

FINANCIAL REPORT /FIRST HALF 2012 # 2013

First half of fiscal year 2012/2013 (September to February)



MASTERING THE ELEMENTS

ZODIAC
AEROSPACE 

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Foreword

This document is a translation of the French “Rapport Semestriel 2012/2013”.

In case of difficulty, refer to the French text.

Statement by Management



Plaisir, April 22, 2013

Statement by Management

To our knowledge, the financial statements for the first half year ended February 28, 2013, have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets, financial position and results of operations of all the entities comprised in the consolidation of the Zodiac Aerospace Group. The appended half-year financial report is a fair presentation of the significant events occurring during the first six months of the fiscal year, their effect on the financial statements, related-party transactions, and description of the main risks and uncertainties for the remaining six months of the fiscal year.

Olivier ZARROUATI

Chairman of the Executive Board

Jean-Jacques JEGOU

Executive Vice-President, Administration and Finance

Half-year 2012/2013 financial report

SALES REVENUE

For the six months ended February 28, 2013, Zodiac Aerospace delivered sales revenue of €1,829.3 million, up 16.7% based on reported figures, and 7.5% at constant scope and exchange rates. Changes in the scope of consolidation are related to the consolidation of Contour (Seats business segment) for a period of six months and of IMS (Aircraft Systems business segment) for a period of two months. These changes accounted for a 6.8 percentage point increase in growth in the six months. The consolidation of IPS and NAT (two companies acquired in the second quarter) was realized on February 28, 2013 and consequently, had no impact on sales revenue. Exchange rate differences accounted for a 2.4 percentage point increase in growth. The spares and maintenance part of the after-sales business continued to perform well (in line with traffic), whereas the performance of the cabin retrofit part was down compared with the same period of the previous year.

Since September 1, 2012, the Group has been structured around five business segments: Aircraft Systems, AeroSafety, and three segments grouped under the Aircraft Interiors heading: Seats, Cabin & Structures and Galleys & Equipment. These latter three segments have common characteristics, including operating on the cabin interiors market. The main developments by business are as follows:

- Sales revenue of the **Aircraft Systems** segment (**27.8% of sales revenue**) grew by 11.4% to €508.9 million, and by 7.1% at constant scope and exchange rates. The consolidation of IMS, a company specializing in “Passenger-centric” in-flight entertainment (IFE) systems, over two-month, contributed 2.2 points to the segment's first half sales growth.
- The **AeroSafety** segment (**14.0% of sales revenue**) delivered sales revenue of €255.6 million, up 10.7% based on reported figures, and 7.4% at constant exchange rates, thanks to the performance of Arresting Systems, Elastomer and Parachutes & Protection. The Arresting Systems activity, associated with airport equipment, delivered slightly less growth in the second quarter compared with the first, without this affecting the trend for the period.
- **Aircraft Interiors** delivered 21% growth in sales revenue at €1,064.8 million based on reported figures, and 7.8% organic growth. The key developments by segment are as follows:
 - The **Seats** segment (**28.8% of Group sales**) delivered an increase in sales revenue of 39.5% at €526.8 million, and +12.2% at constant scope and exchange rates. The consolidation of Contour (Zodiac Seats UK) accounted for 25.6 percentage points of the segment's growth in the first half.
 - The **Cabin & Structures** segment (**17.0% of Group sales**) delivered an increase in sales revenue of 2.3%, and a decrease of 0.9% at constant exchange rates. The segment continued to be affected by the decline in deliveries on the regional aircraft programs as well as the non-recurrence of a cabin retrofit contract in the second quarter.
 - The **Galleys & Equipment** segment (**12.4% of Group sales**) delivered an increase in sales revenue of 14.6% based on reported figures, and growth of 13% at constant exchange rates. As in the first quarter, the segment was buoyed by good growth of its galleys equipment activities.

CURRENT OPERATING INCOME

The Group's current operating income grew by 6.5% to €238.3 million, with organic growth remaining unchanged. Foreign exchange fluctuations accounted for growth of €6.6 million in current operating income, and changes in scope accounted for growth of €8.2 million. Growth of operating profit in the first half 2012/2013 was particularly affected by the consolidation of UK seats activities and the decline in regional aviation.

By business, under the above-mentioned structure, the main changes are as follows:

Current Operating Income of the Aircraft Systems segment rose by 23.3% to €72.4 million based on reported figures, and by 11.9% at constant scope and exchange rates. The consolidation of IMS for a period of two months accounted for growth of €0.8 million in the Group's current operating income, and foreign exchange fluctuations added €5.3 million (€0.7 million growth from translation exchange rates and €4.6 million from transaction exchange rates).

Current operating income of the AeroSafety segment grew by 20.1% to €34.7 million. Foreign exchange fluctuations gave rise to growth of €0.2 million in the segment's current operating income, and organic growth of €5.6 million.

The current operating income of Aircraft Interiors was down 2.6% to €138.0 million, compared with €141.7 million in the first half 2011/2012. Foreign exchange rates gave rise to an increase of €1.0 million in the segment's profit, and changes in scope (consolidation of Contour in the Seats segment) accounted for an increase of €7.2 million. The impact of organic growth reduced revenue by €11.9 million; it mainly resulted from the decline in the first half of activities associated with cabin retrofit and regional aircraft and, to a lesser degree, slower growth of seats activities, and the start of ramp-up of galley programs for single-aisle aircraft.

