ANNUAL REPORT

2014-2015

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

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	2014/2015	2013/2014	Change 14/15-13/14
Reported figures:			
Sales revenue	**€4,931.8m**	**€4,174.5m**	**18.1%**
Number of Group employees (1)	31,171	28,061	11.1%
Current operating income	€313.8m	€566.4m	(44.6%)
Net income attributable to equity holders of the parent company	**€184.8m**	**€354.4m**	**(47.9%)**
Earnings per share attributable to equity holders of the parent company	€0.670	€1.291	(48.1%)
Proposed dividends (2)	€88.4m	€88.1m	0.3%
Debt/Equity (3)	0.43	0.43	0.0%
Figures restated after excluding IFRS 3 impact:			
Current operating income (4)	€314.1m	€567.3m	(44.6%)
Net income attributable to equity holders of the parent company	€199.8m	€369.1m	(45.9%)
Earnings per share attributable to equity holders of the parent company	€0.724	€1.345	(46.2%)

OTHER FINANCIAL INDICATORS

	2014/2015	2013/2014	Change 14/15-13/14
Profitability			
Reported figures:			
Current operating income/Sales revenue	6.4%	13.6%	(52.9%)
Net income attributable to equity holders of the parent company/ Net equity at the beginning of the year (5)	6.6%	16.1%	(59.0%)
Figures restated after excluding IFRS 3 impact:			
Current operating income/Sales revenue	6.4%	13.6%	(52.9%)
Financial position			
Reported figures:			
Cash flow from operations	€391.8m	€509.2m	(23.0%)
Tangible and intangible fixed assets	€204.9m	€195.2m	4.9%
Net equity after appropriation of net income (6)	€2,915.5m	€2,473.4m	17.9%
Cost of net debt	€27.0m	€31.3m	(13.7%)

(1) Average number of permanent employees on the payroll during the fiscal year.

(2) After neutralization of treasury stock.

(3) Calculation based on total equity.

(4) The IFRS 3 restatements pertain to items booked under mergers and acquisitions. The restatements in current operating income concern reversals of inventory adjustments. Added to the restated net income attributable to equity holders of the parent company are restated amortization of intangible assets valued at the time of the acquisitions, acquisition costs, and the related corporate tax. A reconciliation of current operating income and net income before and after IFRS 3 is included in the Management Report.

(5) Net equity at the beginning of the year used in the calculation is equal to the net equity at the end of the year, attributable to equity holders of the parent company, excluding net income for the fiscal year, i.e. €2,819.5 million.

(6) Net equity after appropriation is equal to total net equity minus the proposed dividends, i.e. €3,003.9 million minus €88.4 million.

MANAGEMENT REPORT

Fiscal year 2014/2015 (September to August) was marked by the difficulties Zodiac Aerospace Group encountered in the Group's Aircraft Interiors activities, and in particular by the growth crisis experienced by its Zodiac Seats Segment. These difficulties translated to a fall in current operating income. The Group implemented a new structure and launched the Focus transformation plan in order to learn lessons from the Seats crisis and strengthen its industrial operations. Zodiac Aerospace will continue its recovery during fiscal year 2015/2016, during which it expects to see slight sales revenue growth with a positive dollar effect and a current operating margin of around 10%. The following fiscal year should show further improvement in the current operational margin, estimated at two points higher than fiscal year 2015/2016.

SALES REVENUE GROWTH IN 2014/2015 AND A FALL IN CURRENT OPERATING INCOME

Zodiac Aerospace generated an 18.1% sales revenue increase for a total of €4,931.8 million in fiscal year 2014/2015. At like-for-like consolidation scope and exchange rates, this amounts to an increase of 2.6%. The consolidation of PPP – Pacific Precision Products – and Enviro Systems in the Aircraft Systems Segment and of Greenpoint Technologies in the Cabin & Structures Segment, as well as the disposal of Zodiac Elastomer US in the AeroSafety Segment, had a positive impact of 3.7 points on annual growth. The US dollar's appreciation against the euro generated a positive foreign exchange impact of 11.8 percentage points.

The Group's current operating income before IFRS 3 was down 44.6% to €314.1 million, compared to €567.3 million in 2013/2014, representing an operating margin of 6.4% against 13.6%.

In 2014/2015, approximately 44% of Zodiac Aerospace Group sales revenue and 39% of its current operating income were generated by its US-based companies. In addition, approximately 23% of total Group sales revenue was billed by its European companies, and was therefore also exposed to the euro/dollar exchange rate risk. Exchange rates had a positive impact of €100.5 million on operating income. This breaks down into a €7.4 million conversion impact (€/$ exchange rate conversion of 1.16 in 2014/2015, against 1.36 in 2013/2014) and €93.1 million transaction impact (1.26 $/€ against 1.36 $/€ in 2013/2014).

The consolidation impacts, as described above, had a positive impact of €34.2 million.

The research tax credit had a positive impact on current operating income of €21.8 million, compared to €17.4 million in 2013/2014.

In contrast, excluding the dollar exchange rate and consolidation effects, operations posted a fall of €387.9 million. The industrial difficulties faced by the Aircraft Interiors activities and the Seats Segment in particular resulted in significant cost increases relating to production standards (costs for labor, procurement, failure to meet quality standards, inventory depreciation, etc.), as well as indirect costs, significant excesses for logistics (transport), provisions and late penalty payments. The total expense of these various excess costs was estimated at €325.5 million, i.e. 6.6 operational margin points.

The IFRS 3 accounting impact is negative at €0.3 million in 2014/2015, compared to a €0.9 million negative impact in 2013/2014. Current operating income after IFRS 3 is down 44.6% to €313.8 million.

Non-current items amounted to €21.9 million against €24.6 million in 2013/2014. Operating income came to €291.9 million against €541.8 million in 2013/2014.

The cost of net debt fell by 13.7%, from €31.3 million in 2013/2014 to €27.0 million in 2014/2015. The drop in resource costs over the fiscal year (2.04% on average, against 2.71% for the previous fiscal year) offset the growth in average debt.

The tax charge decreased by 50.6%, at €75.7 million compared to €153.4 million, mainly reflecting the decrease in operating income. The tax rate was 28.8%, against 30.2%.

In total, net income amounted to €184.5 million, down 47.8% and net income attributable to equity holders of the parent company fell 47.9% to €184.8 million.

GEARING STABLE, INCREASE IN DEBT; BANK COVENANT MET

The change in the €/$ fiscal year-end exchange rate (1.12 at August 31, 2015, compared to 1.32 at August 31, 2014) resulted in a total €424 million increase in statement of financial position items, including a €328 million increase in equity.

The difficulties faced in Aircraft Interiors activities led to a 23.1% fall in cash flow from operations, at €391.8 million against €509.2 million in 2013/2014.

This is a more measured fall than in current operating income due to a sharp increase in depreciation and amortization charges and provisions.

The working capital requirement was higher (37.4% at August 31, 2015, compared to 34.3% of sales revenue at August 31, 2014). This is mainly due to the increase in inventories and work in progress, which rose to €1,340.7 million at August 31, 2015, against €1,008.3 million the previous fiscal year, including a €92.1 million increase due to exchange rate fluctuations. Intangible investments increased by 3.7% to €85 million and tangible investments by 5.9% to €119.9 million. In total, the assets increase was moderate: up 5% to €204.9 million, representing 4.2% of sales revenue in 2014/2015, compared to 4.7% in 2013/2014.

At August 31, 2015, net debt came to €1,266.7 million, compared to €1,067.3 million at August 31, 2014. The debt-to-equity ratio was stable compared to the last two years: it was 0.43 at the end of the fiscal year compared to 0.43 at August 31, 2014 and 0.39 at August 31, 2013. Net debt to adjusted EBITDA, corresponding to the bank covenant for our Club Deal financing was met; it stood at 2.90 compared to a maximum ratio of 3. This ratio was established according to the definition in the Club Deal financing contract, which is the ratio of adjusted net debt of €1,278.9 million to adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of €440.8 million.

In terms of financing, the "Schuldschein" private placement has a €133 million maturity reimbursable in July 2016 that will be financed by our €1,030 million syndicated loan, only 28% of which had been used at August 31, 2015.

A YEAR OF MIXED RESULTS FOR THE AEROSAFETY AND AIRCRAFT SYSTEMS SEGMENTS

The AeroSafety Segment (12.9% of sales revenue) posted sales revenue up 10.4% at €634.5 million, buoyed by the growth of the Evacuation and Interconnect businesses. The Parachutes & Protection Systems and Arresting Systems businesses declined. Parachutes & Protection Systems are operating in a sluggish market while Arresting Systems saw a quieter fiscal year after a particularly busy 2013/2014. At like-for-like consolidation scope and exchange rates, the Segment's sales revenue was down slightly, by 0.9%. Exchange rates generated a positive impact of 12.0 percentage points on annual growth, while the deconsolidation of Zodiac Elastomer US (Amfuel) in the fourth quarter, sold in June 2015, reduced annual growth by 0.7 percentage points. The Segment's current operating income before IFRS 3 increased by 5.7% to €118.3 million. Exchange rates accounted for a positive €19.5 million (€11.4 million conversion and €8.1 million transaction impact). Consolidation scope impacts resulted in a €1.3 million increase. Excluding these impacts, the organic change was a negative €14.4 million, primarily linked to the decreased activity level in the Emergency Arresting Systems division.

The Aircraft Systems Segment (29.6% of sales revenue) posted sales revenue of €1,459.8 million, up 12.5%. The Segment's growth was boosted by the Electrical Systems businesses. Various businesses in the Aircraft Systems Segment are experiencing the effects of fewer deliveries for the Sukhoi SSJ program and business aviation. The Segment enjoyed a positive dollar impact, adding 9.6 percentage points to annual growth, and a positive consolidation scope impact of 2.0 percentage points. Current operating income before IFRS 3 was up 15.5% at €217.1 million. The positive impact of the dollar exchange rate effect (€58.0 million in total, including €11.8 million conversion impact and €46.2 million transaction impact) and of consolidation scope (up €5.9 million) offset an organic decline of €34.8 million resulting from a reduction in activity and rising development costs on regional and business aircraft programs.

A DIFFICULT YEAR FOR AIRCRAFT INTERIORS ACTIVITIES

Sales revenue for Aircraft Interiors activities was up 23.2% at €2,837.5 million in reported data and up 4.4% in organic growth. The foreign exchange impact generated a positive 13.0 percentage points on annual growth while the acquisition of Greenpoint Technologies added 5.8 percentage points.

The Cabin & Structures Segment (18.6% of sales revenue) posted an increase of 32.3% at €916.8 million, benefiting from a positive foreign exchange impact of 16.0 percentage points and from the consolidation of Greenpoint Technologies, which added 19.3 percentage points. At like-for-like consolidation and foreign exchange rates, sales revenue was down by 3.0% due to the businesses of the EZ Air Interior joint-venture with Embraer not being consolidated in sales revenue and to disruptions to deliveries caused by adapting the production system to new delivery schedules. Additional measures had to be employed to deal with this in order to limit the impact on end customers.

The Galleys & Equipment Segment (11.1% of sales revenue) posted a sales revenue increase of 10.5% at €550.5 million for the fiscal year. Excluding the positive foreign exchange impact of 9.7 percentage points, organic growth increased by 0.8 percentage points. The associated Trolleys & Equipment and Inserts businesses posted sharp growth, while the Galleys business saw more modest growth.

The Seats Segment (27.8% of sales revenue) is continuing to make good the production backlog and posted growth of 23.3% at €1,370.2 million in reported data and 10.8% in organic terms. Foreign exchange rates had a positive impact of 12.5 percentage points on annual growth.

Current operating income before IFRS 3 for Aircraft Interiors activities experienced a €6.1 million loss, compared to a €285.5 million profit in 2013/2014. Excess production costs and other items had a negative impact of €325.5 million. Organic change was negative at €14.7 million. The exchange rate impact totaled €21.6 million, a figure that breaks down into a negative €15.9 million in currency translation impact and a positive €37.5 million in transaction impact. The consolidation of Greenpoint Technologies had a positive impact of €27.0 million on current operating income.

Within Aircraft Interiors activities, Zodiac Seats encountered serious production difficulties resulting in late deliveries. Analysis of recent events brought to light insufficient planning in the industrial ramp-up and poor operational management. The difficulties mainly concerned two Group sites in the United States. During the past fiscal year, various industrial audit missions have been carried out that have allowed the scale of the crisis to be progressively measured and suitable improvement plans to be implemented. Following this, a more extensive transformation plan was launched at Group level so that lessons could be learned from the crisis.

The restructuring plans put in place in various entities of the Zodiac Seats Segment have prioritized a rapid return to on-time deliveries and making good the delays between now and the end of the fiscal year. During the last few months of fiscal year 2014/2015, the Group increased its efforts to adapt in order to remedy the difficulties in the Seats business as soon as possible. However the excess production costs could not be reduced as quickly as planned.

At November 23, 2015, the delays expressed in number of pax came to approximately 500 pax, having fallen significantly compared to the figures from previous months and to the figure of around 1,700 pax for September.

IMPLEMENTATION OF A NEW STRUCTURE AND THE FOCUS TRANSFORMATION PLAN

The difficulties encountered in 2014/2015 mainly affected the Zodiac Seats Segment. However, analysis of the crisis and its causes showed weaknesses within the Group and highlighted the need for transformation in the Group to make it as strong and efficient as possible, while maintaining the good practices and qualities that have underpinned its development.

The first change is in the management of our operations, realized by the Focus plan. The Group's growth and the difficulties during fiscal year 2014/2015 have shown the need to formalize a common operating system for the whole of the Group, based on standard procedures. Focus must also safeguard the continuity of operations and their improvement, by ensuring good practices and applying them throughout the Group.

The Focus plan is currently being rolled out under the leadership of François Feugier, Group Chief Operating Officer. It is based on four areas: increased operational reporting, "back to basics", a focus on the supply chain and inventory management, and a focus on integrated planning for sales and operations.

A second change involves organization of the Group and its management. Since September 1, 2015, the Group has been structured around two activities:

- **The Aircraft Interiors activity** mainly includes the businesses linked to the BFE (Buyer Furnished Equipment) market, principally airline companies. These businesses are divided into two segments: the Cabin Segment, under the management of Yannick Assouad, includes the two former segments of Cabin & Structures and Galleys & Equipment as well as the actuator and in-flight entertainment system activities, while the Seats Segment, headed by Jean-Michel Billig, includes all the seats activities.
- **The Systems activity** mainly includes the businesses in SFE (Supplier Furnished Equipment), i.e. chiefly involving aircraft manufacturers. These businesses are part of an Aerosystems activity and include the Aircraft Systems and AeroSafety Segments, led by Benoît Ribadeau-Dumas, who joined the Group on September 1, 2015.

These activities are supported by Zodiac Aerospace Services, an internal structure for after-sales service.

Alongside this new organizational structure, a Restricted Executive Committee was set up to ensure greater integration with operations.

EXECUTIVE BOARD EXPANSION

The Supervisory Board of November 23 decided to appoint Mrs Yannick Assouad as an Executive Board member. The Executive Board now comprises Olivier Zarrouati, Chairman, Maurice Pinault and Yannick Assouad.

PROPOSED DIVIDEND OF €0.32 PER SHARE

At the General Meeting of shareholders on January 14, 2016, the Supervisory Board will propose the distribution of a dividend of €0.32 per share. This is the same as the dividend for the previous fiscal year.

A STRONG BUSINESS MODEL

Zodiac Aerospace continues to evolve on a buoyant market thanks to regular growth in air traffic and a high occupancy rate for commercial planes, supporting the demand for new aircraft. The increase in the in-service fleet also boosts maintenance requirements and generates a regular increase in the after-sales business.

The Zodiac Aerospace Group has a strong business model as a result of its presence on several aeronautical markets that have significant technological and regulatory barriers to entry, and in which it occupies leading positions. Zodiac Aerospace has a balanced business mix across initial fitting, retrofitting, and after-sales, per customer type and per platform type. Its position on several markets allows it to exploit internal synergies to offer innovative products to airline companies and aircraft manufacturers, offering benefits in terms of mass, space, and performance, and to maintain a long-term relationship of trust with its customers.

OUTLOOK: RESTRUCTURING IS UNDERWAY

Zodiac Aerospace is steadfastly pursuing the rollout of its Focus transformation plan, which will contribute to improving operational and financial performance.

Current currency hedging covers 93% of the estimated USD/EUR transaction exposure for 2015/2016 at a rate of 1.104 $/€. Estimated exposure to the pound sterling (GBP) and the Canadian dollar (CAD) is covered respectively for 72% at 1.517 GBP/USD and for 85% at 1.273 CAD/USD. These rates compare with average transaction rates of 1.256 USD/EUR, 1.58 GBP/USD and 1.11 CAD/USD for fiscal year 2014/2015.

For fiscal year 2015/2016, the Group is expecting a year of transition with the progressive absorption of excess costs. It expects to see slight growth in sales revenue with a positive dollar effect and a current operational margin of around 10% for the fiscal year, based on a dollar transaction rate in line with the hedged rate of 1.104 $/€.

The current operational margin is expected to show an organic improvement in fiscal year 2016/2017, estimated at two points higher than fiscal year 2015/2016.

Reconciliation of income before/after IFRS 3

(in millions of euros)	Year ended Aug. 31, 2015	Year ended Aug. 31, 2014
Current operating income after IFRS 3	**313.8**	**566.4**
Inventory valuation	0.3	0.9
Current operating income before IFRS 3	**314.1**	**567.3**
Net income attributable to equity holders of the parent company after IFRS 3	**184.8**	**354.4**
Inventory valuation	0.3	0.9
Amortization of intangible assets	20.3	17.1
Acquisition costs	2.0	3.0
Corporate income tax	(7.6)	(6.3)
Net income attributable to equity holders of the parent company before IFRS 3	**199.8**	**369.1**

GOVERNANCE

The Supervisory Board of Zodiac Aerospace has confirmed that the Company continues to refer to the French AFEP-MEDEF Code, available on the AFEP and MEDEF websites, at the same time as applying a reasonable standard of governance that reflects the special characteristics of a Group with "longstanding major shareholders".

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success.

The Company has also implemented the "Comply or Explain" rule provided for in Article L. 225-37 of the French Commercial Code and referred to in Article 25.1 of the AFEP-MEDEF Code. It explains, where applicable, the reasons why some rules were not applied. The table on page 11 provides a summary of the provisions not adopted and the reasons for non-adoption.

Your Company is managed by the Supervisory Board and the Executive Board under a dual management method. This structure separates the management functions exercised by the Executive Board and the control functions over this management, delegated to the Supervisory Board, a body representing the interests of shareholders.

The Executive Board ensures management of the Group using the powers granted to it by legal and regulatory provisions and defined by the Articles of Association; the Supervisory Board is responsible for ongoing control over management and receives the information it requires to perform this task.

THE EXECUTIVE BOARD AND RESTRICTED EXECUTIVE COMMITTEE

To ensure a balance of power and good governance, the Executive Board is assisted in its mission by a Restricted Executive Committee (tasked with the mission previously delegated to the Executive Committee as it existed in fiscal year 2013/2014) and by an Executive Committee as of fiscal year beginning September 1, 2015.

The Executive Board and the Restricted Executive Committee are responsible for examining the issues relating to the functioning and the operational performance of the Group twice per month and for deciding any necessary actions that arise. Chaired by the Chairman of the Executive Board and CEO, Olivier Zarrouati, the Restricted Executive Committee comprises the Deputy CEO, Strategy and Business Development, in charge of Group Business Development, the CEOs of the Segments (Seats, Cabin & Structures, Galleys & Equipment) and the Aerosystems activity (Aircraft Systems and AeroSafety Segments), the CEO of Zodiac Aerospace Services, the Executive Vice-President, Group Administration and Finance, the Group Chief Operating Officer, the Executive Vice-President, Group Communication and Investor Relations, and the Executive Vice-President, Group Human Resources.

In addition, the Executive Committee as it existed in fiscal year 2015, comprising the main functional and operational Group heads, was maintained in order to examine the Group's principal directions as well as the current operational performances of each operational entity. This new role led to the Executive Committee meeting only every quarter.

SUPERVISORY BOARD

The Supervisory Board ensures that the Company and Group operate correctly and reports to the shareholders. The Supervisory Board appoints the Executive Board Chairman and CEO and its members. It oversees the Group's management and administration.

Composition of the Supervisory Board

Every member of the Supervisory Board has signed the "Supervisory Board Member Charter" introduced in February 1997 and updated in 2006 and 2011, which sets out their rights and obligations (general and special rules). The Charter was revised in 2014 and is now known as "the Internal Rules of the Supervisory Board and its Committees". These internal rules include the Charter applicable to Board members as well as Zodiac Aerospace's Code of Stock Trading Ethics with which Board members agree to comply.

The Supervisory Board now has 11 members:

Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Patrick Daher, Élisabeth Domange, Laure Hauseux, Vincent Gerondeau, Gilberte Lombard, Robert Maréchal, FFP Invest, represented by Frédéric Banzet, and Anne Aubert, the employee representative member.

During the fiscal year ended August 31, 2015, four of these members were qualified as independent as defined by the AFEP-MEDEF code criteria: Patrick Daher, Laure Hauseux, Vincent Gerondeau and FFP Invest, represented by Frédéric Banzet. These members provide the Board with wide-ranging experience in terms of their own industries and the international business environment.

The proportion of independent members as defined by the AFEP-MEDEF code is therefore 40%.

This figure for independent member representation falls below the 50% threshold required by the AFEP-MEDEF Code as a result of the requalification of Gilberte Lombard and Marc Assa as "non-independent members" during the fiscal year ended, in strict application of the AFEP-MEDEF Code due to their term of office exceeding 12 years. However, the Board wishes to highlight that Gilberte Lombard and Marc Assa have always shown great freedom of judgement and while their term of office may now be associated with a loss of independence (within the meaning of the AFEP-MEDEF Code), they will nevertheless both be in a position to be completely independent in their thinking.

In order to reach the 50% independent member threshold as soon as possible, the Appointments Committee was charged with seeking out candidates during the fiscal year who meet these criteria and for prioritizing the search for female members in order to comply with future French legislative requirements and the AFEP-MEDEF Code requiring women to comprise at least 40% of Supervisory Board members.

On the recommendation of the Appointments Committee, the Board has therefore decided to propose the appointment of Estelle Brachlianoff and of Fonds Stratégique de Participations (FSP), represented by Florence Parly, to the General Meeting of January 14, 2016 (tenth and eleventh resolutions). Their respective mandates will be granted for a four-year period expiring at the end of the General Meeting held to approve the accounts for fiscal year 2018/2019.

The Appointments Committee, with the Supervisory Board, examined the position of these candidates and noted in particular that the Supervisory Board would benefit from Estelle Brachlianoff's expertise in management and executive management and that FSP, represented by Florence Parly, would provide particular experience in terms of strategy and investment outlook. They also noted that Estelle Brachlianoff and the FSP represented by Florence Parly fully meet the independent criteria of the AFEP-MEDEF Code referred to by the Company.

On the recommendation of the Appointments Committee, the Supervisory Board will propose to the General Meeting of January 14, 2016 to renew the mandates of Élisabeth Domange (seventh resolution) and Didier Domange (sixth resolution) for a two-year period expiring at the end of the General Meeting held to approve the accounts for fiscal year 2016/2017. These will be the final mandates for these two members on the Supervisory Board.

Accordingly, at the end of the General Meeting of January 14, 2016, the Supervisory Board independent member rate will be 60%. It will comprise 11 members, including one member representing the employees, six independent members and five women.

During the fiscal year beginning September 1, 2015, four members are women, including the employee representative, and at least two-thirds of the members have international experience from current or past professional responsibilities.

The term of office for Supervisory Board members has been set at four years, in accordance with the AFEP-MEDEF Code (since January 8, 2014). As an exception, the terms of office of Supervisory Board members in effect at January 8, 2014 will continue until their original expiry date, and the statutory clauses referred to in the above introduction will apply to those who have reached the age limit of 70 (see Statutory information, Company administration, Supervisory Board – Articles 18 to 24 of the Company's Articles of Association).

No Board member exercises any executive management function either at the Group's parent company or subsidiary level.

The Supervisory Board, through its Appointments Committee, noted that no member of the Supervisory Board had a business relationship with the Group, with the exception of Patrick Daher and/or the companies of which he is a director or Chairman. With regard to Patrick Daher and/or the companies of which he is a director or Chairman, the Supervisory Board noted that the business connection with the Group is not significant because of the low volume of services provided and/or products sold by those companies. Furthermore, the Group does not provide or sell services to the companies of which Patrick Daher is Chairman or director.

In addition, the Internal Rules of the Supervisory Board and its Committees stipulate that each member of the Supervisory Board and its Committees must inform the Supervisory Board of any conflict of interest that may arise. The Board member concerned cannot take part in deliberations or vote on a decision affecting him or her. No conflict of interest has been brought to the attention of the Supervisory Board.

Frequency of Supervisory Board Meetings

During the fiscal year, the Board met on seven scheduled occasions: September 23 and November 24, 2014, and January 15, February 12, April 21, May 19 and July 16, 2015. Board members were diligent in their attendance at meetings, resulting in an average attendance rate of over 92%.

Operation of the Supervisory Board and activity in 2014/2015

At each Board meeting, members review business performance indicators against the forecast. They examine the Group's results as well as opportunities for new acquisitions and for disposing of companies that are not, or are no longer, compatible with the Group's core business. Major strategy meetings are held as and when required. The Board dedicates three meetings per year to reviewing the financial statements for the first half and the full year. An "Outlook" seminar was instigated three years ago. Supervisory Board members receive a copy of the draft minutes as quickly as possible after each meeting, prior to final approval at the subsequent meeting. The minutes are then entered in the minute book, and signed by the Chairman and one Board member.

During fiscal year 2014/2015, the Board mainly performed its functions in the following areas:

With regard to the running of the business, the Supervisory Board examined the Group's operational performances: in particular the industrial plans and reorganization of the Seats, Cabin & Structures, and Galleys & Equipment Segments, the annual and half-year financial statements, alignment with the strategic plan, the 2014/2015 budget, disposals and acquisitions, the financing policy, and the reappointment of the Statutory Auditors.

On governance, the Board examined the following subjects:

- the compensation policy for executive management, as proposed by the Compensation Committee;
- the total package and the number of performance shares and stock options granted to corporate officers, to members of the Executive Committee who are not corporate officers, and to Group employees;
- the succession plan for Board members and the composition of the Board and its Committees;
- the annual assessment of the Supervisory Board and its Committees;
- compliance of the Group's governance with the recommendations of the AFEP-MEDEF Code;
- the independence of Board members;
- modification of the Board's Internal Rules in order to implement the AFEP-MEDEF Code's recommendations which were revised in June 2013;
- the capital structure and entry of a new shareholder;
- the new activities organization to be implemented from September 1, 2015;
- the change in the Executive Board structure.

Assessment of the Board

In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board had an external assessment carried out during the course of the fiscal year on the conditions of its operation. This process is formally conducted every three years. The analysis was entrusted to the same consultancy firm specializing in matters of corporate governance that had performed the first formal evaluation during fiscal year 2011/2012.

All Board members were interviewed between March and July 2015 in order for the consultants to appraise the operations of the Supervisory Board and the Committees. This assessment showed that operation of the Board had significantly improved in the following areas since the last assessment three years ago:

- establishment of an annual "Outlook" seminar;
- the chair of the Audit and Compensation Committees performed by independent members;
- the arrival and successful integration of new Board members;
- the intensity of the debates which has increased and is supported by management transparency;
- problems "on the ground" discussed this fiscal year during the visit to the United States.

In the future, progress is likely in the following areas as regards the AFEP-MEDEF Code:

- improved visibility on the succession on the Board of members representing the family and major shareholders;
- the proportion of independent members to be increased, with greater internationalization;
- the implementation of more systematic "executive sessions" during the Board meetings;
- documents and dossiers to be sent out more quickly;
- increased interaction between Executive Committee members and the Board.

The Supervisory Board has noted these suggestions and the proposals for improvement that have been made to it.

Committees

In complying with official guidelines on corporate governance, and at the recommendation of its Chairman, the Supervisory Board formed three special committees in 1995: the Audit Committee, the Compensation Committee and the Appointments Committee.

All three Committees are regulated under the terms of the relevant dedicated chapters of the Internal Rules of the Supervisory Board and its Committees, which define their roles, composition, number of meetings, resources, members' compensation and the requirement for minutes to be drafted after each meeting.

Members who accept appointment to a Committee are expected to attend all meetings held by that Committee.

The Audit Committee

The Audit Committee met six times during the year. It met four times specifically to review the Group's half-year and consolidated full-year financial statements and the main account closing options eight days before the Supervisory Board meeting convened for that purpose, and twice to meet with the Audit and Internal Control Director to consider the following:

- Internal audit:
  - specific item on the action plans implemented following the operational incidents/accidents;
  - review of the action plans on the inventory turnover procedures audit and the reliability of the resulting information;
  - review of the audit plan and assessment of audit tasks performed.
- Risk management:
  - the main general lines of the Focus plan;
  - improvement to the organization of Zodiac Aerospace: the roles and responsibilities of each employee;
  - review of actions carried out since the last risk-dedicated Audit Committee;
  - update of top group risks and risk-mapping, and a progress report on the ten main risks.

In addition, the Audit Committee had a face-to-face meeting with the Statutory Auditors, reviewed the report of the Chairman of the Supervisory Board and the content of the financial press releases, and considered the fees paid to the Statutory Auditors.

During fiscal year ended August 31, 2015, the Committee comprised the following four Board members (including two independent members): Gilberte Lombard as Chairman until January 15, 2015, then Laure Hauseux as Chairman (Gilberte Lombard remaining as a member), Louis Desanges, and FFP Invest, represented by Frédéric Banzet. The meetings were also attended by the Statutory Auditors and the Executive Vice-President, Administration and Finance.

The chairmanship of the Audit Committee was therefore conducted by an independent member in the strict meaning of the AFEP-MEDEF Code during the fiscal year ended August 31, 2015.

The members of the Audit Committee have been specially selected for their financial and accounting skills based on their background and experience.

Compensation Committee

The Compensation Committee usually meets twice during the fiscal year, and did so this year. The four Committee members during the fiscal year ended August 31, 2015 (Patrick Daher as Chairman, Gilberte Lombard, Marc Assa and Vincent Gerondeau) are tasked by the Supervisory Board with setting the compensation paid to the Executive Board and Restricted Executive Committee members, allocating stock options and/or performance-based free shares to these executives within the terms authorized by the General Meetings of Shareholders, setting the compensation paid to the Chairman of the Supervisory Board, and allocating the fees paid to Supervisory Board members.

The Committee therefore comprised four members (including two independent members) and is chaired by an independent member within the strict definition of the AFEP-MEDEF Code. Anne Aubert, the Board member representing employees, did not serve on the Compensation Committee for the fiscal year ended August 31, 2015.

On the recommendation of the Appointments Committee, the Supervisory Board proposed that Anne Aubert should join the Compensation Committee from November 23, 2015.

The annual work of the Compensation Committee focused specifically on the impact of the Macron law on the award of stock options and free shares and on a review of performance-related free share awards.

Appointments Committee

The Appointments Committee meets when required; it met twice during the fiscal year ended August 31, 2015. It had three members from September 1, 2014 to April 20, 2015: Louis Desanges as Chairman, Marc Assa and Vincent Gerondeau, and four members from April 21, 2015 with the inclusion of FFP Invest, represented by Frédéric Banzet.

The Appointments Committee is tasked with reviewing the Board's composition and selecting Supervisory Board members and Group senior managers. It also reviews the criteria used for appointing Supervisory Board members, focusing in particular on aerospace or industrial experience, international experience, and independence within the meaning of the AFEP-MEDEF Code.

The Appointments Committee reviewed the criteria pertaining to the independence of the Board's members and approved the qualification as "independent" members of Laure Hauseux, Patrick Daher, Vincent Gerondeau and FFP Invest, represented by Frédéric Banzet for fiscal year ended August 31, 2015.

The annual work of the Appointments Committee focused specifically on:

- the ongoing search for female members in order to comply with future legislative requirements and with the AFEP-MEDEF code on equal representation of men and women, requiring women to comprise at least 40% on boards from January 1, 2017;
- this search led us to propose to the General Meeting of January 14, 2016, the appointment of Estelle Brachlianoff and the Fonds Stratégique de Participations (FSP), represented by Florence Parly;
- conducting the standard review of the independence criteria of Board members.

For the fiscal year ended August 31, 2015, the Appointments Committee was chaired by Louis Desanges. The Supervisory Board decided to continue with his chairmanship even though he is not independent within the meaning of the AFEP-MEDEF Code, based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families.

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it seemed obvious to the Board to assign the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding.

All the Group's committees have a lower representation of independent members: for the Audit and Compensation Committees, this is due to the requalification during the fiscal year beginning September 1, 2015 of Gilberte Lombard and Marc Assa as "non-independent" members within the strict meaning of the AFEP-MEDEF Code; for the Appointments Committee, it is due to the specificities of our Group, which is composed of major long-term shareholders, some of whom are related to the founders. The Appointments Committee has been tasked with finding candidates who meet the criteria of independence within the strict meaning of the AFEP-MEDEF Code so that there is a greater representation of independent members on these committees.

After each Committee meeting, the Supervisory Board is informed of all the proposals and observations made at the meeting.

IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" RULE OF THE AFEP-MEDEF CODE

Provisions of the AFEP-MEDEF Code not adopted	Reason
Number of independent members on the Supervisory Board Article 9.2: Independent directors should account for half the members of the Board in widely held corporations without controlling shareholders.	As the Board decided to apply the independent criteria in the strict sense of the AFEP-MEDEF Code during the course of the fiscal year, two members of the Supervisory Board, Gilberte Lombard and Marc Assa, were requalified as "non-independent" members in the strict sense of the AFEP-MEDEF Code due to their terms of office having exceeded 12 years. The Appointments Committee was tasked during the fiscal year with looking for independent candidates in order to reach the proportion required under the AFEP-MEDEF Code. On the proposal of the Appointments Committee, the Supervisory Board will propose to the General Meeting of January 14, 2016 the appointment of two new members fulfilling the independence criteria of the AFEP-MEDEF Code. At the end of the General Meeting of January 14, 2016, the proportion of members of the Supervisory Board qualified as independent in the sense of the AFEP-MEDEF Code would be 60% if the two proposed new members are elected.
Composition of the Audit Committee Article 16.1: The proportion of independent members of the Supervisory Board serving on the Audit Committee "should be at least two-thirds".	For the fiscal year ending August 31, 2015, the lower representation of independent members on the Audit Committee (two out of four) is due to the requalification of Gilberte Lombard as a "non-independent" member within the strict meaning of the AFEP-MEDEF Code. On the proposal of the Appointments Committee, the Supervisory Board will propose to the General Meeting of January 14, 2016 the appointment of two new Board members fulfilling the independence criteria for the AFEP-MEDEF Code and, if they are elected, will propose that they are appointed to the Audit Committee so that the threshold of two-thirds of independent members is met.
Composition of the Compensation Committee Article 18.1: The Committee should have a majority of independent directors.	For the fiscal year ending August 31, 2015, the lower representation of independent members on the Appointments Committee (two out of four) is due to the requalification of Gilberte Lombard and Marc Assa as "non-independent" members within the strict meaning of the AFEP-MEDEF Code. The Appointments Committee has been tasked with looking for independent candidates in order to reach the proportion required under the AFEP-MEDEF Code as soon as possible. On the proposal of the Appointments Committee, the Supervisory Board will propose to the General Meeting of January 14, 2016 the appointment of two new Board members fulfilling the independence criteria for the AFEP-MEDEF Code and, if they are elected, will propose that they are appointed to the Compensation Committee in order to achieve a majority of independent members. In addition, the chairmanship of the Compensation Committee was assigned to an independent member in accordance with the AFEP-MEDEF Code. The Board member representing the employees will be included in the Compensation Committee from November 23, 2015.
Composition of the Appointments Committee Article 17.1: When the Appointments Committee is separate from the Compensations Committee, it should be chaired by an independent member of the Supervisory Board. Reference by analogy to Article 18.1: The Committee should have a majority of independent directors.	The Appointments Committee is chaired by Louis Desanges, whom the Supervisory Board decided once again to appoint as Chairman, even though he is not independent within the meaning of the AFEP-MEDEF Code. His chairmanship is based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families. The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it seemed obvious to the Board to assign the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding. For the same reason, there are fewer independent members on the Appointments Committee (two out of the four), the majority being major long-term shareholders and some being related to the founders.

Composition of the Executive Board and Supervisory Board at August 31, 2015

Executive Board

Olivier Zarrouati
Chairman of the Executive Board and CEO

Maurice Pinault
Member

Supervisory Board

Didier Domange
Chairman of the Supervisory Board

Louis Desanges
Vice-Chairman

Marc Assa
Member

Patrick Daher [1]
Member

Élisabeth Domange
Member

Laure Hauseux [1]
Member

Vincent Gerondeau [1]
Member

Gilberte Lombard
Member

Robert Maréchal
Member

FFP Invest [1]
Member, represented by Frédéric Banzet

Anne Aubert
Member representing employees

(1) Independent member during the fiscal year ended August 31, 2015.

Details of the functions and other terms of office of members of the Supervisory and Executive Boards are provided on pages 14 and 15.

Composition of the Executive Committee for fiscal year ended August 31, 2015

Executive Committee

Olivier Zarrouati
Chairman of the Executive Board and CEO

Maurice Pinault
Member of the Executive Board,
Deputy CEO, Strategy and Business Development

Yannick Assouad
CEO for the Cabin & Structures and Galleys & Equipment Segments

Christophe Bernardini
CEO, Zodiac Aerospace Services

Jean-Michel Billig
CEO, Seats Segment

Jean-Michel Condamin
CEO, Galleys & Equipment

Gilles Debray
CEO, Aircraft Systems Segment

François Feugier
Group Chief Operating Officer

Jean-Jacques Jégou
Executive Vice-President, Group Administration and Finance

Christian Novella
Executive Vice-President with special responsibility for relations with airlines

John O'Donnell
CEO, AeroSafety Segment

Adri Ruiter
CEO, Zodiac Seats US

Delphine Segura Vaylet
Executive Vice-President, Group Human Resources

Pierre-Antony Vastra
Executive Vice-President, Group Communication and Investor Relations

Carine Vinardi [1]
Executive Vice-president, Group Lean

Stephen Zimmerman
CEO, Cabin & Structures

(1) Left the Group in October 2015

Statutory Auditors

Ernst & Young Audit

Fidaudit
(a member of the Fiducial network)

Composition of the Restricted Executive Committee and of the Executive Committee as of September 1, 2015

Restricted Executive Committee

Olivier Zarrouati
Chairman of the Executive Board and CEO

Maurice Pinault
Member of the Executive Board,
Deputy CEO, Strategy and Business Development

Yannick Assouad
Member of the Executive Board(1),
CEO, Cabin branch

Christophe Bernardini
CEO, Zodiac Aerospace Services

Jean-Michel Billig
CEO, Seats branch

François Feugier
Group Chief Operating Officer

Jean-Jacques Jégou
Executive Vice-President, Group Administration and Finance

Benoit Ribadeau-Dumas
CEO, Aerosystems branch

Delphine Segura Vaylet
Executive Vice-President, Group Human Resources

Pierre-Antony Vastra
Executive Vice-President, Group Communication and Investor Relations

(1) Since November 23, 2015

Executive Committee

The Executive Committee is mainly comprised of the Executive Committee members present at August 31, 2015.

APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS

Members	Date of appointment or reappointment	Year of appointment expiry	Position held in the Company	Other positions or offices held	Nationality
Didier Domange (72 years)	Jan. 8, 2014	2015	- Chairman of the Supervisory Board	**Unlisted companies:** - Director of Zodiac Seats France - CICOR representative on the Board of Directors of Banque Transatlantique - Chairman of the Supervisory Board of Fidoma	French
Louis Desanges (68 years)	Jan. 10, 2012	2017	- Vice-Chairman of the Supervisory Board - Chairman of the Appointments Committee - Member of the Audit Committee	**Unlisted companies:** - Chief Executive of Omnium Delabordère - Director of Ecod'Air EI and Ecod'Air EA	French
Marc Assa (74 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board - Member of the Compensation Committee - Member of the Appointments Committee	**Unlisted companies:** - Chairman of the Board of Directors of CDCL Luxembourg - Member of the Supervisory Board of Nora Systems, Germany	Luxembourgish
Anne Aubert (44 years)	July 1, 2014	June 30, 2018	- Member of the Supervisory Board, representative of Group employees - Member of the Compensation Committee since November 23, 2015	**Unlisted companies:** - Head of Programs - Zodiac Seats France	French
Patrick Daher (66 years)	Jan. 8, 2014	2017	- Member of the Supervisory Board - Chairman of the Compensation Committee *Independent member*	**Unlisted companies:** - Director and Chief Operating Officer of Sogemarco-Daher - Chairman and Chief Executive Officer of Daher - Vice-chairman of GIFAS and GEAD **Listed companies:** - Director of LISI	French
Élisabeth Domange (72 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board	**Unlisted companies:** - Farm manager - Member of the Supervisory Board of Fidoma	French
FFP Invest, représentée par Frédéric Banzet (57 years)	Jan. 9, 2013	2018	- Member of the Supervisory Board - Member of the Audit Committee - Member of the Appointments Committee since April 21, 2015 *Independent member*	**Unlisted companies:** - Director of EPF - Permanent representative of FFP Invest - Member of the Supervisory Board of Idi EM: SA (Luxembourg law) **Listed companies:** - Non-voting member of the Supervisory Board of PSA	French

Members	Date of appointment or reappointment	Year of appointment expiry	Position held in the Company	Other positions or offices held	Nationality
Vincent Gerondeau (50 years)	Jan. 10, 2011	2017	- Member of the Supervisory Board - Member of the Appointments Committee - Member of the Compensation Committee *Independent member*	**Unlisted companies:** - Chairman of Clairsys SAS	French
Laure Hauseux (53 years)	Jan. 10, 2011	2017	- Member of the Supervisory Board - Member of the Audit Committee - Chairman of the Audit Committee since January 15, 2015 *Independent member*	**Unlisted companies:** - Member of the Executive Board and Chairman of the Audit Committee of PHM France Holdco 19 - Chief Executive of Grande Armée Conseil SARL - CEO, GAC SASU - Chief Executive of GA Conseil SARL	French
Gilberte Lombard (71 years)	Jan. 15, 2015	2016	- Member of the Supervisory Board - Chairman of the Audit Committee until January 15, 2015, then member of the Audit Committee - Member of the Compensation Committee	**Unlisted companies:** - Director of Vernet Retraite **Listed companies:** - Director, Chairman of the Audit Committee, member of the HSE Committee (social and environmental responsibility) of CGG (formerly CGG Veritas) - Director, Chairman of the Compensation Committee, member of the Audit Committee of Robertet SA	French
Robert Maréchal (74 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board	**Unlisted companies:** - Director of Tech Industrie	French

APPOINTMENTS HELD BY EXECUTIVE BOARD MEMBERS

Members	Appointment and last renewal date	Positions held in the Company	Other positions or offices held
Olivier Zarrouati	November 15, 2007 reappointed on November 17, 2011, November 17, 2015	Chairman of the Executive Board (1)	Directorships: **Group Companies (unlisted companies)** **France:** Zodiac Actuation Systems (as representative of Zodiac Aerotechnics), Zodiac Aerotechnics, Zodiac Engineering, Zodiac Seats France **Other countries:** Air Cruisers Company LLC (USA), Avox Systems Inc. (USA), C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), Esco (USA), Heath Tecna (USA), Zodiac Interconnect UK Ltd (UK), Mag Aerospace Industries LLC (USA), Monogram Train LLC (USA), Zodiac Parachutes Industries of Southern Africa Pty (South Africa), Sicma Aero Seat Services (USA), Zodiac Aerospace Services UK Ltd (UK), Zodiac US Corporation (USA) **Non-Group Companies (listed companies)** **France :** Coface SA, Member of the Board of Directors
Maurice Pinault	September 18, 1992, reappointed on September 25, 2012	Member of the Executive Board (1)	Directorships: **Group Companies (unlisted companies)** **France :** Zodiac Engineering, Zodiac Seats France **Other countries:** Sicma Aero Seat Services (USA), Driessen Aerospace Group N.V. (Netherlands), Greenpoint Aerospace Inc. (USA), Greenpoint Technologies Inc. (USA)

(1) Reappointed by the Supervisory Board for a period of four years.

From November 23, 2015, Yannick Assouad was appointed as a Member of the Executive Board.

COMPENSATION AND BENEFITS

The information and tables in this section:

- have been produced in accordance with the French AFEP-MEDEF Code (version dated June 16, 2013);
- comply with AMF Recommendations Nos. 2012-02, 2012-14 and 2013-15 contained in its 2012 and 2013 Annual Reports on corporate governance, compensation of corporate directors and officers, and internal control of listed companies, and with AMF Position–Recommendation No. 2009-16, constituting drafting guidelines for Registration Documents.

The Executive Board and the Supervisory Board of Zodiac Aerospace have opted to apply the AFEP-MEDEF Code recommendation on consulting shareholders with regard to individual compensation for executive corporate officers.

The necessary information for shareholders to consult regarding elements of compensation due, awarded or to be awarded for fiscal year 2014/2015 to Olivier Zarrouati and Maurice Pinault is presented as defined by the AFEP-MEDEF Code and its implementation guide (published on January 12, 2014).

A. COMPENSATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD

The Combined General Meeting held on January 10, 2011 increased the maximum amount of directors' fees payable to Board members to €400,000.

At its meeting of November 23, 2015, the Supervisory Board approved the renewal of directors' fees on an individual basis, on the same terms as those approved at the Board's meeting of September 23, 2014, according to the following criteria:

- the Chairman will receive €70,000;
- the Vice-Chairman will receive a supplementary fixed amount of €5,000 (he may be required to replace the Chairman if the latter is unable to attend);
- each of the members will be allocated a fixed annual sum of €15,000 (excluding the Chairman);
- an attendance bonus of €1,500 per meeting will be allocated, up to a maximum of €10,000.

Committee members will also receive the following flat fees:

- €6,000 for members of the Audit Committee and €10,000 for its Chairman;
- €4,000 for members of the Compensation Committee and €6,000 for its Chairman;
- €1,000 per meeting for members of the Appointments Committee, up to a maximum of €2,000.

Members of the Supervisory 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 (see Table 11 "Directors' fees and other compensation paid to non-executive corporate officers").

B. COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS (MEMBERS OF THE EXECUTIVE BOARD)

I. Summary of elements of compensation due or awarded for fiscal year 2014/2015 submitted for shareholder advisory opinion at the Combined General Meeting on January 14, 2016

a. Compensation due or awarded for fiscal year 2014/2015 to Olivier Zarrouati, Chairman of the Executive Board

Elements of compensation	Amount	Details
Fixed	€620,000	Fixed gross compensation determined by the Supervisory Board on September 24, 2013, representing no change compared to fixed compensation for 2013/2014
Variable	€0	Set at a maximum of €620,000 if the target is 120% achieved and €0 if the target is 80% achieved. The total amount is proportional between these two limits. The target for each fiscal year "n" is 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" = (Actual net income for fiscal year n -1 + net income budget for fiscal year n)/2 The variable portion due for 2014/2015 is €0, compared to €252,213 for the previous fiscal year.
Multi-year variable	N/A	Olivier Zarrouati does not benefit from any compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€42,559	Olivier Zarrouati benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €4,407 and €38,152 into the contribution pension plan (excluding French Social Security).
Benefits in kind	€12,882	Olivier Zarrouati benefited from: - severance insurance taken out with GSC, for which the contribution for fiscal year 2014/2015 was €5,145. - a company car, for which the usage value in fiscal year 2014/2015 was €7,737.
Award of stock options	No award	Stock options are awarded at the same time of year, every four years. These options can be exercised in quarters from each of the anniversary dates following the award date. A resolution to end stock option awards will be submitted to the Combined General Meeting of January 14, 2016. Olivier Zarrouati was not awarded any such stock options during fiscal year 2014/2015.
Award of performance-based free shares	No award	Free shares are awarded at the same time of year, every four years. These awards are subject to conditions of presence in the company and performance. The next award is due to take place after the Combined General Meeting of January 14, 2016 on conditions of vesting, retention and performance, as submitted to this Meeting. Olivier Zarrouati was not awarded any free shares during fiscal year 2014/2015.
Non-compete payment	No payment	In the event of Olivier Zarrouati leaving the Group, and in consideration for entering into a non-compete agreement binding for a minimum period of one year, he will receive a monthly payment equivalent to one month of the average gross annual compensation he received during the previous 12 months of his period of office. This commitment was authorized by the Supervisory Board on November 19, 2009. This amount will be payable up to a maximum of 12 months' gross fixed and variable compensation (as set out above). However, it is agreed that this arrangement may be terminated should Olivier Zarrouati leave the Group, provided the termination is notified within 60 days following the date on which Olivier Zarrouati leaves office.

b. Compensation due or awarded for fiscal year 2014/2015 to Maurice Pinault, Member of the Executive Board

Elements of compensation	Amount	Details
Fixed	€372,000	Fixed gross compensation determined by the Supervisory Board on September 24, 2013, representing no change compared to fixed compensation for 2012/2013.
Variable	€0	Set at a maximum of €372,000 if the target is 120% achieved and €0 if the target is 80% achieved. The total amount is proportional between these two limits. The target for each fiscal year "n" is 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" = (Actual net income for fiscal year n -1 + net income budget for fiscal year n)/2 The variable portion due for 2014/2015 is €0, compared to €151,330 for the previous fiscal year.
Multi-year variable	N/A	Maurice Pinault does not benefit from any compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€42,559	Maurice Pinault benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €4,407 and €38,152 into the contribution pension plan (excluding French Social Security).
Benefits in kind	€8,599	Maurice Pinault benefited from a company car, for which the usage value in fiscal year 2014/2015 was €8,599
Award of stock options	No award	Stock options are awarded at the same time of year, every four years. These options can be exercised in quarters from each of the anniversary dates following the award date. A resolution to end stock option awards will be submitted to the Combined General Meeting of January 14, 2016. Maurice Pinault was not awarded any such stock options during fiscal year 2014/2015.
Award of performance-based free shares	No award	Free shares are awarded at the same time of year, every four years. These awards are subject to conditions of presence in the company and performance. The next award is due to take place after the Combined General Meeting of January 14, 2016 on conditions of vesting, retention and performance, as submitted to this Meeting. Maurice Pinault was not awarded any free shares during fiscal year 2014/2015.
Non-compete payment	N/A	Maurice Pinault is not subject to a non-compete agreement.
Compensatory payment or benefits due or likely to be due on termination or change of function	No payment	As part of his employment contract, pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Maurice Pinault could benefit from the following payments: - severance payment in the event of termination of the employment contract by the employer (17 months of gross fixed and variable salary)[1]; - lump-sum retirement gratuity if Maurice Pinault chooses to implement his pension rights (5 months of gross fixed and variable salary)[1]. (1) Based on the preceding 12 months.

II. Compensation Policy

The compensation of executive corporate officers is determined by the Supervisory Board following a recommendation from the Compensation Committee.

The main guidelines on which the Supervisory Board bases its decisions are as follows:

- The compensation policy must reflect the company's values and culture; the compensation tools and systems deployed must therefore be those considered as being best able to provide for sustainable performance and a long-term vision, as well as involvement in the entrepreneurial risk, particularly through share ownership.
- A significant proportion of the executive corporate officers' compensation (and that of members of the Executive Committee) must be a factor of performance, assessed over a certain length of time:

  - short-term through the achievement of annual targets,

  - long-term through profit-sharing tools,

  where the performance conditions and ultimate value depend on sustainable value creation for all shareholders.
- The levels of compensation for executive corporate officers (and for members of the Executive Committee) while being measured, must be competitive with the practices of groups comparable to Zodiac Aerospace (activities, degree of internationalization, size, profitability, market capitalization).
- All compensation components (fixed portion, annual variable portion, awards of stock options and performance-based free shares) and the balance between these components are taken into account to determine the compensation of executive corporate officers and members of the Executive Committee who are not corporate officers.
- Long-term compensation tools are a fundamental component of Zodiac Aerospace's entrepreneurial culture and its compensation policy.
- In 2011, Zodiac Aerospace decided to award performance-based free shares in addition to or as a replacement for stock options.
- The tax obligation to retain shares awarded as free shares strengthens the convergence of interest between shareholding employees and external shareholders (see "Investor Information", page 34).

- Awards of stock options and/or performance-based free shares to executive corporate officers and members of the Executive Committee are made at the same time of year, every four years. The last award was made in December 2011.
- Two resolutions will be submitted to the Combined General Meeting of January 14, 2016: one to remove the ability to award stock options, the second to allow the award of free shares on conditions of vesting, retention and performance as result from the resolution submitted to the vote of the Combined General Meeting. If this resolution is adopted, an award will be made after the date of the Combined General Meeting.

III. Description of components of stock option and/or performance-based free share programs applicable through August 31, 2015

1. STOCK OPTIONS

Up to August 31, 2014:

Options expire after a period of eight years. They are awarded with no discount to the share price and a quarter of the whole award can be exercised from each successive anniversary of the award date.

The award is made every four years, except for awards to executive corporate officers joining the company between two four-yearly awards.

The award is made during the first four months of the fiscal year, unless exceptional legal constraints prevail, and the award price is based on the average share price over the 20 trading days preceding the award date.

The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

No stock options were awarded to executive corporate officers in fiscal year 2014/2015.

From September 1, 2014:

Executive corporate officers are no longer offered a choice between stock options and performance-based free shares; they are only awarded performance-based free shares, all of which are subject to a performance condition.

2. AWARD OF PERFORMANCE-BASED FREE SHARES

Two conditions pertain to the vesting of performance-based free shares:

- presence;
- performance.

a. Presence condition

The condition of presence for the vesting of shares to executive corporate officers is two years following the award date (additional to this condition is a holding period of two years after the vesting date).

These awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new executive corporate officers appointed between two four-yearly awards.

b. Performance condition

The performance condition applies to a percentage of the number of shares awarded, that amount being 100% of the award.

The calculation formula for the performance target is identical for all beneficiaries. The shares are vested when the target, as defined in the variable compensation calculation, is 100% achieved on average over the fiscal year of the award and the following fiscal year. The number of shares vested is reduced if the target is only partially achieved and canceled if only 80% is achieved on average over the fiscal year of the award and the following fiscal year.

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

IV. Description of components of stock option and/or performance-based free share programs applicable after August 31, 2015

The terms for awarding performance-based free shares from fiscal year 2015/2016 are the subject of a specific resolution submitted for voting at the Combined General Meeting of January 14, 2016.

V. Situation of Olivier Zarrouati

Olivier Zarrouati was a full-time employee of the Group for nine years prior to being appointed Member and Chairman of the Executive Board on November 15, 2007. This appointment was renewed on November 17, 2011 and November 17, 2015.

On December 1, 2009, Olivier Zarrouati resigned from his employment contract; in order to take account of Olivier Zarrouati's length of service in the Group, at its meeting on November 19, 2009, the Supervisory Board approved the establishment of a compensation plan for Olivier Zarrouati's office, providing for two compensation payments: one with a clause terminating on December 17, 2011 which has not been renewed, and the second, a "non-compete" agreement, described as follows:

> "In the event of Olivier Zarrouati leaving the Group, and in consideration for entering into a non-compete agreement binding for a minimum period of one year, Olivier Zarrouati will receive a monthly payment equivalent to one month of the average gross annual compensation he received during the previous 12 months of his appointment."

The maximum payment in this respect is 12 months of gross fixed and variable compensation (as defined in the formula below). However, it is agreed that this arrangement may be terminated should Olivier Zarrouati leave the Group, in which case Zodiac Aerospace will be released from the payment of this non-compete compensation provided that this termination is notified within 60 days of the date on which Olivier Zarrouati leaves office.

Compensation for Olivier Zarrouati

a. Annual compensation

This includes a fixed and variable portion (see summary table of compensation for each executive corporate officer, page 22).

1. FIXED PORTION

- The fixed portion was determined by the Supervisory Board on September 24, 2013 at €620,000. This amount was applied to fiscal years 2012/2013, 2013/2014 and will apply to fiscal year 2014/2015; i.e. there was no increase in the fixed portion for the year ended August 31, 2015.

2. VARIABLE PORTION

- The variable portion is a maximum of €620,000 if the target is 120% achieved and €0 if it is 80% achieved; it varies proportionally between these two limits.

The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n".

$$\text{Target "n"} = \frac{\text{Actual net income for FY n -1 + Net income budget for FY n}}{2}$$

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 Executive 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.

The variable portion paid in January 2015 for fiscal year 2013/2014 was €252,216, representing 40.68% of the 2013/2014 fixed compensation.

The variable portion due for 2014/2015 and payable in fiscal year 2015/2016 is €0.

b. Collective life, health and defined-contribution pension plans

Olivier Zarrouati benefits from the same collective plan as other Zodiac Aerospace executives regarding life, health and defined-contribution pension plans.

Employer contributions paid into these plans in 2014/2015 were:

- life/health plan: €4,407
- pension plan: €38,152

Olivier Zarrouati does not benefit from a "top-hat" retirement plan.

c. Benefits in kind

Olivier Zarrouati benefits from severance insurance taken out with GSC. The 2014/2015 contribution was €5,145 and is included in the amount declared under benefits in kind.

Olivier Zarrouati benefits from the provision of a company car, purchased by the Company for €64.5k; its usage value for fiscal year 2014/2015 of €7,737 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

No stock options or performance-based free shares were awarded to Olivier Zarrouati in fiscal year 2014/2015.

e. Obligation to retain shares

Pursuant to the provisions of the French Commercial Code and the AFEP-MEDEF Code, the Supervisory Board has imposed an obligation to retain shares derived from the exercise of stock options and/or performance-based free shares. Executive corporate officers are required to retain them until the end of their term of office (see Table 8 "Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers").

VI. Situation of Maurice Pinault

Maurice Pinault was employed in the Group for 14 years before being appointed as a member of the Executive Board on September 18, 1992. This appointment was renewed most recently on September 25, 2012.

Maurice Pinault does not receive any compensation for his position as a member of the Executive Board.

Maurice Pinault has kept his employment contract as Deputy CEO Strategy and Business Development.

As regards this office, Maurice Pinault is not entitled to any compensatory payment on termination of employment or change of position, or in respect of a non-compete clause.

As part of his employment contract, and pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Maurice Pinault could benefit from the following payments:

- severance payment in the event that the employer terminates the employment contract;
- retirement gratuity in the event that Maurice Pinault claims his pension rights.

If either of these events had occurred on August 31, 2015, the amounts payable would have been:

- severance payment: 17 months,
- retirement gratuity: 5 months,

of gross fixed and variable salary for the preceding twelve months.

Compensation for Maurice Pinault

a. Annual compensation under his employment contract

This includes a fixed and variable portion (see summary table of compensation for each executive corporate officer, page 22).

1. FIXED PORTION

- The fixed portion was determined by the Supervisory Board on September 24, 2013 at €372,000. This amount was applied to fiscal years 2012/2013, 2013/2014 and will apply to fiscal year 2014/2015; i.e. there was no increase in the fixed portion for the year ended August 31, 2015.

2. VARIABLE PORTION

- The variable portion is a maximum of €372,000 if the target is 120% achieved and €0 if it is 80% achieved; it varies proportionally between these two limits.

The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n".

$$\text{Target "n"} = \frac{\text{Actual net income for FY n -1 + Net income budget for FY n}}{2}$$

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 Executive 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.

The variable portion paid in January 2015 for fiscal year 2013/2014 was €151,330, representing 40.68% of the 2013/2014 fixed compensation.

The variable portion due for 2014/2015 and payable in fiscal year 2015/2016 is €0.

b. Collective life, health and defined-contribution pension plans

Maurice Pinault benefits from the same collective plan as other Zodiac Aerospace executives regarding life, health and defined-contribution pension plans.

Employer contributions paid into these plans in 2014/2015 were:

- life/health plan: €4,407
- pension plan: €38,152

Maurice Pinault does not benefit from a "top-hat" retirement plan.

c. Benefits in kind

Maurice Pinault benefits from the provision of a company car, purchased by the Company for €70k; its usage value for fiscal year 2014/2015 of €8,599 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

No stock options or performance-based free shares were awarded to Maurice Pinault in fiscal year 2014/2015.

e. Obligation to retain shares

Pursuant to the provisions of the French Commercial Code and the AFEP-MEDEF Code, the Supervisory Board has imposed an obligation to retain shares derived from the exercise of stock options and/or performance-based free shares. Executive corporate officers are required to retain them until the end of their term of office (see Table 8 "Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers").

Compensation policy for executive corporate officers

Table 1. Summary of compensation and stock options and shares awarded to each executive corporate officer

(in euros)	2014/2015	2013/2014
Olivier Zarrouati, Chairman of the Executive Board		
Compensation due for the period (details in Table 2)	€632,882	€883,988
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of performance-based free shares awarded during the period (details in Table 6)	None	None
TOTAL	**€632,882**	**€883,988**
Maurice Pinault, Executive Board member		
Compensation due for the period (details in Table 2)	€380,599	€530,329
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of performance-based free shares awarded during the period (details in Table 6)	None	None
TOTAL	**€380,599**	**€530,329**

Table 2. Summary of each executive corporate officer's compensation

(in euros)	2014/2015		2013/2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Olivier Zarrouati, Chairman of the Executive Board				
Fixed compensation	€620,000	€620,000	€620,000	€620,000
Variable compensation	€0	–	€252,216	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€12,882	€12,882	€11,772	€11,772
TOTAL	**€632,882**	**€632,882**	**€883,988**	**€631,772**
Maurice Pinault, Executive Board member				
Fixed compensation	€372,000	€372,000	€372,000	€372,000
Variable compensation	€0	–	€151,330	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€8,599	€8,599	€6,999	€6,999
TOTAL	**€380,599**	**€380,599**	**€530,329**	**€378,999**

Table 3. Summary of employment contract, supplementary pension contract, compensatory payment and benefits

Name	Employment contract		Supplementary pension plan		Compensatory payment or benefits due or likely to be due on termination or change of function		Compensatory payment due under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Olivier Zarrouati, Chairman of the Executive Board		X		X		X	X	
Maurice Pinault, Executive Board member	X			X	X			X

Table 4. Stock options awarded during the fiscal year to each executive corporate officer

Name	No. and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used for the consolidated accounts	Number of options awarded in the fiscal year	Exercise price	Exercise period
Olivier Zarrouati	None	None	None	None	None	None
Maurice Pinault	None	None	None	None	None	None

Table 5. Stock options exercised during the fiscal year for each executive corporate officer

Name	No. and date of plan	Number of options exercised in the fiscal year	Exercise price
Olivier Zarrouati	None	None	None
Maurice Pinault	Plan 07b Dec. 3, 2007	47,328	€8.22
Maurice Pinault	Plan 07b Dec. 3, 2007	21,892	€8.22

Table 6. Performance-based free shares awarded during the fiscal year to each executive corporate officer

Name	No. and date of plan	Number of shares awarded during the fiscal year	Valuation of shares according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Olivier Zarrouati	None	None	None	None	None	None
Maurice Pinault	None	None	None	None	None	None

Table 7. Performance-based free shares becoming available during the fiscal year for each executive corporate officer

Name	No. and date of plan	Number of shares vested during the fiscal year	Vesting date	Transferability date	Vesting conditions
Olivier Zarrouati	None	None	None	None	None
Maurice Pinault	None	None	None	None	None

Table 8. Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers

Name	Plan	Quantity	Description of requirement to continue holding shares
Olivier Zarrouati	2007 options	50,000	Until date of termination of office on Executive Board
	2011 performance-based free shares	50,000	Until date of termination of office on Executive Board
Maurice Pinault	2007 options	35,000	Until date of termination of office on Executive Board
	2011 performance-based free shares	50,000	Until date of termination of office on Executive Board

C. COMPENSATION POLICY FOR MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CORPORATE OFFICERS

1. Fixed and variable compensation

In addition to their fixed salary, Members of the Executive Committee who are not corporate officers benefit from a variable portion payable for fiscal year "n." Depending on the functions exercised, this is based on a target determined either:

- using an identical formula to that applicable to corporate officers who are members of the Executive Committee,
- or, according to a formula constituted 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 maintaining the exchange rate for transaction currencies at their actual rate and by converting the net incomes and targets for companies using a conversion currency other than the euro at a constant rate (Group rate).

(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 0% if under 75% of the target is achieved.

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

2. Stock options and performance-based free shares

a. Stock options

Options expire after a period of eight years. They are awarded with no discount to the share price and a quarter of the whole award can be exercised from each successive anniversary of the award date.

The award is made every four years, except for awards to members joining the Executive Committee between two four-yearly awards.

The awards are made during the first four months of the fiscal year, unless exceptional legal constraints prevail, and the award price is based on the average share price over the 20 trading days preceding the award date. The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

b. Performance-based free shares

Two conditions pertain to the vesting of performance-based free shares:

- presence;
- performance.

(i) The presence condition varies according to tax residence:

- French tax residents: two years after the award date (to which a two-year retention period is added);
- residents of other tax jurisdictions: either the same as French tax residents or four years after the award date (in which case there is no additional retention period).

The awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new members of the Executive Committee who are appointed between two four-yearly awards.

(ii) The performance condition applies to a percentage of the number of shares awarded, that amount being 80% of the award.

The calculation formula for the performance target is identical for all beneficiaries. The shares are vested when the target, as defined by the variable compensation calculation, is 100% achieved on average over two fiscal years (the year of the award and the following year). The number of shares vested is reduced if the target is only partially achieved, and canceled if on average under 75% or 80% is achieved, depending on the variable compensation formula applied as defined above (section C.1.).
Between these two limits, a proportional number of shares is vested.

3. Compensation for the fiscal year and award of stock options and/or performance-based free shares

a. Compensation

There were 16 members of the Executive Committee in fiscal year 2014/2015, while in fiscal year in 2013/2014 there were 11. Their total compensation paid for fiscal year 2014/2015 amounted to €4,135k fixed and €1,565k variable, plus €85k benefits in kind, for a total of €5,785k, including compensation for members of the Executive Board (details of which appear in Note B.1 a and b). In the previous fiscal year, total compensation amounted to €3,329k fixed and €2,351k variable, plus €87k benefits in kind, for a total of €5,767k.

b. Stock options and/or performance-based free shares

During the fiscal year, members of the Executive Committee who are not corporate officers and were not members of the Executive Committee at the time of the previous multi-year award (four-year period), and who were present and members of the Executive Committee at the award date in February 2015, were awarded a total of:

- 109,750 stock options, net of cancellations;
- 53,001 performance-based free shares, with a vesting date of February 12, 2017 and a transferability date of February 12, 2019.

A total of 192,250 stock options were exercised by members of the Executive Committee who were not corporate officers during the fiscal year.

Table 9. History of stock option awards to employees or corporate officers

	Plan No. 6	Plan No. 7a	Plan No. 7b	Plan No. 7c	Plan No. 8	Plan No. 9
Date of General Meeting	Dec, 16, 2004	Dec, 16, 2004	Dec, 16, 2004	Dec, 16, 2004	Jan. 8, 2008	Jan. 8, 2008
Date of Supervisory Board or Executive Board meeting	Nov. 30, 2006	Feb. 13, 2007	Dec. 3, 2007	Dec. 3, 2007	Dec. 4, 2008	Dec. 10, 2009
Total number of shares that may be subscribed or purchased Number that may be subscribed or purchased by executive corporate officers:	941,665	396,750(1)	1,375,400(1)	793,425	723,500	752,000
- Olivier Zarrouati	–	396,750(1)	317,400(1)	–	–	–
- Maurice Pinault	–	–	423,200(1)	–	–	–
Start date for exercise of options **"Date D"**	Nov. 30, 2007	Feb. 13, 2007	Dec. 3, 2008	Dec. 3, 2008	Dec. 4, 2009	Dec. 10, 2010
Expiration date	Nov. 30, 2014	Feb. 13, 2015	Dec. 3, 2015	Dec. 3, 2015	Dec. 4, 2016	Dec. 10, 2017
Subscription or purchase price	€9.33	€9.86	€8.22	€8.22	€5.87	€4.72
Exercise procedure (when the plan contains several tranches)	• 50% on Date D • 50%, one year after Date D	• 79,350(1) on Date D • 158,700(1), one year after Date D • 158,700(1), two years after Date D	• 1st quarter on Feb. 12, 2008 (E) • Subsequent quarters on each successive anni-versary date (E)	• 50% on Date D • 50%, one year after Date D	• 50% on Date D • 50%, one year after Date D	• 50% on Date D • 50%, one year after Date D
Number of shares subscribed at Aug. 31, 2015	775,790	396,740	904,000	571,995	534,875	441,210
Aggregate number of stock options canceled or null and void	165,875	10	–	93,395	47,500	37,250
Stock options remaining at year-end	–	–	471,400	128,035	141,125	273,540

(1) Adjusted for the impact of the exceptional dividend in January 2008.

	Plan No. 10	Plan No. 11a	Plan No. 11b	Plan No. 12	Plan No. 13	Plan No. 14	TOTAL
Date of General Meeting	Jan. 8, 2008	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	Jan. 8, 2014	
Date of Supervisory Board or Executive Board meeting	Dec. 10, 2010	Dec. 29, 2011	Dec. 29, 2011	May 13, 2013	Dec. 4, 2013	Feb. 12, 2015	
Total number of shares that may be subscribed or purchased Number that may be subscribed or purchased by executive corporate officers:	827,250	499,475	309,950	1,043,500	1,196,250	1,277,900	10,039,915
- Olivier Zarrouati	–	–	–	–	–	–	675,000
- Maurice Pinault	–	–	160,000	–	–	–	560,000
Start date for exercise of options **"Date D"**	Dec. 10, 2011	Dec. 29, 2012	Dec. 29, 2012	May 13, 2014	Dec. 4, 2014	Feb. 12, 2015	
Expiration date	Dec. 10, 2018	Dec. 29, 2019	Dec. 29, 2019	May 13, 2021	Dec. 4, 2021	Feb. 12, 2023	
Subscription or purchase price	€10.15	€12.47	€12.47	€18.91	€24.34	€29.50	
Exercise procedure (when the plan contains several tranches)	• 50% on Date D • 50%, one year after Date D	• 50% on Date D • 50%, one year after Date D	• 1st quarter on Dec. 29, 2012 • Each subsequent quarter on succe-ssive anniversary dates of Date D	• 50% on Date D • 50%, one year after Date D	• 50% on Date D • 50%, one year after Date D	• 50% on Date D • 50%, one year after Date D	
Number of shares subscribed at Aug. 31, 2015	355,853	192,825	–	10,409	–	–	4,683,697
Aggregate number of stock options canceled or null and void	38,250	48,500	–	540,810	717,875	578,435	2,267,900
Stock options remaining at year-end	433,147	258,150	309,950	492,281	478,375	699,465	3,685,468

Table 10. History and information on awards of performance-based free shares to employees or corporate officers

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	TOTAL
Date of General Meeting	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 8, 2014	Jan. 8, 2014	Jan. 8, 2014	
Date of Supervisory Board or Executive Board meeting	Dec. 29, 2011	Dec. 29, 2011	Dec. 29, 2011	June 5, 2013	June 5, 2013	Dec. 4, 2013	Dec. 4, 2013	Feb. 12, 2015	Feb. 12, 2015	Feb. 12, 2015	
Total number of shares awarded Number of shares awarded to corporate officers:	113,420	354,190	346,670	130,190	37,505	164,855	54,170	134,805	53,001	250,800	1,698,806
- Olivier Zarrouati	–	–	266,670	–	–	–	–	–	–	–	266,670
- Maurice Pinault	–	–	80,000	–	–	–	–	–	–	–	80,000
Vesting date	Dec. 29, 2013 Dec. 29, 2015(1)	Dec. 29, 2013	Dec. 29, 2013	June 5, 2015	June 5, 2015	Dec. 4, 2015	Dec. 4, 2015	Feb. 4, 2017	Feb. 4, 2017	(3)	
Date of end of retention period	Dec. 29, 2015	Dec. 29, 2015	Dec. 29, 2015	June 5, 2017	June 5, 2017	Dec. 4, 2017	Dec. 4, 2017	Feb. 4, 2019	Feb. 4, 2019	(3)	
Performance condition	For 50% of shares awarded	For 80% of shares awarded	For 100% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	(3)	
Number of shares vested at Aug. 31, 2015	86,620	354,190	346,670	104,353	37,505	–	–	–	–	–	929,338
Aggregate number of shares canceled or null and void	6,490	–	–	6,477	–	6,930	–	2,750	–	62,700	85,347
Performance-based free shares remaining at year-end	17,475(2)	–	–	4,430	–	157,925	54,170	132,055	53,001	188,100	617,156

(1) At the time of the award, beneficiaries who were not tax-resident in France could opt for either of the following:
- vesting four years after the award date;
- vesting two years after the award date followed by a two-year retention period.

(2) These remaining shares correspond to shares awarded to employees who were not tax-resident in France and who opted for vesting four years after the award date.

(3) Plan No. 10 relates specifically to the senior management of Greenpoint Technologies, a company acquired in June 2014. The vesting period is 2 years for 50% of the shares, with a 2-year retention period. For 25% of the performance-related shares for fiscal year 2016/2017, the vesting period is 3 years with a 1-year retention period. For 25% of the performance-related shares for fiscal year 2017/2018, the vesting period is 4 years with no retention period.

Table 11. Directors' fees[1] and other compensation paid to non-executive corporate officers[2]

(in thousands of euros)		2014/2015	2013/2014
Non-executive corporate officers			
Didier Domange			
	- Directors' fees	70	70
	- Other compensation	120	120
Louis Desanges			
	- Directors' fees	37.5	33
	- Other compensation	–	–
Marc Assa			
	- Directors' fees	29	25
	- Other compensation	–	–
Élisabeth Domange			
	- Directors' fees	22.5	20
	- Other compensation	–	–
FFP Invest, represented by Frédéric Banzet since September 1, 2015			
	- Directors' fees	31.5	26
	- Other compensation	–	–
Vincent Gerondeau			
	- Directors' fees	30.5	26
	- Other compensation	–	–
Laure Hauseux			
	- Directors' fees	33.5	26
	- Other compensation	–	–
Gilberte Lombard			
	- Directors' fees	37.5	34
	- Other compensation	–	–
Robert Maréchal			
	- Directors' fees	22.5	20
	- Other compensation	–	–
Patrick Daher			
	- Directors' fees	31.5	15
	- Other compensation	–	–
Employees' representative elected with effect from July 1, 2014, Anne Aubert			
	- Directors' fees[3]	15	–
TOTAL DIRECTORS' FEES		**361**	**295**
TOTAL OTHER COMPENSATION		**120**	**120**
TOTAL		**481**	**415**

(1) Paid in September 2015 for fiscal year ended August 31, 2015.

(2) Members of the Supervisory Board, apart from the member of the Supervisory Board representing the employees, do not receive any compensation or benefits of any kind from controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

(3) For the CFE-CGC Aeronautics, Space and Defense (AED) union.

Table 12. Declaration of Company share trading by senior management and similar persons

(as governed by Article 621–18-2 of the French law of July 20, 2005 and AMF regulation 223-22a *et seq.*)

For the period from September 1, 2014 to August 31, 2015, a total of 38 transactions were recorded in this category, as detailed in the table below.

Person concerned (first name, last name and position)	Type of financial instrument	Type of transaction	Date of transaction	Number of shares/ securities	Unit price (euros)
Didier Domange(1) Chairman of the Supervisory Board	Shares	Purchase	Jan. 30, 2015	75	29.85
	Shares	Purchase	Jan. 30, 2015	250	29.50
	Shares	Purchase	Feb. 2, 2015	75	29.45
	Shares	Purchase	Feb. 2, 2015	250	29.00
	Shares	Purchase	Feb. 3, 2015	75	29.05
	Shares	Purchase	Feb. 4, 2015	75	29.25
	Shares	Purchase	Feb. 5, 2015	75	29.47
	Shares	Purchase	Feb. 6, 2015	70	29.76
Legal entity connected to Didier Domange(1) Chairman of the Supervisory Board	Shares	Purchase	Jan. 22, 2015	16,000	28.313
	Shares	Purchase	Jan. 23, 2015	20,000	29.483
	Shares	Purchase	Jan. 26, 2015	8,300	29.756
	Shares	Purchase	Jan. 27, 2015	11,684	29.995
	Shares	Purchase	Jan. 28, 2015	20,000	29.794
	Shares	Purchase	Jan. 29, 2015	20,605	29.831
	Shares	Purchase	Jan. 30, 2015	20,000	29.613
	Shares	Purchase	Feb. 2, 2015	20,000	29.50
	Shares	Purchase	Feb. 3, 2015	20,000	29.431
	Shares	Purchase	Feb. 4, 2015	20,000	29.05
	Shares	Purchase	Feb. 6, 2015	15,000	29.574
	Shares	Purchase	Feb. 9, 2015	15,000	29.079
Gilles Debray Member of the Executive Committee	Shares	Exercise of stock options	Feb. 16, 2015	7,250	10.15
	Shares	Sale	Feb. 16, 2015	7,250	30.285
	Shares	Exercise of stock options	Apr. 7, 2015	7,500	10.15
Vincent Gerondeau Member of the Supervisory Board	Shares	Sale	Mar. 3, 2015	5,000	32.50
Christian Novella Member of the Executive Committee	Shares	Exercise of stock options	Feb. 19, 2015	1,900	8.22
	Shares	Sale	May 5, 2015	18,000	32.94
	Shares	Exercise of stock options	May 18, 2015	120,000	8.22
	Shares	Exercise of stock options	July 22, 2015	8,100	8.22
	Shares	Sale	July 22, 2015	8,100	27.5691
Maurice Pinault(1) Member of the Executive Board	Shares	Exercise of stock options	Feb. 6, 2015	47,328	8.22
	Shares	Sale	Feb. 18, 2015	9,852	30.50
	Shares	Exercise of stock options	Feb. 24, 2015	21,892	8.22
	Shares	Sale	Feb. 24, 2015	10,000	31.90
	Shares	Sale	Apr. 22, 2015	10,000	33.3011
	Shares	Sale	July 24, 2015	100,366	27.30
Adri Ruiter Member of the Executive Committee	Shares	Exercise of stock options	May 4, 2015	22,500	12.47
	Shares	Sale	May 4, 2015	22,500	33.00
Stephen Zimmerman Member of the Executive Committee	Shares	Exercise of stock options	May 18, 2015	25,000	32.5311

(1) Transactions performed by an independent agent under a discretionary management mandate.

In addition, in accordance with the AFEP-MEDEF Code, the members of the Executive Committee have made a formal commitment not to engage in risk-hedging transactions either on stock options, as well as shares issued from the exercise of options or from free shares, through to the end of the retention period applicable to the shares. To the Company's knowledge, no hedging instruments have been put in place.

RISK MANAGEMENT

PRESENTATION OF THE GROUP'S MAIN RISKS

Zodiac Aerospace is faced with risks that may affect its business, reputation, financial position or ability to meet its targets.

The risks below are the Group's main risks; those which are currently considered as not significant are included in our risk-management system but are not listed in this section of the report.

In conducting its operations, the Zodiac Aerospace Group applies a responsible risk-management policy designed to safeguard the assets entrusted by our shareholders, the safety of people, the interests of customers and consumers, and the natural environment.

1. BUSINESS RISKS

A. Sector risks

Local, regional and international economic conditions may have an impact on Group activities, and therefore on the Group's financial results. These risks include:

1. Downturn in the aerospace industry cycle

The flow of orders for aircraft tends to be cyclical. It is driven by trends in passenger traffic, the rate at which airline fleets age and are replaced, equipment specification decisions and the financial health of airlines. The Zodiac Aerospace Group considers that these cycles may affect the level of its business and have an unfavorable effect on its future financial position.

Unpredictable influences, such as terrorism, pandemics, natural disasters, air disasters and a sharp rise in energy costs, may also have significant repercussions for air traffic and, therefore, for the aircraft equipment markets served by Zodiac Aerospace.

In 2014/2015, approximately 86% of the Group's adjusted consolidated sales revenue was generated from civil aviation.

2. Market assessment

The business sectors in which Zodiac Aerospace is involved demand significant levels of investment, particularly in terms of research and development. These investment programs depend on long-term profitability. However, the market and profitability assumptions adopted by the Group may prove inaccurate, with the result that products in which these investments have been made may not be sufficiently successful in commercial terms to earn a satisfactory return on the initial investment (see note on intangible assets).

3. Reduction in defense orders

A reduction in defense contract budgets or the postponement of certain programs could affect the military activities of Zodiac Aerospace. In 2014/2015, approximately 8% of the Group's consolidated sales revenue was generated from defense markets. The Zodiac Aerospace Group complies with the provisions of the Oslo agreement.

4. Competition and program delays

Zodiac Aerospace faces competition in all its markets.

The financial and program assumptions set by the Group have been incorporated into the process of preparing the budget and the Business Plan.

Difficulties encountered by some aircraft construction companies on their programs may result in changes to delivery schedules and delays in the planned completion of new aircraft which could affect the rate at which Zodiac Aerospace earns revenue from its aerospace business.

5. Product liability risks

The Zodiac Aerospace Group is exposed to the risk of warranty actions filed by customers and consumers, and has made reasonable allowances for such risks (see Note 22 to the consolidated financial statements). The Zodiac Aerospace Group has civil liability insurance to cover any instances of defective products that might cause damage to third parties (see section on insurance below).

The Group may be liable for penalty payments where delivery lead times are not met.

B. Risks related to our global presence

1. Country risks

Due to its presence in 18 countries, the Group may be exposed to:

- political risks:
  - measures or decisions taken by local authorities (e.g. embargoes);
  - social risks (general strikes, civil disturbances);
- and/or economic or financial risks:
  - currency depreciation;
  - foreign exchange shortages.

2. Interest rate and currency risks

● Exchange rate risk

Since the Zodiac Aerospace Group operates in the aerospace industry, it is mainly exposed to fluctuations in the US dollar ($) and in particular to fluctuations in the euro/dollar exchange rate.

In 2014/2015, approximately 49% of Group sales revenue and -14% of its current operating income were generated by its U.S.-based companies. In addition, approximately 46% of total Group sales revenue is billed in dollars by its European companies, and is therefore also exposed to euro/dollar exchange rate risks (see Note 2.B to the consolidated financial statements).

To limit the direct impact of fluctuations in the euro/dollar exchange rate, the Zodiac Aerospace Group is taking action to increase the percentage of dollar-denominated purchases made by its bases outside the United States.

This provides a "natural" hedge against the dollar, covering approximately 35.8% of dollar sales generated in the 2014/2015 fiscal year by companies located in countries other than the United States. The Group also uses financial instruments to hedge the residual transaction exposure of its asset and/or liability positions and, where necessary, its future dollar transaction flows.

● **Interest rate risk**

The majority of Group debt is subject to interest at a variable rate. Details of interest rate and currency risks are given in Note 2 to the consolidated financial statements.

The approach adopted is to hedge the risk posed by variable rates using fixed-rate swaps, the effect of which is to provide partial fixed-rate funding for the Group.

2. OPERATIONAL AND STRATEGIC RISKS

A. External growth risks

The leadership strategy implemented by the Zodiac Aerospace Group for more than 30 years has been supported by an ongoing policy of combining organic growth with external growth.

External growth requires the ability to ensure the effective integration of the companies acquired and maximize the benefits of synergies. The Zodiac Aerospace Group has developed this ability over many years of successful acquisitions. The progress of integration initiatives is regularly monitored at Executive Committee and Segment Committee meetings.

Nevertheless, despite the resources implemented and efforts made toward the integration process, success can never be certain at the outset, and may sometimes depend on external factors.

B. Supply chain risks

Due to the Group's external growth and the relocation of some procurement to the dollar area, the Group has developed a segment-based structure to manage risks relating to the supply chain, such as management of supplier relations, monitoring critical suppliers, improving the quality and punctuality of deliveries, improving the process of analyzing and selecting suppliers, and managing framework agreements.

From September 2015, the new role of Group Purchasing Director, under the authority of the Group Chief Operating Officer, will strengthen the systematic application within the segments of the tools and standards set out by the Group to monitor performance and analyze risk within the supply chain.

C. Information system risks

The Group is continuing with its deployment of compatible information systems in all its subsidiary companies as part of enhancing service to customers and improving management quality. In this context, investment is being focused on deploying a limited number of software packages within the Group (Movex M3, Lotus Notes, Catia and Hyperion/OBI) with the aim of reducing installation and usage risks, as well as minimizing the risks posed by obsolete local systems.

The increased dependence on using the same information systems throughout the Group may give rise to risks concerning data integrity and confidentiality and the potential interruption of IT services. A broad range of resources are in place to counter these risks, including backup systems, rebooting procedures, the management of user access rights, etc. Long periods of testing prior to the live introduction of new systems combined with continuous monitoring of a rigorous information systems policy (by the Steering Committee) are designed to ensure reliability, confidentiality, appropriate separation of tasks, and the necessary availability. However, despite such safeguards, system failures could result in a loss of data, errors and/or delays prejudicial to the smooth running of the company, and therefore its financial results.

D. Data confidentiality risks

With the number of communicating devices rapidly increasing and the volume of stored and exchanged data accelerating, Zodiac Aerospace must protect itself against illegal attempts to seize its information assets.

As the Group operates IT infrastructure within its offices and remotely (SaaS mode), it has strengthened its data protection policy in order to protect itself from the main threats facing all companies.

This includes increased employee awareness, recognizing this subject as one of the main risks identified in the Group's risk mapping, and also implementing suitable operating methods in terms of IT security.

This applies, for example, to user authentication and authorization, as well as securing fixed and mobile workstations, exchanges with our partners and the physical security of our data centers.

Defining and improving security processes for Group information systems are the responsibility of an Information Systems Security Manager (ISSM).

Information system security is regularly audited by both internal and external services.

E. Commodity risks

The Group has no significant direct exposure to fluctuations in the price and/or availability of commodities and energy. Any indirect exposure results primarily from the business activities pursued by its customers, which may be affected by the price per barrel of oil. This is the case with airlines, for example, and can be a source of solvency risk for them. As a result, the Group has no hedging policy in place for commodities and/or energy.

F. Human resources risks

The Group closely monitors the succession plans for the Group's key positions (in particular positions in the hierarchy between "n - 1" and "n - 3"). It ensures that these key positions are covered by at least one potential successor and consolidates all development plans for potential successors for these key positions at the Group level.

In addition, the Group has introduced a management system for its community of technical experts. These experts have been identified and are recognized in order to enhance and develop their skills over the long term and to facilitate the transfer of knowledge when necessary.

The Group has also updated its global opinion survey to provide information about the views of Group employees on various themes including managerial practices, the organization of work and quality of life at work. It implements action plans in response to the different needs expressed via the survey.

G. New product development risk

The Group relies on its capacity for innovation in designing systems that are more effective and responsive to customers' needs.

This means that the Group is susceptible to the impact of all risks relating to the new product development process, such as delays or additional costs. These problems within the development process may also result in organizational difficulties in production.

This risk could occur despite the procedures in place within the Group.

H. Non-compliance risk

The Group may face quality issues with its products, which could lead to a recall campaign for the products involved.

Our customers would be the first people impacted by such issues. For the Group, there would be financial repercussions (additional costs linked to modifying the products, possible investigations, etc.), as well as an impact on the Group's reputation.

In order to manage this risk, the Quality teams within the entities have strengthened their monitoring procedures.

The Group's Quality Department is rolling out various tools to help local teams with this monitoring, for example, by developing training modules on key subjects or by adding to the standards.

I. Ethics risk

Due to its international presence and its business sectors, the Group is subject to the national legislation of different countries and international standards governing anti-corruption, as well as business ethics in general.

Conduct by Group employees which is contrary to the Group's ethical rules or which violates applicable laws and regulations could expose Zodiac Aerospace to criminal and civil sanctions and affect its reputation or its shareholder value.

The Group's Ethics Code, which was updated in October 2013, applies to all employees and formalizes the Group's commitments in terms of integrity and compliance with applicable legal requirements.

Specialized central services are responsible for monitoring the correct application of these laws and regulations.

In addition, in response to these regulatory requirements governing anti-corruption and more generally ethical business practices, Zodiac Aerospace stepped up its compliance program in fiscal year 2014/2015 and rolled out a global training program aimed at employees exposed to these risks.

J. Industrial risks relating to safety and the environment

This fiscal year has seen the continuation of actions to improve industrial risk management and protection of the Group's property.

1. Damage to goods and operating losses

a. Partnership with insurance companies

The Group has intensified its management of industrial risks to safeguard its future. Its priorities are to improve fire protection on its sites by acting on the engineers' inspection reports submitted by our insurance company, FM Insurance, and to deploy a business continuity plan.

Despite concerted efforts at the operational entities to implement preventative protection actions, an accident occurred in Newport (Washington State, USA). The causes are currently being analyzed by our internal teams and the local authorities. This accident has allowed us to identify areas for improvement, both at the crisis management level and at the business resumption management level. These points are now being integrated into the Group standards and the local business continuity plans.

Twenty-seven production units were classified as HPR (Highly Protected Risk) sites in 2014/2015, representing one-third of Group sites. This is our insurer's own classification. It is based on the identification and measurement of sites visited. The scope changes annually, modifying the data year-on-year.

A risk matrix drafted per site, based on visit reports by engineers employed by the insurance company who are specialists in risk management, contributes to improving protection of sites against fire and natural disasters and to the deployment of a business continuity plan at all sensitive sites.

This risk matrix, updated this fiscal year, includes the classification established by our insurer's local engineers and is used to evaluate the level of risk relating to the site. It also helps identify sites which are "sensitive" to climate change and therefore exposed to risks related to climate change.

The Group has identified:

- three sites which have significant potential exposure to rising water levels;
- three sites which are potentially exposed to increased risk of tornadoes.

RISK CLASSIFICATION

Classification	August 2011	August 2012	August 2013	August 2014	August 2015
A (1)	19	19	21	26	27
B (2)	12	10	13	15	15
C (2)	35	39	38	39	42
D (3)	8	3	5	4	4
E (4)	0	0	0	0	0
TOTAL SITES	**74**	**71**	**77**	**84**	**88**

(1) A: HPR (Highly Protected Risk).
(2) B and C: low risk.
(3) D: medium risk.
(4) E: high risk.

The number of sites inspected by our insurance company has increased from 74 sites (at the end of fiscal year 2010/2011) to 88 sites (this fiscal year).

No site has been given an E classification in the last five fiscal years. Among the four D-classified sites, one site was included in the engineering inspections at the end of this fiscal year. An action plan has been implemented and should produce an improvement in the next fiscal year. Another site will undergo significant modifications that will improve its standard of protection and therefore its classification. Regarding the other two sites, action plans are in process and should produce an improvement in the next few months.

Actions are still underway to achieve the Group's target of having 100% of its sites classified between A and C.

b. Business continuity plan

Although the production and/or assembly of the Group's products are located at various sites around the world, the Group ensures the ongoing management of business continuity plans in order to minimize the risks posed by accidental interruption of production at any given site.

The Group has continued to deploy its business continuity plans (BCPs). In particular, these BCPs are designed to identify the risks and methods for restarting internal and sub-contracted production activities in the event of a major disaster at a Group site.

2. Environmental risks

Environmental audits are carried out at the main sites and a Group standard will allow conditions for the storage of hazardous products to be established and define the means of protection and intervention in the event of accidental pollution. No accidental or chronic pollution has been recorded at the Group level.

The Group abides by current regulations when suspending or significantly modifying its business activities. The Group is not subject to compulsory financial guarantees for its French sites.

A network of environmental experts present at each site ensures quantitative and qualitative monitoring of waste. Recycling and treatment of waste take precedence. Group targets include recycling and treatment rates that limit landfill or badly managed waste.

Sites with ISO 14001 certification are required to have copies of all approvals of waste management service providers; for other sites, awareness-raising measures will be implemented.

Each site complies with national waste treatment regulations.

The Group has also implemented a system to monitor the regulations for the use of chemical products at its sites. This also helps to prevent obsolescence and comply with the marketing conditions of these products.

3. Transport of dangerous goods risk

The Group is subject to different regulations relating to the transport of dangerous goods (international, European and national regulations). The Group ensures that the entities respect the regulations that apply to them in this field.

K. Legal – litigation risks

1. Industrial property

The Group invests heavily in research and innovation to strengthen its competitiveness in its historical markets and to develop in new niche markets.

Manufacturing and design procedures are drawn up by the research and development teams and are protected by patents in preparation for the Group's positioning in future programs.

The Group's business does not depend on third-party patents.

The Technical and Innovation Department ensures the governance and coordination of innovation through a Group Scientific and Technical Council.

2. Litigation

There are no exceptional events and instances of litigation other than those referred to in Note 24.2 to the consolidated financial statements.

During the last 12 months, there were no other governmental, judicial or arbitration proceedings, including any proceedings of which the Group was aware, that were adjourned or threatened, and which had, or posed the potential to have, any significant effect on the financial position or profitability of the Group other than those reflected in the financial statements or referred to in the notes to the financial statements.

3. FINANCIAL AND MARKET RISKS

A. Counterparty risk management

The following transactions have the potential to pose a counterparty risk for the Group:

1. Derivatives

The Group conducts transactions in these instruments for the sole purpose of reducing its overall exposure to exchange rate and interest rate risks arising as a result of its current business operations.

These transactions are limited to organized markets and OTC transactions with leading operators.

Details of the risks relating to exchange rates, interest rates and associated instruments are given in Note 2 to the consolidated financial statements.

2. Temporary financial investments

Given its financial structure, any cash surpluses held by the Group are extremely short-term (less than one month). Such surpluses are invested in top-quality monetary instruments and traded with leading banks.

3. Trade receivables

At August 31, 2015, the Group had not identified any significant counterparty risk remaining unprovisioned in its financial statements. The variety and multiplicity of the Group's sales and marketing networks limit both the risk and likelihood of trade receivables having a major impact on its consolidated financial statements. The category of customers with the potential to pose a more significant risk is that of airlines, which are specifically monitored in terms of their consolidated indebtedness using a process; this could lead to the suspension of supplies until the risk can be minimized by obtaining payment guarantees and/or through debt collection (see Note 2 to the consolidated financial statements).

B. Liquidity risk management

The Group's financial management is centralized and, where legislation permits, all cash surpluses and capital requirements of the Group companies are invested in, or funded by, the parent company. See Note 21, "Financial liabilities", to the consolidated financial statements.

The central cash management team provides the Group with the ability to meet its financial commitments by maintaining a level of cash, cash equivalents and confirmed credit facilities compatible with its needs.

Details of the maturity dates of the hedging instruments used and available sources of funding are given in Notes 21.1 and 21.2 to the consolidated financial statements.

The Group reduced its funding risk in July 2013 by securing finance of €0.66 billion through private placements, including:

- €0.13 billion maturing in 2016;
- €0.37 billion maturing in 2018;
- €0.16 billion maturing in 2020.

The Group also signed a new €1.03 billion "Club Deal" on March 14, 2014, giving it access to additional liquidity if necessary. This funding, for an initial period of five years, may be extended for an additional year at the request of Zodiac Aerospace during each of the two years following its set-up. This contractual facility was exercised in March 2015 and the first extension was accepted by all the banks participating in this "Club Deal". The initial maturity of March 14, 2019 was therefore postponed until March 12, 2020. In March 2016, the Group will again be able to exercise this option for a possible postponement of maturity until March 2021.

INSURANCE AND RISK COVERAGE

The Group's policy on insurance is to protect its assets against risks that could adversely affect its business. In addition to transferring risks to insurers, the Zodiac Aerospace Group also applies a protection and prevention policy.

