ZODIAC AEROSPACE

2016/2017 HALF-YEAR REPORT

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

Plaisir, April 26, 2017

Statement by Management

To our knowledge, the financial statements for the fiscal year ended February 28, 2017 have been prepared in accordance with the applicable accounting standards and present fairly the assets, financial position and results of operations of all the entities comprised in the consolidation of the Zodiac Aerospace Group, and the half-year business report is a fair presentation of the information referred to in Article 222-4 sub-paragraph 3 of the General Regulations of the AMF.

Olivier Zarrouati
Chief Executive Officer

Didier Fontaine
Vice-President, Administration and Finance

Business report for H1 2016/2017

THE GROUP'S HALF-YEAR RESULTS

Zodiac Aerospace sales were down -1.7% to € 2,447.0m in H1 2016/2017, and down -2.6% organic.

Current Operating Income before IFRS3 stands at -€12m compared to €80m in H1 2015/2016. It reflects the strong impact of approximately €200m of additional costs, mainly attributable to Zodiac Seats UK and to the ramp up of new Cabin activities that remain on a ramp-up phase. Meanwhile, Aerosystems activities show a slight slowdown, due to an unfavorable mix and a slowing activity in three units: Arresting Systems, Telemetry and IFE.

H1 2016/2017 Net Income breakdown

Non-current operating items came to -€10m compared to -€11m in H1 2015/2016, mainly due to amortization of assets recorded as intangible assets pursuant to account standard IFRS3.
The cost of gross financial debt was -€19m, up from -€14m (+37.6%).
The income tax charge amounted to €22.2m compared to -€9.5m previously, due to net operating losses mainly in the Aircraft Interiors activities in the USA and in the UK. The increase of the effective tax rate (52.9% vs. 17.2% in H1 2015/2016) mainly results from the Group income’s geographical distribution in H1 2016/2017, as profits and losses were realized in jurisdictions with higher tax rates (mainly France and the USA). The rate is also affected by the reassessment of the net deferred tax liabilities in France, using a 28.92% corporate tax rate fully applicable during our 2020/2021 fiscal year (vs. 34.43% until the end of the 2015/2016 fiscal year).
The Group Net Income for H1 2016/2017 is down to -€24m from €44m in H1 2015/2016, and the Group Net Income before IFRS3 for H1 2016/2017 is down to -€19m from €50m in H1 2015/2016.
The Net Earnings per share stands at -€0.10 against €0.16 in H1 2015/2016, after impact of IFRS3.

Other financial elements

The operating WCR is €1,897m, up +€76m compared to H1 2015/2016. This positive development results from dynamic actions led by the Group, both on inventory and on payment terms. Overall, the operating WCR improved by one percentage point to 38.4% of the sales revenue, from 39.5% in H1 2015/2016.
In H1 2016/2017, Capex are at €90m, which is 3.7% of the sales revenue, stable vs. H1 2015/2016. Tangible assets are at €58m and intangible assets are at €32m.
Overall, the operating cash flow is negative by -€106m, which is a significant improvement vs. H1 2015/2016 (-€170m).

ACTIVITIES AND FORECAST BY BRANCH

Aircraft Interiors sales (57.8% of global sales) were down -3.6% to €1,416m and down -4.4% on organic. The foreign currency exchanges had a positive +0.8 points impact on the half-year growth rate.

- The Cabin branch (33.0% of total sales) reported a -2.2% decrease in sales to €809m, breaking down into a +2.1 points forex impact and a -4.3% organic growth.

- Seats branch sales (24.8% of total sales) were down -5.3% to €607m, breaking down into a -0.7 points forex impact and a -4.6% organic growth.

The Current Operating Income before IFRS3 of Aircraft Interiors is a loss of -€130m vs. a loss of -€73m in H1 2015/2016, impacted by some overrun costs resulting from the focus on service and customer satisfaction.

- The Cabin branch has been impacted by high production extra costs due to the ramp up of the new programs, in particular the Airbus A350 XWB, Spaceflex v2 toilets for the A320 family, Bombardier C-Series and the starting costs of the business aircraft Bombardier G7000/8000.
- In the Seats branch, Zodiac Seats US is back to a normal operational performance, but Zodiac Seats UK has been through serious operational problems in the ramp up of business seats programs, which have triggered unanticipated extra costs of around €40-50m.

Dynamic actions implemented by the Group will lead to an improvement of the situation in H2 2016/2017; meanwhile, the medium-term potential of profitability and growth remains unimpaired:

- In the Cabin branch, thanks to several positive signals, a cut of the extra costs can be anticipated in H2: the toilets A350 XWB program, which deliver on time on Airbus' rescheduled agenda, will reach the initially agreed delivery schedule by the end of May on the assembly line in Toulouse. The pace of the Galleys/lavatory complex for the A320 family remains sustained, with a quicker learning curve than previously forecasted. The first deliveries of the G7000/8000 will be made during H2.

  The combination of a growing market segment, with a 4.4% annual growth, and of the Cabin branch's leader position, encourages bright prospects for the Group on the medium-run. These prospects are sustained by the success of the Group's products on already existing platforms (Spaceflex V2) and the development of the new products on the new platforms (A350 XWB, CSeries, E2, etc.) with the ability to equip the entire cabin. Lastly, the sales development of retrofit will open a new growth opportunity.
- In the Seats branch, the industrial recovery of Zodiac Seats US is fully confirmed, as the recovery of Zodiac Seats Shells and Zodiac Seats France is well under way. Zodiac Seats UK's difficulties should be curbed by December 2017, in particular thanks to the transfer of the production on other Group sites. Nevertheless, difficulties encountered during H1 will lead to new extra costs in H2, especially penalties.

