HALF-YEAR REPORT

First half of fiscal year 2015/2016 (September to February)

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

Plaisir, April 18, 2016

Statement by Management

To the best of our knowledge, the condensed financial statements for the half year ended have been established in line with the applicable accounting standards and provide a fair presentation of the assets, financial position and net income of the Company and all Group entities included within the scope of consolidation. The attached half-year business report presents an accurate view of significant events that occurred during the first six months of the fiscal year, their impact on the financial statements, the primary transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Olivier Zarrouati Chief Executive Officer	Jean-Jacques Jégou Vice-President, Administration & Finance

Business report for the first half of the 2015/2016 fiscal year

GROUP INCOME

During the first half of its 2015/2016 fiscal year, Zodiac Aerospace posted revenue of €2,489.1m, up 7.1% on published data and down 1.7% on a like-for-like and exchange rate basis. The effects of the change in scope had a positive impact of +0.2 points on half-year growth. These consisted in the closure of Zodiac Elastomer US - Amfuel (AeroSafety), disposed of on May 31, 2015, and the acquisition of Enviro (Aircraft Systems), acquired on December 23, 2014. The exchange rate effects had a positive impact of +8.6 points.

Current Operating Income before IFRS 3 was €80.4m, down compared to the first half of the 2014/2015 fiscal year. This included a €9.1m restatement related to research credit tax, compared to €8.5m in H1 2014/2015. During the 2014/2015 fiscal year, this low Current Operating Income was the result of difficulties encountered by Aircraft Interiors activities, in which incremental costs remained high, estimated at around €110m compared to the budget for the first half of the year, and which were impacted by low profitability ramp-up programs. Aircraft Interiors activities had a negative impact of -€107.9m on COI for the first half of the year compared to that of the first half of 2014/2015, whereas the Systems activities had a positive impact of +€11.3m. The exchange rate had a positive impact of +€55.0m, which broke down as -€13.7m of conversion impact and +€68.7m of transaction impact. The effects of the change in scope had a positive impact of +€4.1m on COI for the first half of 2015/2016 compared to that of the first half of 2014/2015.

Non-current operating items amounted to -€10.7m in the first half of 2015/2016 as against -€12.6m in the first half of 2014/2015. These essentially consisted in amortizations of values recorded as intangible assets pursuant to the IFRS 3 accounting standard. Operating Income went down by 57.7% to €69.7m.

The cost of gross debt went up from €14.9m to €16.4m.

Income taxes came out at -€9.5m as against -€47.3m, reflecting the reduction in Operating Income, particularly in the United States.

Net income attributable to equity holders of the parent company was down 59.8% in the first half at €43.7m, against €108.6m, and net income attributable to equity holders of the parent company before IFRS 3 was down 57.1% at €49.8m.

Net earnings per share, based on 276,645,100 shares, came to €0.158 compared to €0.394 after IFRS 3.

OTHER FINANCIAL ITEMS

Operational WCR came out at €1,973.2m, up €241.3m compared to the end of the 2014/2015 fiscal year. This increase was mainly due to the difficulties in Aircraft Interiors activities and the priority given to re-establishing on-time deliveries for our customers, which resulted in higher levels of inventories and work in progress. Overall, Operational WCR(1) represented 39.5% of revenue (valued at the closing rate), as against 39.7% in the first half of 2014/2015.

In the first half of 2015/2016, tangible and financial investments were slightly down at €57.6m compared to €59.4m in the first half of 2014/2015. Intangible investments were down to €35.3m as against €47.7m. Capitalized development costs (IAS 38) accounted for the majority of this item, totaling €29.6m compared to €36.5m in the first half of 2014/2015.

SOLID FINANCING STRUCTURE

The Group's net debt totaled €1,621m, higher than as at February 28, 2015 (€1,423m) and at the end of August 2015 (€1,267m). The debt-to-equity ratio came out at 54.3% as against 49.2%.

In March, in order to bolster its liquidity, the Group put new financing in place and extended the average maturity of its debt in order to finance its general requirements and potential opportunities for external growth.

All banks participating in the Club Deal of €1,030m accepted the extended maturity of this loan (contractual option) up to the end of March 2021. Euro PP financing of €230m with a 7-year term (maturing in March 2023) has been put in place. This Euro PP refinances the existing Euro PP of €125m, which was due to mature in July 2018, and anticipates repayment of the first €133m maturity of the Schuldschein loan in July 2016 (out of a total of €535m). Lastly, hybrid financing of €250m with an unlimited term, which will be accounted for as equity pursuant to the IAS 32 standard, has been put in place.

The net debt covenant/EBITDA ratio (adjusted according to the Club Deal contract), which applies to all of these loans as well as to the Schuldschein loan, remains fixed at a maximum of 3.

All of this financing gives the Group confirmed total liquidity capacity of €2,045m, which will be reduced to €1,912m in July 2016, after repayment of the first maturity of the Schuldschein loan. The Group also has a commercial paper program available to it of €1bn, €458m of which used as at February 29, 2016.

1) Operating Working Capital Requirement (WCR): inventories + trade receivables - accounts payable

TRANSACTIONS IMPACTED BY AIRCRAFT INTERIORS ACTIVITIES

Revenue from Aircraft Interiors activities (61.0% of revenue) went up by 7.8% to €1,518.5m but fell slightly in organic terms by 1.1%.

The organic downturn of 4.2%in revenue for the Seats branch (+3.1% to €641.6m based on published data) is explained by comparison with overheating in the first half of 2014/2015 (+11.1% of organic growth in the first half of 2014/2015). In the Cabin branch, the weak organic growth of 1.4% essentially came from three divisions; the Connected Cabin division (on-board entertainment and actuators) suffered an unfavorable base effect comparison for the on-board entertainment activity following the end of a major program in the fourth quarter of 2015. The Advanced Composites & Engineered Materials division was slightly down and the VIP and Business Aircraft Interiors division experienced a downturn in the business aircraft segment. Based on published data, Cabin revenue went up by 11.5% to €876.9m.

Current Operating Income for Aircraft Interiors activities came out at -€66.1m as against €41.4m in the first half of 2014/2015. The Current Operating Income of these activities was impacted by high production costs, incremental costs and the impact of the ramp-up of new programs still showing low profitability.

The Seats branch is always seeking to restore efficiency in terms of meeting delivery and quality deadlines, with the main objective being to safeguard quality and comply with its customers' delivery deadlines in order to reinforce their trust. The recovery is in progress thanks to temporary additional resources and attentive day-to-day management of operations as well as the gradual transformation enabled by process management. Incremental costs are still high owing to the lack of efficiency resulting from emergency staffing and additional resources as well as many processes that are still inefficient (on the engineering as well as the production side). Recovery is currently focused on several Business Class seats programs. The majority of capacity problems have been resolved but the supply chain needs to be further strengthened. Current requirements are concentrated on quality improvement and the resolution of certification problems on certain new programs whilst implementing the transformation plan.

Zodiac Seats has confidence in a revenue forecast for second half growth of around 20% compared to the first half, whilst the realignment of current overheads and the reduction in variance should be reflected by initial results. All in all, Zodiac Seats is on the way to returning to normalized operational performance in the 18-month timeframe.

