FINANCIAL REPORT / FIRST HALF 2011 #2012

First half of fiscal year 2011-2012 (September to February)

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

Contents

Statement by Management

Statement by Management

To our knowledge, the condensed financial statements for the first six months of the fiscal year have been prepared in accordance with the applicable accounting standards and present fairly the assets, financial position and income of the company and of all the companies included in the consolidation. The accompanying half-year business report is a fair presentation of the key events occurring in the first six months of the fiscal year, their impact on the financial statements, the principal transactions with related parties, and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Olivier Zarrouati	Jean-Jacques Jegou
Chief Executive Officer	Vice-President, Administration and Finance

Business report for the first half of 2011/2012

Sales revenue

Sales revenue was up 19.7% to €1,567.3 million in the first half of 2011/2012. Zodiac Aerospace continued to benefit from a buoyant environment, marked in particular by growth in air traffic. At like-for-like consolidation scope and exchange rates, business increased by 15.9%, and by 19.2% for aerospace activities (excluding Trains and Airbags).

Changes in consolidation consist, on the one hand, of the consolidation of acquisitions, reflecting 6 months for Heath Tecna from September 1, 2011 and an additional month for Sell which was only consolidated as from October 1, 2010; and on the other hand, of the sale of Driessen Services, effective November 8, 2011 and deconsolidated as from September 1, 2011. There was no impact on income arising from the consolidation of Contour, which was recognized for the first time as from February 29, 2012. These changes in consolidation scope contributed 3.9 points to business growth in the first half.

The impact of exchange rate fluctuations on sales revenue was limited to 0.1 points during the six-month period.

By business segment, growth was as follows:

- **Cabin Interiors** continues to post steady growth. Sales revenues were up 22.6% in the first half. At like-for-like consolidation scope and exchange rates, the segment reported growth of 15.8%. Excluding Trains, which stayed sharply down, organic growth came to 21.2% in the first half, particularly benefiting from sustained business in seats. External growth added 6.6 points to the segment. In the second half, the segment will benefit from the consolidation of Contour Aerospace. This acquisition was completed in the second quarter and consolidated in the financial statements as of February 29, 2012.
- **Aerosafety & Technology** posted an increase in sales revenue of 7.9% in the first half and 8% in organic growth. As in the first quarter, Evacuation Systems, Interconnection Systems and Elastomer Systems posted double-digit organic growth, benefiting from the upturn in activity at aircraft manufacturers.
- **Aircraft Systems** saw a sharp increase in sales revenue. The business was up 23.0% to €324.8m in reported figures and 24.3% organically. The difference was due to a slightly negative foreign exchange impact of 1.2 points. The faster rate of growth compared with the first quarter was due to the upturn in activity at aircraft manufacturers and clients restocking their inventories. As in the first quarter, aircraft manufacturers provided sustained business in seats, both for the Group's external and internal clients.

Current Operating Income

Current Operating Income (COI) before IFRS 3 was up 20.3% to €223.8 million in the first half of 2011/2012 compared with €186 million in the first half of 2010/2011. IFRS 3 had no impact on the first half of 2011/2012 whereas it had negatively affected the first half of 2010/2011 by -€1.7 million.

Fluctuations in foreign exchange had a negative overall impact of €7.4 million on COI, composed of +€0.5 million currency conversion and -€7.9 million in dollar transactions (with the $/€ rate up from 1.32 in the first half of 2010/2011 to 1.34 in the first half of 2011/2012).

Consolidation scope changes contributed €3.1 million to COI. This was due to the inclusion of Heath Tecna from September 1, 2011, one month's consolidation of Sell (which was consolidated for 5 months in the first half of 2010/2011), and the deconsolidation of Driessen Services. Contour Aerospace, consolidated at February 29, 2012, had no impact on first-half current operating income.

At like-for-like consolidation scope and exchange excluding the impact of IFRS 3, COI was up 22.6% in the first half of 2011/2012.

By business segment, growth was as follows:

- **Cabin Interiors** Current Operating Income before IFRS 3 was up 20.7% to €158.6 million, and 17.7% at like-for-like consolidation scope and exchange. The current operating margin was 16.7% compared with 16.9% in the first half of 2010/2011.
- **Aerosafety & Technology** Current Operating Income stood at €31.3 million, up 17.4% in reported figures. In organic terms, excluding a slightly unfavorable foreign exchange impact, COI was up 20.1%. The segment's current operating margin was 10.8% as against 10% in the first half of 2010/2011.
- Despite a negative foreign currency transaction impact of €6.9 million, **Aircraft Systems** Current Operating Income was 20.9% higher at €39.3 million and 42.9% higher at like-for-like consolidation scope and exchange. The segment's current operating margin was 12.1% compared with 12.3% in the first half of 2010/2011.

Breakdown of net income

Non-current operating items came to -€0.7 million compared with -€6.6m in the first half of 2010/2011.

Operating Income was up 25.6% at €223 million.

Income from assets held for sale (Issy Les Moulineaux building and Driessen Services business) stood at €11 million, net of corresponding tax.

Financial expenses were stable at €14.6 million compared with €14.2 million the previous year despite a slight increase in average debt following the Heath Tecna and Contour acquisitions.

In total, net income rose 33.3% to €152.4 million compared with €114.3 million.

Balance sheet and Financing

Net financial debt came to €1,054 million at the end of the period, compared with €796 million at the end of the first half 2010/2011 and €586 million at the end of fiscal year 2010/2011.

This increase was mainly due to the acquisitions of Heath Tecna on September 1, 2011, and Contour Aerospace on January 19, 2012, for enterprise values of $114 million and £274 million respectively. Heath Tecna has been consolidated in the financial statements since September 1, 2011 while Contour Aerospace was consolidated on February 29, 2012. These two acquisitions represent the majority of acquisitions recorded on the cash flow statement for the first half, for a total of €396 million.

Working Capital Requirement was €165 million higher commensurate with the increase in sales revenue. €32 million of this was due to the consolidation of Contour Aerospace on February 29. Excluding this amount, it corresponded to 31.8% of sales revenue versus 33.9% in the first half of the previous year.

