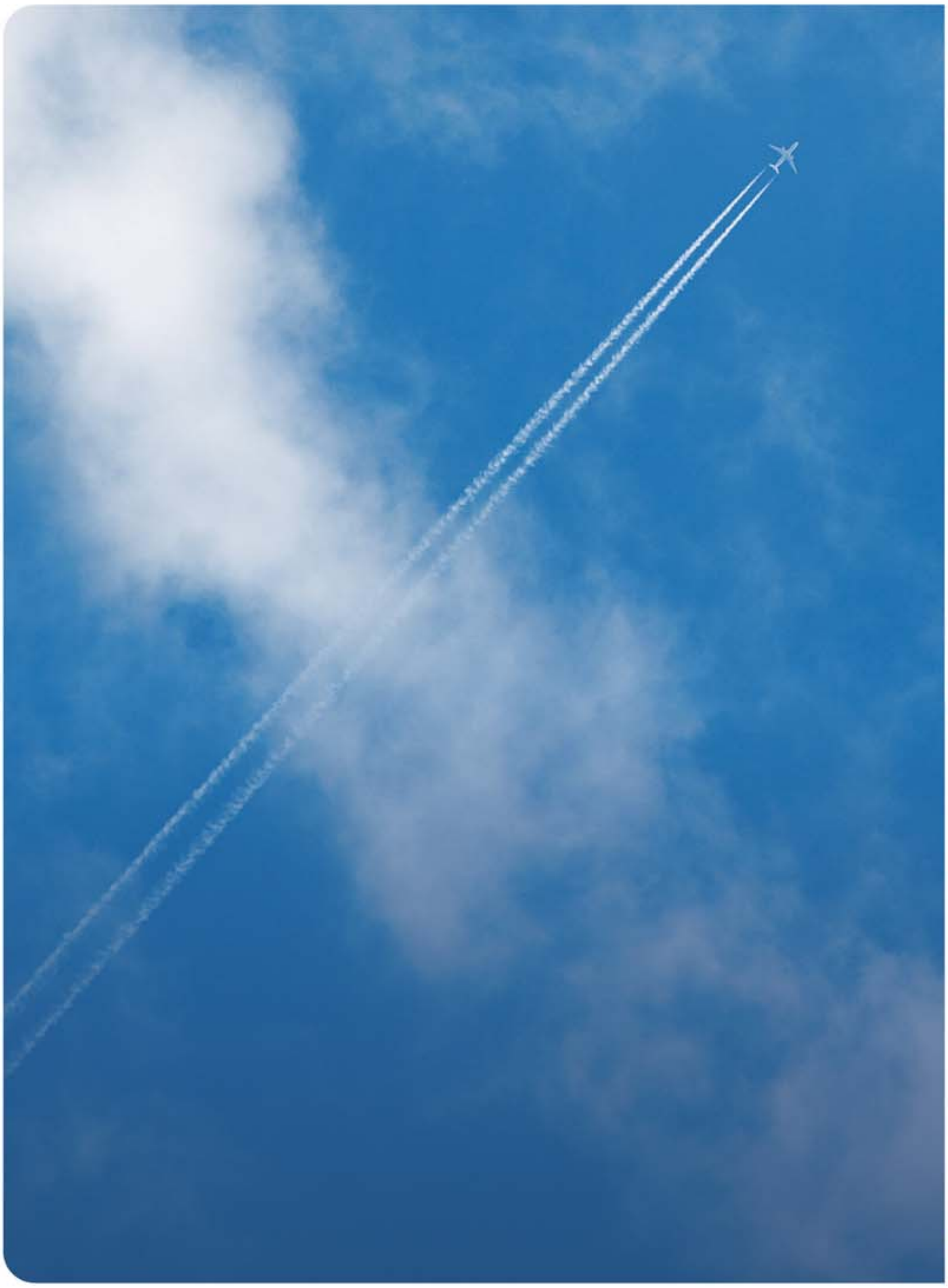
ANNUAL REPORT 2010 #2011



MASTERING THE ELEMENTS

ZODIAC AEROSPACE

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CONSOLIDATED KEY FIGURES

	2010/2011 (1)	2010/2011 (2)	2009/2010 (2)	Change (2) 10/11-09/10
Sales revenue	**€2,734.8m**	**€2,749.5m**	**€2,150.3m**	**27.9%**
Number of employees (3)	19,567	19,745	16,945	16.5%
Current operating income	€384.8m	€385.7m	€240.4m	60.4%
Net income (after minority interests)	**€238.3m**	**€238.3m**	**€148.5m**	**60.5%**
Earnings per share (after minority interests)	€4.45	€4.45	€2.80	58.9%
Proposed dividends (4)	€68.1m	€68.1m	€56.2m	21.2%
Debt/Equity	0.38	0.38	0.34	11.8%

(1) After reclassification of held-for-sale operations (Driessen repair business), see Note 24.
(2) Before reclassification of held-for-sale operations (Driessen repair business), see Note 24.
(3) Average number of permanent employees on the payroll during the fiscal year.
(4) Exc. neutralization of treasury stock.

OTHER FINANCIAL INDICATORS

	2010/2011 (1)	2010/2011 (2)	2009/2010 (2)	Change (2) 10/11-09/10
Profitability				
Operating margin	14.1%	14.0%	11.2%	25.0%
Net income (after minority interests)/Net equity at beginning of year (3)	17.6%	17.6%	10.6%	66.0%
Financial position				
Cash flow	€346.4m	€347.1m	€234.5m	48.0%
Capital expenditure	€111.8m	€111.9m	€87.6m	27.7%
Net equity after appropriation of net income	€1,526.9m	€1,526.9m	€1,495.0m	2.1%
Net interest expense	€32.4m	€32.5m	€24.8m	31.0%
Net financial debt/EBITDA (4)	1.3	1.3	1.7	- 23.5%

(1) After reclassification of held-for-sale operations (Driessen repair business), see Note 24.
(2) Before reclassification of held-for-sale operations (Driessen repair business), see Note 24.
(3) Net equity at beginning of year after incorporation of exchange rate fluctuations, capital increases and premiums for the fiscal year.
(4) As defined in the loan agreement (EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization).

MANAGEMENT REPORT

GROUP SALES REVENUE AND OPERATING INCOME

The recovery that began at the end of the 2009/2010 fiscal year continued and improved further during the 2010/2011 fiscal year. Zodiac Aerospace had an excellent year in 2010/2011, exceeding all the targets set by the company at the beginning of the period.

Revenue in the 2010/2011 fiscal year grew strongly by 27.9% in terms of published data, and by 17.3% on the basis of like-for-like consolidation scope and exchange rate. The Group benefited from substantial internal impetus driven by the increase in air traffic, higher production rates from aircraft manufacturers and growth in after-sales activities. The acquisitions initiated at the end of the 2009/2010 fiscal year (Sell, Cantwell Cullen and Quinson[1]) contributed 11.1% of revenue growth. Calculated on the same basis, the actual growth in revenue was 28.4%.

Group Current Operating Income (COI) grew strongly by 60.4% to end the year at €385.7 million. The application of IFRS 3 had a negative impact on COI of €1.7 million. At 14.0%, current operating margin exceeded the target rate of between 12% and 13% forecast at the beginning of the fiscal year.

At like-for-like consolidation scope and exchange rate, Current Operating Income rose by 41.2%. Acquisitions contributed €36.5 million during the fiscal year. The overall impact imposed by exchange rates was positive at €11.3 million. This figure can be broken down into a negative translation impact of €1.4 million (euro/dollar exchange rate of 1.39, compared with 1.37 in 2009/2010) and a positive transaction impact of €12.7 million as a result of hedges put in place at the start of the fiscal year (average dollar transaction rate of 1.35, compared with 1.37 in 2009/2010).

BUSINESS SEGMENTS

Cabin Interiors Segment

Revenue from the cabin interiors business (the Cabin Interiors Segment) grew strongly by 39.2% to end the year at €1,615 million. On a like-for-like basis in terms of consolidation scope and exchange rate, segment revenue grew by 23.6% as a result of the continued recovery seen in the Galleys, Cabin Equipment and Cabin Systems Divisions, and the strong end to the fiscal year seen in the Seats Division. External growth contributed 16.6 points to overall revenue growth: Sell, the specialist in galleys for long haul airliners and galley equipment, was purchased at the end of September 2010 and consolidated over 11 months of the 2010/2011 fiscal year.

Current Operating Income for the Cabin Interiors Segment grew by €143.9 million to end the year 75.8% higher at €252.9 million. At like-for-like consolidation scope and exchange rate, COI ended the year up 58.8%. Changes in consolidation scope contributed €31.6 million to COI growth, whilst exchange rate effects imposed a negative impact of €5.4 million.

(1) Sell was consolidated for 11 months of 2010/2011. Cantwell Cullen was consolidated for 12 months in the income statement (this company has been consolidated since August 31, 2010). Quinson has been consolidated since June 1, 2010.

Aircraft Systems Segment

The Aircraft Systems Segment had a very successful fiscal year, reporting revenue of €563.2 million, compared with €481.1 in 2009/2010, reflecting growth of 17.1% in terms of published data, and 15.3% at like-for-like consolidation scope and exchange rate. The segment benefited from the recovery in deliveries to business jet manufacturers, increasing production rates for commercial airliner programs and the full-year consolidation of Quinson (consolidated for only 3 months of 2009/2010).

Combined with a more favorable exchange rate (contributing a positive impact of €14.5 million) and the change in consolidation scope (contributing a positive impact of €2.4 million), this recovery had the effect of doubling Current Operating Income from €36.7 million to €75.25 million. At like-for-like consolidation scope and exchange rate, COI for this segment rose by 58.9%.

AeroSafety & Technology Segment

With sales revenue of €571.7 million, compared with €509.2 million in 2009/2010, the AeroSafety & Technology Segment reported revenue growth of 12.3% in terms of published data, and 4.5% at like-for-like consolidation scope and exchange rate. Excluding the Airbags Division, revenue growth was 15.3% (6.9% at like-for-like consolidation scope and exchange rate), driven by growth in Emergency Evacuation Systems, Electrical Interconnect Systems and Emergency Arresting/Deceleration Systems. On the other hand, Telemetry received fewer military orders, whilst Elastomers suffered delivery delays which impacted negatively on Current Operating Income growth in this segment. This measure rose by 6% to €67.1 million, to which a positive dollar exchange rate effect contributed €1.7 million and changes in consolidation scope, €2.4 million.

FINANCIAL CHARGES, TAXES, NET INCOME AND EARNINGS PER SHARE

Group net income after minority interests grew strongly by 60.5% to end the year at €238.3 million. On this basis, the figure for net earnings per share is €4.45 per share, compared with €2.80 in 2009/2010, reflecting an increase of 58.9%.

Restated to reflect the impact of expenses related to external growth (IFRS 3), Group net income after minority interests totaled €245.6 million, on which basis net earnings per share rose by 61.3% to €4.58, compared with €2.84 in 2009/2010.

Net financial income ended the year at -€34.5 million, compared with -€25.9 million in 2009/2010. This expense includes an extraordinary item of €5.2 million relating to the amortization outstanding on the remaining balance of setup fees for the €1 billion 'Club deal' of June 2010, following renegotiation of this loan in August 2011. Excluding this extraordinary item, the increase in financial expenses relates to the Sell acquisition finalized at the end of September 2010.

Non-current operating items for the fiscal year totaled €17.2 million, compared with €9.1 million in 2009/2010. The major elements of this total are €5.7 million in amortization of intangible items, €3.1

million in external growth acquisition expenses (both subject to application of IFRS 3) and €5.8 million in restructuring and reorganization expenses.

The income tax charge for the year is €96.2 million, compared with €57.1 million for the previous fiscal year, representing an effective rate of 28.8%, compared with 27.8% for 2009/2010.

Further improvement in WCR and debt ratios

The net financial debt/EBITDA [(2)] and Working Capital Requirement (WCR)/Revenue ratios improved significantly during the 2010/2011 fiscal year, relative to the position at the end of the 2009/2010 fiscal year, in contrast to the Group's start-of-year forecast of stability for both ratios.

The ratio of operational WCR to revenue (at the year-end rate) fell from 32.7% of revenue at the end of August 2010 to 29.3% at the end of August 2011. Combined with the increase in income, this good performance enabled Group net financial debt to be limited to €584.0 million (an increase of 13.5%), despite the €213 million paid at the beginning of the fiscal year for the acquisition of Sell.

The net financial debt/EBITDA ratio at the end of August 2011 was significantly better than that reported at the end of the 2009/2010 fiscal year: 1.3, compared with 1.7 at the end of August 2010. This ratio is much lower than that required under the 'Club Deal' covenant, which sets a maximum ratio of 3.5 for August 31, 2011.

POST YEAR-END EVENTS

Acquisition of Heath Tecna

Following Cantwell Cullen and Quinson in 2009/2010 and Sell (Galleys and Inserts) at the beginning of the 2010/2011 fiscal year, this acquisition is yet another illustration of the Group's external growth strategy. Heath Tecna will complement Zodiac Aerospace expertise in airliner cabin interiors, and allow the Group to offer its customers a broader palette of services, with particular emphasis on cabin retrofit; a market in which this company is a leading global player. The acquisition was finalized on September 1, 2011 at a cost of approximately $110 million, and the company will be consolidated in the 2011/2012 fiscal year. Based at Bellingham in Washington State, USA, Heath Tecna employs 600 people and reported revenue of $78 million in 2010.

Business portfolio management

After the 2010/2011 fiscal year-end, the Group sold the non-strategic Driessen repair business for a total of €6.8 million [(3)] as part of its business portfolio management.

Excluding this business (disposed of during the 2011/2012 fiscal year) from the relevant 2010/2011 income statement items produces the following figures:

- sales revenue	€2,734.8 million
- current operating income	€348 million
- operating income	€367.6 million
- financial charges and net interest expense	-€34.4 million
- income taxes	€95.9 million
- net income	€237.3 million

On October 21, the Group also signed an agreement to sell its Issy-les-Moulineaux building. The transaction should be concluded by December 31, 2011.

Funding of future acquisitions

Zodiac Aerospace has renegotiated the terms of the June 2010 'Club Deal' loan agreement with its bankers, achieving an outcome which gives the Group the resources required to press ahead with its policy of external growth. Effective from August 29, 2011, this waiver makes substantial changes to the terms of this loan, increasing the total drawdown facility from €1 billion to €1.3 billion, extending the due date for total repayment of the loan from June 29, 2014 to June 29, 2015, and reducing the conditions applying to margins and commissions. The total unamortized amount of setup fees for this loan incurred in June 2010 (€5.2 million at August 29, 2011) was recognized as exceptional financial charges at August 31, 2011.

OUTLOOK FOR 2011/2012

Zodiac Aerospace operates in an aircraft industry environment which remains buoyant. The Group is ideally placed to benefit from the growth of this market. Zodiac Aerospace has a presence in all new programs, with shipset values significantly higher than those of previous programs.

Over the coming years, the Group will benefit both from the increasing production rate of new programs, especially that of the Boeing 787 Dreamliner, which entered service on September 25 with the fleet of All Nippon Airlines (to which Zodiac Aerospace also supplies seats), and from higher production volumes for the current Airbus and Boeing programs, which the Group is well-prepared to meet.

The 2011/2012 fiscal year has begun as the 2010/2011 fiscal year ended, as a result of which the Group expects organic business growth of around 20% for Quarter 1, 2011/2012. Driven by this dynamic start to the year, its strong positioning in the aircraft market and its excellent results for the 2010/2011 fiscal year, Zodiac Aerospace forecasts another year of growth in 2011/2012, and believes that its 3-year growth target [(4)] is likely to be exceeded.

Lastly, the Group has hedged approximately 60% of its net exposure to the transaction dollar exchange rate budgeted for 2011/2012 at a rate of 1.345.

(2) EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.
(3) This business reported revenue of approximately €15 million in 2010/2011.
(4) 40% higher revenue, including Sell, Quinson and Cantwell Cullen, and excluding the impact of exchange rate fluctuations.

