



FIGEAC AÉRO GROUP

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016





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1. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND REVENUE OF THE ISSUER

1.1 Consolidated financial statements

1.1.1 Introduction

The consolidated financial statements at 31 March 2016 were approved by the Board of Directors of 29 July 2016.

A. Entity presenting the financial statements

Figeac Aéro is domiciled in France. The Company's registered office is located at Zone Industrielle de l'Aiguille, 46100 FIGEAC. The Company's consolidated financial statements include the Company and its subsidiaries (together referred to as "the Group"). The Group's main activities are the production of structural parts for the aerospace industry, the assembly of sub-assemblies, general engineering and sheet metal fabrication and surface treatment.

B. Declaration of conformity

The consolidated financial statements were prepared in accordance with IFRS as issued by the IASB and as adopted by the European Union. This includes the definitions, the accounting and recognition methods recommended by IFRS as well as all the information mandated by the standards. The financial statements are compliant with all the required IFRS provisions as of 31 March 2016. In addition, these financial statements were prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

C. Basis of preparation of the financial statements

The accounting policies and calculation methods were applied in an identical manner for all the periods presented, with the exception of the standards, amendments and interpretations whose application became mandatory as of 1 January 2015 (particularly IFRIC 21) and the restatements presented in 1.1.3 and 1.1.4. The amounts noted in these financial statements are expressed in thousands of euros (€ thousands).

D. Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS requires that Management exercise its judgement and make estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets and liabilities, income and expenses. The underlying estimates and assumptions are based on past experience and other factors considered reasonable given the circumstances. They also form a base for exercising the judgement required to determine the book values of certain assets and liabilities that cannot be directly obtained from other sources. Actual values can differ from estimated amounts.

The underlying estimates and assumptions are reexamined on an ongoing basis. The impact of changes in accounting estimates is recognised during the period in question, when only that period is affected, or during the period and any subsequent periods where the latter are also affected by the change.

The main balance sheet items affected by these estimates are capitalised development costs (see 1.2.3 "Intangible assets"), the margin estimated for the construction contracts (see 1.2.6 "Inventories and work in progress"), the fair value of derivative financial instruments (see 1.2.8 "Cash and cash equivalents and financial instruments at fair value through profit or loss") and deferred tax assets (see 1.2.9 "Deferred tax"), and provisions (see 1.2.14 "Provisions").

1.1.2 Changes in IFRS

The new IAS/IFRS texts that became effective as of 1 January 2015 and that are applied by the Group in preparing its consolidated financial statements on 31 March are as follows:

	Date of application "IASB"	Date of adoption EU	Date of application EU
IFRIC 21 - Levies	01/01/2014	13/06/2014	17/06/2014
Annual improvements 2011-2013	01/07/2014	18/12/2014	01/01/2015

The new IAS/IFRS texts and interpretations adopted by the European Union but with an effective date for financial years beginning after 1 January 2015 are the following:

	Date of application "IASB"	Date of adoption EU	Date of application EU
Amendments to IAS 1 - Disclosure initiative	01/01/2016	18/12/2015	01/01/2016
Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation	01/01/2016	02/12/2015	01/01/2016
Amendments to IAS 19 - Employee contributions	01/07/2014	09/01/2015	01/02/2015
Annual improvements 2010-2012 (see Appendix 2)	01/07/2014	17/12/2014	01/02/2015
Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	01/01/2016	24/11/2015	01/01/2016
Annual improvements 2012-2014 (see Appendix 3)	01/01/2016	15/12/2015	01/01/2016

The Group elected not to pursue early adoption of these standards, interpretations and amendments regarding the preparation of the consolidated financial statements for the year ended 31 March 2016. We are currently unable to measure the impact of their application on the Group's consolidated financial statements, although we do not expect to see a significant impact.

The new IAS/IFRS texts and interpretations that have been published and are currently in the process of being adopted by the European Union, but which are not yet applicable, are the following:

	Date of application "IASB"	Date of adoption EU	Date of application EU
IFRS 9 - Financial instruments - Classification and measurement of financial assets and liabilities (12/11/09 and 16/12/11) - Amendments to IFRS 9, IFRS 7 and IAS 39 - General hedge accounting	01/01/2018	Q4 2016?	01/01/2018?
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A
IFRS 15 - Revenue from contracts with customers	01/01/2018	Q3 2016?	01/01/2018?
IFRS 16 - Leases	01/01/2019	2017?	01/01/2019?
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities - Applying the consolidation exception	01/01/2016	Q3 2016?	01/01/2016?
Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture	Deferred	Deferred	Deferred
Amendments to IFRS 15 - Clarifications	01/01/2018	Q1 2017?	01/01/2018
Amendments to IFRS 2 – Classification and measurement of share-based payment transactions	01/01/2018	Q2 2017?	01/01/2018?

The main impacts of the application of the new IFRS 9, IFRS 15 and IFRS 16 standards are being assessed at the Group level.



1.1.3 Financial Statement Comparability/Change in Accounting Policy

Since 1 April 2015, the Group has applied the interpretation of IFRIC 21 "Levies" that defines the timing of recognition of a liability to pay a levy. Henceforth, the recognition date refers to the obligating event, as defined by applicable tax regulations.

Accordingly, a certain number of annual taxes that were previously recognised pro rata temporis over 12 months (property taxes) or progressively (C3S) will now be accounted for in their entirety on 1 January.

The Group applied this accounting policy change retrospectively by impacting opening equity by -€413 thousand, i.e. the net amount of the deferred tax.

1.1.4 Restatements relating to the information published at 31 March 2015

In accordance with IAS 8, comparative information on the prior year is included in the financial statements at 31 March 2015 in order to take into account the following adjustments:

A. Exchange rates of foreign currency transactions

Figures reported on 31 March 2015 were restated to modify the exchange rate of revenue and purchases denominated in foreign currencies that were initially recognised on the basis of a budgeted rate and not on the basis of the exchange rate on the date of the transaction.