For the **Cabin branch**, operational performance is affected by the ramp-up of programs. With regard to the production ramp-up of A350XWB lavatories, the Cypress (California, United States) production line is being improved and a second production line has been installed in Montreal (Canada). The overall production rate went up from 2.5 units per month in December and January to 5 in February and 7 in March. The objective is to achieve 8 units per month. Furthermore, the branch is handling the ramp-up of lavatory retrofit programs with airline companies. Lastly, it is starting the ramp-up of the Spaceflex v2 program, a combined galley and lavatory linefit option for the Airbus A320 family. The profitability of the Cabin branch is under pressure and suffering in particular on account of ramp-up programs (A350 lavatories, A320 Spaceflex and CSeries programs), for which profitability is lower than programs that are on the way out (Embraer platforms following the launch of EZAir) or lackluster programs (Bombardier business and regional aircraft). It is affected by start-up costs and incremental costs related to service problems, insufficient quality, purchases made too quickly and penalties. The branch is also suffering from inefficiencies in terms of the indirect resources of our former C&D and Heath Tecna sites and the consequences of implementing a modern ERP software package and supporting processes. Enhancements will be enabled through the improvement curve for new programs, a new design to improve production, and lastly the results of work in progress to reduce purchasing costs. With the reorganization of the branch and the addition of new resources, Cabin is undergoing full industrial restructuring. Production and manufacturing engineering is in particular seeing the emergence of certain improvements, particularly the implementation of more robust production processes, thanks to the Focus plan, supplemented by greater efforts in terms of training on this implementation and on the use of IT systems for production. The industrial restructuring of production sites in the United States is in progress with optimization of industrial systems and the transfer of production to our facilities in countries with competitive costs when automation of industrial processes is not possible. Overall, the objective remains to return to operational performance within 18 months.

Aerosystems activities (39.0% of sales revenue) recorded revenue of €970.6m, up 6.0% based on published data and down 2.8% organically. This organic downturn is due to the sluggishness of activities related to business aviation and helicopters. Changes in the scope of consolidation concern the disposal of Zodiac Elastomer US - Amfuel (AeroSafety) and the acquisition of Enviro (Aircraft Systems).

The Aircraft Systems branch posted growth of 9.2% to €677.0m but an organic downturn of 1.4%. For its part, the AeroSafety branch posted revenue down by 0.8% to €293.6m and an organic downturn of 5.8%. In addition to its exposure to business aviation markets and helicopters, the branch was also affected by erosion of the Parachutes and Arresting Systems activities.

The operating income of Systems activities benefited from the positive impact of the exchange rate, which offset the reduced margin as a result of low business aviation activity, high development costs and new programs that have not yet reached their full potential (A350XWB).

Aircraft Systems generated Current Operating Income of €103.1m in the first half of 2015/2016, up by 19.6%. It benefited particularly from a positive exchange rate impact of €33.8 million.

The AeroSafety branch posted Current Operating Income of €50.2m, down by 10.5%. During the period, exchange rates had a positive impact of €8.2 million on Current Operating Income.

The Aerosystems activity has included the AeroSafety and Aircraft Systems branches since September 1, 2015. It is present in a wide variety of activities and business models. It has the advantage of niche positioning in more than 30 product lines and enjoys solid internal and external growth. It has a buoyant position in systems and it is one of the leaders in the sectors of evacuation, flotation and rafts, electricity, oxygen, water and waste, fuel management, etc. Aerosystems has a balanced customer base and its activities are vertically integrated, particularly skills in the areas of engineering and manufacturing. Lastly, it enjoys a major presence in aftersales and, on the whole, good operational maturity.

EXCHANGE HEDGING

The Group has implemented exchange hedging. The net $/€ budgeted transaction exposure for the second half is 92% hedged at a $/€ rate of 1.10.

For the 2016/2017 fiscal year, the Group has hedged 40% of its net $/€ budgeted transaction exposure at a $/€ rate of 1.12 and 40% of its net budgeted exposure in relation to other currencies: CAD, GBP and MXN.

BUSINESS MODEL

Zodiac Aerospace’s business model brings together BFE and SFE products and systems. BFE (Buyer Furnished Equipment) products are selected by the purchaser of the aircraft, i.e. the airline or leasing company. These products enable the airline to differentiate itself (interior layout) or to have a wider aftermarket choice. They are characterized by short cycles and relatively low visibility and require a high degree of customization. SFE (Supplier Furnished Equipment) products are selected by the equipment supplier, i.e. the manufacturer. This type of product gives long-term visibility: a selection at the start of a program translates into a period of self- financed product development, then system qualification, followed by a ramp-up period at a reduced margin and lastly by production and aftermarket activity at a higher margin. There is no order book for these products; visibility is provided by the customer's own order book.

At the commercial level, the Group has a strong Zodiac Aerospace brand. Discussions are in progress to assess the advantages and disadvantages of moving towards a single brand. Moving towards a single brand could have an impact on the residual value of its other brands. If necessary, at the close of its current fiscal year, the Group will review the impact of such refocusing on the residual value of €133m of its other brands appearing in balance sheet assets.

OUTLOOK

For the 2015/2016 fiscal year, the Group confirms that its Current Operating Income for the fiscal year is likely to be close to that of 2014/2015. The second half should see a significant improvement compared to the first half, thanks to a volume effect coming from revenue and a slight improvement in the contribution rate, a lower cost base and provisioning for penalties, commercial agreements and warranties and inventory depreciation for obsolescence and, lastly, better control of overheads.

The banking covenant should be met, including non-hybrid borrowing. This covenant is the ratio of adjusted net debt to EBITDA adjusted as defined in the Club Deal contract; calculated at the end of the fiscal year (August 31).

CONSOLIDATED FINANCIAL STATEMENTS

I Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Goodwill	(Notes 1.5 and 2)	2,035,369	2,023,354	2,027,841
Intangible assets	(Notes 1.5, 3.1 and 3.2)	706,021	698,149	695,270
Property, plant and equipment		477,633	464,008	448,516
Investment in associates and joint ventures	(Note 4)	1,052	8,352	1,561
Loans		21,186	20,587	14,367
Other non-current financial assets		9,502	14,016	16,371
Deferred tax assets	(Note 5)	1,377	1,225	2,055
Total non-current assets		**3,252,140**	**3,229,691**	**3,205,981**
Inventories	(Note 7)	1,460,494	1,340,700	1,286,131
Trade receivables		1,111,950	1,010,990	1,121,238
Advances to accounts payables and employees		17,248	16,393	18,247
Current tax assets	(Note 5)	137,811	104,383	90,516
Other current assets		58,000	38,655	38,277
Other financial assets:				
- loans and other current financial assets		6,012	11,970	630
Cash and cash equivalents	(Note 6)	135,771	163,616	104,014
Total current assets		**2,927,286**	**2,686,707**	**2,659,053**
Held-for-sale assets [1]		**702**	**680**	**9,996**
TOTAL ASSETS		**6,180,128**	**5,917,078**	**5,875,030**

(1) The amounts relate to buildings held for sale.