1. Integrated worldwide programs

The Group has put in place a global program with leading insurance companies to cover its main risks, specifically damage to property and operating losses, and public liability.

● Damage to property and operating losses

Under a policy underwritten by FM Insurance, the Group has cover for fire, explosion and other risks of damage to property and consequential operating losses of up to €300 million per claim, per year, or for all industrial and warehousing site claims combined per year.

This cover was calculated using an assumed maximum level of risk, in agreement with the insurance company and its appraisers. There are lower thresholds for other types of more specific or localized claims, such as earthquakes in some regions where Group sites are located, as defined in the previous paragraph.

This cover factors in the protective measures in place on Group sites, which are subject to Prevention Engineering inspections conducted by the specialist services of FM Insurance.

● Public liability

All Group companies are included in a worldwide public liability insurance program that covers their operating liability and the liability arising from the products they manufacture, via two policies: one is specific to the aerospace businesses and one to other Group businesses.

Cover is based on quantification of the risks that the Group can reasonably be expected to incur as a result of its business activities. The Group also holds liability insurance cover for its directors and officers under the terms of a special insurance policy contracted for the purpose.

● Transport

The Group's transport insurance covers damage to goods transported worldwide, irrespective of the mode of transport: by sea, land or air.

This program covers transport risks to €4 million per event.

2. Local insurance policies

For more specific risks, each Group company takes out its own insurance policies locally to cover its own needs.

INVESTOR INFORMATION

Information regarding Zodiac Aerospace shares, share price trends and market statistics can be found in the brochure "TRAVEL JOURNAL 2014/2015".

STOCK OPTION PLANS

For many years, Zodiac Aerospace has awarded stock options to its corporate officers and employees in France and abroad as an incentive, and to reward them for their loyalty to the Group by giving them the opportunity to gain from increases in the Zodiac Aerospace share price over the long term. The Supervisory Board grants prior authorization for stock option plans within the overall terms approved by the General Meeting of Shareholders.

Options expire after a period of eight years. They are granted without discount at 100% of the market value and are exercised in tranches:

- under the arrangements for annual stock option awards, half the options are granted on each anniversary of the date of grant;
- options awarded to Executive Committee members under four-year plans may be exercised in quarters on each anniversary of the date of grant.

This exercise period may differ where options are awarded to new members of the Executive Committee between two separate four-year periods.

Annual stock option awards are granted during the first four months of the fiscal year, except in the case of legal constraints. For the 2014/2015 fiscal year, the annual awards were granted on February 12, 2015 based on the average closing price for the 20 trading days preceding February 12, 2015. The beneficiaries of stock option plans could opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

Individual stock option awards are determined by the Executive Board. Stock option awards granted to Executive Board members are approved by the Supervisory Board on the recommendation of the Compensation Committee. The annual award of stock options on February 12, 2015 concerned 716,965 options (after the option described above) at the price of €29.50 awarded to 151 employees. The award to the members of the Executive Committee, including corporate officers, takes place once every four years, with the exception of new members joining the Executive Committee between two separate four-year periods.

AWARD OF FREE SHARES

On February 12, 2015 the Executive Board awarded 437,806 free shares under the annual plan (after the option described above). No free shares were awarded under the four-year plan. These awards were granted under the authorizations given by the General Meeting of Shareholders on January 8, 2014.

Under this plan, a performance condition is applied to 50% of the shares awarded to non-members of the Executive Committee, and to 80% of the shares awarded to Executive Committee members who are not corporate officers. A performance condition is applied to all shares awarded to Executive Committee members who are corporate officers.

SHARES HELD BY CORPORATE OFFICERS

	Number of shares held at Aug. 31, 2015
Executive Board members	
Maurice Pinault	2,593,600
Olivier Zarrouati	403,115
Supervisory Board members	
Didier Domange	1,121,705
Louis Desanges	2,815,825
Marc Assa	2,985
Élisabeth Domange	4,321,595
Gilberte Lombard	2,500
Robert Maréchal	6,738,780
FFP Invest	11,641,635
Vincent Gerondeau, including joint holdings	3,837,213
Laure Hauseux	2,500
Patrick Daher	1,000

SHAREHOLDER AGREEMENTS

It should be noted that some shareholders are bound by collective agreements to retain their shares, entered into pursuant to Article 787 B and 885 I *bis* of the French General Tax Code, and registered on June 19, 2014 with the French tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month periods (unless terminated by either of the parties following a free transfer during the initial collective agreement period).

These shareholders also signed a non-transferability agreement on June 18, 2012 to further consolidate their commitments to retaining their shares under specific tax schemes.

This agreement is for an initial period of one year that may be tacitly renewed in 12-month periods. By way of exception, the non-transferability agreement provides for an option to transfer 10% of the shares locked up by each signatory, on condition that the aggregate number of shares under the agreement does not represent less than 20% of Zodiac Aerospace share capital and voting rights.

At August 31, 2015, shares subject to the above-mentioned agreements represented approximately 23% of the capital and 36% of total voting rights attached to the shares issued by Zodiac Aerospace.

Also on that date, shareholders who are corporate officers or hold over 5% of the capital or voting rights who signed the aforementioned agreements were: the Louis Desanges family, the Didier Domange family, the Vincent Gerondeau family, the Robert Maréchal family, the Maurice Pinault family, the Marc Schelcher family and the Olivier Zarrouati family.

Certain shareholders are also bound by a collective retention agreement registered on December 21, 2005 and entered into in accordance with the provisions contained in Article 885 I *bis* of the French General Tax Code under which they are bound to hold a certain number of Zodiac Aerospace shares for a period of six years from that date. The agreement may be tacitly renewed in 12-month periods. This agreement is still in effect. It also grants the signatories a mutual right of first refusal on the locked-up shares.

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2015

The table below illustrates the theoretical change in the Company's total number of shares including those that could be issued if all stock options were exercised.

THEORETICAL CHANGE IN THE TOTAL NUMBER OF SHARES	Shares outstanding (excl. treasury stock)	Maximum potential number of shares
Ordinary shares issued at August 31, 2015	276,433,595	289,404,257
Stock options	3,685,468	3,685,468
Allotment of free shares	617,156	617,156
MAXIMUM TOTAL NUMBER OF SHARES	**280,736,219**	**293,706,881**

SHARE BUYBACK PROGRAM

At the General Meeting of January 15, 2015, the shareholders renewed the authorization previously granted to the Executive Board, acting under the terms of Articles L. 225-209 *et seq.* of the French Commercial Code, to buy back ordinary shares of the Company up to a maximum of 10% of the total number of shares constituting its capital stock on the date of purchase. This authorization was granted for a period of 18 months, expiring on July 15, 2016.

In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2014/2015 fiscal year, the Company did not exercise the authorization granted by shareholders at the General Meeting of January 15, 2015.

The Company exercised the authorization granted by the General Meeting of January 8, 2008, and between February and September 2008 acquired shares with the eventual aim of using them in the form of share swaps, payments or other means of transaction for potential future acquisitions. The total number of shares held for this purpose at August 31, 2014 was 13,112,520 shares. On June 5, 2015, 141,858 of these shares were withdrawn and awarded to Group employees under the free share award of June 2013. Consequently, the number of treasury shares at August 31, 2015 was reduced to 12,970,662, corresponding to 4.48% of capital on that date.

PRINCIPAL PROVISIONS OF THE COMPANY ARTICLES OF ASSOCIATION

Company name

Zodiac Aerospace

Registered office

61 rue Pierre Curie
78370 Plaisir - France

Legal form, nationality and governing law

French société anonyme (Joint Stock Corporation) with an Executive Board and a Supervisory Board, subject to current and future French legal and regulatory provisions.

Date of incorporation and duration

The Company was created in 1908.

The term of the Company will expire on March 12, 2033, unless the Company is dissolved prior to that date or its term is extended.

Trade and companies register

729 800 821 RCS Versailles
NAF code: 7010Z

Fiscal year

September 1 to August 31.

Corporate purpose (Article 3 of the Articles of Association)

- The design, construction, sale, purchase, lease and representation of all maritime and aerial navigation equipment of all kinds and all materials.
- The design, construction, sale, purchase, hire and representation of all objects, whether or not made of rubber and in particular but not limited to: pneumatic watercraft and equipment; balloons and other airborne devices; sports and camping gear; protective and other clothing; storage equipment; tents and hangars, whether pneumatic or not.
- The purchase, sale and operation of all patents for inventions concerning the objects mentioned in paragraphs 1 and 2 of this Article; the purchase, sale and operation of all licenses related to them; and the design, refinement and production of all structures and equipment and production of all industrial structures, equipment and facilities relating to them.
- The creation of or participation in the creation of any companies, associations, groupings or generally any industrial or financial tangible or intangible asset transactions related directly or indirectly to the aforementioned object or to any similar or connected objects or objects that could facilitate the application, production and development thereof or potentially able to strengthen the material or moral position of the Company or its subsidiaries.

Distribution of earnings (Article 44 of the Articles of Association)

Distributable earnings consist of net profit for the fiscal year, minus prior losses and those sums to be transferred to a reserve in accordance with the law and the Articles of Association, plus any retained earnings brought forward. The Annual Ordinary General Meeting has sole authority for deciding on the allocation of distributable earnings, and it may also resolve to distribute sums taken from the reserves available to it. Where this is the case, its resolution will expressly identify those reserve items from which the distribution will be made. Dividend payments will always be deducted firstly from the distributable earnings for the fiscal year.

Apart from capital reductions, no distribution may be made to shareholders at any time when the equity of the Company is or would subsequently fall below the amount of capital plus reserves that the law and the Articles of Association do not allow to be distributed.

CORPORATE GOVERNANCE

Executive Board (Articles 15 to 17 of the Articles of Association)

The Company is managed by an Executive Board under the oversight of a Supervisory Board; the Executive Board may have between two and seven members, all of whom must be individuals, but not necessarily Company employees or shareholders in the Company.

Executive Board members are appointed by the Supervisory Board, which appoints one of them as Chairman.

The Executive Board is appointed for a term of four years.

In respect of third parties, the Executive Board is vested with the most extensive powers to act on behalf of the Company in all circumstances. It exercises these powers within the full extent of the corporate purpose, and subject to those expressly granted by law to the Supervisory Board and Shareholders' Meetings.

The Chairman of the Executive Board represents the Company in its dealings with third parties.

Supervisory Board (Articles 18 to 24 of the Articles of Association)

The Supervisory Board comprises at least three and at most twelve members who are appointed and may be dismissed by the Ordinary General Meeting as well as the member of the Supervisory Board representing the employees. The latter is not included when determining the number of Supervisory Board members. When the number of Supervisory Board members is less than or equal to twelve, a member of the Supervisory Board representing the employees is elected for a four-year term by Company and subsidiary employees, in compliance with the provisions of Article L. 225-79 III paragraph 1 of the French Commercial Code.

Supervisory Board members are appointed for a term of four years. The age limit for Supervisory Board membership is 70, and applies equally to individuals and representatives of legal entities. However, Supervisory Board members reaching this age limit may be reappointed on two occasions, each of no longer than two successive years.

All "non-employee" Supervisory Board members are required to hold 500 shares during their term in office. These shares are registered and may not be transferred until after the General Meeting called to approve the annual financial statements and discharge the outgoing or resigning Board member.

The Supervisory Board provides permanent supervision of the Executive Board's management of the Company, and gives the Executive Board the prior authorizations required to conclude transactions for which its authorization is required.

The Supervisory Board appoints the members of the Executive Board and its Chairman. The Supervisory Board may dismiss Executive Board members and is responsible for setting their compensation.

SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Shareholders' Meetings are convened, held and transact business as provided by law.

All shareholders may participate in the Company's General Meetings, either in person or through an authorized representative. The right of shareholders to participate in General Meetings is subject to the registration of the shares in the name of the shareholder or the intermediary registered on behalf of the shareholder (pursuant to legal provisions) at 00:00 hours, Paris time, on the second business day preceding the General Meeting.

Any shareholder unable to attend the General Meeting personally may, pursuant to legal provisions, choose from one of the following options:

- give proxy to the Chairman of the General Meeting;
- give proxy to their spouse or partner with whom they have a civil partnership or any other person;
- vote by mail, or, where applicable and on the prior decision of the Company's Executive Board as communicated in the Notice of Meeting, by internet.

In principle, each share entitles its holder to one vote.

However, a double voting right is attributed to all fully paid-up shares for which evidence can be shown that the share register has contained an entry in the name of the same shareholder for at least four years.

The provisions of the French Commercial Code require that this double voting right terminates as of right when a share is converted to a bearer share. The double voting right will also terminate as of right in the event of a share transfer where such transfer involves a change of ownership. Where transfers are made for the purpose of surety, usufruct or loan, the shares concerned will retain this right.

Furthermore, shares transferred by way of inheritance, liquidation of communal property by spouses or deed of gift to a spouse or parent with entitlement to inherit will also retain the double voting right.

Disclosure thresholds (Article 9 of the Articles of Association)

Any person, whether acting alone or in concert with others, who holds or may come to hold, a proportion of Company capital stock equivalent to 2% or more of the capital stock, or a multiple thereof, will be required to notify the Company of the total number of Company shares held, whether directly, indirectly or in concert with others within 15 days of reaching such threshold.

Failure to comply with this obligation and subject to a request recorded in the minutes of the General Meeting by one or more shareholders holding at least 2% of the capital stock or a multiple thereof, will result in the shares exceeding the 2% threshold which should have been disclosed being stripped of their voting right for all General Meetings of shareholders which are held for a period of two years following the date on which the failure to make the disclosure has been remedied.

Any person, acting alone or in concert, is also required to inform the Company within the above-mentioned 15-day period, if the percentage of capital they own falls below 2% of the capital or a multiple of this percentage.

Identification of shareholders (Article 9 of the Articles of Association)

The Company may, at any time, request the registrar, on payment of the corresponding fee, to provide the name, address and nationality of holders of securities conferring an immediate or deferred right to vote at its shareholder meetings, as well as the number of securities held by each holder and any restrictions that may apply to the securities concerned.

Description of provisions whose effect would be to delay, defer or prevent a change in control

The Articles of Association contain no specific provisions whose effect would be to delay, defer or prevent a change of control of the Company.

LOCATION WHERE COMPANY DOCUMENTS MAY BE CONSULTED

The following Company documents may be consulted at the Company's Legal Department – 61 rue Pierre Curie – 78370 Plaisir – France:

- the Articles of Association;
- the annual reports;
- the parent company financial statements and consolidated financial statements of Zodiac Aerospace and other documents pursuant to Articles L. 225-115 and R. 225-83 of the French Commercial Code.

The annual reports containing the parent company financial statements and consolidated financial statements of Zodiac Aerospace may be consulted and downloaded from the website at: **www.zodiacaerospace.com**.

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Zodiac Aerospace has been in operation for more than a century and has enjoyed strong growth over the last 40 years. This performance is underpinned by a proven strategy based on organic growth, innovation and acquisitions, alongside the commitment of the men and women of the Group and their fundamental values of humility, realism, entrepreneurial spirit and respect.

Zodiac Aerospace attaches great importance to its social and environmental responsibilities in all its activities and in all countries where it is present, taking positive action at both the Group and local level.

In particular, the Group demands the highest standards for the safety of its employees and facilities and lays great stress on reducing its environmental footprint and respecting human rights.

This commitment was strengthened in fiscal year 2013/2014 when the Group joined the United Nations Global Compact, undertaking to continue to align its operations with ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption.

Zodiac Seats France is a French *société anonyme* located in Issoudun, central France, and a Group subsidiary affected by France's Grenelle environment law. The indicators regarding this subsidiary are reported as and when the various issues are covered in this report.

HUMAN RESOURCES

1. EMPLOYMENT

At August 31, 2015, there were 32,388 permanent Group employees. This number was up by 9.02% compared with August 31, 2014. Note that 167 employees were integrated into the workforce following the acquisition of Zodiac Enviro Systems and 273 employees left the workforce following the sale of Zodiac Aero Elastomer America.

At August 31, 2015, the countries with the most employees were, in descending order, the United States, France, Mexico, Germany, Thailand, Tunisia, the United Kingdom and Canada.

Breakdown of workforce by country

	Aug. 31, 2014	Aug. 31, 2015
USA	10,537	11,437
France*	6,480	6,700
Mexico	3,898	5,043
Germany	1,931	1,979
Thailand	1,511	1,675
Tunisia	1,324	1,565
UK	1,343	1,349
Canada	1,096	930
Other	1,588	1,710
TOTAL	**29,708**	**32,388**
** Including Zodiac Seats France*		*1,101*

The tables below show the breakdown of employees by gender, business segment, region, age group, length of service and grade at August 31, 2014 and 2015.

Breakdown by gender

	Aug. 31, 2014	Aug. 31, 2015
Total number of employees	**29,708**	**32,388***
Women	31%	32%
Men	69%	68%
** Including Zodiac Seats France:*		
Total number of employees		*1,101*
Women		*21%*
Men		*79%*

Breakdown of Group workforce

	Aug. 31, 2014	Aug. 31, 2015
Zodiac AeroSafety	14.8%	13.4%
Zodiac Aircraft Systems	22.7%	22.8%
Aircraft Interiors (1)	62.0%	63.2%
Parent company	0.5%	0.6%

(1) Activities include the Zodiac Seats, Zodiac Galleys & Equipment and Zodiac Cabin & Structures Segments.

Breakdown of workforce by geographic region

	Aug. 31, 2014	Aug. 31, 2015
France	22%	21%
Europe (excl. France)	12%	12%
USA	35%	35%
Rest of the world	31%	32%

Breakdown of workforce by age group

	Aug. 31, 2014	Aug. 31, 2015
< 30 years old	23%	25%
30-39 years old	28%	28%
40-49 years old	23%	22%
≥ 50 years old	26%	25%
Zodiac Seats France:		
< 30 years old		*9%*
30-39 years old		*25%*
40-49 years old		*40%*
≥ 50 years old		*26%*

Breakdown of workforce by length of service

	Aug. 31, 2014	Aug. 31, 2015
< 5 years	53%	55%
5 to 14 years	32%	28%
15 to 24 years	9%	10%
≥ 25 years	6%	7%
Zodiac Seats France:		
< 5 years		*29%*
5 to 14 years		*26%*
15 to 24 years		*31%*
≥ 25 years		*14%*

Distribution of managerial staff or equivalent

	Aug. 31, 2014	Aug. 31, 2015
% of managerial staff in workforce	**28%**	**30%**
% of women managerial staff	22%	24%
% of men managerial staff	78%	76%
Zodiac Seats France:		
% of managerial staff in workforce		*29%*
% of women managerial staff		*20%*
% of men managerial staff		*80%*

1.1 New hires and departures

Permanent hires

	Aug. 31, 2014	Aug. 31, 2015
Total number of permanent hires	5,400	9,455
Women	33%	37%
Men	67%	63%
Zodiac Seats France:		
Total number of permanent hires		*154*
Women		*31%*
Men		*69%*

Approximately 35% of new hires were in the United States and 31% in Mexico – countries where employee turnover is highest.

The increase in the number of new hires between the last two fiscal years is due to a change in accounting methods. For example, figures for 2014/2015 include all permanent hires made during the fiscal year, whereas figures for 2013/2014 do not take into account employees hired during the fiscal year but who had left the Group at August 31, 2014 or employees who switched from temporary or fixed-term contracts to permanent contracts.

The increase in the number of departures was also due to the change in accounting methods (see Note on methodology).

Departures

	Aug. 31, 2014	Aug. 31, 2015
Layoffs	809	1,424
Resignations	2,764	3,754
Other	878	1,491
TOTAL	**4,451**	**6,669**
Zodiac Seats France:		
Layoffs		*20*
Resignations		*4*
Other		*26*
TOTAL		*50*

1.2 Compensation

The Zodiac Aerospace Group's approach to compensation (salary and benefits) is guided by a double imperative: external competition, with wages and benefit plans positioned relative to the local market, and internal equity. These common principles are tailored to local parameters such as employee legislation, economic context and the employment market of the different countries in which the Group operates.

General raises and merit raises are given annually. Group companies may also use tools that reward collective performance (for example, profit-sharing and incentives in France, and profit-sharing in the United States), plus base salary supplements, such as a bonus or variable element, to recognize performance. In addition, complementary pension systems are in place in some countries, notably France (with the PERCO collective retirement savings plan) and the United States.

The Group also pays particular attention to health and life insurance for its employees and 89% of the Group's employees are covered by a death benefit policy.[1]

2. ORGANIZATION OF WORKING TIME

The average working week is set according to local legislation. It is under 40 hours at most subsidiaries.

Depending on the prevailing legislation, a number of measures are in place to foster a balance between work and private life and promote equal opportunities. For example, over 90% of non-managerial employees in France enjoy flexible working hours.

Absenteeism:

The definitions of working time and absenteeism differ depending on the subsidiary and region. The Human Resources Department is currently looking at ways to standardize the monitoring of absenteeism around the world. In 2014/2015, the scope of the reported absenteeism rate only covered France. It will be extended to the rest of the Group in the next fiscal year.

Absenteeism in France corresponds to unscheduled absenteeism. This includes days absent due to illness, regardless of duration and cause (including occupational illnesses), commuting and workplace accidents, and unexcused absences.

Absenteeism rate in France	Aug. 31, 2014	Aug. 31, 2015
Absenteeism	3.04%	3.08%
Zodiac Seats France:		
Absenteeism		*3.04%*

3. SOCIAL DIALOGUE

Among the many stakeholders with whom Zodiac Aerospace maintains or intends to develop regular dialogue, employees and their representatives are the main priority. In France, in addition to the subsidiaries' staff representative bodies, a Group Committee, comprising members of different French Works Committees, meets once a year. The majority of subsidiaries outside France have employee representatives. The topics covered by social dialogue are not always the same for all companies although they generally include key issues such as working hours, health and safety, compensation and training.

Following an analysis of the results of the Group internal opinion survey conducted in spring 2015, action plans are being drawn up and will be implemented at the Group, division and local level. This comes on top of efforts made in recent years to hold more employee briefings to provide employees with more information on the development and outlook of the Group and their particular entity.

4. TRAINING

The Group's training focuses on four major challenges:

- sharing the fundamentals of Group culture, in particular in the fields of ethics, health, safety and the environment;
- strengthening key skills in all our businesses and maintaining a high capacity for innovation and the operational performance of teams;

(1) 100% of employees at Zodiac Seats France.

- promoting the integration and professional development of employees through training on the Group, in management and for personal development;
- supporting the Group's policy of mobility and diversity, particularly through language learning.

The Group's training effort continued in 2014/2015 with an average of 3.7 days of training per employee.

Average number of training days per employee and per fiscal year

	Aug. 31, 2014	Aug. 31, 2015
France*	3.0	2.7
USA	2.8	2.4
Competitive cost countries	3.1	6.2
Rest of the world	3.4	3.3
TOTAL	**3.0**	**3.7**
** Including Zodiac Seats France*		*3.5*

5. EQUAL OPPORTUNITIES

5.1 Anti-discrimination policy

Zodiac Aerospace aims to make the diversity of its teams a driving force of its development. The Group stresses the principle of non-discrimination, both in recruitment and management. In France, this principle is underscored by agreements or action plans regarding employment contracts for young people and seniors.

In the United States, most Group entities have implemented positive-action programs to prevent discrimination against employees or new hires.

5.2 Professional gender equality

The Group's performance depends heavily on its capacity to appoint the most suitable, competent person, whether male or female, to each position. In France, this principle is underscored by agreements or action plans regarding professional gender equality.

More broadly, the Group makes sure that new hires reflect the demographics of the applicant population and that internal promotions are in keeping with the gender breakdown of its workforce. It also strives to ensure that women who start or return from maternity leave are not penalized in terms of personal advancement. Equally, it ensures that employees on family leave incur no career interruptions, offering those concerned the option of training to acquire new skills and the resources they need to organize their work schedule and keep in touch with the company during their absence.

5.3 Measures promoting the employment and inclusion of people with disabilities

The Group supports workforce entry, vocational training and job retention for people with disabilities. It is committed to promoting the direct hiring of people with disabilities, particularly through relationships with recruitment agencies and employment agencies, and collaboration with the protected sector.

6. NOTE ON METHODOLOGY: HUMAN RESOURCES INDICATORS

Quantitative information about the Zodiac Aerospace Group's global workforce pertains to all fully consolidated subsidiaries.

Permanent staff: these are employees paid by the Zodiac Aerospace Group and whose work for the Group is not limited to a fixed term.

The specific case of Tunisia: it should be noted that the 792 employees in Tunisia are not included in the permanent workforce due to the legal structure of their local employment contract. However, they can still be classed as permanent staff.

Managerial or equivalent staff: for indicators concerning managers, an equivalent category has been defined for countries outside France. For example, in the United States, employees with "manager" or "professional" job status are considered executives.

Recruitment: recruitment figures for 2014/2015 include the total number of permanent hires made during the fiscal year, whereas, as mentioned above, the 2013/2014 figures include all employees hired during the fiscal year and still with the company at August 31, 2014 but exclude employees who switched from temporary or fixed-term contracts to permanent contracts; this explains the sharp rise in recruitment figures between the two fiscal years.

Departures: likewise, the increase in the number of departures is due to the fact that this year account was taken of the departures of employees hired during the fiscal year, whereas that was not the case last year. The figure is particularly high in Mexico, where the job market and turnover rate are such that many departures are recorded in the first few days or weeks after an employee is hired.

Recognition of new hires and departures: departures are recognized on the basis of movements identified in Group companies' payroll tools and the number of new hires is then calculated based on the difference in the number of employees registered in these payroll tools at August 31 each year.

Training: the figures for training are calculated on a base of 99% of the permanent workforce.

HEALTH, SAFETY AND THE ENVIRONMENT

Signed in September 2014 by Executive Board Chairman and CEO Olivier Zarrouati, the Safety, Health and Environment policy marks the Zodiac Aerospace Group's commitment to step up its actions to improve the occupational health and safety of its employees, limit its environmental footprint and consolidate its industrial risk management policy.

The Environment and Safety Departments ensure that all Group entities implement this policy, which translates the Group's objectives into action. To this end, at the corporate level the two departments have hired an environment and eco-design manager and ergonomics and safety manager respectively.

They are supported by safety and environment road maps that have been developed over the past several fiscal years. Most Group entities have safety and environment experts who ensure that this Group policy and the related road maps are followed and that local applicable regulations and internal requirements are applied.

1. GENERAL ENVIRONMENTAL/ HEALTH AND SAFETY POLICY

In addition to abiding by stricter environment and safety legislation, Zodiac Aerospace has its own framework in place.

A system for complying with regulatory issues (monitoring and identifying actions to be adopted) has been set up in most countries.

Entities in France, Tunisia, Morocco and the United States also use software to monitor safety data sheets and measure the impact of changes in REACH regulations. The purchasing departments are responsible for verifying that suppliers take into account regulatory changes.

All sites ensure that the GHS (Globally Harmonized System of Classification and Labelling of Chemicals) is applied worldwide and that extended safety data sheets are monitored in Europe.

In addition to regulatory compliance, Group entities are asked to look for opportunities to replace CMRs (carcinogenic, mutagenic and reprotoxic chemicals) used at their sites. This action is also part of an approach to reduce the risks to the health and safety of employees and upstream and downstream users.

A periodic report is sent to the Group's Environment Department.

The Group's standard on selection criteria for chemical substances and materials uses a standard data sheet to define the process for approving new materials or chemicals. It then prioritizes those that must be replaced based on their proven or suspected danger. The Safety-Environment managers will prohibit any new materials or chemicals they consider a danger to people and the environment.

A standard to help interpret and implement the REACH regulation is available and used to manage registrations and monitor substances in articles.

2. OCCUPATIONAL HEALTH AND SAFETY

2.1 Accidents

The Group continues to make workplace health and safety the absolute priority in all its entities. To this end, a number of tools and standards have been instituted.

For several fiscal years, data on accident-related events such as "near-misses," first aid and work-related accidents have been centralized at Group level.

Given the importance of analyzing "near misses" and potentially hazardous situations, the Group places strong emphasis on educating operating entities on the need to monitor and report these events to the Group so that preventive actions can be put in place as early as possible. In this fiscal year, the Group focused on teaching employees to recognize potentially hazardous situations. All entities, including Zodiac Seats France, have started gathering data on such events, which should prevent potential accidents.

Other centralized and consolidated data include the number, circumstances and causes of workplace accidents. This shared information allows other Group companies to see what corrective action has been implemented and use this knowledge to avoid similar situations at their own sites.

An internal rating system for the seriousness of accidents with days lost has been in place for a number of fiscal years and makes it possible to track improvements in risk management by entity.

Above a certain level of severity, an accident report and analysis of the solution using the "8D"[1] method are sent by local management to the Group's senior management team. This report details the circumstances of the accident, the root causes, and the actions put in place for the short and medium term.

This fiscal year, the number of accidents with days lost Group-wide increased slightly. However, our accident frequency index, calculated by applying this number to the Group's total workforce and multiplying by 1,000, dropped from 13.9 in August 2013 to 11.2 in August 2015.[2] This reduction not only reflects the success of the Group's five Safety principles[3] and involvement of all management levels, but also the broad extent to which entities are monitoring local actions.

The table below shows the breakdown of the number of accidents with at least one day of work lost by region and by segment in the last three fiscal years. There have been no fatal accidents in the Group in the last three fiscal years.[4]

(1) Method based on eight steps to identify, correct, and eliminate problems, concentrating on the root causes of the accident.

(2) The accident frequency index of Zodiac Seats France in August 2015 was 12.1.

(3) The Group's five Safety principles:

1. Define and implement standards to ensure workplace safety;
2. Demonstrate the personal commitment of all managers toward safety (setting examples, regular site visits, etc.);
3. Develop the notion of "responsibility" in all operators;
4. Involve line management in identifying and reporting potentially hazardous situations;
5. Conduct safety campaigns (run by line management and including communication on progress and success).

(4) There have been no fatal accidents at Zodiac Seats France in the last three fiscal years.

Breakdown of the number of accidents with at least one day of work lost by region and by segment

	Aug. 31, 2013 Accidents(1) with at least one day of work lost	Aug. 31, 2014 Accidents(1) with at least one day of work lost	Aug. 31, 2015 Accidents(1) with at least one day of work lost
By region			
France	126	111	106*
Other countries in Europe	64	79	64
USA	68	63	71
Other countries in the Americas	50	51	96
Rest of the world	111	95	93
TOTAL	**419**	**399**	**430**
** Including Zodiac Seats France*			*18*
By segment			
Zodiac AeroSafety	111	106	89
Zodiac Aircraft Systems	70	88	79
Zodiac Cabin & Structures	62	55	95
Zodiac Galleys & Equipment	66	63	71
Zodiac Seats	99	82	90
Zodiac Services Activities	11	5	6
TOTAL	**419**	**399**	**430**

(1) Figures include Zodiac Aerospace employees and temporary employees but not travel-related accidents or service providers.

The roll-out of internal procedures and tools is gradually being extended to cover the entire Group scope. Action plans continue to be put in place at each entity(2) to eliminate potentially hazardous situations.

2.2 Occupational illnesses

Each Group entity monitors the occurrence of occupational illnesses among its employees. This is done at the local level in order to take account of each country's legislation.

No reported occupational illness has resulted in a permanent partial disability rate in the last fiscal year.(3)

Because the Group's activities involve manual and precision work, the main occupational illnesses are associated with certain movements and working postures principally affecting the upper limbs.(3)

The following table shows the breakdown of occupational illnesses reported across all entities in France and the United States:

Reported occupational illnesses by region

	Aug. 31, 2013	Aug. 31, 2014	Aug. 31, 2015**
France*	13	20	8
USA	76	93	67
TOTAL	**89**	**113**	**75**
**Including Zodiac Seats France*			*2*

**These figures may change depending on the judgments of the local authorities.

In order to continuously improve the working conditions of its employees, the Group strongly encourages its entities to perform ergonomic assessments of workstations. An ergonomics and safety manager has joined the Group's safety and industrial risks team. One of that manager's tasks is to offer entities training in a simple method of rating workstation ergonomics.(4) Multi-disciplinary teams representing methods, health and safety, plus members of the Workplace Health & Safety Committee and the Lean department are all involved in this training, which has already resulted in ergonomic improvements in many workstations. The initiative has been implemented in most entities in France and the United States and all entities in Thailand, Singapore and Mexico. The training is based on a Group standard that has been developed to help entities conduct studies on workstations. Post-training monitoring not only measures progress but also supports entities in their various tasks.

A new standard aimed at office workers is currently being prepared so that workers can assess their own posture at their workstation and, where necessary, follow an action plan to improve it.

At the same time, in the context of preventing occupational burnout or stressful/harsh working conditions,* the French entities have continued their action plans to prevent work situations that could become "stressful/harsh" in the French legal sense. (* Fewer than half of all French employees are exposed to at least one stress factor(5)).

(2) Including Zodiac Seats France.

(3) Identical analysis for Zodiac Seats France.

(4) The Zodiac Seats France site monitored this training during this fiscal year.

(5) 2.2% of employees at Zodiac Seats France were exposed to at least one of the four stress factors that went into effect in January 2015; action plans are under way and checks are being made with regard to the six other factors.

2.3 Other employee health and safety measures

In addition to producing reports, the Group's Safety Department has implemented a number of measures to improve collaboration between sites, develop local initiatives and promote the health and safety of its employees.

Audits are carried out at all Group entities to make sure Group safety directives are being implemented. These audits are conducted according to a Group standard that was instituted during the previous fiscal year and are performed by the entities' safety managers. Weak points and opportunities for improvement revealed during the audits are consolidated into a Group action plan that can be shared throughout the Group's safety manager network.

For several fiscal years, safety committee meetings have been held in France, North America and Europe with safety managers of entities in these regions. The meetings are aimed at benchmarking and sharing best practice on health and safety matters. They also provide an opportunity to present the Group's directives, focus on various specific regulatory points, and highlight best practices already in place at Group sites. The Group is aiming to extend this type of committee meeting to all the countries in which the Group is located.

In an effort to further improve benchmarking and sharing, a best practice database has been in place at the Group level for the past two fiscal years. It is intended to facilitate dialogue between the entities. The entities upload details of their procedures into the database so that they can be validated as "best practice" by the Group Safety Director. Published best practices will eventually become Group standards. Around twenty best practices were posted during the fiscal year. Some were used to upgrade existing Group standards while others form the basis of new standards that will apply this fiscal year. Best practices are accessible to all employees on the Group intranet. A "best practice" officer's contact details are also available to encourage dialogue between entities.

The deployment of Group standards is intended to make best practice consistent throughout the Group. These standards have been formulated through working parties and are designed to address actual issues faced by different Group entities. They are validated by several Group entity representatives. The implementation of new standards over the previous fiscal year has helped the entities improve their safety culture, in particular through the dissemination of the Group's five Safety principles. At the sites' request, new standards are pending validation. In particular these standards will help entities improve their processes for reporting potentially hazardous situations and strengthen the Group's safety culture through the implementation of safety observation procedures.

Improving the safety culture also involves training. Of all employees trained this fiscal year, more than a third had training on safety culture/conduct(1) while over 56% received training on specific risks such as handling chemicals, working in confined spaces, working at heights, fire risk management, handling goods, driving rolling equipment, and ergonomics. In addition, most new employees received a safety induction before taking up their post. This safety induction is part of a Group standard that commences with a video from the Executive Board Chairman and CEO who emphasizes the Group's commitment to providing all employees with "safe" working conditions.

All these training programs enable our employees to be agents for safety on a daily basis.

Lastly, during the 2014/2015 fiscal year, eleven Group entities were awarded OHSAS 18001 certification. This certification provides a framework that limits potential deviations from the existing health and safety system. More than a quarter of the Group's entities are now certified. This figure should increase in the coming fiscal year as one of the Group's objectives is for all entities to be certified by 2018.

3. ENVIRONMENT: ORGANIZATION AND MANAGEMENT

Given the nature of its activities, Zodiac Aerospace faces two types of environmental challenge: one related to its production sites and the other to its actual products.

4. ENVIRONMENTAL IMPACT OF THE SITES' ACTIVITIES

The majority of the Group's sites have an Environment Manager who oversees the application of local laws and internal requirements. In 2014/2015, more than 90 full-time equivalent jobs(2) were devoted to the environment. This network of environmental representatives is coordinated by the Group Environment Department, which has three key tasks:

- monitoring the environmental performance of each entity based on Group policy;
- handling all environment-related issues;
- promoting and enforcing internal standards.

To improve the management and environmental performance of its production sites, the Group is setting up environmental management systems and has initiated a certification process for its sites based on ISO 14001.(3)

To date, approximately 50% of Group sites are certified and were joined this fiscal year by the Provo sites in the United States, Braintree in the UK and Plzen in the Czech Republic.

All staff at ISO 14001-certified sites receive environmental training at least once every three years and related information at least once per quarter.

Zodiac Aerospace has formalized what it considers to be the key environmental issues and is taking a number of steps to address them. Its priority is to lower CO_2 emissions, find substitutes for hazardous chemicals, reduce the waste generated and improve waste treatment.

(1) At Zodiac Seats France, 9% of employees were trained in safety culture/conduct and 23% in specific risks.

(2) At Zodiac Seats France, one full-time equivalent job is devoted to the environment.

(3) Zodiac Seats France has been certified since 2008, including its design activities.

4.1 Waste

The Group has set itself the following targets for 2016:

- reduce its waste production;
- achieve a recycling rate greater than 45%;
- limit landfill through a recovery rate of more than 80%.

During the fiscal year, the amount of waste per production hour remained stable. A total of 61% of waste was recovered, of which 52% was recycled. The rest was incinerated for energy production. The amount of hazardous waste, which requires special treatment, is decreasing as cleaner industrial processes are developed.

The Group is also seeking ways for sites to improve their waste monitoring.

Amount of waste by region

	Total waste (metric tons)			Waste per production hour (kg/h)		
	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce	2013/2014 67 sites 77% of the workforce	2014/2015 67 sites 77% of the workforce	2014/2015 75 sites 88% of the workforce
France*	3,181	3,160	3,160	0.65	0.58	0.51
Other countries in Europe	2,051	2,065	2,065	0.54	0.59	0.59
USA	11,822	12,752	13,047	0.87	0.70	0.67
Other countries in the Americas	2,851	3,743	3,773	0.42	0.46	0.43
Rest of the world	3,117	3,581	3,590	0.41	0.32	0.32
TOTAL	**23,022**	**25,302**	**25,635**	**0.63**	**0.54**	**0.52**
** Including Zodiac Seats France*			*610*			*1.00*

Amount of waste recycled and recovered by region

	Waste: material recycling (metric tons)			Waste: incineration with energy recovery (metric tons)			Waste: landfill (metric tons)		
	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce
France*	1,700	1,766	1,766	1,012	1,024	1,024	468	370	370
Other countries in Europe	1,363	1,400	1,400	245	434	434	444	231	231
USA	6,511	6,234	6,452	255	273	276	5,056	6,246	6,319
Other countries in the Americas	1,267	1,686	1,695	360	450	450	1,224	1,607	1,628
Rest of the world	1,547	1,991	1,995	3	183	183	1,567	1,407	1,413
TOTAL	**12,388**	**13,078**	**13,308**	**1,875**	**2,362**	**2,366**	**8,759**	**9,861**	**9,961**
** Including Zodiac Seats France*			*472*			*31*			*107*

Waste recycling and recovery rate by region

	Recycling rate			Recovery rate		
(in %)	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce	2013/2014 76 sites 88% of the workforce	2014/2015 76 sites 88% of the workforce	2014/2015 81 sites 95% of the workforce
France*	53%	56%	56%	85%	88%	88%
Other countries in Europe	66%	68%	68%	78%	89%	89%
USA	55%	49%	49%	57%	51%	52%
Other countries in the Americas	44%	45%	45%	57%	57%	57%
Rest of the world	50%	56%	56%	50%	61%	61%
TOTAL	**54%**	**52%**	**52%**	**62%**	**61%**	**61%**
** Including Zodiac Seats France*			*77%*			*83%*

Water use by region

(thousands of m³)	**2013/2014 75 sites 88% of the workforce**	**2014/2015 75 sites 88% of the workforce**	**2014/2015 80 sites 94% of the workforce**
France*	243	226	226
Other countries in Europe	36	32	32
USA	343	299	311
Other countries in the Americas	98	108	111
Rest of the world	92	109	112
TOTAL	**812**	**773**	**792**
** Including Zodiac Seats France*			*6.4*

4.2 Water

The Group's activities generate very little industrial wastewater.[1]

Process water, mainly from surface treatment (at five production sites), is treated and the effluent is either sent to approved specialists or treated at the site's detoxification plant.

Water use by the various production units is shown in the table above.

4.3 Air

Atmospheric emissions are not among the environmental issues that the Group considers a priority for its operations.

Those identified at its sites primarily fall into two categories:

- emissions related to energy combustion (mainly heating);
- emissions related to solvents, which are channeled, treated as necessary (using filters, scrubbers, etc.), and tested regularly.

The Group's sites adhere to an emission-reduction policy that was introduced several years ago. Measures include replacing solvents with detergents and using less volatile solvents and water-based processes.

4.4 Soil

At August 31, 2015, no site was involved in causing gradual or chronic soil pollution as a result of its industrial operations. The risks of such pollution have been identified and are mainly accidental chemical spills.[2]

To manage these risks, the Group encourages all storage facilities to have holding tanks and anti-pollution kits. An internal standard has been introduced for consistent practices in terms of holding capacity, intervention means and employee training. As a precaution, the Group also carries out a soil audit before any planned acquisition to assess the site's condition and environmental impact risks.

4.5 Energy efficiency and greenhouse gas emissions

Reducing greenhouse gas (GHG) emissions and energy consumption is a key component of the Group's environmental policy. This is reflected in particular in the Group's target of a 3% reduction in the energy consumed by its buildings and production processes by 2016.

Zodiac Aerospace completed its first assessment of the Group's direct[3] and indirect[4] greenhouse gas emissions in 2012. It has now repeated the exercise at 79 sites and implemented concrete measures to reduce emissions. These include replacing fluorescent tubes with LED lighting at several sites during building refurbishment, using a workshop's air-conditioned air to renew paint booth air, installing solar lighting in a parking lots in Tunisia, etc. These best-practice initiatives can be carried over to the rest of the Group's sites. and will be supplemented in Europe by energy audits.

(1) Zodiac Seats France is not affected.

(2) No such accidents were recorded by Zodiac Seats France.

(3) GHG (Greenhouse Gas) Protocol Scope 1: direct emissions from stationary and mobile sources held by or owned by the company.

(4) GHG Protocol Scope 2: emissions related to purchased electricity.

GHG breakdown by region

(metric tons of CO_2 equivalent)	**2014/2015 Scope 1 - 85 sites 97% of the workforce**	**2014/2015 Scope 2 - 85 sites 97% of the workforce**
France*	9,901	3,637
Other countries in Europe	3,008	6,777
USA	11,461	49,725
Other countries in the Americas	2,483	17,476
Rest of the world	937	19,018
TOTAL	**27,789**	**96,632**
** Including Zodiac Seats France*	*1,462*	*462*

Energy consumption by source and by region

(thousands of kWh)	Energy: Gas 2013/2014 79 sites 90% of the workforce	Energy: Gas 2014/2015 79 sites 90% of the workforce	Energy: Gas 2014/2015 84 sites 96% of the workforce	Energy: Electricity 2013/2014 80 sites 91% of the workforce	Energy: Electricity 2014/2015 80 sites 91% of the workforce	Energy: Electricity 2014/2015 85 sites 97% of the workforce	Energy: Fuel 2013/2014 80 sites 91% of the workforce	Energy: Fuel 2014/2015 80 sites 91% of the workforce	Energy: Fuel 2014/2015 85 sites 97% of the workforce
France*	39,881	41,663	41,663	44,088	46,622	46,622	2,345	2,094	2,094
Other countries in Europe	11,981	14,205	14,205	14,662	14,025	14,157	–	–	–
USA	53,435	54,610	55,263	80,797	86,481	88,947	95	40	40
Other countries in the Americas	10,481	11,746	11,856	30,582	35,145	36,459	–	–	–
Rest of the world	–	–	531	29,332	33,062	33,421	1,784	2,396	2,396
TOTAL	**115,778**	**122,224**	**123,518**	**199,462**	**215,336**	**219,607**	**4,223**	**4,529**	**4,529**
** Including Zodiac Seats France*			*6,887*			*5,920*			*1*

The Group also quantifies other indirect emissions[1] generated by business travel, commuting and waste treatment. Product and service purchases and cargo were excluded from the reporting perimeter this fiscal year again, because of difficulties in gathering information and the lack of a recognized calculation methodology for converting procurement data into CO_2 emissions. However, the lack of carbon accounting does not mean a lack of emission-reducing measures. The supply chain is a key part of the Group's initiative to improve its environmental impact over the coming years.

Refrigeration systems are subject to monitoring and specific emission limits due to their impact on the ozone layer. They account for less than 5% of the Group's greenhouse gas emissions.

The Group has been monitoring its energy consumption for many years and has conducted a number of energy audits to identify areas for improvement. These have been shared with other sites and a list of best practices has been drawn up. Statutory energy audits will also be performed in Europe up to the end of 2015 to identify new measures to reduce the Group's consumption even further.[2]

To date, the Group's use of renewable energies has been marginal – mainly solar panels on some of its buildings and renewable energies distributed by local grids.

5. ENVIRONMENTAL IMPACT OF OUR PRODUCTS

Hazardous materials continue to be substituted as part of the plan rolled out by the Group in June 2009. All new chemicals entering production must be approved by site Environment/Safety managers, based on the specific nature of the site's production process. Efforts to find replacements are reported quarterly to the Environment Department.

Similarly, the Group continues to take into account the environmental impact of its products throughout their life cycle (design, manufacture, transportation, use, recycling and end of life).

In 2014/2015, nine Business Units began an eco-design initiative. A product's environmental impact is measured using EIME software or a simplified method developed by the Group, while life-cycle assessment (LCA) continues to be used to identify sub-assemblies with the least environmental impact and compare alternative solutions. Some of the Business Units that had conducted LCAs in previous years are now reaping the benefits and eco-designing their next-generation products.[3]

Skills sharing is key to the success of this approach, so the Business Units involved share information and best practices on the company's social media via the "Zodiac Aerospace Ecodesign Community."

(1) GHG Protocol Scope 3: all other emissions indirectly produced by activities or the exercise of powers of the company and not recorded in Scopes 1 and 2.

(2) Zodiac Seats France is not affected.

(3) Zodiac Seats France is one of the players involved in this initiative.

6. NON-MATERIAL ISSUES FOR THE GROUP

6.1 Biodiversity

The impact of activities on biodiversity is limited because production units are generally located on small sites in industrial zones.

6.2 Noise and odors

Although the Group's activities generate little noise or odor, these issues are still of concern. Noise pollution most commonly comes from refrigeration and compression facilities, for which precautions are taken to limit noise impact. Sound levels are checked regularly.

7. CONSEQUENCES OF CLIMATE CHANGE FOR THE GROUP

The potential impact of climate change on the Group is discussed under "Risk management," page 31.

8. NOTE ON METHODOLOGY: ENVIRONMENTAL INDICATORS

Reporting does not include sites with fewer than 25 employees and an exclusively tertiary activity, or new acquisitions, or new sites constructed during the 2013/2014 and 2014/2015 fiscal years.

Scope 3 of the greenhouse gas balance sheet was based on a discretionary site sample.

For some sites, data was extrapolated for the twelfth month since data was not available at the time of publication of the annual report.

SOCIETAL INFORMATION

The Zodiac Aerospace Group strengthened its societal and environmental commitments during fiscal year 2013/2014 by joining the United Nations Global Compact, signed by Executive Board Chairman and CEO Olivier Zarrouati. Membership of the Compact underscores the Group's commitment to ensuring that its operations are aligned with the ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption.