GOVERNANCE

The amount and extent of recommendations surrounding good corporate governance has grown very significantly since the 1990s. Your 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 of companies 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 also 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 nine members.

SUPERVISORY BOARD

The Supervisory Board supervises the running of the Company and the Group, and reports to its shareholders. The Supervisory Board appoints the Executive Board Chairman and members. It also supervises and guides the executive management of the Group.

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 charter was subsequently updated in 2006.

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, the Board met on six scheduled occasions: September 23 and November 18, 2010 and January 10, February 17, April 15 and July 12, 2011. 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 two 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: an Accounts Committee, a Remuneration Committee and an 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 Accounts Committee met three 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: Didier Domange (Chairman) (1), Louis Desanges, Gilberte Lombard (2) and FFP, represented by Robert Peugeot. Meetings are also attended by the Auditors and the Vice-President responsible for Administration and Finance.

(1) Chairman of the Accounts Committee until the last committee meeting held before the fiscal year end.

(2) Chairman of the Accounts Committee meeting held after the fiscal year end.

- The Remuneration Committee usually meets once or twice in each fiscal year, and met five during the fiscal 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 share options and/or free shares 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 when required, and did not meet during the fiscal year. It has four members: Didier Domange (Chairman) (1), Louis Desanges (2), Gilberte Lombard 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.

The Supervisory Board is informed of all decisions and observations made by every Committee meeting.

REMUNERATION PAID TO SUPERVISORY BOARD MEMBERS

The Combined General Meeting held on January 10, 2011 increased 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:

- each member will be allocated the annual flat fee of €10,000, rising to €15,000 with effect from September 1, 2011;

- the introduction of an attendance bonus of €1,000 per meeting, subject to a maximum cap of €5,000;

- committee members will receive the following flat fees:

  • €6,000 for members of the Accounts 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.

The Vice-Chairman will receive a fixed additional fee of €5,000.

The Chairman will receive €70,000.

(1) Chairman of the Appointments Committee until August 31, 2011.
(2) Chairman of the Appointments Committee since September 1, 2011.

Executive Board

Olivier Zarrouati
Chief Executive Officer

Maurice Pinault
Member

Supervisory Board

Didier Domange
Supervisory Board Chairman

Louis Desanges
Vice-Chairman

Marc Assa
Member

Élisabeth Domange
Member

Laure Hauseux
Member

Vincent Gerondeau
Member

Gilberte Lombard
Member

Edmond Marchegay
Member

Robert Maréchal
Member

Marc Schelcher
Member

FFP
Member, represented by Robert Peugeot

Management Team

Olivier Zarrouati*
Chief Executive Officer

Maurice Pinault*
Executive Board Member
and Deputy CEO - Development

Jean-Jacques Jégou*
Vice-President, Administration and Finance

Yannick Assouad*
CEO, Aircraft Systems Segment

Christian Novella*
CEO, AeroSafety & Technology Segment

Mike Rozenblatt*
CEO, Cabin Interiors Segment

Gilles Debray*
CEO, Zodiac Services

Adri Ruiter*
CEO, Driessen

Paul Verheul*
CEO, Galleys & Equipment Division

Pierre Antony Vastra
Vice-President, Communication and Investor Relations

*Executive Committee member at August 31, 2011

Statutory Auditors

Ernst & Young Audit

Fideuraf,
a member of the Fiducial Network

EXECUTIVE AND SUPERVISORY BOARDS

CORPORATE APPOINTMENTS HELD BY EXECUTIVE BOARD MEMBERS AT AUGUST 31, 2011

Members	Date of appointment or reappointment	Company position held	Other positions or offices held
Olivier Zarrouati	November 15, 2007, Reappointed on November 17, 2011	Chief Executive Officer (1)	Directorships: GROUP COMPANIES **France:** Intertechnique, Sicma Aero Seat **Other countries:** Air Cruisers Company LLC (USA), Avox Systems Inc. (USA), C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), Esco (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	Executive Board Member	Directorships: GROUP COMPANIES **France:** C&D Adder (2), Quinson, Sicma Aero Seat **Other countries:** C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), MAG Aerospace Industries Inc. (USA), Sicma Aeroseat Services (USA), The Richards Corporation (USA), Zodiac Holding Sicma Aeroseat SL (Spain)

(1) Reappointed by the Supervisory Board for a period of four years.
(2) The new company name of C&D Europe adopted on September 1, 2011.

1. Personal remuneration paid to corporate officers in respect of the 2010/2011 fiscal year

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

Each Member of the Board also receives a variable payment In respect of the fiscal year ended August 31, 2011, the amount of which is determined as follows:

Olivier Zarrouati and Maurice Pinault: 0 to 100% of the fixed remuneration amount to reflect the degree to which the Group net income target is met.

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 Executive Board Chairman, as described opposite.

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

Given Mr. Zarrouati's significant length of service with the Group, the Supervisory Board meeting of November 19, 2009 adopted a proposal to set up a new appointment package for Mr. Zarrouati, containing 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)

The contract provides for a severance payment to be made to Mr. Zarrouati under the following circumstances:

- the dismissal, non-renewal of contract or requested resignation of Mr. Zarrouati as a member or Chairman of the Executive Board as the result of a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code);
- the dismissal, non-renewal of contract or requested resignation of Mr. Zarrouati as the result of any reorientation of the strategy previously supported and promoted by Mr. Zarrouati, whether or not as the result of a change in control.

In the interim, until the date set for his reappointment on November 15, 2011, Mr. Zarrouati would also be entitled to receive this severance payment in the event that he is dismissed or is required to resign as a member or Chairman of the Executive Board prior to his reappointment or in the event that these appointments are not renewed.

Since Mr. Zarrouati was reappointed on November 17, 2011, this clause is no longer effective.

Entitlement to receive this severance payment will be subject to, and conditional upon, the degree to which the Group targets on which the variable element of the remuneration paid to Mr. Zarrouati is based have been met in the 3 fiscal years immediately preceding the date of the relevant Board resolution.

b) Non-competition payment

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

This payment may therefore not exceed an amount equivalent to 24 months' remuneration calculated as described above. It is however agreed that this agreement may be voided at the point when Mr. Zarrouati leaves the Company, the latter then being no longer liable for the payment of this amount.

The total amount to which M. Zarrouati will be entitled in respect of these two payments may not exceed an amount equivalent to 24 times his average gross monthly fixed and variable remuneration during the 12 months immediately preceding his departure.

2. Amount of remuneration paid to corporate officers during the fiscal year

a) Salaries and benefits

(in euros)	Fixed	Variable [1]	Benefits in kind	Total
Maurice Pinault	300,000	156,870	4,980	461,850
Olivier Zarrouati	500,000	352,225	7,941	860,166
TOTAL	**800,000**	**509,095**	**12,921**	**1,322,016**

(1) The amount of variable remuneration payable after September 1, 2011 to Maurice Pinault and Olivier Zarrouati in respect of the 2010/2011 fiscal year is €300,000 and €500,000 respectively.

b) Stock options

	Maurice Pinault		Olivier Zarrouati		
	04 plan	07b plan	04 plan	07a plan [1]	07b plan
Options outstanding at August 31, 2010	79,350	84,640	63,480	79,350	63,480
Options exercised in 2010/2011	79,350	-	63,480	-	-
Options outstanding at August 31, 2011	-	84,640	-	79,350	63,480
Exercise price (in euros)	23.83	41.11	23.83	49.29	41.11
Expiry date	Feb. 12, 2012	Dec. 3, 2015	Feb. 12, 2012	Feb. 13, 2015	Dec. 3, 2015

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

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

(as governed by article 621-18-2 of the French law of July 20, 2005 and AMF regulations 222-15-2 and 3 of March 20, 2006)

Twenty-one such transactions occurred during the period between September 1, 2010 and August 31, 2011. Details of all these transactions were registered on the appropriate AMF website, and may be viewed at: http://www.amf-france.org

Appointments held by Supervisory Board members at August 31, 2011

Members	Date of appointment or reappointment	Date of appointment expiry	Company position held	Directors fees received in respect of the 2010/2011 fiscal year (in €000)	Others positions or offices held
Didier Domange	January 8, 2008	2013	- Supervisory Board Chairman - Accounts Committee Chairman (1) - Remuneration Committee Chairman - Appointments Committee Chairman (1)	190 (2)	- Director of Sicma Aero Seat - CICOR representative on the Board of Directors of Banque Transatlantique - Chairman of the Supervisory Board of Fidoma
Louis Desanges	December 15, 2005	2011	- Supervisory Board Vice-Chairman - Accounts Committee member - Appointments Committee member (3)	31	- 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 11, 2010	2011	- Supervisory Board member - Remuneration Committee member *Independent member* (4)	24	- Director of BGL BNP-Paribas Luxembourg, Axa Luxembourg and Good Year Luxembourg - Chairman of the Board of Directors of CDC, Luxembourg - Member of the Supervisory Board of Nora Systems in Germany
François Calvarin (5)	January 10, 2011	2011	- Supervisory Board member *Independent member* (4) (5)	10	- Chairman and CEO of Souriau
Élisabeth Domange	December 15, 2005	2011	- Supervisory Board member	20	- Farm manager - Member of the Supervisory Board of Fidoma
FFP, represented by Robert Peugeot	December 18, 2006	2012	- Supervisory Board member - Appointments Committee member	25	- Chairman and CEO of FFP (SA) - Member of the Supervisory Board of PSA Peugeot Citroën, Hermes International and IDI Emerging Markets - Chairman and CEO of Simante SL - Director of Faurecia, Sanef, Imerys, Holding Reinier, Établissements Peugeot Frères, Sofina, DKSH - Statutory Representative of FFP and Chairman of Financière Guiraud SAS - Chief Executive of Rodom (SCI) and CHP Gestion (SCI)

(1) Appointment held until August 31, 2011.

(2) Total remuneration, including directors' fees.

(3) Appointment held until August 31, 2011. Chairman of the Appointments Committee from September 1, 2011.

(4) The independence of Board members was assessed at the Board meeting held on November 17, 2011. The Board found that length of service in-post as a member of the Supervisory Board does not compromise independence, but on the contrary, enables a detailed understanding of the company, its business environment and its products, and that this knowledge constitutes a very important element of added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

(5) We regret the resignation of François Calvarin in May 2011 as a result of a conflict of interest between his new responsibilities and his appointment with your Company.

Members	Date of appointment or reappointment	Date of appointment expiry	Company position held	Directors fees received in respect of the 2010/2011 fiscal year (in €000)	Others positions or offices held
Vincent Gerondeau	January 10, 2011	2017	- Supervisory Board member *Independent member* (4)	18	- Chairman of Clairsys SAS
Laure Hauseux	January 10, 2011	2017	- Supervisory Board member *Independent member* (4)	18	- Member of the Executive Board of Virginstores SA
Gilberte Lombard	December 18, 2006	2012	- Supervisory Board member - Accounts Committee member (6) - Remuneration Committee member - Appointments Committee member *Independent member* (4)	30	- Director of CGG Veritas - Director of Robertet
Edmond Marchegay	January 11, 2010	2011	- Supervisory Board member - Remuneration Committee member - Appointments Committee member *Independent member* (4)	24	- Member of the Supervisory Board of Banque J.P. Hottinguer - Chairman 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 12, 2009	2011	- Supervisory Board member	20	- Director of Tech Industrie
Marc Schelcher	January 12, 2009	2012	- Supervisory Board member	20	

(4) The independence of Board members was assessed at the Board meeting held on November 17, 2011. The Board found that length of service in-post as a member of the Supervisory Board does not compromise independence, but on the contrary, enables a detailed understanding of the company, its business environment and its products, and that this knowledge constitutes a very important element of added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

(6) Appointment held until August 31, 2011. Chairman of the Accounts Committee from September 1, 2011.

RISK MANAGEMENT

In conducting its operations, the Zodiac Aerospace Group applies a responsible risk management policy designed to safeguard the assets belonging to its shareholders and protect 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:

a) Downturn in the aerospace industry cycle

The flow of orders for aircraft tends to be cyclical, and 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 believes 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, approximately 83% of the Group's adjusted consolidated revenue was generated from civil aviation.

b) Market assessment

The business sectors in which Zodiac 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 (cf. note on intangible assets).

c) Reduction 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, approximately 8% of the Group's adjusted consolidated revenue was generated from defense markets. The Zodiac Aerospace Group also complies with the provisions of the Oslo agreement.

d) 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.

Problems encountered by some manufacturers in their programs may result in the revision of delivery schedules, whilst delays in new aircraft production schedules may affect the flow of revenue from the aerospace activities of Zodiac Aerospace.

The Group's production and assembly facilities are spread widely throughout the world. This minimizes the risk posed by accidental interruption of production at any given site.

PRODUCT LIABILITY

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. In addition, 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

a) Currency 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 2010/2011, approximately 45.6% of Group revenue and 43.5% of its current operating income were generated by its US-based companies. In addition, approximately 26% 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 rate. In the 2010/2011 fiscal year, approximately 31.7% of dollar sales generated by companies located in the euro zone were "hedged" in this manner. The Group also uses financial instruments to hedge the residual transaction exposure of its active and/or passive positions and, where necessary, its transaction dollar flow future positions.

b) 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.

COMMODITIES-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, which is the case with airlines, for example. This may in turn pose a risk related to the solvency of these airlines. As a result, the Group has no hedging policy in place for these 'products'.

LOGISTICS-RELATED RISKS

As a result of its external growth and relocation of some purchases to the dollar zone, the Group has developed a centralized organization to manage risks relating to its procurement chain. These include: supplier relationship management, the monitoring of critical suppliers, improvements in delivery quality and punctuality, improvements in the supplier analysis and selection process and framework contract management.

INFORMATION SYSTEM RISKS

The Group is continuing with its deployment of compatible information systems in all its subsidiary companies as part of improving 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 shared Group information systems may pose risks in terms of data integrity and confidentiality, as well as the possibility of interruption to 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. 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, 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 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 acquired companies and maximize the benefits of synergies. This ability has been developed by the Zodiac Aerospace Group over many years of successful acquisitions. Integration initiatives are the subject of regular project progress monitoring by the Executive Committees and segments.

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

INDUSTRIAL AND SAFETY RISKS

This fiscal year saw continued implementation of the Group-wide Industrial and Safety Risks Management Charter. This takes the form of ongoing efforts to improve the health and safety of Group employees, as well as the parallel implementation of initiatives to manage industrial risks and protect Group assets.

SAFETY

a) Reporting of work-related accidents and illnesses

During the fiscal year, the Group continued the process of reducing the Work-Related Accident risk to zero. The Group has set three priority targets:

- to prepare an action plan to eliminate every hazardous situation identified;
- to continue implementation of risk-reduction initiatives and to prevent occupational illness by providing appropriate working conditions;
- to analyze all work-related accidents and all risk-generating events.

Each Group company monitors progress towards achieving these targets. Outcomes are monitored and consolidated using the resources and systems provided to each company. One of these systems enables details of all reported lost-time work-related accidents and work-related illnesses to be uploaded to a database. In addition to monitoring the number of accidents, this reporting system also records the circumstances and causes of each accident. Other companies are then informed of the corrective measures implemented, thereby providing them with all the information needed to prevent similar situations arising on their own sites.

To enable consistent interpretation of any lost-time work-related accidents occurring in our companies, an internal measurement scale to quantify the severity of such accidents was introduced at the beginning of the fiscal year. Above a preset level of severity, and accident report must be submitted by the local management team to the Group senior management team. This report will detail the circumstances of the accident, its causes and failures, the remedial initiatives to be implemented and the lead times for implementation.

From this fiscal year onwards, these data will be consolidated for all Group companies other than the most recent acquisitions.

b) Reporting of safety issues

The safety report introduced two fiscal years ago continues to provide a quarterly overview of data relating to industrial risks and personal safety.

On completion of deployment in all the Group's French sites, it was extended during the fiscal year to include all International sites.

