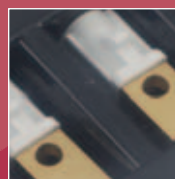
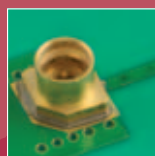


MANAGEMENT

REPORT

at June 30, 2006



RADIALL Half Yearly Report at 30th June 2006

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FINANCIAL MANAGEMENT REPORT

JUNE 2006

The RADIALL Group's Executive Board met on September 26 2006, chaired by Mr Pierre GATTAZ, and examined the half-year consolidated financial statements to June 30, 2006, which had been the subject of a limited review by the statutory auditors.

Key figures

Income Statement in thousands of euros	June 2006	June 2005	Variation
Sales revenues	106 178	84 164	+26%
Income from ordinary activities	106 860	84 714	
Operating result	+8 969	+4 289	+109%
Operational margin in % of sales revenue	8.4%	5.1%	
Cost of net financial indebtedness	+98	-79	
Other financial income and charges	-905		
Tax charges	-1 630	-494	
Net result	+6 532	+3 716	+76%
Result of minority interests	+701	+490	+43%
Result group share	+5 831	+3 226	+81%

Balance Sheet in thousands of euros	June 2006	December 2005	Variation
Shareholders' equity (incl. minority interests)	133 243	132 331	+0.7%
Net cash position (*)	10 542	14 993	-29.7%

(*) Cash and cash equivalents – short-term financial debts.

1. Strong rise in sales

The first half-year of 2006 posted significant growth in activity. Organic growth was 18.4%, the impact on foreign exchanges is favourable at 2.8% and the impact of the change in consolidation scope (acquisition of AEP) rose to +5%.

The mobile telephony infrastructures segment is faring well and the Military, Aeronautic and Space markets are showing highly sustained growth.

From the geographical point of view, the highest growth has been recorded in the Americas zone (+59%) due to the contribution of AEP's sales and the zone's dynamism. The Rest of World represents 14% of sales. Europe remains the Group's leading market but fell beneath the bar of 50% of sales revenue.

The sales revenue of each geographical zone is as follows:

In thousands of euros	June 2006	June 2005	Variation
Per geographical zone			
Europe	50 356	45 730	+10.1%
North America	41 339	25 951	+ 59.3%
Rest of the World	14 483	12 483	+16.0%
Group	106 178	84 164	+26.2%

2. Variation over the two half years

The quarterly sales over the last two fiscal years appear as follows:

Consolidated sales revenue	June 2006	June 2005	Variation
1 st quarter	52.2 M€	40.0 M€	+30.5%
2 nd quarter	54.0 M€	44.2 M€	+ 22.2%

The weaker variation in terms of percentage from the second half year is explained by the scope effect of the acquisition of AEP. In 2005, this company contributed to the Group's sales revenue for two months (May and June).

3. Improvement in the operating margin

The operating margin was +8.4% for first half year of 2006 compared to +5.1% for the same period in 2005.

This improvement is explained mainly by the beneficial effect of the growth in activity and gains in productivity over workforce.

On the other hand, the general rise in the price of raw materials had an impact on manufacturing costs.

Changes in the workforce	30/06/06	30/06/05	Variation
France	1 032	988	+ 4%
Europe outside of France	50	50	+ 0%
North Americas	438	376	+ 16%
Asia	392	323	+ 21%
Total	1 912	1 737	+ 10%

The changes in the workforce are mainly due to the growth in activity and concentrated primarily on the USA and China.

4. 2006 net half yearly result on the rise

The net profit totals 6,532 thousands of euros compared to 3,716 thousands of euros for the previous fiscal year.

The cost of financial indebtedness is negligible due to the Group's integral self financing.

The other financial income and charges mainly concern a deferred loss of foreign currency on a foreign currency loan made to RADIALL AMERICA.

The tax charge of 1,630 thousands of euros is broken down into 2,272 thousands of euros of taxes due, reduced by 642 thousands of euros of deferred taxes.

5. A strengthened financial structure

The Cash Flow connected with the activity (self financing capacity + change in the working capital requirement) totaled 5,426 thousands of euros to the end of June 2006.

Industrial investments rose in the first half of 2006 to reach 4.8% of sales revenue, rising by 50% compared to June 2005.

The company continued its foreign-exchange hedging policy in 2006 to guard against the risk of the devaluation of its future flows and foreign currency credits notably in USD. However the Group has opted for a partial coverage given the high volatility in the markets and the high cost of foreign currency option premiums.