1. VALUES AND ETHICS IN THE ZODIAC AEROSPACE GROUP

Zodiac Aerospace's development has always centered on four core values, which constitute its philosophy and are the cornerstones of its growth. They are:

- **Humility**, which involves listening, understanding and learning from others. It also involves the right to make mistakes and the duty to learn from them.
- **Realism**, which requires decisions to be based solely on established facts so that the issues and challenges to be addressed can be tackled objectively.
- **Entrepreneurial spirit**, which means daring to take a risk, working hard and surpassing oneself. It also means working together, trusting oneself and being trusted by others. Entrepreneurial spirit means having a responsible attitude toward the use of company resources.
- **Respect**, which includes respect for our undertakings, our employees, our customers and our partners. It also means respect for one's own work and that of others.

The Group's Code of Ethics is a code of conduct in relation to one's environment. The Code is available to all Group employees on the Group's intranet and is provided to each new Group employee. It is based on honesty, integrity, fairness and protection.

- **Honesty** includes first and foremost objectivity of information: communicating openly and transparently so that the information transmitted is relevant and objective, and ensuring that information within the organization and directed to partners is conveyed in the same way. Secondly, all Group employees are expected to behave in accordance with ethical rules both internally and externally. As such, all employees must provide frank, direct answers to the questions they are asked. Sincerity and honesty must prevail at all times and in all actions.
- **Integrity** is present in all aspects of the Group's operations. It covers many areas, including respect for the laws prevailing in all the Group's host countries, respect for customers and their needs and expectations, respect for the confidentiality of operations, and respect for the rules relating to paid activities outside the Group or gifts such as those described in the Code of Ethics.
- **Fairness** primarily involves equal opportunities for all Group employees. To this end, no employee shall be subject to any discrimination. Promotion must be made purely on the basis of an employee's professional performance, and recruitment solely on a candidate's professional skills. The Group places the Zodiac Aerospace workforce at the center of its development strategy. Within Zodiac Aerospace, fairness means using and promoting to the greatest extent possible the skills network that exists in the Group to boost its competitiveness and the quality of its customer service. As regards suppliers, the principle of fairness means offering all suppliers, partners and subcontractors opportunities for success within a framework of open competition and in a spirit of mutually beneficial cooperation. Zodiac Aerospace selects the best suppliers based on objective criteria while ensuring that they abide by the same ethical rules as Group companies and, most of all, by the laws governing labor, jobs, safety, health, environmental protection and anti-corruption.
- **Protection** means that for every project, Zodiac Aerospace personnel must keep in mind the imperatives of quality, health, safety and environmental protection. Line management must protect and respect the dignity and privacy of each employee by creating an environment where moderation and discernment prevent bullying or abuse. Managers must do all they can to ensure that the employees for whom they are responsible can flourish. Everyone must be made aware of the importance of protecting our shareholders' investments. Providing a return on investment must be our first goal so that we can improve and grow our business over the long term.

This Code of Ethics is updated on a regular basis. The Code was reviewed in 2013 to reinforce anti-corruption measures in all the Group's host countries.

The Group's values and Code of Ethics are complemented by the Environment and Risk Charter and various undertakings made by the Group, such as in the area of gender equality. The Code of Ethics can be strengthened by creating specific provisions for particular groups of people. For example, particular emphasis is placed on anti-corruption awareness for managers and buyers.

Lastly, as part of the "Lean" deployment, Zodiac Aerospace introduced a tool called "Hoshin Kanri"[1] in which the main areas of the Group's strategic focus are broken down into specific goals and shared with all employees. This allows everyone to have a better understanding of the Group's development strategy and how they can contribute to it.

In fiscal year 2014/2015, the Group launched a transformation plan called Focus in response to the problems encountered by the Seats Segment. The plan ensures that various initiatives continue to be carried out within the Group.

(1) Japanese term meaning "that which shows the right direction."

2. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS ACTIVITY

The Zodiac Aerospace Group operates in 18 countries worldwide, with a particularly significant presence in France and the United States.

The Group's activities contribute to the development of the local social and economic fabric since the majority of employees are drawn from the local population.

Relations with local stakeholders are managed by the sites, to which Zodiac Aerospace gives considerable autonomy.

3. PARTNERSHIP AND SPONSORSHIP INITIATIVES

As part of the Zodiac Aerospace entrepreneurial spirit, Group entities around the world are given a substantial amount of autonomy with which to choose local partnerships and sponsorship initiatives. The Group intervenes only to ensure that such initiatives comply with the Group's ethics and are sustainable.

At the Group level, Zodiac Aerospace limits the number of initiatives in which it gets involved in order to be more effective. One of the charitable organizations it has supported both financially and materially is the French association "Petits Princes" (Little Princes), which helps seriously ill children. The Group uses its global network and contacts in the aerospace industry to help turn the "dreams" of these children into reality. To supplement the Group's actions aimed at promoting values of excellence and sharing, Zodiac Aerospace is involved in a number of philanthropic musical initiatives in support of young artists.

Many Group entity initiatives are implemented locally and cover social and educational outreach, sports sponsorship to benefit local causes, and cultural sponsorship. Examples are included every year in the "Travel Journal" brochure, which is part of the Group's annual report.

4. FAIR PRACTICES

4.1 The Global Compact

The Zodiac Aerospace Group joined the United Nations Global Compact in 2014, after ascertaining the compliance of its operations. The Compact was signed by Executive Board Chairman and CEO Olivier Zarrouati.

By joining the Global Compact, Zodiac Aerospace reaffirmed its commitment to align its operations and strategies with ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption. The 10 Principles of the Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The principles, per category, are as follows: (source: Global Compact – www.unglobalcompact.org):

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

4.2 Anti-corruption

The Group's entire management, starting with Olivier Zarrouati, Executive Board Chairman and CEO, is committed to fighting corruption.

The Zodiac Aerospace Group's Code of Ethics includes a specific chapter on combating conflicts of interest and corruption. Actions in this regard are reiterated in the procedures provided to the Group's buyers and in the code of conduct sent to Group managers.

The Code of Ethics is now circulated to approximately 16,000 Group employees. An awareness campaign was launched in December 2013 to reinforce the message to managers and ensure it was widely disseminated throughout the Group.

A Manager's Charter, which includes a foreword by Executive Board Chairman and CEO Olivier Zarrouati, has been distributed to all Group employees. Site managers are invited to sign the Code of Ethics and the signed document is then displayed at their site to publicize their commitment.

The Human Resources Department has also implemented a procedure whereby all new hires are given a copy of the Code of Ethics when they join the Group.

In addition, Zodiac Aerospace has introduced an e-learning program for some 3,000 Group employees most exposed to corruption risk (mainly managers, buyers and sellers). The aim is to increase their knowledge of the issue and help them make the right decisions and report anything inappropriate. The program was rolled out in May 2015 in a targeted campaign. At the end of fiscal year 2014/2015, a total of 61% of targeted staff had taken the training and passed the final assessment. The initiative will continue in 2015/2016 to increase the rate of training take-up.

4.3 Oslo Convention

The Zodiac Aerospace Group complies with the Oslo Convention on cluster munitions. In past fiscal years there has been just one potentially relevant contract for a brake parachute manufactured by a subsidiary in the United States. This was reported in late 2010, before the business concerned was sold. No other Group businesses are affected, and the Group verifies that all potential acquisitions comply with the Oslo Convention.

4.4 Subcontracting and suppliers

Zodiac Aerospace harmonizes Group procurement practices as and when necessary. The associated standards are currently being rolled out as required.

They include societal and environmental aspects.

The Group's procurement policy states that:

- Zodiac Aerospace expects regulatory compliance from its suppliers;
- Suppliers are expected to comply with the international standards of the International Labor Organization, OECD and United Nations in the area of human rights and especially the effective abolition of child labor, forced labor and corrupt practices;
- Zodiac Aerospace is committed to safeguarding the environment;
- Employees in contact with suppliers must adhere to rules of conduct relating to the prevention of conflict of interest and anti-corruption.

"Environmental" aspects have been added to a Group document entitled "Requirements Applicable to Zodiac Aerospace Suppliers," which was sent to all suppliers in January 2014. This document is referenced on all purchase orders and in procurement contracts.

The Group's procurement policy and procedures are maintained by a Group procurement committee (the Zodiac Supply Chain Council), which is tasked with ensuring roll-out to all Group entities.

A Group procedure has been established for reporting information to the Zodiac Supply Chain Council on issues such as a supplier's non-compliance with Group standards or the employment of practices that could jeopardize air transport safety – for example, counterfeiting. In consequence, the Zodiac Supply Chain Council may decide to remove a particular supplier from the supplier list for all Group entities.

The Zodiac Aerospace Group is also a signatory to the Charter of Inter-company Relations, introduced by the French government.

In relation to this, the Group has introduced an internal mediation system that can help resolve any difficulties encountered by a supplier with any of the Group entities during the execution of their contract. The system is in place in Europe and North America.

INDEPENDENT THIRD-PARTY REPORT

on Consolidated Social, Environmental and Societal Information included in the Management Report

To the Shareholders,

In our capacity as an independent third-party organization accredited by the French Accreditation Committee COFRAC[(1)] under number 3-1050 and a member of the network of one of the statutory auditors of Zodiac Aerospace, we have prepared our report on consolidated social, environmental and societal information for the fiscal year ended August 31, 2015. This is presented in the "Corporate Social Responsibility" section of the management report, hereinafter referred to as the "CSR Disclosures," in accordance with Article L. 225-102-1 of the French Commercial Code.

The responsibility of the company

The Executive Board is responsible for preparing a management report that includes the CSR Disclosures provided for under Article L. 225-102-1 of the French Commercial Code and in accordance with the standards used by the Company. These standards consist of instructions on HR reporting and on the procedure for providing information about performance indicators in versions dated September 2014 and April 2015 (the "Standards"). The key elements of these are presented in the "Corporate Social Responsibility" section of the management report and are available from the Company.

Independence and quality control

Our independence is defined in the regulations, our profession's code of ethics, and the provisions contained in Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with the ethical rules, professional standards and applicable laws and regulations.

The responsibility of the independent third-party

Based on our audit, it is our responsibility to:

- certify that the required CSR Disclosures are included in the management report or are the subject, if omitted, of an explanation pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certificate of inclusion of CSR Disclosures);
- express a conclusion, with a moderate level of assurance, on the fact that the CSR Disclosures are, in all material respects, presented fairly in accordance with the Standards used (Reasoned opinion on the fairness of the CSR Disclosures).

Our audit was conducted by a team of five people between June and December 2015, over a period of about twelve weeks.

We conducted the audit described below in accordance with professional standards applicable in France, with the decree of May 13, 2013, which determines the manner in which the independent third-party conducts its mission, and with international standard ISAE 3000[(2)] regarding reasoned opinion on the fairness of the CSR disclosures.

1. CERTIFICATION OF THE INCLUSION OF CSR DISCLOSURES

We have familiarized ourselves with the presentation of the sustainable development guidelines, in accordance with the social and environmental consequences linked to the Company's business activities, and with its societal commitments, and, where applicable, with the initiatives or programs arising therefrom, based on meetings with the managers of the departments concerned.

We compared the CSR Disclosures presented in the management report with the list specified in Article R. 225-105-1 of the French Commercial Code.

If certain consolidated information was lacking, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Disclosures covered the scope of consolidation, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, within the limits specified in the "Corporate Social Responsibility" section of the management report, particularly the limit of scope to France for the absenteeism indicator and to France and the United States for occupational illnesses.

Based on our audit and taking into account the above-mentioned limits, in our opinion the management report includes the required CSR Disclosures.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR DISCLOSURES

Nature and extent of audit

We held six meetings with the persons responsible for preparing the CSR Disclosures in conjunction with the Environment, HR and Occupational Health and Safety departments and for the information-gathering process, and, where applicable, the persons responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the Standards in terms of their relevance, comprehensiveness, reliability, neutrality and clarity, taking into account, where appropriate, best practices in the industry;

(1) Accreditation scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

- verify the implementation of a collection, compilation, processing and control process for exhaustive and consistent CSR Disclosures, and review the internal control and risk management procedures relating to the preparation of the CSR Disclosures.

We determined the nature and extent of our tests and controls on the basis of the nature and materiality of the CSR Disclosures with regard to the Company's characteristics, social and environmental issues pertaining to its business activities, sustainable development guidelines, and best practices in the sector.

For the CSR Disclosures, we considered the following information to be the most material:[3]

- At the level of the parent entity, we consulted documentary sources and held meetings to corroborate the qualitative information (organization, policies, initiatives, etc.), implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and consolidation of data, and checked for coherence and consistency with the other information provided in the management report;
- At the level of the entities that we selected[4] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct application of procedures, and implemented detailed tests on the basis of sampling, which consisted of verifying the calculations and reconciling the supporting documents. The sample selected represents 13% of the workforce and between 7% and 9% of the quantitative environmental information.[5].

For other consolidated CSR Disclosures, we assessed the consistency of the information with our knowledge of the Company.

Lastly, we assessed the relevance of the explanations regarding the total or partial absence of particular information, where applicable.

We believe that the sampling methods and size of the samples that we selected when exercising our professional judgment enable us to draw a conclusion expressing moderate assurance; a more definite conclusion would have required more extensive verification work. Due to the use of sampling techniques and other limits inherent to the functioning of any information and internal control system, the risk of not detecting a material misstatement in the CSR Disclosures cannot be completely eliminated.

(3) **Environmental and societal information**: general policy on the environment, waste management, sustainable use of resources (energy and water consumption), greenhouse gas emissions, taking social and environmental responsibility into account in relations with suppliers and subcontractors, actions undertaken to prevent corruption.

Social information: employees, recruitment and dismissals, work-related accidents, hours of training, absenteeism.

(4) Cognac (France), La Palma (USA), Huntington Beach Galleys (USA), Huntington Beach Cabin Interiors (USA), Cwmbran (UK), Herborn (Germany) and Châteaudun (France).

(5) Employees: 18%; waste production (metric tons): 8%; water consumption (m^3): 7%; energy consumption (MWh): 9%.

Conclusion

Based on our audit, we did not identify any material misstatements that call into question the fact that the CSR Disclosures, taken as a whole, are presented fairly, in accordance with the Standards.

Observations

Without qualifying our conclusion above, we draw your attention to the following:

- The definitions of social information (definition of permanent employees and managerial staff) may leave some interpretation to the sites, which may impact the consistency of the consolidated information;
- The recruitment indicator covers permanent contracts only, including changes from non-permanent to permanent status. It is calculated by adding the number of permanent departures during the fiscal year to the change in the number of permanent employees during the same period.
- The absenteeism indicator is only consolidated for the reporting scope of France, since that country accounts for approximately 20% of the Group's workforce.

Paris-La Défense, December 2, 2015

Independent third-party
Ernst & Young et Associés

Christophe Schmeitzky Partner, Sustainable Development	Bruno Perrin Partner

FINANCIAL STATEMENTS

FOREWORD

This document is a translation of the French “Rapport annuel”.

In case of difficulty, refer to the French text.

STATEMENT BY MANAGEMENT

Plaisir, November 16, 2015

To our knowledge, the financial statements for the fiscal year ended August 31, 2015 have been prepared in accordance with the applicable accounting standards and present fairly the assets, financial position and results of operations of all the entities comprised in the consolidation of the Zodiac Aerospace Group, and the annual business report is a fair presentation of the information referred to in Article 222-3 (4) of the General Regulations of the AMF.

Olivier Zarrouati	Jean-Jacques Jégou
Chairman of the Executive Board and CEO	Executive Vice-President, Administration and Finance

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	Notes	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
Goodwill	(Notes 3.8 and 13.1)	2,023,354	1,779,309
Intangible assets	(Notes 3.8, 13.2 and 13.3)	698,149	619,099
Property, plant and equipment	(Note 14)	464,008	396,241
Investment in associates and joint ventures	(Note 15)	8,352	1,427
Loans		20,587	10,053
Other non-current financial assets	(Note 16)	14,016	14,075
Deferred tax assets	(Note 11)	1,225	1,227
TOTAL NON-CURRENT ASSETS		**3,229,691**	**2,821,431**
Inventories	(Notes 3.9 and 17)	1,340,700	1,008,262
Current tax assets		104,383	76,665
Trade receivables	(Note 3.10)	1,010,990	897,394
Advances to suppliers and employees		16,393	12,549
Other current assets	(Note 18)	38,655	30,470
Other financial assets:			
- loans and other current financial assets		11,970	1,309
Cash and cash equivalents	(Note 19)	163,616	166,731
TOTAL CURRENT ASSETS		**2,686,707**	**2,193,380**
HELD-FOR-SALE ASSETS (1)		**680**	**9,760**
TOTAL ASSETS		**5,917,078**	**5,024,571**

(1) At August 31, 2014 and August 31, 2015, the amounts pertained to buildings held for sale (see Note 14).

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
Capital	(Note 20)	11,576	11,537
Share premiums	(Note 20)	141,980	133,182
Consolidated reserves		2,436,351	2,169,147
Currency translation adjustments		313,402	(20,017)
Fair value adjustment of financial instruments		1,658	(2,019)
Net income attributable to equity holders of the parent company		184,762	354,413
Treasury stock		(85,436)	(84,448)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**3,004,293**	**2,561,795**
Minority interests:			
- in equity		108	648
- currency translation adjustments		(204)	(109)
- in consolidated net income		(231)	(810)
Minority interests		**(327)**	**(271)**
EQUITY		**3,003,966**	**2,561,524**
Non-current provisions	(Notes 3.11 and 22)	122,073	114,591
Non-current financial liabilities	(Note 21)	831,648	840,574
Other non-current financial liabilities		485	70
Deferred tax liabilities	(Note 11)	163,433	155,507
TOTAL NON-CURRENT LIABILITIES		**1,117,639**	**1,110,742**
Current provisions	(Notes 3.11 and 22)	171,047	92,322
Current financial liabilities	(Notes 19 and 21)	598,661	393,414
Other current financial liabilities		21,889	3,180
Trade payables	(Note 3.12)	432,816	379,260
Liabilities to employees and payroll liabilities	(Note 3.13)	218,602	195,686
Current tax liabilities		60,349	44,393
Other current liabilities	(Note 23)	292,109	244,050
TOTAL CURRENT LIABILITIES		**1,795,473**	**1,352,305**
TOTAL EQUITY AND LIABILITIES		**5,917,078**	**5,024,571**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(in thousands of euros)	Notes	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
Sales revenue	(Notes 3.1, 3.2 and 3.3)	4,931,754	4,174,512
Other revenue from operations		23,490	17,608
Purchases used in production		2,147,270	1,711,558
Personnel costs	(Note 5)	1,490,378	1,221,512
External costs		814,719	594,420
Taxes other than income taxes		39,666	34,155
Depreciation and amortization		117,426	93,916
Charge to provisions		95,770	33,727
Changes in inventories of finished goods and work in progress		63,877	64,757
Other operating income and expenses	(Note 7)	(115)	(1,162)
CURRENT OPERATING INCOME	(Note 3.4)	**313,777**	**566,427**
Non-current operating items	(Note 8)	(21,914)	(24,587)
OPERATING INCOME		**291,863**	**541,840**
Income/(expenses) related to cash and cash equivalents		2,815	1,528
Cost of gross debt		(29,786)	(32,791)
Cost of net debt	(Notes 3.6 and 9)	(26,971)	(31,263)
Other financial income and expenses	(Notes 3.6 and 10)	(1,954)	(2,496)
Income taxes	(Notes 3.7 and 11)	(75,734)	(153,390)
Results of companies accounted for by the equity method		(2,673)	(1,088)
NET INCOME	**(Note 3.5)**	**184,531**	**353,603**
Attributable to non-controlling interests		(231)	(810)
Attributable to equity holders of the parent company		184,762	354,413
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	(Note 12)	**€0.670**	**€1.291**
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	(Note 12)	**€0.665**	**€1.280**

CONSOLIDATED STATEMENT OF NET PROFIT AND LOSS
and gains and losses recognized directly as equity

(in thousands of euros)	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
NET INCOME	**184,531**	**353,603**
Gains and losses recognized in equity, before tax:		
- currency translation adjustments[1]	328,829	28,760
- restatement of hedging derivative instruments	5,563	(4,876)
- tax on restatement of hedging derivative instruments	(1,890)	1,589
- actuarial gains and losses	(331)	(20,389)
- tax on actuarial gains or losses	47	6,777
TOTAL OF GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**332,218**	**11,861**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**516,749**	**365,464**
Attributable to non-controlling interests	(326)	(837)
Attributable to equity holders of the parent company	517,075	366,301

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

CONSOLIDATED STATEMENT OF CASH FLOWS [1] [2]

(in thousands of euros)	Notes	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
Operating activities:			
Net income		184,531	353,603
Results of companies accounted for by the equity method		2,673	1,088
Depreciation, amortization and provisions		218,982	128,232
Capital gains		(7,424)	926
Deferred taxes	(Note 11)	(13,450)	17,749
Stock options		6,632	7,826
Other		(106)	(219)
CASH FLOW FROM OPERATIONS		**391,838**	**509,205**
Net change in inventories	(Note 6)	(237,687)	(133,905)
Net change in operating assets		(60,491)	(163,538)
Net change in debt		60,203	20,059
CASH FLOW FROM CONTINUING OPERATIONS		**153,863**	**231,821**
Investing activities:			
Acquisitions of non-current assets:			
- intangible assets	(Note 13.3)	(85,033)	(82,031)
- property, plant and equipment	(Note 14.1)	(119,825)	(113,189)
- other		(15,185)	(11,044)
Proceeds from sale of property, plant and equipment		26,100	1,845
Changes in receivables and payables relating to fixed assets		3,388	657
Acquisitions/(disposals) of entities, net of cash acquired [3]		(95,034)	(162,717)
CASH FLOW FROM INVESTMENTS		**(285,589)**	**(366,479)**
Financing activities:			
Change in debt		194,913	236,113
Increase in equity	(Note 20)	8,837	8,028
Treasury stock		(1,944)	(118)
Ordinary dividends paid by parent company		(88,105)	(87,790)
Dividends paid to minority interests		–	–
CASH FLOW FROM THE FINANCING OF OPERATIONS		**113,701**	**156,233**
Currency translation adjustments, beginning of period		15,139	(4,626)
CHANGE IN CASH AND CASH EQUIVALENTS		**(2,886)**	**16,949**
CASH AT BEGINNING OF PERIOD		**155,670**	**138,721**
CASH AT END OF PERIOD	**(Note 19)**	**152,784**	**155,670**

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

(2) No activities are currently in the process of being sold.

(3) At August 31, 2015, this amount involves the acquisition of Enviro Systems and at August 31, 2014, the acquisitions of TriaGnoSys, Pacific Precision Products and Greenpoint Technologies. See Note 0 – Change in the consolidation scope.

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 stock	Restatement of financial instruments (1)	Equity attributable to equity holders of the parent company	Change in minority interests (3)	Change in equity
BALANCE AT AUG. 31, 2013	**11,486**	**125,194**	**1,896,798**	**370,914**	**(48,647)**	**(89,880)**	**393**	**2,266,258**	**459**	**2,266,717**
Currency translation adjustments			156		28,630			28,786	(26)	28,760
Revaluation of financial instruments			(875)				(2,412)	(3,287)		(3,287)
Actuarial gains and losses			(13,612)					(13,612)		(13,612)
Income recognized directly in equity (a)			(14,331)		28,630		(2,412)	11,887	(26)	11,861
Net income for the fiscal year (b)				354,413				354,413	(810)	353,603
Income recognized for the fiscal year (a) + (b)			(14,331)	354,413	28,630		(2,412)	366,300	(836)	365,464
Capital increase	51	7,988	(11)					8,028		8,028
Acquisition or disposal of own shares (2)			(5,550)			5,432		(118)		(118)
Valuation of options on stock options and free share awards			7,826					7,826		7,826
Dividends			(87,790)					(87,790)		(87,790)
Other (4)			372,205	(370,914)				1,291	106	1,397
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			(4,495)		333,419			328,924	(95)	328,829
Revaluation of financial instruments			(4)				3,677	3,673		3,673
Actuarial gains and losses			(284)					(284)		(284)
Income recognized directly in equity (a)			(4,783)		333,419		3,677	332,313	(95)	332,218
Net income for the fiscal year (b)				184,762				184,762	(231)	184,531
Income recognized for the fiscal year (a) + (b)			(4,783)	184,762	333,419		3,677	517,075	(326)	516,749
Capital increase	39	8,798						8,837		8,837
Acquisition or disposal of own shares (2)			(956)			(988)		(1,944)		(1,944)
Valuation of options on stock options and free share awards			6,632					6,632		6,632
Dividends			(88,105)					(88,105)		(88,105)
Other (4)			354,416	(354,413)				3	270	273
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**

(1) The “Fair value adjustment of financial instruments” column includes fair value of the interest rate hedge (see Note 2 – Interest rate risk management) and the impact of exchange rate hedging derivatives in accordance with IAS 39 (see Note 2 – Currency exchange rate risk management). Of the €2,019k shown as restatement of financial instruments at August 31, 2014, -€191k was recycled during the fiscal year and -€1,828k was kept as equity because it corresponds to the impact of the interest rate hedging maturing on July 25 and 29, 2016 and July 25, 2018.

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

(3) The Group has recognized an obligation to purchase minority interests.

(4) Including allocation of net income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 0 - CHANGES IN THE CONSOLIDATION SCOPE

Acquisition of Enviro Systems

On December 23, 2014, the Group completed the acquisition of US company Enviro Systems for a total of $118 million.

The company specializes in environmental control systems for the business aviation and helicopter industry. Enviro Systems posted sales revenue of $34 million for the fiscal year ended September 2014. It has been incorporated in the Group since January 1, 2015.

In accordance with the provisions of IFRS 3, the Group employed an independent appraiser to perform a preliminary assessment of the fair value of the assets acquired and the liabilities assumed on the date of the acquisition. This allocation may be adjusted during the 12 months following the acquisition date.

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

- intangible assets of $15 million (customer relationship and order book);
- inventory revaluations of $0.3 million;
- deferred tax liabilities on these items of $6 million;
- provisional goodwill of $84.1 million.

Disposal of Amfuel

On May 31, 2015 the Group sold Amfuel to a US investor. Amfuel was deconsolidated from the Group as from the fourth quarter of the 2014/2015 fiscal year.

A percentage of the sale price of €1.7 million is payable no later than November 30, 2016.

NOTE 1 - ACCOUNTING PRINCIPLES

The consolidated financial statements of the Zodiac Aerospace Group were approved by the Executive Board at its meeting of November 16, 2015. Amounts are expressed in thousands of euros unless otherwise stated. The accounting principles and policies applied by the Group are described below.

Main exchange rates used in consolidation

	At Aug. 31, 2015		At Aug. 31, 2014	
	Statement of Financial Position	Statement of profit and loss	Statement of Financial Position	Statement of profit and loss
US dollar	1.1215	1.1622	1.3188	1.3605
Canadian dollar	1.4863	1.4013	1.4314	1.4661
South African rand	14.9546	13.6710	14.0190	14.2952
Pound sterling	0.7275	0.7478	0.7953	0.8235
Thai baht	40.2000	38.5037	42.1410	43.8071
Czech crown	27.0210	27.4712	27.7250	27.1529

A) Basis for preparation of financial statements

In compliance with European Regulation 1606/2002 of July 19, 2002 on International Financial Reporting Standards (IFRS), the Zodiac Aerospace Group's consolidated financial statements for the fiscal year ended August 31, 2015, which include comparative figures for the previous fiscal year, have been prepared in accordance with IAS/IFRS and their IASB interpretations (SIC and IFRIC) applicable on August 31, 2015, as adopted by the European Union at that date.

B) Accounting standards

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, 2014. The new standards and interpretations applicable to the period ended August 31, 2015 are as follows:

- IFRS 10 – Consolidated Financial Statements

This standard defines the control exercised when an investor is exposed, or has the right to be exposed, to variable yields, and has the capacity to exercise his or her power to influence those yields.

- IFRS 11 – Joint Arrangements

In essence, this new standard provides for two different accounting treatments:

- Joint arrangements defined as joint operations will be recognized based on the proportion of assets, liabilities, revenues and expenses controlled by the Group. A joint operation may be made through an entity that may or may not be separate.
- Joint arrangements defined as joint ventures will be consolidated according to the equity method, with the result that they grant only a right over the entity's net assets.

The Group has analyzed its joint agreements in order to determine whether they should be classified as joint operations or joint ventures.

- IFRS 12 – Disclosure of Interests in Other Entities.
- Amendments to IFRS 10, IFRS 11, IFRS 12 – Transitional Provisions.
- IFRIC 21 – Levies Charged by Public Authorities.

Application of the new standards had no material impact on the financial statements at August 31, 2015.

The other standards, amendments and interpretations with no material impact on the Group are:

- IAS 27 (revised) – Separate Financial Statements.
- IAS 28 (revised) – Investments in Associates and Joint Ventures.
- Amendment to IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets.
- Amendment to IAS 39 – Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities.

Further, the Zodiac Aerospace Group did not apply the following standards and interpretations, whose application became mandatory after August 31, 2015 or which had not been endorsed by the European Union as of August 31, 2015.

Endorsed standards and amendments whose application is not mandatory for the year ended August 31, 2015:

- Amendment to IAS 19 – Employee Benefits: Employee Contributions.
- IFRS Annual Improvements cycles 2010-2012, 2011-2013.

Standards and amendments not endorsed as at August 31, 2015:

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- Amendment to IAS 1 – Presentation of Financial Statements: Disclosure Initiative.

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception.
- Amendments to IAS27 – Equity Method in Separate Financial Statements.
- Amendment to IFRS 11 – Joint Arrangements: Acquisition of an Interest in Joint Operation.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization.
- IFRS Annual Improvements cycle 2012-2014.

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.

C) Bases of valuation

The financial statements of the Zodiac Aerospace Group are prepared according to the historical cost principle, except for derivatives and financial assets available for sale that are measured at fair value.

Certain standards in the international accounting system provide for options regarding the valuation and accounting treatment of assets and liabilities.

In this context and at this stage, the Group has opted to value its inventories at the initial cost determined according to the "First-In, First-Out" method (IAS 2).

D) 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, according to 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 and those used to test asset impairment and the procedures for capitalizing development costs.

The accounting methods which require the Group to make significant estimates are as follows:

Provisions for contractual compensation

Provisions for contractual compensation are recognized when the Group has not fulfilled its contractual obligations or has received a quantified claim from one of its customers. The amount provisioned is defined by management based on the following factors:

- the history of the sales relationship with the customer and level of contractual compensation paid for similar claims in the past;
- the legal analysis of the contractual obligations and a reasonable estimate of the damage suffered by the customer if the Group is bound to compensate such damage; for contractual compensation where the amount depends on meeting future performance obligations, the analysis of the Group's operating ability to meet those obligations; for specific compensation related to the quality of delivered products, the estimated costs to repair or replace those products.

Guarantees

A provision is posted to cover anticipated claims under guarantees covering products sold during the fiscal year or in previous fiscal years (as a result of the fact that guarantee periods vary from one product line to another). The amount of this provision is estimated on the basis of the cost history specific to each type of guarantee. The assumptions used in measuring these provisions are based on actual sales levels and on the information currently available on guarantee claims regarding products sold before the balance sheet closing date.

Pensions, other long-term employee benefits and post-employment benefits

Pension obligations and other post-employment and long-term benefits are valued pursuant to IAS 19 "Employee Benefits."

The following assumptions are used:

In France:

	2014/2015	2013/2014
Discount rate	1.85%	1.86%
Estimated future increase in salaries	3.0%	3.0%
Employee turnover rate	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.
Retirement age	60 to 62 years	60 to 62 years

The mortality table used is the INSEE TD-TV 10-12 table.
The discount rate used is based on iBoxx AA 10+.

In the United States:

	2014/2015	2013/2014
Discount rate	4.15%	4.55%

In Germany:

	2014/2015	2013/2014
Discount rate	1.85%	1.86%

Tests for valuing goodwill and other non-current assets

The impairment tests applied to goodwill are affected by the assumptions underpinning medium-term financial forecasts (especially those relating to currency exchange rates) and the weighted average cost of Group capital used to discount future cash flows.

Details of sensitivities to impairment tests can be found in Note 13.1 of the notes to the consolidated financial statements.

Methods of capitalizing development costs

These are sensitive to assumptions of the economic profitability of each project (see Note J-2).

Recoverability of deferred tax assets

The value placed on deferred tax assets in general, and those arising as a result of brought forward negative tax balances in particular, may vary according to the assumptions adopted by the same medium-term financial forecasts used for goodwill impairment testing.

E) Consolidation principles

Companies over which Zodiac Aerospace exercises control, whether directly or indirectly, are fully consolidated.

Companies over which Zodiac Aerospace exercises joint control, whether directly or indirectly, are proportionately consolidated.

Companies over which Zodiac Aerospace exercises significant influence are accounted for by the equity method.

A list of consolidated subsidiary companies and holdings is given in Note 27.

The Group's 49% holding in IN Services & Al Rumaithy Estab. is fully consolidated as the Group has *de facto* control of this company. Its parent company, Zodiac Aerotechnics, has the right to appoint up to three of the five directors.

The joint venture EZ Air Interior Ltd, 50%-owned by Zodiac Aerospace and 50% by Embraer, is accounted for by the equity method. The aim of the venture is to become the leading supplier for the manufacture of Embraer aircraft interiors.

In the case of consolidated companies, intra-Group balance sheet items and transactions are eliminated in full.

Company disposals made during the fiscal year are recognized in the consolidated financial statements with effect from the date on which effective control was lost.

Company acquisitions made during the fiscal year are recognized in the consolidated financial statements with effect from the date on which effective control was gained.

F) Translation of foreign subsidiaries' financial statements expressed in foreign currencies

The financial statements of foreign subsidiaries that report in a currency other than the euro are translated into euros, the currency in which Zodiac Aerospace presents its financial statements, as follows:

- assets and liabilities: in euros based on the exchange rate at the period end;
- statement of profit and loss: in euros based on the average exchange rate for each currency over the period.

The resulting translation adjustments are recognized in equity under "Currency translation adjustments."

When a foreign company is disposed of, cumulative currency variances are recognized in the statement of profit and loss as a component of profit or loss on disposal.

None of the Group's foreign subsidiaries reports in the currency of a hyperinflationary economy.

G) Foreign currency transactions

The recognition and measurement of foreign currency transactions are defined by IAS 21, "Effects of Changes in Foreign Exchange Rates." In accordance with this standard, foreign currency transactions are converted into euros at the period-end exchange rates, and the resulting differences are recognized in the statement of profit and loss.

"Translation differences" presented in the accounts are the result of the difference in exchange rates between fiscal year "n -1" and "n" applied to the income of subsidiaries that report in currencies other than the euro.

"Transaction differences" are the result of exchange rates used to book sale and purchase transactions in a currency other than the currency of the entity concerned.

H) Property, plant and equipment and finance leases

Property, plant and equipment are recognized in the statement of financial position at their acquisition cost (including associated expenses) or production value (excluding financial expenses), less accumulated depreciation and charges for impairment of value.

Depreciation is calculated on a straight-line basis over the useful life of the asset, determined on the basis of the consumption pattern of expected future economic benefits.

In most cases, useful lives are determined as follows:

- buildings and improvements: 10 to 40 years depending on the type of building;
- plant and equipment: 3 to 8 years depending on use;
- IT equipment and furniture: 3 to 10 years depending on use.

Lease agreements that transfer the risks and rewards of ownership to Zodiac Aerospace (finance lease agreements) are recognized as property, plant and equipment, and the corresponding liability is recognized as debt.

After initial recognition, the amortized cost model is applied to property, plant and equipment. Impairment tests are applied whenever there is an indication of impairment.

I) Business combinations

Business combinations are recognized by applying the acquisition method, as required by IFRS 3 (revised).

The difference between the acquisition cost plus the value of minority interests, and the net balance of the fair value of the acquired entity's identifiable assets and liabilities, is recognized as goodwill where it is positive and as income where it is negative.

When measuring the minority interests of each business combination, the Group opts to base its valuation either on the share of net assets acquired, or on the fair value of those assets.

Goodwill is not amortized, but is subject to impairment testing whenever there is an indication of impairment, and at least once per year for the fiscal year-end.

Goodwill is allocated to cash-generating units (CGUs). The total amount of goodwill may be adjusted during the one-year post-acquisition measurement period.

In accordance with IFRS 3 (revised):

- Acquisition expenses are charged when they are incurred to the "Non-current operating items" line of the statement of profit and loss;
- Conditional earnout is measured at fair value and taken into account when calculating the acquisition cost.

The provisions and deferred tax recognized on the date of first consolidation may be adjusted during the valuation period on the basis of additional information related to the facts and circumstances prevailing on the date of acquisition.

J) Intangible assets

Intangible assets mainly comprise development costs, brands, patents and licenses.

1 - Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are recognized at acquisition cost and subsequently valued at amortized cost.

Intangible assets (mainly brands) resulting from the valuation of the assets of acquired entities are recognized in the statement of financial position at fair value, which is usually determined on the basis of an external appraisal.

Since intangible assets have a finite life, they are amortized over their useful lives, which cannot exceed 20 years.

Intangible assets are subject to impairment testing wherever there is an indication of impairment.

2 - Internally generated intangible assets

The majority of these assets refer to development costs.

Under the terms of IAS 38, "Intangible Assets," development costs must be capitalized where the following can be demonstrated:

- the intention and financial and technical ability to complete the development project;
- the probability that the future economic benefits attributable to the development costs will flow to the company;
- the development costs can be measured reliably.

For projects that meet these criteria, the capitalization of costs begins on the date of selection of the product by the aircraft manufacturer. The development project is considered completed on the date of qualification of the product by the aircraft manufacturer or the date of commencement of series production. Costs incurred during a phase of further development can also be capitalized until the date of the aircraft's certification.

Capitalized costs are costs directly attributable to the program. They are capitalized up to the limit of the amount of the quotation for initial development. Any amount in excess of this quotation is recognized as expenditure, unless the need to make major modifications to the developed product results in revision of the selling price of the product concerned.

Research and development costs that do not meet the above criteria are entered as expenses for the fiscal year in which they arise.

In the context of development projects, some costs may be billed to the customer. These are either a full or partial assumption of the development costs ("non-recurring costs") by the customer as part of a global contract or a separate invoicing of billing elements (for example, prototypes or pre-production).

If the customer is contractually committed to support some or all of the development costs, whatever the final number of aircraft sold over the term of the contract, the costs involved are then receivables for billable studies. They are therefore charged to work in progress.

If there is no firm commitment to support the development costs, they can be capitalized in "Property, plant and equipment" provided they have met the criteria for capitalization.

Capitalized development costs are amortized over the projected quantity of billable units commencing at the start of the relevant program's operations. Where applicable, this allocation is supplemented in order to increase the expense to the equivalent of a minimum straight-line amount of amortization.

On some new programs (B787, A350), the aircraft manufacturers draw up a catalog of "recommended" buyer-furnished equipment (BFE) products that are pre-certified for airlines by the aircraft manufacturer. The development costs of products accepted onto the aircraft manufacturer's catalog are only capitalized if there is a significantly high level of intention on the part of the airlines to purchase our "catalogued" products. In this case, the corresponding development costs are booked to intangible assets and amortized over five years from the date of the first delivery of the catalogued product.

IFEC (In-Flight Entertainment Connectivity) technology developments, although not part of a "sole source" selection, are booked under intangible assets if they meet IAS 38 criteria. They are amortized over four years from the date they are first commissioned.

K) Financial assets

All the financial assets other than hedging derivatives shown in the statement of financial position fall into the "loans and receivables" category defined by IAS 39.

These financial assets comprise investments in non-consolidated companies classified as available-for-sale financial assets, loans, deposits and guarantees.

1 - Available-for-sale financial assets

Equity investments in non-consolidated companies are initially entered at their acquisition cost, and are then assessed at their fair value once fair value can be valued reliably.

None of these investments relate to listed companies.

Where fair value cannot be reliably assessed, the recoverable amount is determined on the basis of the Group share of the net asset, anticipated future profitability and growth prospects of the entity in which the investment is made.

Changes in the fair value of available-for-sale financial assets are recorded in equity as a separate line item until the shares are effectively sold. Where there are circumstances indicating that an impairment loss is permanent, this loss is recognized in income.

2 - Loans, deposits and guarantees

Loans, deposits and guarantees are recognized at amortized cost. Impairment losses are recorded where there is objective evidence of impairment.

L) Inventories

The Group measures its inventories at cost, calculated using the "First In, First Out" method, in accordance with IAS 2, "Inventories." Inventories are measured at the lower of cost and net realizable value (which is the estimated selling price less the estimated costs necessary to realize the sale).

Inventories are impaired on the basis of stock item obsolescence or lack of sales, both of which reduce their net realizable value. Impairment write-backs are justified by the disposal of the inventories concerned.

M) Trade and other receivables

Trade receivables are recognized at their initial invoice amount minus impairment provisions for unrecoverable amounts. A provision is made where there is objective evidence to indicate that the Zodiac Aerospace Group will be unable to recover these receivables. Unrecoverable receivables are written off when identified as unrecoverable.

The Group may, on occasion, need to obtain part of its financing through agreements to transfer its trade receivables to financial institutions.

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 €71 million at August 31, 2015.

Transfers of receivables where there may be recourse against the transferor in the event of financial default of the debtor are not derecognized. The costs of transferring the receivables are included in financial income.

N) Cash and cash equivalents

Cash and short-term deposits recorded in the statement of financial position comprise cash-in-bank, cash-on-hand and short-term deposits with an initial maturity period of less than three months.

For purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above, minus short-term bank borrowings.

O) Costs associated with capital increase

External costs relating directly to a capital increase are recognized net of tax by deduction from share premiums when a tax saving is generated.

P) Treasury stock

Purchases of treasury stock are entered as a deduction from equity, based on the acquisition cost of the shares. Gains and losses made on the sale of treasury stock are recognized net of tax in the consolidated reserves.

Q) Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," the Group recognizes provisions where it has an obligation to a third party as a result of a past event, if it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and if the amount of the loss or liability can be measured reliably.

If this loss or liability is not probable and cannot be valued reliably but remains possible, the Group then recognizes a contingent liability among its commitments.

Provisions are discounted when the effect is significant.

For the Group, the impact of this rule relates almost exclusively to provisions for employee benefits.

Provisions that are, by their nature, part of the normal operating cycle of the operations concerned are recognized as current provisions in the statement of financial position. This applies to provisions for guarantees or litigation.

R) Taxes

Deferred taxes are recognized using the variable balance sheet liability method for all timing differences between the tax basis of assets and liabilities shown in the consolidated statement of financial position and their tax base on the balance sheet closing date.

Deferred tax assets for all timing differences or deductible losses are recognized to the extent that it is probable that a taxable profit will be available against which the deductible items can be charged, unless the deferred tax asset arises from differences between the carrying amount of an asset or liability and its tax value resulting from the initial recognition of an asset or liability as part of a transaction that is not a business combination or which, as of the transaction date, does not affect taxable income.

Deferred tax liabilities are recognized, except where they result from a difference between the carrying amount of an asset or liability and its tax value resulting from the initial accounting treatment of an asset or liability as part of a transaction that is not a business combination or which does not affect taxable income on the transaction date, and except where they result from impairment of goodwill that is not deductible for tax purposes.

A provision is recognized for the tax liability of intra-group dividends paid by companies outside the tax consolidation group as soon as such a distribution is deemed probable.

In accordance with IAS 12, deferred taxes are not discounted.

Deferred tax assets and liabilities are offset for companies in a tax consolidation arrangement within a single national group.

The amount of the research tax credits is classified under "Personnel costs."

S) Financial liabilities and derivative financial instruments

1 - Financial liabilities

Financial liabilities consist primarily of current and non-current debt with financial institutions. These liabilities are initially entered on the books at fair value, which includes, as appropriate, any directly related transaction costs. They are then valued at amortized cost, based on the effective interest rate.

2 - Derivative financial instruments

The Group uses derivative financial instruments mainly to manage and hedge the effect of exchange rate fluctuations on its foreign currency revenues. The Group does not use derivative financial instruments for speculative purposes. Depending on the type of risk to be hedged, the Group uses contracts such as swaps, options and forward transactions.

Some of these hedges cover the trade receivables and/or payables recorded in the statements of financial position of Group companies. At the balance sheet date, hedging contracts (Fair Value Hedges) are estimated at their fair value. Any currency gains or losses representing the effective portion of these hedges are recognized as operating income. Such gains or losses arising from changes in fair value offset any currency gains or losses arising from the conversion of foreign-currency receivables at the fiscal year-end exchange rate, as required by IAS 21, "The Effects of Changes in Foreign Exchange Rates." The ineffective portions of hedges are included in financial income.

Variances in the fair value of derivatives are recognized immediately as profit or loss where the following criteria are not met:

- the hedged item must be clearly identified at the time the corresponding hedge is implemented, and the hedging relationship must be formally documented and shown to be effective;
- the effectiveness of the hedge must be determined in a reliable manner;
- the effectiveness of the hedge must be tested regularly throughout the period while it is in place.

The Group may also hedge projected cash flows, whether for recurring operating cash flow or for acquisitions or disposals of equity investments. As required by IAS 39, these hedges are treated as cash flow hedges. At the balance sheet date, the financial instruments corresponding to these hedges are recognized in the statement of financial position at their fair value. The change in fair value representing the effective portion of such hedges is recorded in equity under a separate heading until the hedged cash flow is effectively realized. It is then transferred to the statement of profit and loss when the underlying item is entered as income. The ineffective portions of hedges are included in financial income.

IFRS 7 "Financial Instruments: Required Disclosures" establishes a fair value hierarchy and distinguishes three levels:

- Level 1: quoted prices for identical assets and liabilities (identical to the ones being measured) obtained on the measurement date in an active market to which the entity has access;
- Level 2: the input data are observable data but do not correspond to the prices quoted for identical assets or liabilities;
- Level 3: the input data are not observable (for example, data generated by extrapolations). This level is applied when there is no market or observable data and the company is required to use its own assumptions to estimate the data that others in the market would have used to measure the fair value of the asset.

The interest-rate and currency hedging derivatives used by the Group are instruments whose value is estimated using a measurement technique based on observable data, thus presenting Level 2 reliability.

There is no hedging policy for the statements of financial position of foreign entities.

Most of the Group's foreign currency exposure arises from transactions between its French entities and customers buying in US dollars.

The Group is also exposed to the risk of fluctuations in the interest rates on borrowed funds through its "Club Deal," "Euro Private Placement" and "Schuldschein" for the variable interest rate portion. This exposure was partially hedged for fiscal year 2014/2015 through financial instruments (see Note 2).

T) Pension benefits and similar obligations

In terms of defined benefit plans, the Group has a range of obligations in respect of pensions and similar arrangements in France and abroad:

- In France, these commitments relate:
  - chiefly to severance pay on retirement governed by existing collective agreements or company agreements;
  - and, to a lesser degree, the costs represented by long-service bonuses and awards.
- Outside France, the main obligations are the (defined-benefit) pension plans of two US subsidiaries (Air Cruisers and Avox Systems) and of a German subsidiary.

1 - Defined benefit plans

For defined-benefit retirement and related medical insurance plans, the Group uses the Projected Unit Credit Method to determine the cost of benefits, and carries out actuarial valuations at each balance sheet date.

These calculations include demographic assumptions (retirement date, personnel turnover rate, mortality) and financial assumptions (discount rate, rate of salary increase).

Where plans are funded, the assets are vested with benefit payment organizations.

A provision is made for any shortfall between the fair value of assets and the discounted value of obligations due under the plan concerned.

Pension plans are appraised annually by independent actuaries.

The cumulative effect of actuarial gains and losses resulting from adjustments derived from experience or changes in assumptions based on the general economic, financial or demographic situation (including changes in the discount rate, annual wage increases and term of business operation, etc.) are immediately recognized in the Group's liabilities, under a separate heading in equity, "Other items of comprehensive income," pursuant to IAS 19 (revised).

The cost of past service is recognized immediately as an expense.