Consolidation of this report ensures:

- a supervisory overview of the initiatives implemented to counter the risks posed by fire (or flood, earthquake, etc.) as a result of site inspections made by our insurer;

- a supervisory overview of safety training programs;

- a supervisory overview of the use made of chemical substances.

c) Property damage and operating losses

1. Partnership with insurers

The Group has intensified its management of industrial risks. Its priorities are to improve fire protection on its sites by acting on the inspection reports submitted by FM Insurance engineers, and to deploy a business continuity plan. Sixteen production units were classified as HPR (Highly Protected Risk) in 2010/2011, representing nearly one quarter of all Group sites (following the acquisition of Sell and Cantwel Cullen). This classification is awarded by our insurer and is based on the list of sites inspected. The scope covered by this listing changes every year, thus generating different data from one fiscal year to the next. Working on the basis of the risk matrix prepared for each site during the 2008/2009 fiscal year, the Group has been able to step up implementation of prevention and protection measures on all its sites by introducing 3-year safety investment plans. Furthermore, this collaboration has enabled the Group to prioritize initiatives on those sites susceptible to natural disasters, such as earthquakes and flooding.

This risk matrix includes the classification established by our insurer's local engineers and is used to evaluate the level and nature of risk relating to the site.

RISK CLASSIFICATION

Classification	August 2008	August 2009	August 2010	August 2011
A (1)	12	16	18	19
B (2)	10	13	13	12
C (2)	28	29	34	35
D (3)	6	5	5	8
E (4)	1	2	0	0
Total sites	**57**	**65**	**70**	**74**

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

The scope of inspection has changed from 57 sites (at the end of the 2008 fiscal year) to 74 sites (at the end of this fiscal year).

Since August 2010, no Group site has been classified as risk level E. Initiatives are now in place to achieve the Group target of A-C classification for 100% of its sites.

2. Business Continuity Plan

The Group has continued to deploy Business Continuity Plans (BCPs). These BCPs evaluate the risks and methods involved in resuming internal and sub-contracted production following a major disaster on one of our sites.

3. The Group general policy on insurance

The Group 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 worked with leading insurers to set up a worldwide program covering its main risks of property damage, 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 (see paragraph C1 below).

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

- Public liability

All Group companies are covered under a worldwide public liability insurance program that covers their operating liability and product liability. Two such policies are in place: one for aerospace businesses, and the other for the Group's non-aerospace activities.

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.

- Shipping

The Group's shipping insurance policy covers damage to all goods in transit worldwide, regardless of shipping method (land, sea or air).

This program covers shipping risks up to a maximum of €3.7 million per claim.

• Local policies

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:

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 premium-rated operators.

Details of the risks relating to exchange rates, interest rates and associated hedging instruments are given in Notes 2 A, B and C to the consolidated financial statements.

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 monetary instruments, and are negotiated with premium-rated banks.

CUSTOMER RECEIVABLES

At August 31, 2011, the Group had identified no 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 may 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 20.1 and 20.2 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 over four years.

EXCEPTIONAL EVENTS AND LITIGATION

There are no exceptional events and instances of litigation other than those referred to in Note 22.2 to the consolidated financial statements.

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

INVESTOR INFORMATION

Information regarding Zodiac Aerospace shares, share price trends and market statistics can be found on pages 20 and 21 of the ELEMENTS # 2010-2011 publication.

STOCK OPTIONS PLANS

For many years, Zodiac Aerospace has awarded stock options to its executives 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 without discount at 100% of the market value, and are exercised in tranches:

- under the arrangements for annual share option awards, half the options are granted on each anniversary of the date of grant;
- options awarded to Executive Board members under multi-year plans (every four years) may be exercised in quarters on each consecutive anniversary of the date of award.

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

Annual share option awards are granted during the first four months of the fiscal year. For the 2010/2011 fiscal year, the annual awards were granted on December 10, 2010 on the basis of the average closing price for the 10 trading days preceding and following the analysts' meeting of November 23, 2010.

Individual share option awards are determined by the Executive Board. Share option awards granted to Executive Board members are approved by the Supervisory Board on the recommendation of the Remuneration Committee. The annual award of share options made on December 10, 2010 was based on 160,450 shares at €50.75 (being the average closing price for the ten previous trading days prior to the reference date of November 23, 2010) awarded to 131 employees.

SHARES HELD BY CORPORATE OFFICERS

	Number of registered shares held at August 31, 2011
Executive Board members	
Maurice Pinault	454,150
Olivier Zarrouati	16,405
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	430,480
FFP	3,303,329
Vincent Gérondeau, including joint holdings	766,220
Laure Hauseux	500

SHAREHOLDER AGREEMENTS

It should be noted that 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. This agreement requires the signatories to retain a certain number of Zodiac shares for a period of six years from that date. This agreement, which also gives them a mutual preemption right over the shares concerned, was submitted to the Autorité des Marchés Financiers, which advertised it in its *Avis 206C0107* of January 17, 2006.

Certain shareholders are also bound by a collective retention agreement registered on April 26, 2010 and entered into in accordance with the provisions contained in Article 787-B of the French General Tax Code and effective for two years from that date.

In order to consolidate the said agreements, the family shareholders have made almost all of the shares covered by the collective retention agreements referred to above subject to the provisions of a non-accessibility agreement dated September 17, 2010.

This agreement covers approximately 26.5% of Zodiac Aerospace shares and 34.5% of the associated voting rights exercisable at August 31, 2011, and will remain in effect until April 26, 2012.

It should also be noted that the pact agreed between FFP and certain family shareholders on December 14, 2006, as modified with the addition of a new clause on September 25, 2009, was cancelled by mutual agreement between the parties on September 17, 2010. This cancellation had the effect of terminating concerted action between the parties.

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

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2011

The following table shows the theoretical total number of shares following issue of all those new shares that would be created if all share options were exercised.

THEORICAL TOTAL NUMBER OF SHARES

	Shares issued (exc. treasury stock)	Maximum potential number of shares
Ordinary shares issued at August 31, 2011	53,964,439	56,744,439
Stock options	1,357,615	1,357,615
Maximum total number of shares	**55,322,054**	**58,102,054**

SHARE BUYBACK PROGRAM

At the General Meeting of January 10, 2011, 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, 2012.

In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2010/2011 fiscal year, your Company did not exercise the authorization granted by shareholders at the AGM of January 10, 2011.

Please note that as previously stated, your Company exercised the authorization granted by the preceding AGM of January 8, 2008, and between February and September 2008, acquired shares with the eventual aim of using them in the form of share swaps, payments or other means of transaction as part of any future acquisitions. The total number of shares held for these purposes at August 31, 2011 was 2,780,000, representing 4.90% 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

Legal form, nationality and governing law

French Limited (liability) company with Executive and Supervisory Boards, subject to current and future French legal and regulatory provisions.

Date of incorporation and duration

The Company was incorporated in 1910.

The Company will be dissolved automatically on March 12, 2033, unless it is dissolved prior to that date or its duration is extended.

Trade and companies registry

729 800 821 RCS Versailles
NAF (industry) code: 7010Z

Fiscal year

September 1 to August 31

Corporate purpose (Article 3 of the Articles of Association)

- To research, fabricate, purchase, sell, lease and represent all types of equipment, made of any material, connected to marine and air navigation.

- To research, fabricate, purchase, sell, lease and represent all objects made of fabric, whether rubberized or not, including, but not limited to: pneumatic watercraft and equipment; balloons and other airborne devices; sports and camping gear; protective and other clothing; storage equipment; tents and hangars, whether pneumatic or not.

- To purchase, sell and use all patents for inventions relating to the purposes set forth in paragraphs 1 and 2 of this Article; to purchase, sell and use all associated licenses; and to research, develop and build all works, equipment and industrial facilities related thereto.

- To create or participate in creating all companies, partnerships, groups and, in general, to enter into any real or other property transactions or industrial or financial transactions related directly or indirectly to the aforesaid purpose, or to any similar or related purposes or purposes that may facilitate the application, implementation or development thereof, or that may enhance the position of the Company or its subsidiaries, whether in a material or intangible manner.

Distribution of earnings

Distributable earnings consist of net profit for the fiscal year, minus prior losses and those sums to be transferred to the legal reserve, plus any retained profit brought forward. These distributable earnings are made available to the Ordinary Annual General Meeting of Shareholders, which is solely responsible for resolving upon its application, and which may further resolve to distribute sums taken from the reserves to which it has access. 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 made from distributable earnings for the fiscal year in the first instance.

Excluding capital reductions, no distribution may be made to shareholders at any time when the equity of the company is, or would consequently fall, below the amount of capital plus reserves distributable by law.

CORPORATE GOVERNANCE

Executive Board

Management of the Company is provided by a Supervisory Board and an Executive Board of between two and seven members, all of whom are physical persons, who may or may not be employees of the Company and may or may not be shareholders in the Company.

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

The Executive Board is appointed for a period 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 company 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

The Supervisory Board has at least three members and no more than 12 members [taken from amongst the shareholders], all of whom are appointed by, and may be dismissed by, the Ordinary General Meeting of Shareholders.

Supervisory Board members are appointed for a period of six years. The age limit for Supervisory Board membership is 70, and applies equally to physical persons 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-salaried' Supervisory Board members are required to hold 500 shares during their period of appointment. These registered shares are may not be assigned until after the General Meeting of Shareholders convened to approve the annual financial statements and discharge the outgoing or resigning Board member.

The Supervisory Board provides permanent supervision of the Company management provided by the Executive Board, and provides the Executive Board with the prior authorizations required to conclude those transactions that the latter may not conclude without such authorization.

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

SHAREHOLDER MEETINGS AND VOTING RIGHTS

Shareholder meetings are convened, meet and pass resolutions subject those conditions imposed by law.

Any shareholder may attend Shareholder 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 physical person or legal entity holding a proxy in accordance with all legally applicable conditions). Proxies complying with the provisions set out in the current applicable regulations must be registered at the registered office no later than three days prior to the meeting.

In principle, each share provides entitlement to one vote.

However, a voting right equivalent to double that conferred on other shares 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 legally lapses when a share is converted to a bearer share. The double voting right will also legally lapse 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.

Declaration of a breach of statutory thresholds (Article 9 of the Articles of Association)

Any person, whether acting alone or in concert with others, holding, or in a position potentially to hold, a proportion of Company capital stock equivalent to 2% of that capital stock will be required to notify the Company within 15 days of breaching one of the thresholds applying to the total number of Company shares held, whether directly, indirectly or in concert with others.

In the event that this obligation is not complied with, and further to a request recorded in the minutes of the General Meeting of Shareholders by one or more shareholders holding at least 2% of equity capital or a multiple of this percentage, those shares exceeding the 2% holding that should have been declared are stripped of voting rights in any shareholder meeting held within the two-year period following the date on which the notification position is regularized.

Any person, whether acting alone or in concert with others, is also required to inform the Company within the 15-day period referred to above whenever the capital stock holding falls below 2% of capital stock or a multiple of this percentage.

Identification of the holders of securities

The Company may, at any time, request the central registry, 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 in 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.

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.

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FOREWORD

This document is translated from the French "Rapport annuel 2010/2011".

In case of difficulty, refer to the French text.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(in thousands of euros)	Notes	August 31, 2011	August 31, 2010
Goodwill	(notes 3.12 - 13.1 - 13.2)	1,166,398	1,095,352
Intangible assets	(notes 3.12 - 13.3 - 13.4)	322,017	241,197
Property, plant and equipment	(notes 3.13 and 14)	256,272	244,229
Investments in affiliates	(note 15)	480	569
Loans		355	529
Other non-current financial assets	(note 16)	10,872	11,887
Deferred tax assets	(note 11)	469	3,374
Total non-current assets	**(note 3.11)**	**1,756,863**	**1,597,137**
Inventories	(notes 3.15 and 17)	601,458	507,867
Current tax assets		30,113	22,158
Trade receivables	(note 3.16)	490,351	474,182
Advances to suppliers and employees		8,271	7,539
Other receivables		1,508	1,094
Prepaid expenses		10,034	10,641
Other financial assets:			
- negotiable securities		–	–
- loans and other current financial assets		227	248
Cash and cash equivalents	(note 18)	224,726	164,723
Total current assets		**1,366,688**	**1,188,452**
Held-for-sale assets (1)		**18,721**	**12,855**
TOTAL ASSETS	**(note 3.10)**	**3,142,272**	**2,798,444**

(1) At August 31, 2011, this figure included €12,003,000 represented by buildings held for sale (cf. Note 14), and €6,718,000 represented by a Driessen repair business in the process of disposal (cf. Note 24).

Consolidated balance sheet

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	August 31, 2011	August 31, 2010
Capital	(note 19)	11,349	11,235
Share premiums	(note 19)	99,031	84,076
Consolidated reserves and net income		1,478,098	1,379,998
Currency translation adjustments		(141,980)	12,990
Restatement of financial instruments and other fair value instruments		(2,028)	652
Net income		238,256	148,473
Treasury stock		(91,514)	(89,915)
Equity after minority interests		**1,591,212**	**1,547,509**
Minority interests:			
- in equity		915	1,111
- in currency translation adjustments		(143)	(53)
- in consolidated net income		(386)	(196)
Minority interests		**386**	**862**
Equity		**1,591,598**	**1,548,371**
Non-current provisions	(notes 3.17 and 21)	53,859	32,285
Non-current debt	(note 20)	662,667	511,655
Deferred taxes	(note 11)	107,648	75,201
Total non-current liabilities		**824,174**	**619,141**
Current provisions	(notes 3.17 and 21)	57,448	44,485
Current financial liabilities	(notes 18 and 20)	147,416	167,457
Accounts payable	(note 3.18)	259,678	223,387
Amounts owed to customers		53,525	31,404
Liabilities to employees and payroll liabilities	(note 3.19)	141,711	119,765
Current tax liabilities		27,837	16,195
Other payables		27,476	18,709
Deferred income		9,617	9,530
Total current liabilities		**724,708**	**630,932**
Held-for-sale liabilities (1)		**1,792**	**-**
TOTAL EQUITY AND LIABILITIES		**3,142,272**	**2,798,444**

(1) At August 31, 2011, this amount related to a Driessen repair business in the process of disposal (cf. Note 24).