BREAKDOWN OF NET INCOME

Non-current operating income amounted to -10.7 million euros in the 1st half of 2012/2013 versus -0.7 million during the 1st half of previous fiscal year. The impact of IFRS 3 accounted for €11.3 million of the non-current operating income, compared with €6.4 million in the first half 2011/2012. The loss from non-recurring operations in the first half 2011/2012 included a payment of €5.1 million received from the seller Cantwell Cullen (a company acquired by the Group in the 2009/2010 fiscal year).

Net financial expense was €12.3 million, down by €2.3 million on the first half 2011/2012 thanks to the fall in interest rates.

The tax charge on continuing activities was -€68.5 million, compared with a charge of -€67.2 million, corresponding to a tax rate of 31.8% compared with 32.2%.

Net income from continuing activities amounted to €146.6 million, compared with €141.4 million in the first half 2011/2012, an increase of 3.7%. Excluding the impact of IFRS 3 (€8 million in 2012/2013 compared with €4.2 million in first half 2011/2012), net income from continuing activities increased by 6.2%.

Net income for the first half 2011/2012 included net income from discontinued operations of €11m, and mainly comprised the gain realized from the sale of the Issy-les-Moulineaux building, and to a lesser degree, the impact of the disposal of Driessen Services activities.

Net income attributable to Group shareholders in the first half 2012/2013, taking into account the exceptional nature of this product, was slightly down by 4% and by 1.5% excluding the IFRS 3 impact.

BALANCE SHEET AND FINANCING

Cash flow from operations increased by 7.9% to €204m – which covers the working capital requirement (-€157.7 million) and a large part of intangible investments on the one hand, and a part of tangible investments on the other (-€35.6 million and -€43.8 million respectively). Financial investments are associated with the three

acquisitions made in the first half. Net debt totaled €1,063.4 million at 02/28/2013, compared with €1,054.6 million as of February 29, 2012. There was an improvement in the net debt/equity ratio (gearing), declining from 0.59 to 0.52.

OUTLOOK

On the basis of €/€ hedges used in the first half, the net budgeted transactional exchange rate exposure in the second half was 55% hedged at an exchange rate of 1.265.

There will likely be asymmetry between the Group's operating income in the first and second halves. The underlying operating profit margin for the second half will be better than that of the first half (13%). For the full 2012/2013 fiscal year, the Group confirms its guidance of organic growth, against a global backdrop of growth in traffic and increase in the pace of commercial-aircraft programs.

Consolidated financial statements

I - Zodiac Aerospace Group consolidated balance sheet as of February 28, 2013

(in thousands of euros)

Assets	02/28/2013	08/31/2012	02/29/2012
Non-current assets:			
Goodwill (note 1.5 and 2)	1,558,451	1,502,792	1,448,263
Intangible assets (note 1.5 - 3.1 and 3.2)	534,770	513,654	482,508
Property, plant and equipment	323,892	314,223	297,364
Investments in associates (note 4)	427	536	425
Loans	208	387	380
Other non-current financial assets	13,367	14,911	16,889
Deferred tax assets (note 5)	493	463	293
Total non-current assets	2,431,608	2,346,966	2,246,122
Current assets:			
Inventories and work in progress (note 7)	842,686	783,113	749,925
Current tax assets	30,307	33,523	27,144
Trade receivables	769,470	655,631	636,340
Advances to suppliers and employees	12,959	10,529	9,470
Other current assets	22,511	17,857	16,410
Loans and other current financial assets	7,799	3,340	8,857
Cash and cash equivalents (note 6)	88,103	161,802	97,280
Total current assets	1,773,835	1,665,795	1,545,426
Held-for-sale assets	1,430	1,488	1,389
Total assets	4,206,873	4,014,249	3,792,937

Equity and liabilities	02/28/2013	8/31/2012	2/29/2012
Equity:			
Capital	11,443	11,425	11,375
Share premium	116,596	113,929	103,479
Consolidated reserves and net income	1,902,011	1,654,462	1,651,610
Currency translation adjustments	-32,769	51,276	-51,807
Restatement of financial instrument and other fair value instrument	-553	-4,562	1,429
Net income attributable to Group shareholders	146,619	318,881	152,720
Treasury stock	-90,782	-89,253	-89,403
Equity less minority interests	2,052,565	2,056,158	1,779,403
Minority interests	628	650	808
Total equity	2,053,193	2,056,808	1,780,211
Non-current liabilities:			
Non-current provisions (note 8)	56,419	56,266	54,585
Financial liabilities (note 9)	764,012	715,891	901,640
Other non-current financial liabilities		228	
Deferred tax liabilities (note 5)	150,409	142,159	118,876
Total non-current liabilities	970,840	914,544	1,075,101
Current liabilities:			
Current provisions (note 8)	66,134	67,101	68,443
Current financial liabilities (note 6 and 9)	387,473	277,460	249,585
Other current financial liabilities	2,056	4,823	635
Trade payables	309,996	338,449	287,472
Liabilities to employees and payroll liabilities	158,701	161,534	140,495
Current tax liabilities	52,530	34,241	36,477
Other current liabilities (note 10)	205,950	159,289	154,518
Total current liabilities	1,182,840	1,042,897	937,625
Total equity and liabilities	4,206,873	4,014,249	3,792,937