On the medium run, on a market with an expected 4.4% growth, the Group aims at an average annual growth of 4% for the Seats branch, taking into consideration conservative market shares assumptions. Indeed, the recent operational difficulties will lead to less dynamic sales in the next two years, but the commercial success of the new products (Optima seat for Business Class and Z400 for Eco Long Range), together with their design and conception qualities, offer bright prospects for 2020.

Aerosystems sales (42.2% of global sales) increased by +1.0%, to €1,031m on a reported basis but slightly increased by +0.1% organic growth and by +0.9% forex impact. Excluding the impact of the train toilets and arresting systems strongly decreasing activities, the organic growth is up +4.2%.

Aerosystems' Net Operating Income is down to €131m (12.7% of sales), from €160m in H1 2015/2016 (15.7% of sales). The three-point decrease is due to negative conditions of the activities' mix during the semester.

For H2, the order book and a high level of activity in the fields of IFE, emergency arresting systems and data systems will lead to an organic growth. This extra activity compared to H1, as well as the positive evolution of the profitability mix and the effect of the cost-cutting plans, will result in a significant rebound of the operating margin, which will lead to sales margins similar to H2 2015/2016.

On the medium-run, positive prospects on the activity remain unchanged, and are based on four leverages:

- Good commercial dynamics, especially in the IFE and Connectivity fields.
- Positive evolution of the Tier 1 positions in electrical, evacuation, fuel system and systems for water and wastes, increased by the growth of the 4 new platforms (A350, E2, A320, G7000) where we have strong positions.
- A growth of the aftersales service, in line with the increase of the existing base.
- Finally, the dynamism of our Tier 2 activities, (Ducts, Couplings, Valves, Vapor Cycling systems, Cable protection, Recorder, Telemetry, Antenna), which show the diversity and the potential of Zodiac Aerospace's niche business.

Change in Current Operating Income by activities between H1 2015/2016 and H1 2016/2017.

In millions of euros	H1 2015/2016	*Impact conversion exchange rate*	*Impact transaction exchange rate*	*Additional costs*	*Organic*	H1 2016/2017
Aerosystems activities	160.3	-2.7	3.0		-30.0	130.6
Aircraft Interiors activities	-73.1	8.1	-4.5	-21.5	-39.2	-130.2
Holding	-6.8		-0.5		-4.6	-11.9
Total	80.4	5.4	-2.0	-21.5	-73.8	-11.5
€/$ (conversion)	1.10					1.08

FINANCING STRUCTURE

Group's net financial debt is of €1,325m as of end of February 2017, vs. €1,057m as of end of August 2016. This increase results mainly from the seasonality effect of the activities. Net debt is down by €46m vs. end of February 2016, without taking into account the positive result of the hybrid debt issuance. The net debt to equity ratio is at 0.41 vs. 0.54 in H1 2015/2016.
The Group expects to respect its financial covenant by year-end and has implemented the necessary measures in order to secure its medium-term liquidity. For the record, the covenant is the adjusted net financial debt ratio, pursuant to the Club Deal financing, over adjusted EBITDA, calculated at the end of the fiscal year, on August 31.

NEW GOVERNANCE FOR ZODIAC AEROSPACE

On April 27, 2017, Olivier Zarrouati placed his mandate as CEO at the disposal of the Supervisory Board. As proposed by the Board, Olivier Zarrouati accepted to remain CEO for a while, focusing his action on the finalization and execution of the deal with Safran, if Safran and Zodiac come to a renewed agreement.
The Board of Directors has unanimously appraised his outstanding achievement over his 10-year tenure (TSR just below 300%, second best performance of the global sector).
Zodiac Aerospace Board of Directors has also appointed Mr. Yann Delabrière, former Chairman and Chief Executive Officer of Faurecia, as Special Advisor to the Board to ensure close coordination between the Board of Directors and the operational teams to accelerate and deliver the industrial and operational recovery of the Group, which would facilitate a smooth integration of Zodiac Aerospace within the Safran Group should the ongoing discussions succeed.
In the event that negotiations with Safran do not result in an agreement, its mission will focus on the development of the Zodiac Group's standalone plan and any issues relevant to the implementation of the most effective operational governance for the future.
As a member of the Executive Committee, he will carry out his duties in coordination with the Executive Board and will report regularly to the Chairman of the Supervisory Board and to the Ad-hoc Committee set up within it to ensure follow-up.

CURRENCY HEDGING

$/€ net transaction exposure forecasted for H2 is covered up to 92% at a 1.1160 $/€ rate. Estimated exposures to other currencies are covered for 79% of the USD/CAD exposure, 100% for USD/GBP, 71% for USD/MXN and 80% for USD/THB.
For the fiscal year 2017/2018, the Group has covered 69% of its net transaction exposure forecasted at a 1.0703$/€ rate.

STATUS OF THE DISCUSSIONS WITH SAFRAN

On January 19, 2017, Safran and Zodiac Aerospace announced a merger plan between the two companies. Following the release of the Q2 2016/2017 sales results on March 14, the Group shared additional information with the Safran Group and its counsels.
Safran and Zodiac Aerospace are continuing their exclusive negotiations and will update the market as soon as there is any significant development.

OUTLOOK

The Zodiac Aerospace Group is determined to pursue the implementation of the "Focus" plan and cost reductions, and anticipates significant improvements of its profitability during H2 2016/2017 despite additional operating costs remaining high.
For the 2016/2017 fiscal year, the Current Operating Income should be within a range of €200m to €220m. A clear action plan is under way to restore operating profitability.
The Group maintains its target of a "mid-double digit" current operating margin by fiscal year 2019/2020.
All the management, with the support of the Supervisory Board, considers that the Group has a unique position and a great value in the Aircraft Interiors and Aerosystems activities and that the Group has all the assets necessary to successfully pursue its profitable growth in every possible scenario.

