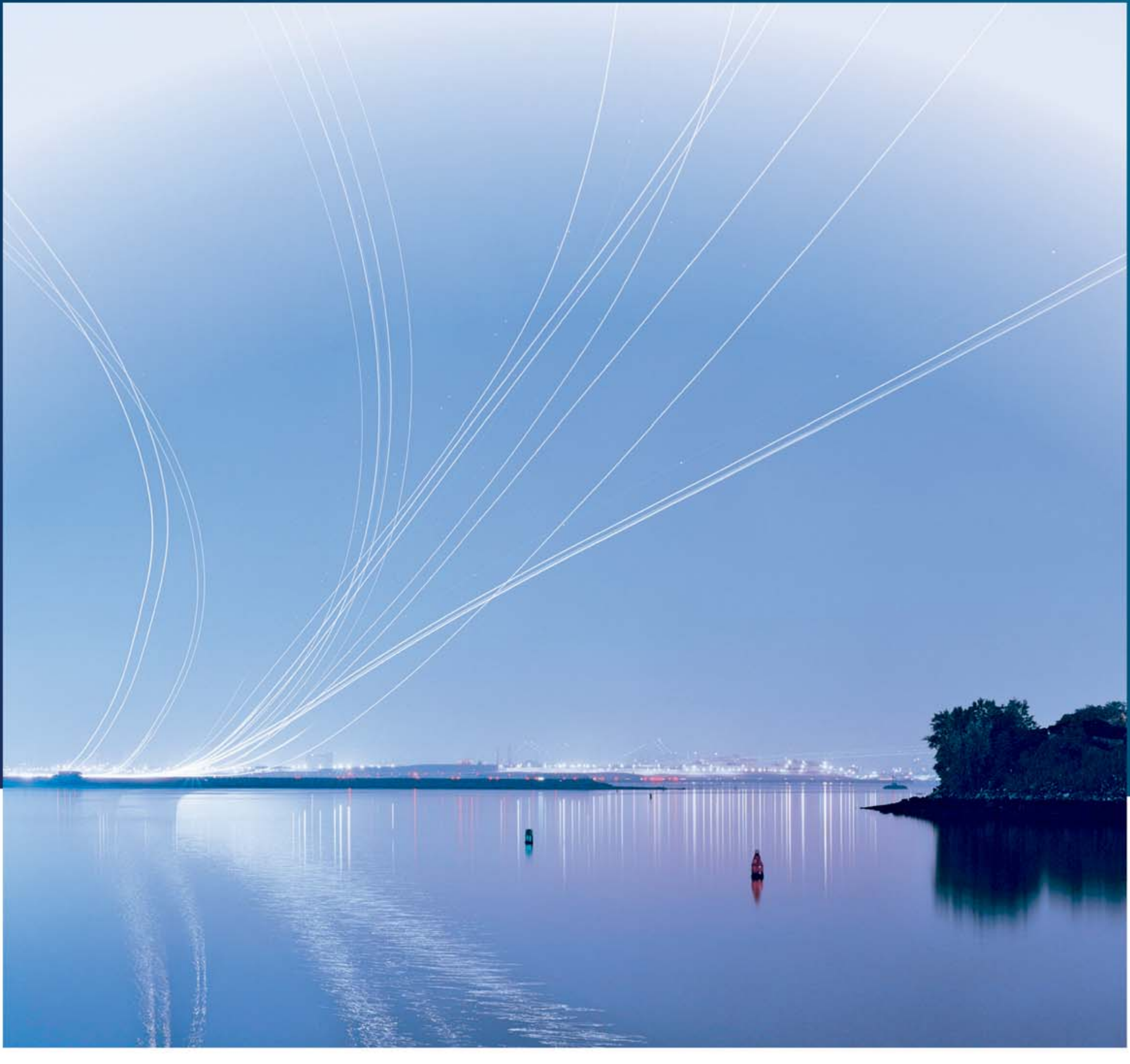
ANNUAL REPORT 2011 #2012



MASTERING THE ELEMENTS

ZODIAC AEROSPACE

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FINANCIAL **INFORMATION**

CONSOLIDATED KEY FIGURES

	2011/2012	2010/2011	11/12-10/11 change
Reported figures:			
Sales revenue	**€3,440.6m**	**€2,734.8m**	**25.8%**
Number of employees (1)	23,080	19,567	18.0%
Current operating income	€486.4m	€384.8m	26.4%
Net income attributable to Group shareholders	**€318.9m**	**€238.3m**	**33.8%**
Earnings per share after minority interests	€5.89	€4.45	32.4%
Proposed dividends (2)	€80.0m	€68.1m	17.5%
Net debt-to-Equity ratio	0.42	0.38	10.5%
Figures restated after excluding IFRS 3 impact:			
Current operating income	€487.6m	€386.5m	26.2%
Net income attributable to Group shareholders	€332.8m	€245.5m	35.6%
Earnings per share after minority interests	€6.15	€4.58	34.3%

(1) Average number of permanent employees on the payroll during the fiscal year.
(2) Exc. neutralization of treasury stock.

OTHER FINANCIAL INDICATORS

	2011/2012	2010/2011	11/12-10/11 change
Profitability			
Reported figures:			
Operational margin	14.1%	14.1%	–
Net income (attributable to Group shareholders)/ Net equity at beginning of year (3)	18.4%	17.6%	4.5%
Figures restated after excluding IFRS 3 impact:			
Operational margin	14.2%	14.1%	0.7%
Financial position			
Reported figures:			
Cash flow from operations	€427.5m	€346.4m	23.4%
Capital expenditure	€154.3m	€111.8m	38.0%
Net equity after appropriation of net income	€1,980.7m	€1,526.9m	29.7%
Net interest expense	€30.7m	€32.4 m	–5.2%
Net debt-to-EBITDA ratio (4)	1.45	1.30	11.5%

(3) Net equity at beginning of the period after incorporation of exchange rate fluctuations, capital increases and premiums for the fiscal year.
(4) EBITDA : income in the definition stated in the "Club deal" loan contract.

MANAGEMENT REPORT

ANOTHER YEAR OF VIGOROUS GROWTH IN SALES REVENUE AND CURRENT OPERATING INCOME

Zodiac Aerospace wrapped up another year with sustained growth, marked by a 25.8% increase in sales revenue to €3,440.6 million in the 2011/2012 fiscal year (September through August). At like-for-like consolidation scope and exchange rates, organic sales revenue rose by 14.4% compared with an announced annual growth target of "more than 10%". The consolidation scope effects impacted the Cabin Interiors Segment and consist of an additional month of Sell (consolidated over 11 months in 2010/2011), the full-year consolidation of Health Tecna and the inclusion in the consolidation of Contour Aerospace for six months, as well as the removal from the consolidation scope of the Driessen Services repair business (over 12 months). Overall, external growth accounted for 7.2 percentage points of the growth in business, while the effects of net exchange rates represented 4.2 points for the period. Aerospace activities (excluding Trains and "Airbags") increased by 16.7% at like-for-like consolidation scope and exchange rates.

Zodiac Aerospace continues to grow in a buoyant market: with 13.6% organic growth in the fourth quarter, the Group has achieved 10 consecutive quarters of positive organic growth and eight consecutive quarters of double-digit organic growth.

After applying the IFRS 3 accounting standard, the current operating income (COI) stood at €486.4 million, compared with €384.8 million in 2010/2011, representing a hearty increase of 26.4%. Before applying IFRS 3, COI rose sharply by 26.2% to €487.6 million, compared with €386.5 million in 2010/2011, generating a current operating margin of 14.2%, compared with 14.1% in 2010/2011.

The COI rose by 20.2% at like-for-like consolidation scope and by 14.8% at like-for-like consolidation scope and exchange rates. The consolidation scope effects contributed €23.1 million to the fiscal year's results.

The exchange rate impact totaled €21 million, a figure that breaks down into €16.2 million in currency translation impact and €4.8 million in transaction impact.

The introduction of new social provisions in France had a 0.1-percentage-point impact on the operating margin for the 2011/2012 fiscal year.

A SATISFACTORY OPERATING PERFORMANCE DELIVERED BY THE GROUP'S THREE SEGMENTS

The Cabin Interiors Segment reported a strong rise of 32.4% in its sales revenue to €2,117.8 million for the entire fiscal year. At like-for-like consolidation scope and exchange rates, this Segment produced growth of 15.0%. Cabin Interiors' sales revenue was, in particular, boosted by the very strong sales of its Seats Division, as well as good sales of Galleys activities in Europe. External growth accounted for 12.4 percentage points of the annual increase in sales revenue. That hike was mainly due to Heath Tecna, which specializes in integrated cabin interiors, and has been consolidated since September 1, 2011; and to the UK company, Contour, which specializes in premium seats, and has been consolidated since February 29, 2012. Excluding IFRS 3 impact, the Segment's current operating income increased by 30.6% to €331.5 million, compared with €253.8 million in 2010/2011. At like-for-like consolidation scope and exchange rates, Cabin Interiors reported a rise in its current operating income of 13.6% (Excluding IFRS 3). The Segment continued investing to develop new designs for seats, IFE (in-flight entertainment) and galley equipment. Changes in the scope of consolidation contributed €24.0 million to the COI surge (Excluding IFRS 3), while the effects of foreign exchange had an overall positive impact of €19.1 million (which includes a currency translation impact of €11.8 million and a transaction impact of €7.3 million).

The Aircraft Systems Segment achieved excellent sales for the 2011/2012 fiscal year. It reported a substantial advance in its sales revenue of 20.4% to €678.1 million and of 17.7% at like-for-like consolidation scope and exchange rates. All its activities turned in good performances in both original equipment and after sales business. Its current operating income was up 13.5% to €85.4 million. That gain was compromised by an overall negative exchange rate impact of €1.6 million (+€0.9 million in currency translation impact and -€2.5 million in transaction impact).

The AeroSafety & Technology Segment made sales revenues of €644.8 million in the 2011/2012 fiscal year, an increase of 12.8% based on reported figures, and a rise of 9.3% in organic revenue. Following on from previous quarters, the Segment benefited from growth in emergency evacuation and electrical interconnect activities, and, in the second quarter, from a healthy increase in sales of emergency aircraft arresting systems activities. Its current operating income rose by 24.6% to €83.6 million based on reported figures, and by 19.2% at like-for-like consolidation scope and exchange rates. The Segment benefited from a positive overall exchange rate effect of €3.7 million (+€3.5 million in currency translation +€0.2 million in transaction impact) and organic growth of €12.9 million.

SOLID INCREASE IN NET INCOME AND EARNINGS PER SHARE

Net financial income was negative: -€33.2 million compared with -€34.4 million. Restated to account for the impact of the amortization of setting-up expenses or those of the syndicated loan rider, it amounted to -€32.4 million compared with -€29.1 million, an increase of €3.3 million generated by the increase in our needs after the acquisitions of Heath Tecna and Contour.

Non-current operating income for the year was -€11.5 million compared with -€17.2 million in 2010/2011. This figure mainly comprehends expenses linked to IFRS 3: -€15.7 million in amortization of intangible assets, as opposed to -€5.7 million in 2010/2011, and -€2.9 million in acquisition expenses linked to external growth, compared with -€3.1 million in 2010/2011. In addition, in application of the sales agreement with the seller of Cantwell Cullen, purchased in 2009/2010, a partial reimbursement of the price was recorded during the fiscal year for a gross amount of €5.1 million. Restructuring and reorganization expenses were down compared with 2010/2011: -€0.4 million with respect to -€5.8 million.

The income from business activities sold was €10.9 million compared with €0.6 million in 2010/2011. This year's figure arises from the sales of the Issy les Moulineaux building and the Driessen Services repair business, which were finalized during the course of the first half of the fiscal year.

The income taxes paid was -€134.4 million, versus -€95.9 million in 2010/2011, reflecting a rate of 30.4% compared with 28.8% for the previous fiscal year.

In total, the net income attributable to Group shareholders reached €318.9 million, contrasted with €237.3 million in the preceding year, reflecting a surge of 34.3%.

When the IFRS 3 impact is excluded, the net profit for the year stands at €332.8 million, versus the €245.6 million recorded for the previous fiscal year, for a substantial 35.5% gain. Net earnings per share came to €5.89 compared with €4.45 per share. When the impact of IFRS 3 is excluded, the net EPS shows a 34.3% increase to €6.15 per share, with respect to €4.58 in 2010/2011.

DEBT UNDER CONTROL THANKS TO HEALTHY CASH FLOW GENERATION

At the end of the 2011/2012 fiscal year, the Group's net debt stood at €831.6 million, down from € 1.054 billion at the end of the first semester, and up from €585.4 million at the end of the 2010/2011 fiscal year. The net debt-to-equity ratio (gearing) thus stood at 42%, versus 38% at the close of the 2010/2011 fiscal year, and 59.2% at the end of the first half of 2011/2012. The net debt-to-EBITDA ratio (as per the definition stated in the "Club deal" loan contract) at the end of August 2012 was 1.45, compared with 1.3 at the end of the same month in 2011. This ratio is well below the "Club deal" covenant, which sets a maximum ratio of 3.25 as at August 31, 2012, and 3 as from August 31, 2013. This leaves the possibility open to conclude other acquisitions, in line with our strategy.

This debt increase was mainly due to the acquisitions of Heath Tecna on September 1, 2011, and of Contour Aerospace on January 19, 2012, representing a company value of $114 million and £274 million respectively. Heath Tecna has been consolidated in the accounts since September 1, 2011, and Contour Aerospace was first consolidated on February 29, 2012. The total value of investments linked to acquisitions during the fiscal year amounted to €405 million.

Cash flow from operations grew 23.3% to €428 million, versus €347 million in 2010/2011.

Despite the vigorous rise in sales revenue, the working capital requirement (WCR)/sales revenue ratio was practically unchanged at 29.4% compared with 29.3% at end-August 2011 (29.9% at end-August 2012, restated for businesses acquired).

Intangible investments rose to €72 million in 2011/2012 over €50 million in 2010/2011. Tangible investments during the fiscal year totaled €83 million, as opposed to €62 million the preceding year. Most of the intangible investments correspond to the capitalization of development costs of programs in progress, such as the Airbus A350 XWB, pursuant to IAS 38 (€62 million in 2011/2012), but this year they also included €9 million in investments in ERP software user licenses.

IN THE SALES REALM, NEW AND SIGNIFICANT SUCCESSES

Zodiac Aerospace pursued the development of major programs.

During the summer, Zodiac Aerospace signed the Water & Waste contract for the Chinese aircraft Comac C919. The other equipment for which the Group has been pre-selected is currently in the process of contractual finalization. Moreover, Zodiac Aerospace has recently been selected by Comac to supply the Galleys & Lavatories of the C919, as well as the cockpit door of the same aircraft.

As to the Russian commercial aircraft Irkut MC 21 program, Zodiac Aerospace has, to date, signed the contracts for the primary electrical power distribution, the whole cabin, as well as contracts for fuel, fuel gauging and inerting, and crew oxygen.

In the seats domain, Zodiac Aerospace has continued its programs of cabin refurbishment and equipment for new planes, and has won new orders with major airlines, thanks primarily to its entirely updated range of seats which provide passengers with more comfort.

Additionally, the Group has continued to ramp up the Boeing 787 (Dreamliner) program, which in November 2012 reached a pace of five aircrafts per month and is headed for a rate of 10 planes a month by the end of 2013. In this program, the value of the equipment furnished by Zodiac Aerospace in each airship manufactured amounts to $2.5 million per airship (excluding seats).

Finally, Zodiac Aerospace has continued the development of the equipment and systems that it supplies for the Airbus A350 XWB, whose maiden flight is expected to take place in 2013.

On May 30, 2012, Zodiac Aerospace and Embraer S.A., leading Brazilian manufacturer of regional aircraft, signed an agreement to set up a joint venture company under Irish law that will be entrusted with the manufacture of cabin interior equipment for the Embraer 170/190 family of jet aircraft. The joint venture production unit will be located in Mexico. This new company, with a capital of $200,000, consolidates a fruitful partnership established some time ago between Zodiac Aerospace and Embraer.

ZODIAC AEROSPACE CARRIES ON WITH ITS EXTERNAL DEVELOPMENT STRATEGY

During the year, Zodiac Aerospace made two acquisitions in the cabin domain, which were both finalized in the first half and wholly-owned. First of all, **Heath Tecna** rounds out Zodiac Aerospace's expertise in the field of cabin interiors for commercial aircraft, and will enable it to offer its customers a wider range of services, in particular in terms of cabin refurbishment (retrofit), an area in which it is a world leader. This purchase was finalized on September 1, 2011. It was followed by **Contour Aerospace**, a UK leader of premium aircraft seats that was consolidated in the accounts for the first time on February 29, 2012. This Aerospace completes the Group's offering of "First Class" and "Business Class" products in the Seats Segment.

THE OUTLOOK REMAINS POSITIVE

After the fiscal year-end, on November 15, 2012, the Group signed a letter of intent with a view to acquiring the firm of IMS, an American company specialized in "Seat Centric" IFE systems. Subject to obtaining the regulatory authorizations and the signing of the final contract, this acquisition should be finalized before end-2012. The purchase of IMS will enable us to speed up our development in the IFE field.

To be closer to its end markets, Zodiac Aerospace has decided to implement a new organization in the 2012/2013 fiscal year, the main effect of which is the splitting of the Cabin Interiors Segment into three parts: Zodiac Cabin & Structures (cabin and integrated cabin elements, for manufacturers and airlines), Zodiac Seats (aircraft seats) and Zodiac Galleys & Equipment (galleys, galley equipment, meal trolleys and other gear).

As at November 15, 2012, the Group had covered approximately 60% of its exposure to euro/dollar foreign exchange risk for the 2012/2013 fiscal year at the exchange rate of $1.265/euro.

More generally, the Aerospace industry outlook remains good over the long term, with a projected annual increase in traffic of 5% on the average, and over the medium term thanks to the increase in the pace of deliveries for existing commercial aircraft programs and the rise in the production rates of new programs. Under these conditions, Zodiac Aerospace again expects organic growth in the new fiscal year, on a high comparison basis.

GOVERNANCE

The amount and extent of recommendations surrounding good corporate governance has grown significantly since the 1990s. Your Company's Supervisory Board is committed to complying with the rules contained in the AFEP/MEDEF code, at the same time as applying a reasonable standard of governance that reflects the special characteristics of a Group with 'longstanding major shareholders'.

THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

The Executive Board and Executive Committee meet every two months to appraise Group trends in terms of business mix, investments, mergers and acquisitions. The Executive Board and Executive Committee review the current operating performance of each segment. Chaired by Olivier Zarrouati, the Executive Committee members are the Group's key functional and operational executives. At the end of the fiscal year, the Executive Committee had eight members.

SUPERVISORY BOARD

The Supervisory Board ensures the correct operation of the Company and the Group and reports to the shareholders. The Supervisory Board appoints the members of the Executive Board and its Chairman. 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 all their rights and obligations (general and special rules).

The Supervisory Board now has 11 members:

Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Élisabeth Domange, Laure Hauseux, Vincent Gerondeau, Gilberte Lombard, Edmond Marchegay, Robert Maréchal, Marc Schelcher and FFP, represented by Robert Peugeot; five members are "independent" (Marc Assa, Laure Hauseux, Vincent Gerondeau, Gilberte Lombard and Edmond Marchegay) within the meaning of the criteria set out in the AFEP/MEDEF code. They provide the Board with wide-ranging experience in terms of their own industries and the wider international business environment.

Three members are women.

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

FREQUENCY OF SUPERVISORY BOARD MEETINGS

During the fiscal year ended, the Board met on six scheduled occasions: September 27 and November 17, 2011 and January 10, February 16, April 19 and July 12, 2012. The members of the Board were conscientious in their attendance of meetings, resulting in an attendance rate for the year of over 92%.

SUPERVISORY BOARD OPERATION

At every Board meeting, members review business performance indicators against 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. 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. They are then entered in the minute book, and signed by the Chairman and one Board member.

COMMITTEES

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

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

- The Audit Committee met five times during the fiscal year. It met twice to inspect the Group's half-year and consolidated full-year financial statements and allocate goodwill, and once to inspect audit procedures and methodology. The Committee comprises four Board members (Gilberte Lombard (Chairman), Didier Domange, Louis Desanges, and FFP, represented by Robert Peugeot). Meetings are also attended by the Auditors and the Vice-President responsible for Administration and Finance.
- The Remuneration Committee usually meets twice during the fiscal year; it met four times this year. The four Committee members (Didier Domange (Chairman), Gilberte Lombard, Marc Assa and Edmond Marchegay) are responsible to the Supervisory Board for setting the remuneration paid to Executive Board and Executive Committee members, allocating stock options to these executives within the terms authorized by the General Meetings of Shareholders, setting the remuneration paid to the Supervisory Board Chairman, and allocating the fees paid to Supervisory Board members.

- The Appointments Committee meets only as necessary. It met once this year. It has four members: Louis Desanges (Chairman), Didier Domange, Vincent Gerondeau and Edmond Marchegay. This Committee is responsible for appointing Supervisory Board members and Group senior executives, as well as reviewing the composition of the Board.

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

REMUNERATION PAID TO SUPERVISORY BOARD MEMBERS

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

At its meetings of November 18, 2010 and July 12, 2011, the Supervisory Board approved the proposal made by the Remuneration Committee to set the fees payable to individual directors in accordance with the following criteria:

- the Chairman will receive €70,000;
- the Vice-Chairman will receive a complementary fixed payment of €5,000;
- each of the members will be allocated a fixed annual sum of €15,000 (excluding the Chairman);
- the introduction of an attendance bonus of €1,000 per meeting, subject to a maximum cap of €5,000.

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

Executive Board

Olivier Zarrouati
Chairman

Maurice Pinault
Member

Supervisory Board

Didier Domange
Chairman of the Supervisory Board

Louis Desanges
Vice-Chairman

Marc Assa (1)
Member

Élisabeth Domange
Member

Laure Hauseux (1)
Member

Vincent Gerondeau (1)
Member

Gilberte Lombard (1)
Member

Edmond Marchegay (1)
Member

Robert Maréchal
Member

Marc Schelcher
Member

FFP
Member, represented by Robert Peugeot

Executive Committee

Olivier Zarrouati (2)
Chief Executive Officer

Maurice Pinault (2)
Deputy CEO - Business Development

Jean-Jacques Jégou (2)
Executive Vice-President, Administration and Finance

Yannick Assouad (2)
CEO, Aircraft Systems Segment (3)

Christian Novella (2)
CEO, AeroSafety & Technology Segment (4)

Mike Rozenblatt (2)
CEO, Cabin Interiors Segment

Gilles Debray (2)
CEO, Zodiac Services (5)

Adri Ruiter (2)
Executive Vice-President
Business Development - Airlines

Pierre-Antony Vastra (6)
Executive Vice-President, Communication and Investor Relations

Statutory Auditors

Ernst & Young Audit

Fidaudit,
a member of the Fiducial Network

(1) Independent member.
(2) Member of the Executive Committee at August 31, 2012.
(3) As of September1, 2012: CEO, Zodiac Aircraft Systems.
(4) As of September1, 2012: CEO, Zodiac Seats.
(5) As of September1, 2012: CEO, Zodiac AeroSafety.
(6) As of September1, 2012: Member of the Executive Committee.

EXECUTIVE AND SUPERVISORY BOARDS

CORPORATE APPOINTMENTS HELD BY EXECUTIVE BOARD MEMBERS AT AUGUST 31, 2012

Members	Date of appointment or reappointment	Positions held in the Company	Other positions or offices held
Olivier Zarrouati	November 15, 2007 reappointed on November 17, 2011	Chief Executive Officer (1)	Directorships: GROUP COMPANIES **France:** Intertechnique, Zodiac Seats France (2) **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), Icore GmbH (Germany), Icore International Ltd (UK), Mag Aerospace Industries Inc. (USA), Parachutes Industries of Southern Africa Pty (South Africa), Sicma Aero Seat Services (USA), Zodiac Aerospace UK Ltd (UK), Zodiac US Corporation (USA)
Maurice Pinault	September 13, 2008 reappointed on September 25, 2012	Member of the Executive Board (1)	Directorships: GROUP COMPANIES **France :** C&D Adder, Zodiac Seats France (2) **Other countries:** C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), MAG Aerospace Industries Inc. (USA), Sicma Aero Seat Services (USA), Zodiac Holding Sicma Aeroseat SL (Spain)

(1) Reappointed by the Supervisory Board for a period of four years.
(2) New corporate name of Sicma Aero Seat at September 1, 2012.

1. PERSONAL COMPENSATION PAID TO CORPORATE OFFICERS FOR FISCAL YEAR 2011/2012

The Compensation Committee recommended to the Supervisory Board (which adopted the recommendation on November 18, 2010) that, with effect from September 1, 2010, the fixed compensation paid to the Chief Executive Officer Olivier Zarrouati be €500,000 and that paid to Executive Board Member Maurice Pinault be €300,000.

These compensation amounts have not been changed since that date.

In addition to fixed compensation, each Member of the Executive Board received a variable amount for the fiscal year ended August 31, 2012, in accordance with the following criteria:

The target for fiscal year “n” is based on a Group net income target which takes into account the income achieved during the fiscal year ended “n – 1” and the budget for the year “n”. The comparison between the performance achieved in relation to this target, within a realization bracket of 80% to 100%, 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.

There is no separate pension plan in place for the corporate officers of Zodiac Aerospace or for its Executive Committee.

At the end of the fiscal year, a provision was in place to make a special payment in the event of departure by the Chief Executive Officer, as described opposite.

In accordance with the Code issued by the AFEP/MEDEF, of which Zodiac Aerospace is a member, the Chief Executive Officer, Mr. Zarrouati had announced his decision to resign from his contract of employment with effect from December 1, 2009.

At its meeting of November 19, 2009, the Supervisory Board had approved a new appointment package for Mr. Zarrouati, which provided for the following commitments:

a) A severance payment in the event that Mr. Zarrouati is obliged to relinquish his position as a corporate officer (subject to performance-related conditions)

This commitment ended with Mr. Zarrouati’s reappointment as Chief Executive Officer on November 17, 2011.

b) Non-competition payment

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

This payment shall thus be made over a maximum period of 12 months of gross compensation as defined above. It is, however, agreed that this arrangement may be terminated at such a time as Mr. Zarrouati may leave the Group, in which case Zodiac Aerospace shall be released from the payment of this non-competition compensation provided that this termination is notified within 60 days of the date on which Mr. Zarrouati leaves office.

2. COMPENSATION PAID TO CORPORATE OFFICERS FOR THE FISCAL YEAR

a) Salaries and benefits

(in euros)	Fixed	Variable [1]	Benefits in kind	Total
Maurice Pinault	300,000	300,000	4,980	604,980
Olivier Zarrouati	500,000	500,000	9,318	1,009,318
TOTAL	**800,000**	**800,000**	**14,298**	**1,614,298**

(1) The amount of the variable compensation paid to Messrs. Pinault and Zarrouati for the 2011/2012 fiscal year, payable after September 1, 2012, was €300,000 and €500,000, respectively.

b) Stock options and bonus shares

	Maurice Pinault		Olivier Zarrouati		
	07b plan	2011 plan	07a plan [1]	07b plan	2011 plan
1. Stock options					
Unexercised options at August 31, 2011	84,640	–	79,350	63,480	–
Awards for the fiscal year [2]	–	32,000		–	–
Options exercised in 2011/2012	–	–	79,348	–	–
Unexercised options at August 31, 2012	84,640	32,000	2	63,480	–
Exercise price (in euros)	41.11	62.34	49.29	41.11	–
Expiration date	12/03/2015	12/29/2019	02/13/2015	12/03/2015	–
2. Bonus shares					
Shares in vesting period [3]	–	16,000	–	–	53,334
Date of right to purchase	–	12/29/2013	–	–	12/29/2013

(1) Plan allocated to the 2006/2007 fiscal year.

(2) Plan allocated on December 29, 2011. The shares allocated under this plan may not be sold before December 29, 2014.

(3) All the bonus shares allotted to company officers are subject to a performance condition, a two-year continuing employment condition from the grant date, i.e., until December 29, 2013 and a retention condition until December 29, 2015.
Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above, is 100% achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested is reduced if the target is only partially achieved and cancelled if only 80% is achieved, on average, over fiscal years 2011/12 and 2012/2013. Between these two limits, a proportional number of shares is vested.
Note that stock options and/or bonus shares are awarded to company officers once every four years, unless a new company officer is appointed.

