LINK SOLUTIONS FOR INDUSTRY

2008
HALF-YEAR REPORT

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LISI ANNOUNCES IMPROVED RESULTS FOR FIRST HALF OF 2008

- **Published sales revenues € 449.7M, + 7%**
- **Sustained organic growth: + 11%**
- **Increase of 10% in EBIT**
- **Solid financial situation: gearing of 14 %**
- **Confidence maintained in 2008 outlook, strategic aims confirmed**

Belfort, July 28, 2008 – LISI today announced its half-year results to June 30, 2008.

6 months ended June 30		**2008**	2007	Variance
Main items of income statement				
Sales Revenues	€M	**449.7**	418.8	+ 7.4 %
EBITDA	€M	**75.9**	69.0	+ 10.1 %
EBIT	€M	**53.2**	48.5	+ 9.8 %
Operating margin	%	**11.8 %**	11.6 %	
Group's share	€M	**32.0**	38.8	
(restated for disposal of Eurofast in 2007)			27.7	+ 15.2 %
Diluted earnings per share	€	**2.97**	3.66	
Main cash flow items				
Cash flow	€M	**54.3**	49.0	
Net industrial investments	€M	**- 27.6**	- 19.0	
Free cash flow[(1)]	€M	**12.4**	10.5	
Main items of financial structure				
Net borrowings	€M	**61.5**	90.0	
Net borrowings to shareholders' equity ratio	%	**14.1 %**	22.8 %	

(1) Free cash flow: cash flow less variations in stock, requirement for working capital and net industrial investments.

ORGANIC GROWTH CONTINUES TO BENEFIT FROM THE HIGHLY POSITIVE TRENDS ALREADY NOTED IN 2007

In million Euros			Variance	
Sales Revenues	**2008**	**2007**	**2008/2007**	**2008/2007 at constant scope and exchange rate**
1st Quarter	226.1	209.8	+ 7.8 %	+ 11.4 %
2nd Quarter	223.6	209.0	+ 7.0 %	+ 10.8 %
6 months ended 30 June	**449.7**	**418.8**	**+ 7.4 %**	**+ 11.1 %**

The LISI Group's activity in Q2 continued at the same growth rate as in the preceding quarter, notwithstanding a business climate that has become more uncertain. Thus sales revenues in Q2 were up +7.0%, despite the effect of the dollar. In comparable terms, growth was +10.8%, with just the impact of the dollar explaining the difference.

The first half took place in strong markets, in line with the Group's expectations: consolidated sales revenues were € 449.7M, as compared with € 418.8M in Q1 2007, an improvement of +7.4% on published figures and +11.1% at a constant dollar rate.

THE EFFECT OF VOLUME TOGETHER WITH POSITIONS TAKEN IN 2007 HAVE FACILITATED IMPROVING FINANCIAL PERFORMANCE EVEN FURTHER

Thanks to an increase in production volumes and having removed certain loss-making activities from the 2007 consolidation, interim management indicators are again improving, faster than sales revenues: EBITDA is up +10.1% and EBIT is up +9.8%. Restated for the sales price (€ 11.1M) for Eurofast in 2007, the increase in net income becomes +15.2%. This mainly reflects the following:

- Improvement in current operations,
- Tight control on finance expenses notwithstanding increases in borrowing rates.

The effective rate of corporate income tax is 34.1%.

It should be noted that the LISI Group is not exposed to exchange rate risk, particular on the dollar, but only to a conversion effect that does not change its relative performance.

CONTINUATION OF THE ACTION PLANS IS GENERATING A HIGH LEVEL OF INVESTMENTS

The excellent cash flow of € 54.3M, which is 12.1% of sales revenues, easily facilitates financing of the investments and the increased requirement for working capital.