Consolidated income statement

(in thousands of euros)	Notes	Year ended August 31, 2011	Year ended August 31, 2010
Sales revenue	(notes 3.1 - 3.2 - 3.3)	2,734,832	2,136,960
Other revenues from operations		11,465	6,655
Purchases used in production		1,068,870	815,492
Personnel costs	(note 5)	838,548	690,283
External costs		403,774	299,820
Taxes other than income taxes		19,769	19,068
Depreciation and amortization	(note 3.6)	61,555	58,123
Charges to provisions		14,304	10,514
Changes in inventories of finished goods and work in progress		45,496	(9,055)
Other operating income and expenses	(note 7)	(182)	(542)
Current operating income	**(note 3.4)**	**384,791**	**240,718**
Non-current operating items	(note 8)	(17,168)	(9,147)
Operating income		367,623	231,571
Income from cash and cash equivalents		(770)	1,523
Gross interest expense		(31,621)	(26,164)
Net interest expense	(notes 3.8 and 9)	(32,391)	(24,641)
Other financial income and expenses	(notes 3.8 and 10)	(1,994)	(1,105)
Income taxes	(notes 3.9 and 11)	95,928	57,150
NET INCOME from ongoing operations	**(note 3.5)**	**237,310**	**148,675**
NET INCOME from held-for-sale operations		**560**	**(398)**
NET INCOME		**237,870**	**148,277**
Minority interest		(386)	(196)
Group share		238,256	148,473
Earnings per share (after minority interests)	**(note 12)**	**€4.45**	**€2.80**
Diluted earnings per share (after minority interests)	**(note 12)**	**€4.42**	**€2.79**

Consolidated net income statement
and gains and losses recognized directly as equity

(in thousands of euros)	Year ended August 31, 2011	Year ended August 31, 2010
Net income	**237,870**	**148,277**
Gains and losses recognized as equity before tax:		
- Currency translation adjustments	(154,777)	134,336
- Restatement of hedging derivative instruments	(3,751)	1,598
Tax on restatement of hedging derivative instruments	1,291	(550)
Total of gains and losses recognized directly as equity	**(157,237)**	**135,384**
Net income and gains and losses recognized directly as equity	**80,633**	**283,661**
Minority interest	(476)	(84)
Group share	81,109	283,745

Consolidated statement of cash flows

(in thousands of euros)	Notes	Year ended August 31, 2011	Year ended August 31, 2010
Operating activities:			
Net income		237,310	148,675
Depreciation, amortization and provisions		81,474	56,182
Capital gains		271	1,394
Deferred taxes (1)		24,887	26,041
Stock options		2,419	2,442
Cash flow		**346,361**	**234,734**
Net change in inventories		(82,835)	21,167
Net change in operating assets		(29,202)	36,974
Net change in liabilities (1)		91,886	35,135
Cash flow generated from ongoing operations		**326,210**	**328,010**
Cash flow generated from held-for-sale operations		**86**	**131**
Cash flow generated from ongoing and held-for-sale operations		**326,296**	**328,141**
Investing activities:			
Acquisitions of non-current assets:			
- intangible assets		(50,483)	(35,077)
- property, plant and equipment		(61,315)	(52,328)
- other		(1,039)	(3,019)
Proceeds from disposals of fixed assets		4,257	1,656
Changes in receivables and payables relating to fixed assets		(368)	610
Acquisitions/disposals of entities, net of cash acquired		(210,421)	(64,901)
Cash flow generated from investments in ongoing operations		**(319,369)**	**(153,059)**
Cash flow generated from investments in held-for-sale operations		**(97)**	**(256)**
Cash flow generated from investments in ongoing and held-for-sale operations		**(319,466)**	**(153,315)**
Financing activities:			
Change in financial debts		133,974	(88,196)
Change in financial instruments		(3,751)	1,598
Changes in equity		15,069	10,827
Treasury stock		(1,599)	(3,528)
Ordinary dividends paid by parent company		(53,393)	(52,877)
Dividends paid to minority interest		–	(103)
Cash flow generated from financing of ongoing operations		**90,300**	**(132,279)**
Cash flow generated from financing of held-for-sale operations		**(28)**	**7**
Cash flow generated from financing of ongoing and held-for-sale operations		**90,272**	**(132,272)**
Currency translation adjustments, beginning of period		(30,442)	15,397
NET CHANGE IN CASH		**66,699**	**58,069**
CASH AT BEGINNING OF PERIOD		**145,385**	**87,316**
CASH AT END OF PERIOD	**(note 18)**	**212,084**	**145,385**

(1) At August 31, 2010, this amount includes the final adjustment of the tax payable on the disposal of shares in Marine on line "Acquisitions/disposals of entities, net of cash acquired".

Statement of change in consolidated equity

(in thousands of euros)	Capital stock	Share premiums	Reserves	Net income	Currency translation adjustments	Treasury stock	Restatement of financial instruments	Equity after minority interests	Minority interests	Change in equity
Balance at August 31, 2009	**11,142**	**73,342**	**1,257,241**	**173,153**	**(121,029)**	**(86,387)**	**(468)**	**1,306,994**	**1,049**	**1,308,043**
Currency translation adjustments			205		134,019			134,224	112	134,336
Restatement of financial instruments (1)			(72)				1,120	1,048		1,048
Income recognized directly in equity (a)			133		134,019		1,120	135,272	112	135,384
Net income for the year (b)				148,473				148,473	(196)	148,277
Total income recognized for the year (a) + (b)			133	148,473	134,019		1,120	283,745	(84)	283,661
Capital increase	93	10,734						10,827		10,827
Acquisition or disposal of own shares (2)						(3,528)		(3,528)		(3,528)
Valuation of options on stock options			2,442					2,442		2,442
Dividends			(52,877)					(52,877)	(103)	(52,980)
Other			173,059	(173,153)				(94)		(94)
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 year (b)				238,256				238,256	(386)	237,870
Total income recognized for the 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**

(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). The €652,000 shown at August 31, 2010 was recycled as income during the 2010/2011 fiscal year.

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

Notes to the consolidated financial statements

NOTE 0 – CHANGES TO THE CONSOLIDATION SCOPE

Acquisition of Sell GmbH

At the end of September 2010, Zodiac Aerospace finalized its 100% acquisition of the Sell Group (comprising essentially Sell GmbH) from Premium Aircraft Interiors in a deal valuing the company at a total of €213 million.

Announced on July 5, 2010, this acquisition will strengthen the position of the Zodiac Aerospace Group in the cabin interiors market.

Sell is fully consolidated and contributed to Group income over the 11-month period prior to the end of August 2011.

In accordance with the provisions of IFRS 3 (Revised), the Group has measured 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 is broken down in the following table:

The principal outcome of the fair value measurement applied to the assets acquired is the recognition of intangible assets valued at €58.9 million (brands, customers and order book) and the re-measurement of property, plant and equipment (€4.2 million) and inventories (€1.7 million).

The impact of the Sell acquisition on the Group consolidated income statement to the end of August 2011 is detailed in the following table:

Sell - Simplified income statement for the period October 2010 to August 2011 after application of IFRS 3

(in thousands of euros)	
Revenue	192,206
Current operating income	31,636
Non-current operating items	(3,377)
Operating Income	28,259
Net interest expense and other financial income and expenses	(3,640)
Income tax charge	7,488
Net income	17,131

Acquisition of Swan

In June 2011, Zodiac Aerospace acquired Swan (now Zodiac Aerospace Australia), an Australian start-up company that has developed an innovative process of detecting the formation of ice. The acquisition of this company and its process will strengthen the Group's range of de-icing and anti-icing systems. The cost of the acquisition was €0.7 million.

Given the non-significant impact of this company's revenue and income between the date of its acquisition and August 31, 2011, it was consolidated for the first time at August 31, 2011. This acquisition therefore has no effect on Group revenue and/or income for the 2010/2011 fiscal year.

The way in which the conditional elements of the price paid to acquire Swan have been recognized may be reviewed during the measurement period, on the basis of any additional information regarding the facts and circumstances prevailing on the date of acquisition.

Sell - Provisional allocation of the acquisition price

(in thousands of euros)	Assets and liabilities acquired prior to provisional allocation of the acquisition price	Allocation of the acquisition price	After provisional allocation of the acquisition price
Assets	8,891	63,118	72,009
Inventories	39,371	1,735	41,106
Trade and other receivables	28,488	–	28,488
Cash and cash equivalents	2,863	–	2,863
TOTAL ASSETS	**79,613**	**64,853**	**144,466**
Provisions	29,104	–	29,104
Financial debt	92,952	–	92,952
Accounts payable, payroll, deferred taxes and other payables	29,666	18,188	47,854
TOTAL LIABILITIES	**151,722**	**18,188**	**169,910**
Acquisition price	**–**	**–**	**120,613**
Goodwill	**–**	**–**	**146,057**

NOTE 1 – ACCOUNTING PRINCIPLES

A) Basis for preparation of financial statements

To comply 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, 2011 have been prepared in accordance with IAS/IFRS and those IASB interpretations (SIC and IFRIC) applicable on August 31, 2011, as adopted by the European Union at that date. Comparative figures for the previous year have been prepared in accordance with the same standards.

The consolidated financial statements of the Zodiac Aerospace Group have been prepared in accordance with IFRS and approved by the Executive Board at its meeting of November 14, 2011. 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, 2011		At August 31, 2010	
	Balance sheet	Income Statement	Balance sheet	Income Statement
US dollar	1.4450	1.3887	1.2680	1.3690
Canadian dollar	1.4141	1.3729	1.3489	1.4311
South Afican rand	10.1799	9.6209	9.4044	10.2716
Pound sterling	0.8856	0.8658	0.8248	0.8737
Thai baht	43.2630	42.0300	39.6700	44.9484
Czech crown	24.1100	24.4736	24.8500	25.6372

B) Application of standards, amendments to standards and interpretations of standards prior to their mandatory application date

The following standards and interpretations of standards came into effect during the fiscal year:

- Amendment to IFRS 1 - Additional Exemptions for First-Time Adopters;
- Amendment to IFRS 2 – Group Cash-Settled Share-Based Payment Transactions;
- Amendments to IAS 32 - Classification of Rights Issues;
- Improvements to IFRSs (April 2009);
- Improvements to IFRSs (May 2010);
- IFRIC 15 - Agreements for the Construction of Real Estate;
- IFRIC 17 - Distributions of Non-Cash Assets to Owners;
- IFRIC 18 - Transfers of Assets from Customers;
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments.

The Zodiac Aerospace Group has decided against early adoption of those standards, interpretations, amendments and revisions not adopted by the European Union by December 31, 2010, and those whose date of obligatory adoption fell after August 31, 2011.

The Zodiac Aerospace Group is in the process of identifying the potential impacts of these new standards, interpretations, amendments and/or revisions on the Group consolidated financial statements. At this stage of its analysis, the Group does not anticipate any significant impact on its consolidated financial statements. Nevertheless, the amendments to the following standards are to be considered in greater detail:

- Standards and amendments endorsed to date:
  - IAS 24 - Related Party Disclosures;
  - Improvements to IFRSs (May 2010);
  - Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement.
- Standards and amendments not endorsed to date:
  - IFRS 9 - Financial Instruments;
  - IAS 27 – Consolidated and Separate Financial Statements;
  - IAS 28 - Investments in Associates;
  - IFRS 10 - Consolidated Financial Statements;
  - IFRS 11 - Joint Arrangements;
  - IFRS 12 - Disclosures of Interests in Other Entities;
  - IFRS 13 - Fair Value Measurement;
  - IAS 19 - Employee Benefits;
  - Amendment to IFRS 7 - Disclosures - Transfer of Financial Assets;
  - Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets;
  - Amendments to IAS 1 - Presentation of Other Comprehensive Income.

C) Options adopted by Zodiac Aerospace for preparing financial information under IFRS

Options adopted by the Group where standards offer options for recognition and measurement

Certain International Accounting Standards offer options for the measurement and recognition of assets and liabilities.

In this respect and at this stage, the Group has opted to measure:

- property, plant and equipment (IAS 16) and intangible assets (IAS 38) using the Cost model;
- inventories at their initial cost, as calculated using the First In, First Out method (IAS 2).

D) Use of estimates and assumptions

The preparation of its 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:

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

The valuation placed on pension obligations and other post-employment and long-term benefits in accordance with IAS 19 is affected most significantly by the assumptions made concerning the discount rate and the rate at which salaries increase.

- Impairment of goodwill

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 brought forward negative tax balances in particular, may vary according to the assumptions adopted by the same medium-term financial forecasts used for goodwill impairment testing.

E) Consolidation principles

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

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

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

A list of consolidated subsidiary companies and holdings is given in Note 25.

The 49% Group holding in IN Services & Al Rumaithy Estab. is fully consolidated, since the Group has a controlling interest in this company. Its parent company Intertechnique is entitled 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 gained.

F) Translation of subsidiary company financial statements expressed in foreign currencies

The financial statements of foreign subsidiaries that report in a currency other than the euro are translated 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.

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.

The resulting translation adjustments are recognized as equity.

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

G) Foreign currency transactions

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

H) Property, plant and equipment and finance leases

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

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

In most cases, 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, and the corresponding liability is recognized as debt.

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

I) Business combinations

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

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

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

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

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 expenses are charged to the "Non-current operating items" line of the income statement;
- The conditional elements of the acquisition price are estimated at their fair value and included when calculating the acquisition cost.

The way in which the conditional elements of the price paid to acquire Zodiac Aerospace Australia (formerly Swan) have been recognized may be reviewed during the measurement period, on the basis of any additional information regarding the facts and circumstances prevailing on the date of acquisition.

The provisions and deferred tax recognized on the date of first consolidation may be adjusted during the measurement 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 cost and subsequently measured at amortized cost.

Intangible assets resulting from measurement of the assets of acquired entities (mainly brands) 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 refer to development expenditure.

Under the terms of 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 enterprise;
- 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 recognized 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 recognized as expenses for the fiscal year in which they arise.

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 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, which are recognized as available-for-sale financial assets, loans, deposits and guarantees.

Available-for-sale financial assets

Equity investments in non-consolidated companies are initially been recognized at their acquisition cost, and are then re-measured at their fair value once 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 fair value are recognized in equity, under a separate heading, until the shares are sold. Where it can be concluded that the impairment loss is permanent, this loss is recognized in the income statement.

Loans, deposits and guarantees

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

L) Inventories

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

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 recognized 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 such.

N) Cash and cash equivalents

Cash and short-term deposits recognized 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 where a tax saving is generated.

P) Treasury stock

Purchases of treasury stock are recorded 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 under commitments.

Provisions are discounted where the effect is significant.

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

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

R) Taxes

Deferred taxes are recognized using the variable balance sheet liability method for all timing differences between the carrying amount of assets and liabilities shown in the consolidated balance sheet and their tax base on the balance sheet 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 utilized, 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 recognition 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 netted in those companies contained in the four tax groupings of France, USA, the Netherlands and Germany.

S) Financial liabilities and derivative financial instruments

1 - Financial liabilities

Financial liabilities consist primarily of current and non-current financial liabilities in respect of financial institutions. These liabilities are initially recognized at fair value, including any 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 estimated at their fair value. Any currency gains or losses representing the effective portion of these hedges are recognized as operating income. Such gains or losses arising from changes in fair value offset any currency gains or losses arising from the conversion of foreign-currency receivables at the year-end exchange rate, as required by IAS 21, "Effects of Changes in Foreign Exchange Rates".

The ineffective portions of hedges are included in financial income.

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

- the hedged item must be clearly identified at the time the corresponding hedge is implemented, and the hedging relationship must be formally documented and shown to be effective;
- the effectiveness of the hedge must be determined in a reliable manner;
- the effectiveness of the hedge must be tested regularly throughout the period 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 their fair value. The change in fair value representing the effective portion of such hedges is recognized in equity under a separate heading until the hedged cash flow is effectively realized. It is then transferred to the income statement when the underlying item is recognized as income. The ineffective portions of hedges are included in financial income.

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 (euro and US dollar) interest rates. This exposure has been partially hedged using financial instruments for the 2010/2011 fiscal year (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 pensions 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 as a 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 the 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 increase in the present value of the pension obligation is included in financial charges or income;
- any amortized actuarial gains or losses (resulting from application of the above corridor rule) are recognized as "Other operating income and expenses".

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

2 - Defined contribution plans

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

U) Share-based payments

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 recognized as an expense, which is 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 period, 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, sales of finished goods and merchandise are recognized when the risks and rewards incident to ownership are transferred, i.e. in most cases, when the goods are shipped.

Revenues generated from sales of services are recognized over the contract period and in accordance with the terms and conditions of the contract. They are recognized where the outcome of the transaction can be estimated reliably, and by reference to the stage of completion of the services provided by the Group. Revenues from the performance of long-term contracts are recognized using the percentage of completion method, and determined either as a percentage of actual costs incurred in projected total spending through to completion, or 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 revenues.

W) Impairment of assets

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

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

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

The recoverable value of an asset or group of assets is defined as the fair value (less selling costs) or the value in use, whichever is the higher. Value in use is estimated by discounting forecast 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 finances 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 value of the individual asset is estimated. Where its carrying value is higher than its recoverable value, the asset is treated as having lost value, and its carrying value is reduced to reflect its recoverable value by recognizing an impairment.

Where it is not possible to estimate the recoverable value of an individual asset, the recoverable value of the CGU to which the asset belongs is calculated.

Where a test conducted on the assets of a Group company reveals a loss of value in the CGU, this loss of value is allocated in the first instance to goodwill, then to the assets of the unit concerned 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.

For this definition to apply, the asset must be available for immediate sale and such a sale must be 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 financial information presentation principles

The Group has elected to segregate significant non-recurring items within its operating income.

The non-recurring portion is shown after the sub-total "Recurring operating income" under the heading "Non-recurring operating items". The resulting subtotal is "Operating income".

The total debt figure used by the Group for disclosure purposes is the sum of "Non-current debt" and "Current financial liabilities", minus "Cash and cash equivalents".

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, assets and liabilities relating to 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.

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".