CONSOLIDATED FINANCIAL STATEMENTS

I Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	**Amount at Feb. 28, 2017**	Amount at Aug. 31, 2016
Goodwill	(Notes 1.5 and 2)	2,050,056	1,994,687
Intangible assets	(Notes 1.5, 3.1 and 3.2)	665,111	653,554
Property, plant and equipment		513,438	492,988
Investment in associates and joint ventures	(Note 4)	1,757	1,605
Loans		25,764	24,533
Other non-current financial assets		16,580	12,257
Deferred tax assets	(Note 5)	6,920	6,102
Total non-current assets		**3,279,626**	**3,185,726**
Inventories	(Note 7)	1,496,290	1,360,124
Trade receivables		1,051,834	1,046,469
Advances to suppliers and employees		14,277	11,320
Current tax assets	(Note 5)	197,905	144,379
Other current assets		56,297	48,167
Other financial assets:			
- loans and other current financial assets		5,971	6,466
Cash and cash equivalents	(Note 6)	478,912	268,780
Total current assets		**3,301,486**	**2,885,705**
Held-for-sale assets [1]		**721**	**686**
TOTAL ASSETS		**6,581,833**	**6,072,117**

(1) The amount pertained to a building held for sale

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	**Amount at Feb. 28, 2017**	Amount at Aug. 31, 2016
Capital		11,687	11,603
Share premium		186,321	147,761
Consolidated reserves and hybrid loan		2,786,139	2,769,111
Currency translation adjustments		379,619	279,026
Fair value adjustment of financial instruments		(27,580)	(15,813)
Net income attributable to equity holders of the parent company		(23,975)	108,053
Treasury shares		(81,188)	(83,303)
Equity attributable to equity holders of the parent company		**3,231,023**	**3,216,438**
Non-controlling interests		**1,189**	**1,152**
Equity		**3,232,212**	**3,217,590**
Non-current provisions		152,459	148,694
Non-current financial liabilities	(Note 9)	1,158,564	984,706
Other non-current financial liabilities		5,541	3,546
Deferred tax liabilities	(Note 5)	138,664	148,323
Total non-current liabilities		**1,455,228**	**1,285,269**
Current provisions	(Note 8)	188,468	165,367
Current financial liabilities	(Notes 6 and 9)	645,388	340,968
Other current financial liabilities		50,371	20,349
Trade payables		524,109	542,051
Liabilities to employees and payroll liabilities		220,907	228,674
Current tax liabilities		24,220	29,220
Other current liabilities	(Note 10)	240,930	242,629
Total current liabilities		**1,894,393**	**1,569,258**
TOTAL EQUITY AND LIABILITIES		**6,581,833**	**6,072,117**

II Consolidated statement of Profit and Loss

(in thousands of euros)	Notes	Amount at Feb. 28, 2017	Amount at Feb. 29, 2016
Sales revenue	(Note 1.1)	2,447,005	2,489,129
Other revenues from operations		12,684	15,651
Purchases used in production [(1)]		1,114,493	1,141,647
Personnel costs		846,733	792,404
External costs		388,137	393,952
Taxes other than income tax		26,177	21,523
Depreciation and amortization		74,392	67,734
Charge to provisions		53,080	45,180
Changes in inventories of finished goods and work in progress		32,860	38,247
Other operating income and expenses		(1,026)	(197)
Current operating income	**(Note 1.2)**	**(11,489)**	**80,390**
Non-current operating items	(Note 11)	(10,393)	(10,666)
Operating income		**(21,882)**	**69,724**
Income/(expenses) related to cash and cash equivalents		(949)	2,798
Cost of gross debt		(17,809)	(16,431)
Cost of net debt	(Note 1.3)	(18,758)	(13,633)
Other financial income and expenses	(Note 1.3)	(1,223)	(728)
Income tax	(Notes 1.4 and 5)	22,164	(9,505)
Results of companies accounted for by the equity method		(4,275)	(2,365)
NET INCOME		**(23,974)**	**43,493**
Attributable to non-controlling interests		1	(174)
Attributable to equity holders of the parent company		(23,975)	43,667
Basic earnings per share (attributable to equity holders of the parent company)		**(0.095)**	**0.158**
Diluted earnings per share (attributable to equity holders of the parent company)		**(0.095)**	**0.157**

(1) Changes in inventories of components and goods are included under “Purchases used in the business”.

III Consolidated statement of comprehensive income

(in thousands of euros)	Amount at Feb. 28, 2017	Amount at Feb. 29, 2016
Net income	**(23,974)**	**43,494**
Other comprehensive income:		
- currency translation adjustments (1)	100,903	31,739
- restatement of hedging derivative instruments	(19,502)	(13,497)
- tax on restatement of hedging derivative instruments	6,411	4,057
Items to be reclassified to profit	**87,812**	**22,299**
- actuarial gains and losses	–	
- tax on actuarial gains or losses (2)	(1,490)	
Items not to be reclassified to profit	**(1,490)**	**–**
Total of gains and losses recognized directly in equity	**86,322**	**22,299**
Net income and gains and losses recognized directly in equity	**62,348**	**65,792**
Attributable to non-controlling interests	38	(208)
Attributable to equity holders of the parent company	62,310	66,000

(1) Most of the currency translation at February 28, 2017 is related to the change in the euro/US dollar exchange rate;

(2) At February 28, 2017, effect of the adjustment of France deferred taxes to reflect the new tax rate of 28.92% in force as from fiscal year 2020/2021 following voting of the 2017 Finance Act no. 2016-1917 on December 29, 2016.