Net investments for the period came to € 27.6M (+€ 8.6M), of which:

- € 15.9M for LISI AEROSPACE, including extensions to the Izmir (Turkey) and Rugby (UK) sites, and additional capacity at Torrance.
- € 9.5M for LISI AUTOMOTIVE, the largest projects being adding surface treatment at the Saint-Florent site, a new press at Form (Czech Republic), and automation of the material preparation installations.
- € 2.2M for LISI COSMETICS. The division had investments following the Nogent-le-Phaye plant coming back up to speed with a new varnishing line (€ 1.2M) and the construction of an injection hall.

Requirements for working capital have been kept well under control: the seasonal increase was € 14.3M, which breaks down as follows:

- € 14.7M for an increase in inventory (in particular cover for raw materials),
- -€ 0.4M in reduction in other net requirements.

The Q1 free cash flow was thus largely positive, again improving at € 12.4M, as against € 10.5M in Q1 2007.

The slight drop in cash of € 42.5M, which is down € 23.2M as compared with 31 December 2007, reflects:

- Payment of dividends of € 15.8M,
- Financing the acquisition of the shares of the Yizhong Fastener Co. in China.

As a result, net borrowings were € 61.5M, being a gearing ratio of 14.1% as against 12.5% at the end of December 2007, and to be compared with € 90.0M at the end of H1 2007, which represented gearing of 22.8%.

LISI AEROSPACE: MORE PROGRESS

- Growth and contribution continue to be strong in USA
- Continuation of Skyline 2010 plan.
- Increased growth for LISI Medical.

In million Euros			**Variance**	
Sales Revenues	**2008**	**2007**	**2008/2007**	**2008/2007 at constant scope and exchange rate**
1st Quarter	103.2	89.5	+ 15.4 %	+ 24.4 %
2nd Quarter	97.7	86.7	+ 12.6 %	+ 22.0 %
6 months ended 30 June	**200.9**	**176.2**	**+ 14.0 %**	**+ 23.2 %**

The fundamentals of the Aerospace sector remain solid. Prior to the Farnborough Air Show, which took place July 14 – 20, 2008, orders (net of cancellations) for the LISI AEROSPACE division's two main clients remained very respectable at 487 planes for Airbus and 476 for Boeing. In terms of deliveries, Airbus supplied 245 units to its customers as against 241 for Boeing, up almost 8% on 2007.

Embraer for its part is seeing growth of almost 44% and should be delivering about 215 aircraft this year[1].

Thus sales revenues of the LISI AEROSPSACE division are continuing sustained growth in the half-year led by the US (up 25.6% in euros and up 46.3% in dollars), while European business remains steady (up 2.5% in published sales revenues and up 13.2% after restating the disposal of Eurofast).

With a very large orders book (€ 354M at 6/30/08 as against € 305M at 12/31/07), especially in the US, the division is continuing its Skyline 2010 plan with two major projects underway, doubling the Izmir (Turkey) and Rugby (UK) factories. It is then expected to add production capacity relative to the ramping up of the new programs (B787, A380 etc).

[1] Source: Embraer

The contribution of the LISI MEDICAL division was € 12.7M for the first 6 months of 2008, with uniform growth across all production locations (France, USA, Morocco).

Overall, the LISI AEROSPACE Division posted a growth rate of 14% that is still dynamic despite the effect of the dollar that comes to € 16M. On comparable scope there was growth of 23.2 %.

The increase in LISI AEROSPACE's EBIT at € 39.6M is principally explained by the increase in sales, particularly in the USA. It should be noted that less than a year after having been set up, the medical sector is already contributing 24% of the increase in operating income.