3. DISCLOSURE OF COMPANY SHARE TRADING BY SENIOR MANAGEMENT AND SIMILAR PERSONS

(ARTICLE 621-18-2 OF THE LAW OF JULY 20, 2005 AND AMF REGULATION 222-15-2 AND 3 OF MARCH 20, 2006)

Four such transactions occurred during the period between September 1, 2011 and August 31, 2012. Details of all these transactions were registered on the appropriate AMF website, and may be viewed at: http://www.amf-france.org

CORPORATE APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS AT AUGUST 31, 2012

Members	Date of appointment or reappointment	Year of appointment expiry	Positions held in the Company	Director's fees in €000 received for fiscal year 2011/2012	Other positions or offices held
Didier Domange	January 8, 2008	2013	- Chairman of the Supervisory Board - Member of the Audit Committee - Chairman of the Remuneration Committee - Member of the Appointments Committee	190 (1)	- Director of Zodiac Seats France (2) - CICOR representative on the Board of Directors of Banque Transatlantique - Chairman of the Supervisory Board of Fidoma
Louis Desanges	January 10, 2012	2017	- Vice-Chairman of the Supervisory Board - Chairman of the Appointments Committee - Member of the Audit Committee	32	- Chief Executive of Omnium Delabordère - Member of the Supervisory Board of Altergie - Director of Ecod'Air EI and Ecod'Air EA Director of Compagnie Solaire du Gallion
Marc Assa	January 10, 2012	2013	- Member of the Supervisory Board - Member of the Remuneration Committee *Independent member (3)*	24	- Director of BGL BNP Paribas Luxembourg, Axa Luxembourg - Chairman of the Board of Directors of CDCL Luxembourg - Member of the Supervisory Board of Nora Systems, Germany
Élisabeth Domange	January 10, 2012	2013	- Member of the Supervisory Board	18	- Farm manager - Member of the Supervisory Board of Fidoma
FFP, represented by Robert Peugeot	December 18, 2006	2012	- Member of the Supervisory Board - Member of the Audit Committee	26	- Chairman & Chief Executive Officer of FFP - Member of the Supervisory Board of Peugeot SA, Hermes International and IDI Emerging Markets - Director of Faurecia, Sanef, Imerys, Holding Reinier, Établissements Peugeot Frères, Sofina, DKSH - Representative of FFP Invest, Chairman of Guiraud SAS - Manager of SCI Rodom and SCI CHP Gestion

(1) Total remuneration, including directors' fees.

(2) The new company name of Sicma Aero Seat adopted on September 1, 2012.

(3) The independence of Board members was assessed at the Board meeting held on September 25, 2012. The Board found that length of service in office as a member of the Supervisory Board does not compromise independence, but on the contrary, facilitates an in-depth understanding of the company, its business environment and its products, and that this knowledge brings significant added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

Members	Date of appointment or reappointment	Year of appointment expiry	Positions held in the Company	Director's fees in €000 received for fiscal year 2011/2012	Other positions or offices held
Vincent Gerondeau	January 10, 2011	2017	- Member of the Supervisory Board - Member of the Appointments Committee *Independent member* (3)	21	- Chairman of Clairsys SAS
Laure Hauseux	January 10, 2011	2017	- Member of the Supervisory Board - Member of the Audit Committee (4) *Independent member* (3)	20	
Gilberte Lombard	December 18, 2006	2012	- Member of the Supervisory Board - Chairman of the Audit Committee - Member of the Remuneration Committee *Independent member* (3)	34	- Director of CGG Veritas - Director of Robertet
Edmond Marchegay	January 10, 2012	2013	- Member of the Supervisory Board - Member of the Remuneration Committee - Member of the Appointments Committee *Independent member* (3)	23	- Member of the Supervisory Board of Banque J.P. Hottinguer - Chairman of the Board of Directors of Société Immobilière et de Services du CUI - Member of the Supervisory Board of Girard Agediss - Member of the Supervisory Board of Devotis
Robert Maréchal	January 10, 2012	2013	- Member of the Supervisory Board	18	- Director of Tech Industrie
Marc Schelcher	January 12, 2009	2012	- Member of the Supervisory Board	20	

(3) The independence of Board members was assessed at the Board meeting held on September 25, 2012. The Board found that length of service in office as a member of the Supervisory Board does not compromise independence, but on the contrary, facilitates an in-depth understanding of the company, its business environment and its products, and that this knowledge brings significant added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

(4) With effect from September 1, 2012.

RISK MANAGEMENT

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.

PROGRAM-RELATED RISKS

Local, regional and international economic conditions may have a medium-term impact on Group activities, and therefore the financial results of the Group. 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 and air disasters, may also have serious repercussions for air traffic and, therefore, for the aircraft equipment markets served by Zodiac Aerospace.

In 2011/2012, approximately 82% of the Group's adjusted consolidated 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. 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. Drop in defense orders

A reduction in orders placed under defense contracts or the postponement of certain programs could affect the military activities of Zodiac Aerospace. In 2011/2012, approximately 14% of the Group's adjusted consolidated 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.

The 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 for aerospace business.

The production and/or assembly of the Group's products are located at various sites around the world, which minimizes the risk posed by accidental interruption of production at any given site.

PRODUCT LIABILITY-RELATED 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. 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.

INTEREST RATE AND CURRENCY RISKS

1. Exchange rate risk

Since the Zodiac Aerospace Group operates in the aerospace industry, it has significant exposure to fluctuations in the euro/dollar exchange rate.

In 2011/2012, approximately 46% of Group revenue and 49% of its current operating income were generated by its US-based companies. In addition, approximately 22% of total Group revenue is billed in dollars by its European companies, and is therefore also exposed to euro/dollar exchange rate risks.

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 "euro" bases.

This provides a "natural" hedge against the dollar. In the 2011/2012 fiscal year, approximately 34% of dollar sales generated by companies located in the eurozone were "hedged" in this manner. 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.

2. 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 essentially to provide fixed rate funding for the Group.

COMMODITY-RELATED 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 these 'products'.

LOGISTICS-RELATED RISKS

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

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, improving quality of management and minimizing the risks posed by obsolete local systems. 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) with the aim of reducing installation and usage risks.

This increased dependence on information systems that are used 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, data backup procedures, rebooting procedures and user access rights management, etc. 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. Long periods of testing prior to the live introduction of new systems and combined continued monitoring of a rigorous information systems policy (by the steering committee) are designed to ensure the required levels of reliability, confidentiality, task separation and necessary availability.

EXTERNAL GROWTH RISKS

The leadership strategy implemented by Zodiac Aerospace Group for more than thirty 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 the Segment Committees' meetings.

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

INDUSTRIAL RISKS AND SAFETY

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

A) SAFETY

1. Reducing the accident risk to zero

In all its entities, the Group gives absolute priority to occupational safety and aims to reduce the risk of workplace accidents to zero. To achieve this, it has set priority objectives, defined in its Environment and Risks Charter of July 2011: identify hazardous situations and take action to eliminate them, pursue actions to reduce risks, prevent occupational illness through appropriate work conditions, and analyze all workplace accidents and events that have generated a risk.

To this end, a number of tools have been instituted throughout the Group entities.

Firstly, the data related to workplace accidents and occupational illness is collated in a single program. This data includes the number of accidents, and the circumstances and causes of these accidents. Other Group companies can then be informed of the corrective measures implemented, thereby providing them with all the information needed to prevent similar situations arising at their own sites.

An internal rating system for the seriousness of accidents with stoppage time was introduced during the fiscal year ended, in order to track the improvement in risk management by entity.

Above a certain level of severity, an accident report must be submitted by the local management team to the Group senior management team. This report details the circumstances of the accident, the causes, and all actions put in place for the short and medium term.

Secondly, the Group has also established an occupational risk assessment tool to prevent hazardous situations. During the fiscal year, over 70% of Group companies improved their occupational risk assessment process to ensure comprehensive identification of potentially hazardous situations and enable corrective or preventive actions to be put in place to reduce or eliminate these risks.

2. Committees to improve the benchmark

During the fiscal year, safety committee meetings were held in France and North America, each bringing together the safety managers of the entities based in the two countries. These meetings were aimed at raising the benchmark and sharing best practice on safety matters. They also provided an opportunity to present the Group's directives, to focus on various specific regulatory points, and to highlight best practices already in place at Group sites. The Group is aiming to extend this type of committee to all the countries in which the Group is located.

3. Stricter French regulations

The French companies, which will be subject to stricter new requirements via a monthly regulatory update, launched action plans in 2012 on preventing harsh working conditions, although less than half their workforce is exposed to at least one factor of harshness. Following a decision to manage this new requirement at Group level, a working group was set up to harmonize the actions to be taken. Preliminary training with ergonomists was carried out at three pilot sites. This training brought together representatives of the methods, health & safety, and members of the Workplace Health and Safety Committee and the Lean department. The training has already resulted in ergonomic improvements in the workplace. This initiative will be deployed at other French entities alongside actions undertaken to improve those work stations that may present a factor of harshness.

4. A global picture

Data is reported on such issues as monitoring the use of chemical products, managing the number of work stations not presenting any risk for our employees, compliance with regulations, etc.

From this past year onwards, this data will be consolidated for all Group companies to provide a global picture.

B) PROPERTY DAMAGE AND OPERATING LOSSES

1. Partnership with insurers

The Group has continued to focus on its industrial risk management to safeguard its future. Its priorities are to improve fire protection on its sites by acting on the FM Insurance associates' site inspection reports and to deploy a business continuity plan.

Nineteen production units were classified as HPR (Highly Protected Risk) sites in 2011/2012, representing one quarter of Group sites. This is our insurer's own classification. It is based on identification and measurement of sites visited. The scope changes annually, modifying the data year on year.

A site-specific risk matrix based on the site inspection reports by associates employed by the insurer 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. The matrix is updated during the fiscal year and a revised list of sites requiring improved protection or the deployment of a business continuity plan is drawn up.

The risk matrix includes the classification established by our insurer's field associates and is used to evaluate the level of the risk relating to the site.

RISK CLASSIFICATION

Classification	August 2008	August 2009	August 2010	August 2011	August 2012
A (1)	12	16	18	19	19
B (2)	10	13	13	12	10
C (2)	28	29	37	35	39
D (3)	6	5	5	8	3
E (4)	1	2	0	0	0
TOTAL SITES	**57**	**65**	**73**	**74**	**71**

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

The number of sites included has increased from 57 sites at the end of the 2007/2008 fiscal year to 71 sites this fiscal year.

In the last two years, there are no longer any sites classified E. Actions are underway to achieve the Group's target of having 100% of its sites classified between A and C.

2. Business Continuity Plan

The Group has continued to deploy business continuity plans (BCPs). These BCPs are used to assess the risks and methods for restarting internal and sub-contracted production activities in the event of a major disaster at a Group site.

3. The Group's general policy on insurance

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.

Integrated worldwide programs

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

Property damage 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 any 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 risks, such as earthquakes in some regions with Group sites as defined in paragraph 1 above.

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

Public liability

All Group companies are covered under a worldwide public liability insurance program that covers their operating liability and liability due to the products they manufacture, via two policies: one is specific to 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 corporate officers under the terms of a special insurance policy contracted for the purpose.

Transport

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

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

■ Local insurance coverage

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

COUNTERPARTY RISK MANAGEMENT

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

A) 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 current transactions.

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 Notes 2 A, B and C to the consolidated financial statements.

B) 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 premium-rated money-market instruments and are traded with premium-rated banks.

C) CUSTOMER RECEIVABLES

At August 31, 2012, 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 customer receivables having a major impact on its consolidated financial statements. The only category of customers with the potential to pose a significant risk is that of airlines, which are specifically monitored in terms of their consolidated indebtedness using a process that could lead to the suspension of supplies until such time as the corresponding risk can be mitigated through the provision of suitable payment guarantees and/or through debt collection.

LIQUIDITY RISK MANAGEMENT

Group financial management is centralized and, where legislation permits, all Group company cash surpluses and capital requirements are invested in, or funded by, the parent company.

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 has significantly reduced its funding risk as a result of renegotiating its syndicated loan signed on August 9, 2011, providing it with access to the liquidity it requires up to €1.3 billion through to June 2015.

EXCEPTIONAL EVENTS AND 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 all proceedings of which the Group was aware, that were adjourned or threatened, and which had, or posed the potential to have, any material 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.

INVESTOR INFORMATION

Information regarding Zodiac Aerospace shares, share price trends and market statistics can be found on pages 46 and 47 of the brochure "ELEMENTS # 2011-2012".

STOCK OPTION PLANS

For many years, Zodiac Aerospace has awarded stock options to its 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 long-term increases in the Zodiac Aerospace share price. The Supervisory Board grants prior authorization for any stock option plan within the overall terms approved by the General Meeting of Shareholders.

Options expire after a period of eight years. They are granted at market value with no discount and are exercisable in tranches:

- in the case of stock options which are awarded annually, one-half tranches are exercisable on each anniversary date following the grant date;
- in the case of stock options which are awarded every four years to Executive Committee members (under multi-year plans), one-fourth tranches are exercisable on each anniversary date following the grant date.

The 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. For the 2011/2012 fiscal year, the annual awards were granted on December 29, 2011 based on the average closing price for the 20 trading days preceding December 29, 2011. The beneficiaries of stock option plans can opt for free bonus shares instead of the stock options awarded, at the rate of one bonus 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 Remuneration Committee. The annual award of stock options on December 29, 2011 concerned 99,895 options (after the option described above) at the price of €62.34 awarded to 105 employees. A multi-year award of 61,990 options (after the option described above) was made on December 29, 2011, at the price of €62.34.

AWARD OF BONUS SHARES

1. As Zodiac Aerospace wishes to involve all its employees in the Group's development, under the authorization granted by the General Meeting on January 10, 2011, it awarded free bonus shares to all Zodiac Aerospace employees in the Group's French companies on December 29, 2011.

   The Executive Board was thus allocated 59,970 Zodiac Aerospace shares corresponding to the award of 10 shares to each employee with at least 3 months of service on the award date of December 29, 2011.

2. On December 29, 2011, the Executive Board was awarded 23,518 free bonus shares under the annual plan and 139,338 free bonus shares under the multi-year plan (after the option described above) including those granted to corporate officers (after the option described above). These awards were granted under the authorizations given by the General Meeting on January 10, 2011.

   The bonus shares granted under the general plan are not dependent on a performance condition.

   50% of the shares awarded under the annual plan and 80% of those under the multi-year plan are based on a performance condition, apart from those granted to corporate officers for which a 100% performance condition is applied.

SHARES HELD BY CORPORATE OFFICERS

	Number of registered shares held at August 31, 2012
Executive Board members	
Maurice Pinault	450,050
Olivier Zarrouati	16,435
Supervisory Board members	
Didier Domange	221,838
Louis Desanges	1,043,165
Marc Assa	597
Élisabeth Domange	1,664,319
Gilberte Lombard	500
Edmond Marchegay	500
Robert Maréchal	1,597,756
Marc Schelcher	370,480
FFP	3,303,329
Vincent Gérondeau, including joint holdings	1,203,440
Laure Hauseux	500

SHAREHOLDER AGREEMENTS

It should be noted that some shareholders are bound by collective agreements to retain their shares, concluded pursuant to Article 787B and 885 I *bis* of the French General Tax Code, registered on June 18, 2012 with the tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month periods.

The family shareholders have also signed a non-transferability agreement to further consolidate their commitments to retaining their shares under special tax rules. This agreement is for an initial period of one year that may be tacitly renewed in 12-month periods. Apart from the non-transferability undertaking, it allows for respite on 10% of the number of shares promised by each signatory, provided the aggregate of the shares subject to the agreement does not come to represent less than 20% of the capital and voting rights of Zodiac Aerospace.

The shares subject to the above agreements represent around 24% of the capital and 35% of the voting rights exercisable by Zodiac Aerospace (excluding treasury shares held by the Company).

Shareholders who are corporate officers or who hold over 5% of the capital or voting rights who have signed these agreements are: the Louis Desanges family, the Didier Domange family, the Vincent Gérondeau family, the Robert Maréchal family, the Maurice Pinault family, the Marc Schelcher family and the Olivier Zarrouati family.

Certain shareholders are 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 6 years from that date. The agreement may be tacitly renewed in 12-month periods. This undertaking is still in force. It also gives the signatories a mutual pre-emption right on the contracted shares. It was reported to the *Autorité des Marchés Financiers* (AMF) which publicized it in Notice n° 206C0107 on January 17, 2006.

The detailed contents of these collective retention agreements can be found on the AMF website: www.amf-france.org

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2012

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 (exc. treasury stock)	Maximum potential number of shares
Ordinary shares issued at Aug. 31, 2012	54,345,728	57,125,728
Stock options	1,132,672	1,132,672
Allotment of bonus shares	222,826	222,826
Maximum total number of shares	**55,701,226**	**58,481,226**

SHARE BUYBACK PROGRAM

At the General Meeting of January 10, 2012, the shareholders renewed the authorization previously granted to the Executive Board, acting under the terms of Articles L. 225-209 and subsequent 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 10, 2013.

In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2011/2012 fiscal year, your Company did not exercise the authorization granted by shareholders at the General Meeting of January 10, 2012. Please note that as previously stated, your Company exercised the authorization granted by the General Meeting of January 8, 2008, and between February and September 2008, acquired shares to be used subsequently in share swaps, payments or other means of transaction for potential future acquisitions. The total number of shares held for these purposes at August 31, 2012 was 2,780,000, representing 4.87% of capital stock at 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, lease and representation of all objects, whether or not made of rubber, including, without limitation, 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 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 is solely responsible for deciding on the allocation of these 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 such distribution will be made. It is specifically stated that dividend payments must be deducted firstly from the distributable earnings for the fiscal year.

Excluding capital reductions, no distribution may be made to shareholders at any time when the equity of the Company is, or may 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 (Article III – I 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 who may or may not be Company employees and may or may not be 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 (Article III – 2 of the Articles of Association)

The Supervisory Board has at least three but no more than 12 members, who must be shareholders and all of whom are appointed by, and may be dismissed by, the Ordinary General Meeting of Shareholders.

Supervisory Board members are appointed for a term of six 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 oversight of the Executive Board's management of the Company, and provides the Executive Board with the prior authorizations required to conclude those transactions that it may not conclude without such authorization.

The Supervisory Board appoints the members of the Executive Board and its Charman. 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.

Any shareholder may attend Shareholders' Meetings, whether in person or by proxy, as long as the share registers of the Company show the shares concerned to be registered either in the name of the shareholder or that of the shareholder's intermediary (subject to the applicable legal conditions), no later than midnight Paris time three working days prior to the date of the Shareholder Meeting.

Shareholders may be represented by another shareholder or their spouse, or by any individual or legal entity holding a proxy in accordance with legally applicable conditions. Proxies completed in accordance with the prevailing regulations must be sent to the Company's registered office at least three days before the meeting.

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, now holding, or who may hereafter 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 stock capital 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 with others, is also required to inform the Company within the above-mentioned 15-day period, if the percentage of capital such person own falls below 2% of the capital or a multiple thereof.

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

The Company may, at any time, request the centralizing entity, 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 corporate 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 corporate financial statements and consolidated financial statements of Zodiac Aerospace may be consulted and downloaded from the website at: **www.zodiacaerospace.com**.

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, 2012

To our knowledge, the financial statements for the fiscal year ended August 31, 2012 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
Chief Executive Officer	Executive Vice-President, Administration and Finance

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

ASSETS

(in thousands of euros)	Notes	At August 31, 2012	At August 31, 2011
Goodwill	(Notes 3.8 - 13.1)	1,502,792	1,166,398
Intangible assets	(Notes 3.8 - 13.2 - 13.3)	513,654	322,017
Property, plant & equipment	(Note 14)	314,223	256,272
Investments in affiliates	(Note 15)	536	480
Loans		387	355
Other non-current financial assets	(Note 16)	14,911	10,872
Deferred tax assets	(Note 11)	463	469
Total non-current assets		**2,346,966**	**1,756,863**
Inventories	(Notes 3.9 and 17)	783,113	601,458
Current tax assets		33,523	30,113
Trade receivables	(Note 3.10)	655,631	490,351
Advances to suppliers and employees		10,529	8,271
Other current assets	(Note 18)	17,857	11,542
Other financial assets:			
- loans and other current financial assets		3,340	227
Cash and cash equivalents	(Note 19)	161,802	224,726
Total current assets		**1,665,795**	**1,366,688**
Held-for-sale assets (1)		**1,488**	**18,721**
TOTAL ASSETS		**4,014,249**	**3,142,272**

(1) At August 31, 2011, this figure included €12,003,000 representing buildings held for sale (see Note 14) and €6,718,000 representing a Driessen repair business in the process of being sold. At August 31, 2012, €1,488,000 pertained to buildings held for sale (see Note 14).

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	At August 31, 2012	At August 31, 2011
Capital	(Note 20)	11,425	11,349
Share premiums	(Note 20)	113,929	99,031
Consolidated reserves and net income		1,654,462	1,478,098
Currency translation adjustments		51,276	(141,980)
Restatement of financial instruments and other fair value instruments		(4,562)	(2,028)
Net income attributable to Group shareholders		318,881	238,256
Treasury stock		(89,253)	(91,514)
Equity less minority interests		**2,056,158**	**1,591,212**
Minority interest:			
– in equity		1,281	915
– currency translation adjustments		(81)	(143)
– in consolidated net income		(550)	(386)
Minority interest		**650**	**386**
Equity		**2,056,808**	**1,591,598**
Non-current provisions	(Notes 3.11 and 22)	56,266	53,859
Non-current financial liabilities	(Note 21)	715,891	662,667
Other non-current financial liabilities		228	–
Deferred taxes	(Note 11)	142,159	107,648
Total non-current liabilities		**914,544**	**824,174**
Current provisions	(Notes 3.11 and 22)	67,101	57,448
Current financial liabilities	(Notes 19 and 21)	277,460	147,416
Other current financial liabilities		4,823	–
Trade payables	(Note 3.12)	338,449	259,678
Liabilities to employees and payroll liabilities	(Note 3.13)	161,534	141,711
Current tax liabilities		34,241	27,837
Other current liabilities	(Note 23)	159,289	90,618
Total current liabilities		**1,042,897**	**724,708**
Held-for-sale liabilities (1)		**–**	**1,792**
TOTAL EQUITY AND LIABILITIES		**4,014,249**	**3,142,272**

(1) At August 31, 2011, the amount concerned a Driessen repair business in the process of being sold.

Consolidated Income Statement

(in thousands of euros)	Notes	Year ended August 31, 2012	Year ended August 31, 2011
Sales revenue	(Notes 3.1 - 3.2 - 3.3)	3,440,637	2,734,832
Other revenues from operations		9,858	11,465
Purchases used in the business		1,389,948	1,068,870
Personnel costs	(Note 5)	1,007,910	838,548
External costs		499,599	403,774
Taxes other than income taxes		26,081	19,769
Depreciation and amortization		70,095	61,555
Charges to provisions		13,406	14,304
Changes in inventories of finished goods and work in progress		43,684	45,496
Other operating income and expenses	(Note 7)	(711)	(182)
Current operating income	**(Note 3.4)**	**486,429**	**384,791**
Non-current operating items	(Note 8)	(11,468)	(17,168)
Operating income		474,961	367,623
Income/ (expenses) related to cash and cash equivalents		(2,289)	(770)
Cost of gross debt		(28,368)	(31,621)
Cost of net debt	(Notes 3.6 and 9)	(30,657)	(32,391)
Other financial income and expenses	(Notes 3.6 and 10)	(2,512)	(1,994)
Income taxes	(Notes 3.7 and 11)	134,398	95,928
NET INCOME from continuing operations	**(Note 3.5)**	**307,394**	**237,310**
NET INCOME from businesses being sold and income from disposals of assets held for sale		**10,937**	**560**
NET INCOME		**318,331**	**237,870**
Minority interest		(550)	(386)
Net income attributable to Group shareholders		318,881	238,256
Earnings per share (after minority interests)	**(Note 12)**	**€5.89**	**€4.45**
Diluted earnings per share (after minority interests)	**(Note 12)**	**€5.82**	**€4.42**

Consolidated Net Income Statement
and gains and losses recognized directly in equity

(in thousands of euros)	Year ended August 31, 2012	Year ended August 31, 2011
Net income	**318,331**	**237,870**
Gains and losses recognized in equity, before tax:		
– currency translation adjustments	190,096	(154,777)
– restatement of hedging derivative instruments	(4,049)	(3,751)
Tax on restatement of hedging derivative instruments	1,515	1,291
Total of gains and losses recognized directly in equity	**187,562**	**(157,237)**
Net income and gains and losses recognized directly in equity	**505,893**	**80,633**
Minority interest	(488)	(476)
Attributable to Group shareholders	506,381	81,109

Consolidated Statement of Cash Flows [1]

(in thousands of euros)	Notes	Year ended August 31, 2012	Year ended August 31, 2011
Operating activities:			
Net income		318,331	237,310
Depreciation, amortization and provisions		85,942	81,474
Capital gains [2]		(12,767)	271
Deferred taxes	(Note 11)	30,639	24,887
Stock options		6,105	2,419
Other		(701)	–
Cash flow from operations		**427,549**	**346,361**
Net change in inventories		(101,991)	(82,835)
Net change in operating assets		(95,630)	(29,202)
Net change in debt		70,278	91,886
Cash flow from continuing operations		**300,206**	**326,210**
Cash flow from operation of businesses being sold		**–**	**86**
Cash flow from continuing operations and businesses being sold		**300,206**	**326,296**
Investing activities:			
Acquisitions of non-current assets:			
– intangible assets	(Note 13.3)	(71,621)	(50,483)
– property, plant and equipment	(Note 14.1)	(82,650)	(61,315)
– other		(3,556)	(1,039)
Proceeds from disposals of fixed assets		890	4,257
Changes in receivables and payables relating to fixed assets		1,217	(368)
Acquisitions/(disposals) of entities, net of cash acquired [3]		(404,992)	(210,421)
Cash flow from investments in continuing operations		**(560,712)**	**(319,369)**
Cash flow from investments in businesses being sold		**–**	**(97)**
Cash flow from investments in assets held for sale [4]		**27,418**	**–**
Cash flow from investments in continuing operations and businesses being sold		**(533,294)**	**(319,466)**
Financing activities:			
Change in financial debt		182,158	133,974
Change in financial instruments		–	(3,751)
Increase in equity	(Note 20)	14,974	15,069
Treasury stock		2,261	(1,599)
Ordinary dividends paid by parent company		(64,751)	(53,393)
Dividends paid to minority interests		–	–
Cash flow from the financing of continuing operations		**134,642**	**90,300**
Cash flow from the financing of businesses being sold		**–**	**(28)**
Cash flow from the financing of continuing operations and businesses being sold		**134,642**	**90,272**
Currency translation adjustments, beginning of period		35,257	(30,442)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(63,189)**	**66,699**
CASH AT BEGINNING OF PERIOD		**212,084**	**145,385**
CASH AT END OF PERIOD	**(Note 19)**	**148,895**	**212,084**

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

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

(3) At August 31, 2012, this involves mainly the purchase of Heath Tecna and Contour Aerospace.

(4) At August 31, 2012, this includes the sale price, exclusive of taxes, of the Issy-les-Moulineaux building and of a Driessen repair business. These assets were presented as held-for-sale assets at August 31, 2011.

Statement of Change in Consolidated Equity

(in thousands of euros)	Capital	Share premiums	Reserves	Net income attributable to Group shareholders	Currency translation adjustments	Treasury stock	Restatement of financial instruments	Total equity after minority interests	Changes in minority interests (3)	Change in equity
Balance at August 31, 2010	**11,235**	**84,076**	**1,379,998**	**148,473**	**12,990**	**(89,915)**	**652**	**1,547,509**	**862**	**1,548,371**
Currency translation adjustments					(154,687)			(154,687)	(90)	(154,777)
Restatement of financial instruments (1)			220				(2,680)	(2,460)		(2,460)
Income recognized directly in equity (a)			220		(154,687)		(2,680)	(157,147)	(90)	(157,237)
Net income for the fiscal year (b)				238,256				238,256	(386)	237,870
Total income recognized for the fiscal year (a) + (b)			220	238,256	(154,687)		(2,680)	81,109	(476)	80,633
Capital increase	114	14,955						15,069		15,069
Acquisition or disposal of own shares (2)						(1,599)		(1,599)		(1,599)
Valuation of options on stock options			2,419					2,419		2,419
Dividends			(53,393)					(53,393)		(53,393)
Other			148,854	(148,473)	(283)			98		98
Balance at August 31, 2011	**11,349**	**99,031**	**1,478,098**	**238,256**	**(141,980)**	**(91,514)**	**(2,028)**	**1,591,212**	**386**	**1,591,598**
Currency translation adjustments					190,034			190,034	62	190,096
Restatement of financial instruments (1)							(2,534)	(2,534)		(2,534)
Income recognized directly in equity (a)					190,034		(2,534)	187,500	62	187,562
Net income for the fiscal year (b)				318,881				318,881	(550)	318,331
Total income recognized for the fiscal year (a) + (b)				318,881	190,034		(2,534)	506,381	(488)	505,893
Capital increase	76	14,898						14,974		14,974
Acquisition or disposal of own shares (2)						2,261		2,261		2,261
Valuation of options on stock options			6,105					6,105		6,105
Dividends			(64,751)					(64,751)		(64,751)
Other			235,010	(238,256)	3,222			(24)	752	728
Balance at August 31, 2012	**11,425**	**113,929**	**1,654,462**	**318,881**	**51,276**	**(89,253)**	**(4,562)**	**2,056,158**	**650**	**2,056,808**

(1) The "Restatement 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 €2,028,000 shown as restatement of financial instruments at August 31, 2011, €1,536,000 were recycled during the fiscal year and €492,000 were kept in equity because they correspond to the impact linked with the interest rate hedging set up during fiscal year 2010/2011 to cover fiscal year 2012/2013.

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

(3) The Group had no obligations to purchase minority interests at August 31, 2012.

Notes to the Consolidated Financial Statements

NOTE 0 – CHANGES IN THE CONSOLIDATION SCOPE

A) ACQUISITION OF HEATH TECNA

On September 1, 2011, the Group finalized the acquisition of Heath Tecna for $114 million.

