>*	*<2,475>*
Other financial income and expenses	670	233
o.w. interest income	101	128
o.w. dividends received	0	0
Discounting of financial liabilities	238	0
Other financial expenses	<480>	<192>
o.w. expenses on financial instruments	*<454>*	*<169>*
Net financial expenses	**<1,495>**	**<2,427>**

3.5.18 RELATED-PARTY TRANSACTIONS

The breakdown of transactions in the 2009 first half with related parties of ACTIA Group is presented below.

3.5.18.1 With the holding company: LP2C S.A.

The **scope of relations** with LP_2C was defined in a new agreement signed between the two companies on December 15, 2008 that entered into force on January 1, 2008. The services delegated to LP_2C are of two natures:

- Recurring assignments:
  - ✓ Management Support;
  - ✓ Business coordination support;
  - ✓ Communications support;
  - ✓ Accounting, legal and administrative support; and
  - ✓ Financial support.

- Periodic assignments; ACTIA GROUP may ask LP_2C to carry out on its behalf specific, clearly defined, closed-ended assignments not typically included in the services listed above. These periodic assignments shall be subject to a new agreement prepared in the same manner and terms as the contract governing the recurring assignments.

This new agreement is concluded for a fixed period of five years from January 1, 2008 to December 31, 2012.

At June 30, 2009, €740,000 was invoiced for recurring assignments compared with €800,000 at June 30, 2008. Only the recurring assignments listed above were delegated to LP$_2$C and invoiced, with no-exceptional ad hoc assignments. No special benefits were granted under this agreement.

The **financial details** concerning key balance sheet aggregates are set out below:

(€ thousands)	**2009 first half**	**2008 first-half**
Net transaction amount (<expense>)	<717>	<780>
Net balance sheet amount (<liability>)	<1,045>	<466>
Invoicing terms	Quarterly	Quarterly
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

3.5.18.2 With equity-method associates

Relations between SCI Los Olivos, SCI Les Coteaux de Pouvourville and the Group are **real estate** in 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 OSEO Financement and subleases this land and buildings in Toulouse (31) to ACTIA Group and ACTIA Automotive in proportion to the floor space used.

The **financial details** concerning SCI Los Olivos are set out below:

(€ thousands)	**2009 first half**	**2008 first-half**
Net transaction amount (<expense>)	**110**	**110**
Net balance sheet amount (<liability>)	**<168>**	**<197>**
Invoicing terms	Monthly	Monthly
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

The **financial details** concerning SCI Les Coteaux de Pouvourville are set out below:

(€ thousands)	**2009 first half**	**2008 first-half**
Net transaction amount (<expense>)	**357**	**347**
Net balance sheet amount (<liability>)	**22**	**48**
Invoicing terms	Quarterly	Quarterly
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

3.5.18.3 With subsidiaries

These are companies included in the Group's scope of consolidation (see Section 3.5.2 “Consolidated Companies”).

All transactions with subsidiaries are **wholly eliminated** in the consolidated financial statements. They 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 ….

3.5.18.4 With members of management bodies

This involves remuneration paid to **corporate officers**:

- At ACTIA GROUP: Executive Board and Supervisory Board members,
- At the controlling company LP_2C: members of the Executive Board and of the Supervisory Board;
- At the controlled companies, subsidiaries of ACTIA Group.

The **breakdown in remuneration paid** to corporate officers is set out below:

(€ thousands)	2009 first half	2008 first half
Remuneration of executive corporate officers	**163**	**156**
o.w. Fixed	*161*	*153*
Variable	*0*	*0*
Non-recurring	*0*	*0*
Benefits in kind	*3*	*3*
Other remuneration of non-executive corporate officers	**92**	**90**
Directors’ fees	**0**	**0**
Total	**256**	**247**

3.5.18.5 With other related parties

- **GIE PERENEO**

  ACTIA AUTOMOTIVE S.A. owns 50% of GIE PERENEO. The goal of this economic interest grouping is to provide total support services (Operating Condition Maintenance) and to extend the lifespan of electronic systems.