6. The company results (French standards)

Sales revenue was 68,319 thousands of euros, slightly less than half of which involved intercompany flows.

The operating result posted a net profit of 553 thousands of euros in improvement in comparison to the 2005 fiscal year when RADIALL S.A. suffered a half yearly loss of 1,769 thousands of euros. This improvement is mainly due to the growth in activity (+21.8%).

The financial result recorded a downturn essentially due to the foreign currency result.

The net result is positive: 3,969 thousands of euros.

Key figures in thousands of euros	June 2006	June 2005	Variation
Sales revenues	68 319	56 086	+21.8%
Operating result	+553	-1 769	NS
Operating margin	+0.8%	-3.1%	
Financial result	+2 986	+4 569	-34.7%
Ordinary result	+3 539	+2 799	+26.4%
Extraordinary result	+487	+567	-14.1%
Income tax	-57	-75	-24.0%
Net result	+3 969	+3 291	+20.6%

7. Elements after the close

The Group specifies that no event after the close of the half yearly financial statements to 30.06.06 occurred prior to the date of the Supervisory Board meeting which ruled on them.

8. The outlook for 2006

RADIALL expects significant growth in billing for the second half of 2006 borne by the Military, Aeronautic and Space markets, as well as maintenance of profitability at a far high level to the 2005 fiscal year.

Consolidated balance sheet to June 30 2006

In thousands of euros	Note	30/06/2006	31/12/2005
Intangible fixed assets	5	13 797	14 767
Goodwill	5	8 482	9 086
Plant, property and equipment	6	44 880	44 273
Securities using the equity method		302	302
Other long-term financial investments		990	410
Deferred tax assets	15.2	2 814	3 462
Non current assets		71 265	72 300
Inventories	7	49 278	45 786
Trade accounts receivable	8	39 582	35 810
Other receivables	9	7 827	5 381
Income tax	15.3	8 220	8 059
Cash and cash equivalents	(a)	11 024	19 106
Current assets		115 931	114 142
Total assets		187 196	186 442
Capital	10.1	3 382	3 381
Premiums		11 222	11 211
Consolidated reserves		108 598	100 174
Translation differential		338	3 400
Result group share		5 831	10 488
Minority interests		3 872	3 677
Shareholders' equity	10	133 243	132 331
Deferred tax liabilities	15.2	7 373	8 303
Long term financial debts	12	1 634	1 631
Non current provisions	11	1 991	1 681
Non current liabilities		10 998	11 615
Short term financial debts	12	786	4 468
Trade payables		23 382	21 109
Other debts	13	14 961	13 381
Current provisions	11	961	1 076
Income tax	15.4	2 865	2 462
Current liabilities		42 955	42 496
Total shareholders' equity and debts		187 196	186 442

(a) see Table of financial flows

Consolidated income statement to June 30 2006

In thousands of euros	Note	30/06/2006	30/06/2005
Sales revenues	4	106 178	84 164
License royalties		285	123
Other revenue from operations		397	427
Income from ordinary activities		106 860	84 714
Purchases consumed		-37 198	- 27 054
Change of in-progress inventories and finished products		1 852	- 465
Personnel costs	16	-38 149	- 32 042
External charges		-19 285	-17 166
Tax and charges		-2 474	- 2 016
Other financial income and charges	18	125	848
Depreciations in non current assets	19	-3 769	- 3 659
Depreciations in non current assets and provision expense	20	1 007	1 129
Operating result		8 969	4 289
Interest		168	98
Gross costs of financial indebtedness		-70	-177
Net costs of financial indebtedness		98	- 79
Other financial income and charges		-905	
Tax	15	-1 630	-494
Percentage of the companies' result using the equity method			
Net result		6 532	3 716
Result of minority interests		701	490
Result group share		5 831	3 226
Earnings per share in €	10.4	2.63	1.50
Diluted earnings per share in €	10.5	2.62	1.50