Capital expenditure on property, plant and equipment stood at €41 million in the period.

Intangible investments totaled €38.9 million in the first half. This mainly concerned the capitalization of development costs, a significant proportion of which were related to the Airbus A350XWB program.

Growth prospects

In 2011/2012, the Group's results should benefit from a more favorable exchange rate than in 2010/2011. The Group has hedged 90% of its net forecast currency exposure for fiscal year 2011/12, at 1.33 €/$. For fiscal year 2012/2013, 25% of net forecast currency exposure has been hedged at 1.274 €/$.

Following good results in the first half, the Group will benefit from continued growth in its activities in the second half. The second half of 2011/2012 should be comparable to a strong second half in 2010/2011. Zodiac Aerospace will also benefit from the consolidation of Contour Aerospace.

Altogether, for fiscal year 2011/2012, Zodiac Aerospace expects double-digit organic growth in sales revenue and a current operating margin of at least 14%, despite the negative impact of non-aerospace activities.

Consolidated financial statements

I - Zodiac Aerospace Group consolidated balance sheet as of February 29, 2012

(in thousands of euros)

Assets		Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Non-current assets:				
Goodwill	(Note 7)	1,448,263	1,166,398	1,190,364
Intangible assets	(Note 7)	482,508	322,017	307,788
Property, plant and equipment	(Note 8)	297,364	256,272	247,778
Financial assets		17,694	11,707	12,362
Deferred tax assets	(Note 9)	293	469	3,084
Total non-current assets	(Note 6)	2,246,122	1,756,863	1,761,376
Current assets:				
Inventories and work in progress		749,925	601,458	580,986
Current tax assets		27,144	30,113	26,751
Trade and other receivables		662,220	510,164	566,589
Financial assets		8,857	227	201
Cash and cash equivalents		97,280	224,726	114,851
Total current assets		1,545,426	1,366,688	1,289,378
Assets held for sale		1,389	18,721	12,550
Total assets	(Note 5)	3,792,937	3,142,272	3,063,304

Equity and liabilities	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Equity:			
Capital	11,375	11,349	11,268
Additional paid-in capital	103,479	99,031	88,337
Consolidated reserves	1,651,610	1,478,098	1,476,758
Currency translation adjustments	-51,807	-141,980	-90,269
Restatement of financial instruments	1,429	-2,028	8,846
Consolidated net income (after minority interests)	152,720	238,256	114,374
Treasury stocks	-89,403	-91,514	-90,609
Equity after minority interests	1,779,403	1,591,212	1,518,705
Minority interests	808	386	704
Total equity	1,780,211	1,591,598	1,519,409
Non-current liabilities:			
Provisions (Note 12)	54,585	53,859	50,664
Financial liabilities (Note 11)	901,640	662,667	673,426
Deferred taxes (Note 9)	118,876	107,648	99,273
Total non-current liabilities	1,075,101	824,174	823,363
Current liabilities:			
Provisions (Note 12)	68,443	57,448	50,869
Financial liabilities (Note 11)	250,220	147,416	237,690
Current tax liabilities	36,477	27,837	26,652
Accounts payable	582,485	492,007	405,321
Total current liabilities	937,625	724,708	720,532
Liabilities held for sale		1,792	
Total equity and liabilities	3,792,937	3,142,272	3,063,304

II - Zodiac Aerospace Group consolidated income statement

(in thousands of euros)

		1st half 2012	Full year 2010/2011	1st half 2011
Sales revenue	(Note 1)	1,567,332	2,734,832	1,309,485
Other revenue from operations		5,361	11,465	5,471
Total revenue		1,572,693	2,746,297	1,314,956
Purchases used in production		624,543	1,068,870	509,825
Personnel costs		482,211	838,548	413,017
External costs		227,602	403,774	194,591
Taxes other than income taxes		11,297	19,769	9,232
Depreciation and amortization		37,579	61,555	29,690
Charge to provisions		7,169	14,304	4,919
Changes in inventories of finished goods and work in progress		41,901	45,496	30,437
Other operating income and expenses		-438	-182	127
Current operating income	(Note 2)	223,755	384,791	184,246
Non-current operating income		-728	-17,168	-6,633
Operating profit:		223,027	367,623	177,613
Income/(expenses) related to cash and cash equivalents		-380	-770	-598
Gross interest expense		-13,802	-31,621	-13,252
Cost of net debt	(Note 3)	-14,182	-32,391	-13,850
Other financial income and expenses	(Note 3)	-337	-1,994	-312
Tax expense	(Notes 4 and 9)	67,160	95,928	49,166
Income from continuing operations		141,348	237,310	114,285
Net income from businesses being sold and income from the disposal of assets held for sale		11,028	560	,
Net income		152,376	237,870	114,285
Minority interests		-344	-386	-89
Net income after minority interests		152,720	238,256	114,374
Earnings per share (after minority interests)		2,83,€	4,45,€	2,14,€
Diluted earnings per share (after minority interests)		2,80,€	4,42,€	2,12,€

III - Statement of net income and gains and losses recognized in equity

(in thousands of euros)

	1st half 2010/2011	Full year 2010/2011	1st half 2010/2011
Net income	152,376	237,870	114,285
Gains and losses recognized in equity, before tax:			
Currency translation adjustments	86,974	-154,777	-103,045
Restatement of hedging derivative instruments	5,180	-3,751	12,830
Tax on restatement of hedging derivative instruments	-1,822	1,291	-4,416
Total of gains and losses recognized directly in equity	90,332	-157,237	-94,631
Net income and gains and losses recognized directly in equity	242,708	80,633	19,654
Minority interests	-313	-476	-158
Group share	243,021	81,109	19,812

IV - Statement of change in consolidated equity

(in thousands of euros)