Heath Tecna is a world leader in the design, manufacture and certification of complex cabin interiors for cabin refurbishment and equipping new aircraft in the commercial aviation segment.

The company is based in Bellingham in the United States.

It is wholly-owned by our subsidiary Zodiac US Corporation and has been fully consolidated in the Group as from September 1, 2011.

In accordance with the provisions of IFRS 3 (revised), the Group valued the assets acquired and the liabilities assumed at fair value on the date of acquisition.

The allocation of the acquisition price is broken down in table 1 below.

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

- intangible assets for $24.2 million (brands, clients, order book);
- revaluations of property, plant and equipment for $8.4 million and inventories for $1.0 million;
- deferred tax liabilities on these items for $11.8 million;
- impairment on the portion of deferred tax assets with uncertain recoverability in the amount of $9.1 million.

The impact of the acquisition of Heath Tecna on the Group's consolidated income statement at the end of August 2012 is detailed in table 2 below:

2. Heath Tecna – Simplified income statement September 2011 to August 2012 after IFRS 3 impact

(in thousands of euros)	
Sales revenue	100,953
Current operating income	10,080
Non-current operating items	(2,695)
Operating income	7,385
Financial expense	(271)
Income taxes	2,377
Net income	4,737

1. Heath Tecna – Allocation of the acquisition price

(in thousands of USD)	Assets and liabilities acquired before allocation of the acquisition price	Revaluation of assets and liabilities	Assets and liabilities acquired after allocation of the acquisition price
Fixed assets	9,278	32,600	41,878
Inventories	16,461	1,000	17,461
Trade and other receivables	20,985	—	20,985
Cash	3,301	—	3,301
TOTAL ASSETS	**50,025**	**33,600**	**83,625**
Provisions	5,378	—	5,378
Financial liabilities	39,892	—	39,892
Trade payables, personnel, deferred tax and other payables	527	20,888	21,415
TOTAL LIABILITIES	**45,797**	**20,888**	**66,685**
Acquisition price of the shares	**74,440**	—	**74,440**
Goodwill	**70,212**	(12,712)	**57,500**

B) ACQUISITION OF CONTOUR AEROSPACE LTD [1]

On January 19, 2012, the Group finalized the acquisition of Contour Aerospace Ltd for a total of £274 million.

This acquisition will enable the Group to strengthen its range of seats, particularly for the business and first class segments, in which Contour is a specialist.

Contour is based in Cwmbran and Camberley in the UK.

It is wholly-owned by our subsidiary Zodiac Aerospace UK Investment Limited and has been fully consolidated in the Group since February 29, 2012.

In accordance with the provisions of IFRS 3 (revised), the Group valued the assets acquired and the liabilities assumed at fair value on the date of acquisition.

The result is a preliminary goodwill figure, which may be adjusted during a maximum period of 12 months from the date of acquisition in order to reflect any new information regarding the facts and circumstances prevailing on the date of acquisition.

The provisional allocation of the acquisition price is broken down in table 1 below.

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

- intangible assets for £94.0 million (brands, clients, order book);
- revaluation of inventories in the amount of £0.7 million;
- deferred tax liabilities on these items for £23.7 million.

The impact of the acquisition of Contour Aerospace on the Group's consolidated income statement at the end of August 2012 is detailed in table 2 opposite.

2. Contour Aerospace Ltd [1] - Simplified income statement March 2012 to August 2012 after IFRS 3 impact

(in thousands of euros)	
Sales revenue	79,517
Current operating income	11,393
Non-current operating items	(8,452)
Operating income	2,941
Financial expense	(101)
Income taxes	683
Net income	2,157

C) CREATION OF A JOINT VENTURE COMPANY WITH EMBRAER

The Zodiac Aerospace Group created a 50/50 joint venture company with Embraer. Operating under Irish law, the new firm was registered on July 24, 2012. Its initial capital of $200,000 was paid by the two associated companies on October 10, 2012.

D) DISPOSAL OF A DRIESSEN REPAIR BUSINESS

In November 2011, the Group sold a non-strategic Driessen repair business for a total of €6.8 million. This sale generated a pre-tax capital gain of € 1.9 million classified as "Net income from businesses being sold and income from disposals of assets held for sale" on the Group's income statement.

This business was deconsolidated as from September 1, 2011.

On August 31, 2011, the financial data for this business were presented in the Group's financial statements as a business held for sale or being sold.

1. Contour Aerospace Ltd [1] - Provisional allocation of the acquisition price

(in thousands of GBP)	Assets and liabilities acquired before provisional allocation of the acquisition price	Revaluation of assets and liabilities	Assets and liabilities acquired after provisional allocation of the acquisition price
Fixed assets	8,641	94,000	102,641
Inventories	23,074	700	23,774
Trade and other receivables	22,275	—	22,275
Cash	6,186	—	6,186
TOTAL ASSETS	**60,176**	**94,700**	**154,876**
Provisions	5,761	—	5,761
Financial liabilities	—	—	—
Trade payables, personnel, deferred tax and other payables	18,496	23,675	42,171
TOTAL LIABILITIES	**24,257**	**23,675**	**47,932**
Purchase price of the shares	**275,164**	—	**275,164**
Goodwill	**239,245**	**(71,025)**	**168,220**

(1) On September1, 2012, this company's corporate name was changed to "Zodiac Seats UK Ltd".

NOTE 1 – ACCOUNTING PRINCIPLES

The consolidated financial statements of the Zodiac Aerospace Group were approved by the Executive Board at its meeting of November 13, 2012. Amounts are expressed in thousands of euros unless otherwise indicated. The accounting principles and policies applied by the Group are described below.

Main exchange rates used in consolidation

	At August 31, 2012		At August 31, 2011	
	Balance sheet	Income statement	Balance sheet	Income statement
US dollar	1.2611	1.3059	1.4450	1.3887
Canadian dollar	1.2487	1.3181	1.4141	1.3729
South African Rand	10.6152	10.4431	10.1799	9.6209
Pound sterling	0.7953	0.8296	0.8856	0.8658
Thai baht	39.5100	40.6132	43.2630	42.0300
Czech crown	24.8400	25.1544	24.1100	24.4736

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 consolidated financial statements for the fiscal year ended August 31, 2012, including the comparative figures for the previous year, have been prepared in accordance with IAS/IFRS and those IASB interpretations (SIC and IFRIC) applicable on August 31, 2012, 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, 2011.
The following new standards and interpretations, applicable to the period, do not have significant impacts on the Zodiac Aerospace Group's consolidated financial statements at August 31, 2012:

- IAS 24 – Related Party Disclosures;
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;
- Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets.

Further, the Zodiac Aerospace Group did not apply the following standards and interpretations, whose application is mandatory after August 31, 2012 or which had not been endorsed by the European Union as of August 31, 2012.

Endorsed standards and amendments whose application is not mandatory at August 31, 2012:

- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income;
- Amendments to IAS 19 – Employee Benefits.

The amendment to IAS 19 "Employee Benefits", with mandatory application for fiscal years beginning on or after January 1, 2013 will introduce the following substantive changes:

- Recognition, in the consolidated balance sheet, of all of the post-employment benefits granted to Group employees.
  The option to use corridor approach or to amortize past service costs over the average vesting period in income statement, will be eliminated (see Note 22 "Provision for employee benefits – post-employment benefits").
- The impacts relative to the modifications of estimates will be entirely entered on the accounts in "Other Items of Comprehensive Income" (actuarial gains and losses, return variance between the assets of the plan and their interest calculated on the basis of the discount rate of the actuarial liability and variation of the effect of the limit on the defined benefit asset).
- The impacts relative to modifications of plans will be recognized in operating income.
- The calculation of the expected return on retirement plan assets must be done by using the discount rate of the bond for the defined benefit plan obligation.

Standards and amendments not endorsed at August 31, 2012:

- IFRS 9 – Financial Instruments;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosures of Interests in Other Entities;
- IAS 27 (revised) – Separate Financial Statements;
- IAS 28 (revised) – Investments in Associates and Joint Ventures;
- IFRS 13 – Fair Value Measurement;
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities;
- Improvements to IFRS (May 2012);
- Amendments to IFRS 10, IFRS 11, IFRS 12 – Transition Guidance.

IFRS 10 – Consolidated financial statements

This standard defines control as being exercised when an investor has exposure, or rights, to variable returns, and has the ability to use its power to affect the returns.

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 a separate entity or not.
- Joint Arrangements defined as joint ventures will be consolidated by the equity method because they grant only a right over the entity's net assets.

The application of the standards governing consolidation (IFRS 10, IFRS 11 and IFRS 12) is mandatory for fiscal years beginning on or after January 1, 2013, subject to their approval by the European Union.

After the vote of the Accounting Regulatory Committee (ARC) on June 1, 2012, the application of these new standards regarding consolidation in Europe may be postponed until January 1, 2014.

The Zodiac Aerospace Group is in the process of identifying the potential impacts of these new standards and interpretations or amendments and 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 international accounting standards provide for options in the area of measurement and recognition of assets and liabilities.

In this context and at this stage, the Group has chosen, among other options, 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 balance sheet and the amount of income and expenses shown in the income statement. Management revises its estimates and assumptions on an ongoing basis, as a function of all the factors on which it bases its assessment.

Actual future amounts may differ significantly from these estimates as a result of different assumptions or conditions.

These estimates and assumptions relate mainly to the measurement of deferred taxes, provisions, employee benefits, share-based payments and those used to test asset impairment.

Those accounting methods within which the Group makes significant estimates are as follows:

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 measured in accordance with IAS 19 "Employee Benefits".

The assumptions used are the following:

In France:

Assumption range	2011/2012	2010/2011
Discount rate	2.82%	4.72%
Expected return on plan assets	None	None
Estimated future increase in salaries	2.50%	2.50%
Employee turnover rate	30-53 years = 3% per year	30-53 years = 3% per year
	>53 years = 0% per year	>53 years = 0% per year

The mortality table used is the INSEE TV-TD 07-09 table. The discount rate used is based on Iboxx AA10+.

In the United States:

Assumption range	2011/2012	2010/2011
Discount rate	4.80%	4.80%
Expected return on plan assets	7.35%	7.35%

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.

Recoverability of deferred tax assets

The value placed on deferred tax assets in general, and those arising as a result of tax loss carryforwards 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 direct or indirect control are fully consolidated.

Companies, over which Zodiac Aerospace exercises direct or indirect joint control are proportionately consolidated.

Companies over which Zodiac Aerospace exercises notable influence are accounted for using the equity method.

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

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

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 obtained.

F) FOREIGN CURRENCY TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

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: into euros based on the exchange rate at the period end;
- income statement: into euros based on the average exchange rate for each currency over the period.

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

When a foreign company is disposed of, cumulative currency variances are recognized in the income statement 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 translated into euros at the period-end exchange rates, and the resulting differences are recognized in the income statement.

H) PROPERTY, PLANT AND EQUIPMENT AND FINANCE LEASE AGREEMENTS

Property, plant and equipment are carried on the balance sheet at 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, these useful lives are as follows:

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

Lease agreements that transfer the risks and rewards of ownership to Zodiac Aerospace (finance lease agreements) are recognized as property, plant and equipment with an offsetting entry to financial liabilities.

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 purchase method, as required by IFRS 3 (revised).

The difference between the cost of acquisition, 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 valuing 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.

This goodwill is allocated to the 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 costs are expensed as incurred in the "Non-current Operating Items" line of the income statement;
- Conditional acquisition price supplements are 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 regarding the facts and circumstances prevailing on the date of acquisition.

J) INTANGIBLE ASSETS

Intangible assets comprise mainly 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 valuation of the assets of acquired entities are recognized in the balance sheet at fair value, which is usually determined on the basis of external appraisal.

Since intangible assets have a finite life, they are amortized over their useful lives, which may not 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 refers to development expenditure.

In accordance with IAS 38, "Intangible Assets", development expenditure 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 asset will flow to the company;
- the cost of the asset can be measured reliably.

Where a Zodiac Aerospace Group company involved in a development program meeting these criteria is appointed by a customer to develop and market the product concerned, the corresponding development expenditure is capitalized up to the amount shown in the original development quotation. 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.

In the absence of any contractual guarantee from the customer to cover the development expenditure incurred, this expenditure (up to the limit referred to above) is capitalized.

Where development expenditure is funded by the customer under a contractually separate arrangement, this expenditure is recorded under inventories (as work in progress) and is used in calculating the cost price of sales.

Research and development costs that do not meet the above criteria are expensed in the fiscal year in which they are incurred.

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

Other intangible assets are amortized on a straight-line basis over their useful life, taking into account, as appropriate, the duration of any legal and/or regulatory protection.

At the balance sheet date, these intangible assets are subject to impairment testing if there is any indication that their carrying values may not be recoverable.

K) FINANCIAL ASSETS

All the financial assets other than hedging derivatives shown in the balance sheet 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 - Financial assets available for sale

Equity investments in non-consolidated companies are initially entered at acquisition cost, and are then re-measured at fair value provided that fair value can be measured reliably.

None of these investments relate to listed companies.

Where fair value cannot be measured reliably, 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.

N) CASH AND CASH EQUIVALENTS

Cash and short-term deposits recorded in the balance sheet 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, less 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 measured reliably, but remains possible, the Group then recognizes a contingent liability among its commitments.

Provisions are discounted when the effect is material.

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 balance sheet. This applies to provisions for guarantees or litigation.

R) TAXES

Deferred taxes are recognized by using the variable balance sheet liability method for all timing differences between the tax basis of assets and liabilities shown in the consolidated balance sheet 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 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 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 distribution is deemed probable.

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

Deferred tax assets and liabilities are offset in the companies belonging to the following five tax groupings: France, the United States, the Netherlands, Germany and the United Kingdom.

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 recognized at fair value, which may include, as applicable, directly related transaction costs. They are then measured 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 balance sheets of Group companies. At the balance sheet date, hedging contracts (Fair Value Hedges) are measured at 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 translation 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.

Changes 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 balance sheet at fair value. The change in fair value representing the effective portion of such hedges is recorded in equity under a separate line item until the hedged cash flow is effectively realized. It is then transferred to the income statement 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 that do not, however, 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 resort to its own assumptions to estimate the data that the other market actors 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 by using a measurement technique based on observable data, thus presenting level 2 reliability.

There is no hedging policy for the balance sheets of foreign entities.

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

The Group is also exposed to the risk of fluctuations in the interest rates on borrowed funds, the majority of which originate in its syndicated loan, where most drawings are made at variable interest rates. This exposure was partially hedged for the fiscal year 2011/2012 by means of 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 companies (Air Cruisers and Avox Systems) and a German subsidiary company.

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, etc.) and financial assumptions (discount rate, rate of salary increase, etc.).

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

Any shortfall between the fair value of assets and the discounted value of obligations due under the plan concerned is provisioned to reflect accumulated actuarial variances and the cost of services provided, but not yet recognized in profit or loss.

Pension plans are appraised annually by independent actuaries.

Actuarial gains and losses on these plans are recognized using the following method:

- no recognition is made of that portion of actuarial gains and losses representing a maximum of 10% of the current value of the pension obligation or 10% of the fair value of the pension plan, whichever is higher;
- the portion of actuarial gains and losses exceeding this 10% corridor is amortized on a straight-line basis over the residual period of service remaining to be completed by the employees concerned.

Past service costs are recognized immediately where the related benefits have already been permanently vested in the employees concerned. Where this is not the case, they are amortized over the remaining period of employment to be completed by the employees concerned in order to qualify definitively for vesting of the corresponding entitlements.

The cost of post-employment benefits is shown in the income statement as follows:

- current service costs (i.e. for the period) and past service costs (the portion amortized over the period) 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 retirement obligation is included in financial charges or income;
- any amortized actuarial gains or losses (resulting from application of the above corridor rule) are recognized in "Other operating income and expenses".

The full amount of provisions for post-employment benefits is recognized in the balance sheet under "Non-current provisions".

2 - Defined contribution plans

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

U) SHARE-BASED PAYMENT

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 is committed to Zodiac Aerospace stock option plans granted 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 as a function of services rendered at the time those services 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 application of this rule has an impact on expenses for the fiscal year, but has no effect on consolidated equity; the counter entry for this expense is an increase in equity of the same amount.

V) REVENUES

As required by IAS 18, "Revenue," sales of finished goods and merchandise are recognized in "Revenues", 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 measured 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 by using the percentage of completion method, and determined either as a percentage of actual costs incurred in projected total spending through to completion, or by using contractually defined technical stages and, more particularly, the essential phases in performance of the contract (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 amount of an asset or group of assets is the higher of the fair value less costs to sell and the value in use. Value in use is measured by discounting their estimated future cash flows using a reference rate that reflects the weighted average cost of capital for the Group.

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, by operating segment, or, in certain cases, by product line.

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 economic environment of the Group (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 measure the recoverable amount of an individual asset, the recoverable amount 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 prorata 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 income statement 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 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 subtotal "Current operating income" (COI) under the heading "Non-current operating items"; the resulting subtotal is "Operating income".

The "Financial liabilities" aggregate used by the Group in its reporting is the sum of the "Current and Non-current financial liabilities" items minus the "Cash and cash equivalents" item.

The presentation of the balance sheet and income statement has been revised in accordance with IAS 1, "Presentation of Financial Statements".

On the balance sheet, 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.

As part of applying IAS 1 (revised), the Group has chosen to present income and expenses recognized in two financial statements: an income statement 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 is calculated by dividing the net income attributable to equity holders of the parent 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 is 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 segment represents a strategic business area offering distinct products and serving distinct markets. These segments are reflected in the internal reporting structure used by the Group management team in managing the business as a whole.

In the context of the Group's organizational structure, the operating segments, during fiscal year 2011/2012, were the following:

- AeroSafety & Technology Segment;
- Aircraft Systems Segment;
- Cabin Interiors Segment.

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 european countries;
- USA;
- Other American countries;
- 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 & Technology Segment

This segment designs, develops, manufactures and markets:
- aircraft evacuation systems: escape chutes for airliners, emergency floats for helicopters, etc.;
- parachute and protection systems for the military and civil (sports parachute) 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;
- aerospace telemetry and telecommunication systems for aeronautic and space applications, for both military and civil markets;
- airbag cushions.

Aircraft Systems Segment

This segment 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.

Cabin Interiors Segment

This segment designs, develops, manufactures and markets, primarily in the civil aviation domain:
- passenger seats and crew seats;
- cabin equipment: water distribution, sanitary, refrigeration and other systems, trolleys, etc.
- Cabin systems: cabin interiors, galleys, toilets, baggage lockers, flight class dividers, etc.

With respect to customer portfolio concentration, the Group has no customer with which it conducts business accounting for more than 10% of total Group revenue.

NOTE 2 – MANAGEMENT OF FINANCIAL RISKS

A) INTEREST RATE RISK

Financing for all Group subsidiaries is centralized. At August 31, 2012 the Group's debt was primarily exposed to fluctuations in the Euribor.

The Group has set up swaps as interest-rate hedges in the amount of €600 million, maturing on August 29, 2013, and in the amount of €300 million, maturing on August 29, 2014.

The average rate of these hedges is 1.27% for the 2012/2013 fiscal year and 0.72% for the 2013/2014 fiscal year.

The fair value of the hedges used by the Group at August 31, 2012 was:

Swap	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of euros)			(in thousands of euros)
EUR	600,000	600,000	–	(7,180)
EUR	300,000	–	300,000	(1,665)

(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.

The impact of this market value was recognized in equity at August 31, 2012.
On the basis of the current and non-current financial liabilities of €993 million at August 31, 2012 (see Note 21 – Financial liabilities), an interest rate fluctuation of 10 basis points over the past fiscal year would have generated financial expenses of:
- € 1.0 million, excluding the effect of interest rate hedges;
- €0.4 million, including the effect of interest rate hedges.

B) CURRENCY RISK

1. Hedging

Virtually all of 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, 2012 to hedge currency risks are:

Currency futures sold	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of foreign currencies)			(in thousands of euros)
USD	432,936 (2)	386,336	46,600	(1,582)
EUR	78 (2)	78	–	2
NOK	31,352 (2)	31,352	–	12

(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., €345,283,000.

Currency futures bought	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of Mexican pesos)			(in thousands of euros)
MXN	23,003 (3)	23,003	–	88

(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.
(3) I.e., € 1,294,000.

Balance sheet value (in thousands of euros)	Assets		Equity and liabilities	
	Current	Non-current	Current	Non-current
Fair value hedges	744	–	3,496	–
Cash flow hedges	2,365	462	1,327	228

At August 31, 2012, up to US$280 million in cash flow hedges were in place to cover 42% of our net exposure to fluctuations in the euro/US dollar exchange rate (sales revenues - purchases) estimated for the 2012/2013 fiscal year. The impact of the fair value of those hedges on equity amounts to €1,666,000 at the fiscal year-end, of which €362,000 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 €170.9 million on the sales revenue for the fiscal year.

The fluctuation primarily affects the euro/dollar exchange rate; the average transaction rate was 1.32 for the fiscal year, versus 1.35 for the preceding year.

A 10-cent fluctuation (from 1.32 to 1.42) in the dollar rate for transaction net flows would have had a negative impact of €45 million on current operating income.

A 10-cent fluctuation (from 1.31 to 1.41) of the dollar rate for transaction net flows would have had a negative impact on the order of €17 million on current operating income.

The impact on the current operating income of the currency hedges set up during fiscal year 2011/2012 (difference between the average monthly rate of currencies and the spot rate of hedges) was negative by €7.6 million.

2. Exposure

The analysis of the Group's exposure to balance sheet currency 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, BRL and AUD.

(in millions of euros)	August 31, 2012
Financial assets	313.8
Financial liabilities	160.3
Net position before hedging	153.5
Hedging derivatives	128.0
Cash flow hedges	25.5

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, 2012, an increase of 10% in the euro/dollar rate at the year-end 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)	August 31, 2012
Impact on net income(*)	1.2

(*) Based on an average corporate income tax rate of 33%.

C) LIQUIDITY RISK

(in thousands of euros)	Carrying value at the balance sheet date	Not yet due and overdue < 30 days, not impaired	Overdue by more than 30 days and not impaired on the balance sheet date (number of days) 31-90	91-180	181-360	>361	Total	Past due and impaired
Trade receivables at August 31, 2011	490,351	424,289	40,882	14,332	5,864	4,540	65,618	444
Trade receivables at August 31, 2012	655,631	557,655	65,859	15,858	8,269	6,938	96,924	1,052

The increase in trade receivables was 33.7% at the year-end rate.

At like-for-like exchange rate and consolidation scope, this increase equates to 17.4%, whereas organic sales revenue growth in the fourth quarter of 2011/2012 was +13.6%, compared with the fourth quarter of 2010/2011. This stronger increase than the rise in sales revenue was caused mainly by the Cabin Interiors segment's accounts receivable not yet due.

The total amount of outstanding receivables from airlines rose by 22.9% at a constant rate.

Receivables from airlines represented 31.5% of all receivables at August 31, 2012, compared to 29.5% at August 31, at like-for-like consolidation scope.

The amount of receivables overdue by more than 30 days and not impaired at the balance sheet date increased by €20.4 million at like-for-like exchange rates and consolidation scope, for a percentage growth of 31%.

Future cash flows related to financial liabilities	2012/2013	2013/2014	2014/2015	2015/2016
Gross financial liabilities (in €000) (1)	(310,696)	(34,445)	(726,763)	(54,390)
Interest rate hedging derivatives (in €000) (2)	(5,912)	(1,278)	–	–
Trade payables (in €000) (3)	(336,722)	(1,727)	–	–
Interest rate hedging derivatives – USD flows (in $000)	(219,172)	–	–	–
Currency hedging derivatives – EUR flows (in €000)	166,129	–	–	–
Currency hedging derivatives – GBP flows (in £000)	1,560	–	–	–
Currency hedging derivatives – CZK flows (in CZK000)	24,800	–	–	–

(1) Financial liabilities and interest flows based on an assumed constant interest rate of 3.30% throughout the period.

(2) Interest flows related to interest rate swaps against 1-month Euribor, whose variable rate is estimated at 0.30 over the relevant period.

(3) Including €44.4 million and US$43.6 million paid between September 1, 2012 and September 10, 2012, versus €45.4 million and US$38 million paid between September 1, 2011 and September 10, 2011.

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 paragraph AA of Note 1 "Accounting principles".

A - INCOME STATEMENT ITEMS

NOTE 3.1 - BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT AND CUSTOMER LOCATION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	135,299	121,682	166,145	68,716	79,831	571,673
Aircraft Systems	167,495	150,393	135,171	41,308	68,871	563,238
Cabin Interiors	68,763	261,375	458,291	290,105	521,387	1,599,921
TOTAL	**371,557**	**533,450**	**759,607**	**400,129**	**670,089**	**2,734,832**
At August 31, 2012						
AeroSafety & Technology	133,026	153,151	208,526	62,911	87,193	644,807
Aircraft Systems	205,222	166,184	179,501	41,381	85,786	678,074
Cabin Interiors	85,667	331,169	691,989	309,032	699,899	2,117,756
TOTAL	**423,915**	**650,504**	**1,080,016**	**413,324**	**872,878**	**3,440,637**

NOTE 3.2 - BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT AND ASSET LOCATION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	251,936	33,687	214,087	42,524	29,439	571,673
Aircraft Systems	403,583	8,274	112,017	–	39,364	563,238
Cabin Interiors	302,810	379,128	851,065	50,479	16,439	1,599,921
TOTAL	**958,329**	**421,089**	**1,177,169**	**93,003**	**85,242**	**2,734,832**
At August 31, 2012						
AeroSafety & Technology	268,196	36,473	265,438	44,957	29,743	644,807
Aircraft Systems	477,531	9,444	140,082	–	51,017	678,074
Cabin Interiors	392,961	458,188	1,183,662	61,995	20,950	2,117,756
TOTAL	**1,138,688**	**504,105**	**1,589,182**	**106,952**	**101,710**	**3,440,637**

NOTE 3.3 - BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT WITH DETAIL OF INTER-SEGMENT SALES REVENUE

(in thousands of euros)	Sales revenues including inter-segment	Inter-segment sales revenues	Consolidated sales revenues
At August 31, 2011			
AeroSafety & Technology	580,174	(8,501)	571,673
Aircraft Systems	576,607	(13,369)	563,238
Cabin Interiors	1,601,836	(1,915)	1,599,921
TOTAL	**2,758,617**	**(23,785)**	**2,734,832**
At August 31, 2012			
AeroSafety & Technology	655,529	(10,722)	644,807
Aircraft Systems	701,593	(23,519)	678,074
Cabin Interiors	2,120,059	(2,303)	2,117,756
TOTAL	**3,477,181**	**(36,544)**	**3,440,637**

NOTE 3.4 - CURRENT OPERATING INCOME BY SEGMENT AND ASSET LOCATION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	27,965	4,032	29,790	2,447	2,873	67,107
Aircraft Systems	62,773	817	9,549	–	2,103	75,242
Cabin Interiors	38,887	78,680	123,446	7,591	3,415	252,019
Zodiac Aerospace	(9,470)	–	(107)	–	–	(9,577)
TOTAL	**120,155**	**83,529**	**162,678**	**10,038**	**8,391**	**384,791**
At August 31, 2012						
AeroSafety & Technology	23,732	4,729	49,796	4,946	426	83,629
Aircraft Systems	70,635	132	14,014	–	659	85,440
Cabin Interiors	49,922	92,627	172,960	12,950	1,830	330,289
Zodiac Aerospace	(12,529)	–	(400)	–	–	(12,929)
TOTAL	**131,760**	**97,488**	**236,370**	**17,896**	**2,915**	**486,429**

NOTE 3.5 - BREAKDOWN OF NET INCOME FROM CONTINUING OPERATIONS BY SEGMENT

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2011					
Net income	42,729	53,795	166,071	(25,285)	237,310
At August 31, 2012					
Net income	61,913	59,291	211,229	(25,039)	307,394

NOTE 3.6 - FINANCIAL INCOME BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	(254)	(281)	216	(1,577)	(376)	(2,272)
Aircraft Systems	(789)	(20)	(229)	–	(428)	(1,466)
Cabin Interiors	440	(4,134)	11	(517)	(873)	(5,073)
Zodiac Aerospace	(25,776)	–	202	–	–	(25,574)
TOTAL	**(26,379)**	**(4,435)**	**200**	**(2,094)**	**(1,677)**	**(34,385)**
At August 31, 2012						
AeroSafety & Technology	(891)	(203)	1	(449)	(483)	(2,025)
Aircraft Systems	(3,626)	(26)	(240)	–	(651)	(4,543)
Cabin Interiors	141	(2,983)	9	(1,192)	(506)	(4,531)
Zodiac Aerospace	(21,818)	–	(252)	–	–	(22,070)
TOTAL	**(26,194)**	**(3,212)**	**(482)**	**(1,641)**	**(1,640)**	**(33,169)**