The figure for 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.

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.

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, its operating segments are as follows:
- 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 countries in the Americas;
- rest of the world.

The financial data presented for the purpose of segment reporting are subject to the same accounting rules as those applied when producing the Group financial statements.

• Aerosafety & Technology Segment

This Group 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 military and civil markets;
- airbags.

• Aircraft Systems Segment

This segment designs, develops, manufactures and markets:
- aircraft electrical 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 the following (chiefly for civil aviation applications):
- passenger and crew seating;
- 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, 2011, the majority of Group debt was exposed to fluctuations in Euribor.

During the year, the Group put in place €600 million of interest rate swaps covering 2011/2012 and 2012/2013 at rates of 1.49% and 1.27% respectively, pegged to 1-month Euribor.

The fair value of the hedges used by the Group at August 31, 2011 was:

Swap	Nominal value	Within 1 year	Over 1 year	M to M [1]
		(in thousands of euros)		(in thousands of euros)
EUR	600,000	600,000	-	(2,114)
EUR	600,000	-	600,000	(752)

(1) M to M = Marked to Market: market value. 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, 2011.

On the basis of the gross financial debt position of €810 million at August 31, 2011, a shift of 10 basis points in interest rates would have generated the following shifts in financial charges over the past fiscal year.

- €0.8 million, excluding the effect of interest rate hedges;
- €0.2 million, including the effect of interest rate hedges.

B) Currency exchange rate 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.

At August 31, 2011, the Group used the following hedging instruments to cover this exposure:

Currency futures sold	Nominal value	Within 1 year	Over 1 year	M to M [3]
		(in thousands of USD)		(in thousands of euros)
USD	114,854 [1]	114,854	-	6,034

(1) i.e. €85,567,000.

Currency futures bought	Nominal value	Within 1 year	Over 1 year	M to M [3]
		(in thousands of MXN)		(in thousands of euros)
MXN	16,018 [2]	16,018	-	(15)

(2) i.e. €913,000.

(3) M to M = Marked to Market: market value. This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledge-able, willing parties in an arm's length transaction.

Carrying value	Assets		Liabilities	
(in thousands of euros)	Current	Non-current	Current	Non-current
Fair value hedges	6,034	-	15	-

The hedging derivatives used are instruments whose value is estimated using a measurement technique based on observable data to provide a second level of reliability.

A 10-cent fluctuation in the euro/dollar rate during the fiscal year would have impacted revenue by €127 million. The average euro/dollar transaction rate for the fiscal year was 1.35, compared with 1.37 for the previous year. A 10-cent fluctuation in the dollar rate (from 1.35 to 1.45) for transaction net flows would have had a negative impact of €36.3 million on current operating income. A 10-cent fluctuation in the dollar conversion rate (from 1.39 to 1.49) would have had a negative impact of €11.3 million on current operating income.

The impact on operating income of the exchange rate hedges implemented during the 2010/2011 fiscal year (the difference between the average monthly euro/dollar exchange rate and the spot market price of the hedges concerned) was positive at €23.5 million.

At the beginning of the 2010/2011 fiscal year, the Group also put in place hedges to cover approximately 60% of its estimated net flows of euro/dollar transactions in the 2011/2012 fiscal year at an average rate of 1.345.

2. Exposure

The analysis of the Group's exposure to balance sheet exchange rate risks is based on the notional amounts of transactions denominated in a currency other than the reporting currency of the company concerned at the balance sheet date.

In this respect, the only significant currency used within the Group is the US dollar. The amounts involved are as follows:

(in millions of euros)	At August 31, 2011
Financial assets	282.2
Financial liabilities	166.6
Net position before management	115.6
Hedging derivatives	116.8
Future flow hedging	(1.2)

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, 2011, 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, including interest rates, have been assumed unchanged:

(in millions of euros)	At August 31, 2011
Impact on net income (*)	0.1

(*) 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					Overdue and impaired
			31-90	91-180	(number of days) 181-360	>361	Total	
Trade receivables at August 31, 2010	474,182	392,520	46,214	18,368	8,263	7,020	79,865	1,797
Trade receivables at August 31, 2011	490,351	424,289	40,882	14,332	5,864	4,540	65,618	444

The increase in trade receivables was 3.4% at the year-end rate.

At constant rate and same scope of consolidation, this increase equates to 3.7%, whereas organic revenue growth in Quarter 4 of 2010/2011 was +19.5%, compared with the same period of 2009/2010.

The total amount of outstanding receivables from airlines rose by 34.1% at constant rate.

The sales revenue generated from the same airlines rose by 22.5% at constant rate and same scope of consolidation.

Receivables from airlines represented 27% of all receivables at August 31, 2011, compared with 21% at August 31, 2010 at same scope of consolidation.

At constant rate and same scope of consolidation, the amount of receivables overdue by more than 30 days and not impaired on the balance sheet date decreased by €10.8 million, reflecting a decrease of 14%.

Future cash flows relative to financial liabilities

	2011/2012	2012/2013	2013/2014	2014/2015
Gross financial debt (in €000) (1)	(174,546)	(28,562)	(27,806)	(687,652)
Interest rate hedging derivatives (in €000) (2)	(531)	779	-	-
Trade payables (in €000)(3)	(258,262)	(1,416)	-	-
Interest rate hedging derivatives - USD flows (in $000)	(13,486)	-	-	-
Interest rate hedging derivatives - EUR flows (in €000)	4,961	-	-	-
Interest rate hedging derivatives - CAD flows (in C$000)	4,927	-	-	-
Interest rate hedging derivatives - MXN flows (in MXN000)	16,018	-	-	-

(1) Financial debt and interest flows based on an assumed interest rate of 3.30% constant throughout the period.
(2) Interest flows relative to interest rate swaps against 1-month Euribor, whose variable rate is estimated at 1.40 over the period concerned.
(3) Including EUR 45.4 million and USD 38 million paid between September 1, 2011 and September 10, 2011, compared with EUR 41.3 million and USD 33.6 million paid between September 1, 2010 and September 10, 2010.

NOTE 3 – SEGMENT REPORTING

A description of the Group 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 - Consolidated sales revenue by segment and by customer location

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	125,574	130,659	152,435	22,865	77,656	509,189
Aircraft Systems	141,556	128,570	117,122	36,881	56,937	481,066
Cabin Interiors	56,994	208,157	318,762	238,053	324,739	1,146,705
TOTAL	**324,124**	**467,386**	**588,319**	**297,799**	**459,332**	**2,136,960**
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**

Note 3.2 - Consolidated sales revenue by segment and by asset location

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	235,940	43,001	205,800	-	24,448	509,189
Aircraft Systems	341,093	7,546	100,562	-	31,865	481,066
Cabin Interiors	237,537	117,402	732,727	45,925	13,114	1,146,705
TOTAL	**814,570**	**167,949**	**1,039,089**	**45,925**	**69,427**	**2,136,960**
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**

Note 3.3 - Consolidated sales revenue by segment with a breakdown of inter-segment revenues

(in thousands of euros)	Revenues including inter-segment	Inter-segment revenues	Consolidated revenues
At August 31, 2010			
AeroSafety & Technology	515,220	(6,031)	509,189
Aircraft Systems	491,021	(9,955)	481,066
Cabin Interiors	1,148,362	(1,657)	1,146,705
TOTAL	**2,154,603**	**(17,643)**	**2,136,960**
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**

Note 3.4 - Current operating income by segment and by asset location

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	29,076	5,515	26,820	-	1,894	63,305
Aircraft Systems	31,631	162	4,241	-	629	36,663
Cabin Interiors	7,153	23,727	106,574	4,632	2,120	144,206
Zodiac Aerospace	(3,413)	-	(43)	-	-	(3,456)
TOTAL	**64,447**	**29,404**	**137,592**	**4,632**	**4,643**	**240,718**
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**

Note 3.5 - Net income from ongoing operations by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2010					
Net income	42,812	26,237	96,514	(16,888)	148,675
At August 31, 2011					
Net income	42,729	53,795	166,071	(25,285)	237,310

Note 3.6 - Depreciation and amortization by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2010					
Depreciation and amortization	13,580	17,055	25,580	1,908	58,123
At August 31, 2011					
Depreciation and amortization	12,895	19,610	25,538	3,512	61,555

Note 3.7 - Asset impairment by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2010					
Impairment (1)	313	-	-	-	313
At August 31, 2011					
Impairment (2)	2,867	-	-	-	2,867

(1) Residual impairment of the "know-how" owned by the two "Airbags" subsidiaries closed in the UK and USA.
(2) Impairment applied to the company Amfuel.

Note 3.8 - Net interest expense and other financial income and expenses by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	(712)	(157)	228	-	(723)	(1,364)
Aircraft Systems	(1,274)	8	(326)	-	(451)	(2,043)
Cabin Interiors	(569)	1,811	(1,413)	(351)	(316)	(838)
Zodiac Aerospace	(21,939)	-	438	-	-	(21,501)
TOTAL	**(24,494)**	**1,662**	**(1,073)**	**(351)**	**(1,490)**	**(25,746)**
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)**

Note 3.9 - Income tax charge by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	5,310	1,263	10,590	-	231	17,394
Aircraft Systems	3,876	81	1,074	-	134	5,165
Cabin Interiors	1,280	5,917	36,923	1,227	32	45,379
Zodiac Aerospace	(11,108)	-	320	-	-	(10,788)
TOTAL	**(642)**	**7,261**	**48,907**	**1,227**	**397**	**57,150**
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**

B - BALANCE SHEET ITEMS

Note 3.10 - Total assets by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	194,061	34,974	171,104	54,779	23,522	478,440
Aircraft Systems	658,945	2,593	91,263	-	25,947	778,748
Cabin Interiors	158,287	208,986	964,262	29,978	35,718	1,397,231
Zodiac Aerospace	143,990	-	35	-	-	144,025
TOTAL	**1,155,283**	**246,553**	**1,226,664**	**84,757**	**85,187**	**2,798,444**
At August 31, 2011						
AeroSafety & Technology	195,168	31,351	163,090	52,430	22,071	464,110
Aircraft Systems	710,812	9,831	83,966	-	29,365	833,974
Cabin Interiors	198,171	499,010	889,835	32,339	36,416	1,655,771
Zodiac Aerospace	188,240	-	177	-	-	188,417
TOTAL	**1,292,391**	**540,192**	**1,137,068**	**84,769**	**87,852**	**3,142,272**

Note 3.11 - Total non-current assets by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	60,039	17,308	78,509	35,300	8,747	199,903
Aircraft Systems	437,909	275	55,512	-	14,679	508,375
Cabin Interiors	57,677	133,320	627,171	7,292	12,701	838,161
Zodiac Aerospace	50,698	-	-	-	-	50,698
TOTAL	**606,323**	**150,903**	**761,192**	**42,592**	**36,127**	**1,597,137**
At August 31, 2011						
AeroSafety & Technology	62,083	16,535	67,728	33,409	8,974	188,729
Aircraft Systems	468,464	219	48,006	-	18,393	535,082
Cabin Interiors	56,352	348,669	557,705	8,668	10,789	982,183
Zodiac Aerospace	50,869	-	-	-	-	50,869
TOTAL	**637,768**	**365,423**	**673,439**	**42,077**	**38,156**	**1,756,863**

Note 3.12 - Intangible assets and goodwill by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	38,532	12,937	61,407	34,957	681	148,514
Aircraft Systems	384,572	-	47,178	-	7,012	438,762
Cabin Interiors	46,165	127,410	572,495	2,180	16	748,266
Zodiac Aerospace	1,007	-	-	-	-	1,007
TOTAL	**470,276**	**140,347**	**681,080**	**37,137**	**7,709**	**1,336,549**
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**

Note 3.13 - Property, plant and equipment by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	21,198	2,597	16,264	343	7,821	48,223
Aircraft Systems	52,706	256	8,265	-	7,578	68,805
Cabin Interiors	11,406	4,862	49,824	5,009	12,490	83,591
Zodiac Aerospace	43,610	-	-	-	-	43,610
TOTAL	**128,920**	**7,715**	**74,353**	**5,352**	**27,889**	**244,229**
At August 31, 2011						
AeroSafety & Technology	22,637	2,537	13,793	293	7,927	47,187
Aircraft Systems	57,678	199	7,231	-	10,536	75,644
Cabin Interiors	10,566	17,172	44,364	6,264	10,390	88,756
Zodiac Aerospace	44,685	-	-	-	-	44,685
TOTAL	**135,566**	**19,908**	**65,388**	**6,557**	**28,853**	**256,272**

Note 3.14 - Capital expenditure by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	6,129	583	4,058	-	2,338	13,108
Aircraft Systems	34,106	108	1,588	-	4,420	40,222
Cabin Interiors	2,029	2,254	15,866	759	2,444	23,352
Zodiac Aerospace	12,887	-	-	-	-	12,887
TOTAL	**55,151**	**2,945**	**21,512**	**759**	**9,202**	**89,569**
At August 31, 2011						
AeroSafety & Technology	7,453	760	4,821	140	3,786	16,960
Aircraft Systems	49,148	22	1,553	-	3,181	53,904
Cabin Interiors	2,166	5,319	21,955	3,254	2,145	34,839
Zodiac Aerospace	4,754	-	-	-	-	4,754
TOTAL	**63,521**	**6,101**	**28,329**	**3,394**	**9,112**	**110,457**

Note 3.15 - Inventories by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	54,575	6,306	44,732	10,918	5,965	122,496
Aircraft Systems	121,598	144	16,347	-	3,377	141,466
Cabin Interiors	56,133	21,123	141,931	10,034	14,684	243,905
Zodiac Aerospace	-	-	-	-	-	-
TOTAL	**232,306**	**27,573**	**203,010**	**20,952**	**24,026**	**507,867**
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**

Note 3.16 - Trade receivables by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	71,803	7,579	39,477	7,310	4,671	130,840
Aircraft Systems	90,210	1,528	15,542	-	5,158	112,438
Cabin Interiors	40,775	26,110	154,201	7,460	2,321	230,867
Zodiac Aerospace	10	-	27	-	-	37
TOTAL	**202,798**	**35,217**	**209,247**	**14,770**	**12,150**	**474,182**
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**

Note 3.17 - Non-current and current provisions contingencies and losses by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	14,527	328	6,354	-	37	21,246
Aircraft Systems	26,772	-	1,623	-	-	28,395
Cabin Interiors	9,386	5,454	9,564	1,400	275	26,079
Zodiac Aerospace	968	-	82	-	-	1,050
TOTAL	**51,653**	**5,782**	**17,623**	**1,400**	**312**	**76,770**
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**

Note 3.18 - Accounts payable by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	27,094	2,766	9,752	3,151	2,203	44,966
Aircraft Systems	48,980	24	5,276	-	1,528	55,808
Cabin Interiors	24,769	14,958	62,735	3,118	5,230	110,810
Zodiac Aerospace	11,744	-	59	-	-	11,803
TOTAL	**112,587**	**17,748**	**77,822**	**6,269**	**8,961**	**223,387**
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**

Note 3.19 - Liabilities to employees and payroll liabilities by segment and region

(in thousands of euros)	France	Other European countries	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2010						
AeroSafety & Technology	22,504	2,080	6,664	336	1,068	32,652
Aircraft Systems	33,848	-	2,842	-	964	37,654
Cabin Interiors	9,009	2,241	29,672	3,564	873	45,359
Zodiac Aerospace	4,100	-	-	-	-	4,100
TOTAL	**69,461**	**4,321**	**39,178**	**3,900**	**2,905**	**119,765**
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**

NOTE 4 – REVENUES

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Sales of goods	2,559,060	1,979,304
Sales of services	175,772	157,656
Interest	1,532	801
Royalties	1,493	1,077
Dividends	–	10
TOTAL	**2,737,857**	**2,138,848**

NOTE 5 – PERSONNEL COSTS

Note 5.1 - Breakdown of costs

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Payroll and related expenses (1)	825,708	682,690
Profit-sharing	10,421	5,151
Stock options granted	2,419	2,442
TOTAL	**838,548**	**690,283**

(1) Including €51,000 in social security contributions related to stock options at August 31, 2010 and €112,000 at August 31, 2011.