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	**Amount at Feb. 29, 2016**	Amount at Aug. 31, 2015	**Amount at Feb. 28, 2015**
Capital		11,599	11,576	11,552
Share premium		146,787	141,980	136,503
Consolidated reserves		2,533,797	2,436,351	2,439,056
Currency translation adjustments		345,175	313,402	315,235
Fair value adjustment of financial instruments		(9,048)	1,658	(32,078)
Net income attributable to equity holders of the parent company		43,667	184,762	108,629
Treasury stock		(86,170)	(85,436)	(83,809)
Equity - after minority interests of the parent company		**2,895,088**	**2,561,795**	**2,285,803**
Minority interests		**1,195**	**(327)**	**(312)**
Equity		**2,987,002**	**3,003,966**	**2,894,776**
Non-current provisions	(Note 8)	125,445	122,073	118,039
Non-current financial liabilities	(Note 9)	1,158,762	831,648	890,694
Other non-current financial liabilities		–	485	247
Deferred tax liabilities	(Note 5)	159,269	163,433	166,262
Total non-current liabilities		**1,443,476**	**1,117,639**	**1,175,242**
Current provisions	(Note 8)	158,004	171,047	133,538
Current financial liabilities	(Notes 6 and 9)	598,421	598,661	636,571
Other current financial liabilities		15,529	21,889	63,235
Accounts payable		420,150	432,816	416,864
Liabilities to employees and payroll liabilities		206,235	218,602	189,890
Current tax liabilities		56,550	60,349	50,943
Other current liabilities	(Note 10)	294,761	292,109	313,971
Total current liabilities		**1,749,650**	**1,795,473**	**1,805,012**
TOTAL LIABILITIES		**6,180,128**	**5,917,078**	**5,875,030**

II Consolidated statement of profit and loss

(in thousands of euros)	Notes	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Sales revenue	(note 1.1)	2,489,129	4,931,754	2,324,115
Other revenue from operations		15,651	23,490	14,407
Purchases used in production		1,141,647	2,147,270	987,970
Personnel costs		792,404	1,490,378	728,416
External costs		393,952	814,719	392,943
Taxes other than income taxes		21,523	39,666	17,818
Charges to amortization and depreciation		67,734	117,426	55,133
Charge to provisions		45,180	95,770	46,943
Changes in inventories of finished goods and work in progress		38,247	63,877	68,666
Other operating income and expenses		(197)	(115)	(339)
Current operating income	**(note 1.2)**	**80,390**	**313,777**	**177,626**
Non-current operating items	(note 11)	(10,666)	(21,914)	(12,616)
Operating income		**69,724**	**291,863**	**165,010**
Income/(expenses) related to cash and cash equivalents		2,798	2,815	7,672
Cost of gross debt		(16,431)	(29,786)	(14,855)
Cost of net debt	(note 1.3)	(13,633)	(26,971)	(7,183)
Other financial income and expenses	(note 1.3)	(728)	(1,954)	(742)
Income taxes	(notes 1.4 and 5)	(9,505)	(75,734)	(47,319)
Results of companies accounted for by the equity method		(2,365)	(2,673)	(1,106)
NET INCOME		**43,493**	**184,531**	**108,660**
Attributable to non-controlling interests		(174)	(231)	31
Attributable to equity holders of the parent company		43,667	184,762	108,629
Basic earnings per share attributable to equity holders of the parent company		**0.158**	**0.670**	**0.394**
Diluted earnings per share attributable to equity holders of the parent company		**0.157**	**0.665**	**0.391**

III Consolidated statement of net profit and loss

and gains and losses recognized directly as equity

(in thousands of euros)	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Net Income	**43,494**	**184,531**	**108,660**
Gains and losses recognized in equity, before tax:			
- currency translation adjustments (1)	31,739	328,829	335,180
- restatement of hedging derivative instruments	(13,497)	5,563	(46,632)
Tax on restatement of hedging derivative instruments	4,057	(1,890)	16,559
Recyclable elements of total income	**22,299**	**332,502**	**305,107**
Actuarial gains or losses (2)		(331)	
Tax on actuarial gains or losses		47	
Non-recyclable elements of total income	**–**	**(284)**	**–**
Total of gains and losses recognized directly in equity	**22,299**	**332,218**	**305,107**
Net income and gains and losses recognized directly in equity	**65,792**	**516,749**	**413,767**
Attributable to non-controlling interests	(208)	(326)	(41)
Attributable to equity holders of the parent company	66,000	517,075	413,808

(1) Most of the currency translation is related to the change in the euro/US dollar exchange rate.

(2) In accordance with IAS 19 (revised), the Group has accounted for as equity the actuarial gains or losses and past service costs related to pensions and lump-sum payments on retirement.

IV Statement of change

in consolidated equity

(in thousands of euros)	Capital	Share premiums	Reserves	Net income attributable to equity holders of the parent company	Currency translation adjustments	Treasury shares	Revaluation of financial instruments	Equity attributable to equity holders of the parent company	Change in minority interests	Change in equity
BALANCE at Aug. 31, 2014	**11,537**	**133,182**	**2,169,147**	**354,413**	**(20,017)**	**(84,448)**	**(2,019)**	**2,561,795**	**(271)**	**2,561,524**
Currency translation adjustments					335,252			335,252	(72)	335,180
Revaluation of financial instruments [1]			(14)				(30,059)	(30,073)		(30,073)
Income recognized directly in equity (a)			(14)		335,252		(30,059)	305,179	(72)	305,107
Net income for the period (b)				108,629				108,629	31	108,660
Income recognized for the period (a) + (b)			(14)	108,629	335,252		(30,059)	413,808	(41)	413,767
Capital increase	15	3,321						3,336		3,336
Acquisition or disposal of own shares [2]						639		639		639
Valuation of options on stock options and bonus share awards			3,608					3,608		3,608
Dividends			(88,105)					(88,105)		(88,105)
Other [3]			354,420	(354,413)				7		7
BALANCE at Feb. 28, 2015	**11,552**	**136,503**	**2,439,056**	**108,629**	**315,235**	**(83,809)**	**(32,078)**	**2,895,088**	**(312)**	**2,894,776**
BALANCE at Aug. 31, 2015	**11,576**	**141,980**	**2,436,351**	**184,762**	**313,402**	**(85,436)**	**1,658**	**3,004,293**	**(327)**	**3,003,966**
Currency translation adjustments					31,773			31,773	(34)	31,739
Revaluation of financial instruments [1]			1,266				(10,706)	(9,440)		(9,440)
Income recognized directly in equity (a)			1,266		31,773		(10,706)	22,333	(34)	22,299
Net income for the period (b)				43,667				43,667	(174)	43,493
Income recognized for the period (a) + (b)			1,266	43,667	31,773		(10,706)	66,000	(208)	65,792
Capital increase	23	4,807						4,830		4,830
Acquisition or disposal of own shares [2]						(734)		(734)		(734)
Valuation of options on stock options and bonus share awards			3,076					3,076		3,076
Dividends			(88,450)					(88,450)		(88,450)
Other [3]			181,554	(184,762)				(3,208)	1,730	(1,478)
BALANCE at Feb. 29, 2016	**11,599**	**146,787**	**2,533,797**	**43,667**	**345,175**	**(86,170)**	**(9,048)**	**2,985,807**	**1,195**	**2,987,002**

(1) The “Revaluation of financial instruments” column includes the fair value of interest rate hedging and the impact of currency derivatives pursuant to IAS 39.
(2) Shares acquired under a “liquidity agreement” and share buyback program.
(3) Including allocation of net income.

