HALF-YEARLY FINANCIAL REPORT

JUNE 30, 2010

ACTIA Group

www.actiagroup.com

ACTIA GROUP

French corporation with an Executive Board and a Supervisory Board
with a Capital of €15,074,955.75
Registered office: 25, Chemin de Pouvourville
31400 Toulouse – France
RCS Toulouse : 542 080 791

We hereby present the half-yearly financial report for the six months ending June 30, 2010, 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.

CONTENTS

1 RESPONSIBILITY STATEMENT 4
2 INTERIM MANAGEMENT REPORT 5
2.1 FINANCIAL HIGHLIGHTS 5
2.1.1 Revenue 5
2.1.2 Earnings 6
2.2 BUSINESS OVERVIEW 7
2.2.1 AUTOMOTIVE Division 7
2.2.2 TELECOMMUNICATIONS Division 8
2.3 OUTLOOK 9
2.4 MATERIAL RELATED PARTY TRANSACTIONS 9
3 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 10
3.1 CONSOLIDATED BALANCE SHEET 12
3.2 STATEMENT OF COMPREHENSIVE INCOME 14
3.3 CHANGES IN SHAREHOLDERS' EQUITY 15
3.4 CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOW 16
3.5 ACCOUNTING POLICIES 17
3.5.1 Basis of preparation and consolidation 17
3.5.2 Consolidated companies 17
3.5.3 Intangible assets 17
3.5.4 Property, plant and equipment 17
3.5.5 Inventory 18
3.5.6 Accounts receivable 19
3.5.7 Cash, cash equivalents and financial instruments at fair value via income 20
3.5.8 Deferred tax 22
3.5.9 Financial assets and liabilities 22
3.5.10 Financial liabilities 23
3.5.11 Shareholders' equity 25
3.5.12 Earnings per share 26
3.5.13 Provisions 26
3.5.14 Other current liabilities 27
3.5.15 Segment information 27
3.5.16 Income tax 29
3.5.17 Net financial expenses 30
3.5.18 Related-party transactions 30
3.5.19 Off-balance-sheet commitments 33
3.5.20 Encumbered assets 34
3.5.21 Risk factors 34
3.5.22 Events after the balance sheet date 38
4 STATUTORY AUDITORS' REPORT 39

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 13, 2010

Christian Desmoulins
Chairman of the Executive Board

2 INTERIM MANAGEMENT REPORT

2.1 FINANCIAL HIGHLIGHTS

2.1.1 Revenue

The Group had consolidated sales in the 2010 first half of €118 million.

€ millions	2010			2009			Change (%)		
	Q1	**Q2**	**H1**	**Q1**	**Q2**	**H1**	**Q1**	**Q2**	**H1**
Automotive	50.2	53.3	**103.4**	46.5	45.3	**91.7**	8.0%	17.7%	**12.8%**
Telecommunications	6.9	7.6	**14.5**	5.9	7.8	**13.7**	17.5%	<2.5>%	**6.1%**
TOTAL	**57.1**	**60.9**	**118.0**	**52.4**	**53.1**	**105.4**	**9.0%**	**14.7%**	**11.9%**

Over the entire first half of 2009, Group revenue was up on the same period in the previous year that had been severely impacted by the economic crisis. This trend thus confirms the positive momentum for sales registered the last quarter of 2009.

The Group structure with respect to consolidation remained unchanged in relation to the 2009 first half excluding a selected number of intra-Group changes that had no impact on overall Group revenue.

Revenue in the 2010 second quarter amounted to €60.9 million on growth of 14.7% boosting sales for the first six months to €108 million or up 11.9%.

This performance was driven largely by the Automotive division that accounted for 87.7% of the Group's sales volume, particularly from international markets that confirmed their positive growth momentum.

In the 2010 first half, revenue grew 6.7% in France and 19% for foreign operations. The contribution of French subsidiaries to the revenue mix decreased from 58% to 55.4%.

However, international revenue (foreign subsidiaries + export sales by French subsidiaries) accounted for 55.4% of at June 30, 2010, remaining relatively stable in relation to the same period last year (55.8%).

With revenue of €53.3 million the Automotive Division delivered strong growth (+17.7%) as the intake of new orders returned to a normal pace in all sectors.

In the second quarter, the Telecommunications Division had sales of €7.6 million, down marginally 2.5% reflecting a lag in revenue recognition from the delayed acceptance of a new the first earth station for the Syracuse contract that has today been granted.

For the first six months the division nevertheless registered growth of 6.1%, boosted by robust gains in the first quarter (+17.5%). It is however noted that this business is traditionally subject to seasonal trends with most sales occurring in the second half.

2.1.2 Earnings

Consolidated results for the first half break down as follows:

GROUP CONSOLIDATED RESULTS (€ thousands)	**06/30/2010**	**06/30/2009**
Operating income/(loss)	<973>	<3,072>
Net financial expenses	<892>	<1,495>
Net income/(loss)	<4,294>	<3,707>
✓ *attributable to the Group*	*<4,099>*	*<3,377>*
✓ *attributable to non-controlling interests*	*<196>*	*<330>*

For both divisions revenue was up overall, in turn contributing to improvements in the operating margin. Trends by sector nevertheless varied. With a marginally less favorable product mix but on renewed growth in all segments, the AUTOMOTIVE Division's operating margin improved significantly (+3.1% at June 30 2010, up from <1.2%> for last year's same period), despite a particularly slow recovery in France.

Noteworthy factors however included cost reduction measures implemented last year as external charges declined at the expense of staff costs that rose on growth in the workforce, notably in Tunisia and China with 59 more employees in relation to December 31, 2009 and 190 in relation to June 30, 2009, an adverse impact on provisions (accrued vacation payments – provisions for retirement service payments) and significant changes in Capitalized Production. The decline in external charges and payroll also reflect the impact of insourcing several dozen positions previously subcontracted.

Overall, the AUTOMOTIVE Division delivered solid gains in operating income despite an adverse impact on net income from tax paid by subsidiaries that generated profits.

Earnings of the TELECOMMUNICATIONS Division were in contrast significantly impacted by the delayed acceptance of the first earth station. This in turn resulted in the postponement in the start of invoicing for Operating Maintenance Services, a contributor to improved Operating Results.

A business cycle traditionally distinguished by strong seasonal factors and a lackluster recovery in the Broadcast sector linked to a slow start for renewed relations with TDF had a significant adverse effect on Operating Results.

EBITDA breaks down as follows:

EBITDA (€ thousands)	**06/30/2010**	**06/30/2009 Restated**	**06/30/2009 Published**
Net income / (loss) for the period	<4,294>	<3,707>	<3,707>
Income tax	2,506	<790>	<2,093>(1)
Interest expense and other financial charges	1,199	1,696	1,696
Depreciation and amortization	4,247	4,085	4,085.
EBITDA	**3,657**	**1,283**	**<19>**

(1) Net tax expense of the research tax credit

Finally, in accordance with the policy for capitalizing deferred tax assets adopted by the Group, the impact of tax profit, notably from foreign subsidiaries, generated tax of €2.5 million, it being specified that no deferred taxes were recognized for the interim financial reporting.