	Capital	Share premiums	Reserves	Income statement	Currency translation adjustments	Treasury stocks	Restatement of financial instruments	Equity after minority interests	Minority interests	Change in equity
Balance at August 31, 2010	11,235	84,076	1,379,998	148,473	12,990	-89,915	652	1,547,509	862	1,548,371
Currency translation adjustments					-102,976			-102,976	-69	-103,045
Restatement of financial instruments			220				8,194	8,414		8,414
Income recognized directly in equity (a)	0	0	220	0	-102,976	0	8,194	-94,562	-69	-94,631
Net income for the year (b)				114,374				114,374	-89	114,285
Total income recognized for the year (a) + (b)	0	0	220	114,374	-102,976	0	8,194	19,812	-158	19,654
Capital increase	33	4 261						4,294		4,294
Acquisition or disposal of own shares						-694		-694		-694
Valuation of options on stock options			1,180					1,180		1,180
Dividends			-53,393					-53,393		-53,393
Other			148,753	-148,473	-283			-3		-3
Change of consolidation scope and minority interests capital increase								0		0
Balance at February 28, 2011	11,268	88,337	1,476,758	114,374	-90,269	-90,609	8,846	1,518,705	704	1,519,409
Balance at Aug. 31, 2011	11,349	99,031	1,478,098	238,256	-141,980	-91,514	-2,028	1,591,212	386	1,591,598
Currency translation adjustments					86,943			86,943	31	86,974
Restatement of financial instruments			-99				3,457	3,358		3,358
Income recognized directly in equity (a)	0	0	-99	0	86,943	0	3,457	90,301	31	90,332
Net income for the fiscal year (b)				152,720				152,720	-344	152,376
Total income recognized for the fiscal year (a) + (b)	0	0	-99	152,720	86,943	0	3,457	243,021	-313	242,708
Capital increase	26	4,448						4,474		4,474
Acquisition or disposal of own shares						2,111		2,111		2,111
Valuation of options on stock options			3,350					3,350		3,350
Dividends			-64,751					-64,751		-64,751
Other			235,012	-238,256	3,230			-14		-14
Change of consolidation scope and minority interests capital increase								0	735	735
Balance at February 29, 2012	11,375	103,479	1,651,610	152,720	-51,807	-89,403	1,429	1,779,403	808	1,780,211

V - Consolidated statement of cash flows

(in thousands of euros)

	1st half 2011/2012	Full year 2010/2011	1st half 2010/2011
Operating activities:			
Net income	152,376	237,310	114,285
Depreciation, amortization and provisions	41,080	81,474	33,389
Capital gains	-14,288	271	-48
Subsidies and deferred tax	7,161	24,887	6,270
Stock options	3,350	2,419	1,180
Increase in equity	-597		
Cash flow from operations	189,082	346,361	155,076
Net change in inventories	-87,964	-82,835	-50,602
Net change in operating assets	-93,604	-29,202	-70,070
Net change in debt	16,716	91,886	-3,066
Cash flow from continuing operations	24,230	326,210	31,338
Cash flow from operations being discontinued		86	
Cash flow from the operation of assets held for sale			
Cash flow generated from continuing operations and operations being sold	24,230	326,296	31,338
Investing activities:			
Acquisition of non-current assets:			
Intangible assets	-38,899	-50,483	-22,859
Property, plant and equipment	-41,223	-61,315	-24,384
Other	-2,741	-1,039	-373
Proceeds from disposals of fixed assets	2,600	4,257	2,856
Changes in receivables and payables relating to fixed assets	-812	-368	-2,419
Acquisitions/disposals of entities, net of cash acquired	-396,087	-210,421	-209,764
Cash flow from investments	-477,162	-319,369	-256,943
Cash flow from investments in operations being sold		-97	
Cash flow from investments in assets held for sale	27,353		
Cash flow from investments in continuing operations and operations being sold	-449,809	-319,466	-256,943
Financing activities:			
Change in debt	339,968	133,974	238,051
Change in financial instruments	0	-3,751	12,830
Capital increase	4,473	15,069	4,294
Treasury stocks	2,111	-1,599	-694
Ordinary dividends paid by Parent company	-64,751	-53,393	-53,393
Extraordinary dividends paid by parent company			
Dividends paid to minority interests			
Cash flow from the financing of continuing operations	281,801	90,300	201,088
Cash flow from the financing of operations being sold		-28	
Cash flow from the financing of operations held for sale			
Cash flow from the financing of continuing operations and operations being sold	281,801	90,272	201,088
Currency translation adjustments, beginning of period	17,148	-30,442	-17,938
Change in cash position	-126,630	66,699	-42,455
Cash at beginning of period (1)	212,084	145,385	146,773
Cash at end of period (Note 10)	85,454	212,084	104,317

(1) In the first half of 2011, cash at beginning of period included cash from a Driessen repair activity which had been classified under assets held for sale at August 31, 2011.

VI - Notes to the financial statements

1) List of consolidated companies at February 29, 2012

Fully consolidated companies	Country	Group interest in %
Zodiac Aerospace	France	Parent company
Aérazur	France	100.00
Aerodesign de Mexico SA	Mexico	100.00
Air Cruisers	USA	100.00
Amfuel	USA	100.00
Avox Systems	USA	100.00
Cantwell Cullen & Company	Canada	100.00
C & D Aerospace Canada Co	Canada	100.00
C & D Brasil Limitada	Brazil	100.00
C & D Zodiac Inc	USA	100.00
C&D Adder	France	100.00
Contour Aerospace Inc	USA	100.00
Contour Aerospace Ltd	UK	100.00
Driessen Aerospace CZ SRO	Czech Republic	100.00
Driessen Aerospace Group NV	Netherlands	100.00
Driessen Aircargo Equipment BV	Netherlands	100.00
Driessen Aircargo Equipment Ltd	Thailand	100.00
Driessen Aircargo Equipment USA Inc	USA	100.00
Driessen Aircraft Interior Systems (Thailand) Ltd	Thailand	100.00
Driessen Aircraft Interior Systems Europe BV	Netherlands	100.00
Driessen Aircraft Interior Systems Inc	USA	100.00
Driessen Aircraft Interior Systems USA Inc	USA	100.00
E Dyer Engineering Ltd	UK	100.00
ECE	France	100.00
Engineered Arresting Systems Corp	USA	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shanghai ETC	China	100.00
Gat-In-Es	France	100.00
Heath Tecna	USA	100.00
Icore International Inc	USA	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp	USA	100.00
Immobilière Galli	France	100.00
IN Services & Al Rumaithy Estab	United Arab Emirates	49.00
IN Snec Holding	France	100.00
IN-Flex	France	100.00
IN-LHC	France	100.00
IN Services Asia	Hong Kong	100.00
Intertechnique	France	100.00
Monogram Aerospace Industries	USA	100.00
Parachutes Industries Southern Africa	South Africa	100.00
Pioneer	USA	100.00
Precilec	France	100.00
Sell GmbH	Germany	100.00
Sell Holding Germany GmbH	Germany	100.00
Sell Services France	France	100.00
Sell Services Germany GmbH	Germany	100.00
Sicma Aero Seat	France	100.00
Sicma Aero Seat Services	USA	100.00
Sit	France	100.00
Fully consolidated companies	**Country**	**Group interest in %**
	USA	100.00