V Consolidated statement of cash flow (1)

(in thousands of euros)	Notes	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Operating activities:				
Net income		43,493	184,531	108,660
Results of companies accounted for by the equity method		2,365	2,673	1,106
Depreciation, amortization and provisions		68,386	218,982	102,266
Capital gains		235	(7,424)	94
Deferred taxes	(Note 5)	(603)	(13,450)	7,144
Stock options		3,076	6,632	3,608
Other		(2,937)	(106)	(274)
Cash flow from operations		**114,015**	**391,838**	**222,604**
Net change in inventories		(101,394)	(237,687)	(172,448)
Net change in operating assets		(154,541)	(60,491)	(142,727)
Net change in debt		(28,055)	60,203	30,814
Cash flow from continuing operations		**(169,975)**	**153,863**	**(61,757)**
Investing activities:				
Acquisitions of non-current assets:				
- intangible assets	(Note 3.1)	(35,282)	(85,033)	(47,684)
- property, plant and equipment		(54,817)	(119,825)	(53,272)
- other		(2,802)	(15,185)	(6,117)
Proceeds from sale of property, plant and equipment		5,972	26,100	799
Changes in receivables and payables relating to fixed assets		(2,418)	3,388	(98)
Acquisitions/(disposals) of entities, net of cash acquired (2)		5,960	(95,034)	(99,158)
Cash flow from investments		**(83,387)**	**(285,589)**	**(205,530)**
Financing activities:				
Change in debt		330,741	194,913	270,024
Increase in equity		4,831	8,837	3,336
Treasury stock		(734)	(1,944)	639
Ordinary dividends paid by parent company		(88,450)	(88,105)	(88,106)
Dividends paid to minority interests		(2)	–	–
Cash flow from the financing of operations		**246,386**	**113,701**	**185,894**
Currency translation adjustments, beginning of period		(16,207)	15,139	(3,488)
CHANGE IN CASH AND CASH EQUIVALENTS		**(23,182)**	**(2,886)**	**(84,882)**
CASH AT BEGINNING OF PERIOD	**(Note 6)**	**152,784**	**155,670**	**155,670**
CASH AT END OF PERIOD	**(Note 6)**	**129,601**	**152,784**	**70,788**

(1) The Group did not record any transactions between shareholders during the period.

(2) At February 29, 2016, it related mainly to the ATS (non-Group) securities sold by Greenpoint Technologies Inc.

VI Notes to the Financial Statements

1) - LIST OF CONSOLIDATED COMPANIES AT FEBRUARY 29, 2016

The list of consolidated companies did not change during the first half of 2015/2016, with the exception of In Services & Al Rumaithy Estab. (Middle East) LLC, which was liquidated on February 29, 2016, and MTA Plateforme d'Essais, for which the Group exercised the option to purchase minority interests on November 13, 2015.

2) – Main exchange rates used in consolidation

	At February 29, 2016		At August 31, 2015		At February 28, 2015	
	Statement of financial position	Statement of Profit and loss	Statement of financial position	Statement of Profit and loss	Statement of financial position	Statement of Profit and loss
US dollar	1.0888	1.1004	1.1215	1.1622	1.1240	1.2225
Canadian dollar	1.4767	1.4914	1.4863	1.4013	1.3995	1.4167
South African rand	17.4563	16.2029	14.9546	13.6710	13.0684	13.7986
Pound sterling	0.7858	0.7378	0.7275	0.7478	0.7278	0.7776
Thai baht	38.8270	39.4780	40.2000	38.5037	36.3360	39.8609
Czech crown	27.0570	27.0546	27.0210	27.4712	27.4380	27.6663

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, 2016, have been prepared in accordance with the IAS 34 standard 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, 2015, available on the Group's website, subject to the specific features for drafting interim financial statements described below.
With the exception of the adoption of the new standards and interpretations of the mandatory application for the fiscal years as from September 1, the accounting principles applied are consistent with those used for the preparation of the Group's annual consolidated financial statements for the fiscal year ended August 31, 2015, in accordance with the International Financial Reporting Standards adopted by the European Union.
The new standards, amendments and interpretations applicable to the period are as follows:

- IFRS annual improvements cycle 2011-2013
- IFRS 3 – Exclusion of partnerships from scope of application
- IFRS 13 – Scope of application of paragraph 52 ("portfolio" exception)
- IAS 40 – Clarification of the relationship between IFRS 3 and IAS 40 for the classification of a building as an investment or as a property occupied by its owner
- IAS 19 amendment – Defined benefit plans: staff member contributions
- IFRS annual improvements cycle 2010-2012
- IFRS 2 – Definition of vesting conditions
- IFRS 3 – Accounting for potential counterparty in a grouping of companies and amendment of IAS 39/IFRS 9
- IFRS 8 – Grouping of operational sectors
- IFRS 8 – Reconciliation between the total assets of sectors to be presented and entity assets
- IAS 16 – Revaluation model - proportional adjustment of cumulative amortizations
- IAS 24 – Senior management
- IAS 38 – Revaluation model - proportional adjustment of cumulative amortizations

These amendments do not have a significant impact on the financial statements for the period.

The Group has not applied the following standards and interpretations, which either have not been endorsed by the European Union or their mandatory application began after the start of the fiscal year:

- Standards and amendments endorsed but for which application is not mandatory by the close on February 29, 2016:
IAS 27 amendment – Equity method in separate financial statements
Amendment to IAS 1 – Presentation of financial statements: Disclosure Initiative
IFRS annual improvements cycle 2012-2014
Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
Amendment to IFRS 11 – Joint Arrangements: Acquisition of an interest in a joint operation

- Standards and amendments not endorsed as at February 29, 2016:
IFRS 9 – Financial instruments
IFRS 14 – Regulatory deferral accounts
IFRS 15 – Revenue from contracts with customers
IFRS 16 – Leasing contracts
IFRS 10, IFRS 12 and IAS 28 amendments – Consolidation exemption applicable to investment entities
IFRS 10 and IAS 28 amendments – Sale or contribution of assets between an investor and its associate or a joint venture
IAS 12 amendment – Income tax: Accounting for deferred tax assets as unrealized losses
IAS 7 amendment – Cash flow statement: Disclosure Initiative

The Zodiac Aerospace Group is in the process of identifying the potential impacts of these new standards, interpretations, amendments and/or revisions on the Group's consolidated financial statements.

b) Impairment of assets

The new Group organization put in place from September 1, 2015 has led to changes in the operational processes and financial flows of a number of Reporting Units within the Cabin branch, the consequence of which was a change to some existing CGUs. The changes mainly involve:

- Changes in name for Telemetry (formerly Technology) and Connected Cabin (formerly Entertainment) CGUs, more in line with underlying activities;
- A second category of more structural changes that mainly involve the grouping of Cabin & Structures, Galleys & Equipment and Greenpoint Technologies, with these CGUs spawning three new CGUs - Commercial Interiors, Premium Interiors and Equipment.

Existing CGUs at August 31, 2015, were as follows:

- AeroSafety
- Aircraft
- Technology
- Water and waste
- Entertainment
- Cabin & Structures
- Greenpoint Technologies
- Seats
- Galleys & Equipment

CGUs at February 29, 2016 were as follows:

- AeroSafety
- Aircraft
- Telemetry
- Water and waste
- Connected Cabin
- Seats
- Commercial Interiors
- Premium Interiors
- Equipment

c) Use of estimates and assumptions

The preparation of financial statements requires the Group management team to make estimates and use assumptions that affect the value of assets and liabilities shown in the consolidated statement of financial position and the amount of income and expenses shown in the statement of profit and loss. Management revises its estimates and assumptions on an ongoing basis, as a function of all the factors on which it bases its assessment.
Actual future amounts may differ significantly from these estimates as a result of different assumptions or conditions.
These estimates and assumptions relate mainly to the measurement of deferred taxes, provisions, employee benefits, share-based payments, as well as those used to test asset impairment and procedures for capitalizing development costs and estimated provisions, especially for late penalties. The assessment of the above is based on contractual arrangements and the history of previous disputes.

4) – Key first-half events

a) Focus plan

The various actions of the Focus plan, started during the 2014/2015 fiscal year, continued during the first half of 2015/2016 and will continue into the second half. It relates to the Group plan launched in April 2015 to construct and consolidate Zodiac Aerospace's operational system. There are four cornerstones to the Plan, mainly focused on the supply chain.

b) New Group organization

The new Group organization, as defined in paragraphs 5 - Note 1 – Branch reporting and 3 –b) Impairment of assets, became operational on September 1, 2015 and the financial information has been adjusted accordingly.