2.2 BUSINESS OVERVIEW

2.2.1 AUTOMOTIVE Division

The AUTOMOTIVE Division contributed €103.4 million to consolidated sales, up 12.7% from 30 June 2009. However, conditions still particularly challenging in the market for components led to delays in deliveries at the end of June. The combined effect of lower production capacity in the sector, the French car allowance rebate ("cash for clunkers") program that boosted the market for light vehicles and high demand for certain technologies requiring use of components weighed on this market. This resulted in an estimated impact of €2 million in delayed sales and inventory growth both for raw materials (buffer stocks) and work in progress.

Diagnostics:

The garage equipment segment has not yet truly recovered in France and in export markets, particularly for diagnostics and technical inspection product lines, with a longer decision-making process and implementation time for documentary credits reflecting financial difficulties in certain countries.
Multi-make diagnostic products registered marginal growth (+1.7%) in product volume though the expected impact in terms of number of subscribers is substantial (+25.6%).

Though relatively unscathed by the crisis in 2009, the OEM sector still did not experience a notable "recovery" in 2010. Moreover the contract with PSA Group led to the revamping of the diagnostics tool (Di@box) for compliance purposes in line with Euro5 emission standards while at the same time adapting to measures by the group to harmonize its brands.

In addition, in the 2010 first-half, our teams worked on launching the industrialization phase for the rugged PC terminal for our customer STRATOR, with mass production to be launched in the summer of 2010.

Embedded systems:
Overall, the phases of development and industrialization expected for the first half for the new telematic platform for two large truck manufacturers proceeded according to plan and schedule and will generate sustained production activity in the second half, and particularly in the fourth quarter.

With the acquisition of the AUTOLIV telematic portal, the industrialization phase of our Tunisian production site has now been completed making it possible for mass production runs to be launched in the summer.

The development and industrialization phase for the central management unit for our customer in the agricultural sector was finalized allowing mass production to begin in the fall of 2010.

The Audio & Video sector remains sustained in the Mexican market on growth in its historical bus and coach market confirmed by gains in the railway sector requiring teams in Spain to be reinforced. In contrast, successive measures by Brazil to adjust operations have been pursued to adapt to its positioning in a market with strong competition from Asian companies.

In the first half, activity for the Cluster segment remained sustained in the US, driven by military contracts concluded in 2009 by the US government as part of stimulus measures.

Services:
After a particularly difficult 2009 that led to a drop in mass production runs in the first half of the year, our Tunisian site is now virtually back up to pre-crisis production levels.

In the aeronautics sector and for small production runs, production has remained on track without any noteworthy effects both during the crisis and as the crisis has started to subside.

2.2.2 TELECOMMUNICATIONS Division

Earth stations:
The time lag for the acceptance of the first earth station was a consequence of both technical issues that needed to be resolved by our teams but also intentional delays in programs by Government agencies. The crisis had a significant impact on decisions in the military sector that registered a decline in calls for tender and commissioning delays as well as both direct and indirect time lags for payments.

Broadcast:
Relations with and deliveries to TDF resumed in the first half. However, the definitive loss of the monopoly position we have had to date represented a significant development. Furthermore, decisions by local administrations to equip areas currently without coverage have been slow and cumbersome. However, they should nevertheless be completed in fall 2010 in preparation for the definitive discontinuation of analog television broadcasting at the end of 2011.

Telecommunication systems:
There are no particular matters to report with respect to the other businesses.

In light of the particularly slow pace of recovery of this Division's business, Group Management is undertaking a study with the purpose of improving the management of the cyclical effects of this activity and rapidly return to a situation of net profit.

2.3 OUTLOOK

At the present time, the Group has maintained its sales budget. Measures to optimize operating performances taken in 2009 are producing their results, particularly in the AUTOMOTIVE Division that was the focus of particular concern.

In light of the cyclical nature of this activity, the TELECOMMUNICATIONS Division has adopted all possible measures to achieve operating breakeven in the second half, independently measures that may also be taken to improve profitability within a longer-term perspective for this business.

2.4 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, 2010.

3 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements as of June 30, 2010 were approved by the Executive Board on Monday, September 13, 2010.

Compliance statement

The interim consolidated financial statements were prepared in accordance with IFRS published by the IASB and as adopted by the European Union, including the definitions and procedures for the recognition and measurement recommended by the IFRS as well as all disclosures required 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, 2009.

Basis of preparation of financial statements:

The accounting and measurement methods have been consistently 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, 2010 and applied by the Group for the consolidated financial statements of June 30, 2010 are as follows:

- Revised IFRS 3 and Amended IAS 27 – Business combinations;
- IAS 39 – Financial instruments – eligible hedged items;
- Revised IFRS 1 – First-time adoption of IFRS;
- Annual improvements to IFRS (published in April 2009);
- Amendments to IFRS 2 – Group cash-settled share-based payment transactions;
- IFRIC 12 – Service concession arrangements;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 16 – Hedges of a net investment in a foreign operation;
- IFRIC 17 – Distribution of non-cash assets to owners;
- IFRIC 18 – Transfers of assets from customers;

The application of these new 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, 2010 have not been applied by the Group. These include:

- Amendments to IAS 32 – Classification of rights issues;
- Amendments to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures (published in January 2010);
- Amendments to IFRS 1 – Additional exemptions for first-time adopters;
- Revised IAS 24 – Related party disclosures
- IFRS 9 – Financial instruments – Classification and measurement;
- Annual improvements to IFRS (published in May 2010);
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Amendments to IFRIC 14 – Prepayments of minimum funding requirements.

Seasonal factors affecting revenue

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

3.1 CONSOLIDATED BALANCE SHEET

Assets (€ thousands)	**Notes**	**06/30/2010**	**12/31/2009**
Goodwill	3.5.3	22,286	22,286
Development costs	3.5.3	19,007	19,427
Other intangible assets	3.5.3	2,395	2,393
Total intangible assets	**3.5.3**	**43,689**	**44,107**
Land	3.5.4	2,493	2,129
Buildings	3.5.4	7,298	7,299
Plant and equipment	3.5.4	6,175	5,937
Other property, plant and equipment	3.5.4	3,681	3,252
Total property, plant and equipment	**3.5.4**	**19,648**	**18,617**
Investments in associates (equity method)	3.5.18.2	284	264
Non-current financial assets	3.5.9	729	520
Deferred tax	3.5.8	10,338	10,387
Non-current research tax credit	3.5.9		
TOTAL NON-CURRENT ASSETS		**74,687**	**73,895**
Inventory and work-in-process	3.5.5	67,522	61,501
Accounts receivable	3.5.6	73,057	69,143
Other current receivables from operations	3.5.9	5,046	3,960
Current tax credit	3.5.9	3,099	5,737
Miscellaneous current receivables	3.5.9	962	1,085
Financial instruments	3.5.7.2	811	146
Total current receivables		**150,497**	**141,571**
Marketable securities	3.5.7.1	29	4
Cash at bank and in hand	3.5.7.1	17,530	19,390
Total cash and cash equivalents	**3.5.7.1**	**17,559**	**19,394**
TOTAL CURRENT ASSETS		**168,056**	**160,965**
TOTAL ASSETS		**242,743**	**234,859**