The impact of this restatement amounted to:

+€3,642 thousand on revenue;

+€1,598 thousand on raw materials and consumables (of which +€500 thousand on inventories and work in progress at 31 March 2015);

€(2,044) thousand on financial income.

The impact of exchange rates on inventories and work in progress at 31 March 2014 was not material as the budgeted rate was close to the average exchange rate for purchases made in foreign currencies.

B. Classification of capitalised production

Capitalised production was recognised under the item "Other income from operations" at 31 March 2015.

Data for the year ended 31 March 2015 have been adjusted in order to recognise the amounts to be deducted from the corresponding expenses: purchases used in production, external personnel expenses, taxes and amortisation).

C. Presentation of deferred tax

At 31 March 2015, deferred tax assets and liabilities had not been offset in accordance with IAS 12. Figures reported at 31 March 2015 have therefore been restated to take this presentation into account.



Reconciliation of the reported and restated consolidated statement of comprehensive income and the consolidated balance sheet at 31 March 2015

<i>(in € thousands)</i>	March 2015	Restatements		March 2015	
	Reported			restated	
Consolidated Statement of Comprehensive Income	Closing	Currency	Compensation due to presentation	Presentation of capitalised production	Closing
Revenue	203,938	3,642			207,580
Other income from operations	13,309			(10,762)	2,548
Change in inventories of finished products and work in progress	31,312				31,312
Raw materials and consumables	(117,083)	(1,099)		4,037	(114,145)
Personnel expenses	(61,980)			3,775	(58,204)
External expenses	(18,534)			1,465	(17,068)
Taxes	(2,865)			177	(2,688)
Depreciation and amortisation	(17,154)			1,307	(15,847)
Net provisions	(101)				(101)
Current operating income	30,843	2,543		0	33,386
Other operating income	4,640		(4,608)		32
Other operating expenses	(8,233)		4,608		(3,625)
Operating income	27,250	2,543		0	29,793
Financial income	869				869
Financial expenses	(3,036)				(3,036)
Cost of net financial debt	(2,167)				(2,167)
Foreign exchange gains and losses	3,997	(2,043)			1,954
Unrealised gains and losses on financial instruments	(64,752)				(64,752)
Other financial income and expenses	(31)				(31)
Share of profit of equity affiliates	0				0
Income tax	13,811	(167)			13,644
Net income (loss) for the period	(21,892)	333	0	0	(21,559)
Net income attributable to owners of the parent company	(21,889)				(21,556)
Net income attributable to non-controlling interests	(3)				(3)



<i>(in € thousands)</i>	March 2015			March 2015	
	Reported			Restated	
CONSOLIDATED ASSETS	Closing	Currency	Presentation	Deferred tax	Closing
Development costs	20,273				20,273
Other intangible assets	1,722				1,722
Total intangible assets	21,996				21,996
Land	2,232				2,232
Buildings	26,645				26,645
Plant machinery	54,866				54,866
Other property, plant and equipment	3,387				3,387
Total property, plant and equipment	87,129				87,129
Deferred tax	25,322			(16,247)	9,075
Other financial assets	2,034				2,034
Other non-current assets	705				705
Total non-current assets	137,186	0		(16,247)	120,939
Inventories and work in progress	145,367	500			145,867
Trade and other receivables	52,508				52,508
Tax receivables	0		1,528		1,528
Other current assets	8,511		(1,528)		6,983
Cash and cash equivalents	30,261				30,261
Total current assets	236,647	500	0	0	237,147
Total assets	373,833	500	0	(16,247)	358,086



<i>(in € thousands)</i>	March 2015			March 2015	
	Reported			Restated	
CONSOLIDATED LIABILITIES	Closing	Currency	IFRIC 21	Deferred tax	Closing
Share capital	3,328				3,328
Premiums	33,731				33,731
Reserves	45,517		(413)		45,104
Foreign currency translation reserve	204				204
Net income for the year	(21,889)	333			(21,556)
Share capital issued and reserves attributable to owners of the parent company	60,892	333	(413)		60,812
Non-controlling interests	255				255
Non-controlling interests	255				255
Total consolidated shareholders' equity	61,147	333	(413)	0	61,067
Loans from credit institutions	45,827				45,827
Repayable advances	21,534				21,534
Finance lease liabilities	29,397				29,397
Other financial liabilities	1,591				1,591
Total non-current financial liabilities	98,350				98,350
Other provisions	5,328				5,328
Deferred tax liabilities	16,080	167		(16,247)	0
Provision for pension and other employee long-term benefits	2,096				2,096
Derivative financial instruments	75,548				75,548
Other non-current liabilities	2,022				2,022
Non-current portion of deferred income	2,517				2,517
Total non-current liabilities	201,940	167	0	(16,247)	185,860
Short term borrowings	25,934				25,934
Current portion of financial liabilities	18,596				18,596
Repayable advances	1,169				1,169
Total current financial liabilities	45,699				45,699
Trade payables	40,401				40,401
Fiscal liabilities	4,055		413		4,468
Derivative financial instruments	0				0
Other current liabilities	19,117				19,117
Deferred income	1,474				1,474
Total current liabilities	110,746	0	413	0	111,159
Total equity and liabilities	373,833	500	0	(16,247)	358,086



1.1.5 Highlights

- Start-up of FIGEACAERO MAROC in CASABLANCA in Q4 2015
- Start-up of business activities in HERMOSILLO, Mexico in Q4 2015
- Capital increase in May 2015 reserved for Group employees, which led to the creation of 30,557 new shares
- Capital increase of €86.2 million in March 2016 with over 90 institutional investors, subscription rate of 1.1 times the offering
- Transfer to the Euronext regulated market