LISI AUTOMOTIVE: TARGETS ACHIEVED DESPITE INCREASES IN RAW MATERIALS

- Sharp inflation in raw materials
- Growth targets for operating margins achieved in an uncertain environment

In million Euros			**Variance**	
Sales Revenues	**2008**	**2007**	**2008/2007**	**2008/2007 at constant scope and exchange rate**
1st Quarter	109.7	106.6	+ 3.0 %	+ 3.0 %
2nd Quarter	111.6	107.7	+ 3.6 %	+ 3.6 %
6 months ended 30 June	**221.3**	**214.3**	**+ 3.3 %**	**+ 3.3 %**

LISI AUTOMOTIVE's European market has been rather erratic on a monthly basis:

January	February	March	April	May	June
- 1.4 %	+ 8.1 %	- 9.7 %	+ 9.7 %	-7.4 %	- 7.9 %

Source: ACEA

The number of new European registration is not a reliable indicator, because with –2.2% for the first 6 months of 2008 and especially –7.9% in June, these reductions do reflect LISI AUTOMOTIVE's business. On a worldwide basis, sales figures to end June are slightly more favorable, for Renault (+4.3%), PSA (+4.6%) and VW (+5.8%)

In terms of European production, figures show more representative growth with average growth for LISI AUTOMOTIVE's customers of 3.0% (Source: JD Power), including VW (+3.7%), Daimler (+14%) and BMW (+1.4%), which remain stronger than PSA (+0.3%) or Renault (-0.8%).

In these markets demand for LISI AUTOMOTIVE remains high in Germany (+5% in Q2 2008), while there is a slowdown with the two French clients. It is above all the parts manufacturers who are feeding current growth. In this context, the division has maintained its Q1 2008 performance (+3.0%) in Q2 (+3.6%). In H1 the division had sales revenues of € 221.3M, up 3.3% on the comparable period in 2007.

Profitability was hurt by the increase in raw materials, which cost € 1.4M in H1 in Germany and France; increased volumes (+€ 7.0M) and sales prices did not fully compensate for this surcharge. The ACE action plans, the impact of the 2007 reorganization efforts and the improvement in productivity nonetheless helped improve EBIT by almost € 1.7M to € 15.5M (+11%).

The LISI AUTOMOTIVE division has thus achieved its target of improving its operating margin in difficult economic conditions. This performance reflects the positive results of the Business Group's new organization.

LISI COSMETICS: PROFITABILITY IMPACTED BY THE NOGENT PLANT

- Difficult start for the varnishing unit
- Construction of a new injection workshop
- Slowdown in demand

In million Euros			**Variance**	
Sales Revenues	**2008**	**2007**	**2008/2007**	**2008/2007 at constant scope and exchange rate**
1st Quarter	13.5	14.3	- 5.2 %	- 5.2 %
2nd Quarter	14.7	15.0	- 2.9 %	- 2.9 %
6 months ended 30 June	**28.2**	**29.3**	**- 4.0 %**	**- 4.0 %**

Reflecting consumption in the US, which strongly affects one of the leading markets of the division's clients, demand for LISI COSMETICS products has been adjusting itself gradually, following a very slow first quarter (down 5.2%). Orders for certain products, particularly make-up, have limited the drop to less than 3% in Q2.

At the same time, at the Nogent-le-Phaye site LISI COSMETICS has undertaken an ambitious industrial rebuilding project that has included:

- A more difficult than expected start up of an automatic varnishing and metalizing line with about on average 20 more full-time staff during the period.
- Construction of a new, 4,500 m^2 injection workshop.

These two large-scale projects at the same time created a negative impact affecting the plant's results. EBIT was thus down € 1.9M to € 1M, 3.5% of sales revenues.

OUTLOOK

While during H1 2008 the LISI Group has continued to benefit from the positive trends from the end of the 2007 financial year in most markets, the macroeconomic uncertainties have been multiplying during the second part of the year.

Even if the cycles are limited, the car market might the first due for an adjustment. The car manufacturers, including Renault, have announced a net slowdown in the developed markets and only slight growth elsewhere. LISI AUTOMOTIVE's forecast for deliveries for July and August is fairly flat. At the same time, the increase in raw materials prices is accelerating, and following a rise of 13% during H1 2008, LISI AUTOMOTIVE is expecting a further increase of 30% from July onwards. This critical situation requires a new round of negotiations with the Group's major customers in order to pass on this cost increase in its sales prices.