Table of financial flows

In thousands of euros	30/06/2006	30/06/2005
Net result	5 831	3 226
Share of minority interests in the results of consolidated companies	701	490
Net depreciation and provision expenses	3 947	3 659
Net variation of provisions for risks and charges	-82	-140
Deferred gains and losses connected with variations in the correct value	-383	678
Costs of stock options	17	17
Gains and losses on sales	6	-79
Interest charges	70	177
Tax	1 630	494
Self financing capacity	11 737	8 522
Change in inventory	-4 967	864
Change in accounts receivable	-6 711	-4 522
Change in trade payables	4 620	2 029
Change in other assets and liabilities	747	-2 712
Change in working capital requirement	-6 311	-4 341
Disbursed interest	-70	-177
Disbursed tax	-1 156	-679
Cash flows generated by the activity (A)	4 200	3 325
Acquisition of intangible assets	-140	-723
Acquisition of plant property and equipment	-5 152	-3 432
Acquisition of long-term investments	-518	-643
Sales of plant property and equipment	31	1 255
Sales of long-term financial investments	87	
Acquisition and sale of subsidiaries, net of the cash acquired or sold		-15 205
Cash flows connected to investment operations (B)	-5 692	-18 748
Capital growth of RADIALL SA	12	
Capital growth of minority interests in the subsidiaries	10	
Dividend paid to shareholders of RADIALL SA	-2 036	-1 103
Dividend paid to minority interests	-274	-211
Purchase and sales of own shares	-45	590
Encashment from loans	140	134
Reimbursement of loans	-187	-3 278
Cash flows connected to financing operations (C)	-2 380	-3 868
Impact of foreign exchange variations (D)	-579	1 788
Cash changes (A+B+C+D)	-4 451	-17 503
Cash on opening	14 993	24 454
Cash at the close	10 542	6 951

The reconciliation between the amount of the gross cash position appearing in the balance sheet and the amount of the net cash position appearing in the table above is as follows:

In thousands of euros	30/06/2006	30/06/2005	31/12/2005
Other investment securities	382	2 265	543
Cash	10 642	15 037	18 563
Cash assets	11 024	17 302	19 106
Overdrafts and short-term credit lines	-482	-10 351	-4 113
Net cash	10 542	6 951	14 993

Change in shareholders' equity

In thousands of euros	Number of shares	Capital	Premiums	Reserves and result	Translation differential	Group share	Reserves and result	Translation differential	Minority interests
31/12/2004	2 217 960	3 381	11 211	100 442	-1 838	113 196	3 032	-180	2 852
Result				3 337		3 337	490		490
Dividends				-1 102		-1 102	-211		-211
Own shares				590		590			
Cost of stock option plans				18		18			
Translation differential					4 457	4 457		341	341
30/06/2005	2 217 960	3 381	11 211	103 285	2 619	120 496	3 311	161	3 472
31/12/2005	2 217 960	3 381	11 211	110 662	3 400	128 654	3 436	241	3 677
Result				5 831		5 831	701		701
Dividends				-2 036		-2 036	-274		-274
Increase in capital	200	1	11			12			
Own shares				-45		-45			
Cost of stock option plans				17		17			
Change in scope							10		10
Translation differential					-3 062	-3 062		-242	-242
30/06/2006	2 218 160	3 382	11 222	114 429	338	129 371	3 873	-1	3 872

Annexe of the condensed consolidated financial statements to June 30 2006

Note 1. General introduction

An industrial group specialising in the design, development and manufacture of electronic components, RADIALL is a renowned player in its markets: Telecommunications, Military and Aeronautical Applications, Automobile. With a highly international outlook, the Group is present on all five continents through sixteen operational subsidiaries and an active network of agents and distributors.

RADIALL's sales revenue is not connected to any particular seasonal activity.

The consolidated financial statements were made by the Supervisory Board of RADIALL SA on September 26 2006.

Note 2. Description of the accounting principles applied by the Group

Compilation principles

The intermediate financial statements summarised by the Group were prepared in compliance with standard IAS 34 "Intermediate financial information". They do not comprise the entirety of the information required for full annual financial statements and must be read in association with the Group's consolidated annual financial statements from 2005.

The accounting methods applied by the Group are in compliance with those adopted during the preparation of the Group's consolidated annual financial statements for the fiscal year ending December 31 2005. These methods are described in Note 1 of our 2005 annual financial statements, which are presented in their entirety in the Group's 2005 annual report.

However, the following standards and interpretations are applied for fiscal years opened from January 1st 2006 and differ from the principles used in 2005. These published interpretations and amendments do not have any significant impacts on the financial statements.

- IFRIC 5 "*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*";
- Limited amendment to IAS 21 "*The Effects of Changes in Foreign Exchange Rates*";
- IFRIC 4 "*Determining whether and Arrangement contains a Lease*".