5) – Notes to the consolidated financial statements

NOTE 1 – BRANCH REPORTING

Since September 1, 2015, the Group has been structured around two activities:

- Aircraft Interiors, consisting for the most part of businesses related to the BFE (Buyer Furnished Equipment) market, made up primarily of airlines. This activity continues to combine the Seats and Cabin branches (which essentially comprises the former Cabin & Structure and Galleys & Equipment branches).
- Systems mainly consisting of SFE (Supplier Furnished Equipment) businesses, in other words business primarily with constructors. This activity includes the Aircraft Systems and AeroSafety branches.

The above two activities are supported by Zodiac Aerospace Services, an internal structure dedicated to after-sales service.

With respect to customer portfolio concentration, the Group has one customer that directly generates €260.4m in sales revenue from various operating sectors, accounting for more than 10% of total Group revenue.

A – STATEMENT OF PROFIT AND LOSS ITEMS

NOTE 1.1 – BREAKDOWN OF CONSOLIDATED SALES REVENUE BY BRANCH AND BY CUSTOMER LOCATION (1)

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the	Rest of the world	Total
At February 29, 2016						
AeroSafety	51,598	74,246	95,211	26,366	46,133	293,554
Aircraft Systems	220,236	132,165	204,639	32,665	87,314	677,019
Aerosystems activities	**271,834**	**206,411**	**299,850**	**59,031**	**133,447**	**970,573**
Aircraft Interiors activities	**69,467**	**305,979**	**538,948**	**160,525**	**443,637**	**1,518,556**
TOTAL	**341,301**	**512,390**	**838,798**	**219,556**	**577,084**	**2,489,129**
At February 28, 2015						
AeroSafety	49,419	68,442	109,653	26,401	42,106	296,021
Aircraft Systems	190,467	140,852	188,411	34,907	65,132	619,769
Aerosystems activities	**239,886**	**209,294**	**298,064**	**61,308**	**107,238**	**915,790**
Aircraft Interiors activities	**54,073**	**279,172**	**444,460**	**171,705**	**458,915**	**1,408,325**
TOTAL	**293,959**	**488,466**	**742,524**	**233,013**	**566,153**	**2,324,115**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

BREAKDOWN OF CONSOLIDATED SALES REVENUE BY BRANCH WITH BREAKDOWN OF INTER-BRANCH REVENUE (1)

(in thousands of euros)	Sales revenue including inter-branch	Sales revenue inter-branch	Consolidated sales revenue
At February 29, 2016			
AeroSafety	312,323	(18,769)	293,554
Aircraft Systems	697,790	(20,771)	677,019
Aerosystems activities	**1,010,113**	**(39,540)**	**970,573**
Aircraft Interiors activities	**1,616,345**	**(97,789)**	**1,518,556**
TOTAL	**2,626,458**	**(137,329)**	**2,489,129**
At February 28, 2015			
AeroSafety	308,870	(12,848)	296,022
Aircraft Systems	636,791	(17,023)	619,768
Aerosystems activities	**945,661**	**(29,871)**	**915,790**
Aircraft Interiors activities	**1,493,584**	**(85,259)**	**1,408,325**
TOTAL	**2,439,245**	**(115,130)**	**2,324,115**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

NOTE 1.2 - CURRENT OPERATING INCOME BY BRANCH AND BY GEOGRAPHIC REGION [1]

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 29, 2016						
AeroSafety	13,025	2,142	31,549	1,405	2,097	50,218
Aircraft Systems	59,359	5,638	36,273	420	1,448	103,137
Aerosystems activities	**72,384**	**7,780**	**67,822**	**1,825**	**3,545**	**153,356**
Aircraft Interiors activities	**12,986**	**46,926**	**(140,310)**	**6,421**	**7,893**	**(66,084)**
Zodiac Aerospace	**(6,886)**	**–**	**4**	**–**	**–**	**(6,882)**
TOTAL	**78,484**	**54,706**	**(72,484)**	**8,246**	**11,438**	**80,390**
At February 28, 2015						
AeroSafety	19,092	2,498	32,568	727	1,279	56,164
Aircraft Systems	48,742	6,437	28,697	–	2,333	86,209
Aerosystems activities	**67,834**	**8,935**	**61,265**	**727**	**3,612**	**142,372**
Aircraft Interiors activities	**29,052**	**57,168**	**(62,223)**	**12,392**	**5,017**	**41,407**
Zodiac Aerospace	**(6,141)**	**–**	**(12)**	**–**	**–**	**(6,153)**
TOTAL	**90,745**	**66,103**	**(970)**	**13,119**	**8,629**	**177,626**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

NOTE 1.3 - FINANCIAL INCOME BY BRANCH AND REGION [1]

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 29, 2016						
AeroSafety	(524)	278	231	791	(147)	629
Aircraft Systems	(3,279)	737	(87)	(42)	(69)	(2,740)
Aerosystems activities	**(3,803)**	**1,015**	**144**	**749**	**(216)**	**(2,111)**
Aircraft Interiors activities	**(303)**	**1,312**	**(4,397)**	**(91)**	**(151)**	**(3,630)**
Zodiac Aerospace	**(9,490)**		**870**			**(8,620)**
TOTAL	**(13,596)**	**2,327**	**(3,383)**	**658**	**(367)**	**(14,361)**
At February 28, 2015						
AeroSafety	(419)	63	568	(76)	(110)	26
Aircraft Systems	(3,358)	577	(198)	(4)	(176)	(3,159)
Aerosystems activities	**(3,777)**	**640**	**370**	**(80)**	**(286)**	**(3,133)**
Aircraft Interiors activities	**747**	**1,885**	**(1,610)**	**3,180**	**261**	**4,463**
Zodiac Aerospace	**(8,983)**	**–**	**(272)**	**–**	**–**	**(9,255)**
TOTAL	**(12,013)**	**2,525**	**(1,512)**	**3,100**	**(25)**	**(7,925)**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

NOTE 1.4 - INCOME TAXES BY BRANCH AND BY REGION [(1)]

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 29, 2016						
AeroSafety	(4,325)	(487)	(11,756)	(497)	(312)	(17,377)
Aircraft Systems	(18,377)	(1,419)	(11,636)	(144)	(421)	(31,997)
Aerosystems activities	**(22,702)**	**(1,906)**	**(23,392)**	**(641)**	**(733)**	**(49,374)**
Aircraft Interiors activities	**(4,211)**	**(11,333)**	**56,756**	**(2,402)**	**(1,011)**	**37,799**
Zodiac Aerospace	**2,387**	**–**	**(317)**	**–**	**–**	**2,070**
TOTAL	**(24,526)**	**(13,239)**	**33,047**	**(3,043)**	**(1,744)**	**(9,505)**
At February 28, 2015						
AeroSafety	(5,941)	(553)	(12,484)	108	(194)	(19,064)
Aircraft Systems	(12,521)	(2,173)	(9,605)	–	(398)	(24,697)
Aerosystems activities	**(18,462)**	**(2,726)**	**(22,089)**	**108**	**(592)**	**(43,761)**
Aircraft Interiors activities	**(10,015)**	**(12,064)**	**24,609**	**(5,282)**	**(633)**	**(3,385)**
Zodiac Aerospace	**(272)**	**–**	**99**	**–**	**–**	**(173)**
TOTAL	**(28,750)**	**(14,790)**	**2,619**	**(5,174)**	**(1,225)**	**(47,319)**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

B – STATEMENT OF FINANCIAL POSITION ITEMS

NOTE 1.5 - INTANGIBLE FIXED ASSETS AND GOODWILL BY BRANCH AND BY REGION [(1)]