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	Souscription price in euros	Exercisable until	Number of options not exercised at Aug. 31, 2011
November 21, 2003	23.83	November 21, 2011	14,976
February 12, 2004	23.83	February 12, 2012	16,480
November 24, 2004	29.24	November 24, 2012	97,119
November 25, 2005	44.66	November 25, 2013	144,937
November 30, 2006	46.64	November 30, 2014	149,611
February 13, 2007	49.29	February 13, 2015	79,350
December 3, 2007	41.11	December 3, 2015	123,762
December 3, 2007	41.11	December 3, 2015	275,080
December 4, 2008	29.36	December 4, 2016	120,250
December 10, 2009	23.62	December 10, 2017	142,950
December 10, 2009	23.62	December 10, 2017	35,000
December 10, 2010	50.75	December 10, 2018	158,100
TOTAL			**1,357,615**

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

Number of options	Aug. 31, 2011	Aug. 31, 2010
At September 1	**1,797,854**	**2,051,305**
Issued	165,450	250,400
Cancelled	(30,645)	(11,375)
Expired	(4,812)	(26,347)
Exercised	(570,232)	(466,129)
At August 31	**1,357,615**	**1,797,854**

Of the 165,450 options allocated during this fiscal year (in December 2010), only half may be exercised before December 10, 2011.

The 570,232 options exercised during this fiscal year resulted in the issue of 570,232 new shares between September 1, 2010 and August 31, 2011, at an average allocation price of €26.42.

The weighted average fair value of the options issued in December 2010 with an average life of 6 years is €15.84.

The binomial valuation model applied is based on the following key factors:

- share price on date of grant	€53.33
- option exercise price	€50.75
- estimated volatility	33.00%
- risk-free interest rate	2.78%
- estimated dividend yield	2.00%

The expense recognized for the fiscal year in respect of share options granted before November 7, 2002 and not vested by January 1, 2005, as well as those granted after September 1, 2005, is €2,419,000, compared with €2,442,000 in the 2009/2010 fiscal year.

€51,000 in social security charges should be added to these amounts for 2009/2010 fiscal year and €112,000 for 2010/2011 fiscal year.

2) 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 142,830 new shares in 2010/2011;
- no options were granted in 2010/2011.

Information on stock options held by Group employees:
- the ten largest stock options exercised in 2010/2011 totaled 56,655;
- the ten largest stock options granted in 2010/2011 totaled 52,500.

NOTE 6 – CHANGE IN INVENTORIES [1]

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Change in inventories recognized during the year	77,089	(18,798)
Inventory impairment charge recognized during the year	(10,879)	(11,740)
Reversals of inventory impairment during the year	16,621	9,460
TOTAL	**82,831**	**(21,078)**

(1) Inventories of raw materials, work in progress, goods and finished products.

NOTE 7 – OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Gain/(loss) on sale of non-current assets	95	(25)
Restructuring costs	(218)	(240)
Other	(59)	(277)
TOTAL	**(182)**	**(542)**

NOTE 8 – NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Restructuring costs [1]	(4,329)	(5,013)
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	(1,520)	(362)
Impairment [2]	(2,867)	(313)
Litigation	901	–
Amortization of intangible assets [3]	(5,690)	(1,020)
Cost of acquisition [4]	(3,115)	(2,439)
Other	(548)	–
TOTAL	**(17,168)**	**(9,147)**

(1) Comprises the restructuring of the Rungis site (ECE, France/Aircraft Systems) at a cost of €2,455,000, relocation of Zodiac Services Europe from Les Ulis (Essonne, France) to the Plaisir site (Yvelines, France) at a cost of €1,072,000, and other restructuring operations totaling €802,000.

(2) At August 31, 2010: residual impairment of the "know-how" owned by the two "Airbags" subsidiaries closed in the UK and USA.
At August 31, 2011: impairment applied to the AeroSafety & Technology CGU company Amfuel.

(3) Amortization of order books measured as part of acquisitions.

(4) Cost of acquiring securities or assets as part of external growth transactions (under the terms of IFRS 3 (Revised)).
At August 31, 2011, this figure referred to the Quinson, Cantwell Cullen & Company, Sell, Swan and Head Tecna acquisitions.

NOTE 9 – NET INTEREST EXPENSE

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Financial income	1,533	801
Foreign exchange gains/(losses)	(2,293)	1,022
Difference between currency spot and forward rates	(11)	(300)
Income/(expenses) related to cash and cash equivalents	**(771)**	**1,523**
Gross interest expense	**(31,620)**	**(26,164)**
TOTAL	**(32,391)**	**(24,641)**

NOTE 10 – OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Dividends	–	10
Net charges to provisions	(2)	(3)
Net accretion expense on pension obligations (net of returns)	(1,992)	(1,112)
TOTAL	**(1,994)**	**(1,105)**

The gross interest expense rose by €5.4 million during the year. The majority of this increase results from the recognition (during the 2010/2011 fiscal year) of the extraordinary impairment applied to the outstanding balance of the setup fees charged for the €1 billion 'Club deal' of June 2010 following renegotiation of this loan in August 2011, and to a lesser degree, from the increase seen in our average borrowings following the Cantwell Cullen & Company and Sell acquisitions.

The average cost of our loans for the period was 2.68%, compared with 3.13% in the previous year. The full cost of debt, including sundry banking charges, was 3.01%, compared with 3.47% in the previous year.

NOTE 11 – INCOME TAXES

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
1) Balance sheet		
Deferred taxes:		
Deferred tax assets	469	3,374
Deferred tax liabilities	107,648	75,201
Net deferred taxes	**(107,179)**	**(71,827)**
Breakdown of net amount by category:		
Employee benefits	20,280	17,710
Depreciation of inventories, stocks and associated general expenditure	15,313	17,304
Intercompany inventory profit	17,838	15,903
Development costs	(78,944)	(70,531)
Goodwill	(85,019)	(66,256)
Cancellation of regulated provisions	(4,269)	(4,123)
Other	7,622	18,166
Net deferred taxes	**(107,179)**	**(71,827)**
2) Income statement		
Deferred taxes and taxes payable:		
- deferred taxes	24,887	19,686
- taxes payable	71,041	37,464
Total tax	**95,928**	**57,150**
3) Unrecognized tax credits or tax losses (1)	**10,081**	**6,694**

(1) This amount includes €4,155,000 to be used by August 31, 2012.

Effective tax rate

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Pre-tax income	**333,238**	**205,825**
Tax rate	**34.43%**	**34.43%**
Theoretical tax	114,734	70,866
Incidence of reduced-rate risk	(148)	(142)
Impact of tax rates in countries other than France (1)	(5,286)	372
Disposals of equity holdings	–	(1,209)
Tax credit for research and training	(14,543)	(14,122)
Other	1,171	1,385
Consolidated income tax	**95,928**	**57,150**
EFFECTIVE TAX RATE	**28.79%**	**27.77%**

(1) Including production tax credit in the US.

NOTE 12 – EARNINGS PER SHARE

		Aug. 31, 2011	Aug. 31, 2010
Numerator (in thousands of euros)			
Net income after minority interests	(a)	238,256	148,473
Denominator			
Weighted average number of shares for the fiscal year	(b)	53,587,512	53,052,543
Stock subscription and purchase options		343,671	212,690
Diluted weighted average number of shares for the fiscal year	(c)	53,931,183	53,265,233
Net earnings per share (€)	**(a) / (b)**	**4.45**	**2.80**
Diluted net earnings per share (€)	**(a) / (c)**	**4.42**	**2.79**
Net earnings per share - restated (€) (1)		**4.58**	**2.84**
Diluted net earnings per share - restated (€) (1)		**4.55**	**2.83**

(1) Excluding the impact of external growth costs (IFRS 3).

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL

Note 13.1 - Goodwill: gross

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Changes (1)	Other	Balance at Aug. 31, 2011
Goodwill	1,207,424	(78,062)	146,343	611	–	1,276,316

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

Note 13.2 - Goodwill: impairment

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Changes	Impairment	Other	Balance at Aug. 31, 2011
Goodwill	112,072	(4,909)	–	–	2,755	–	109,918
Net goodwill	**1,095,352**	**-**	**-**	**-**	**-**	**-**	**1,166,398**

Net goodwill is broken down as follows:

(in millions of euros)	August 31, 2011 Gross	Impairment	Net	August 31, 2010 Net
CGU				
AeroSafety & Technology:				
- AeroSafety	95.3	10.5	84.8	95.2
- Technology	49.5	13.5	36.0	36.0
Aircraft Systems (1)	355.6	40.0	315.6	321.3
Cabin Interiors:				
- Cabin (2)	451.9	21.9	430.0	486.7
- Seats	78.2	24.0	54.2	56.4
- Galleys	245.8	–	245.8	99.7
TOTAL	**1,276.3**	**109.9**	**1,166.4**	**1,095.3**

(1) Includes €255.4 million in respect of Intertechnique at August 31, 2011.
(2) Includes €302.5 million in respect of C&D and €113.0 million in respect of Monogram at August 31, 2011.

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 equivalent to the Group's weighted average cost of capital. This rate is 9% for all CGUs;
- 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 is subject to a zero rate. These cash flows are taken from the business plans prepared by the Executive Board and reviewed by the Supervisory Board;
- aircraft manufacturer forecasts (where available) and forecasts from other external sources (e.g. passenger traffic forecasts);
- a euro/dollar exchange rate of 1.40 for the first year, 1.35 for the second year and 1.30 for subsequent years.

The profitability assessment was made on the basis of those key assumptions that exert the greatest influence on profitability:

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

Taken separately or cumulatively, these changes in assumption do not result in any loss of value.

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

- application of a euro/dollar exchange rate of 1.43 with a discount rate of 9% for the full period under consideration;
- application of a discount rate of 11.5% on the basis of a euro/dollar exchange rate of 1.40, 1.35, and then 1.30.

Note 13.3 - Intangible assets: gross

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other (1)	Balance at Aug. 31, 2011
Set up costs	47	(2)	-	-	-	56	101
Development costs (2)	230,759	(12,681)	-	43,736	-	-	261,814
Patents and trademarks	37,553	(496)	34,911	304	-	60	72,332
Business	-	-	-	-	-	-	-
Certifications and other	55,806	(1,308)	27,698	5,910	(840)	326	87,592
TOTAL	**324,165**	**(14,487)**	**62,609**	**49,950**	**(840)**	**442**	**421,839**

(1) Includes -€174,000 resulting from reclassification of Driessen Services as held-for-sale assets.
(2) Costs incurred essentially in respect of the A380, B787, A400M, A350, G250, G650 and CSeries programs. Development costs retained in net operating income - after capitalization and billing to customers, and excluding amortization of capitalized development costs - totaled €137.3 million in 2010/2011, compared with €106.9 million in 2009/2010, reflecting a rise of 28% broken down as follows: 10% in relation to acquired companies consolidated during 2010/2011, and 18% at like-for-like consolidation scope as a result of increased levels of design work, especially in the Cabin Interiors Segment.

Note 13.4 - Intangible assets: amortization

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other (1)	Balance at Aug. 31, 2011
Set up costs	25	(1)	-	7	-	56	87
Development costs (2)	32,640	(2,433)	-	8,707	-	-	38,914
Patents and trademarks	12,057	(467)	-	490	-	-	12,080
Business	-	-	-	-	-	-	-
Certifications and other	38,246	(817)	1,829	10,353	(840)	(30)	48,741
TOTAL	**82,968**	**(3,718)**	**1,829**	**19,557**	**(840)**	**26**	**99,822**
Net value of intangible assets	**241,197**	**(10,769)**	**60,780**	**30,393**	**–**	**416**	**322,017**

(1) Includes -€174,000 resulting from reclassification of Driessen Services as held-for-sale assets.

(2) Costs incurred essentially in respect of the A380, B787, A400M, A350, G250, G650 and CSeries programs. 'Extraordinary' impairment of €0.8 million was applied during the fiscal year to a program in which parameter revisions resulted in an adjustment to profitability.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The Group has classified three buildings as "Held-for-sale assets":

a) a net amount of €10,711,000 for its premises at Issy-les-Moulineaux (Hauts-de-Seine, France), following the transfer of activity to Plaisir (Yvelines, France). The process of selling these premises is underway.

b) a net amount of €522,000 for an AeroSafety & Technology Segment production building at Liberty (USA), which was closed in 2009/2010. The process of selling this building is underway.

c) a net amount of €770,000 for a Cabin Interiors Segment production building at Rockford (USA), which was closed in 2009/2010. The process of selling this building is underway.

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

Note 14.1 - Property, plant and equipment: gross

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other (1)	Balance at Aug. 31, 2011
Land and land development	20,586	(520)	1,599	131	(1,257)	-	20,539
Buildings and improvements	202,377	(7,182)	11,758	7,131	(3,115)	1,235	212,204
Equipment, furnishings, fixtures and other items	481,973	(22,891)	13,105	38,530	(15,145)	5,170	500,742
Assets under construction	11,772	(301)	338	14,846	(47)	(9,542)	17,066
TOTAL	**716,708**	**(30,894)**	**26,800**	**60,638**	**(19,564)**	**(3,137)**	**750,551**

(1) Includes -€2,506,000 resulting from reclassification of Driessen Services as held-for-sale assets.

Note 14.2 - Property, plant and equipment: depreciation

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other (1)	Balance at Aug. 31, 2011
Land and land development	1,489	(63)	-	187	-	-	1,613
Buildings and improvements	107,881	(3,971)	5,857	9,724	(2,772)	(128)	116,591
Equipment, furnishings, fixtures and other items	363,109	(16,295)	9,317	36,631	(14,477)	(2,210)	376,075
TOTAL	**472,479**	**(20,329)**	**15,174**	**46,542**	**(17,249)**	**(2,338)**	**494,279**
Net value of property, plant and equipment	**244,229**	**(10,565)**	**11,626**	**14,096**	**(2,315)**	**(799)**	**256,272**

(1) Includes -€2,139,000 resulting from reclassification of Driessen Services as held-for-sale assets.

Finance leases

Property, plant and equipment includes the following leased assets:

(in thousands of euros)	Aug. 31, 2011
Equipment, furnishings, fixtures and other items	
Gross value	1,716
Accumulated depreciation	1,058
Net carrying value	**658**
Due within 1 year	-
Due in 1-5 years	-
Due in over 5 years	-
Future minimum payments	**-**

NOTE 15 – INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND 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

Other non-current financial assets are mainly deposits.

NOTE 17 – INVENTORIES

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Raw materials	354,596	335,281
Work in progress	180,762	123,460
Finished products and goods	166,089	143,252
Gross total	**701,447**	**601,993**
Provisions for impairment	**99,989**	**94,126**
TOTAL	**601,458**	**507,867**

No inventory items have been offered as collateral for liabilities.

NOTE 18 – CASH

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Cash and cash equivalents	**224,726**	**164,723**
Negotiable securities	**-**	**-**
Current financial liabilities	(147,416)	(167,457)
Commercial paper and other lines of short-term credit	134,000	148,000
Current portion of long-term loans and reimbursable advances	774	1,507
Banks	**(12,642)**	**(17,950)**
NET CASH(1)	**212,084**	**146,773**

(1) At August 31, 2010, the net cash position after reclassification of Driessen Services as held-for-sale assets would have been €145,385,000.