In the aviation field a certain amount of contradictory information has been spread by the aircraft-manufacturing clients: cancellations of orders, reductions in capacity and even the disappearance of 25 airlines since the beginning of the year. Yet at the same time, Boeing has revised upwards its estimate of new orders, motored by the replacement market that has achieved 43% of all its requirements. This type of situation makes it quite impossible to specify a clear outlook trend. Nevertheless, the increase in the LISI AEROSPACE order book and clients' delivery requests will underpin business activity in H2.

Armed with its first results, the medical field has confirmed that it represents an entirely separate lever for internationalization and profitability. In this connection the Group restates its desire to continue its strategy of growth through acquisition in this sector.

LISI COSMETICS is currently working on several new projects to launch new products, which, however, are not yet ready to significantly change the trend in the second half of the year. This period will also be devoted to gradually bringing up to speed the major industrialization project at Nogent-le-Phaye, with the new plant due to go into production in Spring 2009.

Thus, relying on very solid, internal fundamentals and with a healthy financial structure, the LISI Group will be able to pick up targeted acquisition targets. It confirms its confidence in its 2008 outlook and its medium-term strategic aims.

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The next publications will appear following close of trading on Paris Euronext
Financial situation of Q3 2008: 21 October 2008
Sales revenues for 2008 financial year: 22 January 2009

The LISI share is traded on the Eurolist stock exchange, section B and is part of the CAC MID 100 – Next 150 index under ISIN Code FR 0000050353

Reuters Code: GFII.PA
Bloomberg Code: FII FP

Membre de MiddleNext

LISI Group consolidated income statement

(In thousand euros)	*30/06/2008*	*30/06/2007*	*31/12/2007*
Sales revenues excl. VAT	**449 705**	**418 796**	**815 957**
Variance in finished stock and work in progress	9 399	6 356	14 817
Total production	459 104	425 152	830 773
Other income	2 760	3 060	5 907
Total operating income	**461 864**	**428 212**	**836 681**
Consumables	(133 961)	(123 706)	(242 130)
Other purchases and external charges	(86 334)	(79 918)	(152 173)
Added value	**241 569**	**224 588**	**442 378**
Taxes and duties	(7 145)	(6 143)	(10 648)
Staff costs (including temps)	(158 518)	(149 478)	(289 793)
EBITDA	**75 906**	**68 967**	**141 937**
Depreciation	(20 795)	(19 588)	(38 421)
Net allocations to provisions	(1 880)	(918)	(3 464)
EBIT	**53 231**	**48 461**	**100 052**
Non-recurring operating expenses	(627)	(13 408)	(19 835)
Non-recurring operating income	578	22 187	25 258
Operating income	**53 182**	**57 240**	**105 475**
Cash income and finance expenses	**(4 561)**	**(4 271)**	**(8 174)**
Cash income	*582*	*1 541*	*4 899*
Financing expenses	*(5 143)*	*(5 812)*	*(13 073)*
Other financial income and expenses	**(222)**	**1 469**	**1 060**
Other non-operating income	*2 249*	*1 887*	*3 087*
Other non-operating expenses	*(2 471)*	*(418)*	*(2 027)*
Taxes	(16 497)	(15 568)	(30 808)
Income for the period	**31 902**	**38 871**	**67 553**
Attributable to			
Holders of company's equity	31 952	38 830	67 553
Minority interests	-50	41	
Net earnings per share (in €)	**3.04**	**3.84**	**6.60**
Diluted net earnings per share (in €)	**2.97**	**3.66**	**6.45**