The following IFRS standards and IFRIC interpretations were published in previous years, or during the course of the 1st half of 2006, but will only become applicable at a later date and were not applied in anticipation by RADIALL:

- IFRIC 7 "*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*" RADIALL is not expected to be concerned by this

interpretation;

- IFRIC 8 "*Scope of IFRS 2*". RADIALL is not concerned by this interpretation;
- IFRIC 9 "*Reassessment of embedded derivatives*", published in March 2006, determines whether IAS 39 requires an analysis of embedded derivatives only when the entity becomes party to a mixed contract for the first time or whether this assessment must be carried out throughout the duration of the contract. IFRIC 9 applies to fiscal years opened from June 1 2006. The financial statements are not expected to be impacted by this interpretation;
- IFRS 7 "*Financial instruments: Disclosures*", published by the IASB in August 2005 and approved by the European Union in January 2006. The standard replaces the conditions of IAS 32 "Financial instruments: Disclosure and presentation" concerning the information to be supplied. It applies to fiscal years opened from January 1 2007;
- The amendment of IAS 1 "*Presentation of Financial Statements – Information to be provided concerning capital*", published by the IASB in 2005, is applicable for all fiscal years opened from January 1 2007. This amendment adds information to be provided concerning an entity's capital. The Group plans to adopt this amendment once it becomes applicable. The expected impact is limited to the notes attached to financial statements.

The IFRS information presented in these financial statements was drawn up according to the principle of historical cost, with a number of exceptions for different assets and liabilities for which specific conditions set down by the IFRS have been applied (among these: financial assets assessed at the correct value per result).

Note 3. Consolidation scope

3.1. Changes in scope

At the beginning of 2005, RADIALL took a minority interest (40%) in the company D-LIGHTSYS which develops solutions revolving around fibre optics. This company was consolidated by using the equity method with effect from January 1 2005. On March 1 2006 RADIALL subscribed to an issue of convertible bonds by D-LIGHTSYS. RADIALL will then have the opportunity either to have these convertible bonds reimbursed within two years of their issue, or to convert them into shares with effect from January 1 2007. In this latest case, the interest of RADIALL in D-LIGHTSYS will become a majority one.

The company RADIALL WATERBURY (Ex FUTURISTICS) was merged with its sister company RADIALL INCORPORATED.

3.2. List of consolidated companies

Companies consolidated by global integration	Country	Geographical zone	% interest	% control
RADIALL SA	France	France	100%	100%
RADIALL SYSTEMS	France	France	72%	90%
RADIALL VENTURES CAPITAL	France	France	80%	80%
RADIALL LTD	Great Britain	Europe	100%	100%
RADIALL G.m.b.H.	Germany	Europe	100%	100%
RADIALL B.V.	Netherlands	Europe	100%	100%
RADIALL A.B.	Sweden	Europe	100%	100%
RADIALL ELETTRONICA SRL	Italy	Europe	100%	100%
RADIALL AMERICA INC	USA	Americas	100%	100%
JERRIK CONNECTING DEVICES INC	USA	Americas	100%	100%
RADIALL INCORPORATED	USA	Americas	100%	100%
AEP	USA	Americas	100%	100%
RADIALL DO BRASIL	Brazil	Americas	99%	99%
RADIALL ELECTRONICS (ASIA) LTD	Hong Kong	Asia	55%	55%
RADIALL INTERNATIONAL LTD	Hong Kong	Asia	100%	100%
RADIALL PROTECTRON LTD	India	Asia	51%	51%
NIHON RADIALL KK	Japan	Asia	100%	100%
SHANGHAI RADIALL ELECTRONICS CO. LTD	China	Asia	76%	80%

Companies consolidated by using the equity method

D-Lightsys	France	France	32%	40%
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Note 4. Sectoral information

4.1. Sectors of activity and geographical zones

RADIALL's dominant activity is manufacturing connectors and related components for the electronic applications markets.

RADIALL is considering operating on one single sector of activity. As concerns the geographical sectors, RADIALL has defined four sectors: France, Europe outside of France, Americas and Asia.

4.2. Information per geographical zone of subsidiary location

In thousands of euros to 30/06/2006	France	Europe outside of France	Americas	Asia	Elimination	Total
Sales revenues (outside of Group)	31 467	18 889	41 339	14 483		106 178
Interzone sales	36 945	1 040	2 266	10 312	-50 563	
Total	68 412	19 929	43 605	24 795	-50 563	106 178
Operating result	4 832	3 251	2 203	3 792	-5 109	8 969

In thousands of euros to 30.06.05	France	Europe outside of France	Americas	Asia	Elimination	Total
Sales revenues (outside of Group)	29 051	16 679	25 951	12 483		84 164
Interzone sales	27 069	1 003	2 043	4 042	-34 157	
Total	56 120	17 682	27 994	16 525	-34 157	84 164
Operating result	1 208	2 678	265	2 641	-2 503	4 289