IV Statement of change

in consolidated equity

(in thousands of euros)	Capital	Share premiums	Reserves	Net income attributable to equity holders of the parent company	Currency translation adjustments	Treasury shares	Restatement of financial instruments [1]	Equity attributable to equity holders of the parent company	Non-controlling interests	Change in equity
BALANCE AT AUG. 31, 2016	**11,603**	**147,761**	**2,769,111**	**108,053**	**279,026**	**(83,303)**	**(15,813)**	**3,216,438**	**1,152**	**3,217,590**
Currency translation adjustments			273		100,593			100,866	37	100,903
Revaluation of financial instruments			(1,324)				(11,767)	(13,091)		(13,091)
Actuarial gains and losses			(1,490)					(1,490)		(1,490)
Income recognized directly in equity [a]			(2,541)		100,593		(11,767)	86,285	37	86,322
Net income for the fiscal year [b]				(23,975)				(23,975)	1	(23,974)
Income recognized for the fiscal year [(a) + (b)]	–	–	(2,541)	(23,975)	100,593	–	(11,767)	62,310	38	62,348
Capital increase [5]	84	38,560						38,644		38,644
Acquisition or disposal of own shares [2]						2,115		2,115		2,115
Valuation of options on stock options and free share awards			2,796					2,796		2,796
Dividends [5]			(88,767)					(88,767)	(1)	(88,768)
Hybrid loan [3]			(2,500)					(2,500)		(2,500)
Other [4]			108,040	(108,053)				(13)		(13)
BALANCE AT FEBRUARY 28, 2017	**11,687**	**186,321**	**2,786,139**	**(23,975)**	**379,619**	**(81,188)**	**(27,580)**	**3,231,023**	**1,189**	**3,232,212**

(1) The “Revaluation of financial instruments” column includes the fair value of interest rate hedging and the impact of currency derivatives pursuant to IAS 39.
(2) Shares acquired under a “liquidity agreement” and share buyback program.
(3) Corresponding to the interests linked to the hybrid funding signed in March 2016, net of tax, classified under equity pursuant to IAS32.
(4) Including appropriation of prior year profit to reserves.
(5) Dividends amounting to €88,767k and recognized under fiscal year 2016/2017 were paid out as follows; €53,537k in cash and €35,230k in shares, of which €70k recognized as capital and €35,160k as share premiums.

V Consolidated statement of cash flows (1)(2)

(in thousands of euros)	Notes	Amount at Feb. 28, 2017	Amount at Feb. 29, 2016
Operating activities:			
Net income		(23,974)	43,493
Results of companies accounted for by the equity method		4,275	2,365
Depreciation, amortization and provisions		103,843	68,386
Capital gains		603	235
Deferred taxes	(Note 5)	(9,445)	(603)
Stock options		2,796	3,076
Other		2,707	(2,937)
Cash flow from operations		**80,805**	**114,015**
Net change in inventories		(96,246)	(101,394)
Net change in operating assets		(33,375)	(154,541)
Net change in debt		(57,114)	(28,055)
Cash flow from continuing operations		**(105,930)**	**(169,975)**
Investing activities:			
Acquisitions of non-current assets:			
- intangible assets	(Note 3.1)	(32,087)	(35,282)
- property, plant and equipment		(58,147)	(54,817)
- other		(8,558)	(2,802)
Proceeds from sale of property, plant and equipment		3,305	5,972
Changes in receivables and payables relating to fixed assets		(87)	(2,418)
Acquisitions/disposals of entities, net of cash acquired		–	5,960
Cash flow from investments		**(95,574)**	**(83,387)**
Financing activities:			
Change in debt		466,064	330,741
Hybrid loan		(2,500)	–
Increase in equity		3,413	4,831
Treasury stock		2,115	(734)
Ordinary dividends paid by parent company (3)		(53,537)	(88,450)
Dividends paid to minority interests		(1)	(2)
Cash flow from the financing of operations		**415,554**	**246,386**
Currency translation adjustments, beginning of period		(15,376)	(16,207)
CHANGE IN CASH AND CASH EQUIVALENTS		**198,674**	**(23,182)**
CASH AT BEGINNING OF PERIOD	**(Note 6)**	**249,158**	**152,784**
CASH AT END OF PERIOD	**(Note 6)**	**447,832**	**129,601**

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

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

(3) The dividends amounting to €88,767k recognized for fiscal year 2016/2017 were paid in cash in the amount of €53,537k.

VI Notes to the consolidated Financial Statements

1) LIST OF CONSOLIDATED COMPANIES AT FEBRUARY 28, 2017

The list of consolidated companies did not change in H1 2016/2017.

2) MAIN EXCHANGE RATES USED IN CONSOLIDATION

	At February 28, 2017		At August 31, 2016		At February 29, 2016	
	Statement of Financial Position	Net income	Statement of Financial Position	Net income	Statement of Financial Position	Net income
US dollar	1.0597	1.0806	1.1132	1.1107	1.0888	1.1004
Canadian dollar	1.3984	1.4306	1.4583	1.4736	1.4767	1.4914
South African rand	13.7910	14.8632	16.1731	16.3789	17.4563	16.2029
Pound sterling	0.8531	0.8622	0.8481	0.7720	0.7858	0.7378
Thai baht	36.9520	38.0648	38.5490	39.4278	38.8270	39.4780
Czech crown	27.0210	27.0252	27.0260	27.0471	27.0570	27.0546

3) APPLIED ACCOUNTING PRINCIPLES

Accounting standards and basis for preparation of financial statements

a) Basis for preparation of financial statements

The consolidated financial statements of the Zodiac Aerospace Group for the half-year period ended February 28, 2017, have been prepared in accordance with IAS 34 on "Interim Financial Reporting". As these are condensed financial statements, they do not include all the information required by IFRS and should be read in relation to the Group's annual consolidated financial statements for the year ended August 31, 2016, available on the Group's website, subject to the specific features for drafting interim financial statements described below.
With the exception of the adoption of the new standards and interpretations of the mandatory application for the fiscal years as from September 1, the accounting principles applied are consistent with those used for the preparation of the Group's annual consolidated financial statements for the fiscal year ended August 31, 2016, in accordance with the International Financial Reporting Standards adopted by the European Union.
The new standards, amendments and interpretations applicable to the period are as follows:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception.
- Amendment to IAS 1 – Presentation of Financial Statements: Disclosure Initiative
- IFRS annual improvements cycle 2012-2014
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization
- Amendment to IFRS 11 – Joint Arrangements: Acquisition of an Interest in a Joint Operation
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.

