HALF-YEAR REPORT 2013 2014

First half of fiscal year 2013-2014 (September to February)

ZODIAC AEROSPACE

Contents

Plaisir, April 18, 2014

Statement by Management

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

Olivier Zarrouati
Chief Executive Officer

Jean-Jacques Jegou
Vice President, Administration and Finance

Business report for the first half of 2013/2014

During the first half of the 2013/2014 fiscal year, Zodiac Aerospace Group earned revenue of €1,997.7 million, up +9.2% based on reported data, and up +7.8% at like-for-like consolidation scope and exchange rates. Its current operating income is €255.3 million, up 7.1% from the first half of the 2012/2013 fiscal year, and 8.9% at like-for-like consolidation scope and exchange rates. Its net income was up 10.8%, at €162.4 million. Net financial debt was flat at €1,058 million, which translates to a decrease in the Net Financial Debt to Equity ratio, which amounted to 46% at the end of the first half, compared to 52% one year earlier(1).

Business during the first half

During the first half of the 2013/2014 fiscal year, Zodiac Aerospace earned revenue of €1,997.7 million, up +9.2% based on reported data, and up +7.8% at like-for-like consolidation scope and exchange rates.

The effects linked to the consolidation scope had a positive impact of 4.5 points on growth in the first six months. These effects concern the Aircraft Systems Segment (IMS, consolidated since January 1, 2013, IPS as of February 28, 2013, ACC La Jonchère as of August 31, 2013 and Triagnosys as of September 1, 2013,) as well as the Cabin & Structures Segment (NAT as of February 28, 2013.)

The dollar exchange rate effect had a negative impact of -3.1 points. This is primarily due to the decrease in the euro/dollar exchange rate.

Zodiac Aerospace continues to benefit from the growth in air traffic, the increase in air deliveries as well as the growth in after-sales business.

The revenue of the **AeroSafety Segment (13.5% of total revenue)** posted an increase of +5.1% based on reported data to €268.7 million, and an increase of +8.4% at constant exchange rates. The exchange rates had a negative impact of -3.3 points on the quarter's growth. Emergency Evacuation Systems and Arresting Systems had particular growth, while Parachute and Protection went down in a sluggish market.

The **Aircraft Systems Segment (31.2% of total revenue)** is experiencing a strong increase thanks to external growth and an increase in deliveries on contracts awarded during previous years. Its revenue rose +22.4% to €623.1 million, and +15.3% at like-for-like consolidation scope and exchange rates. The effects of the consolidation scope contributed by 10.2 points to the growth of the business segment in the first half of the year, while the exchange rates had a negative impact of -3.1 points on the Segment's growth.

Aircraft Interiors activities posted revenue which rose +3.9% to €1,105.9 million, based on reported data, and +4.1% at like-for-like consolidation scope and exchange rates. The integration of NAT into the Cabin & Structures Segment had a positive impact of 2.8 points on the quarterly growth of Aircraft Interiors activities, while exchange rate fluctuations had a negative impact of -3.0 points.

- The **Seats Segment (26.1% of total revenue,)** which posted a slight drop in business during the first quarter (-4.1% based on reported data and -0.9% in terms of organic growth,) had positive growth during the 2nd quarter: its half-yearly revenue amounted to €522.1 million, down -0.9% from published data and up +1.6% at like-for-like consolidation scope and exchange rates.
- The **Cabin & Structures Segment (16.9% of the total revenue)** rose +8.1% to €336.9 million and +2.4% at like-for-like consolidation scope and exchange rates. The integration of Northwest Aerospace Technologies (NAT) had a positive impact of 9.7 points on the growth of the Segment, while exchange rate fluctuations had a negative impact of -4.0 points.
- The **Galleys & Equipment Segment (12.3% of total revenue)** had its revenue increase +9.1% to €246.9 million. At like-for-like consolidation scope, the increase amounted to +12.0%, benefiting the growth of galleys and galleys equipment business.
-

[1] Calculated for total equity

Current Operating Income

The current operating income is €255.3 million, up 7.1% from the first half of the 2012/2013 fiscal year, and 8.9% at like-for-like consolidation scope and exchange rates. Changes in scope of consolidation had a positive impact of 5.0 points on the growth in current operating income during the half-year, while dollar exchange rate effects had a -6.8 point impact, essentially due to the decrease in the transactional euro/dollar exchange rate, which went from an average of 1.29 during the first half of 2012/2013 to an average of 1.36 during the first half of 2013/2014.

For business, the strongest increase came from the **AeroSafety Segment**, which benefits from the excellent level of business of its Arresting Systems division and from sustained after-sales business in its Evacuation Systems division. Its Current Operating Income went up 32.5% to €45.9 million. The operating margin went up to 17.1%, as compared to 13.6% in the first half of 2012/2013. The Segment was slightly impacted by the effect of a weak dollar: at like-for-like exchange rates, the increase amounted to +38.1%.

The **Aircraft Systems Business Segment** reported an increase of 16.5% to €84.3 million at like-for-like consolidation scope and exchange rates. This Segment is the one that is most exposed to the impact of the decrease in the transactional euro/dollar exchange rate, which had a 16.9 point effect on the Segment's growth, and was only partially offset by the 9.0 point positive impact of acquisitions.

The **Aircraft Interiors activities,** which comprises the Seats, Cabin & Structures, and Galleys & Equipment Segments, reported a 2.9% decrease in current operating income, which was €134.0 million compared to €138.0 million as of the first half of 2012/2013. The consolidation of NAT had a positive impact of 3.9 points on growth, and exchange rates had a negative impact of 1.5 points. The 5.3% drop in COI at like-for-like consolidation scope and exchange rates was due to production difficulties in Premium Galleys business in Germany during the first half of the year, and due to the slow start-up of seats business.

Breakdown of net income

Non-current operating items are flat compared to the first half of the 2012/2013 fiscal year (-€10.0 million compared to -€10.7 million). They are essentially comprised of the amortization of amounts allocated to intangible assets (€8.2 million compared to €8.6 million) in application of the IFRS3 accounting standard. Operating Income was up 7.8% at €245.4 million.

The cost of the net debt amounted to €-15.6 million, compared to -€11.9 million. This rise is primarily due to the impact of the non-use commission for our syndicated line of credit of €1.3 billion, and to a lesser extent to the slight increase in the rate of our long-term resources following the establishment of private investments in July 2013. Income taxes amounted to €-66.8 million, down 2.5%, i.e. a tax rate of 29.2% compared to 31.8% due in particular to a tax credit in France which was linked to employee acquisitions of bonus shares.

The net income was up 10.8% at €162.4 million, and the net income attributable to equity holders of the parent was up 11.0% at €162.8 million.

Division by five of the par value of the Zodiac Aerospace share. In order to increase the liquidity of the Zodiac Aerospace share, and make it more accessible to individual shareholders, the Combined General Meeting of shareholders of the Zodiac Aerospace company voted during its meeting on January 8, 2014 to divide the par value of each company share by five. Consequently, at the close of the February 24, 2014 session, each existing share in circulation was traded in for five new shares, with the same effectiveness, noting that the share capital remained unchanged. This operation was performed at no cost, and without formalities, for shareholders of Zodiac Aerospace, and had no impact on their rights. The new number of shares and the net earnings per share thus reflect this adjustment.

The Net Earnings Per Share, based on 273,770,985 shares, amounted to €0.595, compared to €0.539 after the impact of IFRS3.