II - Zodiac Aerospace Group consolidated income statement

(in thousands of euros)

	First half 2013 as of 02/28/13	Year ended August 31, 2012	First half 2012 as of 02/29/2012
Sales revenue (note 1.1)	1,829,308	3,440,637	1,567,332
Other revenues from operations	4,873	9,858	5,361
Total revenue	1,834,181	3,450,495	1,572,693
Purchases used in production	740,954	1,389,948	624,543
Personnel costs	560,037	1,007,910	482,211
External costs	258,072	499,599	227,602
Taxes other than income taxes	12,763	26,081	11,297
Depreciation and amortization	39,690	70,095	37,579
Charge to provisions	9,518	13,406	7,169
Changes in inventories of finished goods and work in progress	25,804	43,684	41,901
Other operating income and expenses	-602	-711	-438
Current Operating Income (note 1.2)	238,349	486,429	223,755
Non-current operating items (note 11)	-10,744	-11,468	-728
Operating profit	227,605	474,961	223,027
Income/(expenses) related to cash and cash equivalents	157	-2,289	-380
Cost of gross debt	-12,083	-28,368	-13,802
Cost of net debt (note 1.3)	-11,926	-30,657	-14,182
Other financial income and expenses (note 1.3)	-353	-2,512	-337
Income taxes (note 1.4 and 5)	68,531	134,398	67,160
Net loss from investments in associates	-186		
Net income from continuing operations	146,609	307,394	141,348
Net income from businesses being sold and income from the disposal of assets held for sale		10,937	11,028
Net income	146,609	318,331	152,376
Minority interests	-10	-550	-344
Net income attributable to Group shareholders	146,619	318,881	152,720
Earnings per share (after minority interests)	€2.70	€5.89	€2.83
Diluted earnings per share (after minority interests)	€2.66	€5.82	€2.80

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

(in thousands of euros)

	First half 2013 as of 02/28/13	Full year 2011/2012 as of 08/31/2012	First half 2012 as of 02/29/2012
Net income	146,609	318,331	152,376
Gains and losses recognized in equity, before tax:			
Currency translation adjustments	-84,057	190,096	86,974
Restatement of hedging derivative instruments	7,423	-4,049	5,180
Tax on restatement of hedging derivative instruments	-2,737	1,515	-1,822
Total gains and losses recognized directly in equity	-79,371	187,562	90,332
Net income and gains and losses recognized directly in equity	67,238	505,893	242,708
Minority interests	-22	-488	-313
Attributable to Group shareholders	67,260	506,381	243,021

IV - Statement of change in consolidated equity

(in thousands of euros)

	Capital	Share premiums	Reserves	Net income	Currency translation adjustments	Treasury stock	Restatement of financial instruments	Total equity after minority interests	Change in minority interests (3)	Change in equity
Balance at August 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 (1)			-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)						2,111		2,111		2,111
Valuation of option on stock option			3,350					3,350		3,350
Dividends			-64,751					-64,751		-64,751
Other			235,012	238,256	3,230			-14		-14
Change in minority interests from change in scope of consolidation and 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

Balance at August 31, 2012	11,425	113,929	1,654,462	318,881	51,276	-89,253	-4,562	2,056,158	650	2,056,808
Currency translation adjustments					-84,045			-84,045	-12	-84,057
Restatement of financial instruments (1)			677				4,009	4,686		4,686
Income recognized directly in equity (a)	0	0	677	0	-84,045	0	4,009	-79,359	-12	-79,371
Net income for the fiscal year (b)				146,619				146,619	-10	146,609
Total income recognized for the fiscal year (a) + (b)	0	0	677	146,619	-84,045	0	4,009	67,260	-22	67,238
Capital increase	18	2,667						2,685		2,685
Acquisition or disposal of own shares (2)						-1,529		-1,529		-1,529
Valuation of option on stock options			4,076					4,076		4,076
Dividends			-76,080					-76,080		-76,080
Other			318,876	318,881				-5		-5
Change in minority interests from change in scope of consolidation and capital increase								0		0
Balance at February 28, 2013	11,443	116,596	1,902,011	146,619	-32,769	-90,782	-553	2,052,565	628	2,053,193

(1) The "restatement of financial instruments" column includes the fair value of interest rate hedges and the impact of foreign currency derivatives pursuant to IAS 39.

(2) Shares acquired under a "liquidity agreement" and share buyback program.

(3) The Group has no obligations to purchase minority interests as of February 28, 2013.

V - Consolidated statement of cash flow

(in thousands of euros)