The cost of post-employment benefits is shown in the statement of profit and loss as follows:

- current service costs (i.e. for the period) and past service costs are included in personnel costs;
- the difference between the income from the expected return on plan assets and the charge reflecting the accretion expense of the pension obligation is included in financial charges or income;
- the cost of past service is recognized in "Other operating income and expenses";
- the impact of any plan reductions or liquidations.

The full amount of provisions for post-employment benefits is recognized under "Non-current provisions" in the statement of financial position.

2 - Defined-contribution plans

Amounts due in respect of these plans are recorded as expenses for the period.

U) Share-based compensation

As required by IFRS 2, stock option and purchase plans granted after November 7, 2002 for which stock purchase rights had not been vested at January 1, 2005 must be measured at the fair value calculated for the date on which the options were granted.

The Group has committed to awarding Zodiac Aerospace stock option plans to certain employees and Executive Board members.

The fair value of services rendered by employees as consideration for the options granted is expensed and recorded according to the services at the time they are rendered. This expense is measured on the basis of actuarial calculations built on behavioral assumptions derived from past observations. The cost is spread over the benefit vesting period. The total amount of the expense to be recognized is measured by reference to the fair value of the options granted, using the binomial model.

The expense is booked under gains and losses recognized in equity.

V) Revenue

As required by IAS 18, "Revenue," sales of finished goods and merchandise are recognized in "Sales revenue" when the risks and rewards incident to ownership are transferred, i.e., in most cases, when the goods are shipped.

Revenues generated from sales of services are recognized over the contract period and in accordance with the terms and conditions of the contract. They are recognized where the outcome of the transaction can be estimated reliably, and by reference to the stage of completion of the services provided by the Group. Revenues from the performance of long-term contracts are recognized using the percentage of completion method, and determined either as a percentage of actual costs incurred in relation to projected total spending through to completion, or using contractually defined technical stages and, particularly, the essential phases of the contract's performance (proof of installation or delivery of equipment).

Sales are shown net of all volume and trade discounts. Likewise, the cost of sales-related marketing initiatives is deducted from sales revenue.

W) Impairment of assets

Goodwill and intangible assets with an indefinite life are not amortized but are subject to impairment testing whenever there is an indication of impairment, and at least once per year for the fiscal year-end.

Other non-current assets with a finite life (amortizable intangible assets and depreciable property, plant and equipment) are subject to impairment testing whenever there is an indication that their carrying amount may not be recoverable. Capitalized development costs are tested for impairment project-by-project on the basis of discounted projections of the future cash flows relative to each project.

These tests compare the carrying amount of an asset with its recoverable amount.

The recoverable value of an asset or group of assets is defined as the fair value (minus selling costs) or the value in use, whichever is the higher. Value in use is measured by discounting estimated future cash flows using a reference rate that reflects the Group's weighted average cost of capital.

Impairment tests are conducted for each asset individually, unless the asset – taken in isolation – does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this instance, as is the case with goodwill, which in principle does not generate independent cash inflows, the recoverable value of the asset is determined by that of the cash-generating unit (CGU) to which the asset belongs, and which is the smallest group of compatible assets that generates cash flows largely independent of those from other assets or groups of assets.

The cash-generating units and groups of cash-generating units identified by the Group within the meaning of IAS 36, "Impairment of Assets," mirror the functional organizational structure of the Group, established on September 1, 2012, by operating segment, or for the Aircraft Systems Segment, by product line. There are nine such units (see Note 13.1).

At each balance sheet date, Group companies identify any events or circumstances that could result in an asset losing its value. Such events or circumstances include significant long-term unfavorable changes affecting the Group's economic environment (sales markets, sources of supply, index and/or cost trends, etc.) or its assumptions and targets (medium-term plan, profitability forecasts, market share, order book, regulations, litigation, etc.).

Where such events or circumstances exist, the recoverable amount of the individual asset is measured. Where its carrying value is higher than its recoverable amount, the asset is treated as having lost value and its carrying value is reduced to reflect its recoverable value by recognizing an impairment loss.

Where it is not possible to estimate the recoverable value of an individual asset, the recoverable value of the CGU to which the asset belongs is calculated.

Where a test conducted on the assets of a Group company reveals a loss of value in the CGU, this loss of value is allocated in the first instance to goodwill, then to the assets of the unit concerned pro-rata of their carrying value.

Where loss of value is proven, any impairment recognized as goodwill becomes permanent. For other assets, loss of value indices are analyzed on each subsequent balance sheet date, and where favorable changes have occurred in respect of estimates that previously resulted in an impairment, a loss of value write-back is recognized in the statement of profit and loss for the fiscal year.

X) Held-for-sale assets and discontinued operations

A non-current asset, or group of assets and liabilities, is recognized as held for sale when the majority of its value will be recovered as the result of sale, rather than as a result of continued use.

This definition applies if the asset is available for immediate sale and if such a sale is highly probable. At the balance sheet date, held-for-sale assets are measured at their carrying value, which is less than their fair value minus selling costs.

Y) IFRS reporting principles

The Group has elected to segregate significant non-recurring items within its operating income.

The non-recurring portion is shown after the "Current operating income" (COI) subtotal under the heading "Non-current operating items"; the resulting subtotal is "Operating income."

The "Financial Debt" aggregate used by the Group in its communication is the sum of the "Current and Non-current Financial Liabilities" items minus the "Cash and Cash Equivalents" item.

The presentation of the statement of financial position and statement of profit and loss has been revised in accordance with IAS 1, "Presentation of Financial Statements."

On the statement of financial position, the assets and liabilities that are part of the Group's operating cycle are classified as current.

All other assets and liabilities are classified as non-current.

In applying IAS 1 (revised), the Group has chosen to present income and expenses recognized in two financial statements: a statement of profit and loss and a statement of net income and gains and losses recognized directly in equity.

In accordance with the requirements of IFRS 3 (revised), a "restated" net earnings per share figure is calculated for the Group to eliminate the effects of business disposals and the impact of the acquisition costs incurred as part of external growth transactions.

Z) Earnings per share

The figure for earnings per share – as presented with respect to IFRS net income – is calculated in accordance with IAS 33, "Earnings per Share."

Basic earnings per share are calculated by dividing the net income attributable to equity holders of the parent company by the weighted average number of common shares outstanding over the period. Treasury shares are deducted from the average number of shares outstanding.

Diluted earnings per share are calculated by dividing the Group's net income after minority interests, adjusted for dilutive instruments, by the weighted average number of shares outstanding over the period, adjusted for the potential number of dilutive common shares.

AA) Segment reporting

Segment reporting is presented in accordance with IFRS 8.

The operational activities of the Group are structured and managed separately to reflect the nature of the products and services supplied. Each sector represents a strategic business area offering distinct products and serving distinct markets. These sectors are reflected in the internal reporting structure used by the Group management team in managing the business as a whole.

The Group announced organizational changes effective September 1, 2015. Since then, 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.
- Systems, mainly consisting of SFE (Supplier Furnished Equipment) businesses, in other words, business primarily with constructors. This activity includes the Aircraft Systems and AeroSafety segments.

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

These changes do not impact the definition of operating segments for the fiscal year ended August 31, 2015. The impact of the new organizational structure on segment reporting will be analyzed during the 2015/2016 fiscal year.

Prior to August 31, 2015, the Zodiac Aerospace Group was structured into five operating segments:

- AeroSafety;
- Aircraft Systems;
- Seats; (1)
- Cabin & Structures; (1)
- Galleys & Equipment. (1)

(1) These business segments were combined in the Aircraft Interiors Sector for the reasons described below.

IFRS 8 allows the combination of segments for the purposes of financial reporting when the units that are combined have similar economic characteristics:

- Similar type of products and services;
- Identical customer typology;
- "Equivalent" long-term profitability profiles.

Based on an analysis of profitability profiles and the type of products and services sold, the Group had opted to use three sectors with similar economic characteristics for its segment reporting until August 31, 2015:

- AeroSafety;
- Aircraft Systems;
- Aircraft Interiors activities combining the other three segments.

Since the internal systems used to analyze performance and allocate resources also operate on a geographical basis, the Group also presents its segment reporting in terms of the following regions:

- France;
- Other countries in Europe;
- USA;
- Other countries in the Americas;
- Rest of the world.

The financial data presented for the purpose of segment reporting are subject to the same accounting rules as those applied when producing the Group financial statements.

AeroSafety

In this single-segment sector, the Group designs, develops, manufactures and markets:

- aircraft evacuation systems: evacuation slides for commercial aircraft, emergency floats for helicopters, etc.;
- parachute and protection systems for the military and civil markets;
- emergency arresting systems: retractable systems, nets, mechanical brakes and fabric brakes for military applications;
- cellular cement arrestor beds for civil aviation applications;
- elastomer-based systems and technologies;
- electrical interconnect systems.

Aircraft Systems

In this single-segment sector, the Group designs, develops, manufactures and markets:

- aircraft electric power management systems;
- aircraft actuators, sensors and electric motors;
- aircraft on-board computers;
- aircraft and Formula 1 fuel systems;
- aircraft oxygen systems;
- aircraft hydraulic and control systems;
- water distribution and sanitary systems;
- IFEC (In Flight Entertainment and Connectivity) systems;
- aerospace telemetry and telecommunication systems for aeronautic and space applications, for both defense and civil markets.
- design, manufacture and sale of vapor cycle air conditioning, bleed air control and cabin pressure systems.

Aircraft Interiors

In this multi-segment sector, the Group designs, develops, manufactures and markets, mainly for the civil aviation market, through three segments:

- Seats: passenger seats (all classes: first, business and economy), crew seats, and "airbag" cushions;
- Cabin & Structures: complete cabin interiors, luggage stowage bins, class-separator partitions, sidewall panels, and cabin retrofit solutions especially for VIP-format wide-bodied aircraft;
- Galleys & Equipment: cabin equipment: refrigeration systems, trolleys, galleys, cargo containers, etc.

In terms of customer portfolio concentration, the Group has one customer with which it conducts business accounting for more than 10% of total Group revenue (€583.9 million from different business segments).

NOTE 2 - MANAGEMENT OF FINANCIAL RISKS

A) Interest rate risk

Financing for all Group subsidiaries is centralized. At August 31, 2015 the Group's debt was primarily exposed to fluctuations in the Euribor.

The Group has set up interest rate swaps to hedge against fluctuations in interest rates:

1) 3-month Euribor, totaling €125 million at a rate of 0.37%, expiring July 29, 2016.

2) 6-month Euribor, totaling €270 million at a rate of 0.46%, expiring July 25, 2016;

3) 6-month Euribor, totaling €50 million at a rate of 1.11%, expiring July 25, 2018.

The fair value of the hedges used by the Group at August 31, 2015 was:

Swap	Nominal value	Within one year (in thousands of euros)	Over one year	Fair value[1] (in thousands of euros)
EUR	445,000	395,000	50,000	(3,041)

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

At August 31, 2015, the impact of this market value was recognized in equity in the amount of €3,041k.

On the basis of the current and non-current financial liabilities of €1,430 million at August 31, 2015 (see Note 21 – Financial liabilities), and on the basis of non de-designated hedges remaining at the fiscal year end, an interest rate fluctuation of 10 basis points over the past fiscal year would have generated financial expenses of:

- €1.2 million, excluding the effect of interest rate hedges;
- €0.8 million, including the effect of interest rate hedges.

B) Currency risk

1. Hedging

Virtually all the Group's exposure to currency risk in its business and manufacturing operations is in the form of exposure to the US dollar.

The instruments used by the Group at August 31, 2015 to hedge currency risks are:

Forward currency sales Currency 1/Currency 2	Nominal value	Within one year (in thousands of Currency 1)	Over one year	Fair value[1] (in thousands of euros)
USD/EUR	851,760 [2]	725,860	125,900	(8,307)
USD/GBP	14,800 [2]	14,800	–	(383)
USD/CAD	58,020 [2]	50,100	7,920	(3,067)
USD/CZK	2,700 [2]	2,700	–	(349)
EUR/GBP	700 [2]	700	–	–

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
(2) i.e. €812,067k.

Forward currency purchases Currency 1/Currency 2	Nominal value	Within one year (in thousands of Currency 1)	Over one year	Fair value[1] (in thousands of euros)
EUR/GBP	670 [2]	670	–	16
USD/EUR	–	–	–	–

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
(2) i.e. €654k.

Statement of financial position value (in thousands of euros)	**Assets**		**Equity and liabilities**	
	Current	**Non-current**	**Current**	**Non-current**
Fair value hedges	214	–	15,758	–
Cash flow hedges	7,887	2,181	6,131	485

At August 31, 2015, cash flow hedges were put in place in the amount of:

- $691.8 million to hedge 84% of our net exposure to fluctuations in the USD/EUR exchange rate (sales revenue – purchases) estimated for the 2015/2016 fiscal year;
- $47.5 million to hedge 85% of our net exposure to fluctuations in the USD/CAD exchange rate (sales revenue – purchases) estimated for the 2015/2016 fiscal year.

The impact of the fair value of these hedges on equity amounted to a negative €5,648k at the fiscal year-end, of which €2,213k will not reach maturity for more than one year.

A 10-cent fluctuation in the dollar exchange rate against the main currencies used in the Group would have had an impact of €379 million on the sales revenue for the fiscal year.

The fluctuation primarily affects the euro/dollar exchange rate; the average transaction rate was 1.21 for the fiscal year, versus 1.36 for the preceding fiscal year.

A 10-cent fluctuation (from 1.26 to 1.36) in the average dollar transaction rate for net flows and from its cross exchange rates with the other currencies would have had a negative impact, excluding hedge, of €70 million on current operating income.

A 10-cent fluctuation (from 1.16 to 1.26) of the dollar conversion rate and from its cross exchange rates with the other currencies would have had a negative impact on the order of €4 million on current operating income.

The impact on the current operating income of the currency hedges set up during fiscal year 2014/2015 (difference between the average monthly rate of currencies and the spot rate of hedges) was negative by €67 million.

2. Exposure

The analysis of the Group's exposure to balance sheet exchange rate risks is based on the notional amounts of transactions denominated in a currency other than the reporting currency of the company concerned at the balance sheet date.

In this respect, the only significant foreign currency used within the Group is the US dollar and the transactions involved are transactions against the EUR, GBP, THB, CAD, CZK and BRL.

(in millions of USD)	**At Aug. 31, 2015**
Financial assets	437.6
Financial liabilities	212.9
Net exposure before hedging	224.7
Hedging derivatives	187.4
Net exposure after hedging	37.3

The analysis of the sensitivity of Group net income to the US dollar exchange rate risk measures the effect of a shift in the value of this currency on the net US dollar position.

At August 31, 2015, an increase of 10% in the fiscal year-end US dollar exchange rate with each of the currencies, based on the balance sheet exposure, would have increased Group net income by the amounts shown below. For the purposes of this analysis, all other variables, especially interest rates, have been assumed unchanged:

(in millions of euros)	**At Aug. 31, 2015**
Impact on net income (1)	5.3

(1) Based on an average corporate income tax rate of 24%.

C) Liquidity risk

(in thousands of euros)	Book value at the balance sheet date	Not yet due and < 30 days overdue, not impaired	Overdue by more than 30 days and not impaired on the balance sheet date (number of days)					Overdue and impaired
			31-90	91-180	181-360	>361	Total	
Trade receivables at Aug. 31, 2014	897,394	790,671	62,460	30,012	9,810	2,804	105,086	1,637
Trade receivables at Aug. 31, 2015	1,010,990	816,560	82,396	62,540	34,525	13,934	193,395	1,035

The increase in trade receivables was 12.7% at the year-end rate. At like-for-like consolidation scope and exchange rates, trade receivables declined by 12.3%.

Future cash flows related to financial liabilities

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Gross financial liabilities (in € thousands) (1)	(642,168)	(45,459)	(412,257)	(44,205)	(503,745)
Interest rate hedging derivatives (in € thousands) (2)	(1,062)	(411)	(371)	–	–
Trade payables (in € thousands)	(431,481)	(1,335)	–	–	–
Currency hedging derivatives – USD flows (in $ thousands)	(352,700)	(24,600)	–	–	–
Currency hedging derivatives – EUR flows (in € thousands)	245,125	15,687	–	–	–
Currency hedging derivatives – CAD flows (in C$ thousands)	53,490	8,327	–	–	–
Currency hedging derivatives – GBP flows (in £ thousands)	6,459	–	–	–	–
Currency hedging derivatives – CZK flows (in CZK thousands)	55,605	–	–	–	–

(1) Financial liabilities and interest flows based on an assumed constant interest rate of 3.00% throughout the period.

(2) Interest flows related to interest rate swaps against 3-month Euribor (variable rate estimated at 0.15 over the relevant period) and against 6-month Euribor (variable rate estimated at 0.30 over the relevant period).

NOTE 3 - SEGMENT REPORTING

A description of the Group's organizational structure, the factors used to identify its operating segments and the products and services supplied by those segments is contained in section AA of Note 1 – Accounting principles.

Notes per region are broken down by asset location, except for sales revenue which is also broken down by customer location.

A - STATEMENT OF PROFIT AND LOSS ITEMS

Note 3.1 - Breakdown of consolidated sales revenue by segment and by customer location

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	91,524	126,212	218,198	49,923	88,914	574,771
Aircraft Systems	367,103	360,267	337,209	66,875	165,998	1,297,452
Aircraft Interiors activities	50,483	391,469	751,088	299,113	810,136	2,302,289
TOTAL	**509,110**	**877,948**	**1,306,495**	**415,911**	**1,065,048**	**4,174,512**
At Aug. 31, 2015						
AeroSafety	103,960	148,216	232,029	56,794	93,517	634,516
Aircraft Systems	405,113	362,078	456,821	82,220	153,598	1,459,830
Aircraft Interiors activities	108,139	454,298	973,659	325,353	975,959	2,837,408
TOTAL	**617,212**	**964,592**	**1,662,509**	**464,367**	**1,223,074**	**4,931,754**

Note 3.2 - Breakdown of consolidated sales revenue by segment and by asset location

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	189,567	34,440	281,013	27,545	42,204	574,769
Aircraft Systems	743,825	108,602	373,069	–	71,955	1,297,451
Aircraft Interiors activities	389,946	638,322	1,171,111	90,255	12,658	2,302,292
TOTAL	**1,323,338**	**781,364**	**1,825,193**	**117,800**	**126,817**	**4,174,512**
At Aug. 31, 2015						
AeroSafety	212,686	38,069	310,386	25,301	48,074	634,516
Aircraft Systems	783,573	95,124	498,337	–	82,796	1,459,830
Aircraft Interiors activities	526,634	617,138	1,590,540	86,288	16,808	2,837,408
TOTAL	**1,522,893**	**750,331**	**2,399,263**	**111,589**	**147,678**	**4,931,754**

Note 3.3 - Breakdown of consolidated sales revenue by segment with detail of inter-segment revenue

(in thousands of euros)	Sales revenue including inter-segment	Inter-segment sales revenue	Consolidated sales revenue
At Aug. 31, 2014			
AeroSafety	595,347	(20,578)	574,769
Aircraft Systems	1,356,289	(58,838)	1,297,451
Aircraft Interiors activities	2,399,777	(97,485)	2,302,292
TOTAL	**4,351,413**	**(176,901)**	**4,174,512**
At Aug. 31, 2015			
AeroSafety	664,021	(29,505)	634,516
Aircraft Systems	1,534,942	(75,112)	1,459,830
Aircraft Interiors activities	2,986,443	(149,035)	2,837,408
TOTAL	**5,185,406**	**(253,652)**	**4,931,754**

Note 3.4 - Current operating income by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	33,133	5,231	68,663	1,068	3,912	112,007
Aircraft Systems	101,098	21,457	60,472	–	4,105	187,132
Aircraft Interiors activities	62,964	103,219	94,467	20,043	4,761	285,454
Zodiac Aerospace	(18,132)	–	(34)	–	–	(18,166)
TOTAL	**179,063**	**129,907**	**223,568**	**21,111**	**12,778**	**566,427**
At Aug. 31, 2015						
AeroSafety	41,128	5,354	67,432	1,472	2,962	118,348
Aircraft Systems	118,147	9,745	85,381	8	3,530	216,811
Aircraft Interiors activities	60,305	106,071	(198,045)	16,060	9,495	(6,114)
Zodiac Aerospace	(16,206)	–	938	–	–	(15,268)
TOTAL	**203,374**	**121,170**	**(44,294)**	**17,540**	**15,987**	**313,777**

Note 3.5 - Net income by segment

(in thousands of euros)	AeroSafety	Aircraft Systems	Aircraft Interiors activities	Zodiac Aerospace	Total
At Aug. 31, 2014					
Net income	72,663	122,450	190,698	(32,208)	353,603
At Aug. 31, 2015					
Net income	77,847	146,490	(2,729)	(37,077)	184,531

Note 3.6 - Financial income by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	(1,261)	(22)	245	(212)	(457)	(1,707)
Aircraft Systems	(3,607)	600	(558)	–	(637)	(4,202)
Aircraft Interiors activities	1,110	(661)	(800)	549	(643)	(445)
Zodiac Aerospace	(27,811)	–	406	–	–	(27,405)
TOTAL	**(31,569)**	**(83)**	**(707)**	**337**	**(1,737)**	**(33,759)**
At Aug. 31, 2015						
AeroSafety	(1,487)	150	1,142	(381)	(174)	(750)
Aircraft Systems	(8,341)	279	(517)	–	(809)	(9,388)
Aircraft Interiors activities	534	(2,669)	(4,400)	5,255	161	(1,119)
Zodiac Aerospace	(16,582)	–	(1,086)	–	–	(17,668)
TOTAL	**(25,876)**	**(2,240)**	**(4,861)**	**4,874**	**(822)**	**(28,925)**

Note 3.7 - Income taxes by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	(10,772)	(1,145)	(23,002)	(98)	(263)	(35,280)
Aircraft Systems	(28,479)	(6,010)	(18,565)	–	(907)	(53,961)
Aircraft Interiors activities	(23,106)	(21,150)	(30,977)	(5,086)	(195)	(80,514)
Zodiac Aerospace	16,432	–	(67)	–	–	16,365
TOTAL	**(45,925)**	**(28,305)**	**(72,611)**	**(5,184)**	**(1,365)**	**(153,390)**
At Aug. 31, 2015						
AeroSafety	(13,531)	(1,140)	(23,432)	(85)	(467)	(38,655)
Aircraft Systems	(36,025)	(3,567)	(26,557)	–	(557)	(66,706)
Aircraft Interiors activities	(20,993)	(21,538)	75,025	(6,226)	(1,630)	24,638
Zodiac Aerospace	8,424	–	(3,435)	–	–	4,989
TOTAL	**(62,125)**	**(26,245)**	**21,601**	**(6,311)**	**(2,654)**	**(75,734)**

B - STATEMENT OF FINANCIAL POSITION ITEMS

Note 3.8 - Intangible assets and goodwill by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	5,380	11,334	63,114	31,315	2,784	113,927
Aircraft Systems	588,827	22,133	264,124	–	7,394	882,478
Aircraft Interiors activities	33,586	630,485	715,852	4,290	1,118	1,385,331
Zodiac Aerospace	16,687	–	(15)	–	–	16,672
TOTAL	**644,480**	**663,952**	**1,043,075**	**35,605**	**11,296**	**2,398,408**
At Aug. 31, 2015						
AeroSafety	5,045	12,347	73,077	29,774	2,946	123,189
Aircraft Systems	613,726	22,767	408,704	–	4,859	1,050,056
Aircraft Interiors activities	34,324	650,008	841,244	3,894	1,302	1,530,772
Zodiac Aerospace	17,504	–	(18)	–	–	17,486
TOTAL	**670,599**	**685,122**	**1,323,007**	**33,668**	**9,107**	**2,721,503**

Note 3.9 - Inventories by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	49,734	3,141	55,929	7,824	13,588	130,216
Aircraft Systems	206,791	24,521	76,676	–	13,730	321,718
Aircraft Interiors activities	85,317	98,013	326,250	14,965	31,783	556,328
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**341,842**	**125,675**	**458,855**	**22,789**	**59,101**	**1,008,262**
At Aug. 31, 2015						
AeroSafety	53,469	3,281	66,461	7,252	17,460	147,923
Aircraft Systems	225,306	21,628	112,087	–	17,126	376,147
Aircraft Interiors activities	114,577	112,016	534,483	13,483	42,071	816,630
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**393,352**	**136,925**	**713,031**	**20,735**	**76,657**	**1,340,700**

Note 3.10 - Trade receivables by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	44,088	5,353	55,296	5,135	8,687	118,559
Aircraft Systems	192,456	15,432	67,329	–	12,549	287,766
Aircraft Interiors activities	105,460	96,196	270,962	15,773	2,656	491,047
Zodiac Aerospace	22	–	–	–	–	22
TOTAL	**342,026**	**116,981**	**393,587**	**20,908**	**23,892**	**897,394**
At Aug. 31, 2015						
AeroSafety	46,811	6,340	58,808	5,278	9,933	127,170
Aircraft Systems	167,689	15,384	97,174	–	15,821	296,068
Aircraft Interiors activities	92,794	89,966	386,766	13,275	3,234	586,035
Zodiac Aerospace	1,717	–	–	–	–	1,717
TOTAL	**309,011**	**111,690**	**542,748**	**18,553**	**28,988**	**1,010,990**

Note 3.11 - Current and non-current provisions by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	19,038	116	8,088	132	216	27,590
Aircraft Systems	49,634	5,497	14,824	–	185	70,140
Aircraft Interiors activities	20,229	61,810	19,893	1,910	1,107	104,949
Zodiac Aerospace	4,234	–	–	–	–	4,234
TOTAL	**93,135**	**67,423**	**42,805**	**2,042**	**1,508**	**206,913**
At Aug. 31, 2015						
AeroSafety	19,734	136	11,497	303	611	32,281
Aircraft Systems	49,096	5,691	17,413	–	371	72,571
Aircraft Interiors activities	24,703	56,173	98,139	3,904	1,483	184,402
Zodiac Aerospace	3,866	–	–	–	–	3,866
TOTAL	**97,399**	**62,000**	**127,049**	**4,207**	**2,465**	**293,120**

Note 3.12 - Trade payables by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	11,287	1,351	8,909	2,066	3,553	27,166
Aircraft Systems	79,441	8,950	23,701	–	2,928	115,020
Aircraft Interiors activities	25,807	58,179	134,882	4,235	7,055	230,158
Zodiac Aerospace	6,916	–	–	–	–	6,916
TOTAL	**123,451**	**68,480**	**167,492**	**6,301**	**13,536**	**379,260**
At Aug. 31, 2015						
AeroSafety	11,716	1,052	16,174	2,562	3,151	34,655
Aircraft Systems	82,716	10,815	46,090	–	3,113	142,734
Aircraft Interiors activities	33,741	50,335	146,180	4,456	8,367	243,079
Zodiac Aerospace	12,348	–	–	–	–	12,348
TOTAL	**140,521**	**62,202**	**208,444**	**7,018**	**14,631**	**432,816**

Note 3.13 - Liabilities to employees and payroll liabilities by segment and region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2014						
AeroSafety	18,752	507	7,304	236	2,054	28,853
Aircraft Systems	65,797	4,444	12,145	–	2,292	84,678
Aircraft Interiors activities	15,384	17,265	32,360	6,083	2,555	73,647
Zodiac Aerospace	8,503	–	–	–	5	8,508
TOTAL	**108,436**	**22,216**	**51,809**	**6,319**	**6,906**	**195,686**
At Aug. 31, 2015						
AeroSafety	20,118	582	5,238	271	2,339	28,548
Aircraft Systems	66,437	3,927	15,488	–	2,001	87,853
Aircraft Interiors activities	17,550	16,908	49,287	7,282	2,804	93,831
Zodiac Aerospace	8,370	–	–	–	–	8,370
TOTAL	**112,475**	**21,417**	**70,013**	**7,553**	**7,144**	**218,602**

NOTE 4 - REVENUE

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Sales of goods	4,533,186	3,890,724
Sales of services	398,567	283,788
Interest	1,853	1,510
Royalties	3,430	2,693
TOTAL	**4,937,036**	**4,178,715**

NOTE 5 - PERSONNEL COSTS

Note 5.1 - Breakdown of costs

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Payroll and fringe benefits (1)	1,469,985	1,200,846
Profit-sharing	13,760	12,840
Fair value of stock options and free shares	6,633	7,826
TOTAL (2)	**1,490,378**	**1,221,512**

(1) Including €499k in social security charges related to stock options at August 31, 2014 and €250k at August 31, 2015.

(2) At like-for-like exchange rates, payroll at August 31, 2015 was up 12.2% at €1,370,700k. The average workforce increased from 28,061 to 31,171, raising headcount by 11.1%.

Note 5.2 - Share-based payments

1) Stock options

The Combined Meetings of Shareholders held on December 16, 2004, January 8, 2008, and January 10, 2011 authorized the Executive Board to award stock options to employees of Group companies, with the facility to make the awards on one or more occasions.

The main features of these plans are as follows:

Year of plan inception	Subscription price in euros	Exercisable until	Number of options not exercised at Aug. 31, 2015
Dec. 3, 2007	8.22	Dec. 3, 2015	128,035
Dec. 3, 2007	8.22	Dec. 3, 2015	471,400
Dec. 4, 2008	5.87	Dec. 4, 2016	141,125
Dec. 10, 2009	4.72	Dec. 10, 2017	273,540
Dec. 10, 2010	10.15	Dec. 10, 2018	433,147
Dec. 29, 2011	12.47	Dec. 29, 2019	258,150
Dec. 29, 2011	12.47	Dec. 29, 2019	309,950
May 13, 2013	18.91	May 13, 2021	492,281
Dec. 4, 2013	24.34	Dec. 4, 2021	478,375
Feb. 12, 2015	29.50	Feb 12, 2023	699,465
TOTAL			**3,685,468**

The number of options granted during the fiscal year and their weighted average exercise price are shown below:

Number of options	2014/2015	2013/2014
AT SEPTEMBER 1	**4,133,720**	**4,602,755**
Issued	1,277,900	1,196,250
Canceled	(691,685)	(666,375)
Expired	(64,535)	(60,875)
Exercised	(969,932)	(938,035)
AT AUGUST 31	**3,685,468**	**4,133,720**

Of the 1,277,900 options granted during this fiscal year, 560,935 were canceled following the allotment of free shares. The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options. Options not allotted in this way are canceled.

Of the remaining 716,965 options granted this fiscal year, half cannot be exercised before February 13, 2016 and the remaining half cannot be exercised before February 13, 2017. Due to certain beneficiaries leaving the Group after the allocation of these options, 17,500 options were canceled, resulting in a total of 699,465 outstanding options at August 31, 2015.

The shares issued from the exercise of these options must be held until at least February 12, 2018.

The exercise of stock options in fiscal year 2014/2015 resulted in the creation of the equivalent of 969,932 shares.

The 969,932 options exercised during fiscal year 2014/2015 resulted in the issue of 969,932 new shares between September 1, 2014 and August 31, 2015, at an average allocation price of €9.111.

	Options issued in February 2015 with an average life of 6 years
Fair value	€6.08
Factors of the binomial evaluation model used:	
- share price on date of grant	€29.50
- option exercise price	€29.50
- estimated volatility	28.50%
- risk-free interest rate	0.53%
- estimated dividend yield	1.50%

The expense recorded for the fiscal year in respect of stock options and free shares amounted to €6,633k, compared with €7,826k in fiscal year 2013/2014.
To these amounts, social security charges of €250k were added in fiscal year 2014/2015, and €499k in 2013/2014.

2) Free share allocation for beneficiaries of stock options (replacing part of the stock option grants)
Under the annual plan, 716,965 stock options, net of cancellations, and 437,806 free shares were awarded. For each beneficiary, apart from members of the Executive Committee (in which regard, see under "Compensation and benefits," Table 9 for stock option awards and Table 10 for free shares awards) and two directors of Greenpoint Technologies, up to 50% of the total portion may be vested subject to continuing employment at the end of two or four years, i.e. on February 12, 2017 (except in the event of death), plus a performance condition for 50% of the total portion.

The shares delivered will be subject to a two-year retention period if the vesting period is two years but will not be subject to a retention period if the vesting period is four years.

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 2014/2015 and 2015/2016. 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 2014/2015 and 2015/2016.

The number of shares vested in this case is proportional between these two limits.

At August 31, 2015 the performance condition for fiscal year 2014/2015 was not met.

	2 + 2 shares awarded in February 2015(1)	4 + 0 shares awarded in February 2015(2)
Fair value	€26.35	€26.69
Factors of the Black & Scholes evaluation model used:		
- share price on date of grant	€29.50	€29.50
- estimated volatility	20.30%	22.40%
- risk-free interest rate	0.21%	0.33%
- estimated dividend yield	1.50%	1.50%

(1) Two-year vesting period, two-year retention period.
(2) Four-year vesting period, no retention period.

For the two directors of Greenpoint Technologies, the vesting and retention periods are as follows: the vesting period is two years for 50% of the shares, with a two-year retention period. For 25% of the shares related to performance in fiscal year 2016/2017, the vesting period is three years, with a one-year retention period. For 25% of the shares related to performance in fiscal year 2017/2018, the vesting period is four years, with no retention period.

The performance conditions contractually set at the time of the acquisition of this company are as follows:

- For each of the following four fiscal years (2014/2015 to 2017/2018), performance is measured for 25% of the free shares.
- For each fiscal year, if EBITDA is greater than or equal to the target set for the fiscal year, the performance condition for the free shares awardable for that fiscal year is considered to be met.

If EBITDA is greater than 75% but less than 100% of the target, the following formula will apply:

$$\text{Number of free shares awarded for the fiscal year} \times \frac{\text{Actual EBITDA} - 75\%\ (\text{Target EBITDA})}{\text{Target EBITDA} - 75\%\ (\text{Target EBITDA})}$$

If EBITDA is less than 75% of the target set for a fiscal year, free shares awardable for that fiscal year will be canceled.

3) Executive Board's Special Report on the award of stock options and free shares

The detailed report is available to shareholders at the General Meeting.

Information on stock options and/or free shares for corporate officers:

1. Stock options

a. Until August 31, 2014

Options expire after a period of eight years. They are awarded with no discount to the share price and a quarter of the whole award can be exercised from each successive anniversary of the award date.

The award is made every four years, except for awards to corporate officers joining the company between two four-yearly awards.

The award is made during the first four months of the fiscal year, unless exceptional legal constraints prevail, and the award price is based on the average share price over the 20 trading days preceding the award date.

The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

No stock options were awarded to corporate officers in fiscal year 2014/2015.

Two stock option exercises were carried out during the 2014/2015 fiscal year by a member of the Executive Board, one for 47,328 options and the other for 21,892 options. These exercises resulted in the creation of 69,220 shares.

b. Effective September 1, 2014

Executive corporate officers are no longer offered a choice between stock options and free shares; they are only awarded free shares, all of which are subject to a performance condition.

2. Award of performance-based free shares

Two conditions pertain to the award of performance-based free shares:
- presence;
- performance.

a. The condition of presence for the award of shares to corporate officers is two years following the award date (additional to this condition is a retention period of two years after the date of acquisition). These awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new corporate officers who are appointed between two four-yearly awards.

b. The performance condition applies to a percentage of the number of shares awarded, that amount being 100% of the award.

The calculation formula for the performance target is identical for all beneficiaries. Shares are vested when the target, as defined in the variable compensation calculation, is 100% achieved on average over the fiscal year of the award and the following fiscal year. The number of shares vested is reduced if the target is only partially achieved and canceled if only 80% is achieved on average.

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

Information on stock options held by Group employees:

During the fiscal year, 225 employees who are not members of the Executive Committee were granted a total of 1,009,150 stock options (under the annual plan).

Grantees may convert all or some of these options into Free Share Award (FSA) rights based on a three-for-one ratio. Options converted into FSA rights are canceled when the plan is created: 401,935 options were canceled while 384,805 FSA rights were issued. These free shares are subject to presence and performance conditions.

The 10 largest stock option awards totaled 157,500 options.

The 10 largest free share awards totaled 281,302 shares.

The 10 largest amounts of options exercised during the 2014/2015 fiscal year totaled 302,590 options.

Excluding members of the Executive Committee, the 10 largest amounts of options exercised during the fiscal year totaled 120,950 options.

NOTE 6 - CHANGE IN INVENTORIES [1]

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Change in inventories recognized during the fiscal year [2]	261,062	138,332
Inventory impairment charge recognized during the fiscal year	(28,401)	(15,867)
Reversals of inventory impairment during the fiscal year	5,026	11,440
TOTAL	**237,687**	**133,905**

(1) Inventories of components, sub-assemblies, work in progress, goods and finished products.

(2) Changes in inventories of components and sub-assemblies are recognized under “Purchases used in production” in the statement of profit and loss.

The ratio of inventories to sales revenue (converted at the fiscal year-end rate) was 27.6% at the end of August 2015, compared with 23.5% the previous fiscal year, on a like-for-like basis.

NOTE 7 - OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Gain/(loss) on sale of fixed assets	(496)	(549)
Restructuring costs	–	–
Other	381	(613)
TOTAL	**(115)**	**(1,162)**

NOTE 8 - NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Restructuring costs [1]	(4,484)	(4,516)
Impairment	–	–
Litigation	–	–
Amortization of intangible assets [2]	(20,322)	(17,069)
Cost of acquisition [3]	(1,995)	(3,002)
Other [4]	4,887	–
TOTAL	**(21,914)**	**(24,587)**

(1) At August 31, 2015, comprised mainly the restructuring of the "Airbags" business and other production sites.

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

(3) Acquisition costs of securities or assets for external growth transactions, pursuant to IFRS 3 (revised). At August 31, 2015, this amount primarily related to the costs involved in the acquisition of Enviro Systems.

(4) At August 31, 2015, this amount included:

- sales of buildings held for sale at August 31, 2014 (see Note 14);
- impairment of activated programs;
- sale of Amfuel.

NOTE 9 - COST OF NET DEBT

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Interest income	1,854	1,510
Foreign exchange gains/(losses)	4,234	(222)
Difference between spot and forward currency rates	(3,273)	240
INCOME/(EXPENSES) RELATED TO CASH AND CASH EQUIVALENTS	**2,815**	**1,528**
COST OF GROSS DEBT	**(29,786)**	**(32,791)**
TOTAL	**(26,971)**	**(31,263)**

The cost of gross debt decreased by €3.0 million.

Our average outstanding financing increased as a result of:

a) the acquisition of Enviro Systems;

b) a €238-million increase in our working capital requirement. Excluding changes to consolidation, the working capital requirement to sales revenue ratio increased from 34.2% in August 2014 to 37.4% of sales revenue (converted at the fiscal year-end rate) in August 2015.

The average cost of our loans stood at 1.79% for the period, compared with 2.45% in the previous fiscal year; the full cost of our financial resources (including various bank charges) was 2.04%, compared with 2.71% in the previous fiscal year.

NOTE 10 - OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Net charges to and reversals of provisions	237	–
Net accretion expense on pension obligations (net of returns)	(2,191)	(2,496)
TOTAL	**(1,954)**	**(2,496)**

NOTE 11 - TAXES

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
1) Statement of financial position		
Deferred taxes:		
- Deferred tax assets	1,225	1,227
- Deferred tax liabilities	(163,433)	(155,507)
NET DEFERRED TAXES	**(162,208)**	**(154,280)**
Breakdown of net amount by category:		
- Employee benefits	58,543	45,255
- Depreciation of inventories, stocks and associated general expenditure	37,487	26,792
- Intercompany inventory profit	37,776	30,553
- Development costs	(156,438)	(135,153)
- Goodwill (1)	(187,463)	(147,494)
- Regulated provisions adjustments	(6,480)	(6,203)
- Other (2)	54,367	31,970
NET DEFERRED TAXES	**(162,208)**	**(154,280)**
2) Statement of profit and loss		
Deferred taxes and taxes payable:		
- Deferred taxes	13,450	(17,749)
- Taxes payable	(89,184)	(135,641)
TAXES	**(75,734)**	**(153,390)**
3) Unrecognized tax credits or tax losses (3)	**11,580**	**11,078**

(1) Including deferred tax liabilities on fiscally amortizable goodwill.
(2) The change in this item is mainly due to the increase in provisions for contractual risks, for which a tax deduction is effective for the payment period in respect of these provisions.
(3) This amount at August 31, 2015 includes €662k to be used by August 31, 2016.

Effective tax rate

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Net income	**184,531**	**353,603**
Results of companies accounted for by the equity method	**(2,673)**	**(1,088)**
Income taxes	**(75,734)**	**(153,390)**
Pre-tax income	**262,938**	**508,081**
Tax rate	**38.00%**	**38.00%**
Theoretical tax	(99,916)	(193,071)
Incidence of reduced-rate risk	–	34
Impact of tax rates in countries other than France [1]	18,637	28,354
Tax credit on training	104	89
US manufacturing tax credit	–	3,807
Other[2]	5,441	7,397
CONSOLIDATED INCOME TAX	**(75,734)**	**(153,390)**
EFFECTIVE TAX RATE	**28.80%**	**30.19%**

(1) This reduced amount in comparison with the previous fiscal year is primarily due to the lower tax base of our activities in the United States following costs resulting from the operating problems of Aircraft Interiors activities.

(2) At August 31, 2014, this amount included the effect of the reduced income tax expense on the acquisition in December 2013 of free shares distributed by the (general and individualized) share plans in December 2011. This amount is based on the value of the free shares as calculated under IFRS 2.

NOTE 12 - EARNINGS PER SHARE

		Aug. 31, 2015	Aug. 31, 2014
Numerator (in thousands of euros):			
Net income attributable to equity holders of the parent company	(a)	184,762	354,413
Denominator:			
Weighted average number of shares for the fiscal year	(b)	275,737,932	274,441,344
Stock options and allocation of free shares		2,241,069	2,429,907
Diluted weighted average number of shares for the fiscal year	(c)	277,979,001	276,871,251
NET EARNINGS PER SHARE (in euros)	**(a) / (b)**	**0.670**	**1.291**
DILUTED NET EARNINGS PER SHARE (in euros)	**(a) / (c)**	**0.665**	**1.280**
NET EARNINGS PER SHARE RESTATED FOR IFRS 3 IMPACT (in euros)		**0.724**	**1.345**
DILUTED NET EARNINGS PER SHARE RESTATED FOR IFRS 3 IMPACT (in euros)		**0.718**	**1.333**

NOTE 13 - INTANGIBLE ASSETS AND GOODWILL

Note 13.1 - Goodwill

(in thousands of euros)	Balance at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope	Change	Impairment	Balance at Aug. 31, 2015
Gross	1,891,920	190,314	52,664	(53)	–	2,134,845
Impairment	112,611	7,211	(8,331)	–	–	111,491
Net goodwill	**1,779,309**	**183,103**	**60,995**	**(53)**	**–**	**2,023,354**

Net goodwill is broken down as follows:

(in millions of euros)	Aug. 31, 2015			Aug. 31, 2014
	Gross	Impairment	Net	Net
CGU: (1)				
AeroSafety	100.7	4.8	95.9	89.4
Aircraft Systems:				
- Aircraft (2)	529.7	40.0	489.7	400.7
- Technology	48.6	12.6	36.0	36.0
- Water and waste	166.2	27.7	138.5	120.5
- Entertainment	36.2	–	36.2	30.8
Aircraft Interiors:				
- Cabin & Structures	436.6	–	436.6	372.1
- Greenpoint Technologies	179.1	–	179.1	152.4
- Seats	378.6	26.3	352.3	320.2
- Galleys & Equipment	259.1	–	259.1	257.2
TOTAL	**2,134.8**	**111.4**	**2,023.4**	**1,779.3**

(1) See definition in Note 1-W.

(2) At August 31, 2015, the figures included the goodwill of Enviro Systems, a company acquired during the fiscal year.

The impairment tests described in paragraph W of note 1 “Accounting principles” have been applied.

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

- a discount rate corresponding to the weighted average cost of the Group’s capital, which was 8.0% for all the CGUs, except for Zodiac Inflight Innovations (USA), for which a rate of 12% was applied, due to the rapid pace of technological developments in this field;
- cash flows determined on the basis of four-year plans. Beyond this period, flows are extrapolated by applying a forecast growth rate for the markets concerned, with the exception of “Airbags”, which are subject to a zero rate. These cash flows come from business plans submitted to the Executive Board;
- 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;

apart from the Cabin & Structures CGU, whose assets and cash flow are in dollars and therefore was only tested on the discount rate.

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 was 1.41 with a discount rate of 8.00%.

Note 13.2 - Intangible assets: gross

(in thousands of euros)	Balance at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2015
Set-up costs	101	–	–	–	–	–	101
Development costs (1)	466,764	27,913	–	65,299	–	1,027	561,003
Patents and registered trademarks	146,893	8,780	(2,391)	–	(12)	–	153,270
Software	74,564	2,221	(263)	8,963	(2,110)	9,870	93,245
Certifications and other	151,381	16,505	14,023	10,771	–	(3,739)	188,941
TOTAL	**839,703**	**55,419**	**11,369**	**85,033**	**(2,122)**	**7,158**	**996,560**

(1) Costs incurred essentially in respect of the A350, G8000, Embraer E-Jet, A380, MC21 and P42 programs. The development costs maintained in operating income after capitalization and invoicing to customers, and not including amortization of capitalized development costs, amounted to €268.9 million in 2014/2015, contrasted with €204.4 million in 2013/2014, representing a change of 31.6%, and 19.3% at like-for-like consolidation scope and exchange rates, as the result of an increased effort in our self-financed work, particularly in the Aircraft Systems and Seats Segments.

Note 13.3 - Intangible assets: amortization

(in thousands of euros)	Balance at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2015
Set-up costs	101	–	–	–	–	–	101
Development costs (1)	89,500	7,484	–	27,020	–	–	124,004
Patents and registered trademarks	9,735	831	(633)	639	(13)	–	10,559
Software	57,412	1,766	(230)	9,263	(2,085)	7,792	73,918
Certifications and other	63,856	5,678	225	20,719	–	(649)	89,829
TOTAL	**220,604**	**15,759**	**(638)**	**57,641**	**(2,098)**	**7,143**	**298,411**
NET AMOUNT OF INTANGIBLE ASSETS	**619,099**	**39,660**	**12,007**	**27,392**	**(24)**	**15**	**698,149**

(1) Amortizations applied primarily to the B787, A350 and A400M programs.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Two of the three buildings held for sale at August 31, 2014 were sold during fiscal year 2014/2015:

a) an Aircraft Systems Segment production building, which was closed in 2009/2010 in Rockford (USA). This building was sold on April 15, 2015;

b) a building owned by the Aircraft Systems Segment located in the Paris region. This building was sold on August 7, 2015.

At August 31, 2015, the only building still classified in this category at a value of €680k was an AeroSafety Segment production building in Liberty (USA), for which potential purchasers have been identified through the sales process.

Note 14.1 - Property, plant and equipment: gross

(in thousands of euros)	Balance at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2015
Land and land development	19,915	1,309	(305)	738	(1,165)	368	20,860
Buildings and improvements	284,994	16,384	425	16,798	(230)	18,735	337,106
Equipment, furnishings, fixtures and other	719,783	51,262	(2,144)	71,455	(32,960)	6,004	813,400
Assets under construction	43,086	3,594	(37)	30,834	(176)	(32,020)	45,281
TOTAL	**1,067,778**	**72,549**	**(2,061)**	**119,825**	**(34,531)**	**(6,913)**	**1,216,647**

Note 14.2 - Property, plant and equipment: depreciation

(in thousands of euros)	Balance at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2015
Land and land development	1,895	144	(171)	131	(82)	61	1,978
Buildings and improvements	147,675	7,667	(3,151)	17,297	(1,692)	1,416	169,212
Equipment, furnishings, fixtures and other	521,967	36,043	(3,226)	63,967	(30,133)	(7,169)	581,449
TOTAL	**671,537**	**43,854**	**(6,548)**	**81,395**	**(31,907)**	**(5,692)**	**752,639**
NET AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**396,241**	**28,695**	**4,487**	**38,430**	**(2,624)**	**(1,221)**	**464,008**

Finance leases

Property, plant and equipment include the following leased assets:

(in thousands of euros)	Aug. 31, 2015
Equipment, furnishings, fixtures and other	
Gross amount	1,716
Accumulated amortizations	1,716
Net carrying amount	–
Due within 1 year	–
Due in 1 to 5 years	–
Due in more than 5 years	–
Future minimum payments	–

NOTE 15 - INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

NOTE 16 - OTHER NON-CURRENT FINANCIAL ASSETS

The other non-current financial assets, recognized on the statement of financial position in the amount of €14,016k, are comprised primarily of the following:

- an account remunerated at the EONIA rate totaling €3,642k;[(1)]
- financial instruments totaling €2,181k;
- the remaining balance is composed essentially of deposits and guarantees.