LISI Group consolidated cash flow

(In thousand euros)	*30/06/2008*	*31/12/2007*	*30/06/2007*
Operations			
Net earnings	**31 902**	**67 553**	**38 871**
Elimination of net charges without impact on cash flow:			
- Amortization and financial and non-recurrent provisions	20 876	38 306	18 829
- Variance in deferred taxes	-884	1 725	278
- Income from disposals and other	2 289	(7 857)	(10 940)
Gross cash flow margin	**54 183**	**99 726**	**47 038**
Net variance in provisions for current activities	150	2 901	1 944
Cash flow	**54 333**	**102 627**	**48 981**
Elimination of tax expense (income) due	17 382	29 084	15 290
Elimination of net interest expenses	5 090	10 408	5 748
Impact of inventory variance on cash flow	(14 698)	(11 801)	(6 089)
Impact of variation of operating debit and credit cash flow differences	172	10 736	(12 616)
Net cash flow in respect of pretax operations	**62 278**	**141 055**	**51 315**
Taxes paid	(17 162)	(31 699)	(16 068)
Net cash flow in respect of operations (A)	**45 116**	**109 356**	**35 246**
Investments			
Acquisition of consolidated companies	(2 291)	(32 348)	(16 069)
Acquired cash flow	1 057	1 449	9
Acquisition of tangible and intangible assets	(28 047)	(44 112)	(19 838)
Acquisition of non-operational assets		(120)	(226)
Variance of loans and prepayments	(3 031)	(24)	(62)
Investment grants received			
Dividends received	2	0	0
Total investments cash flow	**(32 311)**	**(75 155)**	**(36 186)**
Cash flow disposed		1 315	1 315
Sale of consolidated companies		20 000	20 000
Disposal of tangible and intangible assets	452	971	810
Disposal of non-operational assets		0	0
Total cash flow from disposal of investments	**452**	**22 286**	**22 125**
Cash flow from investment activities (B)	**(31 859)**	**(52 869)**	**(14 061)**
Financing			
Increase in capital	18	25 525	14 499
Net disposal (acquisition) of treasury shares			
Dividends paid to Group shareholders	(15 793)	(12 979)	(12 979)
Dividends paid to minority interests of consolidated companies			
Total cash flow on equity transactions	**(15 776)**	**12 546**	**1 520**
Issue of long-term loans	4 113	6 479	17 896
Issue of short-term loans	43	819	408
Repayment of long-term loans	(3 907)	(4 574)	(3 260)
Repayment of short-term loans	(11 006)	(25 385)	(12 583)
Net financial interests paid	(6 111)	(9 866)	(6 479)
Total cash flow from loan transactions and other non-operating liabilities	**(16 868)**	**(32 526)**	**(4 018)**
Cash flow from financing activities (C)	**(32 644)**	**(19 980)**	**(2 497)**
Impact of variations in exchange rates (D)	(2 428)	(2 678)	(481)
Impact of restatement of treasury shares (D)	(1 336)	(2 335)	209
Cash flow variation (A+B+C+D)	**(23 150)**	**31 495**	**18 416**
Cash flow at January 1st (E)	65 635	34 141	34 141
Cash flow at end of period (A+B+C+D+E)	42 485	65 635	52 557
Current and long-term non-operating assets	25 352	55 332	53 170
Cash and cash equivalents	30 143	62 931	25 019
Bank overdraft	(13 010)	(52 628)	(25 633)
Cash at year end	**42 485**	**65 635**	**52 557**