	First half 2013 as of 02/28/13	Full year 2011/2012 as of 08/31/2012	First half 2012 as of 02/29/2012
Operating activities:			
Net income	146,609	318,331	152,376
Income from investments in associates	186		
Depreciation, amortization and provisions	48,541	85,942	41,080
Capital gains (2)	629	-12,767	-14,288
Deferred tax assets (note 5)	3,722	30,639	7,161
Stock options	4,076	6,105	3,350
Other	350	-701	-597
Cash flow from operations	204,113	427,549	189,082
Net change in inventories	-63,844	-101,991	-87,964
Net change in operating assets	-97,509	-95,630	-93,604
Net change in debt	3,520	70,278	16,716
Cash flow from continuing operations	46,280	300,206	24,230
Cash flow from businesses being sold			
Cash flow from the operation of assets held for sale			
Cash flow from continuing operation and business being sold	46,280	300,206	24,230
Investing activities:			
Acquisition of non-current assets:			
Intangible assets (note 3.1)	-35,599	-71,621	-38,899
Property, plant and equipment	-43,151	-82,650	-41,223
Other	-913	-3,556	-2,741
Proceeds from disposals of fixed assets	2,142	890	2,600
Change in receivables and payables relating to fixed assets	-1,920	1,217	-812
Acquisitions/(disposals) of entities, net of cash acquired (3)	-119,194	-404,992	-396,087
Cash flow from investments	-198,635	-560,712	-477,162
Cash flow from investments in businesses being sold			
Cash flow from investments in assets held for sale (4)		27,418	27,353
Cash flow from investments in continuing operation and business being sold	-198,635	-533,294	-449,809
Financing activities:			
Change in financial debt	123,806	182,158	339,968
Change in financial instruments			0
Increase in equity	2,685	14,974	4,473
Treasury stock	-1,529	2,261	2,111
Ordinary dividends paid by parent company	-76,080	-64,751	-64,751
Extraordinary dividends paid by parent company			
Dividends paid to minority shareholders			
Cash flow from the financing of continuing operations	48,882	134,642	281,801
Cash flow from the financing of businesses being sold			
Cash flow from the financing of assets held for sale			
Cash flow from the financing of continuing operation and businesses being sold	48,882	134,642	281,801
Currency translation adjustments at beginning of period	-4,139	35,257	17,148
Increase/(decrease) in cash and cash equivalents	-107,612	-63,189	-126,630
Cash at beginning of period (note 6)	148,895	212,084	212,084
Cash at end of period (note 6)	41,283	148,895	85,454

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

(2) As of August 31, 2012, this includes the capital gain from the disposal of the Issy-les-Moulineaux building and a Driessen repair business.

(3) As of February 29, 2012 and August 31, 2012, mainly concerns the acquisitions of Heath Tecna and Contour Aerospace; as of February 28, 2013, this includes the acquisitions of In Flight Entertainment US, Innovative Power Solution, and Northwest Aerospace Technologies.

(4) As of August 31, 2012, this includes the sale price, net of taxes, of the Issy-les-Moulineaux building and a Driessen repair business.

VI - Notes to the consolidated financial statements

1) List of consolidated companies at 02/28/2013

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	United States	100.00
Amfuel	United States	100.00
Avox Systems	United States	100.00
Cantwell Cullen & Company	Canada	100.00
Base2	United States	100.00
C&D Adder	France	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc	United States	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	United States	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	United States	100.00
Driessen Aircraft Interior Systems USA Inc	United States	100.00
E Dyer Engineering Ltd	UK	100.00
ECE	France	100.00
Engineered Arresting Systems Corp	United States	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shanghai ETC	China	100.00
Heath Tecna	United States	100.00
Icore International Inc	United States	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp	United States	100.00
Immobilière Galli	France	100.00
IN flight entertainment US	United States	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
Innovative Power Solution	United States	100.00
IN Services Asia	Hong Kong	100.00

Intertechnique	France	100.00
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Fully consolidated companies	Country	Group interest in %
Monogram Aerospace Industries	United States	100.00
Northwest Aerospace Technologies	United States	100.00
Parachutes Industries Southern Africa (PISA)	South Africa	100.00
Pioneer	United States	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 Services	United States	100.00
Sit	France	100.00
Société Aéronautique Marocaine de Décolletage Industriel	Morocco	100.00
The Richards Corp	United States	100.00
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	United States	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 Seats California	United States	100.00
Zodiac Seats France	France	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seat Shell US LLC	United States	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Seats UK Ltd	UK	100.00
Zodiac Seats US LLC	United States	100.00
Zodiac Services America LLC	United States	100.00
Zodiac Services Asia	Singapore	100.00
Zodiac Services Europe	France	100.00
Zodiac US Corporation	United States	100.00

Equity-accounted associates	Country	Group interest in %
EZ Air Interior Ltd	Ireland	50.00

2) Main exchange rates used in consolidation

	As of February 28, 2013		As of August 31, 2012		As of August 31, 2012	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
US dollar	1.3129	1.3071	1.2611	1.3059	1.3443	1.339
Canadian dollar	1.3461	1.297	1.2487	1.3181	1.3282	1.357
South African rand	11.7550	11.3441	10.6152	10.4431	10.0080	10.6036
Pound sterling	0.863	0.8194	0.7953	0.8296	0.8439	0.8521
Thai baht	39.0850	39.8324	39.5100	40.6132	40.6650	41.4331
Czech crown	25.6370	25.2179	24.8400	25.1544	24.8430	25.1579

3) Accounting principles

Accounting standards and basis of preparation of financial statements

a) Basis of preparation of financial statements

The consolidated financial statements of the Zodiac Aerospace Group for the half-year period ended February 28, 2013, have been prepared in accordance with IAS 34 '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, 2012, 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 consolidated financial statements as of February 28, 2013:

- Amendments to IAS 1 - Presentation of Other Comprehensive Income;
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

These principles, applied by Zodiac Aerospace as of February 28, 2013, do not differ from the IFRS 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, 2012 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 as of February 28, 2013 or for which mandatory application is after February 28, 2013:

- Standards endorsed:

- IAS 19 (revised) - Employee Benefits;
- IFRS 10, IFRS 11, IFRS 12, IAS 27 (revised), and IAS 28 (revised) on rules of consolidation;
- IFRS 13 - Fair Value Measurement;
- Amendments to IAS 32 - Compensation of Financial Assets and Liabilities;
- Amendments to IFRS 7 - Disclosures Regarding Compensations of Financial Assets and Liabilities;

- Standards not endorsed:

- Annual improvements to IFRSs;
- IFRS 9 - Financial Instruments;
- Amendments to IFRS 10, IFRS 11, and IFRS 12 - Transitional Provisions.