1.1.6 Consolidated balance sheet

		March 2016	March 2015
<i>(in € thousands)</i>			
CONSOLIDATED ASSETS	Notes	Closing	Closing
Development costs	1.2.3	33,743	20,273
Other intangible assets	1.2.3	2,905	1,722
Total intangible assets		36,648	21,996
Land	1.2.4	3,744	2,232
Buildings	1.2.4	29,620	26,645
Plant machinery	1.2.4	77,824	54,866
Other property, plant and equipment	1.2.4	4,443	3,387
Total property, plant and equipment		115,632	87,129
Deferred tax	1.1	1,069	9,075
Other financial assets	1.6	2,211	2,034
Other non-current assets	1.6	2,744	705
Total non-current assets		158,303	120,939
Inventories and work in progress	1.2.6	180,592	145,867
Trade and other receivables	1.2.7	60,431	52,508
Tax receivables	1.2.7	5,163	1,528
Other current assets	1.2.7	10,138	6,983
Cash and cash equivalents	1.2.8	101,834	30,261
Total current assets		358,158	237,147
Total assets		516,461	358,086

Figures adjusted at 31 March 2015 have been restated to reflect:

- the impact of the change of accounting policy resulting from the retrospective application of IFRIC 21 "Levies";
- to modify the exchange rate of revenue and of purchases stored or used in production denominated in foreign currencies that were initially recognised on the basis of a budgeted rate and not on the basis of the exchange rate on the date of the transaction;
- to reclassify the capitalised production, initially recognised under "Other income from operations", as a deduction of the corresponding expenses;
- the offsetting of the deferred tax assets and liabilities by fiscal entity;
- the offsetting of other operating income and expenses associated with these same transactions.

March 2016

March 2015

(in € thousands)

*

CONSOLIDATED LIABILITIES	Notes	Closing	Closing
Share capital	1.2.12	3,813	3,328
Premiums	1.2.12	118,325	33,731
Reserves	1.2.12	28,473	45,104
Foreign currency translation reserve	1.2.12	(125)	204
Net income for the year	1.2.12	33,260	(21,556)
Share capital issued and reserves attributable to owners of the parent company	1.2.12	183,747	60,812
Non-controlling interests	1.2.12	264	255
Non-controlling interests		264	255
Total consolidated shareholders' equity	1.2.12	184,011	61,067
Loans from credit institutions	1.2.11	81,395	45,827
Repayable advances	1.2.11	22,247	21,534
Finance lease liabilities	1.2.11	29,102	29,397
Other financial liabilities	1.2.11	1,742	1,591
Total non-current financial liabilities	1.2.11	134,486	98,350
Other provisions	1.2.14	5,184	5,328
Deferred tax liabilities	1.2.9	10,569	0
Provision for pension and other employee long-term benefits	1.2.14	2,121	2,096
Derivative financial instruments	1.2.8.2	35,617	75,548
Other non-current liabilities		1,995	2,022
Non-current portion of deferred income		4,654	2,517
Total non-current liabilities		194,625	185,860
Short term borrowings	1.2.11	40,995	25,934
Current portion of financial liabilities		20,852	18,596
Repayable advances		2,108	1,169
Total current financial liabilities		63,956	45,699
Trade payables	1.2.15	50,253	40,401
Fiscal liabilities	1.2.15	4,190	4,468
Other current liabilities	1.2.15	16,623	19,117
Deferred income		2,804	1,474
Total current liabilities		137,825	111,159
Total equity and liabilities		516,461	358,086

Figures adjusted at 31 March 2015 have been restated to reflect:

- the impact of the change of accounting policy resulting from the retrospective application of IFRIC 21 "Levies";
- to modify the exchange rate of revenue and of purchases stored or used in production denominated in foreign currencies that were initially recognised on the basis of a budgeted rate and not on the basis of the exchange rate on the date of the transaction;
- to reclassify the capitalised production, initially recognised under "Other income from operations", as a deduction of the corresponding expenses;
- the offsetting of the deferred tax assets and liabilities by fiscal entity;
- the offsetting of other operating income and expenses associated with these same transactions.

1.1.7 Consolidated Income Statement

		March 2016	March 2015
<i>(in € thousands)</i>			*
Consolidated Statement of Comprehensive Income		Closing	Closing
Revenue	1.2.13	252,344	207,580
Other income from operations	1.2.20	2,932	2,548
Change in inventories of finished products and work in progress		29,866	31,312
Raw materials and consumables		(140,932)	(114,145)
Personnel expenses		(60,132)	(58,204)
External expenses		(22,001)	(17,068)
Taxes		(3,246)	(2,688)
Depreciation and amortisation		(18,863)	(15,847)
Net provisions		(1,798)	(101)
	Current operating income	38,168	33,386
Other operating income	1.2.21	62	32
Other operating expenses	1.2.21	(1,607)	(3,625)
	Operating income	36,623	29,793
Financial income		129	869
Financial expenses		(3,137)	(3,036)
	Cost of net financial debt	(3,008)	(2,167)
Foreign exchange gains and losses		(16,163)	1,954
Unrealised gains and losses on financial instruments		32,860	(64,752)
Other financial income and expenses		(23)	(31)
Share of profit of equity affiliates		0	0
Income tax	1.2.19	(17,023)	13,644
	Net income (loss) for the period	33,266	(21,559)
	Net income attributable to owners of the parent company	33,260	(21,556)
	Net income attributable to non-controlling interests	6	(3)

Figures adjusted at 31 March 2015 have been restated to reflect:

- the impact of the change of accounting policy resulting from the retrospective application of IFRIC 21 "Levies";
- to modify the exchange rate of revenue and of purchases stored or used in production denominated in foreign currencies that were initially recognised on the basis of a budgeted rate and not on the basis of the exchange rate on the date of the transaction;
- to reclassify the capitalised production, initially recognised under "Other income from operations", as a deduction of the corresponding expenses;
- the offsetting of the deferred tax assets and liabilities by fiscal entity;
- the offsetting of other operating income and expenses associated with these same transactions.