Weber Aircraft		
Zodiac Aerospace Australia	Australia	100.00
Zodiac Aerospace Holding Australia	Australia	100.00
Zodiac Aerospace Information Systems	France	100.00
Zodiac Aerospace Jiangsu	China	51.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Ltd	UK	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Automotive Division	France	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc	USA	100.00
Zodiac Data Systems Ltd	UK	100.00
Zodiac Data Systems Sas	France	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie SARL	Tunisia	100.00
Zodiac Holding Sicma Aeroseat SL	Spain	100.00
Zodiac Seats California	USA	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Services America LLC	USA	100.00
Zodiac Services Asia	Singapore	100.00
Zodiac Services Europe	France	100.00
Zodiac US Corporation	USA	100.00

2) Main exchange rates used in consolidation

	February 29, 2012 (1st half 2011/2012)		August 31, 2011 (Full year 2010/2011)		February 28, 2011 (1st half 2010/2011)	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
US dollar	1.3443	1.339	1.4450	1.3887	1.3834	1.3476
Canadian dollar	1.3282	1.357	1.4141	1.3729	1.3535	1.3598
South African rand	10.0080	10.6036	10.1799	9.6209	9.6400	9.4274
Pound sterling	0.8439	0.8521	0.8856	0.8658	0.8528	0.8522
Thai baht	40.6650	41.4331	43.2630	42.03	42.3040	40.879
Czech crown	24.8430	25.1579	24.1100	24.4736	24.3530	24.6192

3) Accounting principles

Accounting standards and basis for preparation of financial statements

a) Basis for preparation of financial statements

The consolidated financial statements of the Zodiac Aerospace Group for the half-year period ended February 29, 2012, have been prepared in accordance with IAS 34 on Interim Financial Reporting. As these are condensed financial statements, they do not include all the information required by IFRS and should be read in relation to the Group's annual consolidated financial statements for the year ended August 31, 2011, available on the Group's website, subject to the specific features for drafting interim financial statements described below.

The following new standards and interpretations applicable for the period had no significant effect on the February 29, 2012 consolidated financial statements:

- IAS 24 revised: Related Party Disclosures
- Improvements to various standards – Improvements to IFRSs published in 2010
- Amendment to IAS 32 on Financial Instruments: presentation – Classification of Rights Issues
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IFRIC 14 concerning the Limit on a Defined Benefit Asset in IAS 19: Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement

These principles applied by Zodiac Aerospace at February 29, 2012 do not differ from the IFRS standards as published by the IASB; there is no significant impact from the application of the amendments and interpretations which are mandatory for financial years commencing after September 1, 2011 in the guidelines published by the IASB but not yet mandatory in the guidelines endorsed by the European Union.

The Group has not applied the following standards and interpretations, which had not been endorsed by the European Union at February 29, 2012 or for which mandatory application is later than February 29, 2012:

- Standards endorsed:
    - Amendment to IFRS 7 – Disclosures – Transfers of Financial Assets;
- Standards not endorsed:
    - IFRS 9 - Financial Instruments;
    - IFRS 10, IFRS 11, IFRS 12, IAS 27R, and IAS 28R on consolidated financial statements
    - IFRS 13 on Fair Value Measurement
    - Amendment to IAS 1 – Presentation of Items of **Comprehensive Income**
    - Amendment to IAS 12 – Deferred taxes: Recovery of Underlying Assets;
    - Amendment to IAS19 – revision of the standard on Employee Benefits

The potential impacts on the Group's consolidated financial statements are currently being determined by Zodiac Aerospace. At this stage of the review, the Group does not anticipate any significant impact on the consolidated financial statements.

b) Income tax

For the interim financial statements, the tax expense (current and deferred) was calculated by applying to recognized income for the period, on a company by company basis, the estimated average annual rate for the current fiscal year. The tax expense for the consolidated French companies at February 29, 2012 includes the impact of the 5% surtax applicable to fiscal years ended on or after December 31, 2011.

c) Impairment of assets

At February 29, 2012, the Group had not identified for the first half any indication of loss of value or risk of loss of value on its long-term assets (goodwill and capitalized development costs).

d) Bonus share allotment plan

On December 29, 2011 a bonus share allotment plan was set up for all the Group's French employees.

The plan concerned 59,970 shares, allotted without performance conditions. They will be vested subject to a continuing employment condition for the beneficiary employees who must continue to hold them at least until December 29, 2015.

In addition, bonus shares were allotted for the first time to beneficiaries of stock options as a replacement for some of the stock option awards (see Note 14).

e) Post-balance sheet events

There were no significant post-balance sheet events.

4) Specific features of the first half

a) Highlights

Acquisition of Heath Tecna:
On September 1, 2011, the Group finalized the acquisition of Heath Tecna for $114 million. The company is a world leader in the design, manufacture and certification of complex cabin interiors for cabin refurbishment and equipping new aircraft in the commercial aviation segment. The company is based in Bellingham in the United States. It has been fully consolidated by the Group since September 1, 2011.