The Group is currently examining the practical impact and consequences of applying these standards and interpretations, including those concerning IFRS 10 - Consolidated Financial Statements, IFRS - Partnerships, which removes the use of the proportional consolidation method for accounting for joint ventures and IAS 19 (revised) - Employee Benefits, which no longer allows the use of the so-called corridor method.

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 charge of consolidated French companies as of February 28, 2013 includes the impact of the limitation on the deductibility of financial expenses.

c) Impairment of assets

As of February 28, 2013, 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) Post-balance sheet events

There were no significant post-balance sheet events.

4) Specific features of the first half

Significant events: Acquisitions in the period:

The company made three acquisitions during the period. Pursuant to IFRS 3, the Group performed a preliminary valuation of the fair value of the acquired assets and assumed liabilities on the date of acquisition with the help of an independent appraiser. This allocation may be adjusted during a period of 12 months as of the date of acquisition.

Acquisition of Northwest Aerospace Technologies (NAT):

On December 21, 2012, the Group finalized the acquisition of Northwest Aerospace Technologies for a total of US\$81m. This company, whose headquarters are located in Everett, near Seattle, provides engineering and program management of cabin retrofit services for airlines.

It has been fully consolidated within the Group since February 28, 2013. For the period between December 21, 2012 and February 28, 2013, the company's net income was not significant.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets for US\$13.8 million (patents, clients, order book)
- revaluation of inventories for US\$0.2 million
- deferred tax liabilities on these items for US\$5.6 million
- provisional goodwill of US\$69.2 million

Acquisition of In Flight Entertainment US (IMS) and Base2:

On December 21, 2012, the Group finalized the acquisition of In Flight Entertainment US (American company that specializes in "Passenger-centric" IFE systems, and its subsidiary, Base 2, for US\$54m. It has been fully consolidated within the Group since January 1, 2013. The company's net income for the period between December 21, 2012 and December 31, 2012 was not significant.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets for US\$7.4 million (order book)
- deferred tax liabilities on these items for US\$2.9 million
- provisional goodwill of US\$40.8 million

Acquisition of Innovative Power Solution (IPS):

On December 31, 2012, the Group finalized the acquisition of Innovative Power Solution for US\$26m. The company is based in Eatontown, NJ, United States, and manufactures electric generators and converters. It has been fully consolidated within the Group since February 28, 2013. For the period between January 1, 2013 and February 28, 2013, the company's net income was not significant.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets for US\$3.1 million (patents)
- provisional goodwill of US\$22.3 million

5) Notes to the financial statements

Note 1 - Segment reporting

Since September 1, 2012, the Zodiac Aerospace Group has been structured around five operational business segments:

- Zodiac Aerosafety (evacuation slides, life rafts, emergency arresting systems, wiring protection systems, parachutes, fuel tanks, etc.)
- Zodiac Aircraft Systems (electrical power distribution, oxygen systems, fuel systems, controls, actuators, cockpit systems, hydraulics, lighting solutions, IFE systems, etc.)
- Zodiac Seats (first, business and economy-class seats, technical seats, etc.)
- Zodiac Cabin & Structures (turnkey interiors: "floor-to-floor" interiors, walls, side protection panels, luggage bins, cabin retrofit, etc.)
- Zodiac Galleys & Equipment (galleys, galley inserts, trolleys, cargo containers, etc.)

IFRS 8 allows certain segments to be combined for the purposes of publishing financial information where the combined units have similar economic characteristics:

- Similar types of products and services;
- Identical types of clients;
- "Equivalent" profiles of long-term profitability.

In view of the analysis carried out on profitability profiles and types of products sold, the Group has chosen to group its segment information in three segments having similar economic characteristics:

- Zodiac Aerosafety
- Zodiac Aircraft Systems
- Aircraft Interiors Activities combining the other three business segments

A - INCOME STATEMENT ITEMS

Note 1.1 – Sales revenue

Breakdown of consolidated sales revenue as of February 28, 2013 by segment and 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
Zodiac Aerosafety	40,802	68,991	78,416	30,388	36,984	255,581
Zodiac Aircraft Systems	145,418	124,790	129,506	27,877	81,302	508,893
Aircraft Interiors Activities	37,140	169,804	344,910	137,574	375,406	1,064,834
Total	223,360	363,585	552,832	195,839	493,692	1,829,308

Breakdown of consolidated sales revenue as of February 29, 2012 by segment and 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
Zodiac Aerosafety	36,301	55,064	88,242	29,139	22,293	231,039
Zodiac Aircraft Systems	124,382	117,260	116,229	27,236	71,497	456,604
Aircraft Interiors Activities	37,204	127,779	296,349	142,794	275,563	879,689
Total	197,887	300,103	500,820	199,169	369,353	1,567,332