NOTE 19 – CAPITAL

	Number of shares (thousands)	Common shares (in thousands of euros)	Share premiums (in thousands of euros)	Total (in thousands of euros)
At August 31, 2009	**55,708**	**11,142**	**73,342**	**84,484**
Premium-related costs	-	-	-	-
Options exercised	466	93	10,734	10,827
Dividends	-	-	-	-
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**

NOTE 20 – DEBT

Note 20.1 - Breakdown of debt

(in thousands of euros)	Interest rate (1)	Maturity	Aug. 31, 2011	Aug. 31, 2010
A. Non-current financial debt				
Confirmed syndicated loan (EUR)	2.777	(3)	610,000	450,000
Confirmed syndicated loan (USD)		(3)	-	-
Confirmed syndicated loan (CAD)	2.474	(3)	32,283	46,061
Syndicated loan costs			(3,198)	(7,022)
Non-current portion of other borrowings and unconfirmed loans	NS	(4)	23,582	22,616
Total (2)			**662,667**	**511,655**
B. Current financial liabilities				
Commercial paper (EUR)	1.160		134,000	148,000
Confirmed syndicated loan (EUR)	2.777	(3)	-	-
Current portion of amounts due to banks other borrowings and unconfirmed loans	NS	(5)	13,416	19,457
Total	**-**		**147,416**	**167,457**
TOTAL	**-**		**810,083**	**679,112**

(1) Average interest rate over 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, 2011):

2012/2013	*1,421*	*Euro (EUR)*	*630,384*
2013/2014	*700*	*US dollar (USD)*	*-*
2014/2015	*639,785*	*Canadian dollar (CAD)*	*32,283*
After 2015	*20,761*	*Other*	*-*

(3) The Group and its bankers have renegotiated the terms of the 'Club deal' loan of June 2010. Effective from August 29, 2011, this rider increases the total drawdown facility from €1 billion to €1.3 billion and extends the due date for total repayment of the loan from June 29, 2014 to June 29, 2015.

(4) The majority post-2015.

(5) 1-3 months renewable.

Note 20.2 - Covenants

The Group is bound by only one bank covenant; the "Net financial debt/EBITDA" ratio, as defined in the loan agreement. This covenant, which relates to the "Club deal", must be 3.5 or less at the end of each fiscal year until August 31, 2011, then 3.25 at August 31, 2012 and 3.00 as from August 31, 2013. This covenant was complied with at August 31, 2011. Failure to comply with its conditions could result in the obligation to repay the loan early and in full.

NOTE 21 – PROVISIONS

(in thousands of euros)	Opening balance at Aug. 31, 2010	Translation adjustments	Change in scope	Changes during the year: Charges	Reversals (used provisions)	Reversals (unused provisions)	Other [1]	Balance at Aug. 31, 2011
Medical cover for US pensioners	4,100	(502)	-	253	-	(218)	-	3,633
Lump-sum retirement benefits	26,411	-	18,248	3,808	(1,366)	(252)	(57)	46,792
Other	1,774	-	1,178	660	(173)	(5)	-	3,434
Total non-current	**32,285**	**(502)**	**19,426**	**4,721**	**(1,539)**	**(475)**	**(57)**	**53,859**
Guarantees	27,811	(1,105)	750	6,815	(2,720)	(1,082)	-	30,469
Litigation and insurance deductibles	3,474	(110)	564	5,837	(665)	(241)	-	8,859
Restructuring and diversification	4,904	(12)	-	3,314	(3,303)	(195)	-	4,708
Taxes	1,466	(97)	18	17	(112)	(104)	-	1,188
Other [2]	6,830	(427)	8,346	2,564	(3,205)	(1,902)	18	12,224
Total current	**44,485**	**(1,751)**	**9,678**	**18,547**	**(10,005)**	**(3,524)**	**18**	**57,448**
TOTAL	**76,770**	**(2,253)**	**29,104**	**23,268**	**(11,544)**	**(3,999)**	**(39)**	**111,307**

(1) Includes -€39,000 resulting from reclassification of Driessen Services as held-for-sale assets.
(2) Other provisions relate mainly to provisions for losses to completion and penalties on sundry commercial agreements.

PROVISIONS FOR GUARANTEES

A provision is recognized 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 date.

PROVISIONS FOR EMPLOYEE BENEFITS - POST-EMPLOYMENT BENEFITS

1. Defined-contribution pension and medical insurance plans

All 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 incurred as a result of defined contribution plans was €45 million.

2. Defined-benefit pension and medical insurance plans

2.1 France

In accordance with the law and the applicable collective bargaining agreements, the Group is required to pay lump-sum retirement benefits to its French employees in the form of a one-time payment due when the employee retires. Under these plans, employees become eligible for retirement benefits when they reach age 65. 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	2010/2011	2009/2010
Discount rate	4.72%	3.96%
Expected return on plan assets	None	None
Expected rates of salary increase	2.5%	2.5% - 3%
Employee turnover rate	30-53 y. = 3% p.a. > 53 y. = 0% p.a.	30-52 y. = 3% p.a. > 52 y. = 0% p.a.

The INSEE TV-TD 06-08 mortality table is used.

The discount rate used is based on the average of Iboxx AA 10+.

2.2 USA

The Group has only two defined benefits plans in place: one at Air Cruisers and the other at Avox Systems, both of which were "frozen" prior to August 31, 2009.

Under these plans, employees become eligible for retirement benefits when they reach an age between 60 and 65. The Group is bound by obligations to fund these plans.

The present value of the pension, the service cost over the period and past services 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	September 16, 2011	New York Life Retirement Plan Services
Avox Systems	September 16, 2011	Burke Group

The main actuarial assumptions are as follows:

Assumption range	2010/2011	2009/2010
Discount rate	4.80%	5.70%
Expected return on plan assets	7.35%	8.00%

The actual asset yield for the 2010/2011 fiscal year was 7.35%.

These assets were invested as follows:
- 57% in equities and 43% in bonds at Air Cruisers;
- 62% in equities, 33% in bonds and 5% in real estate income at Avox Systems.

2.3 Germany

The Group maintains an ongoing defined benefits plan for Sell GmbH valued at €15,448,000.
Plan membership is as follows: 1,385 current employees, 146 taking early retirement and 323 retired employees.
Only those employees with more than 5 years' service are eligible for this defined benefits scheme; a qualification which currently applies to 57% 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 financial status of defined-benefit plans

3.1 Net pension charge recognized in the income statement

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Current service costs	1,656	1,814
Interest expense (accretion)	2,944	2,480
Expected return on plan assets	(1,590)	(1,144)
Amortization of actuarial gains and losses	933	209
Amortization of past service costs	156	(91)
Plan settlements	–	–
Plan curtailments	–	–
TOTAL CHARGE FOR THE YEAR	**4,099**	**3,268**

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)	Aug. 31, 2011	Aug. 31, 2010
Actuarial liability arising on funded plans	23,148	25,972
Fair value of funded plans [1]	(15,649)	(16,686)
Deficit (surplus) on funded plans	**7,499**	**9,286**
Actuarial liability arising on non-funded plans	49,161	31,147
Unrecognized actuarial gains and losses	(4,357)	(7,897)
Past service costs to be recognized	(1,878)	(2,025)
Cap on contingent assets	–	-
PROVISIONED IN THE BALANCE SHEET	**50,425**	**30,511**

(1) See table 3.4 below for a detailed breakdown.

3.3 Change in the actuarial liability of funded and non-funded plans

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Actuarial liability at the start of the fiscal year	**57,118**	**46,227**
Cost of services provided during the period	1,664	1,814
Interest expense	2,944	2,480
Actuarial gains and losses	(1,680)	2,717
Currency translation adjustments	(3,230)	2,819
Benefits paid	(2,755)	(2,988)
Cost of past services	–	3,958
Plan settlement	–	-
Change in scope and other influences	18,248	91
ACTUARIAL LIABILITY AT THE END OF THE FISCAL YEAR [1]	**72,309**	**57,118**

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

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

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Fair value at the start of the fiscal year	**(16,687)**	**(14,485)**
Expected return on plan assets	(1,590)	(1,144)
Actuarial gains and losses	(256)	(93)
Employer contributions and benefits paid	833	866
Currency translation adjustments	2,051	(1,831)
FAIR VALUE AT THE END OF THE FISCAL YEAR	**(15,649)**	**(16,687)**

NOTE 22 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Note 22.1 - Off-balance sheet commitments

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
Commitments given		
Long-term leases (1) (2) (3)	80,431	97,373
Actuarial gains and losses on employee benefit obligations (4)	3,979	6,351
Other guarantees given (5)	7,642	7,502
Collateral	–	-
Commitments received under contracts	**260**	**296**

(1) This amount includes commitments on revocable and irrevocable leases.
(2) The variance between fiscal years includes approximately €8 million relating to exchange rate fluctuations.
(3) These amounts include €2,986,000 at August 31, 2011 and €4,031,000 at August 31, 2010 in relation to the Driessen repair business, which was recognized as an operation in the process of disposal at August 31, 2011.
(4) Net of deferred taxes.
(5) Including a €1,904,000 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 company 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 performance bonds as part of securing major sales contracts gained by subsidiary companies:
  - in August 2009 on behalf of Sicma Aero Seat (expiration date December 31, 2016);
  - in January 2011 on behalf of Weber Aircraft (expiration date December 31, 2016);
  - in January 2011 on behalf of Weber Aircraft and C&D Zodiac Inc. (expiration date December 31, 2015).

Operating lease commitments

(in thousands of euros)	Aug. 31, 2011	Aug. 31, 2010
- Within 1 year	21,224	23,504
- 1 to 5 years	52,250	67,588
- Over 5 years	6,957	6,281
Minimum payments	80,431	97,373

Note 22.2 - Contingent assets and liabilities

There were no identifiable contingent assets at August 31, 2011.

Only one contingent liability was identified at that date.

It 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.

NOTE 23 – INFORMATION ON RELATED PARTIES

1.1 Relationships with subsidiaries and affiliates

The Group issued no invoices during the 2010/2011 fiscal year.

1.2 Transactions with executives and officers

a) Salaries and benefits

(in euros)	Fixed	Variable	Benefits in kind	Total
Maurice Pinault	300,000	156,870	4,980	461,850
Olivier Zarrouati	500,000	352,225	7,941	860,166
TOTAL	**800,000**	**509,095**	**12,921**	**1,322,016**

The compensation payable in the event of termination of contract is described in the "Executive and Supervisory Boards" section of the annual report.

b) Stock options

	Maurice Pinault		Olivier Zarrouati		
	04 plan	07b plan	04 plan	07a plan (1)	07b plan
Options outstanding at Aug. 31, 2010	79,350	84,640	63,480	79,350	63,480
Options exercised in 2010/2011	79,350	-	63,480	-	-
Options outstanding at Aug. 31, 2011	-	84,640	-	79,350	63,480
Exercise price (in euros)	23.83	41.11	23.83	49.29	41.11
Expiry date	Feb. 12, 2012	Dec. 3, 2015	Feb. 12, 2012	Feb. 13, 2015	Dec. 3, 2015

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

1.3 Remuneration paid to Executive Committee members

The Executive Committee had nine members in the 2009/2010 and 2010/2011 fiscal years.

The amount paid to these members was €2,451,000 in fixed remuneration and €1,998,000 in variable remuneration: a total of €4,449,000, including the remuneration paid to Executive Board members (a detailed breakdown can be found in the note specific to executive remuneration). The corresponding figures for the previous fiscal year were €2,283,000 and €1,468,000 respectively: a total amount of €3,751,000.

The variable element is calculated as follows:

- 0 to 175% of fixed salary to reflect the degree to which the operating profit and capital employed targets are met;
- 0 to 100% of fixed salary to reflect the degree to which the net income target is met.

New Executive Committee members were granted a total of 32,000 stock options during the fiscal year.

NOTE 24 – POST YEAR-END EVENTS

Acquisition of Heath Tecna

This acquisition was finalized on September 1, 2011 at a cost of approximately $110 million, and the company will be consolidated in the 2011/2012 fiscal year. This company is a leading global player in the design, manufacture and certification of complex cabin interiors for the airliner cabin retrofit and new commercial airliner markets. Based in Bellingham, USA, Heath Tecna employs 600 people and reported revenue of $78 million in 2010.

Agreement to sell the Issy-les-Moulineaux building

On October 21, 2011 the Group signed an agreement to sell its Issy-les-Moulineaux building in France. The transaction should be concluded by December 31, 2011. At August 31, 2011, this building was included in the 'held-for-sale assets' item.

Disposal of a Driessen repair business

a) Background to the disposal

In November 2011, the Group disposed of a non-strategic Driessen repair business for a total of €6.8 million. This business generated revenue of approximately €15 million in 2010/2011. The financial data for this business at August 31, 2011 are presented in the Group balance sheet, income statement and cash flow statement as a held-for-sale operation or operation in the process of disposal.

b) Breakdown of operations in the course of disposal

(in thousands of euros)	August 31, 2011		August 31, 2011
Non-current assets		**Non-current liabilities**	
Property, plant and equipment	367	Provisions	39
Financial assets	73	Financial debt	35
Deferred tax assets	1	Deferred taxes	(347)
	441		**(273)**
Current assets		**Current liabilities**	
Inventories	2,099		
Current tax assets	123	Current financial liabilities	24
Trade and other receivables (net position)	2,613	Current tax liabilities	320
Cash and cash equivalents	1,442	Accounts payable	1,721
	6,277		**2,065**
TOTAL	**6,718**	**TOTAL**	**1,792**

There were no other significant post year-end events.

NOTE 25 – LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2011

Fully consolidated companies	Country	% ownership
Zodiac Aerospace	France	Parent company
Adder SAS	France	100.00
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 Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc.	USA	100.00
C&D Europe	France	100.00
Driessen Aerospace CZ SRO	Czech Republic	100.00
Driessen Aerospace Group NV	The Netherlands	100.00
Driessen Aircargo Equipment BV	The Netherlands	100.00
Driessen Aircargo Equipment Ltd	Thailand	100.00
Driessen Aircargo Equipment USA Inc.	USA	100.00
Driessen Aircraft Interior Systems (Thailand) Ltd	Thailand	100.00
Driessen Aircraft Interior Systems Europe BV	The Netherlands	100.00
Driessen Aircraft Interior Systems Inc.	USA	100.00
Driessen Aircraft Interior Systems USA Inc.	USA	100.00
Driessen Global Services BV	The Netherlands	100.00
Driessen Services Bahrain	Bahrain	51.00
Driessen Services Brussels BV	Belgium	100.00
Driessen Services Inc.	USA	100.00
Driessen Services Singapore Ltd	Singapore	100.00
DSF Wartung und reparatur von Flugzeugeinrichtingen GmbH	Germany	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
Gat-IN-es	France	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.	UAE	49.00
IN Snec Holding	France	100.00
IN-Flex	France	100.00
IN-LHC	France	100.00

Fully consolidated companies	Country	% ownership
IN Services Asia	Hong Kong	100.00
Intertechnique	France	100.00
Monogram Aerospace Industries	USA	100.00
Parachutes Industries Southern Africa	South Africa	100.00
Pioneer	USA	100.00
Precilec	France	100.00
Quinson	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	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	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	China	100.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Ltd	UK	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Automotive Division	France	100.00
Zodiac Automotive UK	UK	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 Holding Airbag España SL	Spain	100.00
Zodiac Holding Sicma Aeroseat SL	Spain	100.00
Zodiac Seats Services Middle East	UAE	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

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In accordance with the terms of our appointment by your Annual General Meetings, we hereby submit our report for the year ended August 31, 2011, regarding:

• our audit of the consolidated financial statements of Zodiac Aerospace, as appended to this report;

• the justification of our assessments;

• the specific verification required under French law.

The consolidated financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out procedures to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, by means of spot checks and other selection methods, those items supporting the amounts and disclosures shown in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of all the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present, in all material respects, a fair view of the assets and financial position and results of operations for the entity consisting of the companies included within the consolidated group in accordance with International Financial Reporting Standards, as adopted in the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

• Note 1-J of the Notes to the consolidated financial statements describes the accounting rules and methods applied in recognizing development costs incurred for multi-year programs on the asset side of the balance sheet. In conducting our assessment of the accounting rules and principles applied by your Group, we have verified the accounting methods indicated above to ascertain that they were reasonable and correctly applied.

•Notes 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 financial statements to ascertain that they were reasonable and correctly applied, as well as to ascertain the reasonable nature of the information used to determine carrying 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 unqualified opinion as expressed in the first part of this report.

III. Specific verification

In accordance with French standards, we have also reviewed the information contained in the Group's management report.