4.3. Sales revenues per geographical zone of client location

In millions of euros	30/06/2006		30/06/2005	
France	18.5	17.4%	17.5	20.8%
Other countries in Europe	27.4	25.8%	25.0	29.7%
Americas	41.3	38.9%	25.9	30.8%
Asia and rest of the world	19.0	17.9%	15.7	18.7%
Total	106.2	100%	84.1	100%

Note 5. Goodwill and long-term financial investments

5.1. Changes in the net book value of goodwill

In thousands of euros	Goodwill
At the opening of the fiscal year	9 086
Acquisitions	
Exits	
Change in scope	
Foreign currency	-604
Others	
At the close of the fiscal year	8 482

No goodwill depreciation was accounted to June 30 2006.

5.2. Detail of goodwill at the close of the fiscal year

In thousands of euros	30/06/2006	31/12/2005
AEP	4 712	5 078
RADIALL INCORPORATED	1 758	1 895
RADIALL SHANGHAI	1 169	1 248
RADIALL DO BRASIL	580	582
JERRIK	259	279
PROTECTRON	4	4
Total	8 482	9 086

5.3. Changes in the net book value of long-term financial investments

In thousands of euros	Research costs	Patent, licenses	Other long-term financial investments	Total intangible
Gross value				
At the opening of the fiscal year	344	10 704	8 635	19 683
Acquisitions		140		140
Exits		-249		-249
Change in scope				
Foreign currency		-455	-555	-1 010
Others		84		84
At the close of the fiscal year	344	10 224	8 080	18 648
Amortizations / depreciation				
At the opening of the fiscal year		-4 249	-667	-4 916
Expenses		-364	-33	-397
Depreciation (expenses and write backs)				
Exits		373		373
Foreign currency		56	33	89
Others				
At the close of the fiscal year		-4 184	-667	-4 851
Net book value on opening	344	6 455	7 968	14 767
Net book value on closing	344	6 040	7 413	13 797

Note 6. Plant, property and equipment

6.1. Changes in the net book value

In thousands of euros	Land	Buildings	Industrial fixtures	Other fixed assets	Fixed assets in progress	Total
Gross value						
At the opening of the fiscal year	1 203	24 973	73 999	9 022	1 998	111 195
Acquisitions		395	3 502	463	792	5 152
Disposals		-726	-1 743	-606		-3 075
Change in scope						
Foreign currency	-43	-504	-997	-179	-17	-1 740
Others		9	1 044	-138	-782	133
At the close of the fiscal year	1 160	24 147	75 805	8 562	1 991	111 665
Amortizations / depreciation						
At the opening of the fiscal year		-13 019	-47 142	-6 761		-66 922
Expenses		-511	-2 519	-340		-3 370
Disposals		653	1 659	601		2 913
Foreign currency		-10	448	156		594
Others						
At the close of the fiscal year		-12 887	-47 554	-6 344		-66 785
Net book value on opening	1 203	11 954	26 857	2 261	1 998	44 273
Net book value on closing	1 160	11 260	28 251	2 218	1 991	44 880

6.2. Fixed assets in financial leasing

In thousands of euros	Land	Buildings	Other fixed assets	Total
Net book value on opening	38	1 455	53	1 546
Net book value on closing	38	1411	52	1 501

6.3. Information concerning other asset depreciations

The other asset depreciations concern inventories and accounts receivables (see notes 7 and 8).

Note 7. Inventories

7.1. Changes in inventories

In thousands of euros	30/06/2006	31/12/2005
Raw materials and supplies	38 940	41 626
In progress goods and services	4 701	3 906
Intermediate and finished products	18 907	18 502
Gross value	62 548	64 034
Raw material depreciations and supplies	-10 096	-13 543
Finished product depreciations	-118	-238
	- 3056	-4 467
Depreciations	-13 270	-18 248
Depreciations in %	21.2%	28.5%
Net book value	49 278	45 786

7.2. Change in estimating provisions for inventory depreciation

This change in estimation, applied with effect from January 1 2006, aims at refining the method of depreciating inventories according to market trends and commercial relations with clients.

The provision for inventory depreciation, applied up to December 31 2005, was determined on the basis of product obsolescence and their prospects for selling them according to the information provided by the clients. As the reliability of this information is becoming uncertain, the company has decided to take account mainly of the inventories' scrapping history in order to estimate their obsolescence.

In the first half year of 2006, the impact of this change in estimation had a favourable net tax effect of 825 thousands of euros.