In accordance with the provisions of IFRS 3 (revised), the Group measured the assets acquired and the liabilities assumed at fair value on the date of acquisition. The result is a preliminary goodwill figure, which may be adjusted during a maximum period of 12 months from the date of acquisition in order to reflect any new information regarding the facts and circumstances prevailing on the date of acquisition. The provisional allocation of the purchase price breaks down as follows:

Heath Tecna – Provisional purchase price allocation

(in thousands of USD)	Assets and liabilities acquired before provisional purchase price allocation	Provisional purchase price allocation (PPA)	After provisional purchase price allocation
Fixed assets	9,340	32,600	41,940
Inventories	16,461	1,000	17,461
Trade and other receivables	20,985		20,985
Cash at bank and equivalents	3,301		3,301
Total assets	50,087	33,600	83,687
Provisions	5,536		5,536
Financial liabilities	39,892		39,892
Suppliers, personnel, deferred tax and other creditors	1,673	20,910	22,583
Total liabilities	47,101	20,910	68,011
Purchase price of the shares			74,440
Goodwill			58,764

The valuation of assets acquired at fair value led to recognition of the following main items:
- intangible assets for $24.2m (brands, clients, order book)
- revaluation of property, plant and equipment for $8.4m and inventories for $1.0m
- deferred tax liabilities on these items for $11.8m
- impairment on the portion of deferred tax assets with uncertain recoverability in the amount of $9.1m.

The impact of the acquisition of Heath Tecna on the Group's consolidated income statement at the end of February 2012 is detailed below:

Heath Tecna – Simplified income statement for September to February 2012 after IFRS3

(in thousands of euros)	
Sales revenue	42,652
Current operating income	3,841
Non-current operating income	-1,556
Operating profit	2,285
Financial expense	14
Tax expense	873
Net income	1,426

Acquisition of Contour:
On January 19, 2012, the Group finalized the acquisition of Contour Aerospace Ltd for a total of £274m.
This acquisition will enable the Group to strengthen its range of seats, particularly for business and first class, a segment in which Contour is a specialist. Contour is based in Cwmbran and Camberley in the UK.

It was fully consolidated in the Group on February 29, 2012. This acquisition therefore had no impact on the Group's income statement at the end of February 2012.
In accordance with the provisions of IFRS 3 (revised), the Group measured the assets acquired and the liabilities assumed at fair value on the date of acquisition. The result is a preliminary goodwill figure, which may be adjusted during a maximum period of 12 months from the date of acquisition in order to reflect any new information regarding the facts and circumstances prevailing on the date of acquisition. The provisional allocation of the purchase price breaks down as follows:

Contour Aerospace Ltd - Provisional purchase price allocation

(in thousands of GBP)	**Assets and liabilities acquired before provisional purchase price allocation**	**Provisional purchase price allocation (PPA)**	**After provisional purchase price allocation**
Fixed assets	8,641	94,000	102,641
Inventories	24,651	700	25,351
Trade and other receivables (net position)	21,350		21,350
Cash at bank and equivalents	6,186		6,186
Total assets	60,828	94,700	155,528
Provisions	6,174		6,174
Financial liabilities			0
Suppliers, personnel, deferred tax and other creditors	17,449	24,622	42,071
Total liabilities	23,623	24,622	48,245
Purchase price of the shares			273,800
Goodwill			166,517

The valuation of assets acquired at fair value led to recognition of the following main items:
- intangible assets in the amount of £94.0m (brands, clients, order book)
- revaluation of inventories in the amount of £0.7m
- deferred tax liabilities on these items in the amount of £24.6m

Disposal of a Driessen repair business:
In November 2011, the Group disposed of a non-strategic Driessen repair business for a total of €6.8 million. This disposal generated a pre-tax capital gain of €1.9m classified as "Net income from businesses being sold and income from the disposal of assets held for sale" on the Group's income statement.
This business was deconsolidated as of September 1, 2011.
At August 31, 2011, the financial data for this business were presented in the Group's financial statements as a business held for sale or being sold. Balance sheet details for this business are provided in the Group's 2010/2011 Annual Report in Note 24.

Sale of the Issy-les-Moulineaux building:
In December 2011, the Group sold its Issy-les-Moulineaux building.
At August 31, 2011, the building was presented in the Group's financial statements as a business being sold or held for sale. This disposal generated a pre-tax capital gain of €9.1 million classified as "Net income from businesses being sold and income from the disposal of assets held for sale" on the Group's income statement.

b) Seasonality
The Group does not engage in any activity with significant seasonality.

5) Notes to the financial statements

Note 1 – Sales revenue

Breakdown of consolidated sales revenue at February 29, 2012 (1st half of 2011/2012) by segment and by region in which clients are based

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	63,861	69,301	97,455	30,406	30,068	291,091
Aircraft Systems	97,735	81,194	81,560	22,808	41,519	324,816
Cabin Interiors	36,291	149,608	321,805	145,955	297,766	951,425
Total	197,887	300,103	500,820	199,169	369,353	1,567,332

Breakdown of consolidated sales revenue at February 28, 2011 (1st half of 2010/2012) by segment and by region in which clients are based

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	63,312	58,044	75,864	32,424	40,057	269,701
Aircraft Systems	78,320	72,836	60,397	19,781	32,733	264,067
Cabin Interiors	32,289	128,274	229,743	145,372	240,039	775,717
Total	173,921	259,154	366,004	197,577	312,829	1,309,485

Breakdown of consolidated sales revenue by segment, detailing inter-sector sales revenue at February 29, 2012 (1st half of 2011/2012)

(in thousands of euros)	Sales revenue including inter-sector	Inter-sector sales revenue	Consolidated sales revenue
Aerosafety & Technology	296,139	5,048	291,091
Aircraft Systems	336,055	11,239	324,816
Cabin Interiors	952,395	970	951,425
Total	1,584,589	17,257	1,567,332

Breakdown of consolidated sales revenue by segment, detailing inter-sector sales revenue at 28 February 2011 (1st half of 2010/2011)

(in thousands of euros)	Sales revenue including inter-sector	Inter-sector sales revenue	Consolidated sales revenue
Aerosafety & Technology	273,111	3,410	269,701
Aircraft Systems	270,478	6,411	264,067
Cabin Interiors	776,513	796	775,717
Total	1,320,102	10,617	1,309,485

Note 2 – Current operating income

Current operating income at February 29, 2012 by segment and by region in which the business is based

