



"Passion for excellence and innovation"

1st Half-Year 2011-2012:

Engineering: sequential growth

Aviation: Signing of an agreement protocol concerning the financing of the Skylander program, first flight in September 2013

In million Euros	2011/2012 1 st Half-year	2010/2011 1 st Half-year	Variation (%)
Group Revenues	26.6	31.0	-14.5%
of which Engineering Activity	24.8	27.1	-8.6%
of which Aviation Activity	1.7	3.9	-55.5%
SK105 development costs	17.5	10.3	+31%
Current operating income	-3.9	- 1.9	N/A
of which Engineering Division	0.4	0.8	-42.6%
of which Aviation Division	-4.0	-2.5	-63.7%
of which Holding	-0.3	-0.2	-68.3%
Net income (Group share)	-4.0	-1.9	N/A
Consolidated equity (Group)	44.6	35.0	+23.9%

GECI International:

The GECI International Group's revenues for the first half of FY 2011/2012 amounted to €26.6M versus €31.0M for the same period in the previous financial year.

Current operating income amounted to €-3.9M versus €-1.9M the previous year. The net income (Group share) for the first half totalled €-4.0M versus €-1.9M for the same period in the previous financial year.

Equity rose from €35M to €44.6M between September 30, 2010 and September 30, 2011, mainly due to capital increases for GECI International and its subsidiary GECI Aviation.

Engineering Division: Positive upturn in results over six months

The Engineering division's revenues for the first half-year stood at €24.8M. Following a decline in Q1 with respect to the previous financial year, Q2 showed an upturn with growth of 5.7%. Growth continued into Q3 with revenues up 21.2% in relation to the same quarter the previous financial year.

The activity of our German subsidiary, which had suffered due to end-of-program budget restrictions, took a positive turn.

The GECI International Group's engineering division teams' skills and expertise, recognized by customers, were strengthened by an offshore outsourcing proposal in competitive-cost countries, with, in particular, the creation of new subsidiaries in the Ukraine and India and an expanded offer with the recovery, in July 2011, of business in the industrialization process and methods domain within a new GECI Services subsidiary.

The Engineering division's current operating income amounts to €0.4M versus €0.8M for the first half of the previous FY.

Aviation Division: Reims Aviation revived, financing of the Skylander program being secured, Skylander first flight in September 2013

During the first half of 2011-2012, revenues for the GECI Aviation Group amounted to €1.7M, brought in single-handedly by Reims Aviation. A temporary lull in new aircraft activity has affected revenues for the first half of the year.

With revenues up 136% in Q3, versus Q3 revenues for the previous financial year, Reims Aviation confirms its recovery.

The current operating income for the first half-year of Reims Aviation stood at €-2.0M for the period against €-1.4M for the same period the previous financial year.

Reims Aviation Industries

In May 2011, Reims Aviation delivered the F406 no. 97 to the Tunisia Topography and Cartography Office. This delivery of an F406 aircraft equipped with cutting edge solutions marketed by IGN France International is proof of Reims Aviation's expertise in complex systems integration and confirms the company's strategic position in the growing surveillance market.

In the same market, on November 22, 2011, Reims Aviation signed a new order for an F406 surveillance aircraft for a European customer. This order is in addition to the seven mission aircraft destined for China for which protocols have already been issued.

On December 12, 2011, Reims Aviation and the Defense Acquisition Program Administration (DAPA), Democratic People's Republic of Korea, signed the biennial maintenance contract, covering the repair of structural parts and equipment of the five F406, in service since 1998 within the Republic of Korea Navy (ROKN).

For the record, in July 2010, Reims Aviation was awarded the RFP concerning the fitting out of eight Beechcraft King Air 350 planes, in partnership with EADS Group company Cassidian: on January 13, 2012, a King Air 350 landed at the Prunay airbase having performed a perfect second experimental flight.

To date, the number of F406 planes subject to the trade agreement (Letter of Intent, Memorandum of Understanding and Orders) is 14.

The company is now fully focused on upping production rates in order to fulfill the requirements of the new orders. This outlook clearly predicts a progressive recovery of Reims Aviation Industries in the 2nd half-year and an increase in its activity for the following financial year.

Sky Aircraft

A new aeronautical industrial subsidiary in the Lorraine region

The Skylander Program plays a key role in the development of a new aeronautical industrial subsidiary in the Lorraine region, following the creation of the Aériades cluster, which includes thirty members, represents 2200 jobs and €300M in revenues.

Since its establishment in 2008 in Chambley, Sky Aircraft has reached some major milestones, in particular the finalization of the technical phase, the implementation of the supply chain, and the launch of the production of 4 prototypes.

It now constitutes a structured industrial network incorporating around fifty companies all involved in the Skylander program: 90% of aerostructures are produced in France in addition to numerous aircraft systems.