The **financial details** are set out below:

(€ thousands)	2009 first half	2008 first half
Amount of transaction (<expense>)	468	466
Balance sheet amount (<liability>)	380	615
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

3.5.19 OFF-BALANCE-SHEET COMMITMENTS

Off-balance-sheet commitments break down as follows:

(€ thousands)	06/30/2009	12/31/2008
Commitments received		
Bank guarantees	4,045	4,159
Total commitments received	**4,045**	**4,159**

The above information does not include:

- Amounts owed under finance leases dealt with in Section 3.5.10 "Financial liabilities";
- Commitments relating to capital leases and operating leases;
- Interest on borrowings presented in Section 3.5.10 "Financial liabilities";
- Commitments relating to forward currency sales and interest rate swaps described in Section 3.5.7.2 "Financial instruments at fair value via income".

3.5.20 ENCUMBERED ASSETS

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

(€ thousands)	06/30/2009				12/31/2008			
	Automotive division	Telecom division	Other subsidiaries	**Total**	Automotive division	Telecom division	Other subsidiaries	**Total**
Participating interests in consolidated companies	2,484	2,389	240	**5,113**	5,176	2,837	240	**8,253**
Trade receivables pledged	13,436	4,898	0	**18,335**	17,337	7,745	0	**25,082**
o.w. Dailly-type, guaranteed	*4,598*	*0*	*0*	***4,598***	*7,349*	*0*	*0*	***7,349***
Dailly-type, with recourse	*7,540*	*4,898*	*0*	***12,439***	*8,233*	*7,745*	*0*	***15,978***
Bills discounted not yet due	*1,298*	*0*	*0*	***1,298***	*1,755*	*0*	*0*	***1,755***
Research tax credit pledged	0	0	0	**0**	0	400	0	**400**
Inventory pledged	410	0	0	**410**	1,230	0	0	**1,230**
Other receivables pledged	173	0	0	**173**	119	0	0	**119**
Equipment pledged	1,168	156	0	**1,324**	1,403	168	0	**1,571**
Mortgages / pledges (land / buildings)	2,992	0	0	**2,992**	2,909	213	0	**3,122**
Total encumbered assets	**20,665**	**7,442**	**240**	**28,348**	**28,174**	**11,363**	**240**	**39,777**

3.5.21 RISK FACTORS

Excluding the risks presented in this paragraph, the Group considers that there do not exist other material risks.

3.5.21.1 Interest rate risk

The table below shows the breakdown between fixed and variable rate borrowings at June 30, 2009:

(€ thousands)	06/30/2009			12/31/2008		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank borrowings	13,848	21,123	**34,971**	16,007	22,706	**38,713**
Other financial liabilities	2,044	0	**2,044**	1,697	0	**1,697**
Finance lease liabilities	6,271	0	**6,271**	6,753	0	**6,753**
Bank lines and overdrafts	517	37,391	**37,908**	0	45,048	**45,048**
Total in euros	**22,681**	**58,514**	**81,195**	**24,457**	**67,754**	**92,211**
Total in %	28%	72%	**100%**	27%	73%	**100%**

At Group level, the control is carried out to ensure that its overall interest rate risk is split equally between fixed rates and variable rates.

In most cases, financial liabilities are taken out at variable rates and the benchmark rate is the 3-month EURIBOR. However, in light of the current economic and financial environment accompanied by very low variable rates, the Group has preferred recourse to fixed-rate instruments for these new contracts. As a result, the percentage of variable-rate debt has remained stable.

In order to better split its risk between fixed and variable rates, the Group had recourse to hedging, bringing the variable rate portion of its financial liabilities to 52%. The characteristics of the interest rate swap obtained by ACTIA AUTOMOTIVE S.A. are described in Section 3.5.7.3 “Interest rate risk hedging instruments”.

The sensitivity to a 1% increase in the benchmark was calculated on a pre-hedging and post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)	06/30/2009			12/31/2008		
	Variable rate borrowings	Change in benchmark rate (%)	Sensitivity	Variable rate borrowings	Change in benchmark rate (%)	Sensitivity
Before hedging	58,514	+1%	**585**	67,754	+1%	**678**
After hedging	38,514	+1%	**385**	47,754	+1%	**478**

3.5.21.2 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.