Shareholders' equity and liabilities (€ thousands)	Notes	06/30/2010	12/31/2009
Share capital	3.5.11	15,075	15,075
Share premiums	3.5.11	17,561	17,561
Reserves	3.5.11	22,256	24,226
Retained earnings	3.5.11	6,916	7,369
Cumulative translation differences	3.5.11	<1,580>	<2,747>
Treasury shares	3.5.11	<443>	<443>
Net income	3.5.11	<4,099>	<2,390>
Shareholders' equity attributable to Group	**3.5.11**	**55,685**	**58,651**
Non-controlling interests in income	3.5.11	<196>	<532>
Non-controlling interests in reserves	3.5.11	3,333	3,890
Non-controlling interests	**3.5.11**	**3,137**	**3,358**
CONSOLIDATED SHAREHOLDERS' EQUITY	**3.5.11**	**58,823**	**62,009**
Bank borrowings	3.5.10	27,576	25,188
Other financial liabilities	3.5.10	1,850	1,360
Finance lease liabilities	3.5.10	4,810	4,959
Total non-current financial liabilities	**3.5.10**	**34,237**	**31,507**
Deferred tax liabilities	3.5.8	281	401
Provisions for pensions and other non-current employee benefits	3.5.13	4,298	3,767
TOTAL NON-CURRENT LIABILITIES		**38,816**	**35,674**
Other provisions	**3.5.13**	**5,804**	**5,948**
Current financial liabilities	3.5.10	57,450	55,514
Financial instruments	3.5.7.2	1,376	1,275
Total current financial liabilities		**58,826**	**56,789**
Accounts Payable	3.5.14	37,965	38,342
Other operating liabilities	3.5.14	26,789	26,493
Tax payables (income tax)	3.5.14	1,304	359
Miscellaneous liabilities	3.5.14	2,647	1,577
Deferred income	3.5.14	11,770	7,668
TOTAL CURRENT LIABILITIES		**145,104**	**137,177**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**242,743**	**234,859**

3.2 STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (€ thousands)	**Notes**	**2010 first half**	**2009 first half**	**FY 2009**
Revenue *(Sales)*	**3.5.15**	**117,968**	**105,441**	**223,717**
- Purchases consumed	3.5.15	<50,645>	<44,687>	<94,099>
- Personnel expenses	3.5.15	<41,451>	<37,398>	<71,574>
- External charges	3.5.15	<21,731>	<24,276>	<45,874>
- Taxes and duties other than on income		<2,180>	<1,993>	<4,089>
- Depreciation and amortization	3.5.15	<4,247>	<4,085>	<8,553>
+/- Changes in inventories of work-in-process and finished goods		436	1,641	<697>
+/- Translation gains and losses on operating transactions		193	405	378
+ Research tax credit		709	1,302	1,879
Current operating income	**3.5.15**	**<947>**	**<3,649>**	**1,089**
+ Other operating income		95	358	405
- Other operating expenses		<109>	<29>	<1,327>
+/- Gains (losses) on disposals of non-current assets		<12>	248	236
Operating income/(loss)	**3.5.15**	**<973>**	**<3,072>**	**402**
+ Income on cash and cash equivalents		2	11	13
- Interest expense and other financial charges	3.5.15	<1,199>	<1,696>	<2,877>
+ Other financial income		818	670	440
- Other financial expenses		<514>	<480>	<1,180>
Net financial expenses	**3.5.17**	**<892>**	**<1,495>**	**<3,605>**
+ Share in the earnings of equity-method associates	3.5.18.2	77	69	135
+ Income tax	3.5.15	<2,506>	790	146
Net income/(loss) for the period	**3.5.15**	**<4,294>**	**<3,707>**	**<2,922>**
* attributable to the Group		<4,099>	<3,377>	<2,390>
* attributable to non-controlling interests		<196>	<330>	<532>
Basic earnings (loss) per share (in €) – attributable to the Group	**3.5.12.1**	**<0,205>**	**<0,169>**	**<0,119>**
Diluted earnings (loss) per share (in €) – attributable to the Group	**3.5.12.2**	**<0,205>**	**<0,169>**	**<0,119>**
Other items of comprehensive income				
Comprehensive income of the period		**<4,294>**	**<3,707>**	**<2,922>**
* attributable to the Group		<4,099>	<3,377>	<2,390>
* attributable to non-controlling interests		<196>	<330>	<532>

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	Non-controlling interests	Total shareholders' equity including non-controlling interests
At 1/1/2009	**15,075**	**<443>**	**17,561**	**32,580**	**<2,787>**	**61,985**	**3,879**	**65,864**
Net income				<3,377>		<3,377>	<330>	<3,707>
Changes in translation differences					166	166		166
Subtotal of income and expenses recognized in the period	**0**	**0**	**0**	**<3,377>**	**166**	**<3,211>**	**<330>**	**<3,541>**
Dividends paid				<993>		<993>		<993>
Changes in Group structure						0		0
Other				<6>		<6>	<5>	<11>
At 6/30/2009	**15,075**	**<443>**	**17,561**	**28,204**	**<2,621>**	**57,776**	**3,544**	**61,320**
At 1/1/2010	**15,075**	**<443>**	**17,561**	**29,205**	**<2,747>**	**58,651**	**3,358**	**62,009**
Net income				<4,099>		<4,099>	<196>	<4,294>
Changes in translation differences					1,167	1,167	<50>	1,117
Subtotal of income and expenses recognized in the period	**0**	**0**	**0**	**<4,099>**	**1,167**	**<2,931>**	**<245>**	**<3,177>**
Dividends paid						0		0
Change in share capital						0		0
Changes in Group structure				8		8		8
Other				<42>		<42>	25	<18>
At 6/30/2010	**15,075**	**<443>**	**17,561**	**25,073**	**<1,580>**	**55,685**	**3,137**	**58,823**