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 29, 2016						
AeroSafety	4,397	11,464	76,595	29,784	2,888	125,128
Aircraft Systems	618,009	4,642	362,101	–	4,635	989,387
Aerosystems activities	**622,405**	**16,106**	**438,696**	**29,784**	**7,523**	**1,114,514**
Aircraft Interiors activities	**36,758**	**640,615**	**925,911**	**3,842**	**1,518**	**1,608,644**
Zodiac Aerospace	**18,251**	**–**	**(18)**	**–**	**–**	**18,233**
TOTAL	**677,415**	**656,721**	**1,364,589**	**33,626**	**9,041**	**2,741,392**
At February 28, 2015						
AeroSafety	5,158	12,342	74,238	31,817	2,939	126,494
Aircraft Systems	696,220	3,801	266,318	–	7,645	973,984
Aerosystems activities	**701,378**	**16,143**	**340,556**	**31,817**	**10,584**	**1,100,478**
Aircraft Interiors activities	**34,180**	**672,901**	**891,886**	**4,200**	**1,409**	**1,604,576**
Zodiac Aerospace	**18,075**	**–**	**(18)**	**–**	**–**	**18,057**
TOTAL	**753,633**	**689,044**	**1,232,424**	**36,017**	**11,993**	**2,723,111**

(1) The Connected Cabin (formerly Entertainment) division, which until August 31, 2015 was included into Aerosystems activities, was on September 1, 2015 incorporated into Aircraft Interiors activities following operational reorganization. The figures below take this reclassification into account.

NOTE 2 – GOODWILL

(in thousands of euros)	Opening balance at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope (1)	Change	Impairment	Balance at Feb. 29, 2016
Gross	2,134,845	15,991	(2,796)			2,148,040
Impairment	111,491	1,180	–		–	112,671
Net goodwill	**2,023,354**	**14,811**	**(2,796)**	**–**	**–**	**2,035,369**

(1) Change to the amount of goodwill for Enviro Systems, in the one-year period following its acquisition

Net goodwill for the new CGUs breaks down as follows:

(in millions of euros)	Feb. 29, 2016			Aug. 31, 2015
	Gross	Impairment	Net	Net [1]
CGU:				
AeroSafety	101.7	4.9	96.8	95.9
Aircraft	511.0	40.0	471.0	468.7
Telemetry	48.6	12.6	36.0	36.0
Water and waste	170.6	28.5	142.1	138.5
Connected Cabin	58.3	–	58.3	57.2
Seats	364.2	26.6	337.6	352.3
Commercial Interiors	462.6		462.6	450.8
Premium Interiors	224.3		224.3	217.7
Equipment	206.7	–	206.7	206.3
TOTAL	**2,148.0**	**112.6**	**2,035.4**	**2,023.4**

(1) The net accounting values for goodwill were reallocated to the new CGUs based on corporate values to take account of the operational reorganization that took place on September 1, 2015.

On account of the operational problems that persisted in the 2015/2016 fiscal year, the Group reran impairment tests, according to the methodology set out in the annual financial statements, which confirmed that there was no loss of value as at February 29, 2016.

The recoverable value of CGUs, which is equivalent to their value in use, is determined by applying:

- a discount rate equivalent to the Group's weighted average cost of capital. This rate is 8.0% for all CGUs;
- cash flows determined from business plans established over a 4-year period and updated at the end of February 2016. Beyond this period, flows are extrapolated by applying a forecast growth rate for the markets concerned.
  These business plans, reviewed and decided by the Executive Board, include:
  - aircraft manufacturer forecasts (where available) and forecasts from other external sources (e.g. passenger traffic forecasts);
  - a fixed euro/dollar exchange rate of 1.15 for the entire period.

The Group is sensitive for the most part to two factors:

- the euro/dollar exchange rate;
- the discount rate.

Sensitivity tests conducted in this regard changed these assumptions as follows:

- 0.15 change in the euro/dollar exchange rate;

- 0.5% change in the discount rate applied,

with the exception of the Commercial Interiors CGU, whose assets and cash flows are mainly in dollars and which has therefore only been tested for discount rates.

Taken separately or cumulatively, these changes in assumptions do not result in the recording of impairment losses.

A change of +0.5% in the discount rate would not result in the Group recognizing a loss of asset value. A change of +€0.15 in the euro/dollar exchange rate would not lead to recognizing any loss of value. A loss of value would be recognized if the euro/dollar exchange rate were 1.41 with a discount rate of 8.00%.

NOTE 3 INTANGIBLE ASSETS

NOTE 3.1 Intangible assets: gross

(in thousands of euros)	Balance opening at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	**Balance at Feb. 29, 2016**
Set-up costs	101	–	–	–	–	–	101
Development costs	561,003	6,309	–	29,575	(1,745)	–	595,142
Patents and registered trademarks	153,270	(4,307)	–	6	(39)	–	148,930
Software	93,245	223	–	3,441	(1,405)	1,747	97,251
Certifications and other	188,941	(2,232)	4,631	2,261	–	(289)	193,312
TOTAL	**996,560**	**(7)**	**4,631**	**35,283**	**(3,189)**	**1,458**	**1,034,736**

NOTE 3.2 Intangible assets: depreciation and amortization

(in thousands of euros)	Balance opening at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Feb. 29, 2016
Set-up costs	101	–	–	–	–	–	101
Development costs	124,004	1,801	–	18,418	(1,745)	–	142,478
Patents and registered trademarks	10,559	192	–	258	(24)	(8)	10,977
Software	73,918	308	–	4,708	(1,387)	25	77,572
Certifications and other	89,829	(1,750)	–	9,516	–	(8)	97,587
TOTAL	**298,411**	**551**	**-**	**32,900**	**(3,156)**	**9**	**328,715**
Net amount of intangible assets	**698,149**	**(558)**	**4,631**	**2,383**	**(33)**	**1,449**	**706,021**

NOTE 4 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

These include equity investments made by the Zodiac Aerospace Group in a number of non-consolidated companies.

NOTE 5 – TAXES

(in thousands of euros)	Feb. 29, 2016	Aug. 31, 2015	Feb. 28, 2015
1) Statement of financial position			
Deferred taxes:			
Deferred tax assets	1,377	1,225	2,055
Deferred tax liabilities	(159,269)	(163,433)	(166,262)
Net deferred taxes	**(157,892)**	**(162,208)**	**(164,207)**
Breakdown of net amount by category:			
Employee benefits	56,880	58,543	45,099
Depreciation of inventories, stocks and associated general expenditure	38,531	37,487	30,935
Inventory margin elimination	41,052	37,776	37,177
Development costs	(162,561)	(156,438)	(152,420)
Goodwill (1)	(190,504)	(187,463)	(170,540)
Regulated provisions adjustments	(6,265)	(6,480)	(6,052)
Other (2)	64,975	54,367	51,594
Net deferred taxes	**(157,892)**	**(162,208)**	**(164,207)**

	Feb. 29, 2016	Aug. 31, 2015	Feb. 28, 2015
2) Statement of profit and loss			
Deferred taxes and taxes payable:			
- deferred taxes	603	13,450	(7,144)
- taxes payable	(10,108)	(89,184)	(40,175)
Taxes	**(9,505)**	**(75,734)**	**(47,319)**

(1) Including deferred tax liabilities on fiscally amortizable goodwill.

(2) These deferred taxes mainly involve provisions for contractual risks, for which the tax deduction will be effective over the payment period in respect of these provisions.