Balance sheet and Financing

The Group’s net financial debt amounted to €1,058 million, which was flat in comparison to February 28, 2013 (€1,063.4 million.) Cash flow from operations was up 13.3% to €231.2 million, and covered the increase in Working Capital Requirement (€208.1 million,) which was essentially generated by trade receivables linked to the good level of invoicing in the second quarter. The “trade” WCR ratio on revenue totaled 34.8%, compared to 33.1% as of February 28, 2013. The Group proceeded to make two acquisitions during the half-year: TriaGnoSys and Pacific Precision Products, both in the Aircraft Systems Segment, in the amount of €53 million.

- Pacific Precision Products (PPP), acquired on February 27, 2014, is based in Irvine, California and employs approximately 40 people. PPP designs and produces oxygen system equipment which is particularly targeted at the business aircraft market and at cabin interior specialists. This company is highly compatible with the oxygen systems business already present within Zodiac Aerospace’s Aircraft Systems Segment. PPP was consolidated within the Group’s financial statements as of February 28, 2014.
- Acquired at the beginning of the fiscal year, and consolidated since September 1, TriaGnoSys is a German company which specializes in in-flight connectivity, which will thus supplement the in-flight entertainment system offerings.

Tangible investments amounted to €55.7 million, compared to €43.2 million as of the first half of 2012/2013. This increase was due to various constructions of buildings in order to meet capacity needs. Intangible investments were stable at €35.9 million, compared to €35.6 million as of the first half of 2012/2013. They primarily consisted of an activation of development fees, at €32.7 million compared to €31.5 million, primarily the A350XWB Airbus, which is currently completing its flight testing.

In order to fund its internal growth and pursue its external growth strategy, Zodiac Aerospace Group has strengthened its funding in two phases. First, in July 2013 the Group raised €660 million through a private investment in France (€125 million) and a “Schuldschein” investment in Germany (€535 million.) Then, on March 14, Zodiac Aerospace signed a new “Club Deal” which allows it to extend the average maturity of its funding. This new credit replaced the old “Club Deal” which expired in June 2015, and offers a five-year maturity, which may be renewed for an additional year at the request of Zodiac Aerospace for each of the next two years, at the anniversary date for the establishment of this new Club Deal. The initial maturity date shall thus be March 14, 2019 and may be postponed to March 14, 2020, and then to March 14, 2021. Although the offer was oversubscribed, Zodiac Aerospace chose to limit the amount of this credit to €1,030 million, and reduce the number of participating banks (based in France, Germany, United Kingdom and Asia.) The terms of this credit will allow Zodiac Aerospace to reduce the cost of its debt. The company will record an exceptional financial charge of €1.1 million in its accounts for the second half of the year as the non-amortized balance for the costs incurred under the previous “Club Deal,” which was signed in August 2011.

In all, Zodiac Aerospace has guaranteed funding in the amount of €1,690 million, divided into €660 million from the issue of a Schuldschein and a private investment in France which were announced in July 2013, and €1,030 million which comes from the new “Club Deal.” The average maturity is 5 years. Lastly, Zodiac Aerospace is also active in the commercial paper market (for approximately €400 million outstanding receivables to date.)

Outlook

Zodiac Aerospace is still evolving in a buoyant aeronautical environment. World economic growth should result in further passenger traffic growth and, consequently, increase the growth of the Group’s business. In this context, Zodiac Aerospace anticipates a further year of organic growth in 2013/2014.

The Group remains exposed to euro/dollar exchange rate fluctuations. Zodiac Aerospace has not established additional provisional foreign exchange hedges since November 2013.

CONSOLIDATED FINANCIAL STATEMENTS

I Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	**Amount at 2/28/2014**	Amount at 8/31/2013	Amount at 2/28/2013
Goodwill	(notes 1.5 and 2)	1,592,741	1,568,750	1,558,451
Intangible assets	(notes 1.5, 3.1 and 3.2)	568,967	557,528	534,770
Property, plant and equipment		363,385	345,089	323,892
Investment in associates and joint ventures	(note 4)	668	670	427
Loans		1,519	145	208
Other non-current financial assets		14,590	14,822	13,367
Deferred tax assets	(note 5)	1,272	970	493
Total non-current assets		**2,543,142**	**2,487,974**	**2,431,608**
Inventories	(note 7)	935,810	859,001	842,686
Current tax assets	(note 5)	39,533	37,631	30,307
Trade receivables		833,120	738,435	769,470
Advances to suppliers and employees		12,858	13,868	12,959
Other current assets		27,998	20,662	22,511
Other financial assets:				
- loans and other current financial assets		5,776	4,633	7,799
Cash and cash equivalents	(note 6)	67,312	156,840	88,103
Total current assets		**1,922,407**	**1,831,070**	**1,773,835**
Held-for-sale assets (1)		**1,300**	**1,356**	**1,430**
TOTAL ASSETS		**4,466,849**	**4,320,400**	**4,206,873**

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

LIABILITIES

(in thousands of euros)	Notes	**Amount at 2/28/2014**	Published amount at 8/31/2013	**Amount at 08/31/2013 (1)**	Published amount at 2/28/2013	**Amount at 2/28/2013 (1)**
Capital		11,526	11,486	11,486	11,443	11,443
Share premium		130,962	125,194	125,194	116,596	116,596
Consolidated reserves		2,174,844	1,905,651	1,886,930	1,902,011	1,883,290
Currency translation adjustments		(115,104)	(48,647)	(48,647)	(32,769)	(32,769)
Fair value adjustment of financial instruments		339	393	393	(553)	(553)
Net income attributable to equity holders of the parent		162,787	370,914	370,914	146,619	146,619
Treasury stock		(89,420)	(89,880)	(89,880)	(90,782)	(90,782)
Equity after - After minority interests		**2,275,934**	**2,275,111**	**2,256,390**	**2,052,565**	**2,033,844**
Minority interests		**59**	**459**	**459**	**628**	**628**
Equity		**2,275,993**	**2,275,570**	**2,256,849**	**2,053,193**	**2,034,472**
Non-current provisions	(note 8)	90,373	59,989	89,087	56,419	85,517
Non-current financial liabilities	(note 9)	723,161	908,597	908,597	764,012	764,012
Other non-current financial liabilities		–	1	1	–	–
Deferred tax liabilities	(note 5)	146,950	157,154	146,777	150,409	140,032
Total non-current liabilities		**960,484**	**1,125,741**	**1,144,462**	**970,840**	**989,561**
Current provisions	(note 8)	84,404	76,064	76,064	66,134	66,134
Current financial liabilities	(notes 6 and 9)	402,158	92,005	92,005	387,473	387,473
Other current financial liabilities		2,252	281	281	2,056	2,056
Accounts payables		341,442	312,993	312,993	309,996	309,996
Liabilities to employees and payroll liabilities		162,567	179,748	179,748	158,701	158,701
Current tax liabilities		51,897	52,796	52,796	52,530	52,530
Other current liabilities	(note 10)	185,652	205,202	205,202	205,950	205,950
Total current liabilities		**1,230,372**	**919,089**	**919,089**	**1,182,840**	**1,182,840**
TOTAL LIABILITIES		**4,466,849**	**4,320,400**	**4,320,400**	**4,206,873**	**4,206,873**

(1) In application of the revised IAS19, the Group recorded a provision in its financial statements for pension plans and retirement indemnities of €29,098,000, as well as deferred tax assets relating thereto for €10,376,000. These deferred tax assets reduce the deferred tax liabilities, as the deferred taxes are offset between assets and liabilities, by tax groups, in application of IAS 12. The net impact of €18,722,000 was recorded in equity.