These amendments have no significant impact on the financial statements for the period.

The Group has not applied the following standards and interpretations, which either have not been endorsed by the European Union or their mandatory application began after the start of the fiscal year:

- Endorsed standards and amendments whose application is not mandatory as at February 28, 2017:
IFRS 9 – Financial Instruments
IFRS 15 – Revenue from Contracts with Customers.

- Standards and amendments not endorsed as at February 28, 2017:
IFRS 14 – Regulatory Deferral Accounts
IFRS 16 – Leases
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to IAS 12 – Income taxes: Recognition of deferred tax assets for unrealized losses
Amendment to IAS 7 – Statement of cash flows: Disclosure Initiative
IFRS 15 clarifications
Amendment to IFRS 2 – Classification and measurement of share based payment transactions
Amendment to IFRS 4 – Application of IFRS 9 Financial instruments with IFRS 4 Insurance contracts
IFRS annual improvements cycle 2014-2016
IFRIC 22 - Foreign currency transactions and advance consideration
Amendment to IAS 40 – Transfers of investment property.

Applicable to fiscal years starting on or after January 1, 2018, the new IFRS 15 states the general principles for the recognition of revenue. A Group-wide project was rolled out to analyze the potential impacts on its consolidated financial statements.

The Zodiac Aerospace Group is in the process of identifying the potential impacts of these new standards, interpretations, amendments and/or revisions on the Group's consolidated financial statements.

b) Use of estimates and assumptions

The preparation of financial statements requires the Group management team to make estimates and use assumptions that affect the value of assets and liabilities shown in the consolidated statement of financial position and the amount of income and expenses shown in the income statement. Management revises its estimates and assumptions on an ongoing basis, according to all the factors on which it bases its assessment.
Actual future amounts may differ significantly from these estimates as a result of different assumptions or conditions.

These estimates and assumptions relate mainly to the measurement of deferred taxes, provisions, employee benefits, share-based payments, estimates and assumptions used to test asset impairment and procedures for capitalizing development costs and estimated provisions, especially for late penalties. The assessment of the above is based on contractual arrangements and the history of previous disputes.

4) Key first-half events

On January 19, 2017, Safran and Zodiac Aerospace Group announced the beginning of exclusive negotiations for the acquisition of Zodiac Aerospace by Safran through a friendly takeover bid from Safran for Zodiac Aerospace at a price of €29.47 per share, followed by a merger on the basis of 0.485 Safran shares for one Zodiac Aerospace share.

5) Appendices

NOTE 1 – 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.
The above two activities are supported by Zodiac Aerospace Services, an internal structure dedicated to after-sales service.
The *Entertainment & Seats Technology* division, which was previously integrated in the *Aircraft Interiors* activities, has been part of *Aerosystems* activities since September 1, 2016.

Since the internal systems used to analyze performance and allocate resources also operate on a geographical basis, the Group also presents its segment reporting in terms of the following regions:
- France;
- Other countries in Europe;
- USA;
- Other countries in the Americas;
- Rest of the world.

Notes per region are broken down by asset location, except for sales revenue, which is broken down by customer location.

A – STATEMENT OF PROFIT AND LOSS ITEMS

NOTE 1.1 – BREAKDOWN OF CONSOLIDATED SALES REVENUE BY BRANCH AND BY CUSTOMER REGION OF LOCATION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2017						
Aerosystems activities (1)	296,993	231,156	305,606	58,093	139,096	1,030,944
Aircraft Interiors activities	50,833	334,340	528,846	108,216	393,826	1,416,061
TOTAL	**347,826**	**565,496**	**834,452**	**166,309**	**532,922**	**2,447,005**
At February 29, 2016						
Aerosystems activities (1)	270,082	233,505	320,361	65,773	130,937	1,020,658
Aircraft Interiors activities	71,219	278,885	518,437	153,783	446,147	1,468,471
TOTAL	**341,301**	**512,390**	**838,798**	**219,556**	**577,084**	**2,489,129**

(1) Includes the Entertainment & Seats Technology division since September 1, 2016. This division was previously integrated in Cabin branch, as part of Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

BREAKDOWN OF CONSOLIDATED SALES REVENUE BY BRANCH WITH DETAIL OF INTER-SEGMENT REVENUE

(in thousands of euros)	Sales revenue including inter-segment	Inter-segment sales revenue	Consolidated sales revenue
At February 28, 2017			
Aerosystems activities (1)	1,075,875	(44,931)	1,030,944
Aircraft Interiors activities	1,468,342	(52,281)	1,416,061
TOTAL	**2,544,217**	**(97,212)**	**2,447,005**
At February 29, 2016			
Aerosystems activities (1)	1,070,323	(49,665)	1,020,658
Aircraft Interiors activities	1,530,990	(62,519)	1,468,471
TOTAL	**2,601,313**	**(112,184)**	**2,489,129**

(1) Includes the Entertainment & Seats Technology division since September 1, 2016. This division was previously integrated in Cabin branch, as part of Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

NOTE 1.2 – CURRENT OPERATING INCOME BY BRANCH AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2017						
Aerosystems activities (1)	74,956	5,373	43,385	729	6,173	130,615
Aircraft Interiors activities	(16,930)	(2,214)	(106,894)	(9,052)	4,899	(130,190)
Zodiac Aerospace	(11,792)	–	(122)	–	–	(11,914)
TOTAL	**46,234**	**3,159**	**(63,631)**	**(8,323)**	**11,072**	**(11,489)**
At February 29, 2016						
Aerosystems activities (1)	80,094	7,776	66,776	2,001	3,660	160,307
Aircraft Interiors activities	5,197	46,930	(139,264)	6,245	7,778	(73,114)
Zodiac Aerospace	(6,807)	–	4	–	–	(6,803)
TOTAL	**78,484**	**54,706**	**(72,484)**	**8,246**	**11,438**	**80,390**