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 Euro zone companies), the companies involved independently manage their exchange rate risk, putting in place exchange rate hedges when necessary. At June 30, 2009, ACTIA AUTOMOTIVE S.A. and ACTIA SODIELEC S.A. put in place exchange rate hedges, the terms of which are set out in Section 3.5.7.4 “Exchange rate risk hedging instruments”.

3.5.21.3 Liquidity risk

For ACTIA Group, the risk of an entity experiencing difficulties meeting its financial liabilities is linked to its level of invoicing and receivable collections, though there are no difficulties to be noted in this area, despite the current environment. Were this to arise, it could result in the failure to comply with the covenants described in Section 3.5.10 “Financial liabilities”.

ACTIA 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 AUTOMOTIVE SA, 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).

Lastly, the Group enjoys cash surpluses at certain AUTOMOTIVE division subsidiaries, and has thus established bilateral treasury agreements. As of now ACTIA AUTOMOTIVE S.A has signed framework agreements with its subsidiaries ACTIA Videobus SAU, I+Me ACTIA GmbH and ACTIA Italia LTA, in order to be able to make better use of available cash surpluses within the Group.

Framework agreements are also in the process of being signed with the ATON SYSTÈMES S.A. and ACTIA UK LTD subsidiaries.

In the 2009 first half, ACTIA AUTOMOTIVE S.A had €2.5 million originating from its subsidiaries:

- ACTIA ITALIA LTA for: €0.5 million;
- I+ME ACTIA GmbH for: €2.0 million.

At June 30, 2009, these capital resources continued to remain available to ACTIA AUTOMOTIVE S.A..

These liquidity loans will be paid back to subsidiaries in the 2009 first half.

It should be recalled that these agreements are designed to make use of available cash within the Group in order to limit recourse to the parent company's short-term financing facilities and thereby cut financial expenses: it does not involve transferring bank loans to the subsidiaries.

In addition, analysis of the liquidity risk is represented in the following tables in respect of all financial assets and liabilities:

At June 30, 2009:

(€ thousands)	<06/30/10	>07/01/10 <06/30/14	>07/01/14	Total
Total financial liabilities	<121,630>	<25,686>	<4,147>	**<151,463>**
Total financial assets	82,940	0	942	**83,882**
Net position before hedging	**<38,690>**	**<25,686>**	**<3,205>**	**<67,581>**
Hedging	4,045	0	0	**4,045**
Net position after hedging	**<34,645>**	**<25,686>**	**<3,205>**	**<63,536>**

At December 31, 2008:

(€ thousands)	<12/31/09	>01/01/10 <12/31/13	>01/01/14	Total
Total financial liabilities	<138,087>	<28,884>	<4,352>	**<171,323>**
Total financial assets	113,405	0	936	**114,341**
Net position before hedging	**<24,682>**	**<28,884>**	**<3,416>**	**<56,982>**
Hedging	4,159	0	0	**4,159**
Net position after hedging	**<20,523>**	**<28,884>**	**<3,416>**	**<52,823>**

As things stand, the Group does not believe that it incurs any particular liquidity risk.

3.5.21.4 Compliance with covenants

Compliance with covenants is assessed on the basis of the financial statements for the period ended December 31.

However, in respect to closings for interim financial statements, ACTIA Group ensures that no risks of noncompliance with covenants have arisen.

At June 30, 2009, covenant requirements to be met at year-end concern:

- Bank borrowings for an outstanding amount of €8.8 million,
- Bank lines and overdrafts for an outstanding amount of €1.9 million.

Or 13.2% of Group debt at June 30, 2009.

3.5.22 EVENTS AFTER THE BALANCE SHEET DATE

There have been no noteworthy events to report since June 30, 2009.

4 STATUTORY AUDITORS' REPORT

[As the auditors have not audited the English version of this document, readers are in consequence referred to their report in section 4 of the original French language version of this half-year financial report (*rapport financier semestriel*)]