EFFECTIVE TAX RATE

(in thousands of euros)	Feb. 29, 2016	Aug. 31, 2015	Feb. 28, 2015
Net Income	**43,493**	**184,531**	**108,660**
Results of companies accounted for by the equity method	**(2,365)**	**(2,673)**	**(1,106)**
Income taxes	**(9,505)**	**(75,734)**	**(47,319)**
Pre-tax income	**55,363**	**262,938**	**157,085**
Tax rate	**38.00%**	**38.00%**	**38.00%**
Theoretical tax	(21,038)	(99,916)	(59,692)
Incidence of reduced-rate risk	–	–	–
Impact of tax rates in countries other than France	12,079	18,637	10,473
Tax credit on training	–	104	–
US manufacturing credit	–	–	2,118
Other	(546)	5,441	(218)
Consolidated income tax	**(9,505)**	**(75,734)**	**(47,319)**
EFFECTIVE TAX RATE (1)	**17.17%**	**28.80%**	**30.12%**

(1) The effective tax rate, which was 17.17% as at February 29, 2016 as against 30.12% as at February 28, 2015, originates from the Group income distribution for that half year; the loss-making Seats and Cabin activities were mainly based in the United States, for which the average taxation rate generated a credit in the order of 37%.

The current tax assets appearing on the balance sheet for an amount of €138m primarily consist of tax receivables, installments paid by way of corporation tax, tax receivables and VAT. The increase in this item is due mainly to tax receivables recorded for companies that made a loss over the period, as well as research tax credits and credits for competitiveness and employment, not recognized as at February 29, 2016.

NOTE 6 – CASH

(in thousands of euros)	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Cash and cash equivalents [1]	**135,771**	**163,616**	**104,014**
Current financial liabilities	(598,421)	(598,661)	(636,571)
Commercial paper and other lines of short-term credit	591,000	586,500	602,000
Current portion of long-term loans and reimbursable advances	1,251	1,329	1,345
Bank borrowings	**(6,170)**	**(10,832)**	**(33,226)**
NET CASH	**129,601**	**152,784**	**70,788**

(1) The "Cash and cash equivalents" item is composed solely of our bank account balances. There is no instrument that is considered by the Group as a cash equivalent. Moreover, the Group has no cash balances subject to restrictions.

The only covenant existing on the "Club Deal" and private placements is measured once annually at the end of the fiscal year.

In accordance with IAS 39, the Group derecognizes trade receivables once contractual rights to cash flows and most of the risks and benefits attached to those receivables have been transferred. The amount of receivables transferred stood at €57m against €71m at August 31, 2015.

NOTE 7 – INVENTORIES

(in thousands of euros)	**Amount at Feb. 29, 2016**	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Components and sub-assemblies	959,912	864,365	790,762
Work in progress	368,532	351,900	363,617
Finished products	333,402	297,642	293,033
Gross total	**1,661,846**	**1,513,907**	**1,447,412**
Provisions for impairment	**201,352**	**173,207**	**161,281**
TOTAL	**1,460,494**	**1,340,700**	**1,286,131**

No inventory items have been offered as collateral for liabilities.

NOTE 8 – PROVISIONS

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Changes during the period: Charges	Changes during the period: Reversals (provisions used)	Changes during the period: Reversals (provisions unused)	Reclassifi-cations	Balance at Feb. 29, 2016
Pension plans and lump-sum retirement benefits	111,528	409	–	3,895	(1,450)	–	–	**114,382**
Others	10,545	6	–	540	(28)	–	–	**11,063**
Total non-current	**122,073**	**415**	**–**	**4,435**	**(1,478)**	**–**	**–**	**125,445**
Guarantee and commitment letters	77,622	1,238	–	23,294	(11,382)	(4,138)	(386)	**86,248**
Litigation and insurance deductibles	2,784	6	–	1,684	(524)	(379)	–	**3,571**
Restructuring and diversification	654	3	–	–	(208)	–	–	**449**
Taxes other than income taxes	1,110	3	–	–	–	(226)	(17)	**870**
Miscellaneous	88,877	1,608	–	28,643	(41,700)	(7,399)	(3,163)	**66,866**
Total current	**171,047**	**2,858**	**–**	**53,621**	**(53,814)**	**(12,142)**	**(3,566)**	**158,004**
Total	**293,120**	**3,273**	**–**	**58,056**	**(55,292)**	**(12,142)**	**(3,566)**	**283,449**

Provisions for guarantee and commitment letters

a) Provisions for guarantees
Provisions for guarantee for an amount of €70.5m incorporate general statistical provisions and provisions for specific guarantees.

b) Provisions for commitment letters
By agreement with the customer, some seat programs may be delivered with finishing to be applied to these seats after they have been delivered and after they have been installed on board aircraft. To this end, the customer is issued with a subscription commitment letter. The estimated cost of finishing is provisioned under this heading for an amount of €15.8 million at February 29, 2016, against €7.9 million at August 31, 2015.

Provisions for miscellaneous current risks

Miscellaneous current provisions include provisions amounting to €51.9 million for compensation that could be paid to customers in connection with sales relationships. These provisions correspond to our best estimate of the net risk of likely resource outflow.

On account in particular of payments made over the period, the Group's maximum potential exposure by way of all potential compensation was reduced to €81.8m, a significant part of which is disputed by the Group. Furthermore, our Group is in the process of negotiating claims that it has issued for €30.2m on some of these customers by way of various supplements that it considers to be contractually due; these have not been deducted from the Group's maximum potential exposure, the corresponding revenue only being recorded when almost certain.

NOTE 9 – FINANCIAL LIABILITIES

(in thousands of euros)	Feb. 29, 2016	Aug. 31, 2015	Feb. 28, 2015
A. Non-current financial liabilities			
Confirmed “Club Deal” (EUR)	200,000	–	–
Confirmed “Club Deal” (GBP)		–	–
Confirmed “Club Deal” (USD)	413,763	287,291	213,735
Euro PP (EUR)	125,000	125,000	125,000
“Schuldschein” (EUR)	402,000	402,000	535,000
Loan costs	(5,089)	(5,848)	(6,331)
Other borrowings and unconfirmed credit non-current portion	23,088	23,205	23,290
Total	**1,158,762**	**831,648**	**890,694**
B. Current financial liabilities			
Commercial paper (EUR)	458,000	453,500	602,000
“Schuldschein” (EUR)	133,000	133,000	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	7,421	12,161	34,571
Total	**598,421**	**598,661**	**636,571**
Current and non-current financial liabilities	**1,757,183**	**1,430,309**	**1,527,265**

The cost of financial debt excluding exchange differences came out at €15.6m at the end of February 2016 compared to €13.8m at the end of February 2015. This rise was due to the increase in our financing requirements; the average cost of our resources stood at 2.1% as against 2.2% at the end of February 2015.

NOTE 10 – OTHER CURRENT LIABILITIES

(in thousands of euros)	**Amount at Feb. 29, 2016**	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Other payables	58,895	54,329	59,748
Amounts owed to customers	196,403	203,420	207,069
Deferred income	39,463	34,360	47,154
TOTAL	**294,761**	**292,109**	**313,971**

NOTE 11 – NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Amount at Feb. 29, 2016	Amount at Aug. 31, 2015	Amount at Feb. 28, 2015
Restructuring costs	(1,423)	(4,484)	(1,364)
Impairment	–	–	–
Amortization of intangible assets	(9,243)	(20,322)	(9,516)
Acquisition costs	–	(1,995)	(1,736)
Other	–	4,887	–
TOTAL	**(10,666)**	**(21,914)**	**(12,616)**

NOTE 12 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

(in thousands of euros)	Feb. 29, 2016	Aug. 31, 2015	Feb. 28, 2015
Commitments given			
Long-term rentals (1) (2)	219,436	220,840	198,955
Other guarantees given (3)	12,899	11,899	11,753
Collateral	–	–	–
Commitments received under contracts	**–**	**–**	**334**

(1) This amount includes commitments on revocable and irrevocable leases.