3.4 CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOW

Consolidated statement of changes in cash flow (€ thousands)	**Notes**	**2010 first half**	**2009 first half**
Net income/(loss) for the period	**3.2**	**<4,294>**	**<3,707>**
<u>*Adjustments for:*</u>			
Depreciation, amortization and provisions	3.2	3,487	4,017
(Gains) losses on disposal of non-current assets	3.2	12	<248>
Interest expense	3.2	1,199	1,696
Current income tax (excluding research tax credit)	3.2	2,553	1,072
Change in deferred taxes	3.2	<47>	<1,862>
Research tax credit	3.2	<709>	<1,302>
Other income and expenses	3.2		<127>
Share in the earnings of equity-method associates	3.2	<77>	<69>
Operating income before change in working capital requirements		***2,123***	***<531>***
Change in working capital requirements from operating activities		<3,905>	7,168
Cash generated by operating activities		<1,782>	6,637
Income tax paid (excluding research tax credit)		<1,760>	<2,082>
Research tax credit collected		2,585	8,187
Net cash generated by operating activities		**<957>**	**12,743**
Acquisitions of non-current assets	3.5.3 3.5.4	<4,269>	<3,942>
Dividends received from associates			
Proceeds from disposals of non-current assets	3.2	304	404
Period acquisitions less cash acquired			
Net cash used by investing activities		**<3,965>**	**<3,538>**
Dividends paid to parent company shareholders	3.5.11		
Dividends paid to non-controlling interests in subsidiaries	3.5.11	<18>	<41>
Share capital increase paid in cash at parent	3.5.11		
Share capital increase paid in cash at subsidiaries (portion paid by minority shareholders)	3.5.11		9
Increases in borrowings	3.5.10	8,746	2,801
Repayment of borrowings	3.5.10	<6,410>	<6,553>
Interest payments	3.5.17	<1,199>	<1,696>
Net cash generated (used) by financing activities		**1,119**	**<5,480>**
Impact of changes in exchange rates		127	8
Opening cash and cash equivalents	3.5.7.1	<19,972>	<25,674>
Closing cash and cash equivalents	3.5.7.1	<23,648>	<21,941>
Total cash and cash equivalents		**<3,676>**	**3,733**

3.5 ACCOUNTING POLICIES

3.5.1 Basis of preparation and 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, 2009 (refer to the notes to the financial statements for the period ended December 31, 2009).

3.5.2 Consolidated companies

There were no changes in the Group structure with respect to consolidation in the six-month period ending June 30, 2010.

3.5.3 Intangible assets

At June 30, 2010, new capitalized development costs recognized as internally generated intangible assets (capitalized production) totaled €1.3 million (€1.9 million at June 30, 2009). These acquisitions concerned notably:

	06/30/2010	**06/30/2009**
➢ ACTIA AUTOMOTIVE	+€0.7 million	+€1.2 million
➢ ACTIA SODIELEC	+€0.6 million	+€0.7 million

In the 2010 first half, ACTIA SODIELEC wrote off capitalized development costs that were fully amortized. This concerned gross amortization expenses of €1.3 million (€2 million in the 2009 first half).

3.5.4 Property, plant and equipment

At June 30, 2010, acquisitions of property, plant and equipment totaled €2.3 million (€1.9 million at June 30, 2009), all purchased from third-party suppliers.

In the 2010 first half, the main acquisitions concerned:

	06/30/2010	**06/30/2009**
➢ Plant and equipment	+€1.2 million	+€0.7 million
➢ Other property, plant and equipment	+€0.8 million	+€0.4 million

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

The Group has not planned significant capital expenditures for property, plant and equipment in the 2010 second half.

3.5.5 Inventory

The **net realizable value** of inventory breaks down as follows:

(€ thousands)	06/30/2010	12/31/2009	06/30/2009	12/31/2008
Raw materials	30,404	24,796	27,694	25,503
Work/services-in-process	11,004	10,859	13,331	11,953
Semi-finished and finished goods	14,461	13,917	13,881	13,359
Goods held for resale	11,653	11,928	12,763	12,671
Total	**67,522**	**61,501**	**67,668**	**63,487**

In the 2010 first half, inventories registered a net increase of €6 million (compared with €4.2 million in the 2009 first half). A breakdown of these **changes in the first half** is presented below:

(€ thousands)	Gross	Impairment	Net
At 12/31/2008	**68,911**	**<5,424>**	**63,487**
Change in the period	4,486		4.486
Net impairment		<660>	<660>
Changes in Group structure			0
Impact of changes in exchange rates	350	5	355
At 6/30/2009	**73,747**	**<6,079>**	**67,668**
Change in the period	<6,295>		<6.295>
Net impairment		33	33
Changes in Group structure			0
Impact of changes in exchange rates	92	2	94
At 12/31/2009	**67,544**	**<6,044>**	**61,501**
Change in the period	4,638		4.638
Net impairment		<116>	<116>
Changes in Group structure			0
Impact of changes in exchange rates	1,579	<79>	1.500
At 6/30/2010	**73,761**	**<6,238>**	**67,522**

Pledged inventories are set out in Section 3.5.20 “Encumbered assets”.

3.5.6 Accounts receivable

Trade and other current receivables that fall due to under one year are presented below:

(€ thousands)	Net value at 12/31/2010	Change in the period	Net allowances / reversals	Changes in Group structure	Impact of changes in exchange rates	Net value at 06/30/2010
Accounts receivable	**69,143**	**2,621**	**<53>**		**1,346**	**73,057**
Advances and prepayments	**1,627**	148			100	**1,875**
Amounts receivable from payroll tax agencies	**234**	46			6	**286**
VAT receivable	**1,382**	465			1	**1,848**
Prepaid expenses	**716**	292			28	**1,036**
Other current receivables from operations	**3,960**	**951**			**135**	**5,046**
Tax receivables	**2,071**	<411>			31	**1,691**
Other tax and income tax receivables	**1,109**	<528>			33	**615**
Research tax credit	**2,556**	<1,763>			1	**793**
Current tax credit	**5,737**	**<2,702>**			**64**	**3,099**
Miscellaneous current receivables	**1,085**	**<155>**	**<0>**		**31**	**962**
Total	**79,925**	**715**	**<53>**		**1,577**	**82,163**

At June 30, 2010, **the maturity of gross receivables not due and due** (aged trial balance) was as follows:

(€ thousands)	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days	Gross value of total accounts receivable
Gross value at 06/30/2010	60,303	5,313	1,912	1,166	6,529	**75,223**
Gross value at 12/31/2009	55,765	7,008	1,965	1,016	5,460	**71,214**

No **loss on a nonrecoverable receivable** was recognized at June 30, 2010 by ACTIA Group (same for June 30, 2009).

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)	06/30/2010	12/31/2009	Change
Marketable securities	29	4	25
Cash	17,530	19,390	<1,859>
Cash and cash equivalents	**17,559**	**19,394**	**<1,835>**
<Current bank lines>	**<41,207>**	**<39,366>**	**<1,841>**
Total	**<23,648>**	**<19,972>**	**<3,676>**

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 6/30/2010	Fair value at 12/31/2009	Impact on earnings
Marketable securities	29	4	0

The rise in value presented in this table reflects the acquisition of marketable securities 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:

3.5.7.2.1 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 6/30/2010.