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 19, 2011

The Statutory Auditors

Fideuraf,
a member of the Fiducial Network
Jean-Pierre Boutard

Ernst & Young Audit
Laurent Miannay

Fees paid by the Group to Statutory Auditors
and to members affiliated with their Groups

	Ernst & Young				Fideuraf				Breakdown			
									Ernst & Young	Fideuraf	Ernst & Young	Fideuraf
	Amount (excl. tax)		%		Amount (excl. tax)		%		%		%	
(in thousands of euros)	2011	2010	2011	2010	2011	2010	2011	2010	2011		2010	
Audit												
Auditing of the financial statements, and certification and inspection of the corporate and consolidated financial statements:												
- Issuer	175	173	6.3%	7.0%	127	112	78.9%	100%	57.9%	42.1%	60.7%	39.3%
- Fully consolidated subsidiaries	2,311	2,175	83.4%	87.6%	34	-	21.1%	-				
inc. international network coordination	*112*	*110*	*4.0%*	*4.4%*	-	-	-	-				
Other duties and services directly related to the appointment of the statutory auditor:												
- Issuer	-	-	-	-	-	-	-	-				
- Fully consolidated subsidiaries	192	85	6.9%	3.4%	-	-	-	-				
Sub-total	**2,678**	**2,433**	**96.6%**	**98.0%**	**161**	**112**	**100%**	**100%**	**94.3%**	**5.7%**	**95.6%**	**4.4%**
Other services provided by the networks to fully consolidated subsidiaries												
Legal, tax, personnel-related	63	42	2.3%	1.7%	-	-	-	-				
Other	29	8	1.1%	0.3%	-	-	-	-				
Sub-total	**92**	**50**	**3.4%**	**2.0%**	**-**	**-**	**-**	**-**	**100%**	**-**	**100%**	**-**
TOTAL	**2,770**	**2,483**	**100%**	**100%**	**161**	**112**	**100%**	**100%**	**94.5%**	**5.5%**	**95.7%**	**4.3%**

Zodiac Aerospace parent company financial statements (extract)

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Balance sheet

ASSETS

(in thousands of euros)	Gross	Depreciation, amortization and impairment	Net at Aug. 31, 2011	Net at Aug. 31, 2010
Intangible assets	9,119	4,510	4,609	8,029
Property, plant and equipment	17,980	10,166	7,814	7,838
Long-term investments	1,626,993	-	1,626,993	1,460,670
Total non-current assets	**1,654,092**	**14,676**	**1,639,416**	**1,476,537**
Operating receivables	4,028	-	4,028	3,339
Other receivables Other debtors and loans to subsidiaries	328,243	-	328,243	284,432
Cash and cash equivalents	123,487	-	123,487	78,500
Prepaid expenses	2,352	-	2,352	2,305
Total current assets	**458,110**	**-**	**458,110**	**368,576**
TOTAL ASSETS	**2,112,202**	**14,676**	**2,097,526**	**1,845,113**

EQUITY AND LIABILITIES

(in thousands of euros)	Net at Aug. 31, 2011	Net at Aug. 31, 2010
Capital	11,349	11,235
Share premiums	144,390	129,435
Revaluation adjustments	252	252
Legal reserve	1,123	1,114
Reserve for long-term capital gains	-	-
Other reserves	23,838	23,837
Retained earnings	523,575	519,631
Net income for the year	39,941	57,346
Regulated provisions	392	309
Total equity	**744,860**	**743,158**
Provisions for contingencies and losses	**1,354**	**968**
Financial debt	1,334,135	1,083,536
Operating liabilities	16,867	17,251
Other liabilities	310	200
Total liabilities	**1,351,312**	**1,100,987**
TOTAL EQUITY AND LIABILITIES	**2,097,526**	**1,845,113**

Income statement

(in thousands of euros)	Year ended Aug. 31, 2011	Year ended Aug. 31, 2010
Revenue from operations		
Sales revenue	32,246	28,421
Other revenues	4	5
	32,250	**28,426**
Operating expenses		
Raw materials, supplies used in production and other external expenses	27,136	20,868
Taxes other than income taxes	930	815
Personnel expenses	14,750	10,936
Depreciation and amortization	3,606	3,353
	46,422	**35,972**
Operating income	**(14,172)**	**(7,546)**
Financial income		
Income from equity investments	64,103	62,291
Other interest and similar income	7,858	7,299
Currency gains		515
Reversals of provisions		16,352
	71,961	**86,457**
Interest and similar expenses		
Interest expense	24,490	24,138
Currency losses	462	-
Allocations and other financial charges	37	29
	24,989	**24,167**
Net financial income	**46,972**	**62,290**
Income before tax and exceptional items	**32,800**	**54,744**
Exceptional income		
Management operations	129	-
Capital transactions	57	15
Reversals of provisions	152	350
	338	**365**
Exceptional charges		
Management operations	400	376
Capital transactions	5,201	1,233
Amortization and provisions	530	291
	6,132	**1,900**
Net exceptional profit/loss	**(5,793)**	**(1,535)**
Income tax	**(12,934)**	**(4,137)**
Total income	**104,549**	**115,248**
Total expenses	**64,608**	**57,902**
Net income for the year	**39,941**	**57,346**

Resolutions

to be submitted to Shareholders at the Combined General Meeting of January 10, 2012 convened to vote on the financial statements for the 2010/2011 fiscal year

ORDINARY BUSINESS

FIRST RESOLUTION

Approval of the annual financial statements of Zodiac Aerospace for the fiscal year ended August 31, 2011

Having familiarized themselves with the financial statements of Zodiac Aerospace (the "Company") for the fiscal year ended August 31, 2011, and having heard the reading of the reports presented by the Executive Board, the Supervisory Board and the Statutory Auditors concerning the annual financial statements for the fiscal year ended August 31, 2011, the report of the Supervisory Board Chairman on the conditions governing the preparation and organization of the work done by the Board and the internal control and risk management procedures implemented by the Company, and the report produced by the Statutory Auditors concerning this report, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders approve the financial statements for the fiscal year as presented, reflecting net income of €39,941,155.50. The Shareholders hereby approve the transactions reflected in these financial statements and summarized in these reports.

Furthermore, and in accordance with the provisions of Article 223 quater of the French General Tax Code, the Shareholders give their formal agreement that the corporate financial statements for the past fiscal year include no extravagant expenditure or non-tax-deductible expense, as defined in Article 39-4 of the said Code.

Consequently, the Shareholders grant the members of the Executive Board and Supervisory Board full and unqualified discharge for their management during the past fiscal year.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the fiscal year ended August 31, 2011

Having familiarized themselves with the financial statements of the Company for the fiscal year ended August 31, 2011, and having heard the reading of the report concerning the management of the Group as included in the report of the Executive Board, the report of the Supervisory Board Chairman on the conditions governing the preparation and organization of the work done by the Board and the internal control and risk management procedures implemented, and the report produced by the Statutory Auditors concerning this report, and the reports of the Supervisory Board and Statutory Auditors concerning the consolidated financial statements for the fiscal year ended August 31, 2011, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders approve the consolidated financial statements for the fiscal year as presented, reflecting net income (Group share) of €238,256,000.

The Shareholders also approve the transactions reflected in these financial statements and summarized in these reports.

Consequently, the Shareholders grant the members of the Executive Board and of the Supervisory Board full and unqualified discharge for their management during the past fiscal year.

THIRD RESOLUTION

Allocation of earnings – Setting the dividend at €1.20 per share

Having familiarized themselves with the reports presented by the Executive Board and the Supervisory Board, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders duly note that the balance sheet for the year ended August 31, 2011 reflects distributable earnings of €39,941,155.50, and agree to the proposal tabled by the Executive Board to allocate these earnings as follows:

Distributable earnings for the period	€39,941,155.50
Appropriation to the legal reserve	(€11,404.64)
Retained earnings available for distribution	€523,574,983.34
Distributable earnings	**€563,504,734.20**
Distribution of a dividend of €1.20 for each of the 56,744,439 shares(*)	(€68,093,326.80)
Appropriation of the balance to Retained Earnings	€495,411,407.40

(*) This amount relates to all those shares issued by the Company at August 31, 2011; it will be adjusted to reflect the total number of shares, and especially treasury shares, held by the Company on the dividend payment date.

The Shareholders resolve to pay a dividend of €1.20 per share for each of the 56,744,439 shares making up the total capital stock of the Company at August 31, 2011. The total dividend payable is therefore €68,093,326.80, on the basis that the amount in respect of dividends unpaid on treasury shares held by the Company on the dividend payment date will be appropriated to retained earnings.

This dividend will be paid in cash on January 17, 2012.

The fraction of the global dividend distributed to private individuals resident in France is only 60% of its amount if said dividend is subject to the progressive personal income tax rate schedule (barème progressif) purposes (Article 158-3-2° of the French General Tax Code). Optionally, such beneficiaries may elect for these dividends to be subject to a standard levy at source of 19% (prior to the vote on the French 2012 finance act and social security finance legislation) of the gross dividend amount (Article 117 quater of the French General Tax Code) by notifying the dividend-paying institution of their intention to take up this option on or before the dividend payment date. Furthermore, dividends distributed to private individuals where the shares concerned are not held as part of a share savings plan (PEA) are subject to deduction of social security contributions in respect of distributions made after January 1, 2008.

Dividends distributed in respect of the three preceding fiscal years	Fiscal year ended August 31, 2010	Fiscal year ended August 31, 2009	Fiscal year ended August 31, 2008
Total number of shares (1)	53,392,207	52,877,378	52,737,704
Dividend distributed per share	€1	€1	€1
Total amount of distribution (2)	€53,392,207	€52,877,378	€52,737,704

(1) Number of shares granting entitlement to dividend payment (after deduction, where necessary, of treasury shares held on the dividend payment date).

(2) Amount eligible for the 40% allowance referred to in Article 158-3-2° of the French General Tax Code, and applicable to private individuals resident in France for tax purposes. For dividends distributed to this same group of shareholders after January 1, 2008, there is a standard levy at source of 19% (prior to the vote on the 2012 French finance act and social security finance legislation) of the gross dividend amount (recipients must notify the paying institution of their intention to exercise this option).

In accordance with Article 243 bis of the French General Tax Code, the table shows the dividends distributed in respect of the three preceding fiscal years: (see table above).

FOURTH RESOLUTION

Approval of the agreements and commitments covered by Article L. 225-86 of the French Commercial Code as described in the Statutory Auditors' Special Report

Having heard the reading of the report presented by the Executive Board and the Statutory Auditors' special report on related-party agreements and commitments covered by Article L. 225-86 and subsequent of the French Commercial Code, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders hereby resolve that no agreement or commitment of the type covered by the articles mentioned above has been entered into during the past fiscal year and approves, where applicable, those agreements or commitments entered into in prior years where these remained in effect during the past fiscal year.

FIFTH RESOLUTION

Authorization of the Executive Board to buy and sell the Company's own shares

Having familiarized themselves with the reports presented by the Executive Board and the Supervisory Board, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders authorize the Executive Board, for a period of 18 months, and in accordance with Articles L. 225-209 and subsequent of the French Commercial Code, and in compliance with Articles 241-1 to 241-6 of the Autorité des Marchés Financiers' General Regulations and of European Regulation 2273/2003 of December 22, 2003, to buy the Company's own shares for the following purposes:

(i) to allot them or sell them (i) under the provisions of Articles L. 225-179 and subsequent of the French Commercial Code; or (ii) under the terms of an employee stock ownership or share savings plan; or (iii) pursuant to the provisions of Articles L. 225-197-1 and subsequent of the French Commercial Code; or

(ii) to ensure that liquidity is provided for the shares on the equity market by an investment services provider under a liquidity contract that complies with the Code of Conduct recognized by the Autorité des Marchés Financiers; or

(iii) subsequently to deliver the shares in exchange, payment or otherwise as part of any acquisition, subject to a maximum equivalent to 5% of the Company's capital stock; or

(iv) to deliver the shares further to the exercise of rights attached to negotiable securities giving the right to allotment of shares in the Company by redemption, conversion, exchange, presentation of a warrant or any other means; or

(v) to cancel the shares by decreasing the capital stock, subject to adoption of the 13th resolution by this General Meeting of Shareholders; or

(vi) to implement any market practice accepted by the Autorité des Marchés Financiers, and more generally, to conduct any other transaction that complies with the applicable regulations.

The number of shares purchased may not exceed 10% of the Company's capital stock upon completion of such purchases, bearing in mind that this percentage shall apply to capital stock adjusted to reflect transactions that may affect it after the date of this Meeting.

The Executive Board may buy, sell, exchange or transfer shares on one or more occasions, at any time, outside the period of a public offering, within the limits authorized by the applicable laws and regulations and subject to the provisions of Article 631-6 of the General Regulations of the Autorité des Marchés Financiers, and by all means, either on- or off-market.

The maximum amount of funds that may be allocated to the share buyback program is €150,000,000.

The Shareholders grant the Executive Board all powers, including the power of delegation to any legally accredited person, to conduct these transactions and in particular to place all stock market orders, enter into all agreements, complete all formalities and make all declarations to all relevant organizations, and make any adjustments provided for by applicable regulations in the event that shares are purchased at a price higher than the stock market price and more generally, to do what is necessary.

This authorization supersedes any remaining authorization granted by the 6th resolution adopted at the Combined General Meeting of January 10, 2011.

SIXTH RESOLUTION

Reappointment of Mr. Marc Assa as a Supervisory Board member

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mr. Marc Assa as Supervisory Board member for a term of two years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2013.

SEVENTH RESOLUTION

Reappointment of Mr. Louis Desanges as a Supervisory Board member

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mr. Louis Desanges as Supervisory Board member for a term of six years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2017.

EIGHTH RESOLUTION

Reappointment of Mrs. Elisabeth Domange as a Supervisory Board member

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mrs. Elisabeth Domange as Supervisory Board member for a term of two years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2013.

NINTH RESOLUTION

Reappointment of Mr. Edmond Marchegay as a Supervisory Board member

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mr. Edmond Marchegay as Supervisory Board member for a term of two years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2013.

TENTH RESOLUTION

Reappointment of Mr. Robert Maréchal as a Supervisory Board member

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mr. Robert Maréchal as Supervisory Board member for a term of two years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2013.

ELEVENTH RESOLUTION

Reappointment of Fidaudit as primary statutory auditor

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Fidaudit as primary statutory auditor to the company for a term of six fiscal years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2017.

TWELFTH RESOLUTION

Reappointment of SAREX as substitute auditor

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of SAREX as substitute auditor to the company for a term of six fiscal years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2017.

EXTRAORDINARY RESOLUTIONS

THIRTEENTH RESOLUTION

Authorization of the Executive Board to reduce the capital stock by canceling shares purchased by the Company as part of its share buyback program

Subject to approval of the 5th resolution above, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, the Shareholders authorize the Executive Board for a period of eighteen months, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, in one or more transactions conducted over a twenty-four month period, up to 10% of the Company's capital stock; this stock representing all or part of the shares acquired by the Company, and to reduce the capital stock in proportion to such cancellation.

For this purpose, the Shareholders grant all powers to the Executive Board to determine the final amount of any capital decrease, to determine the terms and conditions of any such capital decrease, duly to record its completion, to amend the Articles of Association accordingly and, more generally, to complete all necessary formalities.

With immediate effect, this authorization cancels and supersedes the unused portion of any previous authorization granted for the same purpose, and specifically that granted by the 14th resolution adopted by the Combined General Meeting of Shareholders held on January 10, 2011.

FOURTEENTH RESOLUTION

Powers to complete the legal formalities arising as a result of these resolutions

The Shareholders hereby grant the bearer of an original, copy or certified true excerpt of these texts all the necessary powers required for the purpose of making all the submissions, publications, declarations and official procedures required by law, and necessary for implementing the decisions arising from the resolutions set out above.

CORPORATE COMMUNICATION: Zodiac Aerospace Group – **DESIGNED AND PRODUCED BY:** sequoia makheia group
FINANCIAL REPORT PRODUCED BY: Gillet M&M – **COVER PHOTOS** ©: Thinkstock; Didier Cocatrix; Zodiac Aerospace Group photo library.

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