II Consolidated statement of profit and loss

(in thousands of euros)	Notes	**Amount at 2/28/2014**	Amount at 8/31/2013	Amount at 2/28/2013
Revenue	(note 1.1)	1,997,691	3,891,609	1,829,308
Other revenue from operations		6,257	10,589	4,873
Purchases used in the business		814,368	1,556,945	740,954
Personnel costs		621,834	1,142,989	560,037
External costs		273,066	537,970	258,072
Taxes other than income taxes		16,218	30,394	12,763
Depreciation charge		44,732	81,923	39,690
Charge to provisions		16,347	24,629	9,518
Changes in inventories of finished goods and work in progress		37,814	38,089	25,804
Other operating income and expenses		124	(1,107)	(602)
Current operating income	**(note 1.2)**	**255,321**	**564,330**	**238,349**
Non-current operating items	(note 11)	(9,959)	(23,186)	(10,744)
Operating income		245,362	541,144	227,605
Income/(expenses) related to cash and cash equivalents		367	(424)	157
Cost of gross debt		(15,926)	(25,259)	(12,083)
Cost of net debt	(note 1.3)	(15,559)	(25,683)	(11,926)
Other financial income and expenses	(note 1.3)	(735)	(2,365)	(353)
Income taxes	(notes 1.4 and 5)	(66,814)	(141,636)	(68,531)
Income of companies accounted for using the equity method		150	(732)	(186)
NET INCOME		**162,404**	**370,728**	**146,609**
Attributable to non-controlling interests		(383)	(186)	(10)
After minority interests		162,787	370,914	146,619
Basic earnings per share (attributable to equity holders of the parent)		**0.595**	**1.362**	**0.539**
Diluted earnings per share (attributable to equity holders of the parent)		**0.589**	**1.346**	**0.532**

II Consolidated statement of net income

and gains and losses recognized directly in equity

(in thousands of euros)	**Amount at 2/28/2014**	Amount at 8/31/2013	Amount at 2/28/2013
Net income	**162,404**	**370,728**	**146,609**
Gains and losses recognized in equity, before tax:			
- currency translation adjustments (1)	(66,624)	(99,928)	(84,057)
- Restatement of hedging derivative instruments	(1,883)	8,740	7,423
Tax on restatement of hedging derivative instruments	867	(3,067)	(2,737)
Total of gains and losses recognized directly in equity	**(67,641)**	**(94,255)**	**(79,371)**
Net income and gains and losses recognized directly in equity	**94,763**	**276,473**	**67,238**
Attributable to non-controlling interests	(400)	(191)	(22)
After minority interests	95,163	276,664	67,260

(1) The bulk of the currency translation adjustments are linked to the change in the euro/US dollar exchange rate.

IV Statement of change

in consolidated equity

(in thousands of euros)	Capital	Share premiums	Reserves	Net income attributable to equity holders of the parent	Currency translation adjustments	Treasury stock	Restatement of financial instruments	Total equity attributable to equity holders of the parent	Change of minority shareholders (4)	Change of equity -
POSITION AT AUGUST 31, 2012	**11,425**	**113,929**	**1,654,462**	**318,881**	**51,276**	**(89,253)**	**(4,562)**	**2,056,158**	**650**	**2,056,808**
Change of method [1]			(18,722)					(18,722)		(18,722)
Currency translation adjustments					(84,045)			(84,045)	(12)	(84,057)
Restatement of financial instruments [2]			677				4,009	4,686		4,686
Income recorded directly in equity (a)			677		(84,045)		4,009	(79,359)	(12)	(79,371)
Net income for the fiscal year (b)				146,619				146,619	(10)	146,609
Income recorded for the fiscal year (a) + (b)			677	146,619	(84,045)		4,009	67,260	(22)	67,238
Capital increase	18	2,667						2,685		2,685
Acquisition or disposal of own shares [3]						(1,529)		(1,529)		(1,529)
Valuation of options on share options			4,076					4,076		4,076
Dividends			(76,080)					(76,080)		(76,080)
Other [5]			318,876	(318,881)				(5)		(5)
POSITION AT February 28, 2013	**11,443**	**116,596**	**1,883,289**	**146,619**	**(32,769)**	**(90,782)**	**(553)**	**2,033,843**	**628**	**2,034,471**
POSITION AT August 31, 2013	**11,486**	**125,194**	**1,905,651**	**370,914**	**(48,647)**	**(89,880)**	**393**	**2,275,111**	**459**	**2,275,570**
Change of method [1]			(18,722)					(18,722)		(18,722)
Currency translation adjustments			(150)		(66,457)			(66,607)	(17)	(66,624)
Restatement of financial instruments [2]			(963)				(54)	(1,017)		(1,017)
Income recorded directly in equity (a)			(1,113)		(66,457)		(54)	(67,624)	(17)	(67,641)
Net income for the fiscal year (b)				162,787				162,787	(383)	162,404
Income recorded for the fiscal year (a) + (b)			(1,113)	162,787	(66,457)		(54)	95,163	(400)	94,763
Capital increase	40	5,768	(11)					5,797		5,797
Acquisition or disposal of own shares [3]						460		460		460
Valuation of options on share options and allocation of bonus shares			4,543					4,543		4,543
Dividends			(87,790)					(87,790)		(87,790)
Other [5]			372,286	(370,914)				1,372		1,372
POSITION AT February 28, 2014	**11,526**	**130,962**	**2,174,844**	**162,787**	**(115,104)**	**(89,420)**	**339**	**2,275,934**	**59**	**2,275,993**

(1) Application of the revised IAS19 standard.
(2) The column "Reevaluation of financial instruments" includes the fair value of the rate hedge as well as the impact of foreign exchange derivatives in application of IAS 39.

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

(4) The Group has no obligations to purchase minority interests at February 28, 2014.

(5) Including allocation of income.

V Consolidated statement of cash flow

(in thousands of euros)	Notes	**Amount at 2/28/2014**	Amount at 8/31/2013	Amount at 2/28/2013
Operating activities:				
Net income		162,404	370,728	146,609
Income of companies accounted for using the equity method		(150)	732	186
Depreciation, amortization and provisions		59,901	116,090	48,541
Capital gains		152	1,102	629
Deferred taxes	(note 5)	4,450	13,570	3,722
Share options		4,543	7,670	4,076
Other		(69)	(416)	350
Cash flow from operations		**231,231**	**509,476**	**204,113**
Net change in inventories		(89,946)	(73,087)	(63,844)
Net change in operating assets		(112,932)	(92,923)	(97,509)
Net change in liabilities		(5,227)	48,140	3,520
Cash flow related to operations		**23,126**	**391,606**	**46,280**
Investing activities:				
Acquisitions of assets:				
- intangible assets	(note 3.1)	(35,887)	(73,905)	(35,599)
- property, plant and equipment		(55,656)	(95,218)	(43,151)
- other		(2,266)	(1,118)	(913)
Proceeds from sale of property, plant and equipment		541	1,144	2,142
Changes in receivables and liabilities relating to fixed assets		487	(582)	(1,920)
Acquisitions/disposals of entities, net of cash acquired		(52,108)	(159,615)	(119,194)
Cash flow from investments		**(144,889)**	**(329,294)**	**(198,635)**
Financing activities:				
Change in financial liabilities		104,428	1,071	123,806
Increase in equity		5,797	11,326	2,685
Treasury stock		460	(627)	(1,529)
Ordinary dividends paid by parent company		(87,790)	(76,080)	(76,080)
Cash flow related to funding		**22,895**	**(64,310)**	**48,882**
Currency translation adjustments, beginning of period		(10,216)	(8,176)	(4,139)
CHANGE IN CASH AND CASH EQUIVALENTS		**(109,084)**	**(10,174)**	**(107,612)**
CASH AT BEGINNING OF PERIOD	**(note 6)**	**138,721**	**148,895**	**148,895**
CASH AT END OF PERIOD	**(note 6)**	**29,637**	**138,721**	**41,283**