Note 8. Accounts receivable

In thousands of euros	30/06/2006	31/12/2005
Accounts receivable	40 840	36 975
Depreciations	-1 258	-1 165
Depreciations in %	-3.1%	3.2%
Net values	39 582	35 810

All accounts receivable have a maturity of less than 1 year.

Note 9. Other receivables

In thousands of euros	30/06/2006	31/12/2005
Social security and tax benefits	5 458	3 814
Derivate instruments (see also note 14)	128	
Prepaid charges	911	717
Other miscellaneous receivables	1 330	850
Total	7 827	5 381

Note 10. Shareholders' equity

10.1. Composition of company capital

Company capital amounts to € 3,381,573. It is made up of 2,218,160 shares without nominal value. Nominal shares held for at least 4 years enjoy a double voting right. 200 shares were created on March 24 2006 following the exercise of stock options from stock option plan no. 1.

10.2. Stock options

Description of plans	Plan 1		Plan 2	
	03/11/2003		26/09/2005	
Date of Directorate's decision	Nov. 2003 to Nov. 2007		Sept. 2005 to Sept. 2009	
Date of acquisition of the rights	Nov. 2003 to Nov. 2007		Sept. 2005 to Sept. 2009	
Number of beneficiaries	85		7	
Estimated lifespan	4 years		4 years	
Share price on date of allocation, in €	59,50		57,45	
Expected volatility	18.6%		16.5%	
No-risk rate	3.0%		3.5%	
Expected dividend ratio	0%		1%	
Striking price	59.0		57.0	
Estimated correct value of granted options, in €	11.83		9.5	
Number of options granted	14 200		4 200	
	Number	Striking price	Number	Striking price
Options in circulation at the start of the fiscal year	13 700	59	4 200	57
Allocated during the period				
Relinquished during the period				
Exercised during the period	200	59		
Expired during the period				
In circulation at the end of the period	13 500		4 200	
Exercisable at the end of the period	10 075		1 050	
Initial valuation of the plan	167 986		39 900	
Montant enregistré en charges dans l'exercice, en €	6 999		10 391	

10.3. Control securities

Within the context of authorisations provided by the ordinary general meetings, RADIAL shares were bought back by the Group. The company capital share held developed in the following manner:

Number of shares	30/06/2006	31/12/2005
Holding on opening	4 508	17 681
Share purchases	23 865	11 453
Share sales	-23 399	-24 626
Holding at the close	4 974	4 508
Within the context of co-ordinating quoted price	4 974	4 508

The cost of acquiring the purchased securities as well as the revenue from ceding the securities sold were charged to the net situation.

10.4. Earnings per share

	30/06/2006	30/06/2005
Result group share, in €	5 830 504	3 325 217
Number of shares (weighted average) in circulation for the period	2 218 060	2 217 960
Number of control shares (weighted average) for the period	4 741	8 249
Number of shares retained	2 213 319	2 209 711
Earnings per share in €	2.63	1.50

10.5. Diluted earnings per share

	30/06/2006	30/06/2005
Net result group share, in €	5 830 504	3 325 217
Number of ordinary shares (weighted average) in circulation for the period	2 213 319	2 209 711
Effect of dilution:		
Share options allocated within the context of "stock option plans"	12 930	13 629
Number of ordinary shares (weighted average) adjusted for diluted earnings per share	2 226 249	2 223 340
Net diluted earnings per share in €	2.62	1.50

Note 11. Provisions

Changes in current and non current provisions

In thousands of euros	Opening	Expenses	Utilisations	Write backs not used	Translation differential	Close
End of career indemnities	1 681	310				1 991
Non current provisions	1 681	310				1 991
Technical and commercial risks	661	149	-269		-22	519
Restructuring	84		-4			80
Other risks	331	79		-37	-11	362
Current provisions	1 076	228	-273	-37	-33	961

Note 12. Financial debts

In thousands of euros to 30/06/2006	Current < 1 year	Non current		Total
		from 1 to 5 years	more than 5 years	
Repayable advances	109	803		803
Financial leasing contracts	195	677	138	815
Others			16	16
Cash credits	482			
Total	786	1 480	154	1 634
Debts in EUR	765	1 480	154	1 634
Debts in USD				
Debts in other currencies	21			
Total	786	1 480	154	1 634