(1) Includes the Entertainment & Seats Technology division since September 1, 2016. This division was previously integrated in Cabin branch, as part of Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

NOTE 1.3 – INCOME TAX BY BRANCH AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2017						
Aerosystems activities (1)	(13,561)	(1,057)	(14,803)	(309)	(913)	(30,643)
Aircraft Interiors activities	6,107	(24)	41,003	2,383	(711)	48,758
Zodiac Aerospace	4,503	–	(454)	–	–	4,049
TOTAL	**(2,951)**	**(1,081)**	**25,746**	**2,074**	**(1,624)**	**22,164**
At February 29, 2016						
Aerosystems activities (1)	(25,772)	(1,911)	(22,862)	(677)	(759)	(51,981)
Aircraft Interiors activities	(1,141)	(11,328)	56,226	(2,366)	(985)	40,406
Zodiac Aerospace	2,387	–	(317)	–	–	2,070
TOTAL	**(24,526)**	**(13,239)**	**33,047**	**(3,043)**	**(1,744)**	**(9,505)**

(1) Includes the Entertainment & Seats Technology division since September 1, 2016. This division was previously integrated in Cabin branch, as part of Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

B – STATEMENT OF FINANCIAL POSITION ITEMS

NOTE 1.4 – INTANGIBLE ASSETS AND GOODWILL BY BRANCH AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At February 28, 2017						
Aerosystems activities [(1)]	620,282	33,792	543,538	31,049	7,605	1,236,267
Aircraft Interiors activities	35,008	542,750	874,362	4,434	1,613	1,458,167
Zodiac Aerospace	20,753	–	(19)	–	–	20,733
TOTAL	**676,043**	**576,542**	**1,417,881**	**35,483**	**9,218**	**2,715,167**
At August 31, 2016						
Aerosystems activities [(1)]	627,114	33,697	510,202	29,966	7,535	1,208,514
Aircraft Interiors activities	34,549	543,799	837,862	3,997	1,352	1,421,560
Zodiac Aerospace	18,186	–	(18)	–	–	18,168
TOTAL	**679,849**	**577,496**	**1,348,046**	**33,963**	**8,887**	**2,648,241**

(1) Includes the Entertainment & Seats Technology division since September 1, 2016. This division was previously integrated in Cabin branch, as part of Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

NOTE 2 – GOODWILL

(in thousands of euros)	Balance at Aug. 31, 2016	Currency translation adjustments	Change in consolidation scope	Change (1)	Impairment	Balance at Feb. 28, 2017
Gross	2,106,446	57,390	–	–	–	2,163,836
Impairment	111,759	2,021	–	–	–	113,780
Net goodwill	**1,994,687**	**55,369**	**–**	**–**	**–**	**2,050,056**

The cash-generating units and groups of cash-generating units (CGU) identified by the Group within the meaning of IAS 36, “Impairment of Assets,” mirror the functional organizational structure of the Group, by business branch, or for the Aircraft Systems branch, by product line. They are nine in total.

Net goodwill is broken down as follows:

(in millions of euros)	Feb. 28, 2017			Aug. 31, 2016
	Gross	**Impairment**	**Net**	Net
CGU:				
AeroSafety	110.4	5.1	105.3	101.1
Aircraft	504.6	40.1	464.5	456.3
Telemetry	48.6	12.6	36.0	36.0
Water and waste	176.3	29.3	147.0	140.9
Connected Cabin	59.8		59.8	57.9
Seats	351.8	26.7	325.1	321.9
Commercial Interiors	463.0		463.0	443.8
Premium Interiors	249.3		249.3	237.3
Equipment	200.0		200.0	199.4
TOTAL	**2,163.8**	**113.8**	**2,050.0**	**1,994.6**

Considering the operational difficulties of the Seats and Cabin activities, the Group conducted impairment tests on the Seats, Commercial Interiors, Premium Interiors and Equipment CGUs. These tests were performed according to the methodology presented in the annual financial statements and they confirmed the absence of impairment as at February 28, 2017.

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 8.0% for all CGUs;
- cash flows determined on the basis of four-year plans and updated at the end of March 2017 to reflect, in particular, the downward adjustment to the productivity plans' objectives for some specific programs. Beyond this period, flows are extrapolated by applying a forecast growth rate for the markets concerned and integrating spare parts flows. These cash flows come from business plans submitted to the Executive Board;
- aircraft manufacturer forecasts (where available) and forecasts from other external sources (e.g. passenger traffic forecasts);
- a fixed euro/dollar exchange rate of 1.15 over the entire period and crossed exchange rates against the dollar for the other transaction currencies (GBP, CAD, MXN, THB, CZK), based on the same 1.15 relation.

The Group is sensitive, for the most part, to four factors:

- the euro/dollar exchange rate;
- the discount rate;
- the trend of the long-term growth rate;
- trend of the margin rate.

Sensitivity tests conducted in this regard changed these assumptions as follows:

- change in the euro/dollar exchange rate between the closing rate of 1.06 and the budget rate of 1.15;
- 0.5% change in the discount rate applied;
- less than 0.5% change in the long-term growth rate;
- decline of the operating income rate for the terminal value of 0.5 points.