NOTE 3.7 - INCOME TAXES BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	4,792	903	11,082	(25)	3	16,755
Aircraft Systems	13,329	218	3,139	–	(36)	16,650
Cabin Interiors	12,837	18,303	42,886	1,752	341	76,119
Zodiac Aerospace	(13,594)	–	(2)	–	–	(13,596)
TOTAL	**17,364**	**19,424**	**57,105**	**1,727**	**308**	**95,928**
At August 31, 2012						
AeroSafety & Technology	4,138	1,002	17,788	1,040	323	24,291
Aircraft Systems	16,945	31	4,656	–	513	22,145
Cabin Interiors	18,053	21,224	57,717	2,786	780	100,560
Zodiac Aerospace	(12,557)	–	(41)	–	–	(12,598)
TOTAL	**26,579**	**22,257**	**80,120**	**3,826**	**1,616**	**134,398**

B - BALANCE SHEET ITEMS

NOTE 3.8 - INTANGIBLE ASSETS AND GOODWILL BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	39,122	12,205	53,233	33,116	716	138,392
Aircraft Systems	410,287	2	40,735	–	7,656	458,680
Cabin Interiors	45,659	330,395	511,378	2,303	210	889,945
Zodiac Aerospace	1,398	–	–	–	–	1,398
TOTAL	**496,466**	**342,602**	**605,346**	**35,419**	**8,582**	**1,488,415**
At August 31, 2012						
AeroSafety & Technology	39,786	13,298	61,618	36,545	762	152,009
Aircraft Systems	448,820	3	46,290	–	11,112	506,225
Cabin Interiors	45,639	651,123	654,060	3,007	233	1,354,062
Zodiac Aerospace	4,150	–	–	–	–	4,150
TOTAL	**538,395**	**664,424**	**761,968**	**39,552**	**12,107**	**2,016,446**

NOTE 3.9 - INVENTORIES BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	58,641	6,349	41,115	10,500	7,300	123,905
Aircraft Systems	145,510	145	15,592	–	3,193	164,440
Cabin Interiors	68,484	66,828	151,403	10,277	16,121	313,113
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**272,635**	**73,322**	**208,110**	**20,777**	**26,614**	**601,458**
At August 31, 2012						
AeroSafety & Technology	63,600	6,741	50,905	11,215	12,755	145,216
Aircraft Systems	163,159	503	34,264	–	11,304	209,230
Cabin Interiors	73,387	105,674	216,062	11,785	21,759	428,667
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**300,146**	**112,918**	**301,231**	**23,000**	**45,818**	**783,113**

NOTE 3.10 - TRADE RECEIVABLES BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	67,378	6,701	42,145	6,891	3,218	126,333
Aircraft Systems	86,780	1,139	15,487	–	5,146	108,552
Cabin Interiors	62,526	52,965	134,409	3,277	2,289	255,466
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**216,684**	**60,805**	**192,041**	**10,168**	**10,653**	**490,351**
At August 31, 2012						
AeroSafety & Technology	69,370	6,208	48,056	6,756	4,432	134,822
Aircraft Systems	104,020	1,320	18,049	–	7,681	131,070
Cabin Interiors	73,334	80,760	221,043	10,714	3,844	389,695
Zodiac Aerospace	44	–	–	–	–	44
TOTAL	**246,768**	**88,288**	**287,148**	**17,470**	**15,957**	**655,631**

NOTE 3.11 - CURRENT AND NON-CURRENT PROVISIONS BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	16,502	185	4,486	1,031	96	22,300
Aircraft Systems	29,256	5	1,190	–	–	30,451
Cabin Interiors	9,541	34,310	11,586	1,407	286	57,130
Zodiac Aerospace	1,354	–	72	–	–	1,426
TOTAL	**56,653**	**34,500**	**17,334**	**2,438**	**382**	**111,307**
At August 31, 2012						
AeroSafety & Technology	16,619	216	5,056	26	146	22,063
Aircraft Systems	28,334	21	971	–	91	29,417
Cabin Interiors	11,556	37,743	19,866	1,160	357	70,682
Zodiac Aerospace	1,123	–	82	–	–	1,205
TOTAL	**57,632**	**37,980**	**25,975**	**1,186**	**594**	**123,367**

NOTE 3.12 - TRADE PAYABLES BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	30,466	2,407	7,674	2,875	2,574	45,996
Aircraft Systems	60,769	47	5,822	–	2,909	69,547
Cabin Interiors	31,675	25,526	71,690	3,427	3,747	136,065
Zodiac Aerospace	8,017	–	53	–	–	8,070
TOTAL	**130,927**	**27,980**	**85,239**	**6,302**	**9,230**	**259,678**
At August 31, 2012						
AeroSafety & Technology	24,538	2,715	7,225	2,289	2,449	39,216
Aircraft Systems	81,332	74	8,259	–	2,558	92,223
Cabin Interiors	35,354	56,357	95,885	5,493	5,353	198,442
Zodiac Aerospace	8,536	–	32	–	–	8,568
TOTAL	**149,760**	**59,146**	**111,401**	**7,782**	**10,360**	**338,449**

NOTE 3.13 - LIABILITIES TO EMPLOYEES AND PAYROLL LIABILITIES BY SEGMENT AND REGION

(in thousands of euros)	France	Other European countries	USA	Other American countries	Rest of the world	Total
At August 31, 2011						
AeroSafety & Technology	22,060	2,049	5,970	837	1,223	32,139
Aircraft Systems	41,155	14	2,568	–	959	44,696
Cabin Interiors	13,380	12,145	29,500	3,682	1,183	59,890
Zodiac Aerospace	4,986	–	–	–	–	4,986
TOTAL	**81,581**	**14,208**	**38,038**	**4,519**	**3,365**	**141,711**
At August 31, 2012						
AeroSafety & Technology	23,273	2,198	7,731	781	1,730	35,713
Aircraft Systems	44,857	29	2,855	–	1,529	49,270
Cabin Interiors	16,012	12,539	35,555	4,416	1,690	70,212
Zodiac Aerospace	6,339	–	–	–	–	6,339
TOTAL	**90,481**	**14,766**	**46,141**	**5,197**	**4,949**	**161,534**

NOTE 4 – REVENUES

(in thousands of euros)	August 31, 2012	August 31, 2011
Sales of goods	3,245,503	2,559,060
Sales of services	195,133	175,772
Interest	1,271	1,532
Royalties	1,366	1,493
TOTAL	**3,443,273**	**2,737,857**

NOTE 5 – PERSONNEL COSTS

NOTE 5.1 - BREAKDOWN OF COSTS

(in thousands of euros)	August 31, 2012	August 31, 2011
Payroll and related expenses [1]	990,396	825,708
Profit-sharing	11,409	10,421
Fair value of stock options and bonus shares	6,105	2,419
TOTAL	1,007,910	838,548

(1) Including €112,000 in social security charges related to stock options at August 31, 2011 and €472,000 at August 31, 2012.

NOTE 5.2 - SHARE-BASED PAYMENTS

1) Stock options

The Combined Meetings of Shareholders held on December 9, 1997, December 16, 2002, December 16, 2004 and January 8, 2008 authorized the Executive Board to award stock options to employees of Group companies, and to do so 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 exercised at August 31, 2012
11/24/2004	29.24	11/24/2012	24,801
11/25/2005	44.66	11/25/2013	76,778
11/30/2006	46.64	11/30/2014	96,210
02/13/2007	49.29	02/13/2015	2
12/03/2007	41.11	12/03/2015	85,041
12/03/2007	41.11	12/03/2015	274,580
12/04/2008	29.36	12/04/2016	91,700
12/10/2009	23.62	12/10/2017	130,750
12/10/2009	23.62	12/10/2017	35,000
12/10/2010	50.75	12/10/2018	157,925
12/29/2011	62.34	12/29/2019	97,895
12/29/2011	62.34	12/29/2019	61,990
TOTAL			1,132,672

The number of options granted during the fiscal year and their weighted average exercise price are shown below:

Number of options	2011/2012	2010/2011
At September 1	**1,357,615**	**1,797,854**
Issued	161,885	165,450
Cancelled	(2,000)	(30,645)
Expired	(3,539)	(4,812)
Exercised	(381,289)	(570,232)
At August 31	**1,132,672**	**1,357,615**

The 159,885 options granted during this fiscal year, in December 2011, include 97,895 options under an annual plan and 61,990 options under a multi-year plan.

Of the 97,895 options of the annual plan, half cannot be exercised before December 29, 2012 and the remaining half before December 29, 2013.

Of the 61,990 options of the multi-year plan, the first fourth cannot be exercised before December 29, 2012, and the remaining fourths before December 29, 2013, 2014 and 2015.

Further, the options that may eventually be exercised may not be sold before December 29, 2014.

The 381,289 options exercised during this fiscal year resulted in the issue of 381,289 new shares between September 1, 2011 and August 31, 2012, at an average allocation price of €39.27.

	Options issued in December 2011 with an average life of 6 years	Options issued in December 2011 with an average life of 7 years
Fair value	€15.58	€16.86
Factors of the binomial evaluation model used:		
share price on date of grant	€62.34	€62.34
option exercise price	€62.34	€62.34
estimated volatility	33.00%	33.00%
risk-free interest rate	2.49%	2.75%
estimated dividend yield	2.00%	2.00%

The expense recorded for the fiscal year in respect of stock options granted and bonus shares amounted to €6,105,000, compared with €2,419,000 for the 2010/2011 fiscal year.

To these amounts, €112,000 in social security charges were added in the 2010/2011 fiscal year, and €472,000 in 2011/2012.

2) Bonus share allocation plan for all Group employees

The plan, set up on December 29, 2011, involved 59,970 shares, allotted without performance conditions. They will be vested subject to a continuing employment condition for the employee recipients of the awards, who will be required to hold them at least until December 29, 2015.

3) Bonus share allocation for recipients of stock option awards (substituting part of the stock option grants)

Under this annual plan, 99,895 stock options and 23,518 bonus shares were awarded. For each beneficiary, up to 50% of the total portion may be vested subject to continuing employment at the end of two years, i.e., on December 29, 2013 (except in the event of death), added to which is a performance condition for 50% of the total portion.

The shares delivered are subject to a two-year retention period, which in this case means that they must be held until December 29, 2015.

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

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

4) Executive Board's Special Report on stock options

The detailed report is available to shareholders at the General Meeting.

Information on stock options held by corporate officers:
- the exercise of options resulted in the issue of 79,348 shares in 2011/2012;
- 32,000 stock options and 69,334 bonus shares were granted.

Information on stock options held by Group employees:
- the ten largest stock options exercised in 2011/2012 totaled 52,588;
- the ten largest stock options granted in 2011/2012 totaled 30,750.

NOTE 6 – CHANGE IN INVENTORIES [1]

(in thousands of euros)	August 31, 2012	August 31, 2011
Change in inventories recognized during the fiscal year	105,153	77,089
Inventory impairment charge recognized during the fiscal year	(10,674)	(10,879)
Reversals of inventory impairment during the fiscal year	7,512	16,621
TOTAL	101,991	82,831

(1) Inventories of components, sub-assemblies, work in progress, goods and finished products.

NOTE 7 – OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	August 31, 2012	August 31, 2011
Gain/(loss) on sale of fixed assets	(583)	95
Restructuring costs	(207)	(218)
Other	79	(59)
TOTAL	(711)	(182)

NOTE 8 – NON-CURRENT OPERATING ITEMS

(in thousands of euros)	August 31, 2012	August 31, 2011
Restructuring costs [1]	(596)	(4,329)
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	976	(1,520)
Impairment	–	(2,867)
Litigations	–	901
Amortization of intangible assets [2]	(15,670)	(5,690)
Acquisition costs [3]	(2,939)	(3,115)
Others [4]	6,761	(548)
TOTAL	(11,468)	(17,168)

(1) At August 31, 2012, involving mainly the restructuring of the Galleys business in the Netherlands.
(2) Amortization of order books and customer portfolio measured as part of acquisitions.
(3) Acquisition costs of securities or assets as part of external growth transactions, pursuant to IFRS 3 (revised). At August 31, 2012, this involved mainly the purchase of Heath Tecna and Contour Aerospace Ltd.
(4) At August 31, 2012, this amount included a partial repayment of €5.1 million of the purchase price of Cantwell Cullen & Company.

NOTE 9 – NET INTEREST EXPENSE

(in thousands of euros)	August 31, 2012	August 31, 2011
Other financial revenues	1,304	1,533
Foreign exchange gains/(losses)	(2,631)	(2,293)
Difference between spot and forward currency rates	(962)	(11)
Income/(expenses) related to cash and cash equivalents	**(2,289)**	**(771)**
Cost of gross debt	**(28,368)**	**(31,620)**
TOTAL	(30,657)	(32,391)

The cost of gross debt decreased by €3.2 million. This reduction was mainly due to the exceptional amortization of the residual balance of the amount of the costs of setting up the "Club deal" of €1 billion in June 2010, which was entered on the books during the 2010/2011 fiscal year.

Our average outstanding debt rose after the acquisition of Heath Tecna and Contour Aerospace Ltd.

The average cost of our loans stood at 2.51% for the period, compared with 2.68% in the previous fiscal year; the full cost of our financial resources (including various bank charges) was 2.80%, compared with 3.01% in the previous fiscal year.

NOTE 10 – OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	August 31, 2012	August 31, 2011
Net charges to provisions	1	(2)
Net accretion expense on pension obligations (net of returns)	(2,513)	(1,992)
TOTAL	**(2,512)**	**(1,994)**

NOTE 11 – TAXES

(in thousands of euros)	August 31, 2012	August 31, 2011
1) Balance sheet		
Deferred taxes:		
Deferred tax assets	463	469
Deferred tax liabilities	142,159	107,648
Net deferred taxes	**(141,696)**	**(107,179)**
Breakdown of net amount by category:		
Employee benefits	24,075	20,280
Depreciation of inventories, stocks and associated general expenditure	22,331	15,313
Intercompany inventory profit	23,719	17,838
Development costs	(101,549)	(78,944)
Goodwill (1)	(133,588)	(85,019)
Regulated provisions adjustments	(5,212)	(4,269)
Other (2)	28,528	7,622
Net deferred taxes	**(141,696)**	**(107,179)**
2) Income statement		
Deferred taxes and taxes payable:		
– deferred taxes	30,639	24,887
– taxes payable	103,759	71,041
Taxes	**134,398**	**95,928**
3) Unrecognized tax credits or tax losses (3)	**13,103**	**10,081**

(1) Including deferred tax liabilities on fiscally amortizable goodwill.
(2) Including deferred tax assets on fiscal deficits, of which €32.5 million is due to change of consolidation scope.
(3) This amount includes €253,000 to be used by August 31, 2013.

EFFECTIVE TAX RATE

(in thousands of euros)	August 31, 2012	August 31, 2011
Pre-tax income	**441,792**	**333,238**
Tax rate	**36.10%**	**34.43%**
Theoretical tax	159,487	114,734
Incidence of reduced-rate risk	(185)	(148)
Impact of tax rates in countries other than France (1)	(12,883)	(5,286)
Tax credit for research and training	(14,737)	(14,543)
Other (2)	2,716	1,171
Consolidated income tax (3)	**134,398**	**95,928**
EFFECTIVE TAX RATE	**30.42%**	**28.79%**

(1) Including production tax credit in the United States.
(2) Including provisions for tax audits of the Group, in France and the United States.
(3) The tax expense at August 31, 2012 includes the impact of the 5% surtax applicable to French companies for fiscal years ended on or after December 31, 2011.

NOTE 12 – EARNINGS PER SHARE

		August 31, 2012	August 31, 2011
Numerator (in thousands of euros):			
Net income attributable to Group shareholders	(a)	318,881	238,256
Denominator:			
Weighted average number of shares for the fiscal year	(b)	54,112,214	53,587,512
Stock options and allocation of bonus shares		668,347	343,671
Diluted weighted average number of shares for the fiscal year	(c)	54,780,561	53,931,183
Net earnings per share (in euros)	**(a) / (b)**	**5.89**	**4.45**
Diluted net earnings per share (in euros)	**(a) / (c)**	**5.82**	**4.42**
Net earnings per share restated to reflect IFRS 3 impact (in euros)		**6.15**	**4.58**
Diluted net earnings per share restated to reflect IFRS 3 impact (in euros)		**6.08**	**4.55**

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL

NOTE 13.1 - GOODWILL

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope	Change	Impairment	Balance at August 31, 2012
Gross	1,276,316	111,565	229,394	–	–	1,617,275
Impairment	109,918	5,528	(963)	–	–	114,483
Net amount of goodwill	**1,166,398**	**106,037**	**230,357**	**–**	**–**	**1,502,792**

Net goodwill is broken down as follows:

(en millions d'euros)	August 31, 2012 Gross	Impairment	Net	August 31, 2011 Net
CGU:				
AeroSafety & Technology :				
- AeroSafety	107.8	11.9	95.9	84.8
- Technology	48.6	12.6	36.0	36.0
Aircraft Systems (1)	362.4	40.0	322.4	315.6
Cabin Interiors :				
- Cabin (2)	535.1	24.7	510.4	430.0
- Seats (3)	317.5	25.2	292.3	54.2
- Galleys	245.8	-	245.8	245.8
TOTAL	**1,617.2**	**114.4**	**1,502.8**	**1,166.4**

(1) Of which Intertechnique: €255.4 million, net amount at August 31, 2012.
(2) Including C&D €322.1 million and Monogram €126.6 million, net values at August 31, 2012. At August 31, 2012, the figures included the goodwill of Heath Tecna, a company acquired during the fiscal year.
(3) Including, at August 31, 2012, €24.4 million reclassified from Cabin, after the creation of Zodiac Seats California by contribution of a C&D business.
At August 31, 2012, the figures included the goodwill of Contour Aerospace, 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 9% for all of the CGUs, except for "Airbags", for which a rate of 10% was applied;
- cash flows determined on the basis of 4-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 prepared by 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 1.30 for the entire period.

Sensitivity tests were conducted by applying the assumptions that exert the greatest influence on this sensitivity, as follows:

- 0.10 change in the euro/dollar exchange rate;
- 0.5% change in the discount rate applied.

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

Equally, separate application of the following assumptions does not result in any loss of value:

- the application of a euro/dollar exchange rate of 1.50 with a discount rate of 9% for the full period under consideration;
- the use of a discount rate of 11.0% on the basis of a euro/dollar exchange rate of 1.30.

NOTE 13.2 - INTANGIBLE ASSETS: GROSS

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifications (1)	Balance at August 31, 2012
Set up costs	101	-	-	-	-	-	101
Development costs (2)	261,814	15,776	-	61,953	(808)	-	338,735
Patents and registered trademarks	72,332	8,606	66,697	340	(2,667)	-	145,308
Software	48,389	216	-	6,356	(1,003)	-	53,958
Certifications and other	39,203	8,627	58,234	2,972	(6)	1,407	110,437
TOTAL	**421,839**	**33,225**	**124,931**	**71,621**	**(4,484)**	**1,407**	**648,539**

(1) The balance of the "Reclassifications" column corresponds to the software applications that were classified in property, plant and equipment at August 31, 2011 and which were reclassified in intangible assets at August 31, 2012.
(2) Costs incurred essentially in respect of the A380, B787, A400M, A350, G250, G650 and CSeries programs. The development costs maintained in operating income after capitalization and invoicing to customers, and not including amortization of capitalized development costs, amounted to €160.7 million in 2011/2012, contrasted with €137.3 million in 2010/2011, for an increase of 17%, and 16% at like-for-like consolidation scope, as the result of an increased effort in our self-financed work, particularly in the Cabin Interiors Segment.

NOTE 13.3 - INTANGIBLE ASSETS: AMORTIZATION

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications (1)	Balance at August 31, 2012
Set up costs	87	–	–	8	–	–	95
Development costs (2)	38,914	3,429	–	11,940	(808)	–	53,475
Patents and registered trademarks	12,080	627	–	746	(2,668)	–	10,785
Software	36,919	148	327	5,085	(1,000)	–	41,479
Certifications and other	11,822	1,487	(328)	16,062	(6)	14	29,051
TOTAL	**99,822**	**5,691**	**(1)**	**33,841**	**(4,482)**	**14**	**134,885**
Net amount of intangible assets	**322,017**	**27,534**	**124,933**	**37,779**	**(2)**	**1,393**	**513,654**

(1) The balance of the "Reclassifications" column corresponds to the software applications that were classified in property, plant and equipment at August 31, 2011 and which were reclassified in intangible assets at August 31, 2012.
(2) Amortizations applied primarily to the A380, B787, F7X and EMB 170 programs.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

As at August 31, 2011, the following two buildings were classified, at August 31, 2012, as "Assets held for sale":

a) for a net amount of €606,000, an AeroSafety & Technology Segment production building at Liberty (USA), which was closed in 2009/2010. The process of selling this building is under way.

b) for a net amount of €882,000, a Cabin Interiors Segment production building, which was closed in 2009/2010 at Rockford (USA). The process of selling this building is under way.

There is no liability or equity-related item relating to these assets.

The building at Issy-les-Moulineaux (France), which was classified in "Assets held for sale" at August 31, 2011, was sold in December 2011. This disposal was recorded on the books as an after-tax capital gain of €9.1 million that is included in the line "Net income from businesses being sold and income from disposals of assets held for sale" of the Group's income statement.

NOTE 14.1 - PROPERTY, PLANT AND EQUIPMENT: GROSS

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications (1)	Balance at August 31, 2012
Land and land development	20,539	1,055	3,460	724	(571)	(6,830)	18,377
Buildings and improvements	212,204	9,565	14,511	12,824	(6,004)	8,841	251,941
Equipment, furnishings, fixtures and other	500,742	29,651	30,584	54,543	(15,492)	8,420	608,448
Assets under construction	17,066	1,131	154	14,559	(12)	(12,084)	20,814
TOTAL	**750,551**	**41,402**	**48,709**	**82,650**	**(22,079)**	**(1,653)**	**899,580**

(1) The balance of the "Reclassifications" column corresponds to the software applications that were classified in property, plant and equipment at August 31, 2011 and which were reclassified in intangible assets at August 31, 2012.

NOTE 14.2 - PROPERTY, PLANT AND EQUIPMENT: DEPRECIATION

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications (1)	Balance at August 31, 2012
Land and land development	1,613	90	–	67	–	–	1,770
Buildings and improvements	116,591	5,022	3,771	11,186	(2,675)	(1,055)	132,840
Equipment, furnishings, fixtures and other	376,075	22,158	24,219	42,121	(14,621)	795	450,747
TOTAL	**494,279**	**27,270**	**27,990**	**53,374**	**(17,296)**	**(260)**	**585,357**
Net amount of property, plant and equipment	**256,272**	**14,132**	**20,719**	**29,276**	**(4,783)**	**(1,393)**	**314,223**

(1) The balance of the "Reclassifications" column corresponds to the software applications that were classified in property, plant and equipment at August 31, 2011 and which were reclassified in intangible assets at August 31, 2012.

FINANCE LEASES

Property, plant and equipment includes the following leased assets:

(in thousands of euros)	August 31, 2012
Equipment, furnishings, fixtures and other [1]	
Gross amount	1,716
Accumulated amortizations	1,398
Net carrying amount	**318**
Due within 1 year	–
Due in 1 to 5 years	–
Due in more than 5 years	–
Future minimum payments	**–**

(1) The initial agreement governing the asset in question had a term of three years, although its useful life was five years. Consequently, there is no further payment to be made since August 31, 2011 since the asset is not yet fully amortized.

NOTE 15 – INVESTMENTS IN AFFILIATES

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 balance sheet in the amount of €14,911,000, are comprised primarily by the following:

- SICAV in the amount of €6,726,000 [1];
- financial instruments totaling €462,000;
- the remaining balance is composed essentially of deposits and guarantees.

(1) Cash amounts intended for the liquidity agreement and for which the beneficiary had not purchased shares of the Group as of August 31, 2012.

NOTE 17 – INVENTORIES

(in thousands of euros)	August 31, 2012	August 31, 2011
Components and sub-assemblies	492,288	354,596
Work in progress	220,731	180,762
Finished products and goods	201,714	166,089
Gross total	**914,733**	**701,447**
Provisions for impairment	**131,620**	**99,989**
TOTAL	**783,113**	**601,458**

No inventory items have been offered as collateral for liabilities.

NOTE 18 – OTHER CURRENT ASSETS

(in thousands of euros)	August 31, 2012	August 31, 2011
Other payables	2,027	1,508
Prepaid expenses	15,830	10,034
TOTAL	**17,857**	**11,542**

NOTE 19 – CASH

(in thousands of euros)	August 31, 2012	August 31, 2011
Cash and cash equivalents [1]	**161,802**	**224,726**
Current financial liabilities	(277,460)	(147,416)
Commercial paper and other lines of short-term credit	263,700	134,000
Current portion of long-term loans and reimbursable advances	853	774
Banks	**(12,907)**	**(12,642)**
NET CASH	**148,895**	**212,084**

(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 20 - CAPITAL

	Number of shares (in thousands)	Common shares (in thousands of euros)	Share premium (in thousands of euros)	Total (in thousands of euros)
At August 31, 2010	**56,174**	**11,235**	**84,076**	**95,311**
Premium-related costs	–	–	–	–
Options exercised	570	114	14,955	15,069
Dividends	–	–	–	–
At August 31, 2011	**56,744**	**11,349**	**99,031**	**110,380**
Premium-related costs	–	–	–	–
Options exercised	382	76	14,898	14,974
Dividends	–	–	–	–
At August 31, 2012	**57,126**	**11,425**	**113,929**	**125,354**

NOTE 21 - FINANCIAL LIABILITIES

NOTE 21.1 - BREAKDOWN OF FINANCIAL LIABILITIES

(in thousands of euros)	Interest rate (1)	Maturity	August 31, 2012	August 31, 2011
A. Non-current financial liabilities				
Confirmed syndicated loan (EUR)	2.816	(3)	600,000	610,000
Confirmed syndicated loan (USD)			–	–
Confirmed syndicated loan (CAD)		(3)	–	32,283
Confirmed syndicated loan (GBP)	1.911		95,191	–
Syndicated loan costs			(2,363)	(3,198)
Other borrowings and unconfirmed credit non-current part	NS	(4)	23,063	23,582
Total (2)			**715,891**	**662,667**
B. Current financial liabilities				
Commercial paper (EUR)	1.148		263,700	134,000
Confirmed syndicated loan (EUR)			–	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	NS	(5)	13,760	13,416
Total	**–**		**277,460**	**147,416**
Current and non-current financial liabilities	**–**		**993,351**	**810,083**

(1) Average interest rate for the fiscal year, excluding amortization of syndicated loan origination fees.
(2) Maturities and breakdown of loans and confirmed lines of credit by currency (equivalents in thousands of euros at August 31, 2012):

2013/2014	1,209	Euro	620,700
2014/2015	693,527	US dollar	–
2015/2016	700	Canadian dollar (CAD)	–
After 2016	20,455	Pound sterling	95,191

(3) The supplemental agreement to the terms of the "Club deal" loan agreement, effective from August 29, 2011, raised the amount of the drawdown facility from €1 billion to €1.3 billion and extended the due date for total repayment of the loan from June 29, 2014 to June 29, 2015.
(4) Mainly after 2015.
(5) One to three months, renewable.

NOTE 21.2 - COVENANTS

The Group is bound by only one bank covenant: the "Net debt-to-EBITDA" ratio, as defined in the loan agreement.
This covenant, which is related to the "Club deal" loan, must be equal to or less than 3.25 at August 31, 2012 and 3.00 from August 31, 2013.
The covenant was fulfilled at August 31, 2012; failure to fulfill it could have resulted in the obligation to repay the loan early and in full.

NOTE 22 - PROVISIONS

(in thousands of euros)	Opening balance at August 31, 2011	Currency translation adjustments	Change in consolidation scope (1)	Changes during the fiscal year			Reclassifications (2)	Balance at August 31, 2012
				Charges	Reversals (provisions used)	Reversals (unused provisions)		
USA pension plans and lump-sum retirement benefits (3)	50,425	505	–	4,336	(2,898)	(325)	15	52,058
Miscellaneous	3,434	–	–	880	(76)	(30)	–	4,208
Total non-current	**53,859**	**505**	**–**	**5,216**	**(2,974)**	**(355)**	**15**	**56,266**
Garantees	30,469	1,620	2,321	11,824	(3,320)	(1,294)	(254)	41,366
Litigation and insurance deductibles	8,859	388	2,414	1,620	(2,057)	(2,809)	(340)	8,075
Restructuring and diversification	4,708	(36)	1,295	121	(3,496)	(304)	(429)	1,859
Taxes other than income taxes	1,188	101	–	1,097	(146)	–	(70)	2,170
Miscellaneous (4)	12,224	334	5,478	2,715	(6,014)	(1,842)	736	13,631
Total current	**57,448**	**2,407**	**11,508**	**17,377**	**(15,033)**	**(6,249)**	**(357)**	**67,101**
TOTAL	**111,307**	**2,912**	**11,508**	**22,593**	**(18,007)**	**(6,604)**	**(342)**	**123,367**

(1) The change in consolidation scope corresponds to the inclusion of Heath Tecna and Contour Aerospace Ltd in the Group.
(2) Item-to-item reclassifications. The balance in the "Reclassifications" column reflects reclassifications to other liabilities items.
(3) Includes a provision of €3.4 million for early retirement commitments at Sell GmbH (Germany), commitments of which a portion is covered by a bank guarantee issued in favor of the beneficiaries of the commitment for an amount of €2.2 million, which expires on November 30, 2017.
(4) Other provisions relate mainly to provisions for losses to completion and penalties on various commercial agreements.