VI Notes to the financial statements

1) - LIST OF CONSOLIDATED COMPANIES AT FEBRUARY 28, 2014

Fully consolidated companies	Country	% Interest of the Group
Zodiac Aerospace	France	Parent company
Aérazur	France	100.00
Aerodesign de Mexico SA	Mexico	100.00
Air Cruisers Company LLC	United States	100.00
Amfuel	United States	100.00
Avox Systems	United States	100.00
Base2	United States	100.00
Cantwell Cullen & Company Inc.	Canada	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc	United States	100.00
Combat Critical Care	United States	100.00
Driessen Aerospace CZ SRO	Czech Republic	100.00
Driessen Aerospace Group NV	The Netherlands	100.00
Driessen Aircargo Equipment BV	The Netherlands	100.00
Driessen Aircargo Equipment Ltd	Thailand	100.00
Driessen Aircargo Equipment USA Inc	United States	100.00
Driessen Aircraft Interior Systems (Thailand) Ltd	Thailand	100.00
Driessen Aircraft Interior Systems (Europe) BV	The Netherlands	100.00
Driessen Aircraft Interior Systems Inc	United States	100.00
Driessen Aircraft Interior Systems USA Inc	United States	100.00
E Dyer Engineering Ltd	UK	100.00
Engineered Arresting Systems Corp	United States	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shanghai ETC	China	100.00
Heath Tecna	United States	100.00
Icore International Inc.	United States	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp.	United States	100.00
Immobilière Galli	France	100.00
Innovative Power Solutions LLC	United States	100.00
IN Services & Al Rumaithy Estab. (Middle East) LLC	United Arab Emirates	49.00
IN-Snec Holding	France	100.00
IN Services Asia	Hong Kong	100.00
Mag Aerospace Industries Inc.	United States	100.00
Northwest Aerospace Technologies	United States	100.00
Pacific Precision Products	United States	100.00
Parachutes Industries of Southern Africa PTY (PISA)	South Africa	100.00
Pioneer Aerospace Corp.	United States	100.00
Sell GmbH	Germany	100.00

Fully consolidated companies	Country	% Interest of the Group
Sell Services France	France	100.00
Sell Services Germany GmbH	Germany	100.00
Sicma Aero Seat Services	United States	100.00
Société Marocaine de Décolletage Industriel	Morocco	100.00

The Richards Corp.	United States	100.00
Triagnosys	Germany	100.00
Zodiac Actuation Systems	France	100.00
Zodiac Aero Duct Systems	France	100.00
Zodiac Aero Electric	France	100.00
Zodiac Aerospace Australia PTY LTD	Australia	100.00
Zodiac Aerospace Germany Investment GmbH	Germany	100.00
Zodiac Aerospace Holding Australia PTY LTD	Australia	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 Pte Ltd (1)	Singapore	100.00
Zodiac Aerospace Services Europe	France	100.00
Zodiac Aerospace Services Middle East DWC LLC	United Arab Emirates	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Investment Ltd	UK	100.00
Zodiac Aerospace Services UK Ltd (2)	UK	100.00
Zodiac Aerotechnics	France	100.00
Zodiac Automotive Division	France	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Cabin & Structure Support	United States	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Cabin Interiors Europe (3)	France	100.00
Zodiac Composite Monuments Tunisia	Tunisia	100.00
Zodiac Data Systems	France	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc	United States	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie	Tunisia	100.00
Zodiac Fluid Equipment	France	100.00
Zodiac Hydraulics	France	100.00
Zodiac Inflight Innovations	United States	100.00
Zodiac Inflight Innovations FR	France	100.00
Zodiac Seats California	United States	100.00
Zodiac Seats France	France	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seat Shells US LLC	United States	100.00
Zodiac Seats Tunisie	Tunisia	100.00
Zodiac Seats UK Ltd	UK	100.00
Zodiac Seats US LLC	United States	100.00
Zodiac Services Americas LLC	United States	100.00
Zodiac US Corporation	United States	100.00

Fully consolidated under the equity method	**Country**	**% Interest of the Group**
EZ Air Interior Ltd	Ireland	50.00

(1) Formerly Zodiac Services Asia
(2) Formerly Zodiac Aerospace UK Ltd
(3) Formerly C&D Adder

2) - Main rates used in consolidation

	At February 28, 2014		At August 31, 2013		At February 28, 2013	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
US dollar	1.3813	1.3575	1.3235	1.3081	1.3129	1.3071
Canadian dollar (CAD)	1.5357	1.4441	1.3936	1.3225	1.3461	1.2970
South African Rand	14.7584	14.1082	13.6670	11.9680	11.7550	11.3441
Pound sterling	0.8263	0.8358	0.8540	0.8374	0.8630	0.8194
Thai baht	45.0680	43.5448	42.5570	39.7693	39.0850	39.8324
Czech crown	27.3440	26.8048	25.7350	25.5180	25.6370	25.2179

3) Accounting principles

Accounting standards and basis for preparation of financial statements

a) Basis for preparation of financial statements

The consolidated financial statements of the Zodiac Aerospace Group for the half-year period ended February 28, 2014, have been prepared in accordance with IAS 34 on Interim Financial Reporting. As these are condensed financial statements, they do not include all the information required by IFRS and should be read in relation to the Group's annual consolidated financial statements for the fiscal year ended August 31, 2013, available on the Group's website, subject to the specific features for drafting interim financial statements described below.

Except for the adoption of new mandatory standards and interpretations for the fiscal years starting as of September 1, the accounting principles used are the same as those that were used to prepare the annual consolidated financial statements for the fiscal year ended August 31, 2013, corresponding to the International Financial Reporting Standards as adopted by the European Union.

The new standards, amendments and interpretations applicable for the period are as follows:

Revised IAS 19 - Employee Benefits;
This revised standard, to be applied retrospectively has in particular the following consequences:

- The elimination of the corridor option, as well as the possibility of amortizing under income the cost of past services over the average benefit vesting period.
- Recognition in the consolidated statement of financial position of all of the post-employment benefits granted to Group employees.
- The recording in "other items of comprehensive income" of actuarial gains and losses; they are not reusable in the statement of profit and loss.
- The recording under operating income of the effects of changes in plans.
- The expected return on retirement plan assets is evaluated based on the discount rate of the actuarial liability.

A breakdown of the main consequences of the initial application of revised IAS 19 is presented in note 8.

- IFRS 13 - Fair Value Measurement;

Counterparty risk when valuing derivatives will be taken under consideration in the annual financial statements at August 31, 2014, as the estimated impact on the financial statements of the first half of the year was not significant.

Other standards, amendments and interpretations did not have a significant impact
- Amendments to IAS 1 - Presentation of Other Comprehensive Income;
- Amendments to IAS 12 – Deferred Taxes: Recovery of Underlying Assets;
- Annual improvements of IFRS, 2009-2011 cycle.

The Group has not applied the following standards and interpretations, which had not been endorsed by the European Union or for which mandatory application is later than the opening of the fiscal year:

- Standards endorsed:
    - IFRS 10, IFRS 11, IFRS 12, revised IAS 27, revised IAS 28 relating to the rules of consolidation;
    - Amendments to IFRS 10, IFRS 11, IFRS 12 - Transitional Provisions;
    - Amendments to IAS 32 - Compensation of Financial Assets and Liabilities;
    - Amendments to IFRS 7 - Disclosures Regarding Compensations of Financial Assets and Liabilities;
    - Amendments to IAS 36 - Impairment of assets

- Standards not endorsed:
- IFRS 9 - Financial Instruments;
- Annual improvements of IFRS, 2010-2012, 2011-2013 cycles.

b) Impairment of assets
At February 28, 2014, the Group had not identified for the first half any indication of loss of value or risk of loss of value on its long-term assets (goodwill and capitalized development costs).