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

(€ thousands)	06/30/2010		12/31/2009	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
Swap	<1,376>	<173>	<1,203>	<293>
Total	**<1,376>**	**<173>**	**<1,203>**	**<293>**

3.5.7.2.2 Exchange rate risk hedging instruments

At June 30 2010, ACTIA AUTOMOTIVE, ACTIA UK 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. At June 30, 2010, this hedge covered the amount of a residual purchase of US$1 million. It expires on September 23, 2010;
  - A EUR/USD currency forward contract for the purchase of $6 million at an exchange rate of 1.56250. At June 30, 2010, this hedge covered a residual purchase of US$3 million It expires on May 9, 2011;
  - A EUR/USD tunnel option, covering a purchase of US$2 million. The minimum rate was set at 1.35 and the maximum at 1.42. At June 30, 2010, this hedge covered the amount of a residual purchase of US$2 million. It expires on December 9, 2011;
- ✓ For ACTIA UK: a GBP/EUR tunnel option for the purchase of €1.92 million was purchased in December 2009. The minimum and maximum rates were respectively 1.0725 and 1.1925. At June 30, 2010, the hedge covered the purchase of €960,000. It expires on December 29, 2010;
- ✓ For ACTIA SODIELEC: A EUR/USD currency forward contract for the purchase of US$4 million at an exchange rate of 1.4338 acquired in June 2009. At June 30, 2010, this hedge covered a residual purchase of US$4 million. It expired on July 2, 2010;

ACTIA Group recognizes these exchange rate hedging instruments at fair value via income.
Details of the impact of this treatment on earnings are set out below:

(€ thousands)	06/30/2010		12/31/2009	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
EUR/USD hedge	811	738	73	<283>
Total	**811**	**738**	**73**	**<283>**

3.5.8 Deferred tax

(€ thousands)	06/30/2010	12/31/2009
Tax assets recognized in respect of:		
Temporary differences	2,619	2,632
o.w. provision for retirement indemnities	*1,232*	*1,061*
o.w income from inventory	*420*	*545*
o.w other adjustments	*967*	*1,026*
Tax-loss carryforwards	7,719	7,755
Total net tax assets	**10,338**	**10,387**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	281	401
Total net tax liabilities	**281**	**401**
Total net deferred tax assets /(liabilities)	**10,057**	**9,986**

3.5.9 Financial assets and liabilities

The following table presents the carrying value of financial assets:

(€ thousands)	06/30/2010				12/31/2009			
	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	284			**284**	264			**264**
Non-current financial assets	144		585	**729**	98		421	**520**
Non-current research tax credit				**0**				**0**
Current assets								
Accounts receivable			73,057	**73,057**			69,143	**69,143**
Miscellaneous current receivables			962	**962**			1,085	**1,085**
Financial instruments		811		**811**		146		**146**
Marketable securities		29		**29**		4		**4**
Cash			17,530	**17,530**			19,390	**19,390**
Total	**428**	**840**	**92,134**	**93,402**	**363**	**149**	**90,039**	**90,552**

(*) 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)	06/30/2010			12/31/2009		
	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	27,576		**27,576**	25,188		**25,188**
Other financial liabilities	367	1,483	**1,850**	237	1,124	**1,360**
Finance lease liabilities	4,810		**4,810**	4,959		**4,959**
Current liabilities						
Current financial liabilities	57,183	267	**57,450**	55,056	458	**55,514**
Financial instruments		1,376	**1,376**		1,275	**1,275**
Accounts payable	37,965		**37,965**	38,342		**38,342**
Miscellaneous liabilities	2,647		**2,647**	1,577		**1,577**
Total	**130,549**	**3,126**	**133,675**	**125,358**	**2,857**	**128,215**

(*)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, 2010.

3.5.10 Financial liabilities

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

(€ thousands)	06/30/2010				12/31/2009			
	<06/30/11	>07/01/11 <06/30/15	>01/07/15	Total	<12/31/09	>01/01/10 <12/31/13	>01/01/14	Total
Bank borrowings	14,443	23,946	3,630	**42,020**	14,357	22,989	2,199	**39,545**
Other financial liabilities	599	1,850		**2,449**	655	1,360		**2,016**
Finance lease liabilities (*)	1,200	3,536	1,274	**6,010**	1,135	3,388	1,571	**6,094**
Bank lines and overdrafts	41,207			**41,207**	39,366			**39,366**
Total	**57,450**	**29,333**	**4,904**	**91,687**	**55,514**	**27,737**	**3,770**	**87,021**

* See Section "Property, plant and equipment”

In the 2010 first half changes in financial liabilities were as follows:

(€ thousands)	**At 01/01/2010**	**Increases in borrowings**	**Repayments of loans and other changes**	**Cumulative translation differences**	**At 06/30/2010**
Bank borrowings	**39,545**	8,681	<6,590>	384	**42,020**
Other financial liabilities	**2,016**	65	291	77	**2,449**
Finance lease liabilities	**6,094**	562	<646>		**6,010**
Bank lines and overdrafts	**39,366**		1,436	406	**41,207**
Total	**87,021**	**9,308**	**<5,510>**	**867**	**91,687**

At June 30, 2010, the maturity of financial liabilities <u>including interest</u> breaks down as follows:

(€ thousands)	**<06/30/11**		**>07/01/11 <06/30/15**		**>07/01/15**		**Total**		
	Face value	Interest	Face value	Interest	Face value	Interest	Face value	Interest	Face value + interest
Bank borrowings	14,443	1,077	23,946	1,393	3,630	67	**42,020**	**2,537**	**44,557**
Other financial liabilities	599		1,850				**2,449**	**0**	**2,449**
Finance lease liabilities	1,200	267	3,536	581	1,274	57	**6,010**	**905**	**6,915**
Bank lines and overdrafts	41,207	889					**41,207**	**889**	**42,096**
Total	**57,450**	**2,233**	**29,333**	**1,974**	**4,904**	**124**	**91,687**	**4,330**	**96,017**

At June 30, 2010 financial liabilities by currency break down as follows:

(€ thousands)	**EUR**	**USD**	**Other**	**Total**
Bank borrowings	39,901	2,119		**42,020**
Other financial liabilities	1,684	49	716	**2,449**
Finance lease liabilities	6,010			**6,010**
Bank lines and overdrafts	40,205	35	967	**41,207**
Total	**87,800**	**2,203**	**1,683**	**91,687**

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

(€ thousands)	06/30/2010	12/31/2009
Bank borrowings	42,020	39,545
Other financial liabilities	2,449	2,016
Finance lease liabilities	6,010	6,094
Bank lines and overdrafts	41,207	39,366
Subtotal A	**91,687**	**87,021**
Other marketable securities	29	4
Cash	17,530	19,390
Subtotal B	**17,559**	**19,394**
Total net debt = A - B	**74,128**	**67,627**
Total shareholders' equity	**58,823**	**62,009**
Net debt/shareholders' equity	**126%**	**109%**

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 2010 first half, changes to the Group's **shareholders' equity** reflected mainly net income for the period.

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

Units	12/31/2009	Share capital increase	06/30/2010
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At June 30, 2010, there were:

- 5,933,911 shares with ordinary voting rights,
- 14,102,701 shares with double voting rights,
- 63.329 treasury shares with no voting rights.

As well as:

- 15,323,319 registered shares,
- 4,776,622 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

Basic earnings per share at June 30, 2010 were calculated on the basis of net loss attributable to the Group for the period of <€4,098,543>, 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	06/30/2010	06/30/2009
Consolidated net income attributable to Group *(in €)*	**<4,098,543>**	**<3,377,173>**
Weighted average number of shares		
Shares issued at January 1	20,099,941	20,099,941
Treasury shares held at the end of the period	<63,329>	<63,329>
Weighted average number of shares	**20,036,612**	**20,036,612**
Basic earnings (loss) per share *(in €)*	**<0.205>**	**<0.169>**

3.5.12.2 Diluted earnings per share

The diluted earnings per share at June 30, 2010 were calculated on the basis of consolidated net income attributable to the Group for the period, namely <€4,098,543>. This result was not subject to any adjustments. The weighted number of potential ordinary shares of the period was 20,036,612.