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 €51 million in fiscal year 2011/2012, compared with €45 million for fiscal year 2010/2011.

2. DEFINED-BENEFIT PENSION AND MEDICAL INSURANCE PLANS

The best estimate of the contributions to be paid into the plan for fiscal year 2011/2012 is €1.3 million.

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. As part of these plans, employees receive retirement benefits when they reach 65 years of 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:

Assumption range	2011/2012	2010/2011
Discount rate	2.82%	4.72%
Expected return on plan assets	None	None
Estimated future increase in salaries	2.50%	2.50%
Employee turnover rate	30-53 years = 3% per year > 53 years = 0% per year	30-53 years = 3% per year > 53 years = 0% per year

The mortality table used is the INSEE TV-TD 07-09 table.

The discount rate used is based on Iboxx AA10+.

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.

As part of 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	09/14/2012	New York Life Retirement Plan Services
Avox Systems	09/19/2012	Burke Group

The main actuarial assumptions used for the plans are:

Assumption range	2011/2012	2010/2011
Discount rate	4.80%	4.80%
Expected return on plan assets	7.35%	7.35%

The actual asset yield for the 2011/2012 fiscal year was 7.35%.

These assets were invested as follows:

- for Air Cruisers, 60% in equities and 40% in bonds;
- for Avox Systems, 55% in equities, 33% in bonds, and 12% 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: €11,513,000 in equities, €7,256,000 in bonds and €849,000 in real estate income and other investments.

2.3 Germany

The Group maintains an ongoing defined-benefit plan for Sell GmbH valued at €15,852,000.
Plan membership includes 1,438 active employees, 150 employees taking early retirement and 337 retired employees.
Only those employees with more than five years' service are eligible for this defined-benefit plan; a qualification which currently applies to 56% of those covered by pension provision.
The actuarial method applied is the Projected Unit Credit Method (cf. Paragraph T of Note 1 "Accounting principles").

3. CHANGE IN THE FINANCIAL POSITION OF DEFINED-BENEFIT PLANS

3.1 Net pension charge recognized in the income statement

(in thousands of euros)	August 31, 2012	August 31, 2011
Service cost	2,254	1,656
Interest expense (accretion)	3,591	2,944
Expected return on plan assets	(1,856)	(1,590)
Amortization of actuarial gains and losses	894	933
Amortization of past service costs	92	156
Plan settlements	–	–
Plan curtailments	–	–
TOTAL CHARGE FOR THE FISCAL YEAR	**4,975**	**4,099**

3.2 Reconciliation of the amount recognized in the balance sheet

The reconciliation between the actuarial liability net of the fair value of plan assets and the provision recognized in the consolidated balance sheet is shown below:

(in thousands of euros)	August 31, 2012	August 31, 2011
Actuarial liability arising on funded plans	31,906	23,148
Fair value of funded plans (1)	(19,618)	(15,649)
Deficit (surplus) on funded plans	**12,288**	**7,499**
Actuarial liability arising on non-funded plans	70,150	49,161
Unrecognized actuarial gains and losses	(28,605)	(4,357)
Unrecognized past service costs	(1,775)	(1,878)
Cap on contingent assets	–	–
PROVISIONED IN THE BALANCE SHEET	**52,058**	**50,425**

(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)	August 31, 2012	August 31, 2011
Actuarial liability at the start of the fiscal year	**72,309**	**57,118**
Cost of services provided during the period	2,254	1,664
Interest expense	3,591	2,944
Actuarial gains and losses	24,367	(1,680)
Currency translation adjustments	3,581	(3,230)
Benefits paid	(4,047)	(2,755)
Past service costs	–	–
Plan settlement	–	–
Change in consolidation scope and other influences	–	18,248
ACTUARIAL LIABILITY AT THE END OF THE FISCAL YEAR (1)	**102,055**	**72,309**

(1) Includes €23,148,000 for funded plans and €49,161,000 for unfunded plans.

3.4 Change in the fair value of the funds underlying funded plans

(in thousands of euros)	August 31, 2012	August 31, 2011
Fair value at the start of the fiscal year	**(15,649)**	**(16,687)**
Expected return on plan assets	(1,856)	(1,590)
Actuarial gains and losses	(7)	(256)
Employer contributions and benefits paid	201	833
Currency translation adjustments	(2,307)	2,051
FAIR VALUE AT THE END OF THE FISCAL YEAR	**(19,618)**	**(15,649)**

NOTE 23 - OTHER CURRENT LIABILITIES

(in thousands of euros)	August 31, 2012	August 31, 2011
Other payables	46,597	27,476
Amounts owed to customers	79,576	53,525
Deferred income	33,116	9,617
TOTAL	**159,289**	**90,618**

NOTE 24 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

NOTE 24.1 - OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	August 31, 2012	August 31, 2011
Commitments given		
Long-term rentals (1) (2)	117,714	80,431
Actuarial gains and losses and past service costs on retirement benefit obligations (3)	19,811	3,979
Other guarantees given (4)	13,328	7,642
Collateral	–	–
Commitments received under contracts	**297**	**260**

(1) This amount includes commitments on revocable and irrevocable leases.
(2) The variance between fiscal years includes +€7.3 million relating to exchange rate fluctuations.
(3) Net of deferred taxes. Including €5.8 million net as representing the Sell GmbH discount rate differential.
(4) Including a €1,678,000 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.

N.B.: Zodiac Aerospace has also:

- posted a guarantee bond at the Amsterdam commercial court to cover the consolidated debts of the Driessen Group holding company and its Dutch subsidiaries to avoid the need to prepare and locally submit consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  - in August 2009 on behalf of Sicma Aero Seat (1) (expiration date December 31, 2016);
  - in January 2011 on behalf of Weber Aircraft (2) (expiration date December 31, 2016);
  - in January 2011 on behalf of Weber Aircraft (2) and C&D Zodiac Inc. (expiration date December 31, 2015).

(1) On September1, 2012, this company's corporate name was changed to "Zodiac Seats France".
(2) On September1, 2012, this company's corporate name was changed to "Zodiac Seats US LLC".

Operating lease commitments

(in thousands of euros)	August 31, 2012	August 31, 2011
- Within 1 year	27,279	21,224
- 1 to 5 years	58,495	52,250
- Over 5 years	31,940	6,957
Minimum payments	117,714	80,431

NOTE 24.2 - CONTINGENT ASSETS AND LIABILITIES

No contingent assets were identified at August 31, 2012.

A single contingent liability was identified at the same date.

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 has been taken over 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, and how much cash would be involved should this prove to be the case.

A recent court decision in the context of this litigation allows us to estimate that the risk associated with this liability is considerably reduced, even if not completely extinguished.

NOTE 25 – RELATED PARTIES

1.1 RELATION WITH SUBSIDIARIES AND AFFILIATES

The Group issued no invoices for fiscal year 2011/2012.

1.2 TRANSACTIONS WITH EXECUTIVE OFFICERS

a) Salaries and benefits

(in euros)	Fixed	Variable [1]	Benefits in kind	Total
Maurice Pinault	300,000	300,000	4,980	604,980
Olivier Zarrouati	500,000	500,000	9,318	1,009,318
TOTAL	**800,000**	**800,000**	**14,298**	**1,614,298**

(1) The variable portion payable for a given fiscal year "n" is based on a target for Group net income, taking into account the realization in the previous fiscal year ended "n-1" and the budget for fiscal 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.

b) Stock options and bonus shares

	Maurice Pinault		Olivier Zarrouati		
	07b plan	2011 plan	07a plan	07b plan	2011 plan
1. Stock options:					
Unexercised options at August 31, 2011	84,640	–	79,350	63,480	–
Awards for the fiscal year	–	32,000		–	–
Options exercised in 2011/2012	–	–	79,348	–	–
Unexercised options at August 31, 2012	84,640	32,000	2	63,480	–
Exercise price (in euros)	41.11	62.34	49.29	41.11	–
Expiration date	12/03/2015	12/29/2019	02/13/2015	12/03/2015	–
2. Bonus shares:					
Shares in vesting period [1]	–	16,000	–	–	53,334
Date of right to purchase	–	12/29/2013	–	–	12/29/2013

(1) All the bonus shares allotted to company officers are subject to a performance condition, a two-year continuing employment condition from the grant date, i.e., until December 29, 2013 and a retention condition until December 29, 2015.

Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above is 100% achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested is reduced if the target is only partially achieved and cancelled if only 80% is achieved, on average, over fiscal years 2011/2012 and 2012/2013. The number of shares vested in this case is proportional between these two limits.

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

1.3 COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS

a) Compensation

The members of the Executive Committee (Comex) were eight in number during the 2011/2012 fiscal year and nine during the 2010/2011 fiscal year.

The amount paid to these members was €2,465,000 in fixed compensation and €2,404,000 in variable compensation, for a total of €4,869,000, which includes the compensation paid to the Executive Board members (of which a detailed breakdown is given in the specific note regarding executive compensation). The corresponding figures for the previous fiscal year were €2,451,000 and €1,998,000, respectively, for a total amount of €4,449,000.

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

a) a target and formula identical to that applied to the corporate officers;

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

b) Stock options and bonus shares

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

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

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

NOTE 26 – POST YEAR-END EVENTS

Letter of intent with respect to the acquisition of IMS

On November 15, 2012 the Group signed a letter of intent in view of acquiring IMS, a US company that specializes in "Seat Centric" IFE systems. Subject to obtaining the regulatory authorizations and the signing of the final contract, this acquisition should be finalized before end-2012.

There were no other material post year-end events.

NOTE 27 – LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2012

Fully consolidated companies	Country	Group interest in %
Zodiac Aerospace	France	Parent company
Aérazur	France	100.00
Aerodesign de Mexico SA	Mexico	100.00
Air Cruisers	USA	100.00
Amfuel	USA	100.00
Avox Systems	USA	100.00
Cantwell Cullen & Company	Canada	100.00
C&D Adder	France	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc.	USA	100.00
Contour Aerospace Ltd (1)	UK	100.00
Driessen Aerospace CZ SRO	Czech Republic	100.00
Driessen Aerospace Group NV	Netherlands	100.00
Driessen Aircargo Equipment BV	Netherlands	100.00
Driessen Aircargo Equipment Ltd	Thailand	100.00
Driessen Aircargo Equipment USA Inc.	USA	100.00
Driessen Aircraft Interior Systems (Thailand) Ltd	Thailand	100.00
Driessen Aircraft Interior Systems Europe BV	Netherlands	100.00
Driessen Aircraft Interior Systems Inc.	USA	100.00
Driessen Aircraft Interior Systems USA Inc.	USA	100.00
E Dyer Engineering Ltd	UK	100.00
ECE	France	100.00
Engineered Arresting Systems Corp.	USA	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shangai ETC	China	100.00
EZ Air Interior Ltd	Ireland	50.00
Heath Tecna	USA	100.00
Icore International Inc.	USA	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp.	USA	100.00
Immobilière Galli	France	100.00
IN Services & Al Rumaithy Estab.	United Arab Emirates	49.00
IN Snec Holding	France	100.00
IN-Flex	France	100.00
IN-LHC	France	100.00
IN Services Asia	Hong Kong	100.00
Intertechnique	France	100.00

Fully consolidated companies	Country	Group interest in %
Monogram Aerospace Industries	USA	100.00
Parachutes Industries Southern Africa (PISA)	South Africa	100.00
Pioneer	USA	100.00
Precilec	France	100.00
Sell GmbH	Germany	100.00
Sell Holding Germany GbmH	Germany	100.00
Sell Services France	France	100.00
Sell Services Germany GmbH	Germany	100.00
Sicma Aero Seat (2)	France	100.00
Sicma Aero Seat Services	USA	100.00
Sit	France	100.00
Société Aéronautique Marocaine de Décolletage Industriel	Morocco	100.00
The Richards Corp.	USA	100.00
Weber Aircraft (3)	USA	100.00
Zodiac Aerospace Australia	Australia	100.00
Zodiac Aerospace Holding Australia	Australia	100.00
Zodiac Aerospace Information Systems	France	100.00
Zodiac Aerospace (Jiangsu) Co., Ltd	China	51.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Investment Ltd	UK	100.00
Zodiac Aerospace UK Ltd	UK	100.00
Zodiac Automotive Division	France	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc.	USA	100.00
Zodiac Data Systems Ltd	UK	100.00
Zodiac Data Systems SAS	France	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie SARL	Tunisia	100.00
Zodiac Seats California	USA	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seat Shell US LLC	USA	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Services America LLC	USA	100.00
Zodiac Services Asia	Singapore	100.00
Zodiac Services Europe	France	100.00
Zodiac US Corporation	USA	100.00

(1) On September 1, 2012, this company's corporate name was changed to "Zodiac Seats UK Ltd".
(2) On September 1, 2012, this company's corporate name was changed to "Zodiac Seats France".
(3) On September 1, 2012, this company's corporate name was changed to "Zodiac Seats US LLC".

Report of the Statutory Auditors on the Consolidated Financial Statements

To the Shareholders,

In accordance with the terms of our appointment by your General Shareholders' Meetings, we submit to you our report for the fiscal year ended August 31, 2012, regarding:

- the audit of the consolidated financial statements of Zodiac Aerospace accompanying this report;
- the justification for 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 of these statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with generally accepted auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or by using other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, 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 THE 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:

- Note 1-J of the Notes to the Consolidated Financial Statements describes the accounting rules and policies applied in development costs incurred for multi-year programs. In conducting our assessment of the accounting principles followed by your Group, we have verified the accounting methods indicated above to ascertain that they were reasonable and correctly applied.
- Notes 1-D, 1-I, 1-J 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 rules and principles applied by your Group, we verified the accounting methods described in the Notes to the Consolidated Financial Statements to ascertain that they were correctly applied, as well as to ascertain the reasonable nature of the information used to determine inventory values.

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 reviewed the information regarding the Group given in the report on the Group's management.

We have no comments to report with respect to the fair presentation and consistency of such information with the consolidated financial statements.

Paris-La Défense, December 18, 2012

The Statutory Auditors

Fidaudit
a member of the Fiducial network
Jean-Pierre Boutard

Ernst & Young Audit
Laurent Miannay

Fees of the Statutory Auditors
and fees charged by the members of their networks payable by the Group

	Ernst & Young				Fidaudit				Distribution			
									Ernst & Young	Fidaudit	Ernst & Young	Fidaudit
	Amount (excluding tax)		%		Amount (excluding tax)		%		%		%	
(in thousands of euros)	2012	2011	2012	2011	2012	2011	2012	2011	2012		2011	
Audit												
Auditing, certification, review of individual and consolidated financial statements:												
- Issuer	178	175	5.9%	6.3%	130	127	46.9%	78.9%	57.8%	42.2%	57.9%	42.1%
- Fully consolidated subsidiaries	2,536	2,311	84.5%	83.4%	147	34	53.1%	21.1%				
incl. international network coordination	*114*	*112*	*3.8%*	*4.0%*	*10*	–	*3.6%*	–				
Other reviews and services directly linked to the auditing engagement of the statutory auditor:												
- Issuer	–	–	–	–	–	–	–	–				
- Fully consolidated subsidiaries	36	192	1.2%	6.9%	–	–	–	–				
Sub-total	**2,750**	**2,678**	**91.6%**	**96.6%**	**277**	**161**	**100%**	**100%**	**90.8%**	**9.2%**	**94.3%**	**5.7%**
Other services provided by the network to the fully-consolidated subsidiaries												
Legal, tax, social	246	63	8.2%	2.3%	–	–	–	–				
Other	6	29	0.2%	1.1%	–	–	–	–				
Sub-total	**252**	**92**	**8.4%**	**3.4%**	**–**	**–**	**–**	**–**	**100%**	**–**	**100%**	**–**
TOTAL	**3,002**	**2,770**	**100%**	**100%**	**277**	**161**	**100%**	**100%**	**91.6%**	**8.4%**	**94.5%**	**5.5%**

ZODIAC AEROSPACE
PARENT COMPANY FINANCIAL STATEMENTS

Report of the Supervisory Board
to the Combined General Meeting of January 9, 2013

Dear Shareholders,

In accordance with our Articles of Association, this General Meeting was called to deliberate on the financial statements for the fiscal year ended August 31, 2012 and vote on the resolutions put forward by the Executive Board.

In accordance with the so-called 'Financial Security' Law, the details of the meetings of the Board and Committees are provided in the chapter entitled "Preparation and organization of the work of the Supervisory Board."

During this fiscal year, the Supervisory Board gave the Executive Board the authorizations needed to:

a) Set up a joint venture under Irish law in Mexico with Embraer S.A., a leading Brazilian manufacturer of regional aircraft, with an initial capital of USD200,000, which will be in charge of manufacturing cabin interior equipment for the Embraer 170/190 family of jet aircraft. The joint production unit will be located in Mexico.

b) Sell:
- the Group's former registered office at Issy-les-Moulineaux for a net sale price of €24,250,000 (net capital gain: €11,278,000);
- the Driessen Services repair business to an Australian company for the amount of €6.8 million.

c) Acquire Contour Aerospace Ltd for the amount of £274 million, enabling the Group to become the worldwide number one in aircraft seats.

d) Increase the capital of five subsidiaries by the parent company Zodiac Aerospace or any other company that may act on its behalf:
- IDD, wholly-owned by Zodiac US Corp., for USD10 million;
- Zodiac Services Europe, for €12 million;
- Zodiac Aerospace (Jiangsu) Co., Ltd (China), for USD1 million;
- Zodiac Aerospace Holding Australia, for AUD800,000;
- Zodiac Aerospace UK Investment Ltd, for £195 million.

e) Authorize the Executive Board, in compliance with the Company's Article of Association and Article R. 225-53 of the French Commercial Code, to grant, without having to consult with the Supervisory Board beforehand, endorsements, sureties and guarantees in the name of Zodiac Aerospace, for up to a total annual amount of €15 million, excluding any costs and fees, for a term of one year as from the date of the decision made by the Board, April 19, 2012;

At its meeting of November 17, 2011, the Supervisory Board decided to offer the option to elect stock options or bonus share awards, approved the ratio of one bonus share to three stock options, and tasked the Remenuration Committee with defining the terms of the awards.

During this fiscal year, due to the exercise of options by a number of members of personnel, the capital of your Company stood at €11,425,145.60, represented by 57,125,728 shares listed for trading on Compartment A of the Eurolist by Euronext Paris.

From January 1 to October 31, 2012, the average comparable price stood at €76.86 compared with €54.52 as the average price over the same period in the previous fiscal year. Lows/highs at market close for that same period was €84.83/€65.05 compared with €62.39/€46.96 for 2011. Daily transactions on your stock continue to be active with approximately 145,000 trades (approximately €11 million).

The Executive Board will ask you to renew the authorization granted by the Combined General Meeting of January 10, 2012, as part of the resolutions related to ordinary business, in order to buy back in the market your Company's own shares 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 n° 2273/2003 of December 22, 2003 in application of Directive 2003/6/EC of January 28, 2003.

Your Company used the authorization in effect by means of a liquidity contract set up on January 18, 2007. Accordingly, at August 31, 2012, it held 900 of its own shares acquired at the average price of €60.50 per share. In addition, your Company continued to hold the 2,780,000 treasury shares held since August 31, 2009, representing 4.87% of the capital.

We will submit to your approval the appointments of Mrs. Gilberte Lombard and FFP, which are to renew for a term of two years for Mrs. Gilberte Lombard, and six years for FFP.

Mrs. Gilberte Lombard meets the requirements set out in the AFEP/MEDEF Code regarding the independence of members of the Supervisory Board.

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 in the best conditions.

At its meeting of November 20, 2012, the annual and consolidated financial statements as well as the report of the Executive Board were submitted to the Supervisory Board for verification and control; the Supervisory Board also reviewed the ordinary and extraordinary resolutions that will be put forward by the Executive Board and, in particular, the distribution of earnings. The Supervisory Board approved the wording of the draft resolutions.

Pursuant to Article L. 225-68 of the French Commercial Code, we have no criticism or comments to make regarding the report and financial statements presented by the Executive Board. Your Supervisory Board therefore invites you to approve them and to 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 work of the Supervisory Board and the internal control and risk management procedures in place

This report has been prepared, and is presented to you, in accordance with Article 117 of the French Financial Security Law of August 1, 2003, incorporated into Article L. 225-68 of the French Commercial Code.

It reports on:

- conditions governing the preparation and organization of the work of the Supervisory Board during the fiscal year ended August 31, 2012;
- internal control procedures put in place by Zodiac Aerospace.

The Group has chosen to adhere to the guidelines contained in the AFEP/MEDEF Corporate Governance Code for listed companies of October 2003, consolidated by the AFEP/MEDEF Corporate Governance Code of December 2008, which it applies in its entirety, with the exception of recommendations on directors' terms of office, the number of independent board members and independence criteria for terms in excess of 12 years. The Board decided that length of service in office as a member of the Supervisory Board did not compromise independence but, on the contrary, facilitated an in-depth understanding of the company, its business environment and its products, and that this knowledge constituted a very significant added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

The Group applies the recommendations on corporate officer directors of listed companies (see chapter "Executive and Supervisory Boards," page 8) including, in particular, the obligation to retain a portion of shares arising from stock option or bonus share grants (see paragraph 2.b of the "Executive and Supervisory Boards" chapter, page 9).

CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board ensures the correct operation of the Company and the Group and reports to the shareholders. The Supervisory Board appoints the Executive Board members and the Chief Executive Officer. 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 then in 2011/2012, annexed to the Supervisory Board and Committees' internal regulations, which sets out all their rights and obligations (general and special rules). The internal regulations are available on the Company's website.

The Supervisory Board currently has eleven members: Mr. Didier Domange as Chairman, Mr. Louis Desanges, as Vice-Chairman, Mr. Marc Assa, Mrs. Elisabeth Domange, Mr. Vincent Gerondeau, Mrs. Laure Hauseux, Mrs. Gilberte Lombard, Mr. Edmond Marchegay, Mr. Robert Maréchal, Mr. Marc Schelcher, and FFP, represented by Mr. Robert Peugeot. Five of them are independent members (Mr. Marc Assa, Mr. Vincent Gerondeau, Mrs. Laure Hauseux, Mrs. Gilberte Lombard and Mr. Edmond Marchegay) as defined by the criteria of the AFEP/MEDEF Code, with the exception of the recommendations on the term of directors as defined above. They provide the Board with wide-ranging experience in terms of their own industries and the wider international business environment.

Three members are women. The composition of the Supervisory Board thus complies with the provisions of France's Law of January 27, 2011 on the balanced representation of women and men on company boards. No member of the Board acts as general manager of either the Group's parent company or its subsidiaries (see chapter "Executive and Supervisory Boards", pages 10 and 11, for information on other offices held by members of the Supervisory Board).

B) FREQUENCY OF SUPERVISORY BOARD MEETINGS

During the fiscal year ended, the Board met on six scheduled occasions: September 27 and November 17, 2011, January 10, February 16, April 19 and July 12, 2012. Supervisory Board members visited the Contour Aerospace aircraft seat manufacturing plant in Cwmbran, Wales, on May 22, 2012. The members of the Board were conscientious in their attendance of meetings, resulting in an attendance rate for the year of over 92%.

C) SUPERVISORY BOARD OPERATION

At every Board meeting, members review business performance indicators against 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. 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. They are then entered in the minute book, and signed by the Chairman and one Board member.

D) COMMITTEES

In complying with official guidelines on corporate governance, the Supervisory Board formed three special committees in 1995 at the recommendation of its Chairman: the Audit Committee, the Remuneration Committee and the Appointments Committee. All three committees are regulated under the terms of the relevant dedicated chapters of the Supervisory Board and Committees' internal regulations, which define their roles, composition, number of meetings, resources, members' remuneration and the requirement for minutes to be produced following each meeting.

- The Audit Committee met five times during the fiscal year. It met on two occasions especially to examine the Group's half-year and consolidated full-year financial statements and three times to inspect:
  - mapping of the Group's main risk areas, the security of computerized transactions and to review tax audits in progress;

- the allocation of goodwill, the possible appointment of Fidaudit (*Société Fiduciaire Nationale de Révision Comptable – Fidaudit*) as joint primary Statutory Auditor (to replace Fideuraf whose term of office was due to expire) (1) after presenting its services;
- the organization of the Group's internal audit department and monitoring of the risk mapping procedures.

The Committee includes four Board members (2) (Mrs. Gilberte Lombard (Chairman), Mr. Didier Domange, Mr. Louis Desanges, FFP (represented by Mr. Robert Peugeot). Meetings are also attended by the Statutory Auditors and the Executive Vice-President, Administration and Finance.

- The Remuneration Committee usually meets once or twice during the fiscal year; it met four times this fiscal year. In particular, it worked on bonus share grants and proposed that there should be a 3 to 1 ratio of stock option grants to bonus share grants. The four committee members (Didier Domange (Chairman), Gilberte Lombard, Marc Assa and Edmond Marchegay) are charged by the Supervisory Board with setting the remuneration paid to Executive Board and Executive Committee members, allocating share options and/or bonus shares to these executives within the terms authorized by the General Meetings of Shareholders, setting the remuneration paid to the Chairman, and allocating the fees paid to Supervisory Board members.
- The Appointments Committee meets as necessary. It met once this year. It has four members: Mr. Louis Desanges (Chairman), Mr. Didier Domange, Mr. Vincent Gerondeau and Mr. Edmond Marchegay. This Committee is responsible for appointing Supervisory Board members and Group senior executives, as well as for reviewing the composition of the Board.

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

TRAINING FOR SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board must have extensive knowledge of the specifics of the Group, its activities and businesses.

Board members may receive the training required to perform their duties prior to being appointed or throughout their term of office.

The Group is responsible for organizing and proposing such training.

(1) On this basis, the Supervisory Board will submit a resolution to the Combined General Meeting on January 9, 2013, intended to confirm the appointment of FIDAUDIT (Société Fiduciaire Nationale de Révision Comptable – Fidaudit) owing to a substantive error made at the Combined General Meeting on January 10, 2012.

(2) Mrs. Laure Hauseux was appointed as a member of the Audit Committee as from September 1, 2012; consequently, the Audit Committee will include five members.

EVALUATION OF SUPERVISORY BOARD OPERATION

When it met on July 12, 2012, the Supervisory Board decided to apply AFEP-MEDEF recommendations, updated in April 2010, by applying the guidelines for formal self-evaluation of Supervisory Board operation.

For the first time, the Company conducted a formal evaluation of the fiscal year 2011/2012, in the form of self-assessment by an independent firm of specialist consultants. All the members of the Board were interviewed and were asked what they thought about how the Supervisory Board and Special Committees operated and were asked to make suggestions for improvements.

The results of the self-evaluation presented to the Board on November 20, 2012, showed that the Board members judged Supervisory Board operation to be satisfactory. They wished, however, to maintain a process of ongoing improvement in the Board's operational efficiency and to increase the amount of support given to the Executive Board.

RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

This section of the report is based on the AMF reference framework of July 22, 2010 on risk management and internal control provisions. Its purpose is to report to shareholders on the conditions governing the preparation and organization of the work of the Supervisory Board as well as on the internal control systems set up by the Zodiac Aerospace Group for the fiscal year ended August 31, 2012.

A) INTERNAL CONTROL OBJECTIVES AND DEFINITION

The Zodiac Aerospace Group defines internal control as a process implemented by its Executive Board and Executive Committee, its senior management and staff, and designed to give reasonable assurance as to the company's risks (see section 3 "Risk management" next page) by means of:

- identifying, preventing and managing the Group's main risks;
- complying with laws and regulations as well as with codes of ethics;
- applying the instructions and guidelines given by the Group;
- the reliability of financial and accounting information;
- the correct operation of the Group's internal processes;
- reducing the company's exposure to the risks of fraud.

Like any control system, the one implemented by the Group cannot guarantee that the risks that it targets will be totally eliminated.

The Supervisory Board, via its Audit Committee, is kept informed about any major internal control developments and may proceed with any specific controls that it deems to be necessary.

These procedures are based on the Group's organization and internal control environment and form part of an ongoing initiative to identify, assess and manage risk factors likely to affect the achievement of objectives and opportunities to improve performances.

B) ZODIAC AEROSPACE RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

Zodiac Aerospace is an international, industrial Group and is decentralized in the sense that each subsidiary manages the operational aspects of its business directly and takes responsibility for implementing internal control procedures in line with Group standards which are set and coordinated by the Group's general management. The audit department monitors the correct implementation of such procedures.

1) Group organization

The Zodiac Aerospace Group is organized as follows:

- as Group's parent company, Zodiac Aerospace is responsible for the Group's management, organization and development. The Company is run by an Executive Board and a Supervisory Board;
- over the 2011-2012 fiscal year, three segments grouped together companies specializing in aircraft equipment and technology, cabin equipment and aerospace systems as well as a services business;
- subsidiaries in each segment. Within the context of the operations defined by the Zodiac Aerospace Executive Board and under its control, each of these subsidiaries takes on the roles and responsibilities of a company in the legal, commercial, technical, industrial, economic, financial, fiscal and social domain, with the exception of those which are centralized at Group level as described above.

Under the authority of the Executive Board, the Group parent holding company's role is to:

- define and conduct Group strategy, as well as Group processes and procedures;
- provide governance, risk management and monitoring for Group companies in line with the rules and guidelines laid down;
- supply pooled services for Group companies such as financing, IT, legal, LEAN, human resources, etc.
- define initiatives designed to protect and strengthen the Group's reputation, and also to improve its efficiency and performance.