The inauguration of the assembly hall on December 13 provided the opportunity to take stock of developments and to show progress made. Machined parts and equipment were exhibited, the first assembly jigs were installed and the future production plant for series aircraft was presented by the SEBL (Equipment Company located in the Bassin Lorrain), responsible for the RFP, and the company Perthuy Constructions, designated prime contractor for the industrial complex to be used to assemble series aircraft.

The development costs for the first half-year amounted to €13.5M, to which investments in tools amounting to €4M can be added, versus €10.3M in the first half-year 2010/2011. The increase in development costs is essentially due to the impact caused by our supply chain and, in particular investments in the research of the Skylander tools and systems.

The design organization approval (DOA) and type certification are progressing as expected.

The Lorraine region has proven its support of the Skylander Program, voting for the allocation of a repayable advance of €7M on November 25. This repayable advance follows the €9M advance allocated by the Region in 2009. Lastly, a €5M budget advance was also granted in January 2012 and paid on February 1, 2012.

Signing of a Skylander program financing protocol

The Lorraine Region, the Government, GEI International and private investors joined forces to complete financial arrangements for the Skylander and signed a framework protocol for the financing of the program estimated at €120M. Loan and investment agreements are subject to a given number of conditions including detailed "due diligences". A schedule was fixed and a review will be held at the start of April 2012. Decisions taken will be published in a statement.

Skylander first flight in September 2013

The development rescheduling based on new objectives issued to suppliers and partners gives a date for the maiden flight of September 2013 at the latest and a certification date of September 2014.

The Program has essentially been extended due to the deferment of financial phasing and is in no way linked to technical, industrial or certification problems.

The total amount of this Program, from its outset up to the first deliveries scheduled for 2014, was recalculated at €215M compared with the €165M initially expected. The additional €50M is the result of:

- Certification date postponed until September 2014, deferment of 12 months resulting in added costs totalling €30M.
- Readjustment of the supply chain cost of €20M of which a percentage should be covered by the suppliers themselves.

Of this €215M, €88M had already been invested and financed on December 31, 2011. €66 of this latter amount came from the GECI International Group's own resources, in particular from its existing financial funds, cash flows released by its Engineering activity, supplier credit, research tax credits, contributions in cash made by GECI International's main shareholder, increases in market capital, and €22M from advances and grants already cashed (Land Development Aid (PAT), National Regional Aids (AFR), French Agency for Innovation (OSEO)).

Major sales drives: sales agreements for 411 aircraft

This increase in the rhythm of signatures confirms the existence of a huge market: the only new-generation aircraft in the 19-seater twin turboprop market, the Skylander expands its offer by proposing multiple configurations in order to meet market needs as far as possible.

The Skylander boasts unequalled performance in terms of take-off and landing, and is particularly suited to extreme environments (very cold, very hot, corrosive environment, high altitude).

The Paris Air Show held in the first half of 2011 provided the opportunity to finalize agreements with the Malaysian airline TransAsia (8 orders with down payment + 4 options), the Thai airline Kan Air (MoU for 5 planes including 3 options) and with the Indonesian airline PT Sky Aviation (MoU for 10 planes + 10 options).

On November 30, 2011, a MoU was signed with the Russian company AVIAMOST: agreement for 40 planes + 260 options to be operated in remote Russian regions (Siberia, easternmost Russian regions).

The total number of Skylander planes covered by sales agreements (letters of intent, MoUs, orders) amounts to 411 compared with just 14 the year before.

These 411 planes include:

- 14 planes ordered with down payments including 4 options
- 397 planes covered by MoU or letters of intent, including 303 options

The group therefore confirms its production objectives of 1500 planes between 2014 and 2030 and its aim to play a leading role in the global light turboprop aircraft market.

The company's six-monthly accounts were reviewed by the Auditors and the corresponding report was issued.

All accounts and associated information can be consulted at www.geci.net

The six-monthly financial report can be consulted at www.geci.net

About GECI International

For 30 years, GECI International has been established as a specialist in high technology engineering, with a preponderant presence in the world of aeronautics. Working in the four corners of the world, GECI International's 1,000 staff, engineers and researchers are constantly ready to meet today's and tomorrow's technological challenges.

GECI International combines excellence, passion to innovation to propose, on the one hand, via its GECI Engineering division an offer of expertise and global solutions in the fields of aeronautics, transport and infrastructures and, on the other, via its GECI Aviation a range of twin turboprop aircraft: the F406 and the Skylander SK-105.

The F406, produced by Reims Aviation Industries, is recognised by operators worldwide as an aircraft that is particularly suited to surveillance missions. The Skylander SK-105, produced by Sky Aircraft, stands out due to its exceptional performances, its ability to operate in extreme environments and its very competitive purchase and maintenance costs.

GECI International is quoted in compartment C of NYSE – Euronext Paris

ISIN code (share): FR0000079634 – GECP

GECI AVIATION is quoted on the Alternext market of NYSE – Euronext Paris

ISIN code (share): FR0010449199 – ALRAI

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