1.1.8 Statement of comprehensive income

		March 2016	March 2015
<i>(in € thousands)</i>			
Statement of comprehensive income	Appendix Notes	Closing	Closing
			*
Net income (loss) for the period		33266	-21559
<i>Other comprehensive income items</i>			
Cash flow hedges - portion of change in fair value deemed effective		7,071	(9,281)
Deferred tax - Change in the fair value of hedging instruments		(2,357)	3,182
Post-employment liabilities - Actuarial differences		239	(730)
Deferred tax - Post-employment liabilities - Actuarial differences		(80)	243
Translation adjustment		(329)	0
Total comprehensive income (loss) for the year		37,810	(28,145)
*Attributable to owners of the parent		37,804	(28,142)
*Non-controlling interests		6	(3)

1.1.9 Consolidated Statement of Changes in Shareholders' Equity

(in € thousands)	Group share								Non-controlling interests	Total shareholders' equity
	Share capital	Treasury shares	Premiums	Consolidated reserves	Foreign currency translation reserve	Income	Total attributable to Group shareholders			
Financial year ended March 2014	3,195		14,200	35,201		16,060	68,656	82	68,738	
Share capital transactions	133		19,531				19,664		19,664	
Change in translation differences					204		204		194	
Other changes				573			573	176	749	
Dividends paid									0	
Appropriation of net income Y-1				16,060		(16,060)		1	1	
Other comprehensive income items				(6,586)			(6,586)	(2)	(6,588)	
Net income (loss) for the period						(21,889)	(21,889)	(3)	(21,892)	
Changes in scope				269			269		269	
Financial year ended March 2015	3,328		33,731	45,517	204	(21,889)	60,892	254	61,146	
Change in accounting policy*				(413)			(413)		(413)	
Retrospective adjustment**				333			333		333	
Share capital transactions	485	(299)	84,594				84,780	0	84,780	
Change in translation differences					(329)		(329)		(329)	
Impact of the application of IFRS 2				390			390		390	
Impact of the application of IFRS 19				159			159		159	
Fair value of financial assets				4,714			4,714		4,714	
Others				(40)			(40)	4	(36)	
Dividends paid				0			0	0	0	
Appropriation of net income Y-1				(21,889)		21,889	0			
Other comprehensive income items										
Net income (loss) for the period						33,260	33,260	6	33,266	
Changes in scope									0	
Financial year ended March 2016	3,813	(299)	118,325	28,772	(125)	33,260	183,747	264	184,011	

*Impact of the first application of IFRIC 21 - see 1.1.2 Changes in IFRS

**Impact of the restatement of the foreign currency transactions on inventories and work in progress at 31 March 2015 – see 1.1.3



1.1.10 Consolidated Statement of Cash Flows

	March 2016	March 2015
<i>(in € thousands)</i>		
Cash flows from operating activities		
Net income (loss) from consolidated companies	33,266	(21,892)
Dep., amort., provisions and share of subsidiaries allocated to income	21,130	16,000
Elimination of revaluation gains (losses) (fair value)	(32,837)	64,787
Other items not affecting cash	(687)	
Cash flow after net borrowings costs and tax	20,872	58,895
Tax expense	15,851	(16,219)
Cost of net financial debt	2,841	2,767
<i>Cash flow before borrowings costs, net of tax</i>	39,564	45,444
Change in working capital requirements for operations		
<i>Changes in inventories</i>	(38,695)	(43,161)
<i>Change in trade and other receivables</i>	(34,975)	(34,876)
<i>Change in trade and other receivables</i>	(6,749)	(4,392)
Change in trade and other payables	3,029	(3,893)
Tax paid	0	0
NET CASH FLOW FROM OPERATING ACTIVITIES	869	(484)
Cash flows from investing activities		
Acquisition of assets	(59,267)	(43,516)
Disposal of assets	6,355	6,003
Impact of changes in scope	0	(768)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(52,912)	(38,281)
Cash flows from financing activities		
Capital increases	85,079	19,664
Increases in subsidies	0	1,108
Bond issues and advances	53,902	47,841
Repayment of bonds and advances	(27,524)	(19,789)
Interest paid	(2,841)	(2,767)
NET CASH FLOWS FROM FINANCING ACTIVITIES	108,616	48,824
CHANGE IN CASH	56,573	8,515
Cash - Opening	4,327	(4,183)
Cash - Change in foreign exchange rates	(61)	
Cash - Other changes	0	
Cash - Closing	60,838	4,327
CHANGE IN CASH FLOWS	56,573	8,515



1.2 Notes to the consolidated financial statements

1.2.1 Accounting policies

A. Consolidation scope and criteria

The financial statements of the businesses controlled by Figeac Aéro, whether directly or indirectly, are fully consolidated in the consolidated financial statements. The accounts of the companies over which Figeac Aéro has significant influence are recognised using the equity method.

The list of the companies included in the scope of consolidation is provided in 1.2.2: "Consolidated companies" of the Notes to the consolidated financial statements.

B. Elimination of transactions between consolidated companies

All transactions between consolidated companies, as well as the internal income obtained, involving the disposal of fixed assets or inventories of consolidated companies, are eliminated. Internal losses are eliminated in the same way as internal gains, but only to the extent that they are not representative of a loss of value.

C. Translation of the financial statements of subsidiaries denominated in foreign currencies

The financial statements of foreign companies, outside the Euro zone, are translated in the following manner:

- Assets and liabilities, including fair value adjustments derived from the consolidation are translated at the closing rate;
- The income statement items are translated at the exchange rate applicable on the transaction dates or, in practice, at an approximately close rate that corresponds, except in the event of significant fluctuations in the rate, to the average rate for the financial year. For business activities in countries with strong inflation, the income statement items for the concerned subsidiary would be translated at the closing rate in application of IAS 29 and interpretation IFRIC 7;
- The translation difference is recorded in a separate item under shareholders' equity and does not impact income.