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	8,074	1,801	18,595	2,642	214	31,326
Aircraft Systems	32,735	59	6,124		386	39,304
Cabin Interiors	29,990	36,016	86,778	5,399	458	158,641
Zodiac Aerospace	-7,316		-354		2,154	-5,516
Total	63,483	37,876	111,143	8,041	3,212	223,755

Current operating income at 28 February 2011 by segment and by region in which the business is based

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	12,510	988	10,802	1,030	1,347	26,677
Aircraft Systems	25,863	380	5,357		897	32,497
Cabin Interiors	18,574	44,429	60,374	4,583	1,728	129,688
Zodiac Aerospace	-4,585		-31			-4,616
Total	52,362	45,797	76,502	5,613	3,972	184,246

Cost of net debt and other financial income and expenses

Breakdown of cost of net debt and other financial income and expenses at February 29, 2012 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	-48	89	59	-100	-284	-284
Aircraft Systems	-1,576	-3	-130		-344	-2,053
Cabin Interiors	89	-41	-57	-239	-221	-469
Zodiac Aerospace	-11,452		-261			-11,713
Total	-12,987	45	-389	-339	-849	-14,519

The average cost of our loans was 3.03% over the period, identical to that in the first half of 2011.

Breakdown of cost of net debt and other financial income and expenses at February 28, 2011 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	91	-129	64	-1 044	-141	-1,159
Aircraft Systems	-527	-21	-223		-139	-910
Cabin Interiors	351	-1 812	-101	-298	91	-1,769
Zodiac Aerospace	-10,448		124			-10,324
Total	-10,533	-1 962	-136	-1,342	-189	-14,162

Note 4 - Tax expense

Breakdown of the tax expense at February 29, 2012 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	1,800	496	7,042	438	200	9,976
Aircraft Systems	8,463	14	2,265		328	11,070
Cabin Interiors	10,866	8,682	31,132	1,871	188	52,739
Zodiac Aerospace	-6,273		-352			-6,625
Total	14,856	9,192	40,087	2,309	716	67,160(1)

(1) This figure includes a provision of €1,700,000 on various current tax audits on the Group, in France and the United States.

Breakdown of the tax expense at 28 February 2011 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	2,471	438	4,123	-125	5	6,912
Aircraft Systems	5,406	100	2,205		-54	7,657
Cabin Interiors	10,484	6,513	21,184	1,724	428	40,333
Zodiac Aerospace	-5,769		33			-5,736
Total	12,592	7,051	27,545	1,599	379	49,166

Note 5 - Total assets

Breakdown of total assets by segment and region at February 29, 2012

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	210,002	33,507	178,495	56,348	29,933	508,285
Aircraft Systems	757,404	2,779	103,138		46,154	909,475
Cabin Interiors	222,804	884,586	1,110,866	37,152	41,350	2,296,758
Zodiac Aerospace	78,397		22			78,419
Total	1,268,607	920,872	1,392,521	93,500	117,437	3,792,937

Breakdown of total assets by segment and region at August 31, 2011

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	195,168	31,351	163,090	52,430	22,071	464,110
Aircraft Systems	710,812	9,831	83,966		29,365	833,974
Cabin Interiors	198,171	499,010	889,835	32,339	36,416	1,655,771
Zodiac Aerospace	188,240		177			188,417
Total	1,292,391	540,192	1,137,068	84,769	87,852	3,142,272

Note 6 - Total non-current assets

Breakdown of total non-current assets by segment and region at February 29, 2012

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	63,522	17,036	73,375	35,137	9,023	198,093
Aircraft Systems	492,054	261	51,225		21,838	565,378
Cabin Interiors	56,941	671,173	681,301	9,263	10,704	1,429,382
Zodiac Aerospace	53,269					53,269
Total	665,786	688,470	805,901	44,400	41,565	2,246,122

Breakdown of total non-current assets by segment and region at August 31, 2011

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	62,083	16,535	67,728	33,409	8,974	188,729
Aircraft Systems	468,464	219	48,006		18,393	535,082
Cabin Interiors	56,352	348,669	557,705	8,668	10,789	982,183
Zodiac Aerospace	50,869					50,869
Total	637,768	365,423	673,439	42,077	38,156	1,756,863

Note 7 - Intangible assets and goodwill

Breakdown of intangible assets and goodwill by segment and region at February 29, 2012

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	39,289	12,677	58,230	34,815	755	145,766
Aircraft Systems	425,962		43,600		10,688	480,250
Cabin Interiors	45,317	643,133	612,025	2,688	208	1,303,371
Zodiac Aerospace	1,384					1,384
Total	511,952	655,810	713,855	37,503	11,651	1,930,771

Breakdown of intangible assets and goodwill by segment and region at August 31, 2011

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	39,122	12,205	53,233	33,116	716	138,392
Aircraft Systems	410,287	2	40,735		7,656	458,680
Cabin Interiors	45,659	330,395	511,378	2,303	210	889,945
Zodiac Aerospace	1,398					1,398
Total	496,466	342,602	605,346	35,419	8,582	1,488,415

Note 8 - Property, plant and equipment

Breakdown of net property, plant and equipment by segment and region at February 29, 2012

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	23,388	2,559	14,377	322	7,846	48,492
Aircraft Systems	63,553	250	7,627		10,907	82,337
Cabin Interiors	11,213	26,852	67,105	6,432	10,258	121,860
Zodiac Aerospace	44,675					44,675
Total	142,829	29,661	89,109	6,754	29,011	297,364

Breakdown of net property, plant and equipment by segment and region at August 31, 2011

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Aerosafety & Technology	22,637	2,537	13,793	293	7,927	47,187
Aircraft Systems	57,678	199	7,231		10,536	75,644
Cabin Interiors	10,566	17,172	44,364	6,264	10,390	88,756
Zodiac Aerospace	44,685					44,685
Total	135,566	19,908	65,388	6,557	28,853	256,272

Note 9 – Income taxes

Balance sheet:

Deferred taxes

(in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Deferred tax assets	293	469	3,084
Deferred tax liabilities	118,876	107,648	99,273
Net total deferred taxes	-118,583	-107,179	-96,189
Breakdown of net amount by category:			
Employee benefits	20,711	20,280	17,205
Depreciation of inventories, stocks and associated general expenditure	16,338	15,313	16,017
Intercompany inventory profit	23,899	17,838	18,186
Development costs	-89,485	-78,944	-74,036
Goodwill (2)	-124,846	-85,019	-60,891
Restatement of regulated provisions	-4,587	-4,269	-3,891
Other (1)	39,387	7,622	-8,779
Total net deferred taxes	-118,583	-107,179	-96,189

(1) Including deferred tax assets on fiscal deficits, of which €39.7m is due to change of consolidation scope.
(2) Including deferred tax liabilities on fiscally amortizable goodwill.