These calculations break down as follows:

Euros	06/30/2010	06/30/2009
Diluted net income *(in €)*	**<4,098,543>**	**<3,377,173>**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,036,612	20,036,612
Impact of share subscription plans	0	0
Diluted weighted average number of shares	**20,036,612**	**20,036,612**
Diluted earnings per share *(in €)*	**<0.205>**	**<0.169>**

3.5.13 Provisions

In the 2010 first half, **provisions for pension and other non-current employee benefits** increased €532,000 to €4,298,000 at June 30, 2010, significantly impacted (+€381,000) by the change in the discount rate.

Other provisions for contingencies and expenses decreased <€144,000>. This change reflects primarily the impact of adjustments to provisions for customer warrantees. These customer warrantees for an initial amount of €2,725,000 are for periods up to December 31, 2017. The impact of the discounting these warrantees on the amount of the provision was <€54,000> at June 30, 2010 recognized in the income statement under “External charges”.

3.5.14 Other current liabilities

Current liabilities break down as follows:

(€ thousands)	Net value at 12/31/2009	Change in the period	Changes in Group structure	Impact of changes in exchange rates	Net value at 06/30/2010
Accounts payable on goods and services	**38.342**	**<865>**		**489**	**37.965**
Advances and prepayments received	**7,750**	<2,930>		38	**4,859**
Amounts payable to payroll tax agencies	**12,517**	3,317		145	**15,980**
Tax payables (other than income tax)	**6,226**	<412>		136	**5,951**
Other operating liabilities	**26,493**	**<24>**	**0**	**320**	**26,789**
Tax payables (income tax)	**359**	**898**		**47**	**1,304**
Liabilities on non-current assets	**27**	<26>		0	**1**
Creditor curr. accs	**74**	3		1	**78**
Other miscellaneous liabilities	**1,477**	1,075		16	**2,568**
Miscellaneous liabilities	**1,577**	**1,052**	**0**	**17**	**2,647**
Total	**66,771**	**1,061**	**0**	**872**	**68,705**

3.5.15 Segment information

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” including 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.

In the 2010 first half, **key aggregates by operating segments** broke down as follows:

(€ thousands)	2010 first half				
	Automotive segment	**Telecom segment**	**Other**	**Eliminations**	**Consolidated Group data**
Revenue					
(Sales)					
* Non-Group (external clients)	103,421	14,524	24	0	**117,968**
* Group (inter-segment sales)	183	326	1,309	<1,819>	**0**
Purchases consumed	<45,288>	<5,823>	<5>	472	**<50,645>**
Personnel expenses	<32,780>	<8,336>	<296>	<40>	**<41,451>**
External charges	<19,610>	<2,194>	<1,735>	1,807	**<21,731>**
Allowances for amortization (A)	<3,253>	<932>	<11>	<51>	**<4,247>**
Current operating income	**3,220**	**<3,808>**	**<726>**	**367**	**<947>**
Operating income/ (loss)	**3,142**	**<3,788>**	**<626>**	**298**	**<973>**
Interest expense and other financial charges (B)	<959>	<197>	<154>	111	**<1,199>**
Tax (C)	<2,561>	67	0	<12>	**<2,506>**
NET INCOME / (LOSS) (D)	**<220>**	**<3,714>**	**<64>**	**<296>**	**<4,294>**
EBITDA (D) - (A) - (B) - (C)	**6,553**	**<2,652>**	**101**	**<345>**	**3,657**
SEGMENT ASSETS					
Non-current assets	52,307	22,412	57,846	<57,878>	**74,687**
Inventories	48,180	19,342	0	0	**67,522**
Accounts receivable	53,592	19,835	1,264	<1,635>	**73,057**
Other current receivables	8,388	1,158	539	<167>	**9,918**
Cash and cash equivalents	15,206	2,315	38	0	**17,559**
TOTAL SEGMENT ASSETS	**177,673**	**65,062**	**59,688**	**<59,680>**	**242,743**
CAPEX					
Intangible fixed assets	1,044	779	0	0	**1,823**
Property, plant and equipment	2,115	81	96	0	**2,292**
TOTAL CAPEX	**3,159**	**860**	**96**	**0**	**4,115**
SEGMENT LIABILITIES					
Non-current liabilities	32,090	6,669	4,248	<4,191>	**38,816**
Current financial liabilities	41,525	9,108	9,862	<3,046>	**57,450**
Accounts payable	32,914	4,272	2,404	<1,625>	**37,965**
Other current liabilities	33,408	15,864	2,351	<1,934>	**49,689**
TOTAL SEGMENT LIABILITIES	**139,938**	**35,914**	**18,865**	**<10,796>**	**183,920**

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

(€ thousands)	2009 first half				
	Automotive segment	**Telecom segment**	**Other**	**Eliminations**	**Consolidated Group data**
Revenue					
(Sales)					
* Non-Group (external clients)	91,734	13,687	20	0	**105,441**
* Group (inter-segment sales)	250	411	1,978	<2,639>	**0**
Purchases consumed	<39,273>	<5,833>	<5>	425	**<44,687>**
Personnel expenses	<29,182>	<7,817>	<362>	<38>	**<37,398>**
External charges	<21,038>	<3,543>	<2,447>	2,753	**<24,276>**
Allowances for amortization (A)	<3,102>	<932>	<4>	<47>	**<4,085>**
Current operating income	**<1,387>**	**<2,023>**	**<838>**	**599**	**<3,649>**
Operating income / (loss)	**<1,208>**	**<1,656>**	**<738>**	**530**	**<3,072>**
Interest expense and other financial charges (B)	<1,456>	<327>	<266>	352	**<1,696>**
Tax (C)	321	721	0	<252>	**790**
NET INCOME / (LOSS) (D)	**<2,093>**	**<1,254>**	**159**	**<520>**	**<3,707>**
EBITDA (D) - (A) - (B) - (C)	**2,143**	**<715>**	**429**	**<573>**	**1,283**
SEGMENT ASSETS					
Non-current assets	49,203	23,598	59,986	<60,564>	**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	<204>	**8,678**
Cash and cash equivalents	15,769	114	85	0	**15,968**
TOTAL SEGMENT ASSETS	**159,474**	**63,699**	**63,503**	**<63,845>**	**222,831**
CAPEX					
Intangible fixed assets	1,274	738	0	0	**2,012**
Property, plant and equipment	1,747	183	0	0	**1,930**
TOTAL CAPEX	**3,020**	**921**	**0**	**0**	**3,941**
SEGMENT LIABILITIES					
Non-current liabilities	27,680	6,347	4,524	<5,061>	**33,491**
Current financial liabilities	43,284	8,322	10,136	<10,381>	**51,362**
Accounts payable	30,236	4,184	3,661	<2,925>	**35,156**
Other current liabilities	30,207	9,906	3,686	<2,296>	**41,502**
TOTAL SEGMENT LIABILITIES	**131,407**	**28,760**	**22,007**	**<20,663>**	**161,511**

3.5.16 Income tax

Breakdown of first-half income tax:

	06/30/2010	**06/30/2009**
➢ Current tax <credit>	<€2,553,000>	<€1,072,000>
➢ Deferred tax <credit>	€47,000	€1,862,000

At 30 June 2010, deferred tax from the recognition of tax losses amounted to <€36,000> compared to +€1,862,000 at June 30, 2009.