The main exchange rates used are as follows (value for €1):

	31/03/2015		31/03/2016	
	Balance sheet	Income	Balance sheet	Income
US dollar	1.0759	1.2636	1.1385	1.1040
Tunisian dinar	2.1019	2.1064	2.2953	2.1976
Moroccan dirham			10.9720	10.8384
Mexican peso			19.5903	18.4350

D. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Payables and receivables denominated in foreign currencies are translated at the applicable rate on 31 March. The unrealised exchange rate differences that come to light at this time are recognised in the income statement.

Pursuant to IAS 21 and IFRIC 16, the exchange rate differences relating to the permanent financing that is part of the net investment in a consolidated subsidiary are recognised in Other comprehensive income items as a foreign currency translation reserve. Upon the subsequent disposal of these investments, cumulative translation differences initially recognised in shareholders' equity will be recognised in income.



E. Closing dates

The parent company FIGEAC AÉRO as well as MECABRIVE INDUSTRIES, FGA TUNISIE, and FGA USA are consolidated according to their balance sheet entries for the 12-month period ended 31 March 2016.

MTI and SCI REMSI having ended their financial years on 31 December 2015, the separate financial statements are adjusted to reflect significant transactions or transactions that have an impact on the consolidated financial statements between 1 January and 31 March 2016.

SCI MEXIQUE, created in December 2015, has not been consolidated since it has no assets or liabilities or income components.

F. Recognition policies for revenue

The recognition of revenue in the consolidated financial statements is dependent on the type of revenue:

- Construction contracts;
- Services: studies, after-sales service, etc.;
- Sale of goods.

Income from ordinary activities is recognised when the following conditions are met:

- The income amount can be reliably measured;
- The incurred or remaining costs can be reliably measured;
- It is likely that economic benefits associated with the transaction will reach the company.

Construction contracts

Selection criteria for a construction contract IAS 11:

A construction contract is a contract that is specifically negotiated for the construction of a fixed asset or a group of fixed assets that are closely associated or interdependent in terms of design, technology and function, purpose or use.

A set of contracts, whether they are signed with a customer or a group of various customers, must be treated as a single construction contract when:

- This set of contracts is negotiated as an overall deal;
- The contracts are so closely linked that they are, in fact, part of a single project with an overall margin;
- The contracts are signed simultaneously or one after the other, without interruption.

Types of construction contracts

The Group has concluded with some of its customers partnership contracts whose characteristics are those of construction contracts under IAS 11:

- A contract for the production of a group of interrelated assets or interdependent in terms of design, technology and function;
- Which covers several years.

The accounting for these contracts meets the criteria below for income and costs relating to the implementation of construction contracts:

a) for income:

- The initial amount of income agreed in the contract;
- Alterations in the original contract work plus claims to the extent it is probable that they will result in income and where they can be measured reliably.

b) for costs:

- Costs directly related to the contract;
- Costs attributable to general contracting activity that can be allocated to the contract;
- Any other costs that can be specifically charged to the customer under the terms of the contract.



The margin is recognised to the advancement calculated in relation to the delivery of elements, ("milestones"). To this end, the Group invoices on delivery and all the invoicing is due regardless of the outcome of the program. It is also possible that additional invoicing be carried out subsequently (alterations or additional work).

The estimated margin is calculated on the basis of a forecast including technical and budgetary items. This margin is revised periodically based on costs incurred and income received during the period and estimated costs and income to complete the contract. When the expected margin is negative, it is immediately expensed.

For construction contracts covering several years, the Group is required during the first years to carry the production costs on the balance sheet which will then be recognised as income based on the decline actually observed.

Construction contracts are based on assumptions made by the Group:

- Revenue forecasts are made in the light of commercial information (order book and production rates) released by the various manufacturers and information from the perspectives of customers of the aeronautical industry, including the Global Market Forecast for AIRBUS.
- Forecasts regarding costs are estimated based on the industrial organisation set up by the Group.
- With regard to US dollar flows (revenues and expenses) representing a significant portion of global flows, the Group has based its forecasts on assumptions of future changes in the €/US\$ exchange rate in relation to the duration of the contracts:
 - taking into account the hedging strategy for the 2016-2018 period (using of hedging rate in the preparation of budgets);
 - taking into account estimated exchange rate trends for €/US\$ exchange rates over the residual contract periods. Accordingly, an exchange rate of 1.18 was used.
- The time period used by the Group for budget analysis and for determining the margin at the end of the construction contracts is 11 years. This assumption takes into account the average length of presence within the group of industrial equipment necessary to complete this construction activity.

The impact on EBIT recognised in the period of a €0.05 increase in the €/US\$ exchange rate budgeted by the Group would be -1.23 points.

The impact on EBIT recognised in the period of a €0.05 decrease in the €/US\$ exchange rate budgeted by the Group would be +1.28 points.

The main programs thus concerned are:

- AIRBUS A 350 (floor, engines pylons, and structural parts)
- AIRBUS A 380
- AIRBUS A 320
- EMBRAER LEGACY
- MOTEUR CFM 56
- MOTEUR LEAP X
- GULSTREAM

Detailed quantitative information by program (including revenue, margin at completion) cannot be disclosed for confidentiality reasons.

Sale of goods

The income resulting from the sale of goods is recognised in revenue at the time of the transfer of the risks and benefits associated with the goods. In the majority of cases, this means the delivery date of the good.

G. Business combinations

Business combinations created as of 1 January 2010 are recognised in accordance with the provisions of the revised IFRS 3.

The Group uses the acquisition method to recognise business combinations. The acquisition price, referred to as the "consideration transferred" for the acquisition of a subsidiary, is the sum of the fair values of the transferred assets and liabilities taken on by the



buyer on the acquisition date, as well as the shareholders' equity instruments issued by the buyer. The acquisition price includes the potential earn-outs measured and recognised at fair value on the acquisition date.