Income statement:

Breakdown of deferred/current tax

(in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Deferred taxes	7,170	24,887	6,270
Current tax	59,990	71,041	42,896
Total tax	67,160	95,928	49,166

Effective tax rate (in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Effective tax rate			
Pre-tax income	**208,508**	**333,238**	**163,451**
Tax rate	36.10%	34.43%	34.43%
Theoretical tax	75,271	114,734	56,276
Incidence of reduced-rate risk		-148	
Impact of tax rates in countries other than France (1)	-4,855	-5,286	-2,344
Disposal of equity holdings			
Tax credit for research and training	-5,214	-14,543	-5,134
Other (2)	1,958	1,171	368
Consolidated income tax	67,160	95,928	49,166
Effective tax rate	32.21%	28.79%	30.08%

(1) Including production tax credit in the United States.
2) Including provisions for tax audits on the Group, in France and the United States.

Note 10 – Cash

(in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Cash and cash equivalents	97,280	224,726	114,851
Negotiable securities			
Current financial liabilities	-250,220	-147,416	-237,690
Commercial paper and other lines of short-term credit	237,000	134,000	226,000
Current portion of long-term loans and reimbursable advances	1,394	774	1,156
Banks	-11,826	-12,642	-10,534
Net cash	85,454	212,084	104,317

Note 11 – Financial liabilities

(in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011

A. Non-current financial liabilities			
Confirmed syndicated loan (EUR)	635,000	610,000	610,000
Confirmed syndicated loan (GBP)	236,203		
Confirmed syndicated loan (CAD)	9,982	32,283	46,260
Syndicated loan costs	-2,781	-3,198	-6,105
Non-current portion of other borrowings and unconfirmed loans	23,236	23,582	23,271
Non-current financial liabilities	901,640	662,667	673,426
B. Current financial liabilities			
Commercial paper (EUR)	237,000	134,000	226,000
Confirmed syndicated loan (EUR)			
Current portion of bank overdrafts, spot lines, other borrowings and unconfirmed credit	13,220	13,416	11,690
Current financial liabilities	250,220	147,416	237,690
Total	1,151,860	810,083	911,116

The syndicated loan is subject to a "Net debt -to-EBITDA" ratio covenant, as defined in the loan agreement. Under the agreement, this is assessed at the financial year-end and must not be above 3.25 at August 2012.

Note 12 – Provisions

(in thousands of euros)	Opening balance at Aug. 31, 2011	Currency translation adjustments	Change in consolidation scope (1)	Changes in the period			Other	Closing balance at Feb. 29, 2012
				Allocations to provisions	Reversals (provisions used)	Reversals (provisions not used)		
Medical coverage for US retirees	3633	272		273	-387			3,791
Lump-sum retirement benefits	46,792		110	866	-419		15	4,7 364
Other	3,434				-4			3 430
Total non-current	**53,859**	**272**	**110**	**1139**	**-810**	**0**	**15**	**54585**
Guarantees	3,0469	744	2,187	3,589	-1,985	-29	141	35 116
Litigation and insurance deductibles	8,859	239		1,577	-1,550	-258	-220	8 647
Restructuring and diversification (1)	4,708	-2	1,197	391	-1,772	-28	-380	4,114
Taxes other than income taxes	1,188	52		1,710	-56			2,894
Other	12,224	178	7 940	1,502	-4,094	-370	292	17,672
Total current	**57,448**	**1,211**	**11,324**	**8,769**	**-9,457**	**-685**	**-167**	**68,443**
Total	**111,307**	**1,483**	**11,434**	**9,908**	**-10,267**	**-685**	**-152**	**123,028**

(1) The change in consolidation scope corresponds to the inclusion of Heath Tecna and Contour Aerospace Ltd in the Group.

Note 13.1 - Off-balance sheet commitments

(in thousands of euros)	Feb. 29, 2012	Aug. 31, 2011	Feb. 28, 2011
Commitments given			

Long-term rentals (1)	109,432	80,431	77,921
Actuarial gains and losses on retirement benefits (2)	4,179	3,979	5,997
Other guarantees given (3)	8,652	7,642	8,740
Commitments received under contracts	260	260	271

(1)This amount includes commitments on revocable and irrevocable leases.
(2) Net of deferred taxes.
(3) Including a €2,047,000 guarantee issued by Zodiac Aerospace in favor of the Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our ESCO subsidiaries to underwrite fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft). The total usable guarantee issued by Zodiac Aerospace in this respect is $10 million.

N.B.: Zodiac Aerospace has also:

- - posted a guarantee bond at the Amsterdam commercial court to cover the consolidated debts of the Driessen Group holding company and its Dutch subsidiaries to avoid the need to prepare and locally submit consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million.
- - provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
    - in August 2009 on behalf of Sicma Aero Seat (expiration date December 31, 2016);
    - in January 2011 on behalf of Weber Aircraft (expiration date December 31, 2016);
    - in January 2011 on behalf of Weber Aircraft and C&D Zodiac Inc. (expiration date December 31, 2015).

Note 13.2 - Contingent assets and liabilities

At February 29, 2012, there were no changes affecting assets and liabilities that had been identified in the Group’s annual report at August 31, 2011.