4) Significant events in the first half

1) Acquisitions during the period

The company made two acquisitions during the period for a total amount of €53 million.

Acquisition of Triagnosys:
On September 6, 2013, the Group finalized the acquisition of the German company Triagnosys. This company specializes in in-flight connectivity architecture and equipment for in-flight entertainment systems (IFE). It has been fully consolidated within the Group since September 1, 2013.

In application of IFRS 3, the Group performed a preliminary evaluation of the fair value of the assets acquired and the liabilities assumed at the acquisition date using an independent evaluator. This allocation may be adjusted for a period of 12 months as of the acquisition date.

The valuation of assets acquired at fair value led to recognition of the following main items:
- Intangible assets for €1.2 million (clients and order book)
- Reevaluation of inventories for €0.4 million
- Deferred tax liabilities on these items for €0.4million
- Provisional goodwill of €18.3 million

Acquisition of Pacific Precision Products:
On February 27, 2014, the Group finalized the acquisition of Pacific Precision Products. Based in Irvine, California, this company designs and produces oxygen system equipment which is particularly targeted at the business aircraft market and at cabin interior specialists. It has been fully consolidated by the Group since February 28, 2014. The inclusion of this company within the Group’s scope therefore has no effect on the Group’s income in the first half of 2013/2014.

Given the acquisition date of this company, which is close to the date of the Group’s half-year closing, the evaluation at fair value of the acquired assets is not complete. The evaluated goodwill, which was recognized at February 28, 2014 in a provisional amount of $41.4 million, will be allocated for the annual closing at August 31, 2014.
In application of IFRS 3, this allocation may be adjusted for a period of 12 months as of the acquisition date.

2) Income tax

The surtax on French corporate taxes, applicable to the Group’s income for fiscal year 2013/2014, went from 5% to 10.7%. The Group’s deferred taxes were consequently reevaluated.

3) The Group paid out a quantity of 157,496 shares from its own shares to remit shares to beneficiaries of the individualized AGA (Attribution Gratuite d’Actions – Free Grant of Shares) plan in December 2013.

4) Evolution of the euro/US dollar exchange rate

The euro/US dollar exchange rate evolved unfavorably over this half-year, posting an average conversion price of 1.36, as compared to 1.31, and the transaction rate amounted to 1.36, as compared to 1.29 during the same half-year in the previous fiscal year [(2)].

[(2)] The conversion price is the price applied to the companies’ income when their functional currency is not the euro. The transaction price is the price used to record sale/purchase operations in a currency other than the currency of the entity concerned.

5) Division by five of the par value of the Zodiac Aerospace share.

In order to increase the liquidity of the Zodiac Aerospace share, and make it more accessible to individual shareholders, the Combined General Meeting of shareholders of the Zodiac Aerospace company voted during its meeting on January 8, 2014 to divide the par value of each company share by five. Consequently, at the close of the February 24, 2014 session, each existing share in circulation was traded in for five new shares, with the same effectiveness, noting that the share capital remained unchanged. This operation was performed at no cost, and without formalities, for shareholders of Zodiac Aerospace, and had no impact on their rights. The new number of shares and the net earnings per share thus reflect this adjustment.

5) - Notes

NOTE 1 - SEGMENT REPORTING

As of September 1, 2012, Zodiac Aerospace group has been organized into 5 operating segments:

- Zodiac Aerosafety (Slides, rafts, emergency arresting systems, wring protection systems, parachutes, fuel tanks, etc.)
- Zodiac Aircraft Systems (Electrical distribution, oxygen systems, fuel systems, controls, actuators, cockpit systems, hydraulic, lighting systems, IFE systems, etc.)
- Zodiac Seats (First Class passenger seats, business class and economy class seats, crew seats, etc.)
- Zodiac Cabin & Structures (Complete cabin interiors, complete interiors from floor to ceiling, bulkheads, trim panels, overhead bins, etc., Retrofit (cabin refurbishment) solutions, etc.)
- Zodiac Galleys & Equipment (Galleys, food electrical equipment, trolleys, cargo containers, etc.)

IFRS 8 authorizes the grouping of certain sectors for the needs of publishing financial information, when the grouped units have similar economic characteristics:
- Nature of similar products and services,
- Types of identical clients,
- Similar long-term profitability profiles.

Given the analysis conducted, with regard to profitability profiles and the nature of the products sold, the Group chose to combine its segment reporting under 3 sectors which share similar economic characteristics:

- Zodiac Aerosafety
- Zodiac Aircraft Systems
- Aircraft Interiors business including 3 other business segments

A - STATEMENT OF PROFIT AND LOSS ITEMS

NOTE 1.1. - CONSOLIDATED REVENUE BY BUSINESS SEGMENT AND BY REGION OF CLIENT LOCATION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2014						
Aerosafety	44,183	63,008	97,007	24,216	40,306	268,720
Aircraft Systems	182,695	178,300	155,841	29,918	76,298	623,052
Aircraft Interiors Business	29,342	200,752	387,023	140,334	348,468	1,105,919
TOTAL	**256,220**	**442,060**	**639,871**	**194,468**	**465,072**	**1,997,691**
At Thursday, February 28, 2013						
Aerosafety	40,802	68,991	78,416	30,388	36,984	255,581
Aircraft Systems	145,418	124,790	129,506	27,877	81,302	508,893
Aircraft Interiors Business	37,140	169,804	344,910	137,574	375,406	1,064,834
TOTAL	**223,360**	**363,585**	**552,832**	**195,839**	**493,692**	**1,829,308**

CONSOLIDATED REVENUES BY BUSINESS SEGMENT WITH A BREAKDOWN OF INTER-SEGMENT REVENUES

(in thousands of euros)	Revenues including inter-segment	Revenues inter-segment	Revenues - consolidated
At February 28, 2014			
AeroSafety	279,025	(10,305)	268,720
Aircraft Systems	651,348	(28,296)	623,052
Aircraft Interiors Business	1,153,501	(47,582)	1,105,919
TOTAL	**2,083,874**	**(86,183)**	**1,997,691**
At Thursday, February 28, 2013			
AeroSafety	263,046	(7,465)	255,581
Aircraft Systems	536,715	(27,822)	508,893
Aircraft Interiors Business	1,067,093	(2,259)	1,064,834
TOTAL	**1,866,854**	**(37,546)**	**1,829,308**

NOTE 1.2 - CURRENT OPERATING INCOME BY BUSINESS 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 February 28, 2014						
AeroSafety	15,655	2,207	25,395	588	2,107	45,952
Aircraft Systems	37,646	13,392	31,336	–	1,966	84,340
Aircraft Interiors Business	28,179	51,907	45,816	8,712	(614)	134,000
Zodiac Aerospace company	(8,958)	–	(13)	–	–	(8,971)
TOTAL	**72,522**	**67,506**	**102,534**	**9,300**	**3,459**	**255,321**
At Thursday, February 28, 2013						
AeroSafety	12,001	1,753	18,713	1,102	1,111	34,680
Aircraft Systems	34,417	12,432	24,348	(4)	1,153	72,346
Aircraft Interiors Business	34,057	43,584	54,539	5,074	793	138,047
Zodiac Aerospace company	(6,627)	–	(97)	–	–	(6,724)
TOTAL	**73,848**	**57,769**	**97,503**	**6,172**	**3,057**	**238,349**