(1) Cash amounts representing the unused balance at August 31, 2015 of the total amount made available to the service provider to buy shares in the Group.

NOTE 17 - INVENTORIES

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Components and sub-assemblies	864,365	614,200
Work in progress	351,900	289,955
Finished products	297,642	243,296
GROSS TOTAL	**1,513,907**	**1,147,451**
PROVISIONS FOR IMPAIRMENT	**173,207**	**139,189**
TOTAL (1)	**1,340,700**	**1,008,262**

(1) At like-for-like exchange rates and consolidation scope, inventories at end-August 2015 amounted to €1,218,409k and €1,002,755k at end-August 2014.

No inventory items have been offered as collateral for liabilities.

NOTE 18 - OTHER CURRENT ASSETS

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Other payables	8,129	5,957
Prepaid expenses	30,526	24,513
TOTAL	**38,655**	**30,470**

NOTE 19 - CASH

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
CASH AND CASH EQUIVALENTS (1)	**163,616**	**166,731**
Current financial liabilities	(598,661)	(393,414)
Commercial paper and other lines of short-term credit	586,500	381,000
Current portion of long-term loans and reimbursable advances	1,329	1,353
BANK BORROWINGS	**(10,832)**	**(11,061)**
NET CASH	**152,784**	**155,670**

(1) The "Cash and cash equivalents" item is composed solely of 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 20 - CAPITAL

	Number of shares (in thousands)	Ordinary shares (in thousands of euros)	Share premium (in thousands of euros)	Total (in thousands of euros)
AT AUG. 31, 2013	**287,155**	**11,486**	**125,194**	**136,680**
Premium-related costs	–	–	–	–
Options exercised	1,279	51	7,988	8,039
Dividends	–	–	–	–
AT AUG. 31, 2014	**288,434**	**11,537**	**133,182**	**144,719**
Premium-related costs	–	–	–	–
Options exercised	970	39	8,798	8,837
Dividends	–	–	–	–
AT AUG. 31, 2015(1)	**289,404**	**11,576**	**141,980**	**153,556**

(1) Including, at August 31, 2015, 12,990,000 treasury shares representing 4.5% of the capital.

NOTE 21 - FINANCIAL LIABILITIES

Note 21.1 - Breakdown of financial liabilities

(in thousands of euros)	Interest rate (1)	Maturity	Aug. 31, 2015	Aug. 31, 2014
A. Non-current financial liabilities				
Confirmed “Club Deal” (EUR)		(3)	–	140,000
Confirmed “Club Deal” (USD)	0.860	(3)	287,291	–
Confirmed “Club Deal” (GBP)		(3)	–	24,078
Euro PP (EUR)	3.061	(4)	125,000	125,000
“Schuldschein” (EUR)	2.659	(4)	402,000	535,000
Loan costs			(5,848)	(7,167)
Other borrowings and unconfirmed credit non-current portion	NS	(5)	23,205	23,663
TOTAL (2)			**831,648**	**840,574**
B. Current financial liabilities				
Commercial paper (EUR)	0.246		453,500	381,000
“Schuldschein” (EUR)	2.659	(4)	133,000	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	NS	(6)	12,161	12,414
TOTAL			**598,661**	**393,414**
Current and non-current financial liabilities			**1,430,309**	**1,233,988**

(1) Average interest rate for the fiscal year, excluding amortization of loan arrangement fees.

(2) Maturities and breakdown of loans and confirmed lines of credit by currency (equivalents in thousands of euros at August 31, 2015):

2016/2017	1,954	Euro	543,135
2017/2018	368,752	US dollar	288,513
2018/2019	700	Canadian dollar	–
After 2019	460,242	Pound sterling	–

(3) On March 14, 2014, the Group set up a “Club Deal” in the amount of €1,030 million for a period of five years, renewable for an additional year at the request of Zodiac Aerospace for each of the following two years. The Group used its contractual option to extend the maturity for an additional year and this extension was accepted by all banks participating in the “Club Deal”. The initial maturity date was therefore extended to March 12, 2020.
Zodiac Aerospace may exercise this option again in March 2016 to extend the final maturity to March 11, 2021.

(4) In July 2013, Zodiac Aerospace set up a new financing arrangement in the form of “Private Placements”:

a) A “Schuldschein” in the amount of €535 million in three tranches:
- a 3-year maturity, maturing on July 25, 2016, totaling €133 million;
- a 5-year maturity, maturing on July 25, 2018, totaling €243 million;
- a 7-year maturity, maturing on July 27, 2020, totaling €159 million.

b) A “Euro PP” in the amount of €125 million, with a 5-year maturity, maturing on July 22, 2018.

(5) Mainly after 2016.

(6) One to three months, renewable.

Note 21.2 - Covenants

The Group is only bound by one bank covenant, common to the “Club Deal” and “Private Placements,” which is the ratio of “adjusted net debt to adjusted EBITDA,” as defined in the loan agreements. This ratio must be 3.00 or less on August 31, 2015 and at the close of the subsequent fiscal years.

At August 31, 2015, the Group’s net financial debt totaled €1,266.7 million, versus €1,067.3 million at August 31, 2014. Net financial debt is defined as the sum of the "Current and Non-current Financial Liabilities" items minus the "Cash and Cash Equivalents" item.

The covenant is the ratio of Adjusted Net Financial Debt, i.e. €1,278.9 million, to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) adjusted for various items under the contract, i.e. €440.9 million.

The covenant was complied with at August 31, 2015 with a ratio of 2.90.

NOTE 22 - PROVISIONS

(in thousands of euros)	Amount at Aug. 31, 2014	Currency translation adjustments	Change in consolidation scope (1)	Changes during the fiscal year: Charges	Reversals (provisions used)	Reversals (provisions unused)	Reclassifi-cations	Balance at Aug. 31, 2015
Pension plans and lump-sum retirement benefits	104,977	1,606	–	8,514	(3,691)	(208)	330	111,528
Other	9,614	4	–	1,146	(91)	(128)	–	10,545
TOTAL NON-CURRENT	**114,591**	**1,610**	**–**	**9,660**	**(3,782)**	**(336)**	**330**	**122,073**
Guarantees	51,227	4,772	355	26,795	(3,557)	(2,134)	164	77,622
Litigation and insurance deductibles	11,371	257	–	1,416	(5,811)	(119)	(4,330)	2,784
Restructuring and diversification	818	45	–	293	(191)	(40)	(271)	654
Taxes other than income taxes	1,514	91	–	232	(709)	(18)	–	1,110
Miscellaneous (2)	27,393	4,385	(239)	67,296	(6,267)	(4,381)	691	88,877
TOTAL CURRENT	**92,322**	**9,550**	**116**	**96,032**	**(16,535)**	**(6,692)**	**(3,746)**	**171,047**
TOTAL	**206,913**	**11,160**	**116**	**105,692**	**(20,317)**	**(7,028)**	**(3,416)**	**293,120**

(1) The change in consolidation scope corresponds to the entry of Enviro Systems.
(2) Miscellaneous current provisions relate mainly to provisions for losses to completion and penalties on various commercial agreements.

Warranty provisions

Warranty provisions include general statistical provisions and provisions for specific warranties and for post-delivery finishing work.

Provisions for miscellaneous current risks

Miscellaneous current provisions include provisions amounting to €67.0 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.

The theoretical maximum exposure for all possible compensation payments is €140.8 million, much of which is being contested by the Group. Our Group has also issued claims totaling €34.3 million against those same customers for miscellaneous additions that the Group considers contractually due and reduce potential exposure to €106.5 million. No income has been recognized in the Group's financial statements for these potential additions since they are included in the potential exposure amount.

Provisions for employee benefits – post-employment benefits:
1. Defined-contribution pension and medical insurance plans

All the Group's French employees are covered by defined-contribution plans. These plans are managed by the Government. The Group's only obligation is to make the contributions required to finance these benefits, which are calculated as a percentage of salaries paid.

The annual expense for the defined-contribution retirement plans was €73.5 million in fiscal year 2014/2015, compared with €64.3 million for 2013/2014.

2. Defined-benefit pension and medical insurance plans

The best estimate of the contributions to be paid into the plan for fiscal year 2015/2016 is €5.9 million based on the statutory retirement age of the employees concerned.

2.1 France

In accordance with the law and the applicable collective bargaining agreements, the Group is required to pay lump-sum retirement benefits to its French employees in the form of a one-time payment due when the employee retires. Under these plans, employees receive retirement benefits when they reach the statutory retirement age. The Group does not fund these commitments in advance.

The present value of the pension obligation, the service cost over the period and past service costs have been calculated using the Projected Unit Credit Method (see Paragraph T of Note 1, "Accounting principles").

The Group has adopted the following main actuarial assumptions:

	2014/2015	2013/2014
Discount rate	1.85%	1.86%
Estimated future increase in salaries	3.0%	3.0%
Employee turnover rate	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.
Retirement age	60 to 62 years	60 to 62 years

The mortality table used is the INSEE TD-TV 10-12 table.
The discount rate used is based on iBoxx AA 10+.

2.2 United States

The Group has only two defined-benefit plans in place: one at Air Cruisers and the other at Avox Systems, both of which were "frozen" prior to August 31, 2009.

Under these plans, employees receive retirement benefits when they reach an age between 60 and 65 years. The Group is bound by obligations to finance these plans.

The present value of the pension obligation, the service cost over the period and past service costs have been calculated using the Projected Unit Credit Method (see Paragraph T of Note 1, "Accounting principles").

The most recent actuarial valuations of the plan assets and of the present value of the pension obligations were carried out on the dates and by the actuarial firms shown below:

Subsidiary	Date of most recent valuation	Actuarial firm
Air Cruisers Systems	Sept. 15, 2015	John Hancock Plan Services
Avox Systems	Sept. 15, 2015	Burke Group

The Group has adopted the following main actuarial assumptions:

	2014/2015	**2013/2014**
Discount rate	4.15%	4.55%

These assets were invested as follows:

- for Air Cruisers, 38% in equities, 42% in bonds, and 20% in real estate income and other investments;
- for Avox Systems, 66% in equities, 28% in bonds, and 6% in real estate income and other investments.

The fair value of the funds of the financed plans, at the balance sheet date, can be broken down as follows: €11,607k in equities, €8,921k in bonds and €3,674k in real estate income and other investments.

2.3 Germany

The Group maintains an ongoing defined-benefit plan for Sell GmbH valued at €34,423k. Plan membership includes 1,604 active employees, 143 employees taking early retirement, 306 retired employees and 87 widows and widowers.

Only those employees with more than five years' service are eligible for this defined-benefit plan, a qualification which currently applies to 74% of those covered by pension provision.

The actuarial method applied is the Projected Unit Credit Method (cf. Paragraph T of Note 1 "Accounting principles"). The discount rate applied for fiscal year 2014/2015 is 1.85% with an assumed salary increase of 3%.

The Group has adopted the following main actuarial assumptions:

	2014/2015	**2013/2014**
Discount rate	1.85%	1.86%

3. Change in the financial position of defined-benefit plans

3.1 Net pension charge recognized in the statement of profit and loss

(in thousands of euros)	**Aug. 31, 2015**	**Aug. 31, 2014**
Cost of services provided	6,293	4,266
Interest expense on the obligation	3,047	3,476
Interest income on plan assets	(1,109)	(807)
Cost of services provided	2	(8)
Plan settlements	–	–
Plan curtailments	–	–
TOTAL CHARGE FOR THE FISCAL YEAR	**8,233**	**6,927**

3.2 Reconciliation of the amount recognized in the statement of financial position

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Actuarial liability arising on funded plans	36,857	29,906
Fair value of funded plans (1)	(24,202)	(21,574)
DEFICIT (SURPLUS) ON FUNDED PLANS	**12,655**	**8,332**
Actuarial liability arising on non-funded plans	98,873	96,645
Cap on contingent assets	–	–
PROVISIONED IN THE STATEMENT OF FINANCIAL POSITION	**111,528**	**104,977**

(1) See table 3.4 below for a detailed breakdown.

3.3 Change in the actuarial liability of funded and non-funded plans

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
ACTUARIAL LIABILITY AT THE START OF THE FISCAL YEAR	**126,551**	**100,824**
Cost of services provided during the period	6,293	4,266
Interest expense	3,047	3,476
Actuarial gains and losses based on experience	(2,809)	10,665
Actuarial gains and losses based on changes in demographic assumptions	1,698	378
Actuarial gains and losses based on changes in financial assumptions	578	11,606
Currency translation adjustments	5,363	201
Benefits paid	(4,994)	(4,678)
Cost of services provided	3	(8)
Plan settlement	–	–
Change in consolidation scope and other influences	–	(179)
ACTUARIAL LIABILITY AT THE END OF THE FISCAL YEAR (1)	**135,730**	**126,551**

(1) Includes €36,857k for funded plans and €98,872k for unfunded plans.

3.4 Change in the fair value of the funds underlying funded plans

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
FAIR VALUE AT THE START OF THE FISCAL YEAR	**(21,574)**	**(19,779)**
Interest income on plan assets	(1,109)	(807)
Actuarial gains and losses based on experience	709	246
Actuarial gains and losses based on changes in demographic assumptions	–	–
Actuarial gains and losses based on changes in financial assumptions	282	(2,009)
Employer contributions and benefits paid	1,244	898
Currency translation adjustments	(3,754)	(123)
FAIR VALUE AT THE END OF THE FISCAL YEAR	**(24,202)**	**(21,574)**

NOTE 23 - OTHER CURRENT LIABILITIES

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Other payables	54,329	48,261
Trade payables [1]	203,420	143,533
Deferred income	34,360	52,256
TOTAL	**292,109**	**244,050**

(1) Down payments received for Aircraft Interiors activities account for a €38-million increase in this item.

NOTE 24 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Note 24.1 - Off-balance sheet commitments

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
Commitments given		
Long-term rentals [1] [2]	220,840	188,728
Other guarantees given [3]	11,899	12,653
Collateral	–	–
Commitments received under contracts	**–**	**284**

(1) This amount includes commitments on revocable and irrevocable leases.
(2) The variance between fiscal years includes a positive €18.1 million relating to exchange rate fluctuations.
(3) Including a €1,463k guarantee issued by Zodiac Aerospace in favor of the Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our 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 $10 million.

N.B.: Zodiac Aerospace has also:

- provided a guarantee in favor of the Federal Insurance Company (CHUBB) for up to $10 million to counter-guarantee the performance bonds issued by the Federal Insurance Company to certain customers of our subsidiary Esco to underwrite the fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft);
- provided a guarantee registered with 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 submit locally consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  - in August 2009, in favor of Cathay Pacific, on behalf of Zodiac Seats France, maturing on December 31, 2016;
  - in November 2010, in favor of Cathay Pacific, on behalf of Zodiac Seats U.S., maturing on December 31, 2015;
  - in January 2011, in favor of American Airlines, on behalf of Zodiac Seats U.S. and C&D Zodiac Inc. (USA), expiring December 31, 2015;
  - in May 2015, in favor of Airbus, on behalf of Zodiac Inflight Innovations, for the duration of its contractual obligations.

Operating lease commitments

(in thousands of euros)	Aug. 31, 2015	Aug. 31, 2014
- Within 1 year	42,633	37,662
- 1 to 5 years	130,827	95,057
- Over 5 years	47,380	56,009
Minimum payments	220,840	188,728

Note 24.2 - Contingent assets and liabilities

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 25 - RELATED PARTIES

The Group's related parties are as follows: Zodiac Aerospace S.A. shareholders (including FFP Invest and Fonds Stratégique de Participations), companies controlled by the aforementioned shareholders, companies subject to joint control or significant influence and corporate officers.

1.1 Relation with subsidiaries and affiliates

Transaction amounts for fiscal year 2014/2015 are as follows:

(in thousands of euros)	Aug. 31, 2015
Sales revenue	29,231
Purchases used in the business and other external costs	2,182
Financial income	561
Loans and other receivables	35,434
Borrowings and other payables	1,758

1.2 Transactions with the main corporate officers

a) Salaries and benefits (1)

(in euros)	Fixed	Variable(2)	Benefits in kind	Total
Maurice Pinault	372,000	–	8,599	380,599
Olivier Zarrouati	620,000	–	12,882	632,882
TOTAL (3)	**992,000**	**–**	**21,481**	**1,013,481**

(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) The variable compensation paid for fiscal year 2014/2015 was €0.

(3) A breakdown of this total is provided in the "Compensation and benefits" chapter.

b) Stock options and free shares

	Total (1)	
	Plan 07b	**Plan 2011b**
1. Stock options:		
Unexercised options at Aug. 31, 2014	69,220	160,000
Awards for the fiscal year	–	–
Options exercised in 2014/2015	69,220	–
Unexercised options at Aug. 31, 2015	–	160,000
Exercise price (in euros)	8.22	12.47
Expiration date	Dec. 3, 2015	Dec. 29, 2019
2. Free shares:		
Shares in vesting period at Aug. 31, 2014	–	–
Date of right to purchase		
Shares vested at Aug. 31, 2015	–	–
Shares pending vesting at Aug. 31, 2015	–	–

(1) Concerns Maurice Pinault only.

1.3 Compensation of Executive Committee members

a) Compensation

There were sixteen members of the Executive Committee in fiscal year 2014/2015 compared with eleven in the previous fiscal year.

Their total compensation paid for fiscal year 2014/2015 amounted to €4,135k fixed and €1,565k variable, plus €85k benefits in kind, for a total of €5,785k, including compensation for members of the Executive Board (details of which appear in the "Compensation and benefits" chapter, Note B.1 a) and b)). In the previous fiscal year, total compensation amounted to €3,329k fixed and €2,351k variable, plus €87k benefits in kind, for a total of €5,767k.

In addition to their fixed salary, Members of the Executive Committee who are not corporate officers benefit from a variable portion payable for fiscal year "n." Depending on the functions exercised, this is based on a target determined:

- either using an identical formula to that applicable to corporate officers who are members of the Executive Committee.
  The formula is based on the following:
  • The target for each fiscal year "n" is 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" = $\frac{\text{Actual net income for FY n -1 + Net income budget for FY n}}{2}$
  For this calculation, see pages 20 and 21 of "Compensation and benefits".

- or according to a formula constituted of components with a "different weighting":

(A) Average of the current operating income for fiscal year "n -1" and budget for "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

During the fiscal year, Executive Committee members who were not members of the Committee during the last multi-year award (for a period of four years) and were company employees and members of the Committee at the time of the February 2015 award were granted a total of 109,750 stock options and a total of 53,001 performance-based free shares, with a vesting date of February 12, 2017 and a transferability date of February 12, 2019. These were all on an annualized basis.

NOTE 26 - POST YEAR-END EVENTS

Zodiac Seats US LLC, a Zodiac Aerospace company was informed that American Airlines filed a petition in the District Court of Tarrant County, Texas, seeking a judicial ruling on their contractual relationship regarding the delivery of business class seats, a petition that may have led to the sharing of this activity with another supplier.

Zodiac Aerospace teams discussed the situation with American Airlines resulting in a negotiated solution, details of which were taken into account at August 31, 2015.

NOTE 27 - LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2015

Fully consolidated companies	Country	Group's % interest
Zodiac Aerospace	France	Parent company
Aerodesign de Mexico SA	Mexico	100.00
Air Cruisers Company LLC	USA	100.00
Avox Systems	USA	100.00
Base2	USA	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc.	USA	100.00
Cantwell Cullen & Company Inc.	Canada	100.00
Combat Critical Care	USA	100.00
Driessen Aerospace Group NV	Netherlands	100.00
Driessen Aircargo Equipment USA, Inc.	USA	100.00
Driessen Aircraft Interior Systems, Inc.	USA	100.00
Driessen Aircraft Interior Systems USA, Inc.	USA	100.00
Driessen Services Bahrain	United Arab Emirates	51.00
E Dyer Engineering Ltd	UK	100.00
Engineered Arresting Systems Corp.	USA	100.00
Enviro Systems	USA	100.00
Esco Airport Safety Technologies (Beijing) Co., Ltd	China	55.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shanghai ETC	China	100.00
Greenpoint Aerospace Inc.	USA	100.00
Greenpoint Air Leasing	USA	100.00
Greenpoint Technologies Inc.	USA	100.00
Heath Tecna	USA	100.00
Icore International Inc.	USA	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp.	USA	100.00
Immobilière Galli	France	100.00
IN Services & Al Rumaithy Estab. (Middle East) LLC	United Arab Emirates	49.00
IN Services Asia	Hong Kong	100.00
Innovative Power Solutions LLC	USA	100.00
Mag Aerospace Industries Inc.	USA	100.00
Monogram Train LLC	USA	100.00
MTA Plateforme d'Essais	France	57.00
Northwest Aerospace Technologies	USA	100.00

Fully consolidated companies	Country	Group's % interest
Pacific Precision Products	USA	100.00
Parachutes Industries of Southern Africa PTY (PISA)	South Africa	100.00
Pioneer Aerospace Corp.	USA	100.00
Sell GmbH	Germany	100.00
Sell Services Germany GmbH	Germany	100.00
Sicma Aero Seat Services	USA	100.00
Société Marocaine de Décolletage Industriel	Morocco	100.00
The Richards Corp.	USA	100.00
TriaGnoSys GmbH	Germany	100.00
Zodiac Actuation Systems	France	100.00
Zodiac Aero Duct Systems	France	100.00
Zodiac Aero Electric	France	100.00
Zodiac Aerosafety Systems	France	100.00
Zodiac Aerospace Equipo de Mexico	Mexico	100.00
Zodiac Aerospace Germany Investment GmbH	Germany	100.00
Zodiac Aerospace Information Systems	France	100.00
Zodiac Aerospace (Jiangsu) Co., Ltd	China	51.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Services Asia	Singapore	100.00
Zodiac Aerospace Services Europe	France	100.00
Zodiac Aerospace Services Middle East DWC LLC	United Arab Emirates	100.00
Zodiac Aerospace Services UK Ltd	UK	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Investment Ltd	UK	100.00
Zodiac Aerotechnics	France	100.00
Zodiac Aircargo Equipment BV	Netherlands	100.00
Zodiac Aircargo Equipment Ltd	Thailand	100.00
Zodiac Aircatering Equipment Europe BV (1)	Netherlands	100.00
Zodiac Aircatering Equipment (Thailand) Ltd	Thailand	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Cabin & Structure Support	USA	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Cabin Interiors Europe	France	100.00

(1) Formerly Zodiac Aircatering Europe BV.

Fully consolidated companies	Country	Group's % interest
Zodiac Coating	France	100.00
Zodiac Composite Monuments Tunisie	Tunisia	100.00
Zodiac Data Systems	France	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc.	USA	100.00
Zodiac Data Systems Investment	France	100.00
Zodiac Data Systems Ltd	UK	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie	Tunisia	100.00
Zodiac Fal Support France SARL	France	100.00
Zodiac Fluid Equipment	France	100.00
Zodiac Galleys Europe SRO	Czech Republic	100.00
Zodiac Hydraulics	France	100.00
Zodiac Inflight Innovations	USA	100.00
Zodiac Seats California	USA	100.00
Zodiac Seats France	France	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seat Shells US LLC	USA	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Seats UK Ltd	UK	100.00
Zodiac Seats US LLC	USA	100.00
Zodiac Services Americas LLC	USA	100.00
Zodiac US Corporation	USA	100.00

Consolidated company by the equity method	Country	Group's % interest
EZ Air Interior Ltd	Ireland	50.00

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meetings of Shareholders, we hereby report to you on the following matters for the fiscal year ended August 31, 2015:

- the audit of the consolidated financial statements of the Zodiac Aerospace Company, as appended to this report;
- the justification of our assessments;
- the specific verifications required by law.

The consolidated financial statements are the responsibility of the Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or by other methods of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present, in all material respects, a fair view of the assets and financial position and results of operations for the entity consisting of the companies included within the consolidated group in accordance with International Financial Reporting Standards, as adopted in the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw to your attention the following matters:

- In conducting our assessment of the accounting principles followed by your Group, we have examined the rules applied in recognizing development costs, those used in their amortization and for the verification of their current value, and we verified that Note 1-J of the Notes to the Consolidated Financial Statements is appropriately disclosed.
- Notes 1-D, 1-I and 1-W of the Notes to the Consolidated Financial Statements describe the accounting rules and methods applied to valuing goodwill. In conducting our assessment of the accounting principles followed by your Group, we have verified the accounting methods indicated in the Notes to the Financial Statements and that they are correctly applied. We have examined the reasonable nature of the information used to determine the recoverable value.
- With regard to provisions for risks and litigation, we verified that there are procedures in force in your Group to identify, assess and recognize such provisions under satisfactory conditions. We also ensured that the items identified during the implementation of these procedures were described in appropriate terms in the Notes to the Consolidated Financial Statements, specifically Note 1-D, “Use of estimates and assumptions,” and Note 22, “Provisions.”

Our assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III. Specific verification

In accordance with generally accepted auditing standards applicable in France, we also carried out the specific verifications required by law on the information presented in the Group’s management report.

We have no comments to make on the fair presentation and consistency with the consolidated financial statements.

Paris-La Défense, December 14, 2015

The Statutory Auditors

Fidaudit (a member of the Fiducial network) Bruno Agez	Ernst & Young Audit Laurent Miannay

STATUTORY AUDITORS' FEES

and fees charged by the members of their networks payable by the Group

	Ernst & Young				Fidaudit				Breakdown			
									Ernst & Young	Fidaudit	Ernst & Young	Fidaudit
	Amount (excl. tax)		%		Amount (excl. tax)		%		%		%	
(in thousands of euros)	2015	2014	2015	2014	2015	2014	2015	2014	2015		2014	
Audit												
Auditing, certification, review of individual and consolidated financial statements:												
- Issuer	184	183	4.8%	5.6%	162	157	46.3%	54.9%	53.2%	46.8%	53.8%	46.2%
- Fully consolidated subsidiaries	3,405	2,780	88.1%	85.5%	178	122	50.8%	42.7%				
Portion for coordination of the international network	*140*	*140*	*3.6%*	*4.3%*	*48*	*45*	*13.7%*	*15.7%*				
Other reviews and services directly linked to the auditing engagement of the statutory auditor:												
- Issuer	56	83	1.4%	2.6%	–	–	–	–	–	–		
- Fully consolidated subsidiaries	112	79	2.9%	2.4%	–	–	–	–	–	–		
SUBTOTAL	**3,757**	**3,125**	**97.2%**	**96.0%**	**340**	**279**	**97.1%**	**97.6%**	**91.7%**	**8.3%**	**91.8%**	**8.2%**
Other services provided by the networks to the fully consolidated subsidiaries												
Legal, tax, social	108	128	2.8%	3.9%	10	7	2.9%	2.4%				
Other	–	–	–	–	–	–	–	–				
SUBTOTAL	**108**	**128**	**2.8%**	**3.9%**	**10**	**7**	**2.9%**	**2.4%**	**91.5%**	**8.5%**	**94.8%**	**5.2%**
TOTAL	**3,865**	**3,253**	**100%**	**100%**	**350**	**286**	**100%**	**100%**	**91.7%**	**8.3%**	**91.9%**	**8.1%**

ZODIAC AEROSPACE PARENT COMPANY FINANCIAL STATEMENTS

REPORT OF THE SUPERVISORY BOARD
to the Combined General Meeting on January 14, 2016

Dear Shareholders,

In accordance with our Articles of Association, this General Meeting has been called to deliberate on the financial statements for the fiscal year ended August 31, 2015 and vote on the resolutions put forward by the Executive Board.

In accordance with the French "Financial Security" Act, the details of Board and Committee meetings are provided under "Preparation and organization of the work of the Supervisory Board."

During this fiscal year, the Supervisory Board met seven times and gave the Executive Board the necessary authorization to:

a) Purchase the following company:

- Enviro Systems, a US company based in Oklahoma and specializing in the design and manufacture of cabin temperature regulation systems (VCS: Vapor Cycle Systems), for $118 million, making the Company one of the leaders in this market and eventually creating synergies with three Group businesses: pressurized-gas, inerting and oxygen systems.

b) Sell the following company:

- Amfuel for an amount of €6.8 million and resulting in a €2.6-million impact on earnings before the dollar exchange rate effect.

c) Create new subsidiaries and increase the capital of existing subsidiaries:

- Increase the capital of the Zodiac Cabin Control GmbH subsidiary by a maximum of €5 million through the Evac GmbH subsidiary;
- Increase the capital of the Zodiac Lighting Systems subsidiary by a maximum of $12 million through the Zodiac US Corporation subsidiary;
- Create a Mexican-registered company in Chihuahua for an amount of approximately $1 million, to be spread over 18 months, through two companies: Zodiac Aerospace, with a 99.9% stake, and Zodiac US Corporation, with a 0.1% stake;
- Create a US-registered company in the United States as a subsidiary of Zodiac US Corp., with capital of $1,000.

During this fiscal year, due to the exercise of stock options and the award of free shares, the Company's capital stood at €11,576,170.28, made up of 289,404,257 shares.

The Supervisory Board also authorized the requalification of 400,000 treasury shares and their allocation to an account entitled "Allocation to employees under stock option plans and/or free share awards."

From January 1 to October 31, 2015, the share's average comparable price stood at €29.03 against €29.94 over the same period the previous fiscal year. The market close high/low for that same period was €35.73/€19.40 compared with €26.90/€22.42 in 2014. Daily stock transactions remained highly active with some 1,200,000 trades.

The Executive Board will ask you to renew the authorization granted by the Combined General Meeting of January 15, 2015 under the resolutions related to ordinary business, in order to buy back the Company's shares on the stock market for up to 10% of the capital, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and in compliance with the terms defined in Articles 241-1 to 241-6 of European Regulation No. 2273/2003 of December 22, 2003 implementing Directive 2003/6/EC of January 28, 2003.

The Company used the authorization in force under a liquidity contract set up on January 18, 2007. As a result, at August 31, 2015, it held 42,380 of its own shares purchased at an average price of €24.84 per share. The Company also withdrew 141,858 treasury shares to be awarded to employees under the vesting of the free shares granted by the Executive Board on December 29, 2011. The remaining 12,970,662 treasury shares account for 4.48% of shares outstanding at August 31, 2015.

We submit for your approval the renewal of the terms of office of Élisabeth Domange and Didier Domange for a period of two years. Élisabeth Domange is the Group's main shareholder.

We also submit for your approval the election to the Board of two new members for a four-year term: Estelle Brachlianoff, an individual, and the Fonds Stratégique de Participations (FSP), a legal entity represented by Florence Parly. These members meet the requirements set out in the French AFEP-MEDEF Code regarding the independence of members of the Supervisory Board.

You will also note the reappointment of Ernst & Young Audit and Auditex as statutory auditors and alternate auditors respectively.

The Supervisory Board extends its sincere thanks to Robert Maréchal and Marc Assa whose terms of office end at this General Meeting of Shareholders due to the age limit set by the Company's Articles of Association. For more than 22 and 15 years respectively, they worked hard to develop the Group, offering sound advice.

You will also note that in the fourteenth and fifteenth resolutions, your advisory opinion is requested on the compensation components of corporate officers Olivier Zarrouati and Maurice Pinault. Further details will be provided by the Chairman of the Compensation Committee.

The Supervisory Board is very attentive to the recommendations surrounding good corporate governance. These have significantly increased in number since the 1990s. The Board is committed to complying with the rules contained in the AFEP-MEDEF Code, while at the same time applying a reasonable standard of governance that reflects the special characteristics of a Group with family and major shareholders. During the fiscal year, the Board applied the independence criterion within the strict meaning of the AFEP-MEDEF Code. As a result, Gilberte Lombard and Marc Assa no longer qualify as "independent" within the strict meaning of the AFEP-MEDEF Code, having served on the Board for more than 12 consecutive years.

The Board noted that despite this requalification as "non-independent," Gilberte Lombard and Marc Assa have nevertheless always demonstrated an ability to question senior management and been completely independent in their thinking.

At each of its meetings, the Supervisory Board was properly informed of the operations carried out by the Company and its subsidiaries and was able to exercise oversight under the best conditions, even though this fiscal year was heavily impacted by some very significant exceptional factors.

The annual and consolidated financial statements and the report of the Executive Board were submitted to the Supervisory Board at its meeting on November 23 for verification and control. The Supervisory Board also reviewed the ordinary and extraordinary resolutions that will be submitted for your vote, particularly regarding the distribution of earnings. The Supervisory Board approved the wording of the draft resolutions. It also resolved to appoint Yannick Assouad (Chief Executive Officer, Cabin branch) to the Executive Board in order to strengthen it.

Pursuant to Article L. 225-68 of the French Commercial Code, we have no criticism or comments to make regarding the report and the financial statements presented by the Executive Board. The Supervisory Board therefore recommends that you approve them and vote on the resolutions that will be submitted to you.

The Supervisory Board

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

on the preparation and organization of the Supervisory Board's work and on risk management and internal control procedures

This report was prepared and is presented in accordance with Article 117 of the Financial Security Act of August 1, 2003, incorporated into Article L. 225-68 of the French Commercial Code.

This report covers:

- the conditions governing the preparation and organization of the Supervisory Board's work during the fiscal year ended August 31, 2015;
- the internal control procedures at Zodiac Aerospace.

The Group complies with the rules contained in the French AFEP-MEDEF code of corporate governance of listed companies of October 2003, consolidated by the AFEP-MEDEF code of corporate governance of December 2008, revised in November 2015. The Group applies these rules in their entirety, while at the same time applying a reasonable standard of governance that reflects the special characteristics of a Group with family and major shareholders, and business characterized by capital-intensive investment projects and long-term contracts. Experience gained on the Board is therefore an asset when it comes to steering the Group's development cycles over the long term. The Board also deemed that each Supervisory Board member who has served on the Board for more than 12 years has always demonstrated free thinking and independent judgment in the performance of his or her functions. Lastly, representatives of the shareholder groups have all demonstrated their commitment to the Group's core values that they themselves helped create or perpetuate.

The other measures taken by the Supervisory Board for the fiscal year beginning September 1, 2015 are presented under "Governance."

The Group applies the recommendations regarding executive corporate officers of listed companies (see under "Compensation and benefits," page 16), particularly the obligation to retain a portion of shares resulting from stock options or free shares (see Section B, "Compensation policy for executive corporate officers (members of the Executive Board)," paragraph e. Obligation to retain shares, (pages 20 and 21).

CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board ensures that the Company and Group operate correctly and reports to the shareholders. The Supervisory Board appoints the Executive Board Chairman and CEO and its members.

It oversees the Group's management and administration.

A) Composition of the Supervisory Board

Every member of the Supervisory Board has signed the "Supervisory Board Member Charter" introduced in February 1997 and updated in 2006 and 2011, which sets out all their rights and obligations (general and special rules). Overhauled in 2014 to take account of the revised recommendations (in June 2013) of the AFEP-MEDEF Code, the Charter is now known as "the Internal Rules of the Supervisory Board and its Committees." These internal rules include the charter applicable to Board members as well as the Zodiac Aerospace Group's Code of Stock Trading Ethics with which Board members agree to comply. The Internal Rules are available on the Company's website.

The Supervisory Board now has 11 members: Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Patrick Daher, Élisabeth Domange, Vincent Gérondeau, Laure Hauseux, Gilberte Lombard, Robert Maréchal, FFP Invest, represented by Frédéric Banzet and Anne Aubert, who represents the Group's employees. During the fiscal year ended August 31, 2015, four members were defined as "independent" (Patrick Daher, Vincent Gerondeau, Laure Hauseux and FFP Invest, represented by Frédéric Banzet) within the meaning of the criteria set out in the AFEP-MEDEF Code.

The Supervisory Board has discussed the independence criteria and also noted the absence of any business relationships between Supervisory Board members and the Group (see under "Governance, Supervisory Board composition," page 7).

Four members are women, including the employee representative who was not counted when establishing the percentage of women on the Supervisory Board. The percentage is in accordance with the AFEP-MEDEF Code. The composition of the Supervisory Board therefore complies with the provisions of the French Law of January 27, 2011 on gender equality for boards of directors and supervisory boards. No Board member exercises any executive management function either at Group or subsidiary company level. (See under "Governance," pages 14 and 15, for information on other offices held by members of the Supervisory Board).

B) Frequency of Supervisory Board meetings

During the fiscal year, the Board met on seven scheduled occasions: September 23 and November 24, 2014, and January 15, February 12, April 21, May 19 in the United States, and July 16, 2015. Board members were diligent in their attendance at meetings, resulting in an average attendance rate of over 92%.

C) Supervisory Board operation and activity in 2014/2015

At each Board meeting, members review business performance indicators against the forecast. They examine the Group's results, opportunities for new acquisitions and for disposing of companies that are not, or are no longer, compatible with the Group's core business. Major strategy meetings are held as and when required. The Board dedicates three meetings per year to reviewing the financial statements for the first half and the full year. An "Outlook" seminar was instigated three years ago. Supervisory Board members receive a copy of the draft minutes as quickly as possible after each meeting, prior to final approval at the subsequent meeting. The minutes are then entered in the minute book, and signed by the Chairman and one Board member.

In terms of governance, the Board reviewed the following:

- senior management's compensation policy at the request of the Compensation Committee;
- overall compensation packages and number of performance shares and stock options awarded to corporate officers, to members of the Executive Committe who are not corporate officers, and to Group employees;

- the succession plan for Board members and the composition of the Board and its Committees;
- the annual appraisal of the Supervisory Board and Committees;
- the compliance of the Group's governance with the recommendations of the AFEP-MEDEF Code;
- the independence of Board members;
- the amendment of the Board's Internal Rules in order to implement the recommendations of the AFEP-MEDEF Code, revised in June 2013;
- capital structure and the entry of a new shareholder;
- the new structure of the Group's activities, to be introduced effective September 1, 2015;
- the change in the structure of the Executive Board.

D) Committees

In complying with official guidelines on corporate governance, and at the recommendation of its Chairman, the Supervisory Board formed three special committees in 1995: the Audit Committee, the Compensation Committee and the Appointments Committee. All three Committees are regulated under the terms of the relevant dedicated chapters of the Internal Rules of the Supervisory Board and its Committees, which define their roles, composition, number of meetings, resources, members' compensation and the requirement for minutes to be drafted after each meeting. Acceptance of an appointment to the Committees means attending all meetings held by those Committees.

The Audit Committee met six times during the fiscal year. It met four times to review the Group's half-year and consolidated full-year financial statements and the main reporting options eight days before the Supervisory Board meeting convened for that purpose, and twice to meet with the Audit and Internal Control Director to review the following:

- Internal control:
  - specific review of action plans implemented following operating incidents/accidents;
  - monitoring of action plans regarding the auditing of rolling inventory procedures and the reliability of the information it produces;
  - monitoring of the audit plan and assessment of audits performed.
- Risk management:
  - general guidelines of the Focus plan;
  - improvement in the structure of Zodiac Aerospace: individual roles and responsibilities;
  - monitoring of measures implemented since the last risk-related Audit Committee;
  - update of top group risks and risk mapping, and report on progress made on the top ten risks.

The Audit Committee had a face-to-face meeting with the Statutory Auditors, reviewed the report of the Chairman of the Supervisory Board and content of financial press releases, and took note of the fees paid to the Statutory Auditors.

During the fiscal year ended August 31, 2015, the Committee comprised four Board members: Gilberte Lombard as Chairman until January 15, 2015, then Laure Hauseux as Chairman with Gilberte Lombard remaining as member, Louis Desanges, Gilberte Lombard and FFP Invest, represented by Frédéric Banzet. Meetings are also attended by the Statutory Auditors and the Group Executive Vice-President, Administration and Finance.

The Audit Committee was chaired during the fiscal year ended August 31, 2015 by an independent member with the strict meaning of the AFEP-MEDEF Code.

The members of the Audit Committee have been specially selected for their financial and accounting skills based on their background and experience.

The Compensation Committee usually meets twice during the fiscal year and duly met twice this fiscal year. Committee members, totaling four during the fiscal year ended August 31, 2015 – Patrick Daher (Chairman), Gilberte Lombard, Marc Assa and Vincent Gerondeau – are tasked by the Supervisory Board with setting the compensation paid to Executive Board and Executive Committee members, allocating stock options and/or performance-based free shares to these executives within the terms authorized by the General Meetings of Shareholders, setting the compensation paid to the Chairman of the Supervisory Board, and allocating the fees paid to Supervisory Board members.

The Compensation Committee's work for the year primarily focused on the impact of the Macron law on stock option and free share awards and on reviewing the award of performance shares.

The Appointments Committee met twice during the fiscal year ended August 31, 2015. From September 1, 2014 to April 20, 2015, there were three members: Louis Desanges (Chairman), Vincent Gerondeau and Marc Assa. This increased to four with effect from April 21, 2015 when FFP Invest, represented by Frédéric Banzet, joined the Committee.

The Appointments Committee is tasked with reviewing the Board's composition and selecting Supervisory Board members and Group senior managers. It also reviews the criteria established for appointing Supervisory Board members, focusing in particular on aerospace or industrial experience, international experience, and independence within the meaning of the AFEP-MEDEF Code.

The Appointments Committee reviewed the criteria pertaining to the independence of the Board members and approved the qualification of Laure Hauseux, Patrick Daher, Vincent Gerondeau and FFP Invest, represented by Frédéric Banzet, as "independent" members.

The annual work of the Appointments Committee focused specifically on:

- actively seeking female members to comply with future French legislative requirements and the AFEP-MEDEF Code on gender equality, which provides for 40% female board members from January 1, 2017;
- submitting to the vote at the January 14, 2016 General Meeting Estelle Brachlianoff and Fonds Stratégique de Participations (FSP), represented by Florence Parly, as a result of the above search;

- conducting the standard review of the independence criteria for Board members.

For the fiscal year ended August 31, 2015, the Appointments Committee was chaired by Louis Desanges. The Supervisory Board decided to continue with his chairmanship even though he is not independent within the meaning of the AFEP-MEDEF Code, based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families.

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it seemed obvious to the Board to award the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding.

After each Committee meeting, the Supervisory Board is informed of all proposals and observations made at the meeting.

TRAINING OF SUPERVISORY BOARD MEMBERS

Supervisory Board members must have extensive knowledge of the Group's specific nature, operations and businesses.

All board members or any person proposed to the General Assembly for such a position can receive the training required to serve on the Board, either before their appointment or during their term of office.

This training is proposed, organized and paid for by the Group. Three training sessions were held at the Company's head office on October 9 and December 1, 2014 and October 12, 2015.

ASSESSMENT OF THE SUPERVISORY BOARD OPERATION

At its meeting of July 12, 2012, the Supervisory Board decided to implement the AFEP-MEDEF recommendations that were revised in June 2013, and adopted the principle of a formal self-assessment of the operation of the Supervisory Board.

In fiscal year 2011/2012, the Company had its first formal assessment consisting of an assessment carried out by a specialized independent consulting firm.

This same firm conducted a second assessment for the fiscal year ended August 31, 2015.

All Board members were interviewed between March and July 2015 so that this specialist firm could judge the operations of the Supervisory Board and Committees. This assessment revealed that the Board's operations had improved significantly since the last assessment three years previously, noting that:

- an annual "outlook" seminar had been instigated;
- the Audit and Compensation Committees were now chaired by independent members;
- new members had joined and successfully integrated into the Board;
- debates had become more intense and relied on management transparency;
- there were problems of shared "land" during a recent trip to the United States.

Going forward, progress can almost certainly be made in the following areas with regard to the AFEP-MEDEF Code:

- improved visibility regarding successions to the Board of members representing family and major shareholders;
- the percentage of independent members to be increased and such members eventually to be more international;
- executive sessions to be set up more systematically when Board meetings are held;
- documents sent more quickly;
- greater interaction between the Board and members of the Executive Committee;

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This part of the report is based on the AMF (*Autorité des Marchés Financiers*) reference framework of July 22, 2010 regarding risk management and internal control procedures. The purpose is to report to shareholders on the preparation and organization of the work of the Supervisory Board as well as internal control systems established by the Zodiac Aerospace Group for the fiscal year ended August 31, 2015.

In fiscal year 2014/2015, the Group's Aircraft Interiors activity faced operating difficulties which mainly impacted its Seats Segment and resulted in delayed deliveries. The Cabin & Structures Segment also experienced disruptions to some of its deliveries as a result of adapting its production system to new delivery schedules.

These operating malfunctions generated excess production costs and contractual compensation claims from customers. Disruptions to the production chain and logistics had repercussions on the monitoring of manufacturing costs, inventories, WCR, provisions for contractual compensation and warranty costs. The Group introduced a number of measures to offset these malfunctions, including more frequent inventory counts, full inventories at the sites most disrupted by the problems, a stronger structure, and a reduction in the decentralization process.

An in-depth review was performed by the Group's Finance Department on the risks relating to customer claims for late deliveries and related undertakings.

These malfunctions led Zodiac Aerospace to modify its structure, primarily to strengthen the Operations function, and launch a transformation plan called Focus, which applies to the entire Group and falls under the responsibility of the Group Chief Operating Officer. The plan has four main thrusts: increased operational reporting, the roll-out of internal "back to basics" procedures, a focus on the supply chain and inventory management, and a focus on integrated planning for sales and operations. In the last quarter, cross-disciplinary working groups, with the support of external consultants, began defining and implementing action plans for each component. The impact of these plans is expected to be felt gradually during the course of the 2015/2016 fiscal year.

A) Risk Management and Internal Control Environment of the Zodiac Aerospace Group

Zodiac Aerospace is an international industrial Group with a decentralized structure: each subsidiary directly manages the operational aspects of its business and is responsible for implementing internal control procedures in accordance with the Group's standard, which is defined and coordinated by the Group's executive management. Correct application of internal control procedures is overseen by the Audit and Internal Control Department.

A new, more centralized structure has been in the process of roll-out since September 1, 2015 and is primarily aimed at improving internal control and bringing it in line with the Group standard.

1) Group Structure

The Zodiac Aerospace Group is structured as follows:

- a parent company, Zodiac Aerospace, responsible for the Group's steering, organization and development. It is run by an executive board and supervisory board;
- five segments comprising companies dedicated to aerospace equipment and systems, cabin equipment, seats, interior equipment, and an activity of services;
- subsidiary companies in each of the segments. Pursuant to the operations defined by the Zodiac Aerospace Executive Board and which fall under its control, each subsidiary assumes all company duties and responsibilities in the legal, commercial, technical, industrial, economic, financial, tax and social areas, except those centralized at Group level as defined below.

Since September 1, 2015, a new structure has been in place with two activities:

- The Aerosystems activity is made up of the Aircraft Systems and AeroSafety Segments which comprises equipment and aerospace systems;
- The Aircraft Interiors activity comprises the Seats and Cabin Segments (formerly comprising the Cabin & Structures and Galleys & Equipment Segments).

These activities are supplemented by the Services activity.

Under the authority of the Executive Board, the parent holding company's task is to:

- define and drive the Group's strategy, processes and procedures;
- provide governance, risk management and monitoring of Group companies in accordance with the defined rules and principles;
- perform pooled services such as financing, IT, legal affairs, human resources and industrial operations (including Lean management, environmental management and purchasing) on behalf of Group companies;
- define actions to protect and enhance the Group's reputation, and increase its efficiency and performance.

In most of its businesses, the Group is subject to controls imposed by its main customers and regulatory authorities. These require certifications and specific controls that form part of the Group's control environment along with its legal obligations.