3.5.17 Net financial expenses

Their financial expenses of the Group break down as follows:

(€ thousands)	2010 first half	2009 first half
Income on cash and cash equivalents	2	11
Interest expense and other financial charges	<1,199>	<1,696>
o.w. interest expense on financial liabilities	*<1,199>*	*<1,696>*
Other financial income and expenses	818	670
o.w. interest income	*29*	*101*
o.w. dividends received	*0*	*0*
Income from financial instruments	*738*	*238*
Other financial expenses	<514>	<480>
o.w. expenses on financial instruments	*<504>*	*<454>*
Net financial expenses	**<892>**	**<1,495>**

3.5.18 Related-party transactions

The breakdown of transactions in the 2010 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$_2$C was defined in an agreement signed between the two companies on December 15, 2008 that entered into force on January 1, 2008. The services delegated to LP$_2$C 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$_2$C to carry out on its behalf specific, clearly defined assignments of limited duration 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.

No particular benefit was granted under this agreement.

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

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

(€ thousands)	2010 first half	2009 first half
Net transaction amount (<expense>)	**<573>**	**<717>**
o.w. Invoicing agreement	*<600>*	*<740>*
Sundry services to the holding company	*27*	*20*
Net balance sheet amount (<liability>)	**<1,011>**	**<1,045>**
o.w. Current account	*0*	*0*
Accounts payable	*<1,011>*	*<1,045>*
Accounts receivable	*0*	*0*
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 concern **real estate** operations**:**

- 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 these 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)	2010 first half	2009 first half
Net transaction amount (<expense>)	**110**	**110**
o.w. Rental charges	*110*	*110*
Interest expense and other financial charges	*0*	*0*
Net balance sheet amount (<liability>)	**<102>**	**<175>**
o.w. Current account	*<97>*	*<168>*
Accounts payable	*<7>*	*<7>*
Accounts receivable	*2*	*0*
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)		2010 first half	2009 first half
Net transaction amount (<expense>)		**346**	**357**
o.w.	*Rental charges*	*357*	*357*
	Miscellaneous expenses	*<11>*	*0*
	Building security charges	*0*	*0*
Net balance sheet amount (<liability>)		**27**	**22**
o.w.	*Current account*	*0*	*0*
	Accounts payable	*0*	*0*
	Accounts receivable	*27*	*22*
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: Members of the Executive Board and the Supervisory Board;
- ➢ At the controlling company LP_2C: Members of the Executive Board and the Supervisory Board;
- ➢ At the controlled companies, subsidiaries of ACTIA Group.

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

(€ thousands)	**2010 first half**	**2009 first half**
Remuneration of corporate officers	**156**	**163**
o.w. *Fixed*	*153*	*161*
Variable	*0*	*0*
Non-recurring	*0*	*0*
Benefits in kind	*3*	*3*
Other remuneration of non-executive corporate officers	**90**	**92**
Directors' fees	**0**	**0**
Total	**246**	**255**

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 comprehensive support services (Operating Maintenance Services) and to extend the lifespan of electronic systems.

The **financial details** of the agreements with GIE Pereneo are set out below:

(€ thousands)	**2010 first half**	**2009 first half**
Amount of transaction (<expense>)	540	468
Balance sheet amount (<liability>)	371	380
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

Key financial aggregates for GIE Pereneo are set out below:

(€ thousands)	**2010 first half**	**2009 first half**
Total assets	1,317	1,185
Liabilities	1,313	1,211
Sales	1,412	1,081
Net income / (loss) for the period	4	<25>

3.5.19 Off-balance-sheet commitments

Off-balance-sheet commitments break down as follows:

(€ thousands)	**06/30/2010**	**12/31/2009**
Commitments received		
Bank guarantees	5,324	4,086
Total commitments received	**5,324**	**4,086**

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)	06/30/2010				12/31/2009			
	Automotive division	**Telecom division**	**Other subsidiaries**	**Total**	**Automotive division**	**Telecom division**	**Other subsidiaries**	**Total**
Participating interests in consolidated companies (*)	6,271	2,837	199	**9,307**	6,271	2,837	199	**9,307**
Balance of debt guarantee	***1,578***	***1,706***	*1,815*	***5,099***	***2,035***	***1,849***	*1,932*	***5,816***
Trade receivables pledged	15,479	6,523	0	**22,002**	12,184	5,464	0	**17,648**
o.w Dailly-type, guaranteed	***5,127***	***0***	*0*	***5,127***	***3,143***	***0***	*0*	***3,143***
Dailly-type, with recourse	***9,578***	***6,523***	*0*	***16,101***	***8,452***	***5,464***	*0*	***13,916***
Bills discounted not yet due	***774***	***0***	*0*	***774***	***589***	***0***	*0*	***589***
Inventory pledged	0	0	0	**0**	0	0	0	**0**
Other receivables pledged	161	0	0	**161**	1,331	0	0	**1,331**
Equipment pledged	1,430	125	0	**1,554**	838	140	0	**978**
Mortgages / pledges (land / buildings)	2,795			**2,795**	4,552	0	0	**4,552**
Total	**26,136**	**9,484**	**199**	**35,820**	**25,176**	**8,442**	**199**	**33,817**

(*) Carrying value of pledged securities

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 debt at June 30, 2010:

(€ thousands)	06/30/2010			12/31/2009		
	Fixed rate	**Variable rate**	**Total**	**Fixed rate**	**Variable rate**	**Total**
Bank borrowings	11,097	30,922	**42,020**	13,011	26,534	**39,545**
Other financial liabilities	2,449	0	**2,449**	2,016	0	**2,016**
Finance lease liabilities	6,010	0	**6,010**	6,094	0	**6,094**
Bank lines and overdrafts	1,055	40,152	**41,207**	702	38,664	**39,366**
Total	**20,612**	**71,075**	**91,687**	**21,822**	**65,198**	**87,021**
Total in %	22%	78%	**100%**	25%	75%	**100%**

The Company has conducted an analysis of its **interest rate risk**. Figures obtained from this analysis are provided below:

(€ thousands)	**Financial assets (a)**		**Financial liabilities (b)**		**Net position before hedging (c) = (a) - (b)**		**Interest rate risk hedges (d)**		**Net position after hedging (e) = (c) + (d)**	
	Fixed rate	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
< 1 year	92,389		48,886	50,552	43,503	<50,552>		<20,000>	**43,503**	**<30,552>**
1 to 2 years			4,512	7,698	<4,512>	<7,698>			**<4,512>**	**<7,698>**
2 to 3 years			2,637	5,466	<2,637>	<5,466>			**<2,637>**	**<5,466>**
3 to 4 years			1,651	3,838	<1,651>	<3,838>			**<1,651>**	**<3,838>**
4 to 5 years			1,450	2,080	<1,450>	<2,080>			**<1,450>**	**<2,080>**
> 5 years	1,013		3,463	1,441	<2,451>	<1,441>			**<2,451>**	**<1,441>**
Total	**93,402**	**0**	**62,600**	**71,075**	**30,802**	**<71,075>**	**0**	**<20,000>**	**30,802**	**<51,075>**

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

During this period of low rates, financial debt is primarily assumed at variable rates with the benchmark rate of the 3-month EURIBOR in order to reduce borrowing costs. The breakdown of financial liabilities between variable and fixed rate debt is set out in Section 8.1.6.12 "Financial liabilities".