In thousands of euros to 31.12.05	Current < 1 year	Non current		Total
		from 1 to 5 years	more than 5 years	
Repayable advances		788		788
Financial leasing contracts	355	508	335	843
Cash credits	4 113			
Total	4 468	1 296	335	1 631
Debts in EUR	4 361	1 296	335	1 631
Debts in USD				
Debts in other currencies	107			
Total	4 468	1 296	335	1 631

Note 13. Other debts

In thousands of euros	30/06/2006	31/12/2005
Down payments on orders	148	65
Social security and tax debts	12 257	10 595
Debts on fixed assets	639	421
Derivate instruments		255
Miscellaneous debts	365	1 115
Adjustment accounts	1 552	930
Total	14 961	13 381

Note 14. Financial instruments

14.1. Financial risk management

The aims and policy of the Group's financial risk management are consistent with the elements described in the consolidated financial statements from fiscal year 2005.

14.2. Instruments connected to foreign currency risk management

Nominal in thousands of foreign currency	Nominal
Options purchased (call USD)	3 000
Options sold (put USD)	5 000
Tunnel (USD)	3 000
Disabling terms (USD)	4 000

The market values of these financial instruments at June 30 2006 was 117 thousands of euros.

14.3. Summary of financial instruments

In thousands of euros	30/06/2006	31/12/2005
Asset	117	
Liability		-257
Total foreign currency risk	117	-257
Asset	11	
Liability		2
Total exchange rate risk	11	2
Total assets	128	
Total liabilities		-255
Total (net)	128	-255

Note 15. Income tax

15.1. Analysis of the tax charge

To June 30 2006 and 2005, the tax charge is determined by using the estimated effective tax rates applied to the results of the subsidiaries for the first six months of the year. This rate is calculated per country.

In thousands of euros	30/06/2006	30/06/2005
France	-170	-154
Abroad	-2 102	-925
Taxes due	-2 272	-1 079
France	274	956
Abroad	368	-372
Deferred tax	642	585
Total tax charges	-1 630	-494

15.2. Main assets and liabilities from consolidated deferred taxes

In thousands of euros	30/06/2006	31/12/2005
Effect of deficit carryovers	4 346	4 504
Fiscal impact of timing differences	-7 370	-8 057
Gross deferred tax debit (credit)	-3 024	- 3 553
Provision for depreciation of deferred tax debits	-1 536	-1 288
Net deferred taxes	-4 560	-4 841

Deferred taxes on deficits can be carried over with no limitation on duration.

The fiscal impact of the timing differences is essentially the deferred taxes on dispensatory amortisations (RADIALL SA € 5.2 M to June 30 2006 compared to € 5.8 M to December 31 2005) and deferred taxes recognised at the time of the acquisition of AEP (€ 5 M at June 30 2006 compared to € 5.6 M at December 31 2005).

15.3. Current tax on balance sheet assets

In thousands of euros	30/06/2006	31/12/2005
Company income tax (installments and tax credits)	1 095	934
Carry Back	7 125	7 125
Total	8 220	8 059

15.4. Current tax on balance sheet liabilities

Income tax featuring on the balance sheet liabilities concerns the tax debts of certain companies in the Group.

Note 16. Workforce and personnel costs

In thousands of euros	30/06/2006	30/06/2005
External personnel	3 872	2 457
Salaries	24 345	20 667
Charges on salaries	9 915	8 901
Stock options	17	17
Total	38 149	32 042

France	25 042	21 814
International	13 107	10 228
Total	38 149	32 042

Average workforces	30/06/2006		30/06/2005	
	Internal	External	Internal	External
France	1 016	143	992	93
International	840	272	776	263
Total	1 856	415	1 768	356

Note 17. Research and development costs

In thousands of euros	30/06/2006	30/06/2005
Total incurred expenses	7 388	7 335
Activated development costs		- 258
Non activated costs	7 388	7 077
Amortisation of activated development costs		
Total	7 388	7 077

The previously activated development costs concern two projects for clients from the Aeronautic sector. Amortisation is planned according to the quantities supplied. The plan is to commence amortisation during the third quarter of 2006.

No development costs were activated during the first half of 2006.

Note 18. Other financial income and charges

In thousands of euros	30/06/2006	30/06/2005
Foreign exchange result	-143	701
Result connected with disposal of assets	-6	79
Subsidies	257	172
Other income and expenses	17	-104
Total	125	848

Note 19. Depreciations in non current assets

The amounts referring to 2005 and 2006 correspond to depreciation expenses from fixed assets. The Group recorded no depreciation expense for 2005 or 2006.