NOTE 1.3 - 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 February 28, 2014						
AeroSafety	(125)	(14)	135	(240)	(284)	(528)
Aircraft Systems	(1,401)	180	(162)	–	(313)	(1,696)
Aircraft Interiors Business	723	(468)	(457)	784	(244)	338
Zodiac Aerospace company	(14,625)		217			(14,408)
TOTAL	**(15,428)**	**(302)**	**(267)**	**544**	**(841)**	**(16,294)**
At Thursday, February 28, 2013						
AeroSafety	(401)	18	95	(58)	(336)	(682)
Aircraft Systems	(2,207)	183	(32)		(294)	(2,350)
Aircraft Interiors Business	664	(723)	(266)	(417)	(162)	(904)
Zodiac Aerospace company	(8,342)	–	(1)			(8,343)
TOTAL	**(10,286)**	**(522)**	**(204)**	**(475)**	**(792)**	**(12,279)**

NOTE 1.4 – 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 February 28, 2014						
AeroSafety	(5,180)	(502)	(9,330)	(35)	(85)	(15,132)
Aircraft Systems	(5,917)	(3,476)	(9,604)	–	(294)	(19,291)
Aircraft Interiors Business	(10,036)	(10,838)	(16,749)	(3,248)	(11)	(40,882)
Zodiac Aerospace company	8,562	–	(71)	–	–	8,491
TOTAL	**(12,571)**	**(14,816)**	**(35,754)**	**(3,283)**	**(390)**	**(66,814)**
At Thursday, February 28, 2013						
AeroSafety	(4,074)	(438)	(6,861)	(236)	(200)	(11,809)
Aircraft Systems	(6,242)	(3,391)	(8,298)	–	(433)	(18,364)
Aircraft Interiors Business	(11,566)	(8,887)	(18,888)	(1,699)	(223)	(41,263)
Zodiac Aerospace company	2,871	–	34	–	–	2,905
TOTAL	**(19,011)**	**(12,716)**	**(34,013)**	**(1,935)**	**(856)**	**(68,531)**

B - BALANCE SHEET ITEMS

NOTE 1.5 - INTANGIBLE ASSETS AND GOODWILL BY BUSINESS SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2014						
AeroSafety	5,409	10,925	60,262	29,413	2,621	108,630
Aircraft Systems	570,682	22,179	257,804	–	7,277	857,942
Aircraft Interiors Business	33,359	623,270	517,063	3,521	917	1,178,131
Zodiac Aerospace company	17,006	–	–	–	–	17,006
TOTAL	**626,456**	**656,374**	**835,129**	**32,934**	**10,815**	**2,161,708**
At Thursday, February 28, 2013						
AeroSafety	5,451	10,479	61,981	33,778	2,565	114,254
Aircraft Systems	501,415	3,139	246,376	–	8,224	759,154
Aircraft Interiors Business	45,410	616,924	549,136	2,973	960	1,215,403
Zodiac Aerospace company	4,410	–	–	–	–	4,410
TOTAL	**556,686**	**630,542**	**857,493**	**36,751**	**11,749**	**2,093,221**

NOTE 2 - GOODWILL

(in thousands of euros)	Balance at opening at 8/31/2013	Currency translation adjustments	Change in scope of consolidation (1)	Change	Impairment	Balance at 2/28/2014
Gross	1,681,203	(27,575)	49,867			1,703,495
Impairment	112,453	(1,699)	–		–	110,754
Net goodwill	**1,568,750**	**(25,876)**	**49,867**		**–**	**1,592,741**

(1) Inclusion of Triagnosys and Pacific Precision Products

NOTE 3 - INTANGIBLE ASSETS

NOTE 3.1 - Intangible Assets: gross

(in thousands of euros)	Balance at opening at 8/31/2013	Currency translation adjustments	Change in scope of consolidation	Increases	Decreases	Reclassi-fications	**Balance at 2/28/2014**
Set up costs	101	–	–	–	–	–	101
Development costs	394,749	(6,532)	–	32,733	(11)	–	420,939
Patents and registered trademarks	140,968	1,065	540	–	–	–	142,573
Software	63,411	(453)	139	2,883	(554)	4,335	69,761
Certifications and other	129,241	186	127	271	–	(1,594)	128,231
TOTAL	**728,470**	**(5,734)**	**806**	**35,887**	**(565)**	**2,741**	**761,605**

NOTE 3.2 - Intangible Assets: amortization

(in thousands of euros)	Balance at opening at 8/31/2013	Currency translation adjustments	Change in scope of consolidation	Increases	Decreases	Reclassi-fications	**Balance at 2/28/2014**
Set up costs	101	–	–	–	–	–	101
Development costs	67,954	(1,654)	–	9,868	(11)	–	76,157
Patents and registered trademarks	9,114	(216)	–	250	–	–	9,148
Software	48,217	(314)	65	3,614	(554)	2,190	53,218
Certifications and other	45,556	(20)	–	8,478	–	–	54,014
TOTAL	**170,942**	**(2,204)**	**65**	**22,210**	**(565)**	**2,190**	**192,638**
Net amount of intangible assets	**557,528**	**(3,530)**	**741**	**13,677**	**–**	**551**	**568,967**

NOTE 4 - INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

NOTE 5 – TAXES

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
1) Balance sheet			
Deferred taxes:			
Deferred tax assets	1,272	970	493
Deferred tax liabilities	146,950	157,154	150,409
Net deferred taxes	**(145,678)**	**(156,184)**	**(149,916)**
Breakdown of net amount by category:			
Employee benefits (1)	36,335	26,303	23,865
Depreciation of inventories, stocks and associated general expenditure	21,645	22,508	21,613
Elimination of inventory margin	30,320	24,739	26,572
Development costs	(123,680)	(116,426)	(109,879)
Goodwill (2)	(129,472)	(133,481)	(133,699)
Regulated provisions adjustments	(5,924)	(5,714)	(5,284)
Other (3)	25,098	25,887	26,896
Net deferred taxes	**(145,678)**	**(156,184)**	**(149,916)**
2) Statement of profit and loss			
Deferred taxes and taxes payable:			
- deferred taxes	(4,450)	(13,570)	(3,722)
- taxes payable	(62,364)	(128,066)	(64,809)
Taxes	**(66,814)**	**(141,636)**	**(68,531)**

(1) As of February 28, 2014, the amount includes deferred tax assets recorded following the application of revised IAS 19 for €10,376,000.

(2) Including deferred tax liabilities on goodwill eligible for tax amortization.

(3) Including deferred tax assets on tax deficits.

EFFECTIVE TAX RATE

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Net income	**162,404**	**370,728**	**146,609**
Income of companies accounted for using the equity method	**150**	**(732)**	**(186)**
Income taxes	**(66,814)**	**(141,636)**	**(68,531)**
Pre-tax income	**229,068**	**513,096**	**215,326**
Tax rate	**38.00%**	**36.10%**	**36.10%**
Theoretical tax	(87,046)	(185,228)	(77,733)
Incidence of reduced-rate risk	–	189	–
Impact of tax rates in countries other than France	9,005	23,050	1,563
Tax credit for research and training	8,614	21,093	8,744
Tax credit on production activity in the United States (1)	2,290	4,753	2,378
Other (2)	323	(5,493)	(3,483)
Consolidated income tax	**(66,814)**	**(141,636)**	**(68,530)**
EFFECTIVE TAX RATE	**29.17%**	**27.60%**	**31.83%**

(1) Estimated at February 28, 2014

(2) At February 2014, this amount includes the effect of the decrease in income taxes resulting from the acquisition in December 2013 of bonus shares, which were distributed by the (general and individualized) plans in December 2011. This amount is based on the value of the bonus shares as calculated in application of IFRS2.