As of the acquisition date, goodwill corresponds to the sum of the consideration transferred and the non-controlling interests less the net amount recognised (generally at fair value) for the identifiable assets acquired and the liabilities assumed. Direct costs related to the acquisition are recognised as expenses in the period in which they are incurred.

In the event of a takeover through successive acquisitions, the share of interests previously held by the Group is remeasured at fair value as of the date of the takeover, and any resulting profit or loss is recognised in the income statement.

The initial measurement of goodwill is completed within the twelve months following the acquisition date at the latest.

H. Other intangible assets

Other intangible assets are shown on the balance sheet at their acquisition or production cost less accumulated amortisation and any impairment losses. They are recognised as assets if they are controlled by the Group, if they provide future economic benefits for the Group and if they meet the identification criteria below:

- They are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or in conjunction with another asset/liability or;
- They are the result of contractual rights or other legal rights.

The various types of identifiable intangible assets in the FIGEAC AÉRO Group are development costs and patents and brands. The amortisation of intangible assets other than development costs is calculated using the straight line method over a useful life of one to three years.

Development costs

An intangible asset resulting from the development phase is recognised as an asset if, and only if, the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production generated by the intangible asset or for the intangible asset itself, or, if it is to be used internally, its utility;
- The availability of appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to reliably estimate the expenses attributable to the intangible asset during its development.

The cost of this internally-generated intangible asset includes all the costs necessary for creating, producing and preparing the asset so that it may be used in the manner intended by the Group.

The other development expenses are recognised as expenses when they are incurred.

No intangible asset issued from research is recognised as an asset. Research expenses are recognised as expenses when they are incurred.

The amortisation of development costs reflects the rate of consumption of the economic benefits expected from the asset. The method used is straight-line amortisation. The useful life depends on the asset concerned. They are five years.



Useful life is reviewed at each year-end closing. There are no intangible assets with an indefinite useful life.

I. Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost less accumulated depreciation and any impairment losses. The FIGEAC AÉRO Group has chosen the cost model as its measurement method.

The cost includes the following items:

- The purchase price including customs duties and non-refundable taxes, as well as any deductions consisting of any discounts, reductions or rebates granted;
- Direct costs associated with the transfer and the work done to make the asset operational;
- If applicable, the initial estimate of the cost of dismantling, removing and reconditioning of the site.

When significant property, plant and equipment items can be determined and these components have different useful lives and depreciation methods, they are recognised as distinct property, plant and equipment (by component).

In the book value of property, plant and equipment, the Group recognises the replacement cost of any component at the time the cost is incurred if it is likely that the future economic benefits associated with this asset will revert to the Group and that its cost can be reliably assessed. All routine care and maintenance costs are recognised as expenses at the time they are incurred.

The amortisation periods used are as follows:

- For buildings and fixtures: 5 to 30 years depending on the nature of the construction and fixture;
- For industrial equipment: 3 to 10 years depending on the nature and use of the materials;
- For furniture and computer equipment: from 3 to 6 years depending on the use of such equipment;
- For transport equipment: 2 to 5 years depending on the use of the vehicles.

Useful life is reviewed at each year-end closing.

The Group has not determined any significant residual values for its property, plant and equipment.

J. Finance lease contracts

Leases that have the effect of transferring to the Group the near-totality of the risks and benefits inherent to the ownership of an asset are classified as finance lease contracts.

Assets financed by means of finance lease contracts are presented as assets at their fair value or at the present value of the minimum payments if this value is lower. This value is later reduced by the accumulated depreciation and potential impairments. The corresponding debt is recorded as a financial liability and recognised according to the effective interest rate method over the duration of the contract.

The asset is amortised according to the useful life forecast established by the Group for assets of this type.

K. Depreciation of tangible and intangible assets

Annual depreciation tests are performed on intangible assets in the process of being set up (since the Group does not have goodwill).

In the event there is an indication of impairment, a depreciation test is systematically performed on the other assets.

This test is performed on a particular asset or on a Cash-Generating Unit (C.G.U.). A C.G.U. is the smallest identifiable group of assets that generates inflows of cash that are largely independent of cash inflows generated by other assets or groups of assets.

The purpose of the depreciation test is to compare the book value of the asset or the C.G.U. group to its recoverable amount. The recoverable amount is the higher of the two following values:



- The fair value less the cost of sale;
- The value in use, the present value of the future cash flows likely to result from the asset or from a C.G.U. The future cash flows are determined based on four-year forecasts for the C.G.U. or the C.G.U. group in question, validated by the Group's Management. A 1% growth rate is being used for subsequent years. The discount rate is established by using a risk-free rate and adding a specific risk premium. A 9% discount rate was used for the financial year ended 31 March 2016.

An impairment loss recorded for another asset is reversed if there has been a change in the estimates used to determine the recoverable amount. The book value of an asset that has been increased due to reversal of impairment, may not exceed the book value that would have existed, net of depreciation or amortisation, if no impairment loss had been recognised.

In the event of an impairment loss of a fixed asset or of a C.G.U., a provision is systematically recorded.

L. Inventories and work in progress

Raw materials and other supplies

The gross value of raw materials and supplies includes the purchase price and associated costs (procurement coefficient). Depreciation is recognised on raw materials for the following amounts and for which no use is foreseen:

- No changes from +18 months and under 24 months.....50 %
- No changes from +24 months.....75%

Work in progress (excluding construction contracts)

Work in progress is measured using the full cost method excluding non-production costs and any possible under-activity. A depreciation loss is recognised where the expected cost of the finished product exceeds its expected net realisable value less distribution costs.

Finished goods

The finished products are measured using the full cost method excluding non-production costs and any possible under-activity.

Impairment is codified for obsolete finished products with very low sales prospects divided into two categories according to the following scale:

- Article codified obsolete/maybe (can be resold): 25%
- Article codified obsolete/never (low resale probability): 90%

Inventories are measured at the lower amount of the cost or the net realisable value (sales price estimated in the ordinary course of business less the costs deemed necessary for completing and realising the sale).