Equity variance

(In thousand euros)	**Share capital**	Equity premium	Treasury shares	Group's share of reserves	Conversion reserves	Other income and expenses posted directly to equity	Group's share of profit for period	**Group's share of shareholders' equity**	**Minority interests**	**Total equity**
Equity at January 1, 2007	**20 422**	**42 963**	**(5 479)**	**250 169**	**(2 325)**	**3 087**	**47 989**	**356 826**	**224**	**357 049**
Income for period N							67 553	**67 553**		67 553
Conversion variation					(10 170)			**(10 170)**		(10 170)
Payments in shares (a)		951						**951**		951
Increase in capital	1 086	24 439						**25 525**		25 525
Restatement of treasury shares (b)			(2 335)			(45)		**(2 380)**		(2 380)
N-1 profit appropriation				47 989			(47 989)			
Change in method										
Variations in scope									(224)	(224)
Distributed dividends				(12 979)				**(12 979)**		(12 979)
Secondary distribution										
Sundry (c)										
Equity at December 31, 2007	**21 508**	**68 353**	**(7 814)**	**285 179**	**(12 495)**	**3 042**	**67 553**	**425 326**		**425 326**
Total income and expenses accounted for in period (a) + (b) + (c)					***(10 170)***	***(45)***	***67 553***	***57 338***		
Income for period N							31 952	**31 952**	(50)	31 902
Conversion variation					(5 993)			**(5 993)**	(31)	(6 024)
Payments in shares (a)		750						**750**		750
Increase in capital										
Restatement of treasury shares (b)			(1 132)			(103)		**(1 235)**		(1 235)
N-1 profit appropriation				67 553			(67 553)			
Change in method										
Variations in scope									827	827
Distributed dividends				(15 793)				**(15 793)**		(15 793)
Secondary distribution										
Sundry (c)										
Equity at June 30, 2008	**21 508**	**69 103**	**(8 946)**	**336 939**	**(18 488)**	**2 939**	**31 952**	**435 007**	**746**	**435 753**
Total income and expenses accounted for in period (a) + (b) + (c)					***(5 993)***	***(103)***	***31 952***	***25 856***		

LISI Group consolidated balance sheet

ASSETS

(In thousand euros)	*30/06/2008*	*31/12/2007*	*30/06/2007*
LONG-TERM ASSETS			
Goodwill	134 705	136 738	129 320
Other intangible assets	15 303	15 529	17 723
Tangible assets	239 800	232 120	224 435
Long-term investments	7 651	4 976	5 451
Deferred tax assets	15 439	14 118	16 433
Other long-term investments *	190	219	194
Total long-term assets	**413 089**	**403 700**	**393 557**
CURRENT ASSETS			
Stocks	185 940	173 345	168 493
Taxes – Receivable from the government	5 749	8 517	7 139
Receivables	144 896	118 764	145 197
Current financial assets	25 352	55 332	53 170
Cash and cash equivalents	30 143	62 931	25 019
Total current assets	**392 080**	**418 889**	**399 019**
TOTAL ASSETS	**805 169**	**822 589**	**792 575**

** Including long-term investments*

SHAREHOLDERS EQUITY AND LIABILITIES

(In thousand euros)	*30/06/2008*	*31/12/2007*	*30/06/2007*
EQUITY			
Share capital	21 508	21 508	21 039
Premiums	69 103	68 353	56 996
Treasury shares	(8 946)	(7 814)	(5 270)
Group's share of reserves	336 939	285 179	285 179
Conversion reserves	(18 488)	(12 495)	(4 683)
Other income and expenses posted directly to equity	2 939	3 042	3 196
Income for period	31 952	67 553	38 830
Total Group's share of shareholders' equity	**435 007**	**425 326**	**395 287**
Minority interests	746		265
Total equity	**435 754**	**425 326**	**395 552**
LONG-TERM LIABILITIES			
Non-current provisions	32 562	30 702	34 037
Long-term borrowing	77 572	87 784	114 749
Other long-term liabilities	2 260	3 070	1 517
Deferred tax liabilities	32 574	31 836	31 994
Total long-term liabilities	**144 969**	**153 392**	**182 298**
CURRENT LIABILITIES			
Current provisions	5 001	6 128	4 151
Short-term borrowings*	39 421	83 757	53 447
Suppliers and other creditors	174 632	145 857	147 375
Taxes to pay	5 393	8 128	9 752
Total current liabilities	**224 447**	**243 870**	**214 725**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	**805 170**	**822 589**	**792 575**
** Including current bank facilities*	*13 010*	*52 628*	*25 633*