Breakdown of consolidated sales revenue by segment, detailing inter-segment sales revenue as of February 28, 2013

(in thousands of euros)	Sales revenue including inter-segment sales revenue	Inter-segment sales revenue	Consolidated sales revenue
Zodiac Aerosafety	263,046	7,465	255,581
Zodiac Aircraft Systems	536,715	27,822	508,893
Aircraft Interiors Activities	1,067,093	2,259	1,064,834
Total	1,866,854	37,546	1,829,308

Breakdown of consolidated sales revenue by segment, detailing inter-segment sales revenue as of February 29, 2012

(in thousands of euros)	Sales revenue including inter-segment sales revenue	Inter-segment sales revenue	Consolidated sales revenue
Zodiac Aerosafety	236,085	5,046	231,039
Zodiac Aircraft Systems	477,220	20,616	456,604
Aircraft Interiors Activities	881,451	1,762	879,689
Total	1,594,756	27,424	1,567,332

Note 1.2 – Net income on ordinary activities

Net income on ordinary activities as of February 28, 2013 by segment and 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
Zodiac Aerosafety	12,001	1,753	18,713	1,102	1,111	34,680
Zodiac Aircraft Systems	34,417	12,432	24,348	-4	1,153	72,346
Aircraft Interiors Activities	34,057	43,584	54,539	5,074	793	138,047
Zodiac Aerospace	-6627		-97			-6,724
Total	73,848	57,769	97,503	6,172	3,057	238,349

Net income on ordinary activities as of February 29, 2012 by segment and 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
Zodiac Aerosafety	5,752	1,996	18,558	2,642	-97	28,851
Zodiac Aircraft Systems	29,870	866	27,413		620	58,769
Aircraft Interiors Activities	35,176	35,016	65,525	5,399	534	141,650
Zodiac Aerospace	-5,161		-354			-5,515
Total	65,637	37,878	111,142	8,041	1,057	223,755

Note 1.3 - Financial income

Breakdown of cost of net debt and other financial income and expenses as of February 28, 2013 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Zodiac Aerosafety	-401	18	95	-58	-336	-682
Zodiac Aircraft Systems	-2,207	183	-32		-294	-2,350
Aircraft Interiors Activities	664	-723	-266	-417	-162	-904
Zodiac Aerospace	-8,342		-1			-8,343
Total	-10,286	-522	-204	-475	-792	-12,279

Breakdown of cost of net debt and other financial income and expenses as of 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
Zodiac Aerosafety	-400	-154	65	-100	-293	-882
Zodiac Aircraft Systems	-1,429	326	-44		-397	-1,544
Aircraft Interiors Activities	296	-127	-151	-239	-159	-380
Zodiac Aerospace	-11,454		-259			-11,713
Total	-12,987	45	-389	-339	-849	-14,519

Note 1.4 - Tax expense

Breakdown of the tax expense as of February 28, 2013 by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Zodiac Aerosafety	4,074	438	6,861	236	200	11,809
Zodiac Aircraft Systems	6,242	3,391	8,298		433	18,364
Aircraft Interiors Activities	11,566	8,887	18,888	1,699	223	41,263
Zodiac Aerospace	-2,871		-34			-2,905
Total	19,011	12,716	34,013	1,935	856	68,531

Breakdown of the tax expense as of 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
Zodiac Aerosafety	2,309	524	7,030	438	200	10,501
Zodiac Aircraft Systems	6,008	293	9,895		438	16,634
Aircraft Interiors Activities	12,813	8,375	23,514	1,871	78	46,651
Zodiac Aerospace	-6,274		-352			-6,626
Total	14,856	9,192	40,087	2,309	716	67,160

B - BALANCE SHEET ITEMS

Note 1.5 - Intangible assets and goodwill

Breakdown of intangible assets and goodwill by segment and region as of February 28, 2013

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Zodiac Aerosafety	5,451	10,479	61,981	33,778	2,565	114,254
Zodiac Aircraft Systems	501,415	3,139	246,376		8,224	759,154
Aircraft Interiors Activities	45,410	616,924	549,136	2,973	960	1,215,403
Zodiac Aerospace	4,410					4,410
Total	556,686	630,542	857,493	36,751	11,749	2,093,221

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

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
Zodiac Aerosafety	4,919	10,704	60,133	34,815	2,550	113,121
Zodiac Aircraft Systems	460,334	3,165	186,479		7,614	657,592
Aircraft Interiors Activities	45,316	641,941	467,243	2,688	1,487	1,158,675
Zodiac Aerospace	1,383					1,383
Total	511,952	655,810	713,855	37,503	11,651	1,930,771

Note 2 - Goodwill

	Opening balance	Currency translation adjustments	Change in consolidation scope	Other (1)	Impairment	Closing balance
(in thousands of euros)	8/31/2012					02/28/2013
Gross	1,617,275	(50,325)	104,912	(629)		1,671,233
Impairment	114,483	(1,701)				112,782
Net goodwill	1,502,792	(48,624)	104,912	(629)	0	1,558,451

(1) Adjustments within a period of one year following the acquisition.