In most of its activities, the Group is subject to the control environment imposed by its main clients and the regulatory authorities which require certifications and specific controls in addition to legal requirements and which form part of the Group's control environment.

2) Control Environment

The quality of its internal control procedures is one of the Group's main preoccupations and it is continually seeking to strengthen its procedures, in particular, by means of documenting procedures and putting additional indicators in place. Internal control is also reliant on operating unit executives.

Continuous improvement of our IT tools helps to structure our internal control procedures. The Group intranet is, therefore, the preferred means of disseminating key internal control issues, as well as Group procedures and financial and management data.

Likewise, the rules of ethics upon which the Group places a great deal of emphasis, appear in the code of ethics which can be accessed by Group employees via the intranet.

3) Risk management

According to the definition given in 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 of the company's activities, processes and assets."

Risk management covers a wide field beyond the strictly financial. It is a powerful management lever, involving all of the Group's senior management.

Risk management objectives are to:

- create and preserve the Group's value, assets and reputation;
- secure decision-making and the company's processes to facilitate the attainment of its objectives;
- bring employees together with a shared vision of the main risks.

At the end of 2011, the Group launched a project to improve risk management processes so as to define a methodology common to all subsidiaries, in particular, by reviewing risk mapping processes as well as identification and analysis of the main risks in relation to Group objectives and, finally, to strengthen procedures for managing such risks. The key players involved in this process are the Executive Committee, the Group's cross-segment operational executives as well as the management of each of the subsidiaries involved via self-assessment.

The Group's main risks are detailed in the "Risk management" chapter on page 12 of the Annual Report.

4) Standards and regulations

Within the Zodiac Aerospace Group they are subject to oversight and monitoring by specialist central functions.

C) THE GROUP'S KEY INTERNAL CONTROL PLAYERS

1) Executive Board and segment managers (Executive Committee)

The Chief Executive Officer delegates his authority to segment managers for the coordination and monitoring of business carried on by companies belonging to their respective segments in terms of:

- setting objectives in line with those set by the Chief Executive Officer and presented to the Supervisory Board for the Group as a whole;
- monitoring achievements;
- implementing decisions on strategic issues involving Group companies and authorized by the Supervisory Board;
- operational oversight of companies, coordination and leadership for Group-wide initiatives.

2) Administration and finance department

The Group's Executive Vice-President, Administration and Finance works under the authority of the Chief Executive Officer and manages the accounting and financial operations.

This is organized as follows:

- One finance director per segment reporting thereto functionally and administratively. The role of the finance directors is to implement internal accounting and financial control; they are responsible for ensuring that financial information is prepared by local or decentralized teams within operating units in accordance with internal regulations.

- A financial reporting and consolidation department, which is responsible for preparing and presenting the consolidated financial statements in accordance with the Group's Articles of Association, for implementing the Group's consolidated budget and for analyzing the Groups financial data. In particular, it prepares monthly feedback on variances from consolidated budget and comparable prior year consolidated periods.
- A tax function which provides support for operating units on tax legislation and during tax audits. It also oversees fiscal consolidations implemented within the Group and monitors their overall consistency. These initiatives are conducted with the help of reputable external tax experts.
- A cash flow and financing function which is responsible:
  - for applying the Group's financial policy;
  - for optimized balance sheet and financial structure management;
  - for applying foreign exchange and interest rate risk management policy.

All of the Group's lines of credit are set up by the Group's parent company, Zodiac Aerospace. None of the subsidiaries has the authority and powers to negotiate and set up lines of credit locally.

A central department implements the hedging procedures approved by the Chief Executive Officer and the Group's Executive Vice-President, Administration and Finance. In particular, these procedures require the foreign exchange position at the end of each month to be systematically hedged in addition to the forecast hedges in place (decided on by the Chief Executive Officer in consultation with the Executive Committee and the Supervisory Board).

When the annual financial statements are released, the segment managers and their finance directors issue the Chief Executive Officer and the Group's Executive Vice-President, Administration and Finance, a letter confirming the accuracy and completeness of the financial data included in the consolidation.

3) Internal Audit Department

The Internal Audit Director reports to the Group's Executive Vice-President, Administration and Finance as well as to the Chief Executive Officer. Between fifteen and twenty internal audits are conducted every year. Over the 2011/2012 fiscal year, in addition to overseeing risk mapping, particular attention was paid to Group-wide risks and, more especially, adherence to Group policy on rights of access and investment authorization processes, as forecast in the department's objectives. Follow-up of recommendations made as a result of past audits is reinforced by the use of an internal audit tool as well as by on-site follow-up audits.

The Internal Audit department works in accordance with a plan set on an annual basis and approved by the Audit Committee. This three-year audit plan makes it possible to check and reinforce understanding and appropriation of the internal control process as well as the correct application of current procedures.

The risk management process is a significant factor in the preparation of the audit plan which is also prepared on the basis of interviews with the Group's segment operational executives. It also takes account of the specifics of the different Business Units (size, contribution to income, geographical remoteness, result of previous audits).

The Internal Audit department may audit any of the Group companies in relation to both operational and financial matters.

The work performed by the Internal Audit department involves primarily:

- verification of permanent oversight of current Group internal control procedures and rules by management;
- assessment of the relevance of internal control procedures and the implementation of corrective measures;
- verification of proper application of controls limiting the main risks identified by the Group;
- targeted audits (company, theme, process) designed to identify any means of improving the efficiency of the companies and subjects audited.

The Internal Audit department submits a detailed report to the managers of the audited unit as well as to the business segment managers. A summary report, focusing on major recommendations, is sent to the Group's General and Financial management.

A quarterly audit report is also compiled by segment in order to monitor the management's commitment to implementing the recommendations within the deadlines.

The Internal Audit department meets with the Statutory Auditors on a regular basis to exchange views on the issues to which the internal control relates. The Internal Internal Audit department also reports on its work to the Audit Committee at meetings specially convened for this purpose.

The Internal Audit department is also responsible for managing the documentation of the Group's accounting procedures and methods as well as for compiling internal control standards.

4) Group IT systems Department

The Group's IT system is managed by the Group's IT systems Director, under the authority of the Group's Executive Vice-President, Administration and Finance.

The Zodiac Aerospace Group's centralized IT system aims to meet requirements in terms of security, reliability, availability and traceability of information.

To guarantee the correct use of these tools and, therefore, the relevance of the information, an operating manual has been rolled out which has been specially designed to meet the needs of users.

The Group has also put in place procedures to ensure IT system security and electronic data integrity.

An IT systems committee meets every three months and is made up of the Chief Executive Officer, the Group's Executive Vice-President, Administration and Finance, the IT systems Director, segment managers and/or segment finance directors, as well as executives from user companies.

This committee is responsible for setting up and maintaining an IT systems blueprint to meet organizational requirements and those of the Group's general development policy. Part of this responsibility lies, in particular, in proposing the nature of IT projects as well as priorities for the allocation of resources. These short and long-term initiatives include, in particular, rolling out the Group M3 ERP (Enterprise Resource Planning) across all the companies.

The work of the Internal Auditors involves, in particular, identifying IT risk areas, especially within the context of ERP security logic: management of user profiles and risks of incompatibility of rights of access within company functions.

5) Legal and Industrial Risk Department

The Legal Director and the Industrial Risks Manager report to the Group's Executive Vice-President, Administration and Finance.

The Industrial Risks Manager is responsible for monitoring Group objectives and obligations with regard to the legal issue of safety in Group entities. That manager is also responsible for monitoring the correct application of rules and procedures, developing such rules and procedures where necessary and for training the executives in question within the Group's different entities. On this basis, committees meet several times a year and a quarterly report on these risks is circulated to the various Group executives.

6) Quality and Environment Departments

The managers of these functions report to the Chief Executive Officer. Quality assurance activities in relation to programs, products and services are delegated to operating units. The quality function is thus incorporated into each business, thereby guaranteeing that products and services meet customer requirements and accelerating response times.

A holding company team is responsible for monitoring Group objectives and obligations with regard to the legal issue of quality and environment in Group entities. That team is also responsible for monitoring the correct application of rules and procedures, developing such rules and procedures where necessary and for training the executives in question within the Group's different entities. On this basis, committees meet several times a year and a quarterly report on these risks is circulated to the various Group executives.

7) CEOs of the various Group companies

They are responsible, in collaboration with finance directors and local auditors, for the permanent oversight of adherence to the internal control procedures put in place within their company. Such procedures must comply with the Group's internal control guidelines.

8) Statutory Auditors

Within the context of their duties regarding the audit and certification of the annual and consolidated financial statements, the Statutory Auditors are likely to review different company procedures which play a part in the preparation of accounting and financial information.

The Audit Committee is committed to supporting the Statutory Auditors in their duties and, on one hand, examines the financial statements and the accounting procedures presented by the Executive Board and the management, and on the other hand, the results of the audits and internal control-related work carried out by the internal audit department.

D) RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES AND OPERATION

1) Internal control activities

a) Procedural standards

The main procedures affecting the Group's operation are contained in a document system accessible via the Group's intranet and, in particular, include:

- Group IFRS accounting rules;
- rules for preparing the consolidated financial statements and those relating to intra-group or inter-company transactions;
- quarterly consolidation-related instructions circulated to all companies concerned;
- consolidation software user guide. This software package contains the checks needed to ensure the consistency of the various elements of financial statement consolidation;
- rules and procedures for using the Group's ERP (Movex/M3);
- specific procedures for monitoring outstanding airline company loans;
- foreign exchange risk management and monitoring procedures;
- procedures relating to the format and content of "Group reporting and budget standards";
- procedures relating to Quality controls, workplace accidents, etc.

In June 2012, the Group launched a project to improve the procedural standards on its intranet. The project, undertaken by an international team, aimed to improve information searches via on-line browsing by key processes.

b) Budget procedures

The Group's general management defines the general economic and financial scenarios in line with Group strategy.

Based on these general guidelines, the different segments prepare a draft annual budget, together with a multi-year business plan. This set of documents is then presented to the Group's general management. In this phase of the process the operational options to be followed by the segments and their divisions are and medium and long-term developments are recorded in the business plan.

All of these budgets are also placed on a Group database which can be accessed by the various managers concerned (company, division, segment, Group) at all stages of the budget process.

c) Finance and cash flow-related procedures

The Group's general management and administration and finance department set the rules to be followed in terms of hedging foreign exchange and interest rate risks for the entire Group.

Zodiac Aerospace provides all of the Group's finance and loans all the funds needed by the entities in question. Banking relationships are managed at Group level. Each individual entity cannot, therefore, obtain credit or bonding facilities or foreign exchange and interest rate hedges without the approval of the Group's administration and finance department.

Any information on banking relationships, delegations of power granted, credit card authorizations and guarantees issued for each account are listed in a database which is reviewed on a regular basis by the Group's administration and finance department as well as by segment finance executives.

The different risks relating to the performance of these activities are also analyzed during financial statement and monthly business reviews.

d) Reporting procedures

Each entity submits a monthly report, the format and date of transmission of which are shared by the entire Group. These documents, as well as division and segment reports, are reviewed by operational committees and posted on the Group intranet.

The Group's reporting department also compiles a consolidated monthly report, posted on the intranet, and submitted to the Group's Executive committee on a regular basis.

Monthly meetings are held to "review segment financial accounts and business" and are attended by the Chief Executive Officer, the Group's Executive Vice-President, Administration and Finance, the Director of Operations and the Finance Director of the segment in question. At these meetings, the month's facts and figures as well as the various significant events are presented and analyzed, and any resultant action plans decided upon.

e) Procedures for preparing consolidated financial statements

Procedures aiming to guarantee the completeness and reliability of the Group's financial statements have been compiled by the administration and finance department.

A detailed procedure has been put in place for half-year-end and year-end for the Group's largest companies. Within the context of year-end, a meeting is held, in the presence of the Chief Executive Officer, the Group's Executive Vice-President, Administration and Finance and segment and division executives, to review these companies' tax and accounting issues prior to year-end and commencement of the work carried out by the Statutory Auditors.

In particular, this procedure makes it possible to finalize positions on provisions and to detect any irregularities occurring anywhere in the financial statements so that these can be resolved prior to the final phase of year-end.

The financial statements are prepared using a piece of software published by a specialist company. This is a structuring tool that implements accounting rules and standards.

f) Procedures for monitoring insurance policies

The Legal Department, in collaboration with the Administration and Finance Department, monitors any insurance-related issues. This organization means that all insurance risks, as well as the negotiation of "Group" insurance policies, are centrally monitored. All policies taken out by the Group are entered onto a specially designed database which also includes summaries of changes in premiums and Group insurance covers. This database can be accessed, in real time, by authorized individuals.

A method of monitoring industrial risks and compiling recovery plans has been developed with FM Insurance Company. Quarterly meetings are held with the insurer, the Chief Executive Officer, the Group's Executive Vice-President, Administration and Finance, Group legal and industrial risk executives, to review:

- changes in actions to reduce/eliminate these risks;
- the preparation and implementation of recovery plans.

g) Investments and divestitures

The Group's general management has full responsibility for total or partial purchases and/or disposals of businesses. The segments propose their projects to the Group's mergers/acquisitions department and regular reviews are conducted with the Group's management and the Executive Committee to decide whether or not to proceed with such projects. Projects approved by the Executive Committee are then submitted for review and approval by the Supervisory Board.

h) Investment monitoring procedures

An authorization procedure:

- for intangible investments,
- for tangible investments,
- for lease contracts of any kind,
- for capitalizing development costs,

is in force in the form of a workflow on the Group's intranet and means that all operational executives, as well as the Group's general management, can examine applications prior to approval, in accordance with the criteria and procedures issued by the Group's general management.

2) Main changes over 2011-2012

a) Internal audit tool

The Group rolled out a piece of internal audit software in all its subsidiaries so as to automate certain audit tasks and to facilitate reporting on action plan follow-ups.

This tool is also used to implement initiatives to self-assess the Group's major risks.

b) Risk mapping

Over the 2011/2012 fiscal year, the Group decided to improve the risk management process by combining the top-down approach with a self-assessment initiative in all its subsidiaries.

Following on from this, formalization of the procedures and tools used to audit the main risks was begun. This stage is due to be completed in 2013.

In addition to this project, the Group addressed the issue of setting up a rating system to measure the quality of local risk management systems.

c) IT system

The action plans launched in 2011 to redefine rights of access in the Group's main ERPs were finalized for the Group's main ERP (M3). The second phase of this project consists of continuing with initiatives to strengthen IT system security, in particular, by harmonizing existing standards for the other ERPs, "MFG/Pro" and "Baan" with the M3 security matrix which is now the Group standard.

This report was prepared on the basis of contributions from several Departments, in particular the Group's Financial, Legal and Audit Departments. This report was approved by the Supervisory Board at its November 2012 meeting.

Report of the Executive Board
to the Combined General Meeting of January 9, 2013

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 the financial statements for 2011/2012 for your approval.

Zodiac Aerospace is the parent company of the Group and acts as general industrial manager for all the Group's businesses. On this basis, it supplies services to Group companies.

This Report only deals with the Zodiac Aerospace business; the Group's business as a whole is analyzed in the report on the consolidated financial statements.

I – INCOME STATEMENTS

2011/2012 SALES REVENUE

Zodiac Aerospace sales revenue was €50,972,000, up from €32,246,000 the previous fiscal year.

It can be broken down as follows:

(in thousands of euros)	2011/2012	2010/2011
Rents and rental charges	1,669	1,485
Group services	38,314	22,439
Account fee	10,989	8,322
TOTAL	50,972	32,246

The sharp rise in sales revenue, centered around billing for Group services, is due to the implementation of new centralized Group functions and IT costs billed by the IT EIG, created in September 2011 by Zodiac Aerospace and its subsidiary Intertechnique to pool their IT resources.

Sales of Zodiac Aerospace services, at like-for-like consolidation scope, accounted for 1.19% of the Group's consolidated sales revenue, up from 1.18% the previous fiscal year.

FINANCIAL INCOME

Dividends from the subsidiaries stood at €71,283,000, up from €64,103,000 the previous fiscal year.

Other financial revenue, generated by the financing activities of the subsidiaries, was up 31.39% (€10,325,000 from €7,858,000).

Interest expense was up 21.68%, from €24,491,000 to €29,802,000, mainly due to increased requirements subsequent to the acquisitions of Heath Tecna and Contour Aerospace. External resources averaged 2.37%, down from 2.41% the previous fiscal year.

No provisions have been recorded for shares of treasury stock due to their lower-than-market book cost.

CORPORATE TAX

Tax revenue from fiscal consolidation posted to the financial statements stood at €12,666,000, mainly comprising the tax credit generated by ordinary and financial business conducted by Zodiac Aerospace.

2011/2012 INCOME

Pre-tax income stood at €38,026,000, up from €27,007,000 the previous fiscal year.

Operating income remained stable, up from €14,172,000 the previous fiscal year, to €14,378,000 this fiscal year.

Net income stood at €50,692,000, up from €39,941,000 the previous fiscal year.

II – BALANCE SHEET

INTANGIBLE ASSETS

The gross amount of intangible assets mainly comprised expenses for the supplemental agreement to the €3,200,000 syndicated loan, as well as ERP Movex/M3 operating licenses in the amount of €9,400,000.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment rose by €3,000,000 over the fiscal year and included €2,220,000 in IT equipment (hardware, networks).

Expenses for the supplemental agreement to the €3,200,000 syndicated loan totaling €837,000 were amortized.

EQUITY INVESTMENT ACTIVITY

A. EQUITY INVESTMENTS

The main changes were:

1. Share subscription and capital increase	**€13,069,000**
• Zodiac Service Europe capital increase	€12,000,000
• Zodiac Aerospace Holding Australia capital increase of AUD400,000, i.e.,	€310,000
• Zodiac Aerospace (Jiangsu) Co., Ltd (China) capital increase	€759,000
2. Internal and legal restructuring	
Removal of the subsidiary HSA Holding Espagne from the trade register after it discontinued its Seats business.	- €285,000

3. Acquisitions

a) Acquisition of Contour Aerospace Ltd (now known as Zodiac Seats UK Ltd) in the United Kingdom, on January 19, 2012, for GBP274 million. This acquisition was made via Zodiac Aerospace UK Investment Ltd, created for this purpose and wholly-owned by the Company with capital of GBP195 million, i.e., €235,920,000, the balance of its requirement being financed by a loan from Zodiac Aerospace.

b) An earn-out clause, tied to Zodiac Aerospace Holding Australia securities, came into force over this fiscal year totaling €2,265,000 (payable on May 31, 2014 to 2017).

B. OTHER LONG-TERM INVESTMENTS

The inventory of negotiable securities held in the portfolio on August 31, 2012 comprised:

- a liquidity agreement set up with Crédit Agricole Cheuvreux to boost the liquidity of transactions and keeping stock prices stable, for a maximum of €6,000,000. At August 31, 2012, Zodiac Aerospace held 900 shares in the Company, in the amount of €54,000;
- the cash balance made available to Crédit Agricole Cheuvreux as part of this contract, invested in SICAVs and totaling €6,085,000;
- a 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 2,780,000 shares in the Company purchased before August 31, 2009, i.e., 4.87% of shares outstanding, in the amount of €89,849,000, to be used for external acquisitions.

LOANS TO GROUP COMPANIES

Financing activities carried out for Group companies continued. At August 31, 2012, companies with borrowings from Zodiac Aerospace had an outstanding balance of €482,518,000, up from €304,259,000 at August 31, 2011. We received €700,158,000 from the lending companies, up from €528,975,000 at August 31, 2011.

Net lending to Zodiac Aerospace subsidiaries was, therefore, € (217,640,000), compared with € (224,716,000) the previous year.

BREAKDOWN OF THE BALANCE OF TRADE PAYABLES BY DUE DATE

Please find below a breakdown, at August 31, 2012, of the balance of trade payables by maturity, in accordance with Article D. 441-4 of the French Commercial Code.

Breakdown of the balance of trade payables by maturity

Maturities (in thousands of €) (D= balance sheet date)	Payables overdue at the balance sheet date	Maturities at D+15	Maturities between D+16 and D+30	Maturities between D+31 and D+45	Maturities between D+46 and D+60	Maturities after D+60	Past maturity	Total Trade payables
At August 31, 2011								
Trade payables (401+403)	1,763	530	742	17	16	–	–	3,068
Supplier invoices to be received	–	–	–	–	–	–	4,963	4,963
Supplier fixed assets (404+405)	124	–	105	–	–	–	–	229
TOTAL PAYABLE	**1,887**	**530**	**847**	**17**	**16**	**–**	**4,963**	**8,260**
At August 31, 2012								
Trade payables (401+403)	2,775	944	748	88	–	–	–	4,555
Supplier invoices to be received	–	–	–	–	–	–	3,148	3,148
Supplier fixed assets (404+405)	2,535	69	–	47	–	–	2,265	4,917
TOTAL PAYABLE	**5,310**	**1,013**	**748**	**135**	**–**	**–**	**5,413**	**12,619**

FINANCIAL LIABILITIES

The "Club deal" syndicated loan for €1 billion set up on June 29, 2010 was increased to €1.3 billion on August 29, 2011 and the repayment deadline extended from June 29, 2014 to June 29, 2015.

€695.2 million of this loan had been used at August 31, 2012.

The covenant (Net debt-to-consolidated EBITDA ratio) tied to this loan had been respected at August 31, 2012.

Please note that this covenant cannot exceed 3.25 at 2012 fiscal year-end and 3.00 at 2013 and 2014 fiscal year-end.

€263,7 million of the Commercial paper program had been used at August 31, 2012.

€7.7 million of foreign currency advances were used.

In addition, €0.8 million in interest was incurred.

RISK HEDGING

A) INTEREST RATE RISK:

Zodiac Aerospace set up interest rate swaps to hedge against changes in the 1 month Euribor rate for interest periods:

- from September 1, 2012 to August 31, 2013, totaling €600 million at a rate of 1.27%;
- from September 1, 2013 to August 31, 2014, totaling €300 million at a rate of 0.72%.

B) CURRENCY RISK:

At August 31, 2012, Zodiac Aerospace had active currency hedges to hedge:

- a portion of the 2011-2012 sales revenue: $120 million and NOK12 million on behalf of its subsidiaries, and $1 million on its own account;
- a portion of the 2012-2013 sales revenue: $275 million and NOK19 million on behalf of its subsidiaries, and $5 million on its own account.

EQUITY

Equity, before dividend distribution, was up by €998,000, rising from €744,860,000 to €745,858,000.

This increase is the result of :

Plus:

- net income for fiscal year 2011/2012, i.e., €50,692,000;
- the rise in revenue from share issues for stock options exercised by employees as part of the Zodiac Aerospace stock option plan, i.e., €14,973,000 for 381,289 new shares;
- changes in regulated provisions, totaling €84,000.

Minus:

- dividends distributed totaling €64,751,000.

STOCK OWNERSHIP

57,125,728 shares were outstanding at August 31, 2012, up from 56,744,439 at August 31, 2011. The 381,289 share increase resulted from stock options exercised.

At August 31, 2012, holders of registered shares accounted for 42.79% of the shares and 50.87% of the voting rights. A breakdown of Zodiac Aerospace capital on that date, to the best of the Company's knowledge, is shown in the table below, page 76.

Also, as far as the Company is aware, none of the "other shareholders" appearing in this table hold 5% or more of the capital stock or the voting rights. On the other hand, please note that in consideration of the French law on employee savings plans dated February 19, 2001, the portion of capital held by Company employees and the staff of related companies within the meaning of Article L. 225-180 of the French Commercial Code, as part of a collective management plan, was less than 3%.

It should be noted that some shareholders are bound by collective agreements to retain their shares, concluded pursuant to Article 787B and 885 I *bis* of the French General Tax Code, registered on June 18, 2012 with the tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month periods.

The family shareholders have also signed a non-transferability agreement to further consolidate their commitments to retaining their shares under special tax rules. This agreement is for an initial period of one year that may be tacitly renewed in 12-month periods. Apart from the non-transferability undertaking, it allows for respite on 10% of the number of shares promised by each signatory, provided the aggregate of the shares subject to the agreement does not come to represent less than 20% of the capital and voting rights of Zodiac Aerospace.

The shares subject to the above agreements represent around 24% of the capital and 35% of the voting rights exercisable by Zodiac Aerospace (excluding treasury shares held by the Company).

Shareholders who are corporate officers or who hold over 5% of the capital or voting rights who have signed these agreements are: 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 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 6 years from that date. The agreement may be tacitly renewed in 12-month periods. This undertaking is still in force. It also gives the signatories a mutual pre-emption right on the contracted shares. It was reported to the *Autorité des Marchés Financiers* (AMF) which publicized it in Notice n° 206C0107 on January 17, 2006.

The detailed contents of these collective retention agreements can be found on the AMF website: www.amf-france.org.

Breakdown of capital stock	Capital		Voting rights	
	Number of shares	%	Number of votes	%
Registered				
Families and Employees	15,576,231	27.27%	27,125,293	40.78%
FFP	3,303,829	5.78%	3,303,829	4.97%
Fonds Stratégiques d'Investissement – FSI	2,037,120	3.57%	2,037,120	3.06%
Other shareholders	748,552	1.31%	1,365,554	2.05%
Treasury stock	2,780,000	4.87%	–	–
Total registered shares	**24,445,732**	**42.79%**	**33,831,796**	**50.87%**
Bearer				
Other shareholders	**32,679,996**	**57.21%**	**32,679,996**	**49.13%**
TOTAL	**57,125,728**	**100.00%**	**66,511,792**	**100.00%**

Stock options

161,885 stock options were awarded by the Executive Board, after consultation with the Supervisory Board, between September 1, 2011 and August 31, 2012.

The conditions under which these options may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 10, 2011.

The number of options awarded and not exercised, from all plans existing at August 31, 2012, totaled 1,132,672. An average of 222,638 options were awarded per year, i.e., 0.39% of the capital.

Bonus share awards

222,826 bonus shares (0.39% of capital) were awarded by the Executive Board, after consultation with the Supervisory Board, between September 1, 2011 and August 31, 2012, as part of a general plan to award all employees of the Group's French companies with 10 shares each.

The conditions under which these options may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 10, 2011.

Share buyback program

The Company did not make use of the authorization given by the General Meeting of Shareholders on January 10, 2011. At August 31, 2012, the Company held the same number of shares as at August 31, 2011, i.e., 2,780,000 shares, representing 4.87% of the capital.

Liquidity agreement

The liquidity agreement set up by the Company on January 18, 2007, was renewed in 2011. This agreement aims to boost the liquidity of transactions and keep stock prices stable (see § Equity investment activity/B).

AUTHORIZATIONS AND DELEGATIONS GIVEN TO THE EXECUTIVE BOARD

These authorizations and delegations appear in the tables below.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of shareholders of January 10, 2012

Authorizations to buy back and cancel treasury shares	Authorization date	Maturity/term	Maximum amount authorized at August 31, 2012	Use at August 31, 2012
Authorization to buy back Company shares as part of the share buyback program.	January 10, 2012 (5th resolution)	July 10, 2013 (18 months) (1)	Buy back of a number of shares such that the number of shares held by the Company subsequent to these purchases does not exceed 10% of the shares of capital stock. € 150 million maximum.	Movements over the fiscal year (2): – achat : 0 – vente : 0
Authorization to cancel shares bought back as part of the buy back program, as a means of reducing the capital.	January 10, 2012 13th resolution)	July 10, 2013 (18 months) (1)	Cancellation of no more than 10% of capital per 24-month period.	Shares canceled over the fiscal year: 0

(1) A proposal will be made to the General Meeting of Shareholders on January 9, 2013, to renew this authorization.
(2) Not part of the liquidity agreement.

Delegations for the purpose of increasing the capital

A proposal will be made to the General Meeting of Shareholders on January 9, 2013, to renew these delegations.

Nature	Authorization date	Maturity/term	Maximum nominal issue authorized	Means of determining the issue price	Use at August 31, 2012
Delegation for the purpose of capital increase by means of a rights issue of ordinary shares and/or other negotiable securities giving access to equity.	January 10, 2011 (15th resolution)	March 10, 2013 (26 months)	€5,000,000 (overall limit (1) for all delegations granted by the Combined General Meeting under the terms of the 15th, 20th and 21st resolutions).	Unrestricted	None
Delegation for the purpose of capital increase by the incorporation of profits, reserves or premiums.	January 10, 2011 (16th resolution)	March 10, 2013 (26 months)	Within the overall limit of the sums that can be incorporated into the capital on the date of their incorporation.	–	None
Delegation for the purpose of capital increase by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public offering.	January 10, 2011 (17th resolution)	March 10, 2013 (26 months)	€2,500,000 (limit for all delegations granted by the Combined General Meeting under the terms of the 17th and 18th resolutions (2)).	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 for the purpose of capital increase by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a private offering.	January 10, 2011 (18th resolution)	March 10, 2013 (26 months)	€2,500,000 (limit for all delegations granted by the Combined General Meeting under the terms of the 17th and 18th resolutions (2)).	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 for the purpose of increasing the number of securities to be issued in the event of a rights or non-rights issue to raise capital, decided in application of the 15th, 17th and 18th resolutions referred to above.	January 10, 2011 (19th resolution)	March 10, 2013 (26 months)	Up to the limit specified in the resolution in application of which the initial issue was decided.	At the same price as that used for the initial issue.	None
Delegation for the purpose of capital increase by means of an issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public exchange offer initiated by the Company.	January 10, 2011 (20th resolution)	March 10, 2013 (26 months)	€5,000,000 (overall limit (1) for all delegations granted by the Combined General Meeting under the terms of the 15th, 20th and 21st resolutions).	Unrestricted	None
Delegation for the purpose of capital increase by means of an issue of ordinary shares and/or other negotiable securities giving access to equity, in payment for contributions in kind.	January 10, 2011 (21st resolution)	March 10, 2013 (26 months)	Up to (i) 10% of the capital stock and (ii) the overall limit (3) of €5,000,000 set in the 15th resolution.	Unrestricted	None
Delegation for the purpose of capital increase by means of issuing shares reserved for members of a company share savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code.	January 10, 2011 (24th resolution)	March 10, 2013 (26 months)	€300,000	Issue price cannot be lower than the minimum price provided for by legal and regulatory requirements in force at the time of the issue.	None

(1) The total nominal amount of capital increases made under the 15th and 17th to 21st resolutions will be included in this overall limit.