Note 20. Depreciations in non current assets and provision expense

In thousands of euros	30/06/2006	30/06/2005
Depreciations in inventories	1 347	622
Depreciations in current assets	-422	367
Contingency provisions	82	140
Total	1 007	1 129

Note 21. Information relating to the associated parties

21.1. FRANCE TELECOM and its subsidiaries ("FT")

Mr Didier Lombard has been a board member of RADIALL since May 2003. He was appointed CEO of FT on March 1 2005.

Within the scope of his current activity and according to market conditions, RADIALL carried out transactions of an amount judged to be insignificant with FT.

21.2. HODIALL and SOCIETE D'INVESTISSEMENT RADIALL ("SIR")

RADIALL's is held at 38.6% by HODIALL and at 31.2% by SIR at June 30 2006, with no change in relation to December 31 2005. These two companies have a notable influence on the Group and constitute enterprises associated with RADIALL. Transactions between HODIALL and RADIALL are governed by a service provision agreement. This agreement sets down that HODIALL undertakes to provide to RADIALL its assistances and advice during the performance of the following operations: Group strategy, financial and fiscal services, financial management and communication, company co-ordination, legal assistance, legal secretary's office, administrative services and management of insurance schemes.

The total invoiced by HODIALL to RADIALL for the first half of 2006 and for the first half of 2005 in relation to these services amounts, respectively, to € 205 K and € 316 K. To June 30 2006 and December 31 2005, RADIALL's debt in respect of HODIALL was, respectively, € 77 K and € 226 K. There were no transactions between SIR and RADIALL in relation to the first half year of 2006 and the first half year of 2005.

21.3. D-LIGHTSYS

At the start of 2005, RADIALL entered into the capital of D-LIGHTSYS at the level of 40%. This company is consolidated according to the equity method and has therefore been an associated company since January 1 2005. On March 1 2006 RADIALL subscribed to the issue of convertible bonds amounting to € 500 222. Outside of this operation, there were no transactions between the Group and D-LIGHTSYS in relation to the first half year of 2006.

Note 22. Changes made to the statement to June 30 2005 published in June 2005.

These changes concern the review of the useful periods of certain types of plant, property and equipment. The impact of this change on the income statement is presented below. A negative sign refers to a reduction in asset or liability or to a charge for the income statement.

In thousands of euros	30/06/2005
Amortisation of fixed assets	-1 232
Deferred tax assets	427
Total impact on the asset	-805
Consolidated reserves	-694
Result	-111
Total impact on the net situation	-805
Depreciation expenses	-171
Deferred tax	60
Total impact on the asset	-111

Note 23. Events after the close

The Group specifies that no significant event after the close of the half yearly financial statements to June 2006 occurred prior to the date of the Supervisory Board meeting which ruled on them.

The Statutory Auditors' limited audit of the consolidated half-yearly financial statements drawn up to June 30 2006.

To the shareholders

In our capacity as the statutory auditors and under the application of article L. 232-7 of the commercial code, we have carried out a:

- the limited audit of the condensed consolidated half yearly financial statements of RADIALL relating to the period from January 1 to June 30 2006, as are attached to this report;
- the verification of the information given in the half yearly report.

These condensed half-year consolidated financial statements were drawn up under the liability of the Directorate. We have to express our view of these financial statements on the basis of our limited audit.

We carried out our limited audit in accordance with the professional standards applying in France. A limited audit of intermediate financial statements consists of obtaining the information deemed necessary, principally from the persons responsible for the accounting and financial aspects, and of implementing analytical procedures as well as any other appropriate procedure. An audit of this nature does not comprise all inspections appropriate for an audit carried out according to profession standards applying in France. It therefore does not provide the assurance of having identified all significant aspects which may have been such within the scope of an audit and, by this fact, we express no audit opinion.

On the basis of our limited audit, we have not found any significant anomalies likely to call into question the conformity, in all their significant aspects, of the condensed consolidated half year financial statements with standard IAS 34 - the reference IFRS standard as adopted by the European Union in relation to intermediate financial information.

Without calling the above conclusion into question we would like to draw your attention to note 7 of the annex which displays the conditions of the change in estimation concerning the methods of inventory funding.

We have also verified, in accordance with the professional standards applicable in France, the information given in the half-yearly report which comments on the condensed consolidated half yearly financial statements which we examined for our limited audit.

We have no comments to make on their genuineness or their concordance with the condensed consolidated half yearly financial statements.

Signed at Paris-La Défense and Antony, on September 27 2006

The statutory Auditors

MAZARS & GUERARD :

Denis GRISON

CHRISTIAN COMERMAN :

Christian COMERMAN



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