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

NOTE 3 – INTANGIBLE ASSETS

NOTE 3.1 – INTANGIBLE ASSETS: GROSS

(in thousands of euros)	Balance at Aug. 31, 2016	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	**Balance at Feb. 28, 2017**
Set-up costs	101	–	–	–	–	–	101
Development costs	626,053	12,190	–	24,631	–	–	662,874
Patents and registered trademarks	85,865	1,133	–	7	–	–	87,005
Software	101,252	1,399	–	5,948	(391)	316	108,524
Other intangible assets	195,573	4,761	–	1,501	–	(325)	201,510
TOTAL	**1,008,844**	**19,483**	**–**	**32,087**	**(391)**	**(9)**	**1,060,014**

NOTE 3.2 – INTANGIBLE ASSETS: DEPRECIATION

(in thousands of euros)	Balance at Aug. 31, 2016	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	**Balance at Feb. 28, 2017**
Set-up costs	101	–	–	–	–	–	101
Development costs	160,550	3,729	–	20,689	–	–	184,968
Patents and registered trademarks	10,631	347	–	268	–	–	11,246
Software	81,494	1,191	–	4,718	(351)	7	87,059
Other intangible assets	102,514	2,059	–	6,956	–	–	111,529
TOTAL	**355,290**	**7,326**	**–**	**32,631**	**(351)**	**7**	**394,903**
Net amount of intangible assets	**653,554**	**12,157**	**–**	**(544)**	**(40)**	**(16)**	**665,111**

NOTE 4 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

NOTE 5 – TAXES

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
1) Statement of financial position		
Deferred taxes:		
- Deferred tax assets	6,920	6,102
- Deferred tax liabilities	(138,664)	(148,323)
Net deferred taxes	**(131,744)**	**(142,221)**
Breakdown of net amount by category:		
- Employee benefits	61,574	64,061
- Depreciation of inventories, stocks and associated general expenditure	55,879	53,453
- Intercompany inventory profit	41,610	36,944
- Development costs	(165,137)	(165,278)
- Goodwill (1)	(194,304)	(187,406)
- Regulated provisions adjustments	(5,821)	(6,031)
- Other (2)	74,455	62,036
Net deferred taxes	**(131,744)**	**(142,221)**

(in thousands of euros)	Feb. 28, 2017	Feb. 29, 2016
2) Statement of profit and loss		
Deferred taxes and taxes payable:		
- deferred taxes	9,445	4,044
- taxes payable	12,719	(43,646)
Taxes	**22,164**	**(39,602)**

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

(2) The change in this item can be partly explained by the increase in deferred taxes linked to the increase in the fair value adjustment of financial instruments and other instruments.

EFFECTIVE TAX RATE

(in thousands of euros)	Feb. 28, 2017	Feb. 29, 2016
Net income	**(23,974)**	**43,493**
Results of companies accounted for by the equity method	**(4,275)**	**(2,365)**
Income tax	**22,164**	**(9,505)**
Pre-tax income	**(41,863)**	**55,363**
Tax rate	**34.43%**	**38.00%**
Theoretical tax	14,413	(21,038)
Incidence of reduced-rate risk	–	–
Impact of tax rates in countries other than France	1,025	12,079
Tax credit on training		–
US manufacturing credit	–	–
Other (1)	6,726	(546)
Consolidated income tax	**22,164**	**(9,505)**
EFFECTIVE TAX RATE	**52.95%**	**17.17%**

(1) At February 28, 2017, this amount included for €6,265k, the effect of the adjustment of France deferred taxes to reflect the new tax rate of 28.92% applicable on or after fiscal year 2020/2021. Corrected for this impact, the rate would be 37.98%.

CURRENT TAX ASSETS

Current tax assets are reported in the statement of financial position for a net amount of €198m as at February 28, 2017 and mainly consist of net tax receivables linked to fiscal deficits which will be recovered by the allocation to the tax paid for prior years, the down payments for corporate tax in France and in the USA, receivables for research, competitiveness and employment tax credit and VAT. The increase in this item between August 2016 and February 2017 is mainly due to the increase in tax credits linked to tax deficits.

NOTE 6 – CASH

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
Cash and cash equivalents [(1)]	**478,912**	**268,780**
Current financial liabilities	(645,388)	(340,968)
of which commercial paper and other lines of short-term credit	612,500	319,500
of which current portion of long-term loans and reimbursable advances	1,808	1,846
Bank borrowings	**(31,080)**	**(19,622)**
CASH AT END OF PERIOD	**447,832**	**249,158**

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

The increase in the Group's net cash is primarily due to the outstanding commercial paper program.
The only covenant existing on the “Club Deal” and private placements is measured once annually at the end of the fiscal year.

In accordance with IAS 39, the Group derecognizes trade receivables once contractual rights to cash flows and most of the risks and benefits attached to those receivables have been transferred. The amount of receivables transferred stood at €130m against €97m at August 31, 2016.

NOTE 7 – INVENTORIES

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
Components and sub-assemblies	1,030,910	928,734
Work in progress	339,070	321,850
Finished products	371,025	333,984
Gross total	**1,741,005**	**1,584,568**
Provisions for impairment	**244,715**	**224,444**
TOTAL	**1,496,290**	**1,360,124**

No inventory items have been offered as collateral for liabilities.

NOTE 8 – PROVISIONS

CURRENT PROVISIONS

(in thousands of euros)	Amount at Aug. 31, 2016	Currency translation adjustments	Change in consolidation scope	Changes during the fiscal year			Reclassifi-cations	Balance at Feb. 28, 2017
				Charges	Reversals (provisions used)	Reversals (provisions unused)		
Guarantees	87,488	2,927	–	18,534	(7,502)	(1,434)	(49)	99,964
Litigation and insurance deductibles	5,748	24	–	2,484	(560)	(200)	(638)	6,858
Restructuring and diversification	290	14	–	344	(135)	–	–	513
Taxes other than income taxes	119	(1)	–	–	(113)	–	(5)	–
Miscellaneous current risks [(1)]	71,722	2,553	–	39,373	(22,967)	(8,577)	(971)	81,133
Total current	**165,367**	**5,517**	**–**	**60,735**	**(31,277)**	**(10,211)**	**(1,663)**	**188,468**

(1) "Miscellaneous" current provisions relate mainly to provisions for losses to completion and penalties on various commercial agreements.