Note 3 - Intangible assets

Note 3.1 - Intangible assets: gross

	Opening balance	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifications	Closing balance
(in thousands of euros)	08/31/2012						02/28/2013
Set-up costs	101						101
Development costs	338,735	(5,609)		31,470			364,596
Patents and registered trademarks	145,308	(5,711)	2,910		(1,528)	(859)	140,120
Software programs	53,958	(308)		3,571	(46)	5,226	62,401
Customer relations and other	110,437	(6,059)	16,365	558	(3,128)	(572)	117,601
TOTAL	648,539	(17,687)	19,275	35,599	(4,702)	3,795	684,819

Note 3.2 - Intangible assets: amortization

	Opening balance	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifications	Closing balance
(in thousands of euros)	08/31/2012						02/28/2013
Set-up costs	95			4			99
Development costs	53,475	(1,282)		7,486			59,679
Patents and registered trademarks	10,785	(204)		184	(1,528)	(323)	8,915
Software programs	41,479	(224)		3,301	(46)	3,938	48,448
Customer relations and other	29,051	(1,415)		8,680	(3,130)	(277)	32,909
TOTAL	134,885	(3,125)	0	19,655	(4,704)	3,338	150,049
Net value of intangible assets	513,654	(14,562)	19,275	15,944	(2)	457	534,770

Note 4 - Investments in affiliates

These comprise Zodiac Aerospace Group interests in various non-consolidated companies together with the equity-accounted company EZ Air Interior Ltd, a joint venture created with Embraer. The Group owns a 50% stake in this joint venture. As of February 28, 2013, this joint venture had not delivered any sales revenue, and the assets on its balance sheet totaled €3.1 million.

Note 5 – Income taxes

Balance sheet:

Deferred taxes

(in thousands of euros)	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
Deferred tax assets	493	463	293
Deferred tax liabilities	150,409	142,159	118,876
Net total deferred taxes	-149,916	-141,696	-118,583
Breakdown of net amount by category:			
Employee benefits	23,865	24,075	20,711
Impairment of inventories and associated general expenses	21,613	22,331	16,338
Profit on inventories	26,572	23,719	23,899
Development costs	-109,879	-101,549	-89,485
Goodwill (1)	-133,699	-133,588	-124,846
Restatement of regulated provisions	-5,284	-5,212	-4,587
Other	26,896	28,528	39,387
Total net deferred taxes	-149,916	-141,696	-118,583

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

Income statement:

Breakdown of deferred/current tax

(in thousands of euros)	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
Deferred taxes	3,722	30,639	7,170
Current tax	64,809	103,759	59,990
Total tax	68,531	134,398	67,160

Effective tax rate			
	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
Effective tax rate			
Pre-tax income	215,326	441,792	208,508
Tax rate	36.10%	36.10%	36.10%
Theoretical tax	77,733	159,487	75,271
Impact of reduced-rate tax		-185	
Impact of tax rates in countries other than France	-5,380	-12,883	-4,855
Tax credit for research and training	-7,305	-14,737	-5,214
Other	3,483	2,716	1,958
Consolidated income tax	68,531	134,398	67,160
Effective tax rate	31.83%	30.42%	32.21%

Note 6 – Cash

(in thousands of euros)	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
Cash and cash equivalents (1)	88,103	161,802	97,280
Current financial liabilities	-387,473	-277,460	-250,220
Commercial paper and other short-term credit lines	339,800	263,700	237,000
Current portion of long-term loans and reimbursable advances	853	853	1,394
Banks	-46,820	-12,907	-11,826
Net cash	41,283	148,895	85,454

(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.

Note 7 – Inventories

(in thousands of euros)	02/28/2013	08/31/2012	02/29/2012
Components and sub-assemblies	530,166	492,288	453,537
Work in progress	242,167	220,731	224,897
Finished products and goods	207,052	201,714	197,841
Gross total	979,385	914,733	876,275
Provisions for impairment	136,699	131,620	126,350
TOTAL	842,686	783,113	749,925

No inventory items have been offered as collateral for liabilities.

Note 8 – Provisions

(in thousands of euros)	Opening balance as of 08/31/2012	Currency translation adjustments	Change in consolidation scope	Changes in the period			Other	Closing balance as of 02/28/2013
				Charges	Reversals (provisions used)	Reversals (provisions not used)		
USA pension plans and lump-sum retirement benefits	52,058	-137		1,205	-921			52,205
Other	4,208			6				4,214
Total non-current	56,266	-137	0	1,211	-921	0	0	56,419
Guarantees	41,366	-894	1,666	3,260	-3,317	-1,047	-1,318	39,716
Litigation and insurance deductibles	8,075	-307		2,986	-1,007		-769	8,978
Restructuring and diversification	1,859	-20		23	-517	-91	132	1,386
Taxes other than income taxes	2,170	-31			-1,062		-232	845
Other	13,631	-447		2,863	-2,850	-174	2,186	15,209
Total current	67,101	-1,699	1,666	9,132	-8,753	-1,312	-1	66,134

Total	123,367	-1,836	1,666	10,343	-9,674	-1,312	-1	122,553
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Note 9 – Financial liabilities

(in thousands of euros)	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
A. Non-current financial liabilities			
Confirmed syndicated loan (EUR)	665,000	600,000	635,000
Confirmed syndicated loan (GBP)	77,946	95,191	236,203
Confirmed syndicated loan (CAD)	0	0	9,982
Syndicated loan costs	-1,945	-2,363	-2,781
Non-current portion of other borrowings and unconfirmed loans	23,011	23,063	23,236
Non-current financial liabilities	764,012	715,891	901,640
B. Current financial liabilities			
Commercial paper (EUR)	339,800	263,700	237,000
Current portion of bank overdrafts, spot lines, other borrowings and unconfirmed credit	47,673	13,760	13,220
Current financial liabilities	387,473	277,460	250,220
Total	1,151,485	993,351	1,151,860

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 fiscal year-end and must not be above 3 as of August 31, 2013.