2) Risk management

According to the AMF reference framework, "Risk represents the possibility of an event occurring that could affect the company's personnel, assets, environment, objectives or reputation. Risk management is the business of every stakeholder in a company. It should be comprehensive and cover all the company's activities, processes and assets."

Risk management therefore has a broad scope that extends beyond the strictly financial framework. It is a key management process concerning all the Group's senior managers and employees.

The goals of risk management are to:

- create and preserve the Group's value, assets and reputation;
- safeguard decision-making and operational procedures to help achieve objectives;
- ensure all employees have the same vision of the key risks.

The Group has an ongoing risk-identification process. The Group's Business Units identify and assess the major risks to Group objectives on a regular basis.

These self-assessments are reviewed and supplemented by risk managers (cross-functional Group operational executives) so that an action plan can be drawn up and implemented to improve control over these risks.

To strengthen the overall risk management process and facilitate access to key risks and their related internal controls, the Group has developed a tool covering:

- the Group's main risks;
- key internal control information related to those risks;
- standard processes;
- all Group procedures;
- ERP procedures.

The Group's main risks are detailed under "Risk Management," page 29.

B) Internal Control Procedures

1) Objectives and definitions

The Zodiac Aerospace Group defines internal control as a process implemented by its Executive Board and Executive Committee, senior management and personnel. It is designed to:

- help monitor its business activities, the effectiveness of its operations and the efficient use of its resources;
- provide reasonable assurance about the company's risks (see Chapter 2, "Risk Management"), whether these are operating, financial or compliance risks.

In particular the process aims to ensure:

- legal and regulatory compliance and ethical conduct;
- application of instructions and guidelines issued by the Group;
- proper functioning of the Group's internal processes;
- reliability of financial information.

As with any control system, the Group cannot fully guarantee that the risks covered by the arrangements it has set up are completely eliminated.

Through its Audit Committee, the Supervisory Board is kept informed of major changes in internal control procedures and may carry out any specific checks it deems appropriate.

This procedure is based on the Group's structure and internal control environment and is part of an ongoing process to identify, assess and manage risk factors that may affect the fulfillment of objectives and opportunities to improve performance.

2) Control environment

The quality of the internal control system is an ongoing area of focus for the Group, which is constantly seeking to strengthen its processes, for example by improving Group standards and related indicators. Internal control relies on operating entity managers and, following the new centralization of certain functions, on a matrix network.

The continuous improvement of our IT tools is part of our internal control framework. The Group's intranet is the preferred method for disseminating internal control information regarding the Group's main risks and procedures.

Similarly, the ethical rules to which the Group pays particular attention are presented in a Code of Ethics available to Group employees on the intranet and updated as necessary.

3) Internal control activities

a) Standard procedures

The main procedures affecting the Group's operations are collated in a documentation system accessible on the Group's intranet (ZIPS). This specifically includes:

- Group IFRS accounting rules;
- the rules for preparing the consolidated financial statements and those related to intra-group or inter-company operations;
- quarterly consolidation-related instructions distributed to all affected companies;
- the user guide for the consolidation software; this software features the controls required for consistency of the various constituent components of the consolidated financial statements;
- the rules and procedures for the Group's ERP (M3);
- specific procedures for monitoring the debt position of airline customers;
- procedures for managing and monitoring currency exchange risk;
- procedures related to the format and content of "Group standards" for reporting and budgeting;
- procedures related to various aspects such as quality control, human resources, safety, the environment and information systems.

b) Budget process

The Group's executive management defines the general economic and financial assumptions in accordance with the Group's strategy.

Based on these general guidelines, each segment prepares a draft annual budget, along with a multi-year business plan. These are then presented to the Group's executive management. This phase of the process is used to define the operational options to be followed by the segments and their divisions, while factoring in the medium- and long-term developments laid out in the business plan.

All budgets are recorded in a Group database that the various managers (company, division, segment, and Group) can access at all stages of the budget process.

c) Financing and cash procedures

The Group's senior management and Administration and Finance Department set the rules to be followed in terms of hedging currency and interest-rate risks for the entire Group.

Zodiac Aerospace takes care of all Group financing and lends the necessary funds to the entities concerned. Banking relationships are managed at the Group level. For example, no entity can obtain credit facilities, surety bonds or currency and interest-rate hedges without the consent of the Group's Administration and Finance Department.

All information on banking relationships, delegations of authority granted, credit card authorizations, and surety lines issued for each account is provided in a database regularly reviewed by the Group's Administration and Finance Department as well as by the financial officers of the segments concerned.

The various risks related to the functioning of these activities are also analyzed during monthly reviews of accounts and operations.

d) Reporting procedures

All Group entities submit a monthly report on the same date and in the same format. Since September 1, 2014, the entities have been using a Group application (BFC Reporting) to report their monthly financial data. The tool standardizes presentations and makes it easier to consolidate indicators at the Group level. These documents and the reports per division and business segment are discussed by operational committees and made available on the Group's intranet.

The Group's Reporting Department drafts a consolidated monthly report, which is available on the intranet and presented regularly to the Group's Executive Committee.

Monthly meetings are held to review the financial statements and operations of the segments. They attended by the Chairman of the Executive Board and CEO, the Group Executive Vice-President, Administration and Finance, the Operations Manager and Financial Officer of the segment concerned, the Group Chief Operating Officer, the Group Executive Vice-President, Communication and Investor Relations, and the Group Executive Vice-President, Human Resources. During these meetings, the month's financial and operating items plus various key events are presented and analyzed.

e) Procedures for drafting the consolidated financial statements

The Administration and Finance Department has established procedures to ensure the completeness and reliability of the Group's financial statements.

A thorough procedure has been set up for the close of the half-year and full-year periods for the Group's largest companies. As part of the annual closing, a meeting is held, attended by the Chairman of the Executive Board and CEO, and Group Executive Vice-President, Administration and Finance, plus segment and division managers, to review the accounting and tax aspects of those companies prior to closing the accounts and calling in the Statutory Auditors.

This procedure finalizes positions on provisions and identifies any irregularities on accounts so that they can be remedied before the final closing phase.

The financial statements are prepared using software published by a specialized company. This is a crucial tool for implementing standard accounting rules and principles.

f) Procedures for insurance monitoring

The Legal Department, in collaboration with the Group's Administration and Finance Department, monitors all insurance-related issues. This allows centralized monitoring of all insurance risks and the negotiation of Group-wide insurance policies. All policies underwritten by the Group are entered in a dedicated database that also includes summaries of changes in the Group's insurance premiums and guarantees. The database is accessible in real time by authorized personnel.

A method for monitoring industrial risk and developing recovery plans has been developed with FM Insurance. Quarterly meetings are held with the insurer, the Chairman of the Executive Board and CEO, the Group Executive Vice-President, Administration and Finance, the Group Legal Director and the Group Safety and Industrial Risk Director to:

- note the progress of actions to reduce/eliminate these risks;
- define priority actions based on the risks;
- note the progress of the roll-out of safeguard plans.

All these elements are described under "Risk management," page 29.

g) Investments and divestments

Operations involving full or partial purchase and/or the discontinuation of operations are the sole responsibility of the Group's executive management. The segments make proposals to the Group's Mergers and Acquisitions Department and regular reviews are conducted with Group management and the Executive Committee to decide on which projects to follow up. Projects selected by the Executive Committee are subject to review and approval by the Supervisory Board.

h) Procedures for monitoring capital expenditure

The following capital expenditure requires prior authorization:

- intangible investments;
- property, plant and equipment;
- rental agreements of all types,
- capitalization of development costs.

This is done by publishing a workflow on the Group's intranet, which allows all operational managers and the Group's senior management to review these requests prior to approval, according to the criteria and procedures issued by the Group's senior management.

C) Key players in the Group's Risk Management and Internal Control

1) The Executive Board and segment management (Executive Committee)

The Chairman of the Executive Board and CEO delegates authority to segment management for the support and monitoring of companies within their respective segments concerning:

- setting targets in accordance with those defined by the Chairman of the Executive Board and CEO and presented to the Supervisory Board for the Group as a whole;
- performance monitoring;
- implementation of decisions on strategic issues related to Group companies and authorized by the Supervisory Board;
- operational oversight of companies, and coordination and facilitation of cross-functional initiatives.

2) Administration and Finance Department

The Group Executive Vice-President, Administration and Finance manages accounting and financial operations under the authority of the Chairman of the Executive Board and CEO.

The Department is organized as follows:

- A finance director for each segment, linked to the Department both functionally and hierarchically, who is responsible for implementing internal accounting and financial control. These finance directors have local or decentralized teams in the operational units who report to them and prepare financial information in accordance with internal rules.
- A department dedicated to reporting and statutory consolidation, responsible for preparing and presenting the Group's statutory consolidated financial statements, implementing the Group's consolidated budget, and analyzing the Group's financial data. In particular, it draws up monthly reports of variances with the consolidated budget and comparable consolidated periods of the previous year.
- A tax function which provides support to operational entities on legislation and during tax audits. It also monitors tax consolidations carried out within the Group and checks their overall consistency. These tasks are carried out with the help of "recognized" external tax experts.
- A treasury and finance function responsible for:
  - implementing the Group's financial policy;
  - optimizing management of the balance sheet and the financial position;
  - implementing the policy on exchange-rate and interest-rate risks.

All Group credit lines are set up by the parent company, Zodiac Aerospace; no subsidiary has the authority or power to negotiate and set up local lines of credit.

The central function implements the hedging mechanism for currency exchange approved by the Chairman of the Executive Board and CEO, and Group Executive Vice-President, Administration and Finance; this mechanism requires systematic hedging of the currency exchange position at the end of each month in addition to forward hedges. (The latter are decided by the Chairman of the Executive Board and CEO in consultation with the Executive Committee and Supervisory Board.)

For the annual financial statements, segment managers and financial officers issue a letter of representation to the Chairman of the Executive Board and CEO, and Group Executive Vice-President, Administration and Finance, attesting to the accuracy and completeness of the financial information submitted for consolidation.

Effective September 1, 2015, a process was initiated for appointing a finance director for each activity. These directors will report functionally and hierarchically to the Group Executive Vice-President, Administration and Finance.

3) Audit and Internal Control Department

The Director of Internal Audit reports to the Group Executive Vice-President, Administration and Finance, and to the Chairman of the Executive Board and CEO.

The internal audit procedure is the subject of a charter which was first deployed in September 1, 2013. The charter specifies the role and organization of internal audit within the Group, the standard audit method, and the auditors' responsibilities.

Internal Audit operates within the framework of a plan set annually and presented to the Audit Committee. This action plan operates over a three-year period to verify and reinforce understanding and implementation of internal control procedures as well as the correct application of procedures in force.

The risk management procedure is an important part of the development of the audit plan, which is prepared based on interviews with the operational executives of the Group's segments. It also takes into account the specifics of the Business Units (size, income contribution, and results of previous audits).

About twenty audits are carried out each year.

The recommendations of past missions are monitored and reinforced by the use of an internal auditing tool as well as on-site follow-up audits.

The audit plan may have to be updated each time a new company enters the Group's consolidation scope.

Internal audit is an independent and objective activity which gives the Group reasonable assurance about the degree of control over its operations. It offers advice for their improvement and helps create added value.

Internal Audit's main tasks are to:

- evaluate the adequacy of the local internal control system and implement corrective actions;
- verify that controls are being correctly implemented to limit the main risks identified by the Group;
- carry out targeted audits (company, subject, processes) to identify potential ways to improve the effectiveness of the companies and subjects audited.

Internal Audit therefore gets involved in all Group companies on both operational and financial matters.

Internal Audit provides a detailed report of its work to the audited entity's management and to the segment's management. A summary report, focusing on the major recommendations, is sent to the Group's financial and senior management.

A quarterly audit report is also drawn up by each segment to monitor management's commitment to carrying out the recommendations in a timely manner.

Internal Audit meets periodically with the Statutory Auditors to discuss internal control matters. It also reports on its work to the Audit Committee in specific meetings held regularly for this purpose.

The Internal Audit function is also responsible for managing the collation of Group procedures and accounting methods and for developing the internal control framework.

4) Group Information Systems Department

The Group Information Systems Department is headed by the Director of Group Information Systems, who reports to the Group's Executive Vice-President, Administration and Finance.

The goal of the Zodiac Aerospace Group's centralized information system is to meet requirements regarding reliability, availability and traceability of information.

To ensure these tools are used correctly and that the information is relevant, an operating manual tailored to user needs has been disseminated.

The Group has also implemented mechanisms to safeguard information systems and computer data integrity.

An Information Systems Committee meets at least three times a year. It comprises the Chairman of the Executive Board and CEO, the Group Executive Vice-President, Administration and Finance, the Group's Chief Information Systems Officer, the Group Chief Operating Officer and managers of segments and activities.

The Committee is responsible for establishing and maintaining an information system road map to meet the Group's organizational needs and general development policy. In this regard it suggests IT project types and priorities for allocating resources. Among these short- and medium-term initiatives is the deployment to all companies of the Group's ERP (Enterprise Resource Planning), M3.

One of Internal Audit's main tasks is to research IT risk areas, particularly with regard to safeguarding integrated software. This includes managing user profiles and the risks associated with incompatible access rights within a company department.

5) Legal and Industrial Risks Department

The Legal Director and the Director of Safety and Industrial Risks report to the Group Executive Vice-President, Administration and Finance.

The monitoring of Group objectives and legal obligations regarding safety in Group entities is entrusted to the Director of Safety and Industrial Risks, who ensures that rules and procedures are correctly implemented and modified as necessary, and that the relevant managers of the various Group entities receive appropriate training. To this end, committees meet several times a year and a risk report is distributed to Group managers.

6) Quality and Environment Departments

The directors of these departments report to the Group's Chief Operating Officer. Quality assurance for programs, products and services is delegated to the operational units and is therefore integrated into each business line. This ensures that systems, products and services meet customer needs and encourages responsiveness.

The objectives and legal obligations regarding quality in Group entities are monitored by a team within the holding company which ensures that rules and procedures are correctly implemented and modified as necessary, and that the relevant managers of the various Group entities receive appropriate training. To this end, committees meet several times a year and a quarterly risk report is distributed to Group managers.

7) CEOs of the various Group companies

In collaboration with the financial officers or local controllers, the CEOs monitor the internal control system within their company on an ongoing basis to ensure it complies with the Group's internal control principles.

8) Audit Committee

As part of their assignment to audit and certify the annual and consolidated financial statements, the Statutory Auditors may review the procedures and processes that the Company uses to prepare accounting and financial information.

The Audit Committee:

- meets with the Statutory Auditors regarding their assignment;
- reviews the accounts and accounting procedures presented by the Executive Board and management;
- reviews the results of audits and work related to internal control;
- monitors risks;
- reviews risk mapping.

The Group continues its efforts to improve its risk management and internal control procedures by strengthening the risk management process. It also implements ZIPS (Zodiac Aerospace Integrated Process System), which pairs the Group's major risks with associated internal controls.

This report was prepared on the basis of contributions from several Group departments, particularly the Finance, Legal and Audit Departments. It was approved by the Supervisory Board at its meeting in November 2015.

REPORT OF THE EXECUTIVE BOARD
to the Combined General Meeting on January 14, 2016

Dear Shareholders,

We have called you to this Annual General Meeting, in accordance with legal requirements and the Company's Articles of Association, to submit for your approval the financial statements for 2014/2015.

Zodiac Aerospace is the Group's parent company and acts as the general manager for the industrial aspects of all Group businesses and provides services to Group companies accordingly.

This report only deals with Zodiac Aerospace operations; the Group's operations as a whole are analyzed in the report on the consolidated financial statements.

I – STATEMENT OF PROFIT AND LOSS

2014/2015 SALES REVENUE

Zodiac Aerospace's sales revenue was €108,353k, up from €85,278k the previous fiscal year.

It can be broken down as follows:

	2014/2015	2013/2014
Rents and rental charges	€1,769k	€1,825k
Group services	€88,467k	€71,210k
Account fee	€18,117k	€12,243k
TOTAL	**€108,353k**	**€85,278k**

The increase in sales revenue was due to more development of centralized Group functions and the Paris Air Show re-invoicing.

Sales of Zodiac Aerospace services at like-for-like consolidation scope accounted for 2.45% of the Group's consolidated sales revenue, up from 2.04% the previous fiscal year.

OPERATING INCOME

Operating income rose by €6,710k from a negative €24,396k in 2014 to a negative €17,686k in 2015.

This increase was largely due to growth in sales revenue of €23,064k offset by increase in expenses of €16,354k.

NET FINANCIAL INCOME/EXPENSE

Dividends from the subsidiaries amounted to €226,514k, up from €88,485k the previous fiscal year.

Other interest income, generated by lending to subsidiaries, stood at €17,709k versus €12,766k for the previous period.

Interest expense fell by 9.72%, from €35,429k to €31,982k despite the increase in our average needs. This decrease is related to the drop in interest rate on our external resources which averaged 1.66% compared to 2.28% the previous fiscal year.

An impairment provision of €2,266k was recorded in respect of the stock of the Zodiac Aerospace Holding Australia subsidiary, taking the provision to €4,516k or 100% of the value of the equity investment in the Zodiac Aerospace Holding Australia subsidiary.

In addition, short-term loans awarded to Australian subsidiaries were fully depreciated and a provision recorded of €3,216k.

This subsidiary, established in May 2011, holds stock in Zodiac Aerospace Australia, which specializes in the design and development of ice detection sensors based on optical technology. Zodiac Aerospace funded 100% of its development.

In early 2015, it was clear that the technology was too uncertain. Zodiac Aerospace Holding Australia and its subsidiary therefore ceased operations in September 2015.

No provisions were recorded for treasury shares due to their below-market book cost.

CORPORATE TAX

Tax assets of €7,605k recorded in the financial statements comprised:

a credit from Zodiac Aerospace's own income	€8,964k
a credit from the impact of tax consolidation	€3,683k
sponsorship	€237k
a 3% contribution on dividends paid	(€2,643k)
a tax regularization on free shares distributed in 2014	(€2,635k)

2014/2015 INCOME

Pre-tax income stood at €189,446k, up from €37,236k the previous fiscal year. This substantial increase was mainly due to the dividend contribution from subsidiaries which amounted to €138,029k.

Operating income remained in deficit at a negative €17,686k for this fiscal year, versus a negative €24,396k the previous fiscal year.

2014/2015 WORKFORCE

The permanent workforce at the fiscal year-end totaled 205 employees versus 170 at August 31, 2014.

II – STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

The increase was largely due to the acquisition of licenses in the amount of €1,903k as part of the continued rollout of our IT tool in Group subsidiaries.

PROPERTY, PLANT AND EQUIPMENT

The carrying amount rose by €2,901k for the fiscal year.

EQUITY INVESTMENT ACTIVITY

a. Equity investments

The main changes were:

1. Newly created subsidiaries:	
Zodiac Aerospace Equipo Mexico	**€183k**
2. Impairment	**(€2,266k)**

As previously stated, shares of the Australian subsidiary Zodiac Aerospace Holding Australia, recorded in our accounts in the amount of €4,516k, were fully impaired representing an additional provision recorded for the fiscal year of €2,266k.

b. Other long-term investments

Inventory of negotiable securities held in the portfolio at August 31, 2015:

- The amounts represent a liquidity agreement set up with Kepler Cheuvreux (formerly Crédit Agricole Cheuvreux) to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 113,095 shares in the Company at a cost of €3,092k. The cash balance made available to Kepler Cheuvreux under this agreement is invested in an interest-paying current account and the amount of €3,642k is recorded in the statement of financial position under "Other financial assets."
- The amounts represent the cost of implementing the share buyback program set up with a service provider in February 2008, involving a maximum of 5% of the capital and used in the form of 13,900,000 Company shares. On June 5, 2015, a total of 141,858 treasury shares were withdrawn to be awarded to employees under the vesting of the free shares granted by the Executive Board on June 5, 2013. The balance of shares held in respect of the share buyback program numbered 12,970,662, representing 4.48% of the shares outstanding and valued at €83,343k.

OPERATING RECEIVABLES

The €17-million decrease in operating receivables came from the Government line item reflecting insufficient down payments in 2014/2015. It showed an income tax payable of €8,485k in 2014/2015, versus an income tax receivable of €20,589k in 2013/2014.

LOANS TO GROUP COMPANIES

At August 31, 2015, companies borrowing from Zodiac Aerospace had an outstanding balance of €861,554k, versus €669,486k at August 31, 2014. This did not include the temporary addition of amounts to be collected in respect of consolidation for tax purposes, namely €8,035k, compared with €6,322k for the previous fiscal year.

Lending companies made €623,436k available, down from €769,048k at August 31, 2014. This did not include the temporary addition of amounts due to subsidiaries consolidated for tax purposes and amounting to €7,666k, down from €23,375k for the previous fiscal year.

Net lending by subsidiaries to Zodiac Aerospace reversed in 2015, with subsidiaries borrowing €238,118k versus lending €99,562k in 2014.

BREAKDOWN OF THE BALANCE OF TRADE PAYABLES BY DUE DATE

Below is a breakdown at August 31, 2015 of the balance of trade payables by due date, in accordance with Article D. 441-4 of the French Commercial Code.

Breakdown of the balance of trade payables by due date

Due (in thousands of euros) (D= balance sheet date)	Payables overdue at the balance sheet date	Due at D+15	Due between D+16 and D+30	Due between D+31 and D+45	Due between D+46 and D+60	Due after and D+60	Past due	Total trade payables
At August 31, 2014								
Trade payables (401+403)	2,122	1,170	2,501	2	–	–	–	5,795
Trade payables Invoices to be received	–	–	–	–	–	–	3,393	3,393
Trade payables Fixed assets (404+405)	64	108	45	–	–	–	2,265	2,482
TOTAL PAYABLE	**2,186**	**1,278**	**2,546**	**2**	**–**	**–**	**5,658**	**11,670**
At August 31, 2015								
Trade payables (401+403)	4,122	1,474	1,526	121	–	–	–	7,274
Trade payables Invoices to be received	–	–	–	–	–	–	6,688	6,688
Trade payables Fixed assets (404+405)	1,597	249	22	61	–	–	2,266	4,194
TOTAL PAYABLE	**5,749**	**1,723**	**1,548**	**182**	**–**	**–**	**8,954**	**18,156**

FINANCIAL LIABILITIES

In July 2013, Zodiac Aerospace set up a “Private Placement” line of financing:

a) a €535-million “Schuldschein” placement with three tranches:

- one with a three-year maturity, maturing on July 25, 2016, in the amount of €133 million;
- one with a five-year maturity, maturing on July 25, 2018, in the amount of €243 million;
- one with a seven-year maturity, maturing on July 27, 2020, in the amount of €159 million.

b) a "Euro PP" of €125 million, with a five-year maturity, maturing on July 22, 2018.

The “Club Deal” of March 14, 2014 in the amount of €1,030 million was signed for a period of five years. It could be extended for an additional year at the request of Zodiac Aerospace during each of the subsequent two years, on the anniversary of its set-up.

Zodiac Aerospace used its contractual option to extend the maturity for an additional year and this extension was accepted by all banks participating in the “Club Deal”. The initial maturity date was therefore extended to March 12, 2020.

Zodiac Aerospace may exercise this option again in March 2016 to extend the final maturity to March 11, 2021.

At August 31, 2015, €287.3 million of this credit had been used.

The covenant (ratio of net debt to consolidated EBITDA) covering these loans was complied with at August 31, 2015. It must not exceed 3.0 at the end of this fiscal year and subsequent fiscal years.

In addition, our commercial paper program amounted to €453.5 million at the balance-sheet date, added to which were foreign currency advances of €10.8 million.

RISK HEDGING

a) Interest rate risk:

Zodiac Aerospace has set up interest rate swaps to hedge against changes in the Euribor:

1. 3-month Euribor

- implemented during fiscal year 2013/2014 and covering the period from July 29, 2014 to July 29, 2016, for a total of €125 million at a rate of 0.37%;

2. 6-month Euribor

- implemented under the "Schuldschein" financing and covering the period from July 25, 2013 to July 25, 2018, for a total of €50 million at a rate of 1.11% against the 6-month Euribor;
- implemented during fiscal year 2013/2014 and covering the period from July 25, 2014 to July 25, 2016, for a total of €270 million at a rate of 0.46%.

b) Currency risk:

At August 31, 2015, Zodiac Aerospace had active currency hedges to cover:

- a portion of 2014/2015 sales revenue: $181.3 million and €0.7 million on behalf of its subsidiaries, and $6.7 million on its own behalf;
- a portion of 2014/2015 purchases: €0.7 million on behalf of its subsidiaries;
- a portion of 2015/2016 sales revenue: $714.8 million on behalf of its subsidiaries and $24.5 million on its own behalf.

EQUITY

Before dividend distribution, equity was up €117,950k at €807,513k from €689,563k.

This change can be broken down as follows:

Net income for fiscal year 2014/2015	€197,051k
Increase in revenue from the issue of 969,932 shares in respect of stock options	€8,837k
Change in regulated provisions	€167k
Dividends distributed	(€88,105k)

STOCK OWNERSHIP

A total of 289,404,257 shares were outstanding at August 31, 2015.

The exercise of stock options in fiscal year 2014/2015 resulted in the creation of 969,932 shares.

At August 31, 2015, holders of registered shares accounted for 40.3% of the shares and 50.6% of the voting rights restated for treasury shares. The breakdown of Zodiac Aerospace capital on that date, to the best of the Company's knowledge, is shown in the table below. The number of shares held by employees was 3,863,820, representing 1.3% of the capital, and 5,970,310 voting rights representing 1.7% of the total.

Also, as far as the Company is aware, none of the "other shareholders" in the table below holds 5% or more of the capital or voting rights. In addition, pursuant to the French law on employee savings plans of February 19, 2001, the proportion of capital held by Company employees and staff of related companies within the meaning of Article L. 225-180 of the French Commercial Code regarding collective management plans was less than 3%.

At August 31, 2015, the Company had not received any disclosures regarding treasury stock pursuant to Article L. 233-12 of the French Commercial Code. During the fiscal year, and pursuant to Article L. 233-7 of the French Commercial Code, the Company received one disclosure regarding share ownership crossing the legal threshold of 5% of Zodiac Aerospace capital:

- On November 26, 2014, Artisan Partners Limited Partnership, a U.S. company organized under the laws of the State of Delaware, acting on behalf of funds, announced that on November 21, 2014 it had fallen below the threshold of 5% of the capital and held 14,058,441 shares on behalf of the fund, representing 4.87% of the capital and 3.89% of the voting rights on the date of that transaction.

It should be noted that some shareholders are bound by collective agreements to retain their shares, entered into pursuant to Article 787 B and 885 I *bis* of the French General Tax Code, and registered on June 19, 2014 with the French tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month increments (unless terminated by one of the parties following a free transfer during the initial collective agreement period).

These shareholders also signed a non-transferability agreement on June 18, 2012 to further consolidate their commitments to retaining their shares under specific tax schemes.

This agreement is for an initial period of one year that may be tacitly renewed in 12-month increments. By way of exception, the non-transfer agreement provides for an option to transfer 10% of the shares locked up by each signatory, on condition that the aggregate number of shares under the agreement does not represent less than 20% of Zodiac Aerospace share capital and voting rights.

As at August 31, 2015, shares subject to the above-mentioned agreements represented approximately 23% of the capital and 36% of total voting rights attached to the shares issued by Zodiac Aerospace.

Also as at that date, shareholders who were corporate officers or held over 5% of the capital or voting rights and had signed the aforementioned agreements were: the Louis Desanges family, the Didier Domange family, the Vincent Gerondeau family, the Robert Maréchal family, the Maurice Pinault family, and the Olivier Zarrouati family.

Some shareholders are also bound by a retention agreement, entered into in accordance with the provisions contained in Article 885 I *bis* of the French General Tax Code, registered on December 21, 2005, whereby they are bound to retain a certain number of Zodiac Aerospace shares for a period of six years from that date. The agreement may be tacitly renewed in 12-month increments. This agreement is still in effect. It also grants the signatories a mutual right of first refusal on the locked-up shares.

Breakdown of capital stock	Capital		Voting rights	
	Number of votes	%	Number of votes	%
Registered				
Families	72,650,965	25.1%	138,957,015	39.7%
Employees	3,863,820	1.3%	5,970,310	1.7%
FFP Invest	11,641,635	4.0%	11,641,635	3.3%
Other shareholders	15,490,840	5.4%	20,505,039	5.9%
Treasury stock	12,970,662	4.5%	–	–
TOTAL REGISTERED SHARES	**116,617,922**	**40.3%**	**177,073,999**	**50.6%**
Bearer				
OTHER SHAREHOLDERS	**172,786,335**	**59.7%**	**172,786,335**	**49.4%**
TOTAL	**289,404,257**	**100%**	**349,860,334**	**100%**

Stock options

A total of 716,965 stock options were awarded by the Executive Board between September 1, 2014 and August 31, 2015, after consultation with the Supervisory Board.

The conditions under which these may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 8, 2014.

The number of stock options awarded and not exercised on all plans existing at August 31, 2015 totaled 3,685,468. An average of 826,690 options have been awarded per fiscal year, or 0.29% of the capital.

Free share awards

A total of 437,806 free shares (0.15% of the capital) was awarded by the Executive Board between September 1, 2014 and August 31, 2015, after consultation with the Supervisory Board.

The conditions under which these may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 8, 2014.

Share buyback program

The Company did not make use of the authorization granted by the General Meeting of Shareholders on January 15, 2015. A total of 141,858 shares were withdrawn on June 5, 2015 in respect of the delivery of shares issued under annual and multi-year plans. At August 31, 2015, the Company held 12,970,662 shares, representing 4.48% of the capital.

Liquidity agreement

The liquidity agreement set up by the Company on January 18, 2007 was renewed in 2011. This agreement is intended to boost the liquidity of transactions and keep share prices stable (see under "Equity investment activity/B").

AUTHORIZATIONS AND DELEGATIONS GIVEN TO THE EXECUTIVE BOARD

These authorizations and delegations are shown in the tables below.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of Shareholders on January 15, 2015

Authorization to buy back and cancel treasury shares

Type	Authorization date	Maturity/term	Maximum amount authorized at August 31, 2015	Use at August 31, 2015
Authorization for the Company to buy and sell its own shares	January 15, 2015 (5th resolution)	July 15, 2016 (18 months) (1)	Buyback of a number of shares such that the number of shares held by the Company does not exceed 10% of the shares comprising the capital. Maximum of €300 million.	Movements over the fiscal year: (2) - purchase: 0 - sale: 0
Authorization to reduce the capital by canceling shares purchased by the Company under its share buyback program	January 15, 2015 (9th resolution)	July 15, 2016 (18 months) (1)	Cancellation of no more than 10% of capital per 24-month period	Shares canceled during the fiscal year: 0

(1) A proposal will be made to the General Meeting of Shareholders on January 14, 2016 to renew this authorization.
(2) Not part of the liquidity agreement.

Delegation for the purpose of increasing the capital

Type	Authorization date	Maturity/ term	Maximum nominal issue authorized	Means of determining the issue price	Use at August 31, 2015
Delegation to increase the capital by a rights issue of ordinary shares and/or other negotiable securities giving access to equity.	January 15, 2015 (10th resolution)	March 15, 2017 (26 months)	€2,500,000 (2) (3)	Unrestricted	None
Delegation to increase the capital by the incorporation of profits, reserves or premiums.	January 15, 2015 (11th resolution)	March 15, 2017 (26 months)	Within the overall limit of the sums that can be incorporated into the capital on the date of their incorporation.	–	None
Delegation to increase the capital by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a public offering.	January 15, 2015 (12th resolution)	March 15, 2017 (26 months)	€1,200,000 (2) (3)	Issue price at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a 5% discount.	None
Delegation to increase the capital by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a private offering.	January 15, 2015 (13th resolution)	March 15, 2017 (26 months)	€1,200,000 (2) (3) (limit for all delegations granted by the Combined General Meeting under the terms of the 12th resolution).	Issue price at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a 5% discount.	None
Delegation to increase the number of securities to be issued in the event of a rights or non-rights issue to raise capital, decided pursuant to the 10th, 12th and/or 13th resolutions referred to above.	January 15, 2015 (14th resolution)	March 15, 2017 (26 months)	Up to the limit specified in the resolution pursuant to which the initial issue was decided. (2) (3) (4)	At the same price as that used for the initial issue.	None
Delegation to increase the capital by issuing ordinary shares and/or other negotiable securities giving access to equity through a public exchange offer initiated by the Company.	January 15, 2015 (15th resolution)	March 15, 2017 (26 months)	€2,500,000 (2) (3)	Unrestricted	None
Delegation to increase the capital by issuing ordinary shares and/or other negotiable securities giving access to equity, in payment for contributions in kind.	January 15, 2015 (16th resolution)	March 15, 2017 (26 months)	Up to a limit of 10% of the capital. (2) (3)	Unrestricted	None
Delegation to increase the capital by issuing shares reserved for members of a company savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code, canceling the members' preemptive subscription rights.	January 15, 2015 (17th resolution)	March 15, 2017 (26 months) (1)	€300,000	Issue price cannot be lower than the minimum price provided for by legal and regulatory provisions prevailing at the time of the issue.	None

(1) A proposal will be made to the General Meeting of Shareholders on January 14, 2016 to renew this authorization.

(2) The total nominal amount of negotiable securities representing debt instruments that give access to capital thus issued may not exceed €300,000,000, which is the limit for all negotiable securities whose issue is delegated pursuant to the 10th, 12th, 13th, 14th, 15th and 16th resolutions.

(3) The total nominal amount of capital increases made under the 10th, 12th, 13th, 14th, 15th and 16th resolutions may not exceed the overall nominal limit of €2,500,000 set in the 10th resolution.

(4) The nominal amount of the capital increases made under the 14th resolution will be deducted from the amount stipulated in the 12th resolution, based on the assumption of a capital increase without preemptive subscription rights.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of Shareholders on January 8, 2014

Authorizations for the purpose of (i) granting options to subscribe for or purchase Company shares and (ii) granting free Company shares to eligible Company or Group employees and/or corporate officers

Type	Authorization date	Maturity/ term	Maximum amount authorized	Means of determining the option exercise price and/or issue price	Use at August 31, 2015
Authorization to grant options to subscribe for, or purchase, shares	January 8, 2014 (19th resolution)(1)	March 10, 2017 (38 months)	The total number of options granted not giving entitlement to subscribe for, or vest, a total number of shares representing more than 2.5% of the capital (limit the same as that stipulated in the 20th resolution)	The option exercise price may not be lower than (i) the average stock market price of the share over the 20 trading sessions preceding the day on which options are granted, or (ii), in the case of share purchase options, lower than the average purchase price of shares held by the Company under the conditions contained in Articles L. 225-208 and L. 225-209 of the French Commercial Code.	716,965
Authorization to grant free shares	January 8, 2014 (20th resolution)(2)	March 10, 2017 (38 months)	The total number of free shares granted may not represent more than 2.5% of the capital (limit same as that stipulated in the 19th resolution)	–	437,806

(1) A proposal will be made to the General Meeting of Shareholders on January 14, 2016 to terminate this authorization early.

(2) A proposal will be made to the General Meeting of Shareholders on January 14, 2016 to renew this authorization.

DRAFT DELEGATIONS AND AUTHORIZATIONS TO BE PUT TO THE VOTE AT THE NEXT COMBINED GENERAL MEETING OF SHAREHOLDERS ON JANUARY 14, 2016

Since the following authorizations, granted by the Combined General Meeting on January 8, 2014 (under the terms of its 5th and 9th resolutions), authorizing the Executive Board to buy the Company's own shares and cancel them, are due to expire in 2016, the Executive Board proposes that the General Meeting of Shareholders convened on January 14, 2016 should grant the Executive Board new authorizations of the same nature, up to a limit of €300 million, involving a maximum of 5% and 10% of the capital respectively, with a maximum unit purchase value per share of €35, and for a period of 18 months:

- Authorization to be granted to the Executive Board to allow the Company to purchase its own shares (5th resolution);
- Authorization to be granted to the Executive Board to reduce the share capital via the cancellation of shares held by the Company per the share buyback program (16th resolution);
- Authorization to be granted to the Executive Board to award free company shares to eligible Company or Group employees and corporate officers (17th resolution);
- Early termination of the authorization granted to the Executive Board pursuant to the 19th resolution of the Combined General Meeting of January 8, 2014 to grant options to subscribe for or purchase Company shares to eligible Company or Group employees and corporate officers (18th resolution);
- Delegation of authority to the Executive Board to increase the capital by issuing shares reserved for members of a company savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code, canceling the members' preemptive subscription rights (19th resolution).

DRAFT AMENDMENT TO THE ARTICLES OF ASSOCIATION TO BE PUT TO THE VOTE AT THE NEXT COMBINED GENERAL MEETING OF SHAREHOLDERS ON JANUARY 14, 2016

The Executive Board proposes that the General Meeting of Shareholders convened on January 14, 2016, should approve the following amendment to the Articles of Association:

- Article 36 – Powers of the Ordinary General Meeting (20th resolution).

ALLOCATION OF NET INCOME

We propose to allocate the net income for fiscal year 2014/2015 as follows:

After-tax profit	€197,050,724.71
Retained earnings	€385,806,266.00
Allocation to the legal reserve	(€3,879.73)
Amount to be allocated	€582,853,110.98
Dividend (1)	(€92,609,362.24)*
Retained earnings after allocation	€490,243,748.74

(*) €0.32 x 288,434,325 shares.

(1) This amount relates to all 289,404,257 shares issued by the Company at August 31, 2015; it will be adjusted according to the number of shares in issue on the dividend payment date and will be reduced by the number of treasury shares held by the Company.

In accordance with Article 243 *bis* of the French General Tax Code, the dividends paid out for the previous three fiscal years are as follows:

Fiscal year ended	August 31, 2014	August 31, 2013(3)	August 31, 2012(3)
Total number of shares(1)	275,329,159	274,345,875	271,713,515
Dividend per share	€0.32	€0.32	€0.28
Total amount paid(2)	€88,105,330.88	€87,790,680	€76,079,784.20

(1) Number of shares giving entitlement to a dividend payment (reduced by the number of treasury shares held on the dividend payment date).

(2) Amount eligible for 40% tax relief as per Article 158-3-2 of the French Tax Code for individuals domiciled in France for tax purposes.

(3) The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the share's par value took effect. The total number of shares that gave entitlement to dividends and the amount of the dividend per share for the fiscal years ended August 31, 2012 and August 31, 2013 have been adjusted here accordingly.

FORECASTS FOR THE 2015/2016 FISCAL YEAR

The Company will continue to act as the Group's industrial holding company and to provide services to Group companies.

It will also continue to cash dividends from its French and foreign subsidiaries.

STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	Notes	Gross amount	Depreciation, amortization or impairment	Net at Aug. 31, 2015	Net at Aug. 31, 2014
Intangible assets	(Note 1.A and Appendices 1 and 2)	22,331	12,416	9,915	10,514
Property, plant and equipment	(Annexes 1 and 2)	26,248	16,984	9,264	8,941
Long-term investments	(Note 1.B and Appendix 3)	1,953,301	6,416	1,946,885	1,949,703
TOTAL NON-CURRENT ASSETS		**2,001,880**	**35,815**	**1,966,064**	**1,969,158**
Operating receivables		8,847	–	8,847	25,448
Other receivables and loans to subsidiaries	(Note 1.C)	870,644	3,216	867,428	675,859
Cash and cash equivalents		49,183	–	49,183	52,393
Prepaid expenses		3,074	–	3,074	4,089
TOTAL CURRENT ASSETS		**931,748**	**3,216**	**928,532**	**757,790**
TOTAL ASSETS		**2,933,628**	**39,032**	**2,894,597**	**2,726,947**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Net at Aug. 31, 2015	Net at Aug. 31, 2014
Capital		11,576	11,537
Share premiums		187,338	178,539
Revaluation adjustments		252	252
Legal reserve		1,154	1,149
Reserve for long-term capital gains		–	–
Other reserves		23,827	23,827
Retained earnings		385,806	419,372
Net income for the fiscal year		197,051	54,545
Regulated provisions	(Note 2)	510	342
TOTAL EQUITY	(Note 6)	**807,513**	**689,563**
PROVISIONS FOR CONTINGENCIES AND LOSSES		**2,340**	**2,353**
Financial liabilities		2,044,972	2,010,502
Operating liabilities		36,361	20,799
Other liabilities		3,412	3,731
TOTAL LIABILITIES	(Note 4)	**2,084,745**	**2,035,032**
TOTAL EQUITY AND LIABILITIES		**2,894,597**	**2,726,947**

STATEMENT OF PROFIT AND LOSS

(in thousands of euros)	Notes	Amount at Aug. 31, 2015	Amount at Aug. 31, 2014
Revenue from operations			
Sales revenue	(Note 7)	108,354	85,278
Other revenue		–	11
		108,354	**85,289**
Operating expenses			
Raw materials, external costs and other supplies		85,571	67,749
Taxes other than income taxes		1,264	1,237
Personnel costs	(Note 8)	33,533	35,300
Depreciation and amortization		5,672	5,399
		126,040	**109,685**
OPERATING INCOME		**(17,686)**	**(24,396)**
Financial income			
Income from equity investments		226,514	88,485
Other interest and similar income		17,709	12,766
Currency gains		–	–
Reversals of provisions		–	–
		244,223	**101,251**
Interest and similar expenses			
Interest expense		31,982	35,429
Currency losses		(489)	536
Allocations and other financial charges		5,546	2,322
		37,039	**38,287**
NET FINANCIAL INCOME	(Note 9)	**207,185**	**62,964**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**189,498**	**38,568**
Exceptional revenue			
Operating activities		1,054	61
Capital transactions		21	31
Reversals of provisions		866	691
		1,941	**782**
Exceptional charges			
Operating activities		1,346	199
Capital transactions		14	1,110
Depreciation charge and provisions		634	805
		1,993	**2,114**
NET EXCEPTIONAL PROFIT/(LOSS)		**(52)**	**(1,332)**
INCOME TAX	(Notes 10 and 11)	**(7,605)**	**(17,308)**
TOTAL REVENUE		**354,518**	**187,323**
TOTAL EXPENSES		**157,468**	**132,778**
NET INCOME FOR THE FISCAL YEAR		**197,051**	**54,545**

NOTES TO THE FINANCIAL STATEMENTS

I. ACCOUNTING PRINCIPLES AND METHODS

Zodiac Aerospace's statement of financial position and statement of profit and loss have been prepared in euros in accordance with the provisions of the General Chart of Accounts as required by Regulation 2014-03 of the French Accounting Standards Authority.

Amounts are expressed in thousands of euros unless otherwise stated.

The main principles applied are as follows:

a) Software is posted to intangible assets and amortized on a straight-line basis over a one- to four-year term. Start-up costs are amortized on a straight-line basis over one to five years.

b) Property, plant and equipment are recognized at acquisition cost or, for items invoiced to ourselves, at cost.

Depreciation is calculated over the useful life of fixed assets which is generally as follows:

- Buildings: 20 years;
- Plant and equipment: 10 years;
- IT equipment: 3 to 4 years;
- Rolling stock: 4 to 5 years.

For fixed assets, for which the declining method of depreciation is used for tax purposes, the difference between straight-line and total depreciation is recognized under tax-based amortization and depreciation.

c) Investments in unconsolidated subsidiaries are valued at acquisition costs (excluding associated expenses) or at contributed value. An impairment provision is booked when the realizable value is lower than the booked net carrying amount.

In the case of the acquisition of companies carrying fixed or variable earn-out clauses based on their future economic performance, such companies are recognized in addition to the acquisition costs of the securities. This is offset by a liabilities entry under other sundry creditors, provided that the payments are probable and the amounts are reliably measurable. The estimate of these commitments is reviewed and may be adjusted at each fiscal year-end depending on achievement of targets and updated projections.

d) Investment securities are valued at average weighted price.

e) Foreign currency transactions

Payables and receivables in currency are recorded at their equivalent value:

- in euros at the exchange rate;
- at the maturity date when there is future hedging in place;
- at the year-end date for the rest.

Income and expenses in foreign currency are posted to the financial statements at the average rate of the month in which they are recognized.

f) Financial instruments

Interest-rate hedges are set up through instruments listed on organized or over-the-counter markets and only present negligible counterparty risk.

The results generated by them are recognized symmetrically to the results generated by the hedged items.

II. NOTES TO THE FINANCIAL STATEMENTS

These financial statements include items resulting from our Company's election to apply the tax treatment for company groups (French General Tax Code (CGI), Article 223 A to Q). This election was renewed on August 22, 2003 and for fiscal year 2014/2015 concerns the following subsidiaries: Zodiac Aerosafety Systems, Zodiac Seats France, Immobilière Galli, Zodiac Coating, Zodiac Aerotechnics, Zodiac Aero Electric, Zodiac Data Systems Investment, Zodiac Fluid Equipment, Zodiac Hydraulics, Zodiac Actuation Systems, Zodiac Data Systems, Zodiac Aerospace Services Europe, Zodiac Cabin Interiors Europe, Zodiac Fal Support France SARL, Zodiac Engineering and Zodiac Aero Duct Systems. Each company computes its tax as if it were not consolidated. The companies post to their accounts any tax credits that may arise from the consolidated tax group's results.

III. NOTES TO THE STATEMENT OF FINANCIAL POSITION

Note 1 - Asset items

Note 1.A - Intangible assets and property, plant and equipment

1. Intangible assets

Intangible assets include:

- a gross amount of €8,630k (€5,752k net after amortization) corresponding to the arrangement fees for the "Club Deal" entered into on March 14, 2014 totaling €5,158k;
- operating licenses for the Movex/M3 ERP for a gross value of €13,701k and net value of €4,164k.

2. Property, plant and equipment

See Appendices 1 and 2.

Note 1.B - Long-term investments

A. MAIN CHANGES

1. Newly created subsidiaries:

Zodiac Aerospace Equipo Mexico **€182k**

2. Impairment: (€2,266k)

Zodiac Aerospace Holding Australia, established in May 2011, holds stock in Zodiac Aerospace Australia, which specializes in the design and development of ice detection sensors based on optical technology.

In early 2015, it became apparent that the technology was too uncertain. Zodiac Aerospace Holding Australia and its subsidiary therefore ceased operations in September 2015.

As previously stated, shares of the Australian subsidiary Zodiac Aerospace Holding Australia, booked at €4,516k, were fully impaired representing an additional provision recorded for the fiscal year of €2,266k.

B. OTHER LONG-TERM INVESTMENTS

Inventory of negotiable securities held in the portfolio at August 31, 2015:

- Securities representing a liquidity agreement set up with Kepler Cheuvreux (formerly Crédit Agricole Cheuvreux) to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 113,095 shares in the Company for a value of €3,092k. The cash balance made available to Kepler Cheuvreux under this agreement, namely €3,642k, is invested in an interest-paying current account.
- Securities representing the cost of implementing the share buyback program set up with a service provider in February 2008, involving a maximum of 5% of the capital and used in the form of 13,900,000 Company shares. On June 5, 2015, a total of 141,858 treasury shares were withdrawn as part of the vesting of the free shares granted by the Executive Board on June 5, 2013. A total of 12,970,662 shares was held in respect of the share buyback program, representing 4.48% of the shares outstanding, for a value of €83,343k.
- Shares in companies not listed on an official stock market: None.

Note 1.C - Debt maturity schedule

(in thousands of euros)	Net amount	Up to 1 year max	More than 1 year
Fixed assets			
Loans to affiliates	–	–	–
Other long-term investments	90,087	6,733	83,354
Current assets			
Trade receivables and operating receivables	8,847	8,847	–
Other receivables (1)	867,428	867,428	–
Liquid assets	49,183	49,183	–
Prepaid expenses	3,074	3,074	–
TOTAL	**1,018,619**	**935,265**	**83,354**

(1) Including €669,486k representing the offset of loan drawdowns provided to subsidiaries as needed and €6,322k in estimated tax receivables related to subsidiaries consolidated for tax purposes.