The current tax assets appearing on the balance sheet primarily consist of installments paid as corporate tax, provisions for taxes and VAT.

NOTE 6 – CASH

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Cash and cash equivalents	**67,312**	**156,840**	**88,103**
Current financial liabilities	-402,158	-92,005	-387,473
Commercial paper and other lines of short-term credit	363,600	73,000	339,800
Current portion of long-term loans and reimbursable advances	883	885	853
Advances from banks	**-37,675**	**-18,120**	**-46,820**
NET CASH	**29,637**	**138,720**	**41,283**

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

NOTE 7 – INVENTORIES

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Components and sub-assemblies	573,774	528,638	530,166
Work in progress	271,529	251,197	242,167
Finished products	229,319	214,090	207,052
Gross total	**1,074,622**	**993,925**	**979,385**
Provisions for impairment	**138,812**	**134,924**	**136,699**
TOTAL	**935,810**	**859,001**	**842,686**

No inventory items have been offered as collateral for liabilities.

NOTE 8 – PROVISIONS

(in thousands of euros)	Balance at opening at 8/31/2013 published	Change in method (1)	Amount at 08/31/2013 (2)	Currency translation adjustments	Change in scope of consolidation	Changes during the fiscal year			Reclassi-fications	Balance at 2/28/2014
						Charges	Reversals (provisions used)	Reversals (provisions unused)		
Pension plans and lump-sum retirement benefits	52,528	29,098	81,626	(141)	–	1,678	(695)	–	356	82,824
Other	7,461		7,461	–	–	–	–	–	88	7,549
Total non-current	**59,989**	**29,098**	**89,087**	**(141)**	**–**	**1,678**	**(695)**	**–**	**444**	**90,373**
Guarantees	48,029		48,029	(889)	43	7,278	(4,297)	(387)	(75)	49,702
Litigation and insurance deductibles	9,851		9,851	77	–	4,461	(2,043)	(50)	136	12,432
Restructuring and diversification	1,408		1,408	(20)	–	459	(657)	(30)	–	1,160
Taxes other than income taxes	2,344		2,344	(59)	–	–	–	–	–	2,285
Other	14,432		14,432	(136)	4	5,006	(3,929)	(908)	4,357	18,826
Total current	**76,064**		**76,064**	**(1,027)**	**47**	**17,204**	**(10,926)**	**(1,375)**	**4,418**	**84,404**
Total	**136,053**	**29,098**	**165,151**	**(1,168)**	**47**	**18,882**	**(11,621)**	**(1,375)**	**4,862**	**174,777**

(1) Application of the revised IAS19 standard.

(2) In application of the revised IAS19, the Group recorded a provision in its financial statements for pension plans and retirement indemnities of €29,098,000, as well as deferred tax assets relating thereto for €10,376,000. These deferred tax assets reduce the deferred tax liabilities, as the deferred taxes are offset between assets and liabilities, by tax groups, in application of IAS 12. The net impact of €18,722,000 was recorded in equity.

NOTE 9 - FINANCIAL LIABILITIES

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
A. Non-current financial liabilities			
Confirmed syndicated loan (EUR)	–	200,000	665,000
Confirmed syndicated loan (GBP)	44,317	30,306	77,946
Euro PP (euro)	125,000	125,000	–
Schuldschein (euro)	535,000	535,000	–
Loan costs	(3,918)	(4,654)	(1,945)
Other borrowings and unconfirmed credit non-current portion	22,762	22,945	23,011
Total	**723,161**	**908,597**	**764,012**
B. Current financial liabilities			
Commercial paper (EUR)	363,600	73,000	339,800
Confirmed syndicated loan (EUR)	–	–	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	38,558	19,005	47,673
Total	**402,158**	**92,005**	**387,473**
Current and non-current financial liabilities	**1,125,319**	**1,000,602**	**1,151,485**

NOTE 10 - OTHER CURRENT LIABILITIES

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Other payables	39,091	38,089	51,245
Amounts owed to customers	80,845	76,358	89,727
Deferred income	65,716	90,755	64,978
TOTAL	**185,652**	**205,202**	**205,950**

NOTE 11 - NON-CURRENT OPERATING ITEMS

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Restructuring costs (1)	(1,279)	(968)	91
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	–	(150)	–
Impairment	–	–	–
Disputes	–	–	–
Amortization of intangible assets (2)	(8,205)	(21,104)	(8,550)
Cost of acquisition (3)	(475)	(2,973)	(2,512)
Other (4)	–	2,009	227
TOTAL	**(9,959)**	**(23,186)**	**(10,744)**

(1) At August 31, 2013, primarily comprised of early retirements in the United States
At February 28, 2014, primarily comprised of early retirements in the United States and repatriation of Chihuahua (Mexico) business to the US.

(2) Amortization of order books and client portfolio valued during acquisitions in application of IFRS 3

(3) Acquisition costs of securities or assets as part of acquisition transactions (pursuant to revised IFRS 3.) At February 28, 2014, this amount primarily concerned the acquisitions of Triagnosys and Pacific Precision Products.

(4) At August 31, 2013, this amount included a disposal of land to Niort.

NOTE 12 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

(in thousands of euros)	2/28/2014	8/31/2013	2/28/2013
Commitments given			
Long-term rentals (1) (2)	175,365	177,758	123,340
Actuarial gains and losses and past service costs on retirement benefit obligations (3)	–	18,752	19,583
Other guarantees given (4)	10,289	12,651	11,199
Collateral	–	–	–
Commitments received under contracts	**297**	**297**	**297**

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

(2) The variance between the two fiscal years includes -€2.7 million relating to exchange rate fluctuations.

(3) In application of revised IAS 19, actuarial gains and losses, and the cost of past services on retirement commitments, net of the corresponding deferred tax, are recognized in the consolidated statement of financial position as of September 1, 2013.

(4) Including a €1,231,000 guarantee issued by Zodiac Aerospace in favor of the Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our 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.

Furthermore:

a) the Zodiac Aerospace company:

- posted a guarantee bond at the Amsterdam commercial court to cover the consolidated debts of the Driessen Group holding company and its Dutch subsidiaries to avoid the need to prepare and locally submit consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  • in August 2009 on behalf of Zodiac Seats France (expiration date December 31, 2016);
  • in November 2010 on behalf of Zodiac Seats US LLC (expiration date December 31, 2015);
  • in January 2011 on behalf of Zodiac Seats US LLC and C&D Zodiac Inc. (expiration date December 31, 2015).

b) Zodiac Aerotechnics issued a guarantee on October 23, 2013 on behalf of Zodiac Aero Electric, in the context of significant commercial contracts with one of its main clients, covering its subsidiary's performance and obligations.

CONTINGENT ASSETS AND LIABILITIES

No contingent assets were identified at February 28, 2014.

The only contingent liability that existed at August 31, 2013, relating to a dispute on chemical pollution at Mag. Aerospace Industries Inc. was concluded on February 28, 2014 after the plaintiff dismissed its claims.