Warranty provisions

Warranty provisions include general statistical provisions and provisions for specific warranties and for post-delivery finishing work.

Provisions for miscellaneous current risks

At the end of February 2017, the theoretical maximum exposure for all possible compensation payments to customers in connection with commercial relations with them is €93.1million, a portion of which is being contested by the Group. Corresponding current provisions are €66.7million. These provisions correspond to the best estimates by the managements concerned.

Our Group has also issued claims totaling €59.3million against a number of customers for miscellaneous additions that the Group considers contractually due and which were the subject of counter-claims from those same customers for an amount of €13.7million, i.e., a new balance of €45.6million of which €20.5million have been recognized in the Group's financial statements.

The increase in provisions for miscellaneous current risks in the first half can be mainly explained by the operating difficulties encountered by the Zodiac Seats UK subsidiary and the Cabin branch on the A350 program which generated delivery delays.

NOTE 9 – FINANCIAL LIABILITIES

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
A. Non-current financial liabilities		
Confirmed “Club Deal” (EUR)	–	–
Confirmed “Club Deal” (USD)	496,686	335,826
Confirmed “Club Deal” (GBP)	12,869	–
Euro PP (EUR)	230,000	230,000
Schuldschein (EUR)	402,000	402,000
Loan costs	(4,653)	(5,348)
Other borrowings and unconfirmed credit non-current portion	21,662	22,228
Total	**1,158,564**	**984,706**
B. Current financial liabilities		
Commercial paper (EUR)	612,500	319,500
Schuldschein (EUR)	–	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	32,888	21,468
Total	**645,388**	**340,968**
Current and non-current financial liabilities	**1,803,952**	**1,325,674**

The cost of gross financial debt excluding foreign exchange gains/losses stood at -€16.7m at the end of February 2017 compared to -€15.6m at the end of February 2016. This increase can be explained by the increase in our capital requirements, the average cost of our resources stood at 2.01% compared to 2.03% at the end of August 2016.

NOTE 10 – OTHER CURRENT LIABILITIES

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
Other payables	66,662	56,287
Amounts owed to customers	141,094	146,908
Deferred income	33,174	39,434
TOTAL	**240,930**	**242,629**

NOTE 11 – NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Feb. 28, 2017	Feb. 29, 2016
Restructuring costs (1)	(3,757)	(1,423)
Amortization of intangible assets (2)	(6,636)	(9,243)
Acquisition costs	–	–
TOTAL	**(10,393)**	**(10,666)**

(1) At February 28, 2017, this amount included restructuring costs on several sites in the United States as well as expenses linked to the merger plan of the Zodiac Aerospace and Safran groups.

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

NOTE 12 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

OFF-BALANCE SHEET ITEMS

(in thousands of euros)	Feb. 28, 2017	Aug. 31, 2016
Commitments given		
Long-term rentals (1)(2)	262,572	268,063
Other guarantees given	9,733	13,394
Collateral	–	–
Commitments received under contracts	**–**	**–**

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

(2) The variance between fiscal years includes a positive €2.6m relating to exchange rate fluctuations.

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 €10m;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
    - in March 2014, for the benefit of Emirates, on behalf of Sell GmbH, for the duration of its contractual obligations and for a maximum amount of US$ 15m;
    - in May 2015 (as amended in November 2015), for the benefit of Airbus, on behalf of Zodiac Inflight Innovations, for the duration of its contractual obligations;
    - in October 2016, for the benefit of Boeing, on behalf of C&D Zodiac Inc and Zodiac Seats US, for the duration of its contractual obligations;
    - in March 2017, for the benefit of Airbus, on behalf of each Zodiac Seats US, Zodiac Seat France, Zodiac Seats UK company, for a maximum amount of €10m for each company and a duration of five years renewable;
    - in March 2017, for the benefit of Lufthansa, on behalf of Zodiac Seats UK, for a maximum amount of US$ 20m and expiring at December 31, 2024.

CONTINGENT LIABILITIES

Only one identified contingent liability which 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.

Recent court decisions in the context of this litigation lead us to estimate that the risk associated with this liability is considerably reduced, although not entirely extinguished.

NOTE 13 – RELATED PARTIES

There were no new transactions with related parties in H1.

NOTE 14 – POST YEAR-END EVENTS

There were no material post half-year-end events.

FIDAUDIT
Member of the FIDUCIAL network

Ernst & Young Audit

Zodiac Aerospace

Period from September 1, 2016 to February 28, 2017

Statutory Auditors' report
on the half-year financial report

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

Statutory Auditor
Member of the regional company
of Versailles

Ernst & Young Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
Simplified Joint Stock Company [S.A.S.] with variable capital

Statutory Auditor
Member of the regional company
of Versailles

Zodiac Aerospace

Period from September 1, 2016 to February 28, 2017

Statutory Auditors' report
on the first-half financial report

To the Shareholders,

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

- conducted a limited review of the consolidated half-year financial statements Zodiac Aerospace, for the period from September 1, 2016 to February 28, 2017, which accompany this report;

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

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

1. Opinion on the financial statements

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

Based on our limited review, we found no evidence of material misstatement that calls into question, with respect to the International Financial Reporting Standards (IFRS) as adopted by the European Union, the fact that the consolidated half-year financial statements present a true and fair view of the assets and financial position at the end of the half-year and the results of the past half-year, of the group formed by the persons and entities comprised in the consolidation.

2. Specific verification

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

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

Paris-La Défense, May 05, 2017

The Statutory Auditors

FIDAUDIT *Member of the FIDUCIAL network*	Ernst & Young Audit
Bruno Agez	Valérie Quint