(2) The total nominal amount of capital increases made under the 17th and 18th resolutions, as well as under the 15th and 19th to 21st resolutions, may not exceed the overall nominal limit of €5,000,000 set in the 15th resolution.

(3) The total nominal amount of capital increases made under the 21st resolution and the 15th and 17th to 20th resolutions may not exceed this overall limit.

Authorizations for the purpose of (i) granting options to subscribe for or purchase Company shares and (ii) granting bonus Company shares to eligible Company or Group employees and/or corporate officers

Nature	Authorization date	Maturity/term	Maximum amount authorized	Means of determining the option exercise price and/or issue price	Use at August 31, 2012
Authorization to grant options to subscribe for, or purchase, shares.	January 10, 2011 (22nd resolution)	March 10, 2014 (38 months)	Limited to a maximum of 1,200,000 options, the total number of options granted not giving entitlement to subscribe for, or acquire, a total number of shares representing more than 2.5% of the capital (limit for all delegations granted by the Combined General Meeting under the terms of the 22nd and 23rd 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, in the case of share purchase options, (ii) 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.	161,885
Authorization to grant bonus shares.	January 10, 2011 (23rd resolution)	March 10, 2014 (38 months)	The total number of bonus shares granted may not represent more than 2.5% of the capital (limit for all delegations granted by the Combined General Meeting under the terms of the 22nd and 23rd resolutions).	–	222,826

DRAFT DELEGATIONS AND AUTHORIZATIONS TO BE PUT TO THE VOTE AT THE NEXT COMBINED GENERAL MEETING OF SHAREHOLDERS ON JANUARY 9, 2013

Since the following authorizations, granted by the Combined General Meeting of January 10, 2012 (under the terms of its 5th and 13th resolutions) for the purpose of authorizing the Executive Board to buy the Company's own shares and cancel them, are due to expire in 2013, the Executive Board proposes that the General meeting of shareholders convened on January 9, 2013, 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 €110 and for a period of 18 months:

- authorization of the Executive Board to buy and sell the Company's own shares;
- authorization of the Executive Board to reduce the capital stock by canceling shares purchased by the Company as part of its share repurchase program.

Since the following delegations of authority, granted by the Combined General Meeting of January 10, 2011, are due to expire in 2013, the Executive Board proposes that the General meeting of shareholders convened on January 9, 2013, should grant the Executive Board new delegations, of the same nature, for a period of 36 months, for the purposes of:

1. increasing nominal capital stock by €2,500,000 by means of a rights issue of ordinary shares and/or other negotiable securities giving access to equity;
2. increasing the capital by the incorporation of profits, reserves or premiums;
3. increasing capital stock by a total of €1,500,000 by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public offering;
4. increasing capital stock by a total of €1,500,000 by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a private offering covered by the provisions of Article L. 411-2 of Section II of the French Monetary and Financial Code;
5. increasing the number of shares to be issued in the event of a rights or non-rights issue to raise capital, in application of points 1, 3 and 4 above;
6. increasing capital stock by €2,500,000 by means of an issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public exchange offer initiated by the Company.
7. increasing capital stock by means of an issue of ordinary shares and/or other negotiable securities giving access to equity, in payment for contributions in kind, up to a limit of 10% of capital stock;
8. increasing capital stock by means of issuing shares reserved for members of a company share savings plan established in accordance with Articles L. 3332-1 *et seq*. of the French Labor Code.

ALLOCATION OF NET INCOME

We propose to allocate 2011/2012 net income as follows:

After-tax income	€50,692,397.74
Retained earnings	€498,753,407.44
Amount to be allocated	€549,445,805.18
Appropriation to the legal reserve	(€7,625.82)
Dividend (1)	(€79,976,019.20)
Retained earnings after appropriation	€469,462,160.16

(1) €1.40 x 57,125,728 shares.

Where appropriate, income corresponding to unpaid dividends on treasury stock held as part of the share buyback program, i.e., 2,780,000, plus the number of shares held on the date of the Meeting as part of the liquidity agreement (900 at fiscal year-end) on the ex-dividend date, will be appropriated to retained earnings.

Dividends paid over the last three fiscal years:

	Dividend
2008/2009	€1.00
2009/2010	€1.00
2010/2011	€1.20

FORECASTS FOR THE 2012/2013 FISCAL YEAR

The Company will continue to act as the Group's industrial holding company and to supply services to Group companies.

It will also continue to cash dividends from its French and foreign subsidiaries.

Balance Sheet

ASSETS

(in thousands of euros)	Notes	Gross	Depreciation, amortization or impairment	Net at August 31, 2012	Net at August 31, 2011
Intangible assets	(Note 1.A – Appendix 1 and 2)	12,612	6,084	6,528	4,609
Property, plant & equipment	(Appendix 1 and 2)	20,555	11,266	9,289	7,814
Long-term investments	(Note 1.B and Appendix 3)	1,878,447	—	1,878,447	1,626,993
Total non-current assets		**1,911,614**	**17,350**	**1,894,264**	**1,639,416**
Operating receivables		5,980	—	5,980	4,028
Other receivables and loans to subsidiaries	(note 1.C)	496,501	—	496,501	328,243
Cash and cash equivalents		51,523	—	51,523	123,487
Prepaid expenses		3,656	—	3,656	2,352
Total current assets		**557,660**	**—**	**557,660**	**458,110**
TOTAL ASSETS		**2,469,274**	**17,350**	**2,451,924**	**2,097,526**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Net at August 31, 2012	Net at August 31, 2011
Capital		11,425	11,349
Share premiums		159,287	144,390
Revaluation adjustments		252	252
Legal reserve		1,135	1,123
Reserve for long-term capital gains		–	–
Other reserves		23,838	23,838
Retained earnings		498,753	523,575
Net income for the fiscal year		50,692	39,941
Regulated provisions	(Note 2)	476	392
Total equity	**(Note 6)**	**745,858**	**744,860**
Provisions for contingencies and losses		**1,122**	**1,354**
Financial liabilities		1,685,098	1,334,135
Operating liabilities		19,532	16,867
Other liabilities		314	310
Total liabilities	**(Note 4)**	**1,704,943**	**1,351,312**
TOTAL EQUITY AND LIABILITIES		**2,451,924**	**2,097,526**

Income Statement

(in thousands of euros)	Notes	Year ended August 31, 2012	Year ended August 31, 2011
Revenue from operations			
Sales revenue		50,972	32,246
Other revenues		14	4
		50,986	**32,250**
Operating expenses			
Raw materials, other external expenses and other supplies		42,130	27,136
Taxes other than income taxes		887	930
Personnel costs	(Note 7)	19,240	14,750
Depreciation and amortization		3,107	3,606
		65,364	**46,422**
Operating income		**(14,378)**	**(14,172)**
Financial revenue			
Income from equity investments		71,283	64,103
Other interest and similar income		10,325	7,858
Currency gains		394	–
Reversals of provisions		–	–
		82,002	**71,961**
Interest and similar expenses			
Interest expense		29,802	24,490
Currency losses		97	462
Allocations and other financial charges		35	37
		29,934	**24,989**
Net financial income	**(Note 8)**	**52,068**	**46,972**
Income before tax and exceptional items		**37,690**	**32,800**
Exceptional revenue			
Operating activities		138	129
Capital transactions		24	57
Reversals of provisions		404	152
		566	**338**
Exceptional revenue			
Operating activities		–	400
Capital transactions		41	5,201
Amortization and provisions		188	530
		229	**6,132**
Net exceptional profit/(loss)	**(Note 9)**	**337**	**(5,793)**
Income tax	**(Notes 10 and 11)**	**(12,665)**	**(12,934)**
Total revenue		**133,554**	**104,549**
Total expenses		**82,862**	**64,608**
Net income for the fiscal year		**50,692**	**39,941**

Notes to the Financial Statements

I. ACCOUNTING PRINCIPLES AND METHODS

The balance sheet and income statement of Zodiac Aerospace have been prepared in euros in accordance with the provisions of the General Chart of Accounts as required by Regulation 99-03 of the French Accounting Regulation Committee.

The main principles applied are as follows:

a) Software programs are posted to Property, plant & equipment and amortized on a straight-line basis over a 1 to 4 year term. Start-up costs are amortized on a straight-line basis over 1 to 4 years.

b) Property, plant and equipment are depreciated at acquisition cost or at cost, in the case of property, plant and equipment invoiced to ourselves.

Amortization and depreciation are calculated over the useful life of fixed assets which is generally as follows:

- buildings: 20 years;
- furniture and fittings: 10 years;
- IT equipment: 3 to 4 years;
- transportation equipment: 4 to 5 years.

For fixed assets for which the declining method of amortization and depreciation is used for tax purposes: the difference between straight-line and total amortization and 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 amortization and depreciation provision is booked when their carrying amount is lower than the realizable value estimated based on the subsidiary's assets, profitability and future outlook.

In the case of acquisition of companies carrying fixed or variable earn-out clauses based on their future economic performance, such companies are recognized in addition to the securities acquisition costs with an offsetting liabilities entry on fixed assets, 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 year-end depending on achievements and based on 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 2011/2012 concerns the following subsidiaries: Aérazur, Sicma Aero Seat [(1)], Immobilière Galli, Zodiac Automotive Division, Intertechnique, ECE, IN-Snec Holding, IN-Flex, IN-LHC, Precilec, Zodiac Data Systems, Zodiac Services Europe, Adder, C&D Europe, and Sit. Each company computes its tax as if it were not consolidated. The companies post to their accounts if any tax credits arising from the consolidation in group results.

(1) On September1, 2012, this company's corporate name was changed to "Zodiac Seats France".

III. NOTES TO THE BALANCE SHEET

(In thousands of euros unless indicated otherwise)

NOTE 1 – ASSET ITEMS

NOTE 1.A - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1. Intangible assets

Intangible assets include:

- a gross amount of €3,200,000 (net €2,363,000 after amortization) corresponding to the cost of arranging a syndicated loan granted on August 9, 2011, bringing the loan to an authorized amount of €1.3 billion;
- €7,501,000 gross (net of €2,254,000 after amortization) represented primarily by the operating licenses of the main ERP of the Group (Movex/M3).
- the fixed assets in progress item includes €1,911,000 representing the acquisition of licenses for the future set-up of our ERP in our subsidiaries in the United States.

2. Property, plant and equipment

See Appendix 1 and 2.

NOTE 1.B - LONG-TERM INVESTMENTS

A. MAIN CHANGES

1. Share subscription and capital increase: €13,069,000

- Zodiac Service Europe capital increase €12,000,000
- Zodiac Aerospace Holding Australia capital increase of AUD400,000, i.e.: €310,000
- Zodiac Aerospace (Jiangsu) Co., Ltd (China) capital increase: €759,000

2. Decrease: – €285,000

- Removal of the subsidiary HSA Holding Espagne from the trade register after it discontinued its Seats business.

3. Acquisitions: €238,186,000

- Contour Aerospace Ltd [1], located in the UK for the amount of: €235,921,000
  This acquisition dated January 19, 2012 will enable the Group to strengthen its seats offer for commercial aircraft, particularly in the Business and First Class seats market segment.
- Zodiac Aerospace Holding Australia, earn-out in the amount of $2,857,000, i.e.: €2,265,000 maturing on May 31, 2017.
  The corresponding fixed asset liability is translated at the year-end rate.

(1) On September1, 2012, this company's corporate name was changed to "Zodiac Seats UK Ltd".

B. OTHER LONG-TERM INVESTMENTS

Inventory of negotiable securities held in the portfolio on August 31, 2012:

- Securities representing a liquidity agreement, set up with Crédit Agricole Cheuvreux to boost the liquidity of transactions and to keep stock prices in euros stable, used in the form of 900 shares in the Company, in the amount of €54,000. The cash balance made available to Crédit Agricole Cheuvreux as part of this agreement is invested in SICAVs and totals €6,085,000.
- Securities representing a 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 2,780,000 shares in the Company, i.e. 4.9% of shares outstanding, in the amount of €89,849,000, to be used for external acquisitions.
- Shares in companies not listed on an official stock market: None.

NOTE 1.C - DEBT MATURITY SCHEDULE

(in thousands of euros)	Net	Up to one year	Over one year
Non-current assets			
Loans to affiliates	–	–	–
Other long-term investments	96,239	96,239	–
Current assets			
Trade receivables and operating receivables	5,980	5,980	–
Other receivables [1]	496,501	496,501	–
Cash and cash equivalents	51,523	51,523	–
Prepaid expenses	3,656	3,656	–
TOTAL	**653,899**	**653,899**	**–**

(1) Including €482,518,000 representing the offset of loans provided to subsidiaries as needed and €13,983,000 in estimated tax receivables related to subsidiaries consolidated for tax purposes.

NOTE 2 - PROVISIONS

(in thousands of euros)	Balance at August 31, 2011	Charges for the fiscal year	Reversals for the fiscal year	Balance at August 31, 2012
Provisions for contingencies and losses	1,354	83	314	1,123
Tax-based amortization and depreciation	392	188	104	476

NOTE 3 - RELATED-PARTY ITEMS

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 with related parties.

(in thousands of euros)	Assets	Liabilities	Income statement
Investments	1,782,209	–	–
Trade receivables	3,344	–	–
Short-term loans (1)	496,502	–	–
Trade payables	–	1,572	–
Short-term borrowings (2)	–	717,635	–
Investment income	–	–	71,283
Other revenues	–	–	50,972
Financial revenues	–	–	9,620
Interest and similar expenses	–	–	6,720
Other expenses	–	–	16,956

(1) Including € 13,983,000 in tax consolidation.
(2) Including € 17,477,000 in tax consolidation.

NOTE 4 - LIABILITIES

Debt maturity schedule

(in thousands of euros)	Gross	Up to one year	One to five years
Borrowings and liabilities to financial institutions and other (1)	1,685,098	996,032	689,065
Trade payables	7,766	7,766	–
Tax and social liabilities	6,848	6,848	–
Liabilities related to fixed assets	4,917	4,917	–
Other liabilities	314	314	–
TOTAL	**1,704,943**	**1,015,877**	**689,065**

(1) Including €695 million or the euro equivalent in drawdown of loans set up on June 29, 2010, amended by a supplemental agreement in August 2011, for a total amount of € 1,300 million representing a single tranche for a term of 4 years maturing on June 29, 2015.
The covenant related to this loan was complied with as of August 31, 2012; failure to comply with its conditions could result in the obligation to repay the loan early and in full.

NOTE 5 – FINANCIAL COMMITMENTS AND SURETIES GRANTED

a) Commitments given

1) Sureties:

- surety of USD300,000 translated at the year-end rate, i.e. €238,000, to guarantee a letter of credit issued by a US bank to our subsidiary American Fuel;
- surety of €3,520,000 in favor of customs for our subsidiaries Intertechnique, Aérazur, Sicma Aero Seat (1), and Zodiac 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 bond posted 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 may not exceed € 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 Sicma Aero Seat (1), expiring December 31, 2016;
  - in January 2011, in favor of Cathay Pacific, on behalf of Weber Aircraft (2), expiring December 31, 2016;
  - in January 2011, in favor of American Airlines, on behalf of Weber Aircraft (2) and C&D (USA), expiring December 31, 2015.

(1) On September1, 2012, this company's corporate name was changed to "Zodiac Seats France".

(2) On September1, 2012, this company's corporate name was changed to "Zodiac Seats US LLC".

b) Pension obligations

The so-called 'corridor' approach is used to recognize actuarial gains and losses. By using this approach each defined-contribution plan can amortize only the portion of actuarial gains or losses exceeding the greater of 10% of the actuarial liability and 10% of the fair value of plan assets at year-end. Amortization is applied based on the expected residual working life of employees enrolled in such plans.

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, 2012:

- Discount rate: 2.82%.
- Expected rates of salary increases: 2.5% non-managerial personnel and 2.5% managerial personnel.
- Theoretical retirement date: legal schedule 100 quarters.
- Mortality: INSEE TD-TV 07-09 table.

The changes in the provision are detailed below:

Retirement liabilities at August 31, 2011:	€ 1,027,000
2010/2011 charges:	€44,000
Discount charge:	€ 31,000
Reversals for the period:	€ 14,000
Amortization of actuarial gains and losses:	–
Provisions for retirement liabilities at August 31, 2012:	€ 1,088,000

The workforce turnover rate varies depending on the age of the employees concerned from 33.33% (29 to 30 year bracket) to 4% (52 to 53 year bracket).

c) Personal training entitlement

The number of hours accumulated at August 31, 2012 for which no training request has been made was 9,293 hours.

NOTE 6 – CHANGE IN EQUITY DURING THE FISCAL YEAR

(BEFORE ALLOCATION OF 2011/2012 NET INCOME)

(in thousands of euros)	At August 31, 2011	Allocation of 2010/2011 net income decided by the Combined General Meeting of Shareholders	Movements in capital	Dividends	Other	At August 31, 2012
Capital (1)	11,349	–	76	–	–	11,425
Share premium (2)	144,390	–	14,897	–	–	159,287
Revaluation adjustment	252	–	–	–	–	252
Reserves / Retained earnings	548,536	–	–	(24,810)	–	523,726
Income	39,941	–	–	(39,941)	50,692	50,692
Regulated provisions	392	–	–	–	84	476
TOTAL EQUITY	**744,860**	**–**	**14,973**	**(64,751)**	**50,776**	**745,858**

(1) Movements in capital were generated by increases of € 76,000 resulting from the exercise of 381,289 options.
(2) Movements in share premium were generated by increases of € 14,897,000 resulting from the exercise of 381,289 options.

IV. NOTES TO THE INCOME STATEMENT

NOTE 7 – PERSONNEL COSTS

Compensation allocated to the members of the Supervisory Board and the Executive Board amounted to €2,045,000, including €306,000 in Directors' fees.

The average workforce for the fiscal year was 105 persons (managers, supervisory and clerical staff).

NOTE 8 – FINANCIAL INCOME

Dividends from the subsidiaries amounted to €71,283,000, up from €64,103,000 in 2010/2011.

Other financial revenue, generated by our subsidiaries' financing activities increased (€10,325,000 from €7,857,000 in 2010/2011).

Interest expense was up 21.7%, from €24,490,000 to €29,802,000, based on increased financing requirements and a lower interest rate on our sources of funding which came to 2.37% compared with 2.41% in the previous fiscal year.

NOTE 9 – EXCEPTIONAL INCOME

An unused €300,000 provision for the fiscal year related to the costs of breach of employment contracts following the relocation of our corporate offices to Plaisir was reversed.

NOTE 10 – ALLOCATION OF TAX TO CURRENT AND EXCEPTIONAL INCOME

(in thousands of euros)	Current	Exceptional	Total
Pre-tax income	37,690	337	38,027
Tax at ordinary rate	12,017	648	12,665
Tax at reduced rate	–	–	-
Net income	**49,707**	**985**	**50,692**

NOTE 11 – UNREALIZED TAX GAINS AND LOSSES

(in thousands of euros)	August 31, 2012
a) Unrealized tax liabilities	
Tax-based amortization and depreciation	(476)
b) Unrealized tax receivables	
Provisions for paid leave	1,155
Lump-sum retirement benefits	1,088
Acquisition costs	4,946
Balance	**6,713**
Unrealized tax receivables (36.10%) (1)	**2,423**

(1) including exceptional contribution of 5% on the amount of the tax.

APPENDIX 1 - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Acquisition cost at August 31, 2011	Acquisitions for the year	Transfers between line items	Disposals and removals	Acquisition cost at August 31, 2012
Software programs	5,919	1,568	14	–	7,501
Syndicated loan set-up costs	3,200	–	–	–	3,200
Fixed assets in progress	–	1,911	–	–	1,911
Sub-total	**9,119**	**3,479**	**14**	**–**	**12,612**
Land	1,255	–	–	–	1,255
Buildings	9,609	–	–	23	9,586
Transportation equipment	610	611	–	132	1,089
Furniture, office and IT equipment	5,630	2,233	421	61	8,222
Fittings, facilities, other	441	38	–	210	269
Fixed assets in progress	435	132	(435)	–	132
Sub-total	**17,980**	**3,014**	**(14)**	**426**	**20,553**
TOTAL	**27,099**	**6,493**	**–**	**426**	**33,165**

APPENDIX 2 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Amortization and depreciation at August 31, 2011	Charges to amortization and depreciation for the fiscal year	Reversals of provisions	Transfers between line items and removals	Amortization and depreciation at August 31, 2012
Software programs	4,508	739	-	-	5,247
Other intangible assets	2	835	-	-	837
Sub-total	**4,510**	**1,574**	**–**	**–**	**6,084**
Land	–	–	–	–	–
Buildings	5,614	363	19	–	5,957
Transportation equipment	230	178	127	–	281
Furniture, office and IT equipment	4,114	888	60	–	4,943
Fittings, facilities, other	208	56	179	–	85
Sub-total	**10,166**	**1,485**	**385**	**–**	**11,266**
TOTAL	**14,676**	**3,059**	**385**	**–**	**17,350**

APPENDIX 3 - LONG-TERM INVESTMENTS

(in thousands of euros)	Gross at August 31, 2011	Increase	Decrease	Gross at August 31, 2012
Investments in unconsolidated subsidiaries	1,531,237	251,257	285	1,782,209
Loans	255	4	21	238
Deposits and guarantees	16	–	5	11
SICAV	3,636	3,407	959	6,085
Liquidity agreements	1,999	547	2,492	54
Treasury stock	89,849	-	-	89,849
TOTAL	**1,626,992**	**255,215**	**3,761**	**1,878,446**

APPENDIX 4 - SUBSIDIARIES AND AFFILIATES

(in thousands of monetary units)	Share of capital held as percentage	Monetary unit	Capital stock	Reserves and retained earnings before allocation of net profit	Income for the latest fiscal year ended
Detailed information by subsidiary					
Aérazur	100.00	€	213,595	326,972	13,023
Cantwell Cullen & Company	100.00	CAD	1,000	34,013	10,022
C&D Adder	100.00	€	165	4,668	1,983
Driessen	100.00	€	15,000	57,599	13,414
Evac GmbH	100.00	€	7,109	23,311	6,538
Evac Shangai ETC	100.00	CNY	1,104	181	160
Icore International Ltd	100.00	£	1	9,531	1,974
Immobilière Galli	100.00	€	21,000	521	8,741
Intertechnique	100.00	€	20,399	165,438	39,027
IN Services Asia	100.00	USD	1,000	7,714	(506)
OEM Defense Services	20.00	€	100	–	–
OEM Services	25.00	€	1,545	–	–
Parachutes Industries Southern Africa (PISA)	100.00	ZAR	14,400	(4,118)	(9,123)
Sell Holding Germany GmbH	100.00	€	2,598	34,405	36,822
Sell Services France	100.00	€	9	303	3
Sicma Aero Seat [1]	100.00	€	20,000	69,607	31,567
Zodiac Aerospace Holding Australia	100.00	AUD	450	(3)	(66)
Zodiac Aerospace Maroc	99.99	MAD	14,660	(10,765)	(2,144)
Zodiac Aerospace UK	100.00	£	300	1,224	122
Zodiac Aerospace UK Investment Ltd	100.00	£	25,864	11,238	2,476
Zodiac Automotive Division	100.00	€	7,367	2,422	1,384
Zodiac Automotive Tunisie	0.01	€	4,477	1,628	267
Zodiac Equipments Tunisie SARL	99.86	€	2,018	6,011	713
Zodiac Services Europe	100.00	€	17,548	8,223	(40)
Zodiac Seats Tunisie SARL	100.00	€	1,200	(84)	(242)

(1) On September 1, 2012, this company's corporate name was changed to "Zodiac Seats France".

(in thousands of euros)	French subsidiaries	Foreign subsidiaries
Aggregate information		
Gross book value of shares held	1,222,070	560,138
Net book value of shares held	1,222,070	560,138
Dividends received	68,157	3,126

Earnings and other characteristics of the Company over the past five fiscal years

	Fiscal year 2007/2008	Fiscal year 2008/2009	Fiscal year 2009/2010	Fiscal year 2010/2011	Fiscal year 2011/2012
I - Capital at the fiscal year-end					
Capital stock (in thousands of euros)	11,134	11,142	11,235	11,349	11,425
Number of existing common shares	55,667,704 (1)	55,708,078 (1)	56,174,207 (1)	56,744,439 (1)	57,125,728 (2)
II - Fiscal year operations and results (in thousands of euros)					
Sales revenue excluding tax and ancillary income	26,852	30,340	28,421	32,246	50,972
Earnings before tax, employee profit-sharing and charges to amortization, depreciation and provisions	686,841	16,738	40,181	31,023	40,939
Income tax	32,810	(59,729)	(4,137)	(12,934)	(12,665)
Earnings after tax, employee profit-sharing and charges to amortization, depreciation and provisions	565,064	45,104	57,346	39,941	50,692
Distributed earnings (1)	52,738	52,877	53,392	64,751	79,976
III - Earnings per share (2) (in euros)					
Earnings after tax, employee profit-sharing, before charges to amortization, depreciation and provisions	11.75	1.37	0.79	0.77	0.94
Earnings after tax, employee profit-sharing and charges to amortization, depreciation and provisions	10.15	0.81	1.02	0.70	0.89
Net dividend allocated to each share (1)	1.00	1.00	1.00	1.20	1.40
IV - Employees					
Average workforce during the fiscal year	75	78	83	88	105
Payroll amount for the fiscal year (in thousands of euros)	9,158	6,979	7,470	10,275	12,724
Amounts paid for social benefits during the fiscal year (social security, social initiatives) (in thousands of euros)	3,544	3,616	3,466	4,475	6,516

(1) After approval by the Combined General Meeting.
(2) Of which at August 31, 2012: 2,780,900 own shares held not giving rise to dividend distribution, net earnings allocated to the retained earnings account.

Reports of the Statutory Auditors

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

In accordance with the terms of our appointment by your General Meetings of Shareholders, we submit to you our report for the fiscal year ended August 31, 2012, regarding:

- the audit of the annual financial statements of the Zodiac Aerospace Company accompanying this report;
- the justification for our assessments;
- the specific verifications and disclosures required by law.

The annual financial statements are the responsibility of the Executive Board. Our responsibility is to express an opinion on these statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with generally accepted auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis or by using other selection methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, in conformity with accounting principles generally accepted in France, the results of operations for the fiscal year ended and the financial position and assets of the Company at the end of said fiscal year.

II. JUSTIFICATION OF THE 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 the chapter I.c of the Notes to the Financial Statements. We performed specific assessments of the items taken into account to estimate carrying values and, as applicable, verified the impairment provision calculation. Based on those assessments, we have no particular comments to make regarding the method used or the reasonable nature of the estimates made.

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. In our opinion and based on our audit, the data and disclosures referred to above 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 have been provided to you in the Management Report.

Paris-La Défense, December 18, 2012

The Statutory Auditors

Fidaudit
a member of the Fiducial Network
Jean-Pierre Boutard

Ernst & Young Audit
Laurent Miannay

SPECIAL REPORT
ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we submit to you our report on regulated agreements and commitments.

Our responsibility is to inform you, based on the information provided to us, of the key features and terms of the agreements and commitments about which we were informed or of which we may have become aware in the performance of our audit, without commenting on their relevance or substance or inquiring about the existence of other agreements or commitments. Pursuant to Article R. 225-58 of the French Commercial Code, determining whether such agreements and commitments are appropriate and should be approved is your responsibility.

In addition, our responsibility is, as applicable, to report to you, as set forth 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 subject to the approval of the General Meeting of Shareholders

We have not been informed of any agreement or commitment authorized during the fiscal year ended that is to be submitted to 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 during prior fiscal years not enforced during the fiscal year ended

We have also been informed that the following agreements, already approved by the General Meeting of Shareholders during prior fiscal years, which have not been enforced during the fiscal year ended, are still in effect.

Non-competition payment

The Supervisory Board has 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-competition payment that would be due to Mr. Olivier Zarrouati in his capacity as Chief Executive Officer in the event of his leaving the Company.

Paris-La Défense, December 18, 2012

The Statutory Auditors

Fidaudit a member of the Fiducial Network Jean-Pierre Boutard	Ernst & Young Audit Laurent Miannay

STATUTORY AUDITORS' REPORT, PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, REGARDING THE REPORT 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 present to you our report on the report prepared by your Company's Chairman in accordance with Article L. 225-68 of the French Commercial Code for the fiscal year ended August 31, 2012.