(2) The variance between fiscal years includes a positive +€1.1m relating to exchange rate fluctuations.

(3) Including a $1,735k guarantee issued by Zodiac Aerospace in favor of Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our subsidiary Esco 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 $10m.

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 €10m;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  • in December 2010, in favor of American Airlines, on behalf of Zodiac Seats US LLC and C&D Zodiac Inc. (expiring December 31, 2016);
  • in May 2015 (as amended in November 2015) in favor of Airbus, on behalf or Zodiac Inflight Innovations, for the duration of its contractual obligations.

CONTINGENT ASSETS AND LIABILITIES

No contingent assets were identified at February 29, 2016.

One contingent liability has been identified.

This concerns litigation relating to a chemical pollution incident identified subsequent to the Group's acquisition of a US company. The cause of the pollution dates from a time prior to the date of acquisition. The financial consequences of this pollution are covered under the terms of a contractual guarantee made by the vendor to the Zodiac Aerospace Group. This guarantee was assumed by the successor to the vendor.

In March 2009, the Group learned of the successor's bankruptcy, and was advised by its lawyers that, as a result of this eventuality, there was a contingent risk liability that could pass to the Zodiac Aerospace Group.

If this liability were to pass to our Group, estimates suggest that our US subsidiary would be liable to meet approximately 0.10% of the clean-up costs involved. The uncertainty regarding the transfer of liability to the Zodiac Aerospace Group and the estimated total cost of cleaning up the polluted area means that it is not currently feasible to determine whether or not these circumstances will result in a cash outflow, or how much cash would be involved should this prove to be the case.

Recent court decisions in the context of this litigation lead us to estimate that the risk associated with this liability is considerably reduced, although not entirely extinguished.

NOTE 13 - INFORMATION ON RELATED PARTIES

A/ TRANSACTIONS WITH PRINCIPAL SENIOR MANAGEMENT

a) Salaries and benefits [1]

(in euros)	Fixed	Variable [2]	Benefits in kind	Total
Yannick Assouad [3]	160,500	96,727	4,144	261,371
Maurice Pinault	186,000		4,398	190,398
Olivier Zarrouati	310,000		6,441	316,441
TOTAL	**656,500**	**96,727**	**14,983**	**768,210**

(1) Members of the Executive Board do not receive any compensation or benefit of any kind from controlled companies within the meaning of Article L.233-16 of the French Commercial Code.
(2) Variable amounts are based on those paid in January 2016 for fiscal year 2014/2015, on a pro rata basis over 6 months.
The terms of the variable portion are described in paragraph B/ Compensation of Restricted Executive Committee members.
There is no separate pension plan in place for the corporate officers of Zodiac Aerospace, or for its Restricted Executive Committee.
(3) This variable compensation has been calculated on the basis of formula “2” appearing in the paragraph of Note B/ a), Madame Assouad not being an Executive Board member for reference fiscal year 2014/2015.

b) Stock options and bonus shares

	Total (1)
	Plan 2011b
1. Stock options:	
Unexercised options at August 31, 2015	160,000
Awards for the period	
Options exercised at February 29, 2016	–
Unexercised options at February 29, 2016	160,000
Exercise price (in euros)	12.47
Expiration date	Dec. 29, 2019
2. Free shares [1]:	
Shares in vesting period at August 31, 2015	-
Date of right to purchase	-
Shares vested at February 29, 2016	-
Shares pending vesting at February 29, 2016	-

(1) Concerns Maurice Pinault only.

B/ COMPENSATION OF RESTRICTED EXECUTIVE COMMITTEE MEMBERS

a) Compensation

Restricted Executive Committee members numbered 10 for the first half of 2015/2016. The total compensation paid to them for the first half of 2015/2016 was €1,751k fixed, €247k variable and €37k in benefits in kind, amounting to a total of €2,035k, including compensation paid to Executive Board members.
For the previous fiscal year, the total compensation paid to the Executive Committee was €1,906k fixed, €775k variable and €40k in benefits in kind, amounting to a total of €2,721k.

In addition to their fixed salary, they benefit from a variable portion payable for fiscal year "n", which, depending on the roles performed, is based on a target determined either according to:

1/ A formula identical to that applicable to Executive Board members as well as to Restricted Executive Committee members.

The formula is based on the following:

- Target for each fiscal year "n", composed of the average of the Group's Consolidated Net Income for fiscal year "n-1" and the budget for fiscal year "n";
- Target "n" = $\frac{\text{actual net income for FY n-1 + budget for FY n}}{2}$

For this calculation:

- results from companies whose functional currency is not the euro are converted at the same exchange rate as that used for calculating the budget for fiscal year "n";
- transactions in a currency that is "foreign" to the functional currency are booked at their transaction rate (i.e. without any adjustment to net income), the aim being to retain the effect of decisions taken by the Executive Board and the Group's Vice-President, Administration and Finance, regarding the establishment of hedges for foreign currencies on the Group's net income.

Net income realized in fiscal year "n" is determined for the purposes of the calculation formula using the same criteria for currencies as those used for calculating the target for the fiscal year.

2/ A formula consisting of components with a "different weighting":

(A) Average of the Current Operating Income for fiscal year "n-1" and the budget for fiscal year "n", calculated by keeping the currency impact of the transaction currencies at their actual exchange rate and using a constant exchange rate (Group rate) to convert the net income and targets of companies whose conversion currency is other than the euro;
(B) Percentage reduction of the Working Capital Requirement between fiscal year "n-1" and fiscal year "n";
(C) Actual working capital requirement/sales revenue ratio lower than or equal to the working capital requirement/sales revenue ratio of the Group overall;
(D) Achievement of an "on-time delivery" rate to customers.

The formula is therefore:

Target "n": (70% (A) + 15% (B) + 15% (C)) x achievement factor (D).
For the calculation of actual "n", the same conversion and/or transaction rate for currencies other than the euro is used.

This variable portion is a maximum of 100% of the fixed compensation if the target is:
- 120% achieved for beneficiaries of the identical formula to that of the corporate officers, and for these beneficiaries the variable portion is 0% if under 80% of the target is achieved;
- 125% achieved for beneficiaries of the four-component formula; for these beneficiaries, the variable portion is zero if under 75% of the target is achieved.

In both cases, the amount is proportional between these limits.

b) Stock options and free shares

No bonus shares were allocated during the first half.
You are reminded that following the approval of resolutions by the General Meeting of January 14, 2016, share subscription options are no longer allocated.

NOTE 14 – POST YEAR-END EVENTS

There were no events other than changes to the financing structure described in the business report.

FIDAUDIT
Membre du réseau FIDUCIAL

ERNST & YOUNG Audit

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and it is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report.
This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Zodiac Aerospace

Period from September 1, 2015 to February 29, 2016

Statutory auditors' review report

on the half-yearly financial information

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Zodiac Aerospace

Period from September 1, 2015 to February 29, 2016

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying half-yearly consolidated financial statements of Zodiac Aerospace, for the period from September 1, 2015 to February 29, 2016;
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the executive board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that cause us to believe that the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the group as at February 29, 2016, and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Paris-La Défense, April 29, 2016

The statutory auditors
French original signed by

FIDAUDIT *Membre du réseau FIDUCIAL*	ERNST & YOUNG Audit
Bruno Agez	Valérie Quint