M. Trade and other receivables

Trade and other receivables are measured at fair value on initial recognition, and subsequently at amortised cost less impairment losses.

Where there are objective indications of impairment, the amount of the loss recognised is the difference between the book value and the present value of estimated future cash flows, discounted by the original effective interest rate of the asset.



N. Cash and cash equivalents

Cash consists of available cash in banks on the closing date. Bank overdrafts repayable on demand represent one component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Cash equivalents are short-term cash investments, highly liquid and consisting of marketable securities readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are recognised at their net asset value on the closing date, the investment bonus being recorded in the income statement.

O. Tax credits, subsidies and other public aid

The FIGEAC AÉRO Group has received public aid in the form of "repayable advances". This type of financing does not bear interest. These advances are recognised as financial liabilities. Initially, they are measured at the amount of cash received. At each balance sheet date, they are recognised according to the amortised cost method calculated on the basis of the effective interest rate. The discount effect is recognised in the net financial income (loss).

The Group's Research & Development policy means that it qualifies for the Research Tax Credit for companies established in France. This Research Tax Credit is classified as a subsidy under IAS 20. It is recognised under the item "Other income from operations" and impacts operating income: however, the share of the Research Tax Credit that can be allocated to capital projects is recorded under deferred income and allocated to income over the useful life of the assets for which it was received.

Received subsidies that can be allocated to a capital project are handled in the same manner for accounting purposes.

The tax credit for competitiveness and employment (CICE) was implemented in France by the 3rd amended finance act for 2012 starting on 1 January 2013. This tax credit is calculated per calendar year and in 2015 amounted to 6% of the compensation lower or equal to 2.5 times the French minimum wage (SMIC). The Group does not consider the CICE to be a subsidy but rather a reimbursement of compensation that provides a reduction in the cost of labour. Accordingly, it was recognised pursuant to IAS 19 as a reduction in personnel expenses at the same pace as the corresponding compensation expenses. The amount of CICE recognised as a deduction to personnel expenses for the 2016 financial year was €1,844 thousand and €1,880 thousand for 2015.

P. Taxes

Income tax includes tax due and deferred tax.

Tax due

Tax due is the estimated amount of tax owed for the taxable profit in respect of the period, using the applicable tax rates and any adjustment to tax due in respect of the previous periods.

Deferred tax

Deferred tax is specifically the result of:

- Tax losses carried forward;
- Tax timing differences that may exist between the consolidation value and the tax basis of some assets and liabilities.

In application of the balance sheet method of variable deferral, deferred tax is measured by taking into account the tax rates (and tax regulations) that were adopted or mostly adopted as of the closing date.

A company's passive position may, under certain conditions, be reduced up to the tax loss carry-forwards that may reasonably be allocated as an offset and the deferred tax on deductible timing differences.

Deferred tax assets are recognised when their recovery is likely. Deficits or timing differences must be attributable to future taxable profits, up to any potential ceilings dictated by French law.



Deferred tax assets are reduced when it is no longer likely that a sufficient tax benefit is available. Pursuant to IAS 12, deferred tax assets and liabilities are not subject to discount. They are presented in the balance sheet as non-current assets or liabilities, depending on the circumstances.

Corporate value added contribution

The Group decided not to classify the corporate value added contribution (CVAE) as income tax and records the CVAE as an operating expense. The reason for this is that the Group deemed that value added stands at an intermediary level of income whose amount is significantly different from that subjected to corporate tax.

Q. Financial instruments

The various categories of financial instruments are assets held until maturity, loans and receivables issued by the company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Assets held until maturity

The Group does not own any.

Loans and receivables issued by the company

Following their initial recognition, they are measured at their amortised cost by using the method of effective interest rates and may be subjected to depreciation if there is any indication of impairment.

The derecognition of financial assets is conditional on the transfer of the risks and benefits associated with the asset, as well as the transfer of the control of the asset. Accordingly, guarantees such as discounted notes not yet due and Daily assignments remain recorded under "Trade receivables".

Financial assets and liabilities at fair value through profit or loss

The purchase and sale of financial assets at fair value through profit or loss are recognised on the transaction date.

Marketable securities are recognised at their market value on the closing date.

Other debt (interest-bearing loans and borrowings)

Subsequently to their initial recognition, they are measured using the method of effective interest rates.

Investments in associates

The Group owns a stake in a company without exercising significant influence or control (Aérotrade SAS). Since the fair value cannot be reliably established, the securities are recognised at cost. In the event there is evidence of impairment, a provision for depreciation is recognised.

Compound financial instruments

The Group does not own any compound financial instruments.

Derivative financial instruments

The Group uses currency and interest rate derivatives. See 1.9.2.

Transfer of financial instrument assets

The Group derecognises a financial asset when the contractual rights to the cash flows generated by the asset expire or when it transfers the rights to receive the contractual cash flows in a transaction in which the vast majority of the risks and benefits inherent to the ownership of the financial asset are transferred, or when it does not transfer or retain the vast majority of the risks and benefits



and does not retain control over the transferred asset. Any interest created or retained by the Group in derecognised financial assets is recognised separately as an asset or a liability.

Should the opposite occur, the receivables remain on the asset side of the balance sheet since the Group is still subject to the risk of default by the debtor. The sum paid by the bank is recorded as cash to offset the recording of a bank debt in the liabilities. This debt and the receivable only disappear from the balance sheet when the debtor has paid his debt to the credit institution. The costs incurred are recognised as a deduction to the debt, which is measured using the amortised cost method at the applicable interest rate.