Note 10 - Other current liabilities

(in thousands of euros)	02/28/2013	08/31/2012	02/29/2012
Other payables	51,245	46,597	39,949
Amounts owed to customers	89,727	79,576	78,689
Deferred income	64,978	33,116	35,880
TOTAL	205,950	159,289	154,518

Note 11 - Non-current operating items

(in thousands of euros)	02/28/2013	08/31/2012	02/29/2012
Restructuring costs (1)	91	(596)	420
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	0	976	26
Amortization of intangible assets (2)	(8,550)	(15,670)	(3,800)
Cost of acquisition (3)	(2,512)	(2,939)	(2,609)
Other (4)	227	6,761	5,235
TOTAL	(10,744)	(11,468)	(728)

(1) As of 08/31/2012, involving mainly the restructuring of the Galleys business in the Netherlands.

(2) Amortization of order books and customer portfolio measured as part of acquisitions.

(3) Acquisition costs of securities or assets as part of external growth transactions.

(4) As of 08/31/2012, this amount included a partial repayment of €5.1 million of the purchase price of Cantwell Cullen.

Note 12 - Off-balance sheet commitments and contingent assets/liabilities

Note 12.1 - Off-balance sheet commitments

(in thousands of euros)	As of 02/28/2013	As of 08/31/2012	As of 02/29/2012
Commitments given			
Long-term rentals (1)	123,340	117,714	109,432
Actuarial gains and losses on retirement benefits (2)	19,583	19,811	4,179
Other guarantees given	11,199	13,328	8,652
Commitments received under contracts	297	297	260

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

(2) Net of deferred taxes.

Zodiac Aerospace has also:

- Deposited a guarantee bond not exceeding €10m 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.

- Provided the following performance bonds as part of securing major sales contracts gained by subsidiary companies:

- in August 2009 on behalf of Zodiac Seats France (expiration date December 31, 2016),

- in January 2011 on behalf of Zodiac Seats US LLC (expiration date December 31, 2016),

- in January 2011 on behalf of Zodiac Seats US LLC and C&D Zodiac Inc. (expiration date December 31, 2015).

Note 12.2 - Contingent assets and liabilities

As of February 28, 2013, there were no changes affecting assets and liabilities that had been identified in the Group's annual report as of August 31, 2012.

Note 13 – 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	4,865	504,865
Total	400,000	400,000	7,355	807,355

(1) The variable amounts are based on those paid in 2011/2012 fiscal year, pro rata temporis for the six 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 can be a maximum of 100% of the fixed portion.

Stock options and bonus shares:

Stock options:	Maurice Pinault		Olivier Zarrouati		
	Plan 07b	Plan 2011	Plan 07a	Plan 07b	Plan 2011
Options outstanding at 08/31/2012	84,640	32,000	79,350	63,480	
Options exercised in the first half of 2012/2013					
Options outstanding as of 02/28/2013	84,640	32,000	79,350	63,480	
Exercise price (in euros)	41.11	62.34	49.29	41.11	
Expiration date	12/03/2015	12/29/2019	02/13/2015	12/03/2015	
Bonus shares:					
Shares in vesting period (1)		16,000			53,334
Vesting date		12/29/2013			12/29/2013

(1) All the bonus shares allotted to corporate officers are subject to a two-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 canceled 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.

In the first half 2012/2013, no stock options or bonus shares were allotted to executive Board members.

Compensation paid to Executive Committee members

In the first half 2012/2013, there were eleven members of the Executive Committee, including the corporate officers whose compensation is detailed above, compared with eight in the 2011/2012 fiscal year. Their compensation in the first half of 2012/2013 came to €2,546k, of which the fixed portion amounted to €1,477k.

The variable portion payable for a given year "n", depending on the functions held, is based on:

- a target and formula identical to that applied to the corporate officers
- 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 100% 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 canceled 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.

In the first half 2012/2013, no stock options or bonus shares were allotted to Executive Committee members.

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 canceled if only 75% is achieved, on average, over fiscal years 2011/2012 and 2012/2013.

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

In the first half 2012/2013, no stock options or bonus shares were allotted.

Statutory Auditors' report on the half-year financial report

Zodiac Aerospace

Six months between September 1, 2012 and February 28, 2013

Statutory Auditors' report on the half-year financial report

FIDAUDIT

Member of the Fiducial Network
41, rue du Capitaine Guynemer
92925 Paris-La Défense Cedex
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, 2012 to February 28, 2013, which accompany this report;
- verified the amounts and disclosures contained in the half-year financial 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 their fair presentation and consistency with the condensed consolidated half-year financial statements.

Paris-La Défense, April 29, 2013

The Statutory Auditors

FIDAUDIT
Member of the Fiducial Network

Ernst & Young Audit

Bruno Agez

Laurent Miannay



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