Note 2 - Provisions

(in thousands of euros)	**Balance at Aug. 31, 2014**	**Charges for the period**	**Reversals for the period**	**Balance at Aug. 31, 2015**
Provisions for risks and contingencies	2,353	787	800	2,340
Tax-based amortization and depreciation	342	234	66	510

Note 3 - Related-party items

With related parties, Zodiac Aerospace enters into arm's length transactions or transactions excluded from the scope as described in French accounting regulation ANC 2010-02 and 2010-03.

(in thousands of euros)	Assets	Equity and liabilities	Statement of profit and loss
Participating interests	1,856,797	–	–
Trade receivables and related accounts	7,029	–	–
Short-term loans (1)	866,374	–	–
Trade payables and related accounts	–	3,118	–
Short-term borrowings (2)	–	631,102	–
Income from equity investments	–	–	226,514
Other income	–	–	108,354
Interest income	–	–	17,703
Interest and similar expenses	–	–	8,026
Other expenses	–	–	40,507

(1) Including €8,036k in tax consolidation.
(2) Including €7,666k in tax consolidation.

Note 4 - Liabilities

Debt maturity schedule

(in thousands of euros)	Gross amount	Up to 1 year max	From 1 to 5 years
Borrowings and liabilities to financial institutions and other (1)	2,044,972	1,137,128	907,843
Trade payables and related accounts	14,591	14,591	–
Tax and employee-related debt	17,576	17,576	–
Liabilities related to fixed assets	4,194	4,194	–
Other liabilities	3,412	3,412	–
TOTAL	**2,084,745**	**1,176,901**	**907,843**

(1) Including €287.3 million or the euro equivalent in drawdowns of loans set up on March 14, 2014 for a total amount of €1,030 million representing a single tranche for a term of five years maturing on March 14, 2019, renewable for an additional year at the request of Zodiac Aerospace during each of the subsequent two years. The contractual option to extend the maturity from March 2019 to March 2020 was used. This extension was accepted by all the banks participating in the "Club Deal". The maturity was therefore extended to March 12, 2020. This option may be exercised again in March 2016 to extend the final maturity to March 11, 2021.

The covenant related to this loan was complied with as at August 31, 2015; failure to comply with its conditions could result in the obligation to repay the loan early and in full.

In July 2013, Zodiac Aerospace set up a "Private Placement" line of financing:

a) A €535-million "Schuldschein" placement with three tranches:
- one with a three-year maturity, maturing on July 25, 2016, in the amount of €133 million;
- one with a five-year maturity, maturing on July 25, 2018, in the amount of €243 million;
- one with a seven-year maturity, maturing on July 27, 2020, in the amount of €159 million.

b) A "Euro PP" of €125 million, with a five-year maturity, maturing on July 22, 2018.

Note 5 - Financial commitments and sureties granted

A. COMMITMENTS GIVEN

1) Sureties:

- Surety of $300k translated at the year-end rate, i.e. €267k, to guarantee a letter of credit issued by a U.S. bank to our subsidiary American Fuel;
- Surety of $300k translated at the year-end rate, i.e. €267k, as guarantee for Singapore Airlines on behalf of Zodiac Seats U.S.;
- Surety of $398k translated at the year-end rate, i.e. €355k, on behalf of Esco;
- Surety of $11k translated at the year-end rate, i.e. €10k, on behalf of MAG Aerospace Industries;
- Surety of €3,410k in favor of customs for our subsidiaries Zodiac Aerotechnics, Zodiac Aerosafety Systems, Zodiac Seats France, and Zodiac Aerospace Services Europe.

2) Guarantees:

- Guarantee in favor of the Federal Insurance Company (CHUBB) for up to $10 million to counter-guarantee the performance bonds issued by the Federal Insurance Company to certain customers of our subsidiary Esco to underwrite the fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft);
- Guarantee filed with 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 is for a maximum of €10 million;
- Zodiac Aerospace provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:

- in August 2009, in favor of Cathay Pacific, on behalf of Zodiac Seats France, maturing on December 31, 2016;
- in November 2010, in favor of Cathay Pacific, on behalf of Zodiac Seats U.S., maturing on December 31, 2015;
- in January 2011, in favor of American Airlines, on behalf of Zodiac Seats U.S. and C&D Zodiac (USA), maturing on December 31, 2015.
- in May 2015, in favor of Airbus, on behalf of Zodiac Inflight Innovations, for the duration of its contractual obligations.

B. PENSION OBLIGATIONS

To assess defined-benefit liabilities, a portion of the actuarial gains or losses is recognized as income or expenses if the cumulative actuarial variances not recognized at the end of the previous reporting period exceed the greater of the following two values:

- 10% of the current value of the defined-benefit obligation at the beginning of the reporting period (before deducting the plan assets);
- 10% of the fair value of the plan assets at the beginning of the reporting period.

The amount related to the lump-sum retirement benefit commitment is recorded in the parent company financial statements based on an actuarial valuation using the following assumptions at August 31, 2015:

- Discount rate: 1.85%.
- Expected rates of salary increases: 3% non-managerial personnel and 3% managerial personnel.
- Retirement age: legal schedule in force at period-end.
- Mortality: INSEE TD-TV 10-12 table.

The changes in the provision are detailed below:

Retirement liabilities at August 31, 2014:	€1,503k
2014/2015 allocation:	€312k
Discount expense:	€63k
Reversals for the period:	–
Amortization of actuarial gains and losses:	–
Provisions for retirement liabilities at August 31, 2015:	€1,878k

Amount of actuarial gains recognized: €1,525k.

C. PERSONAL TRAINING ENTITLEMENT

A total of 14,877 hours had been accumulated between September 1, 2014 and December 31, 2014 for which no training request had been made. Effective January 1, 2015, the Personal Training Entitlement has been replaced by the Personal Training Account. The number of available training hours is now managed by a public body that each employee must contact independently of their employer.

Note 6 - Change in equity during the fiscal year (before allocation of 2014/2015 net income)

(in thousands of euros)	At Aug. 31, 2014	Allocation of income 2013/2014 decided by the Combined General Meeting	Movements in capital	Dividends	Other	At Aug. 31, 2015
Capital (1) (2)	11,537	–	39	–	–	11,576
Share premium (3)	178,540	–	8,798	–	–	187,338
Revaluation differences	252	–	–	–	–	252
Reserve and retained earnings (2)	444,347	–	–	(33,561)	–	410,786
Net income	54,544	–	–	(54,544)	197,051	197,051
Regulated provisions	342	–	–	–	167	509
EQUITY	**689,563**	**–**	**8,837**	**(88,105)**	**197,218**	**807,513**

(1) Movements in capital were generated by increases of €39k resulting from the exercise of 969,932 options.
(2) Movements in share premiums were generated by increases of €8,798k resulting from the exercise of 969,932 options.

IV. NOTES TO THE STATEMENT OF PROFIT AND LOSS

Note 7 - Sales revenue

The 27% increase in 2014/2015 sales revenue to €108,353k versus €85,289k in 2013/2014 was due to the ongoing development of centralized Group functions (e.g. information systems, communication and marketing, Lean, quality control, human resources). The breakdown is 48% for French subsidiaries and 52% for foreign subsidiaries.

Note 8 - Personnel costs

Compensation allocated to the members of the Supervisory Board and the Executive Board amounted to €1,898k, including €361k in directors' fees.

The average workforce for the fiscal year was 205 persons (managers, supervisory and clerical staff) versus 170 for the previous fiscal year.

Note 9 - Financial income

Dividends from the subsidiaries amounted to €226,514k, up from €88,485k in 2013/2014. Other interest and similar income, generated by subsidiaries' financing activities, increased to €17,709k from €12,766k in 2013/2014.

Interest expense fell by 9.72%, from €35,429k to €31,982k despite the increase in our average needs. This decrease is related to the drop in interest rate on our external resources which averaged 1.66% compared to 2.28% the previous fiscal year.

Note 10 - Allocation of tax to current and non-recurring income

(in thousands of euros)	Current	Non-recurring	Total
Pre-tax income	189,498	(52)	189,446
Tax at ordinary rate	9,538	(1,933)	7,605
NET INCOME	**199,036**	**(1,985)**	**197,051**

Note 11 - Unrealized tax gains and losses

(in thousands of euros)	Aug. 31, 2015
a) Unrealized tax liabilities	
Tax-based amortization and depreciation	(510)
b) Unrealized tax receivables	
Provisions for paid leave	2,304
Lump-sum retirement benefits	1,878
Acquisition costs	1,740
BALANCE	**5,412**
UNREALIZED TAX RECEIVABLES (38%) (1)	**2,057**

(1) Including non-recurring contribution of 10.7% plus 3.3% on the tax amount.

APPENDIX 1 - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Purchase value at Aug. 31, 2014	Acquisitions during the period	Transfer between line items	Disposals and exits	Purchase value at Aug. 31, 2015
Software	11,229	1,903	569	–	13,701
Syndicated loan arrangement fees	8,347	283	–	–	8,630
Assets under construction	–	–	–	–	–
SUBTOTAL	**19,576**	**2,186**	**569**	**–**	**22,331**
Land	1,255	–	–	–	1,255
Buildings	9,733	–	–	–	9,733
Rolling stock	1,491	311	–	(133)	1,669
Furniture, office and IT equipment	10,278	1,103	51	(1)	11,432
Fittings, facilities, other	270	60	53	–	383
Assets under construction	1,022	1,427	(673)	–	1,776
SUBTOTAL	**24,049**	**2,901**	**(569)**	**(134)**	**26,248**
TOTAL	**43,625**	**5,087**	**–**	**(134)**	**48,579**

APPENDIX 2 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Amortization and depreciation at Aug. 31, 2014	Allocation for the period to amortization and depreciation	Reversals on disposals	Transfer between line items and exits	Amortization and depreciation at Aug. 31, 2015
Software	7,882	1,654	–	–	9,536
Other intangible assets	1,180	1,700	–	–	2,880
SUBTOTAL	**9,062**	**3,354**	–	–	**12,416**
Land	–	–	–	–	–
Buildings	6,653	351	–	–	7,004
Rolling stock	717	297	119	–	895
Furniture, office and IT equipment	7,556	1,290	1	–	8,845
Fittings, facilities, other	183	57	–	–	240
SUBTOTAL	**15,108**	**1,995**	**120**	–	**16,984**
TOTAL	**24,170**	**5,349**	**120**	**–**	**29,400**

APPENDIX 3 - LONG-TERM INVESTMENTS

(in thousands of euros)	Gross amounts at Aug. 31, 2014	Increase	Decrease	Gross amounts at Aug. 31, 2015
Equity investments	1,863,031	182	–	1,863,213
Loans	1	–	1	–
Security deposits and bonds	12	3	4	11
Interest-paying current account	5,501	–	1,859	3,641
Liquidity agreements	1,009	2,083	–	3,092
Treasury shares	84,299	–	956	83,343
TOTAL	**1,953,853**	**2,268**	**2,820**	**1,953,301**

APPENDIX 4 - SUBSIDIARIES AND AFFILIATES

(in thousands of monetary units)	Share of capital held as a percentage	Monetary unit	Share capital	Reserves and retained earnings before allocation of net income	Last published profit
Detailed information by subsidiary					
Cantwell Cullen & Company Inc.	100.00	CAD	1,000	46,304	(238)
Evac GmbH	100.00	€	7,109	55,192	6,878
Evac Train Vacuum System Trading	100.00	CNY	1,104	9,800	(3,249)
EZ Air Interior Ltd	50.00	€	200	(4,879)	(6,214)
Immobilière Galli	100.00	€	21,000	8,601	(554)
IN Services Asia	100.00	USD	1,000	1,815	18
OEM Defense Services	20.00	€	100	16	–
OEM Services	25.00	€	1,545	1,069	–
TriaGnoSys GmbH	100.00	€	25	1,906	1,997
Zodiac Aero Duct Systems	100.00	€	4,000	11,081	2,952
Zodiac Aerosafety Systems	100.00	€	213,595	334,228	25,723
Zodiac Aerospace Equipo de Mexico	99.90	USD	3,000	–	(2,071)
Zodiac Aerospace Germany Investment GmbH	100.00	€	2,597	103,043	1,218
Zodiac Aerospace Holding Australia PTY Ltd	100.00	AUD	3,050	(120)	(2,898)
Zodiac Aerospace (Jiangsu) Co., Ltd	51.00	CNY	12,715	(4,731)	(56)
Zodiac Aerospace Maroc	99.99	MAD	74,659	(7,906)	1,550
Zodiac Aerospace Netherlands Investment NV	100.00	€	15,000	(28,979)	71,793
Zodiac Aerospace Services Europe	100.00	€	17,548	1,914	6,139
Zodiac Aerospace Services Middle East	100.00	USD	–	(43)	160
Zodiac Aerospace Services UK Ltd	100.00	€	461	3,819	363
Zodiac Aerospace UK Investment Ltd	100.00	£	195,000	16,743	23,701
Zodiac Aerotechnics	100.00	€	20,399	166,131	59,036
Zodiac Coating	100.00	€	7,367	737	(139)
Zodiac Automotive Tunisie	100.00	€	4,477	2,633	(525)
Zodiac Cabin Interiors Europe	100.00	€	165	8,285	1,491
Zodiac Composite Monuments Tunisie	0.01	€	3,128	70	69
Zodiac Engineering	100.00	€	50	(2)	(1)
Zodiac Equipments Tunisie	99.86	€	2,018	10,998	1,816
Zodiac Fal Support France SARL	100.00	€	9	370	14
Zodiac Interconnect UK Ltd	100.00	£	1	15,948	2,736
Zodiac Parachutes Industries of Southern Africa (PISA)	100.00	ZAR	15,000	6,795	4,540
Zodiac Seats France	100.00	€	20,000	105,968	38,263
Zodiac Seats Tunisie SARL	100.00	€	3,700	912	461

(in thousands of euros)	French subsidiaries	Foreign subsidiaries
Aggregate information		
Gross book value of shares held	1,267,843	595,370
Net book value of shares held	1,267,843	588,954
Dividends received	226,514	–

EARNINGS AND OTHER CHARACTERISTICS

of the Company over the past five fiscal years

	Fiscal year 2010/2011	Fiscal year 2011/2012	Fiscal year 2012/2013	Fiscal year 2013/2014(1)	Fiscal year 2014/2015(1)
I - CAPITAL AT THE FISCAL YEAR-END					
Share capital (in thousands of euros)	11,349	11,425	11,486	11,537	11,576
Number of ordinary shares outstanding	56,744,439	57,125,728	57,431,022	288,434,325	289,404,257
II - FISCAL YEAR OPERATIONS AND RESULTS (in thousands of euros)					
Sales revenue excluding tax and ancillary income	32,246	50,972	78,871	85,290	108,353
Earnings before taxes, employee profit-sharing and depreciation, amortization and provisions	31,023	40,939	31,021	45,072	200,432
Income tax	(12,934)	(12,665)	(9,228)	(17,308)	(7,605)
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	39,941	50,692	33,810	54,544	197,051
Distributed earnings	64,751	79,976	87,790	88,105	92,609(2)
III - EARNINGS PER SHARE (in euros)					
Earnings after taxes, employee profit-sharing, before depreciation, amortization and provisions	0.77	0.94	0.70	0.22	0.71
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	0.70	0.89	0.59	0.19	0.68
Net dividend allocated to each share	1.20	1.40	1.60	0.32	0.32(3)
IV - EMPLOYEES					
Average number of employees during the fiscal year	88	105	151	170	205
Payroll costs for the fiscal year (in thousands of euros)	10,275	12,724	17,958	25,453	22,187
Amount paid in employee benefits for the fiscal year (social security, social initiatives)(in thousands of euros)	4,475	6,516	8,550	9,847	11,346

(1) The total number of shares comprising the Company's share capital was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the shares' par value took effect. For fiscal years 2010/2011 to 2012/2013, the number of shares and net dividend amount allocated per share are expressed before the par value has been divided by five.

(2) This amount relates to all 289,404,257 shares issued by the Company at August 31, 2015; it will be adjusted according to the number of shares in issue on the dividend payment date and will be reduced by the number of treasury shares held by the Company.

(3) After approval by the Combined General Meeting.

REPORTS OF THE STATUTORY AUDITORS

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meetings of Shareholders, we hereby report to you on the following matters for the fiscal year ended August 31, 2015:

- the audit of the annual financial statements of the Zodiac Aerospace Company, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements are the responsibility of the Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or by other methods of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the results of the operations for the fiscal year ended and the financial position and assets of the Company at the fiscal year-end in accordance with generally accepted French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

The investments in unconsolidated subsidiaries listed under your Company's assets are valued in accordance with the methods presented in Note I.c of the Notes to the Financial Statements. We verified the appropriateness of the accounting methods described in the Notes to the Financial Statements and, where appropriate, examined the assumptions and estimates used by your Company to determine their recoverable amount at the end of the fiscal year.

Our assessments were made in the context of our audit of the annual financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

In accordance with generally accepted auditing standards applicable in France, we also carried out the specific verifications required by law.

We have no comments to make on the fair presentation and consistency with the annual financial statements of the amounts and disclosures in the Executive Board's management report and in the documents provided to shareholders regarding the financial position and the annual financial statements.

For the amounts and disclosures provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code regarding the compensation and benefits paid to corporate officers and the commitments made to them, we have verified that these are consistent with the information contained in the financial statements or with the data used to prepare said financial statements and, as applicable, with the information obtained by your Company from the companies that control it or are controlled by it. Based on the audit conducted, we hereby certify that the disclosures made are accurate and presented fairly.

In accordance with the law, we have obtained assurance that the various disclosures relative to the acquisition of controlling and other interests and the identity of shareholders and voting rights have been provided to you in the Management Report.

Paris-La Défense, December 14, 2015

The Statutory Auditors

Fidaudit (a member of the Fiducial network) Bruno Agez	Ernst & Young Audit Laurent Miannay

SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the basic features and main terms of the agreements and commitments that have been disclosed to us, or of which we have become aware during our assignment, without commenting on their relevance or substance or inquiring about the existence of other agreements or commitments. Under the provisions of Article R. 225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether such agreements and commitments are appropriate and should be approved.

It is our responsibility to report to shareholders, where applicable and as stipulated in Article R. 225-58 of the French Commercial Code, on the enforcement during the fiscal year ended of the agreements and commitments already approved by the General Meeting of Shareholders.

We conducted our audit as we deemed appropriate with respect to auditing guidelines issued by the *Compagnie Nationale des Commissaires aux Comptes* for this type of engagement. Those guidelines require that we verify that the data and disclosures provided to us are consistent with the documents on which they were based.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

We have not been advised of any agreements or commitments that have been approved in the fiscal year ended and would require the approval of the General Meeting of Shareholders pursuant to Article L. 225-86 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments approved in previous fiscal years

a) that continued to be implemented during the fiscal year just ended

We have not been advised of any agreements or commitments previously approved by the General Meeting of Shareholders that continue to be implemented during the fiscal year just ended.

b) that were not implemented during the fiscal year just ended

We have been informed that the following agreements and commitments, already approved by the General Meeting of Shareholders during prior fiscal years, have not been implemented during the fiscal year ended and are still in effect.

With Olivier Zarrouati, Chairman of the Executive Board

Non-compete payment

The Supervisory Board decided to follow the AFEP-MEDEF recommendations of October 6, 2008 regarding the compensation of executive officers of listed companies and, at its meeting of November 19, 2009, pursuant to Articles L. 225-86 and L. 225-90-1 of the French Commercial Code, adopted a resolution determining the non-compete payment that would be due to Olivier Zarrouati in his capacity as Chairman of the Executive Board in the event of his leaving the Company.

Agreements and commitments approved during the past fiscal year

We have also been informed that the following agreements and undertakings, which were approved by the General Meeting of Shareholders of January 15, 2015 based on the special report of the Statutory Auditors dated December 15, 2014, were implemented in the fiscal year just ended.

With Olivier Zarrouati, Chairman of the Executive Board

The General Meeting of Shareholders of January 15, 2015 approved the signing of a related-party agreement to create a “Technological Innovation and Entrepreneurship” academic chair, supported in particular by French aerospace engineering school ISAE and France’s *École Polytechnique*. The agreement was signed on January 19, 2015.

The aim is to set up a series of educational programs to encourage startups and act as a personal development platform for students.

Through the auspices of ISAE, of which Olivier Zarrouati is Chairman, your Company wishes to be a partner in this chair. The Zodiac Aerospace Group hopes the chair will attract new aeronautical engineering talent to the Company.

Your Company’s contribution has been set at a maximum sum of €290,000 per year for three years, starting in fiscal year 2014-2015.

In fiscal year 2014-2015, your Company’s contribution was €130,000.

Paris-La Défense, December 14, 2015

The Statutory Auditors

Fidaudit (a member of the Fiducial network) Bruno Agez	Ernst & Young Audit Laurent Miannay

REPORT OF THE STATUTORY AUDITORS, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Supervisory Board of Zodiac Aerospace

To the Shareholders,

In our capacity as Statutory Auditors of Zodiac Aerospace, and as required by Article L. 225-235 of the French Commercial Code, we report to you on the report for the fiscal year ended August 31, 2015, prepared by the Chairman of your Company in accordance with Article L. 22568 of the French Commercial Code.

The Chairman is responsible for preparing and submitting to the Supervisory Board for approval a report describing the Company's internal control and risk management procedures and setting out the information about the corporate governance system and the other disclosures required by Article L. 225-68 of the French Commercial Code.

It is our responsibility to:

- report on any matters relating to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report includes the other information required by Article L. 225-68 of the French Commercial Code. It should be noted that it is not our responsibility to assess the fair presentation of this other information.

We conducted our audit in accordance with professional standards applicable in France.

Information about internal control and risk management procedures relating to the production and processing of financial and accounting information

The standards of our profession require us to plan and perform our audit to assess the fair presentation of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. Our audit included:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the Chairman's report and the existing documentation;
- determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted during the course of our assignment are properly disclosed in the Chairman's report.

On the basis of our audit, we have no comments concerning the information on the Company's internal control and risk management procedures for the preparation and treatment of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other disclosures required by Article L. 22568 of the French Commercial Code.

Paris-La Défense, December 14, 2015

The Statutory Auditors

Fidaudit (a member of the Fiducial network) Bruno Agez	Ernst & Young Audit Laurent Miannay

The following Statutory Auditors' opinions and reports are available at the registered office of Zodiac Aerospace:

- Statutory Auditors' opinion on the overall compensation of the highest paid persons.
- Statutory Auditors' opinion on the total amount of sponsorship and patronage activities.
- Statutory Auditors' report on extraordinary resolutions.

RESOLUTIONS to be submitted to Shareholders at the Combined General Meeting on January 14, 2016 convened to vote on the financial statements for the 2014/2015 fiscal year

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the statutory financial statements of the company Zodiac Aerospace for the financial year ended August 31, 2015

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the statutory financial statements of the company Zodiac Aerospace (the "Company") for the financial year ended August 31, 2015 and having heard the reading of the reports of the Management Board, of the Supervisory Board, the report of the Statutory Auditors on the annual financial statements for the financial year ended August 31, 2015, the report of the Chairman of the Supervisory Board relating to the conditions of preparation and organization of the work of the Supervisory Board, as well as to the internal control procedures and the risk management procedures implemented by the Company and the report of the Statutory Auditors on this report, approves the statutory financial statements for this financial year as these statutory financial statements have been presented and which show a net profit of EUR 197,050,724.71. The General Meeting thereby approves all of the transactions reflected in these statutory financial statements or summarized in the above-mentioned reports.

In addition and in accordance with the provisions of article 223 quater of the French Tax Code, the General Meeting approves the global amount of the costs and expenses referred to in paragraph 4 of article 39 of the French Tax Code and which amounts to EUR189,705.49 for the past financial year, and also that the tax payable with regard to these same costs and expenses which amounts to EUR72,088.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the financial year ended August 31, 2015

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the consolidated financial statements of the Company for the financial year ended August 31, 2015, having heard the reading of the report on the management of the Group included in the report of the Management Board, the report of the Chairman of the Supervisory Board relating to the conditions of preparation and organization of the work of the Supervisory Board as well as to the internal control procedures and the risk management procedures implemented by the Company and the report of the Statutory Auditors on this report, the reports of the Supervisory Board and of the Statutory Auditors on the consolidated financial statements for the financial year ended August 31, 2015, approves the consolidated financial statements of this financial year as these consolidated financial statements have been presented and which show a Group net profit share of EUR184,800,000.

The General Meeting also approves the transactions which are reflected in these financial statements or summarized in the above-mentioned reports.

NB: *Following a clerical error, a corrigendum was published in the French legal gazette BALO showing the amount of this income rounded up in millions of euros. Net income attributable to equity holders of the parent company approved by the General Meeting was €184.8 million.*

THIRD RESOLUTION

Allocation of the net profit – Setting of the dividend at EUR 0.32 per share

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and having noticed that the balance sheet for the financial year ended August 31, 2015 shows a net profit of EUR197,050,724.21, decides, upon the proposal of the Management Board, to allocate this profit as follows:

Net profit for the financial year	EUR197,050,724.71
Allocation to the legal reserve	(EUR3,879.73)
Retained earnings brought forward from previous year	EUR385,806,266.00
Distribuable profit	**EUR582,853,110.98**
Distribution of a dividend of EUR0.32 for each of the 289,404,257 shares	(EUR92,609,362.24)(*)
Balance allocated to the retained earnings account	EUR490,243,748.74

(*) This amount relates to all of the 289,404,257 shares issued by the Company as of August 31, 2015; it shall be adjusted by the number of existing shares on the date on which the dividend is paid and, in particular reduced to the extent of the number of treasury shares held by the Company.

The General Meeting decides to allocate a dividend of EUR0.32 for each of the 289,404,257 shares composing the entire share capital as of August 31, 2015, that is, a global dividend of EUR92,609,362.24, it being specified that the amount representing the dividends which have not been paid to the treasury shares held by the Company, on the date on which the dividend is being paid, shall be allocated to the retained earnings account.

This dividend will be detached from each share on January 20, 2016 and will be put up for payment, in cash, as from January 22, 2016.

Regarding French individuals residents, the following withholdings will be levied on the gross amount of the dividends: 21% withholding tax and 15.5% social levies (current rates).

The 21% withholding tax does not apply on shares registered on a « plan d'épargne en actions/PEA » (equity savings plan). It does neither apply on taxpayers whose 2014 tax income reference ("revenu fiscal de référence") is lower than EUR50,000 (single person) or lower than EUR75,000 (couples) and who formally required an exemption of this levy with the paying agent. When applicable, the withholding tax does not discharge the personal income tax to be paid. It merely constitutes an advance payment on the personal income tax, which will be due in 2017 on income received in 2016. Amongst income subject to the progressive tax rates of the personal income tax, the dividend will be taxable on 60% of its amount, based on a 40% allowance (article 158-3-2° of the French Tax Code). The part of the withholding tax which would exceed the amount of the personal income tax due by the taxpayer would be reimbursed.

The social levies do not apply on the shares registered on a PEA.

Dividends distributed under the previous three financial years

Financial year ended	August 31, 2014	August 31, 2013[3]	August 31, 2012[3]
Total number of shares[1]	275,329,159	274,345,875	271,713,515
Dividend distributed per share	EUR0.32	EUR0.32	EUR0.28
Total amount distributed[2]	EUR88,105,330.88	EUR87,790,680	EUR76,079,784.20

(1) Number of shares having given right to the payment of the dividend (after deduction of the treasury shares held on the date on which the dividend has been put up for payment).

(2) Amount eligible to the 40% reduction mentioned in article 158-3-2° of the French Tax Code for the individuals who are tax residents in France.

(3) It is recalled that the total number of shares representing the Company's share capital has been multiplied by five (5) on February 25, 2014, at the opening of the market, as a result of the implementation, as at the same date, of the split by five (5) of the share par value. The total number of shares having given right to the payment of a dividend as well as the amount of the dividend per share, for the financial years ended August 31, 2012 and August 31, 2013 are therein adjusted accordingly.

Pursuant to article 243 bis of the French Tax Code, as a reminder, the dividends distributed under the previous three financial years have been as follows: see table above.

FOURTH RESOLUTION

Approval of the agreements and undertakings referred to in article L. 225-86 of the French Commercial Code and described in the special report of the Statutory Auditors

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having heard the reading of the report of the Management Board and of the special report of the Statutory Auditors on the agreements and undertakings referred to in articles L. 225-86 *et seq.* of the French Commercial Code, and having acknowledged that the agreement entered into between the Company and, in particular, the foundation of the ISAE during the past financial year, has already been approved, based on the special report of the Statutory Auditors, under resolution 4 of the General Meeting of January 15, 2015, acknowledges that no other agreement or undertaking referred to by the above-mentioned articles has been entered into or subscribed to during the past financial year and approves, where necessary, the agreements and undertakings entered into or subscribed to during previous financial years and which have continued during the past financial year.

FIFTH RESOLUTION

Authorization to be granted to the Management Board to allow the Company to purchase its own shares

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having examined the reports of the Management Board and of the Supervisory Board, authorizes, for a period of eighteen months, the Management Board, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code and in compliance with articles 241-1 to 241-6 of the General Regulation of the *Autorité des Marchés Financiers* and the European regulation n° 2273/2003 of December 22, 2003, to have the Company purchase its own shares for the following purposes:

(i) to allocate or sell shares (i) to serve the stocks options granted in the context of the provisions of articles L. 225-179 *et seq.* of the French Commercial Code, or (ii) as part of a share ownership plan or a company savings scheme applied under the conditions of articles L. 3331-1 *et seq.* of the French Labour Code, or (iii) pursuant to the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code; or

(ii) to stimulate the market or to ensure the liquidity of the stock, via an investment services provider pursuant to a liquidity agreement in compliance with the code of conduct (*charte de déontologie*) approved by the *Autorité des Marchés Financiers*; or

(iii) within the limit of 5% of the share capital of the Company, to hold and subsequently deliver shares - in exchange, as payment or otherwise - in connection with potential external growth transactions; or

(iv) to deliver shares in connection with the exercise of rights attached to securities giving right, by way of redemption, conversion, exchange, exercise of a warrant or in any other manner, to the allocation of shares of the Company; or

(v) to cancel shares, as the case may be, by way of a reduction of the share capital, subject to resolution 16 hereby submitted to this General Meeting being approved; or

(vi) to implement any market practice which may come to be approved by the *Autorité des Marchés Financiers*, and more generally, to carry out any other transaction in compliance with the applicable law.

The number of shares concerned by the purchases of shares of the Company shall be such that the number of shares which will be held by the Company further to such purchases does not exceed 10% of the shares composing the share capital of the Company, being specified that this percentage shall apply to the share capital, as adjusted in light of the transactions which may come to affect such share capital after this General Meeting.

The purchase of these shares, as well as their exchange, their sale or their transfer, may be carried out by the Management Board, in one or several occasions, at any time, except during public offering periods, within the limits authorized by the laws and regulations and subject to the cooling-off periods provided for in article 631-6 of the General Regulation of the *Autorité des Marchés Financiers*, in one or several times, by any means, on regulated markets, multilaterals trading systems, with systemic internalisers or by mutual agreements, including by acquisition or disposal of blocks (with no limit on the portion of the share repurchase program that could be carried out by this mean), via a public purchase or exchange offer, or by the use of options or other derivatives financial instruments or by the implementation of optional strategies or by the delivery of shares arising from the issue of securities giving access to the share capital of the Company through conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through the intermediary of an investment services provider.

The maximum amount dedicated to the carrying out of this buyback program is EUR300,000,000, (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies), the maximum acquisition price per share being set at EUR35 (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies).

The General Meeting delegates to the Management Board, in the event of a change in the nominal value of the shares, of a capital increase through the incorporation of reserves, of free allocations of shares, of split or consolidation of shares, distribution of reserves of any other assets, of capital amortization, or any other transaction affecting shareholders' equity, the power to adjust the above-mentioned maximum purchase price in order to take into account the effect of these transactions on the value of the share.

The General Meeting grants to the Management Board, with a right to sub-delegate under the conditions set out by the law and the articles of association all powers to implement this authorization, including to place any trading orders, enter into any agreements, allocate or reallocate the shares purchased to the objectives pursued under applicable legal and regulatory conditions, set the terms and conditions under which will be preserved, if relevant, the rights of holders of securities or options, in accordance with legal, regulatory and contractual provisions, carry out any formalities and declarations with any bodies, make the adjustment required by the applicable regulation in the event the shares are purchased at a price above the market price, and generally do all that is necessary.

This authorization cancels, to the extent of the unused portion, the authorization granted by the Ordinary and Extraordinary General Meeting of January 15, 2015 in its resolution 5.

SIXTH RESOLUTION

Renewal of the term of office of Mr. Didier Domange, as member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office as member of the Supervisory Board of Mr. Didier Domange which is due to expire, for a term of two years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2017.

SEVENTH RESOLUTION

Renewal of the term of office of Mrs. Élisabeth Domange, as member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office as member of the Supervisory Board of Mrs. Élisabeth Domange which is due to expire, for a term of two years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2017.

EIGHTH RESOLUTION

Acknowledgement of the end of the term of office of Mr. Marc Assa, as member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having acknowledged that the term of office as member of the Supervisory Board of Mr. Marc Assa is due to expire, acknowledges, pursuant to the statutory provisions, the end of the term of office as member of the Supervisory Board of Mr. Marc Assa with effect at the end of this General Meeting.

NINTH RESOLUTION

Acknowledgement of the end of the term of office of Mr. Robert Maréchal, as member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having acknowledged that the term of office as member of the Supervisory Board of Mr. Robert Maréchal is due to expire, acknowledges, pursuant to the statutory provisions, the end of the term of office as member of the Supervisory Board of Mr. Robert Maréchal with effect at the end of this General Meeting.

TENTH RESOLUTION

Appointment of Mrs. Estelle Brachlianoff as new member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to appoint Mrs. Estelle Brachlianoff as new member of the Supervisory Board of the Company, for a term of four years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2019.

ELEVENTH RESOLUTION

Appointment of the Fonds Stratégique de Participations as new member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to appoint the *Fonds Stratégique de Participations* as new member of the Supervisory Board of the Company, for a term of four years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2019.

TWELFTH RESOLUTION

Renewal of the term of office of the company Ernst & Young Audit as statutory auditor of the Company

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office, as statutory auditor of the Company, of the company Ernst & Young which is due to expire, for a term of six financial years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2021.

THIRTHEENTH RESOLUTION

Renewal of the term of office of the company Auditex as substitute auditor of the Company

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office, as substitute auditor of the Company, of the company Auditex which is due to expire, for a term of six financial years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2021.

FOURTEENTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2015 to Mr. Olivier Zarrouati, Chairman of the Management Board

The General Meeting, consulted in accordance with the *code de gouvernement d'entreprise des sociétés cotées AFEP-MEDEF* and deciding in accordance with the quorum and majority conditions required for ordinary general meetings, gives a favorable opinion on the compensation elements due or granted for the financial year ended August 31, 2015 to Mr. Olivier Zarrouati, Chairman of the Management Board, as described in the 2014/2015 annual report of the Company which includes the financial information and the financial statements, Part "*Compensation and Benefits, chapter B.I.a. Compensation due or granted for the financial year 2014/2015 to Mr. Olivier Zarrouati, Chairman of the Management Board*" submitted to the advisory opinion of the shareholders.

FIFTEENTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2015 to Mr. Maurice Pinault, Member of the Management Board

The General Meeting, consulted in accordance with the *code de gouvernement d'entreprise des sociétés cotées AFEP-MEDEF* and deciding in accordance with the quorum and majority conditions required for ordinary general meetings, gives a favorable opinion on the compensation elements due or granted for the financial year ended August 31, 2015 to Mr. Maurice Pinault, member of the Management Board, as described in the 2014/2015 annual report of the Company which includes the financial information and the financial statements, Part "*Compensation and Benefits, chapter B.I.b. Compensation due or granted for the financial year 2014/2015 to Mr. Maurice Pinault, Member of the Management Board*" submitted to the advisory opinion of the shareholders.

EXTRAORDINARY RESOLUTIONS

SIXTEENTH RESOLUTION

Authorization to be granted to the Management Board to reduce the share capital via the cancellation of shares held by the Company per the buyback program

Subject to the approval of the foregoing resolution 5, the General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings and having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors, authorizes the Management Board, for a period of eighteen months, in accordance with the articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, in one or several occasions, within the limit of 10% of the share capital of the Company, it being recalled that this limit applies to an amount of the share capital of the Company which will be, as the case may be, adjusted in order to take into account transactions affecting the share capital after this General Meeting, and in any twenty-four month-period, all or part of the shares acquired by the Company and to carry out a reduction of the share capital in the same proportion.

To this end, the General Meeting delegates all powers to the Management Board to set the final amount of the share capital reduction, to determine the terms and record the completion thereof, to amend the articles of association of the Company accordingly and carry out all subsequent actions and formalities, and more generally do all that is necessary.

This authorization cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 9 by the General Meeting of January 15, 2015.

SEVENTEENTH RESOLUTION

Authorization to be granted to the Management Board to freely award shares of the Company to employees and eligible company representatives of the Company or of its Group

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board and the special report of the Statutory Auditors and in accordance with articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code:

1. authorizes the Management Board to freely award, in one or more occasions, shares of the Company existing or to be issued under the conditions defined below;
2. decides that these allocations may benefit to employees and eligible company representatives (as defined in article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company or of companies or groupings related to it under the conditions defined in article L. 225-197-2 of the French Commercial Code, or to certain categories of them;
3. decides that the allocations made pursuant to this authorization shall not relate to a number of shares existing or to be issued representing more than 0.6% of the share capital, it being specified (i) that this cap is determined at the time of the first use of this delegation by the Management Board, compared to the share capital existing

at this date and (ii) that the nominal amount of the shares to be potentially issued in order to protect, in accordance with the law, the rights of the holders of securities giving access to the share capital, shall, as the case may be, increase the above-mentioned cap;

4. decides that within the cap referred to in paragraph 3 above, the total number of shares, existing or to be issued, freely awarded to company representatives under this authorization may not represent more than 0.17% of the share capital existing as at the day of the first use of this delegation by the Management Board (excluding adjustments implemented to protect the rights of the holders of securities giving access to the share capital);
5. decides that the allocation of shares to their beneficiaries shall be definitive at the end of a minimal vesting period of three (3) years and which shall be fixed by the Management Board;
6. decides that the shares shall be subject to a lock-up period of at least two (2) years as from the end of the vesting period. However, this lock-up period may be waived or reduced by the Management Board, except for the company representatives who will be applied a lock-up period of two (2) years as from the end of the vesting period;
7. the definitive vesting of the shares and the possibility to freely dispose of them shall however be granted to the beneficiary by anticipation if any of the cases of invalidity set forth by article L. 225-197-1 of the French Commercial Code occurs;
8. expressly conditions the definitive vesting of the shares pursuant to this authorization, as regard the company representatives, to the reaching of one or several conditions of performance determined by the Supervisory Board and appreciated on a minimal period of three consecutive financial years;
9. decides, in case of free allocation of shares to issue, that this authorization entails the express waiver of the shareholders, as to each allocation of such shares to the benefit of the beneficiaries of the free allocations, of their preferential subscription rights over the said shares;
10. decides that the corresponding share capital increase shall be definitively achieved by the sole fact of the definitive allocation of the shares to the beneficiaries;
11. decides that the existing shares which may be allocated pursuant to this resolution shall be acquired by the Company, either within the frame of the provisions of article L. 225-208 of the French Commercial Code, or within the frame of the buyback program authorized by the fifth resolution submitted to this General Meeting pursuant to article L. 225-209 of the French Commercial Code (or by any resolution which would be afterwards substituted to it) or of any other buyback program implemented previously or subsequently to the adoption of this resolution;
12. grants to the Management Board, within the limits set above, all the necessary powers, with the possibility to delegate to the persons authorized by the law, to implement this authorization, and in particular:
    - to determine if the shares freely allocated are exiting shares or shares to be issued;
    - to determine the identity of the beneficiaries or of the beneficiaries' category(ies) of the free allocation of shares as well as the number of shares allocated to each of them, it being specified that as to the free allocations of shares granted to the members of the Management Board of the Company, the conditions and the modalities of the allocation will be fixed by the Supervisory Board, in particular the dates, the number of shares allocated, the conditions of performance, the vesting period and, as the case may be, the condition of presence; the Supervisory Board will also be empowered to decide, as regard the members of the Management Board, whether the shares shall not be sold by the said members before the end of their functions, or to fix the amount of shares that these latter shall be required to keep registered in a nominative account until the end of their functions;
    - to determine the dates and conditions of allocation of the shares, in particular the period at the end of which these allocations will be definitive as well as, if appropriate, the period of lock-up required of each beneficiary;
    - to determine the conditions, in particular related, if appropriate, to the presence of the beneficiaries and to the performance of the Company, of the Zodiac Aerospace Group or its entities and, if appropriate, the criteria of allocation according to which the shares will be allocated;
    - to record the definitive dates of allocation and the dates as from which the shares shall be freely transferred in accordance with legal restrictions;
    - to provide for the ability to proceed during the vesting period, if it deems necessary, to the adjustments of the number of shares freely awarded as a result of the potential transactions on the share capital of the Company as set forth in article L. 225-181 of the French Commercial Code, under the conditions it will determine, in order to protect the rights of the beneficiaries, it being specified that the shares allocated according to these adjustments will be deemed to be allocated on the same day as the shares initially allocated;
    - to provide for the ability to suspend temporarily the rights to allocation under the conditions provided by law;
    - in case of free allocation of new shares to issue, to fix their record date, even retroactive, and to deduct, if appropriate, from the reserves, profits or share premium of its choice, the sums necessary to pay up the said shares, record the completion of the share capital increases, make any subsequent amendments to the articles of association and, generally, do all what will be necessary;
    - more generally, to enter into all agreements, draw up all documents, carry out all formalities and make all declarations before any bodies and do all what will be necessary in order to ensure the completion of the free allocations authorized by this resolution.
13. instructs the Management Board to inform each year the general meeting of the operations carried out under the terms of this authorization according to the law;
14. set to twenty-six (26) months as from this day the validity period of this authorization;

15. decides that this authorization cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 20 by the General Meeting of January 8, 2014.

EIGHTEENTH RESOLUTION

Early termination of the authorization granted to the Management Board under resolution 19 of the General Meeting of January 8, 2014 to award options to purchase or subscribe for shares of the Company to employees and to eligible company representatives of the Company or of its Group

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, under condition precedent of the approval of the above resolution 17, and having examined the report of the Management Board, decides to terminate early the authorization granted to the Management Board under resolution 19 of the General Meeting of January 8, 2014, as from this day and to the extent of its unused portion.

NINETEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by issuing, with the preferential subscription rights being cancelled, shares reserved for members of a company savings scheme (*plan d'épargne d'entreprise*) set out pursuant to articles L. 3332-1 *et seq.* of the French Labour Code

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board and the special report of the Statutory Auditors and in accordance with, on the one hand, the provisions of the French Commercial Code and, notably, of its articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 and, on the other hand, the provisions of articles L. 3332-1 *et seq.* of the French Labour Code:

1. decides to delegate to the Management Board its power, with the power of sub-delegation under the conditions set out by the law and the articles of association, to increase the share capital, in the proportion, at the times and under the terms which the Management Board will appreciate, in one or more occasions, on the basis of the only deliberations of the Management Board, by issuing shares reserved for the members of a company savings scheme, in France and abroad. It is specified that in the event of a public offer on the shares of the Company, this delegation may only be used by the Management Board, or his delegate, if this latter considers that the delegation will not have any influence on this public offer, since it corresponds to the compensation policy of the Group;
2. decides that the beneficiaries of the authorized share capital increases shall be, directly or via a company collective investment fund (*fonds commun de placement d'entreprise*), the members of a company savings scheme set up by the Company and by the companies related to the Company under the conditions set out by the applicable laws and regulations and, who, in addition, meet the conditions which have been set out, as the case may be, by the Management Board;
3. decides that this delegation entails the express waiver, by the shareholders, to their preferential subscription right to the benefit of said beneficiaries;
4. also delegates to the Management Board, pursuant to article L. 3332-21 of the French Labour Code, the powers necessary to allocate to these same beneficiaries free shares or other securities giving access to the share capital, provided that the benefit resulting thereof shall not exceed, depending on the method which has been chosen, the limits set out by the law;
5. authorizes the Management Board, in the conditions of this delegation, to sell shares to the benefit of the members of a company savings scheme, as such assignments are provided for in article L. 3332-24 of the French Labour Code;
6. decides that the maximum nominal amount of the shares which might thus be issued pursuant to this delegation shall be three hundred thousand (300,000) euros;
7. decides that the price of the shares to be issued pursuant to paragraph 1 of this delegation shall be set by the Management Board on the day of the said share capital increase(s) is(are) being implemented and that this price shall not be lower than the minimum price provided for in the applicable laws and regulations at the time of the issue, being specified that the Management Board may adjust the amount of the discount sets out in article L. 3332-19 of the French Labour Code granted to comply, on a case by case basis, with the legal systems applicable in the various states concerned by the implementation of this delegation;
8. decides that the Management Board shall have all powers, within the limits and under the conditions specified below and within the limits and under the conditions set out in the applicable laws and regulations, to take all measures for the purpose of completing the share capital increases and to set out the terms and conditions thereof, including conditions of seniority which could be potentially be required in order to take part in the transaction and, as the case may be, the maximum number of shares which may be subscribed to per employee, the number of new shares to be issued, the issue price of the new shares, to set the subscription opening and closing dates, dividend eligibility dates (*dates de jouissance*), the dates by which the shares must be paid up subject to a limit of three years, to decide and carry out as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to this securities, in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to this securities in accordance with the law and regulations, to deduct, at the Management Board's only initiative and if he considers appropriate, costs, disbursements and fees incurred by the issues from the issue premiums and deduct from this amount the sums necessary to bring the legal reserve to the tenth of the new share capital after each share capital increase; to make the necessary amendments to the articles of association, to deduct all costs from the amount of the premiums paid upon the issue of the shares and to deduct from this amount all sums necessary to bring the legal reserve to the tenth of the new share

capital, after each share capital increase and, generally, to take all measures for the share capital increase to be completed.

9. decides that this delegation shall be valid for twenty-six (26) months as from this day;
10. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 17 by the General Meeting of January 15, 2015.

TWENTIETH RESOLUTION

Amendment to article 36 of the articles of association

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board, decides to amend article 36 of the articles of association of the Company. Thus, article 36 of the articles of association shall now be read as follows:

"ARTICLE 36 – POWERS OF THE GENERAL MEETING
The annual Ordinary General Meeting acknowledges the report on the management of the Management Board and the report of the Supervisory Board, the report of the statutory auditors on the situation of the company and on the financial statements presented by the Management Board, established in accordance with the provisions of the law, and the special report of the statutory auditors on the agreements referred to in article 24 of these articles of association.

It discusses, approves or amends the financial statements, rules on the allocation and on the distribution of profits.

It approves and disapproves the agreements referred to under the above article 24.

It appoints and removes the members of the Supervisory Board and the statutory auditors.

It is entitled to remove the members of the Management Board.

It sets the global amounts of attendances fees allocated to the members of the Supervisory Board and the remuneration of statutory auditors.

It decides any authorization and any special power to be granted to either the Management Board or the Supervisory Board.

Finally, it decides any proposition included in its agenda and which do not fall within the scope of the Extraordinary General Meeting in accordance with the applicable provisions of the law.

The Ordinary General Meeting that has been convened extraordinarily decides on any questions which are submitted to it and which do not include amendment of the articles of the association."

TWENTY-FIRST RESOLUTION

Powers to carry out the legal formalities subsequent to these resolutions

The General Meeting grants all powers to the bearer of an original, a copy or a certified extract of the minutes of this meeting to carry out all filings, publications, declarations and formalities provided for by the law and necessary for the implementation of the foregoing resolutions.

CORPORATE COMMUNICATION: Groupe Zodiac Aerospace - **DESIGNED AND PRODUCED BY:** eurokapi GROUPE
FINANCIAL REPORT PRODUCED BY: Gillet M&M

Printed in France

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