Note 14 - Related–party transactions

Transactions with the principal officers

Compensation and benefits

(in euros)	Fixed	Variable (1)	Benefits in kind	Total
Maurice Pinault	150,000	150,000	2,490	302,490
Olivier Zarrouati	250,000	250,000	4,855	504,855
Total	400,000	400,000	7,345	807,345

(1) The variable amounts are based on those paid in 2011/2012, *pro rata temporis* for the 6 months known. The variable portion payable for a given year "n" is based on a target for Group net income, taking into account realization in the previous year ended "n-1" and the budget for year "n". The comparison between the performance achieved in relation to this target, within a realization bracket of 80 to 120%, gives the "realization rate". This rate is applied proportionally to the fixed salary to give the amount of the variable portion and cannot exceed 100% of the fixed portion.

Stock options and bonus shares:

Stock options:	Maurice Pinault		Olivier Zarrouati	
	Plan 07b	Plan 2011	Plan 07a	Plan 07b
Options outstanding at Aug.31, 2011	84,640	32,000	79,350	63,480
Options exercised in the first half of 2011/2012				
Options outstanding at February 28, 2011	84,640	32,000	79,350	63,480

Exercise price (in euros)	41.11	62.34	49.29	41.11
Expiration date	12/32015	12/292011	2/13/2015	12/32015
Bonus shares:				
Shares in vesting period (1)		16,000		53,334
Vesting date		12/292013		12/292013

(1) All the bonus shares allotted to corporate officers are subject to a 2-year continuing employment condition from the grant date, i.e., until December 29, 2013 (except in the event of death) and a performance condition.
Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above, is 100% achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested is reduced if the target is only partially achieved and cancelled if only 80% is achieved, on average, over fiscal years 2011/2012 and 2012/2013.
Between these two limits, a proportional number of shares is vested.

Note that stock options and/or bonus shares are awarded to corporate officers once every four years, unless a new corporate officer is appointed.

Compensation paid to Executive Committee members
There are eight members of the Executive Committee, including the corporate officers whose compensation is detailed above. Their compensation in the first half of 2011/2012 came to €2,414,000 of which the fixed portion amounted to €1,169,000.
The variable portion payable for a given year "n", depending on the functions held, is based on:

a) a target and formula identical to that applied to the corporate officers
b) a target operating income and working capital requirement that takes account of the previous year ended n-1 and the budget for year n. The comparison between the performance achieved in relation to this target, within a realization bracket of 75% to 125%, gives the "realization rate" for the target. This rate is applied proportionally to the fixed salary to give the amount of the variable portion and can be a maximum of 175% of the fixed portion.

In the first half of 2011/2012, under the multi-year award plan for the Executive Committee (awards are made once every four years unless new members are appointed to the Executive Committee during the four-year period between two multi-year awards), excluding corporate officers, a total of 29,990 stock options and 70,004 bonus shares were awarded.

For each beneficiary, up to 20% of the total portion may be vested subject to continuing employment at the end of two years, i.e., on December 29, 2013 (except in the event of death), added to which is a performance condition for 80% of the total portion.

Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above is 100% achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested is reduced if the target is only partially achieved and cancelled if only 80% (case a) and 75% (case b) is achieved, on average, over fiscal years 2011/2012 and 2012/2013.

Between these two limits, a proportional number of shares is vested.

Stock option and bonus share plans other than for corporate officers and the Executive Committee:
Under this annual plan, 99,895 stock options and 23,518 bonus shares were awarded.

For each beneficiary, up to 50% of the total portion may be vested subject to continuing employment at the end of two years, i.e., on December 29, 2013 (except in the event of death), added to which is a performance condition for 50% of the total portion.

Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above, is 100% achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested is reduced if the target is only partially achieved and cancelled if only 75% is achieved, on average, over fiscal years 2011/12 and 2012/2013.

Between these two limits, a proportional number of shares is vested.

Statutory Auditors' report on the first-half financial report

Zodiac Aerospace
Period from September 1, 2011 to February 29, 2012

FIDAUDIT
Member of the FIDUCIAL network
41, rue du Capitaine Guynemer
92925 Paris–La Défense Cedex
S.A. with capital of €250,000

Statutory Auditor
Member of the *Compagnie régionale de Versailles*

Ernst & Young Audit
1/2, place des Saisons
92400 Courbevoie - Paris–La Défense 1
SAS with variable capital

Statutory Auditor
Member of the *Compagnie régionale de Versailles*

To the Shareholders,

In accordance with the terms of our appointment by your General Meetings of Shareholders and Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the condensed consolidated half-year financial statements of Zodiac Aerospace for the period September 1, 2011 to February 29, 2012, which accompany this report;
- verified the amounts and disclosures contained in the half-year business report.

The condensed consolidated half-year financial statements are the responsibility of the Management Board. Our responsibility is to express an opinion on these financial statements based on our limited review.

1. Opinion on the financial statements

We conducted our limited review in accordance with auditing standards applicable in France. A limited review consists primarily of interviewing members of management responsible for financial and accounting matters, and applying analytical procedures. The work of a review is substantially less extensive than that required for an audit according to auditing standards applicable in France. Consequently, the level of assurance we obtained as to whether the financial statements, taken as a whole, are free of material misstatement is moderate, and lower than that obtained in an audit.

Based on our limited review, we found no evidence of material misstatement that calls into question the condensed consolidated half-year financial statements' compliance with IAS 34, an International Financial Reporting Standard (IFRS) as adopted by the European Union with respect to interim financial reporting.

2. Specific verification

We have also verified the amounts and disclosures in the half-year business report commenting on the condensed consolidated half-year financial statements that were the subject of our review.

We have no comments to report with respect to the fair presentation and consistency of such amounts and disclosures with the condensed consolidated half-year financial statements.

Paris-La Défense, April 30, 2012

The Statutory Auditors

FIDAUDIT Member of the FIDUCIAL network Jean-Pierre Boutard	ERNST & YOUNG Audit Laurent Miannay

ZODIAC AEROSPACE

ZODIAC AEROSPACE – 61 rue Pierre Curie – BP 1 – 78373 Plaisir Cedex – France

Telephone: +33 1 61 34 23 23 – Fax: +33 1 61 34 24 41 – www.zodiacaerospace.com

A French *Société Anonyme* (SA) with a Executive Board and Supervisory Board and capital of €11,374,968.80 – Registered in the Trade and Companies Register (RCS) of Versailles under number 729 800 821