The Chairman is responsible for preparing and submitting for the approval of the Supervisory Board a report on the internal control and risk management procedures in place within the Company and providing any other information required by Article L. 225-68 of the French Commercial Code in particular regarding corporate governance.

Our responsibility is:

- to present to you our comments on the information contained in the Chairman's report concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information, and
- to express an opinion as to whether said report contains the disclosures required by Article L. 225-68 of the French Commercial Code, it being specified that verifying the fair presentation of such other disclosures is not our responsibility.

We conducted our audit in accordance with auditing standards applicable in France.

Information concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information

Auditing standards require that we plan and perform the audit to assess the fair presentation of the information concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information contained in the Chairman's report. Such audit includes, among other things:

- learning about the internal control and risk management procedures relative to the preparation and processing of accounting and financial information underpinning the information presented in the Chairman's report and the existing documentation;
- learning about the work involved in preparing such information and existing documentation;
- determining whether any major deficiencies in the internal control relative to the preparation and processing of accounting and financial information we may have found in the course of our audit has been appropriately disclosed in the Chairman's report.

Based on our audit, we have no comments to make regarding the disclosures concerning the Company's internal control and risk management procedures relative to the preparation and processing of the accounting and financial information contained in the Chairman's report, prepared pursuant to Article L. 225-68 of the French Commercial Code.

Other disclosures

In our opinion, the Chairman's report contains the other disclosures required by Article L. 225-68 of the French Commercial Code.

Paris-La Défense, December 18, 2012

The Statutory Auditors

Fidaudit a member of the Fiducial Network Jean-Pierre Boutard	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 of January 9, 2013 convened to vote on the financial statements for the 2011/2012 fiscal year

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the statutory financial statements of the company Zodiac Aerospace for the financial year ended August 31, 2012

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, 2012 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, 2012, 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 EUR50,692,397.74. 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 acknowledges that the statutory financial statements for this past financial year do not take into account any non-deductible excessive expense or charge, as referred to in the provisions of article 39-4 of said Code.

As a result, the General Meeting grants to the members of the Management Board and the Supervisory Board full and unconditional discharge from any liabilities with respect to the performance of their office for this past financial year.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the financial year ended August 31, 2012

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, 2012, 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, 2012, 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 EUR318,883,000.

The General Meeting also approves the transactions which are reflected in these financial statements or summarized in the above-mentioned reports.

As a result, the General Meeting grants to the members of the Management Board and the Supervisory Board full and unconditional discharge from any liabilities with respect to the performance of their office for the financial year under consideration.

THIRD RESOLUTION

Allocation of the net profit - Setting of the dividend at EUR1.40 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, 2012 shows a net profit of EUR50,692,397.74, decides, upon the recommendation of the Management Board, to allocate this profit as follows:

Net profit for the financial year	EUR50,692,397.74
Allocation to the legal reserve	(EUR7,625.82)
Retained earnings brought forward from previous year	EUR498,753,407.44
Distributable profit	**EUR549,438,179.36**
Distribution of a dividend of EUR1.40 for each of the 57,125,728 shares (1)	(EUR79,976,019.20)
Balance allocated to the retained earnings account	EUR469,462,160.16

(1) This amount concerns all of the shares issued by the Company as of August 31, 2012; it shall be adjusted by the number of existing shares, and notably by the number of treasury shares held by the Company, on the date on which the dividend is paid.

The General Meeting decides to allocate a dividend of EUR1.40 for each of the 57,125,728 shares composing the entire share capital as of August 31, 2012, that is, a global dividend of EUR79,976,019.20, 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 put up for payment, in cash, as from January 16, 2013.

The portion of this global dividend distributed to individuals who are tax residents in France shall be considered for only 60% of its amount if this dividend is subject to the income tax sliding scale (article 158-3-2° of the French Tax Code) or, at the option of the beneficiary to be exercised through the institution paying the dividend at

Financial year ended	August 31, 2011	August 31, 2010	August 31, 2009
Total number of share (1)	53,959,439	53,392,207	52,877,378
Dividend distributed per share	EUR1.20	EUR1	EUR1
Total amount distributed (2)	EUR64,751,326.80	EUR53,392,207	EUR52,877,378

(1) Number of shares having given right to the payment of the dividend (minus 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. With respect to the dividends distributed to these same persons as from January 1st, 2008, a flat-rate withholding tax of 21% (prior to the vote of the finance act and of the social security financing act for 2013) of the amount of the gross dividend (at the option of the taxpayer to be exercised through the institution paying the dividend) has been introduced. According to the draft finance act for 2013, dividends and other regular distributions paid since January 1st, 2012 would have to be included in the global income which is subject to the sliding scale (article 158, 3-1° of the French Tax Code) after application of the 40% reduction only, maintained in the current conditions (article 158, 3-2° to 4° of the French Tax Code). The withholding nature of the tax of 21% potentially paid at the option of the taxpayer in 2012 would be removed, but this taxation would give right to a tax credit.

the latest at the time the dividends are cashed in, shall be subject to a flat-rate withholding tax of 21% (prior to the vote of the finance act and of the social security financing act for 2013) of the amount of the gross dividend (article 117 quater of the French Tax Code). In addition, with respect to distributions made as from January 1st, 2008, the social security withholdings shall be deducted from those of the dividends which have been distributed to individuals whom securities are not registered in a PEA (shares saving plan). According to the draft finance act for 2013, dividends and other regular distributions which have been paid since January 1st, 2012 would have to be included in the global income which is subject to the sliding scale (article 158, 3-1° of the French Tax Code) after application of the 40% reduction only, maintained in the current conditions (article 158, 3-2° to 4° of the French Tax Code). However, the annual flat reduction of EUR1,525 or EUR3,050 - depending on the situation of the taxpayer (article 158, 3-5° of the French Tax Code) - would no longer be applicable.

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, acknowledges that no 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) in the context of the provisions 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, 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 which is 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, consideration, 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 10 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.i

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 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*, and this, by any means on regulated markets or otherwise.

The maximum amount dedicated to the carrying out of this buy-back program is three hundred million (300,000,000) euros, the maximum acquisition price per share being set at one hundred and ten (110) euros.

The General Meeting grants to the Management Board, with a right to sub-delegate to any person authorized by the law, all powers to implement this authorization, including to place any trading orders, enter into any agreements, 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 10, 2012 in its resolution 5.

SIXTH RESOLUTION

Renewal of the term of office of Mrs. Gilberte Lombard, 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. Gilberte Lombard 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, 2014.

SEVENTH RESOLUTION

Renewal of the term of office of the company FFP, 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 the company FFP 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, 2018.

EIGHT RESOLUTION

Confirmation of the appointment of the company FIDAUDIT (*Société Fiduciaire Nationale de Révision Comptable - Fidaudit*) as statutory auditor of the Company, in replacement of the company FIDEURAF

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having examined the report of the Management Board, acknowledgess that due to a clerical error, the Ordinary and Extraordinary General Meeting which met on January 10, 2012, has decided, in its resolution 11, to renew the term of office of the company FIDAUDIT (*Société Fiduciaire Nationale de Révision Comptable - Fidaudit*), member of the Fiducial network, as Statutory Auditor of the Company, where the Ordinary and Extraordinary General Meeting should have decided on the appointment of the company FIDAUDIT, as the new Statutory Auditor of the Company, in replacement of the company FIDEURAF (previously known as *Société Fiduciaire Eurafricaine d'Expertise Comptable FIDEURAF*), member of the Fiducial network, the term of office of which was due to expire.

As a result of the foregoing and in order to remedy this clerical error, the General Meeting, after discussion, confirms the appointment, as from the Ordinary and Extraordinary General Meeting of January 10, 2012, of the company FIDAUDIT (*Société Fiduciaire Nationale de Révision Comptable - Fidaudit*), a *société anonyme*, whose registered office is located 41, rue du Capitaine Guynemer, 92400 Courbevoie, and which is registered under number 334 301 488 RCS Nanterre, as Statutory Auditor of the Company, in replacement of the company FIDEURAF, 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, 2017.

NINTH RESOLUTION

Acknowledgement of the end of the term of service of Mr. Marc Schelcher, as member of the Supervisory Board

Pursuant to the statutory provisions and to Mr. Marc Schelcher's mandate as member of the Supervisory Board, which is due to expire at the end of this General Meeting, said General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides that Mr. Marc Schelcher shall not be replaced.

EXTRAORDINARY RESOLUTIONS

TENTH 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 article L. 225-209 of the French Commercial Code, to cancel, in one or several occasions, within the limit of 10% of the share capital 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 set 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, any previous authorization having the same purpose, including the authorization granted in its resolution 13 by the Ordinary and Extraordinary General Meeting of January 10, 2012.

ELEVENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by an amount of two million five hundred thousand (2,500,000) euros in nominal value, by issuing, with the preferred subscription rights being maintained, ordinary shares and/or other securities giving access to the share capital

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors and in accordance, *inter alia*, with the provisions of articles L. 225-129, L. 225-129-2 and L. 228-91 of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, in the proportions, at the times and under the terms which the Management Board shall appreciate, one or several share capital increases, by issuing, with the preferential subscription rights of the shareholders being maintained, shares of the Company or securities – including autonomous warrants – giving immediate or future access to a portion of the share capital of the Company, the subscription of which may be carried out either in cash or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;

2. Decides that the amount of the share capital increases which are likely to be completed immediately and/or in the future pursuant to this delegation shall not exceed two million five hundred thousand (2,500,000) euros in nominal, being specified (a) that this share capital increase overall cap is common to resolution 11 and to resolutions 16 and 17 of this General Meeting and that the total nominal amount of the share capital increases carried out under these resolutions, as well as under the resolutions 13 and 15, shall be deducted from this overall cap and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, 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, come in addition to this above-mentioned cap;

3. Decides that the securities giving access to ordinary shares of the Company thus issued may notably consist of debt instruments or be associated with the issue of such instruments. Such securities may notably take the form of subordinated instruments or non-subordinated instruments, have a fixed term or not, and be issued either in euros, either in currencies, or in any currency unit established by reference to several currencies.

   The nominal amount of all of the debt instruments giving access to the share capital so issued may not exceed three hundred million (300,000,000) euros or their counter-value, on the date on which the issue is decided, in any other currency or currency unit established by reference to several currencies, being agreed that this amount is common to all of the debt instruments, the issue of which is delegated to the Management Board by this General Meeting under resolution 11 and resolutions 13 to 15.

   The loans giving access to ordinary shares of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with, or without, payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company.

4. If the Management Board uses this delegation, decides that:

   (a) the shareholders benefit, in proportion to the amount of their shares, from an irreductible preferential subscription right to the ordinary shares and the securities issued pursuant to this resolution;

   (b) the Management Board shall, in addition, ne entitled to grant to the shareholders a reductible preferential subscription right which shall be exercised in proportion with their rights within the limit of their request;

   (c) if the irreductible subscriptions and, as the case may be, the reductible subscriptions do not absorbe the entire share capital increase, the Management Board shall be entitled to use, under the conditions set out by the law and the order the Management Board will determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

5. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access to the share capital will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to which these securities might give right to;

6. Acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:
   - set the amount which is to be issued, the issue price, as well as the amount of the premium that may, as the case may be, be requested upon the issue;
   - set the dates and the terms of the issue, the nature, the format and the characteristics of the instruments to be created;
   - determine the way the shares and/or the instruments issued or to be issued shall be paid up;
   - set, if necessary, the terms pursuant to which the rights attached to the instruments which are issued or to be issued shall be exercised, and, notably, set the date, even if such date is retroactive, as from which the new shares will be eligible for dividend, as well as all of the other terms and conditions of the completion of the issue;
   - provide for the ability to potentially suspend the exercise of the rights attached to these instruments during a maximum period of three months;
   - at the Management Board's only initiative, deduct the costs of the share capital increases from the amount of the premiums relating thereto 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;
   - enter into any agreement, record the completion of each share capital increase, make the necessary amendments to the articles of association, as well as carry out all formalities and declarations necessary for the completion and the proper closing of these issues;
7. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
8. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 15 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

TWELFTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by capitalizing profits, reserves or share premiums

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the report of the Management Board, of the Supervisory Board and in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, one or several share capital increases by capitalizing share premiums, reserves, profits or any other sums, which capitalization will be permitted per the law or the articles of association, by way of a free allocation of shares or of an increase of the nominal amount of the existing shares or by a combination of these two methods;
2. Decides that the maximum amount of the share capital increases which are likely to be carried out pursuant to this delegation shall not exceed the global amount of the sums that may be capitalized into the share capital on the date of their capitalization, being specified (a) that the additional amount of the ordinary shares of the Company to be issued in order to protect, in accordance with the law, the rights of the holders of the securities giving access to ordinary shares of the Company shall, as the case may be, come in addition to this cap, (b) that the sums recorded onto the legal reserve account may not be capitalized and (c) that the amount of the share capital increases carried out pursuant to this delegation shall add up to the amount of the cap set in paragraph 2 of resolution 11 above;
3. Decides that, if the Management Board uses this delegation, in accordance with the provisions of article L. 225-130 of the French Commercial Code, the rights forming odd lots shall neither be tradable nor assignable and that the corresponding shares shall be sold; the proceeds of the sale shall be allocated to the holders of the rights within the deadline set out in the applicable regulation;
4. Acknowledges that this delegation of authority entails the Management Board being granted all powers to implement this delegation and notably to (i) set the amount and the nature of the reserves, premiums or profits to be capitalized into the share capital, set the number of shares to be issued and/or the amount, the nominal of the existing shares of which shall be increased, set the date, even of this date is retroactive, as from which the new shares will be eligible for dividend or on which the increase of the nominal shall be effective (ii) and generally, take all measures and carry out all formalities necessary for the proper closing of each share capital increase, record the completion thereof and make the necessary amendments to the articles of association;
5. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
6. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 16 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

THIRTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by an amount of one million five hundred thousand (1,500,000) euros in nominal by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital, via a public offering

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and of the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, one or several share capital increases by issuing, with the preferential subscription rights being cancelled, via a public offering, of shares of the Company or of securities – including autonomous warrants – giving immediate or future access to a portion of the share capital of the Company, the subscription of which may be made either in cash, or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;

2. Decides that the amount of the share capital increases which are likely to be carried out pursuant to this delegation shall not exceed one million five hundred thousand (1,500,000) euros in nominal, being specified (a) that this share capital increase cap is common to resolutions 13 and 14 and that the total nominal amount of the share capital increases carried out under these resolutions, as well as under resolution 11 and resolutions 15 to 17, shall not exceed the overall nominal cap of two millions five hundred thousand (2,500,000) euros referred to in resolution 11 and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, 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, come in addition to this above-mentioned cap;

3. Decides that the securities giving access to ordinary shares of the Company thus issued may notably consist of debt instruments or be associated with the issue of such instruments. Such securities may notably take the form of subordinated instruments or non-subordinated instruments, have a fixed term or not, and be issued either in euros, either in currencies, or in any currency unit established by reference to several currencies.

   The nominal amount of all of the debt instruments giving access to the share capital so issued may not exceed three hundred million (300,000,000) euros or their counter-value, on the date on which the issue is decided, in any other currency or currency unit established by reference to several currencies, being agreed that this amount is common to all of the debt instruments, the issue of which is delegated to the Management Board by this General Meeting under resolution 11 and resolutions 13 to 15.

   The loans giving access to ordinary shares of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with or without payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company;

4. Decides to cancel the shareholders' preferential subscription right to the securities to be issued pursuant to this delegation and to offer these securities via a public offering. However, the Management Board shall be entitled, for all or part of the issues carried out on the French market and in accordance with the provisions of article L. 225-135 of the French Commercial Code, to create to the benefit of the shareholders an irreductible and/or reductible priority right to subscribe to the shares or to the securities, the terms and the conditions of exercise of which shall be set out by the Management Board, without this resulting in the creation of tradable rights;

5. Decides that if the subscriptions do not absorbe the entire share capital increase, the Management Board may use, under the conditions set out by the law and in the order the Management Board shall determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

6. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to which these securities might give right to;

7. Decides that (i) the issue price of the shares of the Company pursuant to this delegation shall be at least equal to the weighted average stock market price over the last three trading days preceding the setting of this issue price, minus, as the case may be, a maximum discount of 5%, in accordance with the provisions of article R. 225-119 of the French Commercial Code, after adjustment, if necessary, of this amount, to take into account the difference in dividend eligibility dates (*dates de jouissance*) and (ii) the issue price of the securities giving access to the share capital shall be such that the sum received immediately, increased, as the case may be, by the sum likely to be received in the future, would be, for each share of the Company issued as a result of the issue of these securities, at least equal to the minimum price, as defined in (i) above, after adjustment, if necessary, of this amount to take into account the difference in dividend eligibility dates;

8. Acknowledges that the issue(s) authorized pursuant to this resolution may be decided concurrently with one or several of the issues decided pursuant to resolution 14;

9. Acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:

   - enter into any agreement to this end, in particular for the purpose of the proper closing of any issue, and carry out, in one or several occasions, the above-mentioned issues – as well as, as the case may be, to postpone the carrying out thereof;

   - and generally, take all measures and carry out all formalities necessary for the proper closing of each share capital increase, record the completion thereof and make the necessary amendments to the articles of association;

10. Decides that this delegation shall be valid for twenty-six (26) months as from this day;

11. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 17 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

FOURTHEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by an amount of one million five hundred thousand (1,500,000) euros in nominal by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital via private placement offering referred to in II of article L. 411-2 of the French Monetary and Financial Code

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 of the French Commercial Code and of article L. 411-2 of the French Monetary and Financial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, one or several share capital increases by issuing, with the preferential subscription rights being cancelled, via a private placement offering referred to in II of article L. 411-2 of the French Monetary and Financial Code, shares of the Company or securities - including autonomous warrants - giving immediate or future access to a portion of the share capital of the Company, the subscription of which may be made either in cash, or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;

2. Acknowledges that the issues which are likely to be carried out pursuant to this delegation are limited to 20% of the share capital per year, being specified that the above-mentioned one year-period will run as from each issue completed pursuant to this delegation. The Management Board shall check whether the above-mentioned 20% cap has not been reached during the twelve (12) months preceding the envisaged issue, by taking into account the changes made to the share capital of the Company affecting the denominator;

3. Decides that the amount of the share capital increases which are likely to be carried out pursuant to this delegation shall not exceed one million five hundred thousand (1,500,000) euros in nominal, being specified (a) that this share capital increase cap is common to resolutions 13 and 14 and that the total nominal amount of the share capital increases carried out under these resolutions, as well as under resolution 11 and resolutions 15 and 17, shall not exceed the overall nominal cap of two millions five hundred thousand (2,500,000) euros referred to in resolution 11 and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, 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, come in addition to this above-mentioned cap;

4. Decides that the securities giving access to ordinary shares of the Company thus issued may notably consist of debt instruments or be associated with the issue of such instruments. Such securities may notably be under the form of subordinated instruments or non-subordinated instruments, have a fixed term or not, and be issued either in euros, either in currencies, or in any currency unit established by reference to several currencies.

   The nominal amount of all of the debt instruments giving access to the share capital so issued may not exceed three hundred million (300,000,000) euros or their counter-value, on the date on which the issue is decided, in any other currency or currency unit established by reference to several currencies, being agree that this amount is common to all of the debt instruments, the issue of which is delegated to the Management Board by this General Meeting under resolution 11 and resolutions 13 and 15.

   The loans giving access to ordinary shares of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with, or without, payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company;

5. Decides to cancel the preferential subscription right of the shareholders to the securities to be issued pursuant to this delegation and to offer these securities via a private placement offering referred to in II of article L. 411-2 of the Monetary and Financial Code under the conditions and within the maximum limits set out by the applicable laws and regulations. The Management Board shall however be entitled, for all or part of the issues carried out on the French market and in accordance with the provisions of article L. 225-135 of the French Commercial Code, create to the benefit of the shareholders an irreductible and/or reductible priority right to subscribe to the shares or the securities, the terms and the conditions of exercise of which shall be set out by the Management Board, without this resulting in the creation of tradable rights;

6. Decides that if the subscriptions do not absorbe the entire share capital increase, the Management Board may use, under the conditions set out by the law and the order the Management Board will determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

7. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to which these securities might give right to;

8. Decides that (i) the issue price of the shares of the Company pursuant to this delegation shall be at least equal to the weighted average stock market price over the last three trading days preceding the determination of this issue price, minus, as the case may be, a maximum discount of 5%, in accordance with the provisions of article R. 225-119 of the French Commercial Code, after adjustment, if necessary, of this amount, to take into account the difference in dividend eligibility dates and (ii) the issue price of the securities giving access to the share capital shall be such that the sum received immediately, increased, as the case may be, by the sum likely to be received in the future, would be, for each share of the Company issued as a result of the issue of these securities, at least equal to minimum price, as

defined in (i) above, after adjustment, if necessary, of this amount to take into account the difference in dividend eligibility dates;

9. Acknowledges that the issue(s) authorized pursuant to this resolution may be decided concurrently with one or several of the issues decided pursuant to resolution 13;
10. Acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:
   - enter into any agreement to this end, in particular in view of the proper closing of any issue, and carry out, in one or several occasions, the above-mentioned issues – as well as, as the case may be, to postpone the carrying out thereof;
   - and generally, take all measures and carry out all formalities necessary for the proper closing of each share capital increase, record the completion thereof and make the necessary amendments to the articles of association;
11. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
12. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 18 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

FIFTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the number of securities to be issued in the event of a share capital increase, the preferential subscription rights being maintained or cancelled, decided pursuant to resolutions 11, 13 and 14

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with the provisions of articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide to increase the number of securities to be issued for each of the issues, the preferential subscription rights being maintained or cancelled, decided pursuant to resolutions 11, 13 and 14 hereby submitted to this General Meeting, within the deadlines and limits set out in the applicable regulations and provided that the cap set out in the resolution pursuant to which the initial issue has been decided, is complied with, and for the same price as the price retained in connection with the initial issue;
2. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
3. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 19 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

SIXTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by an amount of two million five hundred thousand (2,500,000) euros in nominal by issuing ordinary shares and/or other securities giving access to the share capital, in the event a public exchange offer is initiated by the Company

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia,* the provisions of articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228-91 *et seq.* of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide the issue of shares of the Company and/or securities giving immediate or future access to a portion of the share capital of the Company, in consideration for the shares tendered to a public exchange offer initiated in France and/or abroad, in accordance with the local rules, by the Company over the securities of a company which shares are admitted for trading on the regulated market of a State that is a party to the European Economic Area agreement or a member of the Organization for Economic Cooperation and Development;
2. Decides that the amount of the share capital increases which are likely to be completed immediately and/or in the future pursuant to this delegation may not exceed two million five hundred thousand (2,500,000) euros in nominal, being specified (a) that this share capital increase cap is common to resolution 11 and to resolutions 16 and 17 of this General Meeting and that the global nominal amount of the share capital increases carried out under these resolutions, as well as under resolutions 13 and 15, shall be deducted from this overall cap and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, 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, come in addition to this above-mentioned cap;
3. Decides, where necessary, to cancel, to the benefit of the holders of these securities, the shareholders' preferential subscription right to the shares and/or securities to be issued pursuant to this delegation;
4. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, to shares of the Company likely to be thus issued shall automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to which these securities might give right to;
5. Decides that the Management Board shall have all powers, with the power to sub-delegate to any person authorized by the law, to implement this delegation and notably:
   - to set the exchange ratio, as well as, as the case may be, the amount of the cash adjustment to be paid;
   - to record the number of securities which have been tendered to the exchange;

- to set the dates, the conditions of issue, including the price and the dividend eligibility date, which dividend eligibility date may be retroactive, of the new shares, as well as, as the case may be, that of the securities giving access immediately and/or in the future to shares of the Company;
- to provide for the ability to suspend, as the case may be, the exercise of the rights attached to these instruments during a maximum three month-period;
- to record, as a liability on the balance sheet of the Company, onto a "contribution premium" account, which will concern the rights of all of the shareholders, the difference between the issue price of the new shares and the par value of said shares;
- to deduct, where necessary, from said "contribution premium", all of the costs and duties incurred by the authorized transaction;
- to enter into any agreement to enable the proper closing of the authorized transaction, record the completion of each share capital increase resulting thereof, make the necessary amendments to the articles of association, as well as carry out all subsequent formalities and declarations and, more generally, do all that is necessary;

6. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
7. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 20 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

SEVENTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by issuing ordinary shares and/or other securities giving access to the share capital, in consideration for contributions in kind within the limit of 10% of the share capital

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia,* the provisions of articles L. 225-129 to L. 225-129-6, L. 225-147 and L. 228-91 *et seq.* of the French Commercial Code:

1. Delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, based on the report of Contributions Auditor (*Commissaire aux apports*) referred to in the 1th and 2th paragraphs of article L. 225-147 of the French Commercial Code, to issue shares of the Company and/or securities giving access, immediately or in the future, to a portion of the share capital of the Company, with a view to compensate for contributions in kind granted to the Company and consisting of shares or securities giving access to the share capital, where the provisions of article L. 225-148 of the French Commercial Code are not applicable;
2. Decides that the amount of the share capital increases which are likely to be carried out immediately and/or in the future pursuant to this delegation (i) shall not exceed 10% of the share capital of the Company, as this share capital will exist on the date on which the Management Board uses this delegation, and (ii) shall not exceed, with the global nominal amount of the share capital increases carried out under resolution 11 and resolutions 13 to 16, the share capital increase overall cap of two million five hundred thousand (2,500,000) euros in nominal referred to in resolution 11, being specified that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, 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, come in addition to this above-mentioned cap;
3. Decides, where necessary, to cancel, to the benefit of the holders of the shares or the securities which are the subject of the contributions in kind, the shareholders' preferential subscription right to these shares and/or securities to be issued;
4. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to which these securities might give right to;
5. Decides that the Management Board shall have all powers, with the power to sub-delegate to any person authorized by the law, to implement this delegation and notably to decide, based on the report of the Contributions Auditor(s) referred to in paragraphs 1 and 2 of article L. 225-147 of the French Commercial Code, on the appraisal of the contributions, to set all of the terms and conditions of the authorized transactions and notably to appraise the contributions, as well as to grant, as the case may be, specific benefits, to set the number of securities to be issued in consideration for the contributions, as well as the dividend eligibility date - being specified that such dividend eligibility date may be retroactive - of the securities to be issued, to make any deduction, as the case may be, from the contribution premium(s), including deductions of costs incurred in connection with the carrying out of the issues, to record the completion of the share capital increase and amend the articles of association accordingly, and, more generally, to take all measures necessary for the completion of the issues and, as the case may be, to postpone the completion thereof, enter into any agreement, carry out any formality required for the securities issued to be traded on a regulated market and carry out any publicity formality required to ensure the proper closing of the transactions;
6. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
7. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 21 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

EIGTHTEENTH 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. 225-129-6 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 to increase the share capital, in one or more occasions, on the basis of the only discussions of the Management Board, by issuing shares reserved for the members of a company savings scheme;
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 make assignments of 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 this delegation shall be valid for twenty-six (26) months as from this day;
7. 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;
8. 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 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;
9. 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 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.
10. Decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 24 by the Ordinary and Extraordinary General Meeting of January 10, 2011.

NINETEENTH RESOLUTION

Changes to article 29 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 29 of the articles of association in order to bring these articles of association in compliance with the provisions of article L. 225-106 of the French Commercial Code whereby any shareholder may, at the general meetings, be represented by another shareholder, by its spouse or by the partner with whom this shareholder has entered into a civil solidarity pact (*pacte civil de solidarité*), as well as by any other individual or entity of his/her/its choice.

Thus article 29 of the articles of association shall now read as follows:

« ARTICLE 29 – RIGHT TO ATTEND THE GENERAL MEETINGS

Evidence of the right to attend the General Meetings shall be brought, personally or via an intermediary, by the registration, for accounting purposes, of the securities in the name of the shareholder or of the intermediary who is registered on behalf of the shareholder (in the conditions set out by the law), on the third business day preceding the general meeting, by midnight, Paris time:

- with respect to registered shareholders: in registered securities accounts maintained by the Company,

- with respect to the bearer shareholders: in bearer securities accounts maintained by the authorized intermediary, in the conditions set out by the applicable regulations.

The Management Board shall always be entitled to accept the voting forms and the proxies which may be received by the Company, beyond the deadline specified by the applicable regulations.

Any shareholder shall be entitled to be represented at general meetings by another shareholder, by its spouse or by the partner with whom this shareholder has entered into a civil solidarity pact (pacte civil de solidarité), as well as by any other individual or entity of his/her/its choice.

Proxies drawn up in accordance with the prescriptions of the applicable regulations shall be submitted at the registered office three days prior to the meeting.

The Supervisory Board shall always have the option to forbid the access to the General Meeting to any shareholder or agent failing to comply with the foregoing. »

TWENTIETH RESOLUTION

Powers to carry out the legal formalities subsequent to these resolutions

The General Meeting grants all powers to the bearer of an original copy, a copy or a certified excerpt hereof to carry out all filings, publications, declarations and formalities provided for by the law and necessary for the implementation of the foregoing resolutions.

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