NOTE 13 - RELATED PARTIES

TRANSACTIONS WITH PRINCIPAL SENIOR MANAGEMENT

a) Salaries and benefits [(1)]

(in euros)	Fixed	Variable (1)	Benefits in kind	Total
Maurice Pinault	186,000	169,893	2,995	358,888
Olivier Zarrouati	310,000	283,154	5,330	598,484
TOTAL	**496,000**	**453,047**	**8,325**	**957,372**

(1) Variable amounts are based on those paid in January 2014 for fiscal year 12/13, pro rata temporis over 6 months.
The variable portion payable for a given year "n" is based on a target for Group net income, taking into account performance in the previous year ended "n-1" and the budget for year "n." The comparison between the performance achieved in relation to this target, within a realization bracket of 80% to 120%, gives the "realization rate."
This rate is applied proportionally to the fixed salary to give the amount of the variable portion and can be a maximum of 100% of the fixed portion.
There is no separate pension plan in place for the company officers of Zodiac Aerospace, nor for its Executive Committee.

b) Share options and bonus shares:

	Maurice Pinault		Olivier Zarrouati	
	Plan 07b	Plan 2011	Plan 07b	Plan 2011
1. Share options:				
a) BEFORE DIVISION OF PAR VALUE				
Unexercised options at 8/31/2013	59,640	32,000	5,680	0
Awards for the fiscal year	0	0	0	0
Options exercised at 2/28/2014	45,796	0	5,680	0
Unexercised options at 2/28/2014	13,844	32,000	0	0
Exercise price (in euros)	41.11	62.34	41.11	0
Expiration Date	12/3/2015	12/29/2019	12/3/2015	0
b) AFTER TAKING INTO ACCOUNT THE DIVISION OF THE PAR VALUE				
Unexercised options at 8/31/2013	298,200	160,000	28,400	0
Awards for the fiscal year	0	0	0	0
Options exercised at 2/28/2014	228,980	0	28,400	0
Unexercised options at 2/28/2014	69,220	160,000	0	0
Exercise price (in euros)	8.22	12.47	8.22	0
Expiration Date	12/3/2015	12/29/2019	12/3/2015	0

2. Bonus shares:

	Maurice Pinault	Olivier Zarrouati
a) BEFORE DIVISION OF PAR VALUE		
Shares in vesting period at August 31, 2013	16,000	53,334
Date of right to purchase	12/29/2013	12/29/2013
Shares acquired at February 28, 2014	16,000	53,334
Shares not yet acquired at February 28, 2014	0	0
b) AFTER TAKING INTO ACCOUNT THE DIVISION OF THE PAR VALUE		
Shares in vesting period at August 31, 2013	80,000	266,670
Date of right to purchase	12/29/2013	12/29/2013
Shares acquired at February 28, 2014	80,000	266,670
Shares not yet acquired at February 28, 2014	0	0

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

For the first half of 2013/2014, there was no allocation of share options or bonus shares to members of the Executive Board.

COMPENSATION PAID TO EXECUTIVE COMMITTEE MEMBERS

a) Compensation

There were eleven members of the Executive Committee (Comex) in the first half of 2013/2014, and in the first half of 2012/2013.
The amount paid to these members was €1,665,000 in fixed compensation and €1,191,000 in variable compensation, for a total of €2,856,000, which includes the compensation paid to the Executive Board members (of which a detailed breakdown is given in the specific note regarding senior management compensation). The corresponding figures for the previous fiscal year were €1,477,000 and €1,069,000, respectively, for a total amount of €2,546,000.

The variable portion payable for a given year "n", depending on the functions held, is based on:
a) a target and formula identical to that applied to the company officers and the Group Financial Director;
b) a target current operating income[1] and working capital requirement that takes account of the previous year ended "n-1" and the budget for year "n." The comparison between the performance achieved in relation to this target, within a realization bracket of 75% to 125%, gives the "realization rate" for the target. This rate is applied proportionally to the fixed salary to give the amount of the variable portion and can be a maximum of 100% of the fixed portion.

b) Share options and bonus shares (the quantities below are after the par value was divided by 5)

Information on share options held by company officers

Two members of the Executive Board exercised four share options during the first half of the 2013/2014 fiscal year, for 7,660, 200,000, 21,320 and 28,400 options.
These options translated to the creation of 257,380 instruments in the first half of 2013/2014.
No options were granted in the first half of 2013/2014.
Members of the Executive Board made an acquisition in December 2013, following the allocation of 346,670 shares in December 2011.

Information on share options held by Group employees,

- During the fiscal year, members of the Executive Committee not benefiting from a multi-year program were allocated a total of 63,750 share options.

These options may only be exercised before the first anniversary date of the allocation and for the balance before the second year.

- During the fiscal year, members of the Executive Committee, not benefiting from a multi-year program, were allocated a total of 54,170 bonus shares.

These bonus shares are subject to a condition of being present for 2 years and to performance conditions.

- During the first half of 2013/2014, 201 staff members who were not members of the Executive Committee were allocated a total of 476,125 share options (annual plan) and 164,855 bonus shares.

The total of the 10 strongest share option allocations amounted to 130,250 options.
The total of the first 10 allocations of bonus shares amounted to 41,690 shares.

During the first half of 2013/2014, the total of the first 10 share options exercised was 385,315 options, all categories combined.
Not including members of the Executive Committee, the total of the first 10 options exercised during the fiscal year was 141,825 options.

[1] In order to calculate this income, both to determine the target amount and the amount earned during the year "n," all income in a functional currency other than euros is converted at the same rate as that established for the budget for the year "n"; the same is true for foreign currency flows.

NOTE 14 - POST YEAR-END EVENTS

Zodiac Aerospace pursues strengthening its funding

In order to fund its internal growth and pursue its external growth strategy, the Group has strengthened its funding. A new "Club Deal" substituting the one signed in August 2011, with a maturity date of June 2015, allows the average maturity of our funding to be extended by the placement on March 14, 2014 of funding which offers a five-year maturity, which may be renewed for one additional year at Zodiac Aerospace's request for each of the next two years. The amount of this credit is €1,030 million The terms of this credit will allow Zodiac Aerospace to reduce the cost of its debt. The company will record an exceptional financial charge of €1.1 million in its accounts for the second half of the year as the non-amortized balance for the costs incurred under the previous "Club Deal."

In all, Zodiac Aerospace has guaranteed funding in the amount of €1,690 million, divided into €660 million from the issue of a Schuldschein and a private investment in France which were announced in July 2013, and €1,030 million which comes from the new "Club Deal." Zodiac Aerospace is also active in the commercial paper market (for approximately €400 million outstanding receivables to date.) The average maturity is 5 years.

There were no other material post year-end events.

Statutory Auditors’ report on the first-half financial report

Zodiac Aerospace

Period from September 1, 2013 to February 28, 2014

Statutory Auditors’ report on the first-half financial report

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

Statutory Auditor
Member of the regional company
of Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
Simplified Joint Stock Company [SAS] with variable capital

Statutory Auditor
Member of the regional company
of Versailles

Zodiac Aerospace
Period from September 1, 2013 to February 28, 2014

Statutory Auditors’ report on the first-half financial report

To the Shareholders,

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

- conducted a limited review of the condensed consolidated half-year financial statements of the Zodiac Aerospace company for the period September 1, 2013 to Friday, February 28, 2014, which accompany this report;

- verified the amounts and disclosures contained in the half-year business report.

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

1. Opinion on the financial statements

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

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

Without calling into question the finding expressed above, we draw your attention to paragraph "3) - Accounting principles applied," which presents the new standards, amendments and interpretations which were applied by your company as of September 1, 2013, in particular the impact of the first application by your company of standard IAS 19, which was reviewed in relation to employee benefits.

2. Specific verification

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

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

Paris-La Défense, April 30, 2014

The Statutory Auditors

FIDAUDIT *Member of the FIDUCIAL network*	ERNST & YOUNG Audit
Bruno Agez	Laurent Miannay