However, 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 56%. The characteristics of the interest rate swap obtained by ACTIA AUTOMOTIVE S.A. are described in Section 3.5.7.2.1 "Interest rate risk hedging instruments".

The sensitivity to a 1% change in the benchmark has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)	06/30/2010	
	Impact on pretax earnings	**Impact on shareholders' equity before tax**
Impact of a 1% increase in interest rates	**<511>**	**<511>**
Impact of a 1% decrease in interest rates	**511**	**511**

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 invoiced in euros all inter-company flows in countries with the highest currency risks and limited customer payment terms in countries with weakening currencies.

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, 2010, ACTIA AUTOMOTIVE, ACTIA UK and ACTIA SODIELEC put in place exchange rate hedges, the terms of which are set out in Section 3.5.7.2.2 “Exchange rate risk hedging instruments”.

The Company has conducted an analysis of its **interest foreign exchange risk** for accounts receivable and payable. Figures obtained from this analysis are provided below:

(€ thousands)	**Accounts receivable (Gross amounts) (a)**	**Accounts payable (b)**	**Off-balance-sheet commitments (c)**	**Net position before hedging (d)=(a)+(b)+(c)**	**Financial hedging instruments (e)**	**Net position after hedging (f)=(d)+(e)**
EUR	65,334	<30,728>	3,091	37,697		37,697
USD	4,126	<5,102>	2,234	1,258	2,829	4,088
Other currencies	5,762	<2,135>		3,627		3,627
Total	**75,223**	**<37,965>**	**5,324**	**42,582**	**2,829**	**45,411**

Because the majority of transactions are in euros, the Group's exposure to foreign exchange risk is very limited. The analysis of the sensitivity to a 1% increase or decrease in foreign exchange rates was performed on the USD, the second currency most used within the Group. The nine other currencies grouped together in the above table under "Other currencies" do not present a material risk.

The sensitivity to a 1% increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)	Impact on pretax earnings		Impact on shareholders' equity before tax	
	Increase of 1%	**Decrease of 1%**	**Increase of 1%**	**Decrease of 1%**
Net position after hedging in USD	4,088	4,088	4,088	4,088
USD 0.81493	0.8230793	0.8067807	0.8230793	0.8067807
Estimated risk	**+33**	**-33**	**+ 33**	**-33**

3.5.21.3 Liquidity risk

After conducting a specific review of its liquidity risk, the Company considers that it is able to honor its future debt obligations. However, given the particularly challenging worldwide economic environment, ACTIA GROUP performs regular reviews to anticipate the risk of tightening conditions and be able to respond rapidly in consequence if necessary.

A detailed analysis of financial liabilities, cash, net debt and other financial liabilities including interest-bearing debt is presented in Section 3.5.10 "Financial liabilities".

A detailed analysis of financial assets and liabilities is provided in Section 3.5.9 "Financial assets and liabilities" and presented in the following tables:

At June 30, 2010:

(€ thousands)	<06/30/11	>07/01/11 <3/06/015	>07/01/15	Total
Total financial liabilities	<99,438>	<29,333>	<4,904>	**<133,675>**
Total financial assets	92,389	0	1,013	**93,402**
Net position before hedging	**<7,049>**	**<29,333>**	**<3,891>**	**<40,272>**
Off-balance-sheet commitments	<5,324>			**<5,324>**
Net position after hedging	**<12,373>**	**<29,333>**	**<3,891>**	**<45,597>**

At December 31, 2009:

(€ thousands)	<12/31/10	>01/01/11 <12/31/14	>01/01/15	Total
Total financial liabilities	<96,709>	<27,737>	<3,770>	**<128,215>**
Total financial assets	89,768	0	784	**90,552**
Net position before hedging	**<6,941>**	**<27,737>**	**<2,987>**	**<37,665>**
Off-balance-sheet commitments	<4,086>			**<4,086>**
Net position after hedging	**<11,026>**	**<27,737>**	**<2,987>**	**<41,750>**

For the ACTIA Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and receivables collection. In this respect, there are no difficulties to be reported.

ACTIA Group companies independently manage their future cash needs. The parent company only intervenes in the event of difficulties. This cash is generated principally from the company's operating 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 obtained by the subsidiary. 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 through a finance lease).

Lastly, the Group benefits from cash surpluses at certain AUTOMOTIVE division subsidiaries, and has thus established bilateral treasury management agreements. To date, ACTIA AUTOMOTIVE S.A has signed master agreements for cash pooling with its subsidiaries ACTIA VIDÉOBUS SAU, I+Me ACTIA GmbH, ACTIA Italia LTA and ATON SYSTÈMES SA to optimize surplus cash flows within the Group.

In the 2010 first half, ACTIA AUTOMOTIVE S.A had €3.1 million originating from its subsidiaries:
- ACTIA ITALIA LTA for: €600,000;
- I+ME ACTIA GmbH for: €2 million;
- ATON SYSTÈMES SA for: €500,000.

At June 30, 2010, these amounts were still held by ACTIA AUTOMOTIVE S.A. and may be transferred back to the subsidiaries in the course of 2010.

It should be noted that the purpose of these cash pooling agreements is to make use of available cash within the Group to limit recourse to the parent company's short-term financing facilities and in this way reduce financial expenses. As such, they do not involve the transfer of bank loans to the subsidiaries.

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 December 31, 2009 only one covenant had been breached. A waiver was granted by the bank in the 2010 first half. The financial debt of €1 million was allocated in full at December 31, 2009 to the line item "Current financial liabilities". In light of the outlook with respect to commercial trends, this covenant will be respected again at December 31, 2010. The exceptional nature of this situation confirms that no liquidity risk existed at December 31, 2009.

At June 30, 2010, covenant requirements to be met at year-end concern:
- Bank borrowings for an outstanding amount €9.1 million;
- Bank lines and overdrafts for an outstanding amount of €200,000.

Or 10.2% of Group debt at June 30, 2010 (13.2% at June 30, 2009).

3.5.22 Events after the balance sheet date

There have been no noteworthy events to report since June 30, 2010.

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-yearly financial report (*rapport financier semestriel*)]