

PRESS RELEASE

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A passion for excellence and innovation

Annual results 2007/2008 Position in aeronautics consolidated Engineering business growing strongly

GECI International posted a turnover of €40.5 million for the financial year, an increase of 5.9%, on the strength of the growth in its engineering business. 56% of the group's turnover came from exports. The group's subsidiaries in Spain and South Africa experienced growth rates of 66% this year, which demonstrates the pertinence of the commercial investments made by the group to expand its client base. The Asian zone, represented by China and Korea, has already reached 3% of turnover.

GECI International is continuing with its policy of diversification by sector with, in particular, an expansion of high value added sectors, such as marine engineering, energy and space, with a growth of more than 10%.

In €K	2007/2008	2006/2007
Turnover	40,490	38,227
Gross profit margin	8,714	6,562
Return on sales	21.5%	17.2%
General expenses	(11,642)	9,577
Current operating result including Skylander R&D	(2,928)	(3,015)
<i>Engineering contribution</i>	<i>(198)</i>	<i>(976)</i>
<i>Skylander contribution</i>	<i>(2,730)</i>	<i>(2,039)</i>
Current operational contribution rate	7.2%	7.9%
The group's net operating result	(4,144)	(3,605)

The annual return on sales reached 21.5%, an increase of 3.3 points in relation to the previous financial year. In the second half of 2007/2008, this rate grew strongly at 23.5 % and thus illustrated the efforts made by the group's policy of cost control.

During the financial year, GECI continued with its efforts to develop the Skylander and spent a sum of 2.7 million Euros, which are still accounted as costs for this financial year, in accordance with the IFRS 38 standard.

The current operating result recorded a loss of 2.9 million Euros, with a current operating result of the engineering business recording – €198 K for the financial year as against – €976 K for the 2006/2007 financial year. The second half saw a net improvement in profitability, with a current operating result of €172 K, as against – €370 K in the first half. The net operating result for the 2007/2008 financial year finished on – 4.1 million Euros, mainly due to the investments made for the Skylander programme and variations in exchange rates, costing 0.7 million Euros.

With 19.3 million Euros of shareholder's equity, 18.4 million Euros of cash assets and no long term indebtedness, GECI International has a sound financial structure and a large cash position.

The Skylander: a worldwide commercial success

Today, the Skylander has already been the subject of 450 letters of intent for orders from 27 operators and distributors worldwide for a total of around \$2,000 million. The most sought after uses mainly concern passenger and freight transport or combi-mode uses.

GECI International's customers, operators in Polynesia, the Caribbean, New-Caledonia, India, Nepal, Africa, the Middle-East and Scandinavia, have been waiting for a new aircraft with Skylander's characteristics combined with latest generation after-sales support. The group is currently negotiating firm orders for 71 aircraft with 9 operators. The placing of these orders will ensure more than two years of production and thus enable GECI International to reach the break-even point with the delivery of aircraft n°57.

The Skylander: following its road map

The ATO (Authorisation To Offer) obtained in Q4/2007 is currently resulting in the signing of firm orders for the first launch customers.

The teams are being continuously strengthened and are finalising the industrial production for entering the "DDP" phase, the phase preliminary to the production of the 1st prototype SK1.

The first flight is programmed for mid-2010, with certification and EIS (Entry Into Service) in mid-2011. Production rates of 6 aircraft per month / 72 aircraft per year are planned, starting in 2014. The strong demand for aircraft has led GECI International to study an acceleration of timetable for reaching full production rate and to plan for production flexibility of up to 15 aircraft per month.

The project's total investment is evaluated at €115 million and the financial package will be made up as follows:

- €40 million cash in equity,
- €41 million in subsidies,
- €15 million in provided land and production plant,
- €19 million in long term loans.

In the context of the Skylander's contribution to the group's Sky Aircraft Industries subsidiary, the project has been the subject of an expert report by a specialised agency, recognised by OSEO/ANVAR, and evaluated at 47 millions Euros on 31st March 2008.

The subsidies file submitted in March 2008 received the approval of the Portuguese Economics Ministry on 4th July. Today, the financial package is defined. The matters of governance, conditions for the industrial contribution and exit strategy are being negotiated and should be signed in October 2008.

An interim statement of the programme's progress will be released to the market before the General Meeting on 25th September 2008.

Reims Aviation Industries: a strategic acquisition of holdings

On the issue of an increase in reserved capital, GECI International will acquire holdings of 52.39% in the capital of Reims Aviation Industries, the builder and owner of the F406, a multipurpose 14 seater twin turboprop aircraft, and key player in Europe in the market for light airborne surveillance aircraft.

Reims Aviation Industries enjoys recognised know-how in mission customisation due to its skill in integrating high technology systems and has Part 21J, Part 21G and Part 145 certifications, required for the design, manufacture and after-sales service of aircraft.

The F406, receiving its certification in 1983 and totally re-engineered in 2008, represents a pool of 83 aircraft with, in particular, a fleet of 14 aircraft with the French Customs and Excise.

As each day passes the turboprop market is proving itself to be a strongly growing market and GECI International's aeronautic expertise will enable Reims Aviation Industries to enlarge its offer by adapting the F406 aircraft to all types of applications.

This strategic link will mean that the Skylander teams can profit from the know-how acquired from more than fifty years experience in the production of light aircraft, in particular in missions to assist in the setting up of an SK-100 assembly factory in Portugal. The pooling of expertise will also enable the two companies to optimise the supply chains, sales networks and logistic support for the two aircraft.

Reims Aviation could make a contribution to the process of industrialisation and prototyping and could fit out special mission versions of the Skylander: maritime surveillance, surveillance of frontiers, etc..

With the Skylander and the F406, the GECI International group will benefit from a complementary offer in a market in which there is high demand and limited offer.

An engineering business growing strongly

In a market with high demand, GECI International confirmed its forecasts of 15% organic growth of the engineering business, 10% improved gross margin and improved profitability for the whole of the financial year. The positive trend noted in the first quarter should continue throughout the whole of the current financial year.

The group's ambition is to double the size of its engineering business in the next three years by conquering new markets in the growth sectors of naval, offshore, energy and infrastructure engineering and by external growth.

The acquisition of holdings in RAI should enable the group to surpass a level of business of more than 50 million Euros in the full financial year.

GECI International: a leading edge position

For more than 25 years, the group has exercised its activities in consultancy and development in high technology engineering, with a special presence in the worlds of transport and aeronautics. The group, which combines expertise, excellence and innovation, is present in ten countries and takes part in major programmes worldwide. As a preferred partner of the largest manufacturers, GECI International capitalises on its expertise and know-how to offer the market innovative proprietary products and concepts.. With the launch of Skylander, a latest generation twin turboprop aircraft, GECI International is embarking on a new era in its development and a change of dimension.

GECI International is classified as an "Innovating Enterprise" by OSEO/ANVAR.

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