R. Derivative financial instruments

Interest rate derivatives:

Hedging instruments for interest rate risk are detailed in the following table:

Transaction type	Transaction date	Transaction value date	Maturity date	Transaction nominal	Transaction currency	Amount outstanding (Signed)	Accrued coupon valuation included (euro)	Flat quotation valuation (euro)	Amount of accrued coupon (euro)
SWPVANILLE	07/07/2010	30/09/2010	30/03/2020	3,343	in € thousands	1,492	(75)	(75)	0

The FIGEAC AÉRO Group recognises its interest rate hedging instruments at fair value through profit or loss.

	31/03/2016		31/03/2015	
in € thousands	Fair value	Impact on net income	Fair value	Impact on net income
Interest rate swap	(75)	(75)	(103)	(103)

Currency derivatives:

Strategy for the management of foreign exchange risk:

Through its current business activities, Figeac Aéro is exposed to cash flow variability in connection with currency risk for:

- revenue, of which 70% is denominated in US dollars;
- payment of purchase invoices, made mainly in US dollars.

Figéac Aéro has long-term contracts in US dollars and its strategy includes hedging its foreign currency purchases and sales over a two to four year horizon.

As contract prices are set well in advance and for extended periods of time, the Company has calibrated hedging contracts over a related maturity to avoid the risks associated with market fluctuations.

Figéac Aéro uses various type of derivatives for hedging risk, including:

- vanilla forward foreign exchange contracts;
- vanilla currency options and/or collars (combinations of calls and puts having the same notional principal amount);
- currency barrier options;
- accumulators that are currency derivatives that allow the investor to accumulate currency holdings at each observation date based on the exchange rate as compared to the guaranteed rate;
- target redemption forwards (TRF) that are combinations of calls and puts with a different notional;



- faders that are currency barrier derivatives that allow the investor to accumulate currency holdings at each observation date based on the exchange rate as compared to the guaranteed rate and the barriers;
- the Company uses option-based structured products (accumulators, TRFs, faders,) that allow it to obtain a better rate over a given maturity as compared to a market exchange rate at a given moment in time.

Commitments regarding hedging instruments for foreign exchange risk are detailed in the following table:

Financial Instruments	Nominal	Deadlines		
		<1 year	1 to 5 years	> 5 years
- Currency options EUR/USD/cash flow hedging	11,750,000		11,750,000	
- Currency options EUR/USD/non-hedging	116,870,000	38,320,000	78,550,000	
- Currency options with EUR/USD barrier	0			
- EUR/USD Accumulators/cash flow hedging	0			
- EUR/USD Accumulators/non-hedging	188,692,336	120,834,336	67,858,000	
- EUR/USD Accumulators purchased/non-hedging	321,886,780	152,786,780	169,100,000	
- TRFE seller EUR/USD/cash flow hedging	0			
-TRFE seller EUR/USD/non-hedging	118,668,493	114,468,493	4,200,000	
- TRFE Buyer USD/EUR	0			
- FADER/cash flow hedging	0			
- FADER/non-hedging	3,035,000	3,035,000		
- Forward sales contract	41,730,700	6,850,000	34,880,700	
- Forward purchase contract	46,570,000		46,570,000	
Total foreign exchange risk Sales	480,746,529	283,507,829	197,238,700	0
Total foreign exchange risk Purchases	368,456,780	152,786,780	215,670,000	0

Accounting policies for currency derivatives

The first two types of financial instruments (forward foreign exchange contracts and net long positions) qualify for hedge accounting. The two other types of derivatives do not qualify for hedge accounting as they concern net short positions in accordance with IAS 39.

For financial instruments that are "cash flow hedges", the hedges are measured at fair value in the balance sheet in:

- shareholders' equity for the effective portion of the hedge until the hedged cash flows affect profit or loss;
- the income statement for the ineffective portion.

The cumulative amounts in shareholders' equity from the effective portion of the change in the fair value of the hedging instrument are maintained within equity until the underlying transaction occurs. They are then reclassified in the income statement on the same line item as the underlying transaction (revenue or purchases used in production).

For financial instruments classified as held for trading, the change in fair value is recognised in financial income.

Documentation of hedge accounting

As previously indicated, Figeac Aéro handles long-term foreign currency denominated contracts and consequently is able to forecast highly probable future cash flows on hedged maturities. Long and short exposures are not offset.

Consequently, at the start of the hedge, Figeac Aéro puts in place formal documentation to describe the hedge relationship. At the inception of the hedge, and then at each reporting date, Figeac Aéro will carry out prospective hedge effectiveness tests (Critical Terms Match) and retrospective (Dollar Offset Method) to ensure that the hedge relationship will be (and has been) highly effective in offsetting changes in the fair value or cash flows of the hedged risk, in line with the currency risk management strategy detailed above.

With a view to guaranteeing the retrospective effectiveness tests at 100%, the "time value" component is separated from the changes in fair value of the currency options. As a result, the "time value" component is considered ineffective.

S. Management of share capital



Ordinary shares, excluding treasury shares (see 1.2.1 T "Treasury shares" in the Notes to the consolidated financial statements) are recognised in Shareholders' Equity.

The Group runs regular checks on the changes in its level of debt in relation to Shareholders' Equity. To date, there is no Group Savings Plan or International Group Savings Plan within the FIGEAC AÉRO Group.

T. Treasury shares

Treasury shares held by the FIGEAC AÉRO Group are deducted from Shareholders' Equity. No profit or loss is recognised in the income statement at the time of the purchase, sale or cancellation of treasury shares. The consideration paid or received as a result of these transactions is directly recognised in Shareholders' Equity.

U. Provisions

A provision is recognised:

- When a legal or constructive obligation exists as a result of past events;
- When it is probable that there will be an outflow of resources to settle the obligation;
- When its amount can be reliably estimated.

The amount set aside is the best estimate of the expense. If the impact is significant, the amount is discounted by the application of a pre-tax rate reflecting the time value of money and the specific liability risks.

Except in special cases that are duly justified, provisions are recognised in the balance sheet under current liabilities.

V. Employee benefits

Short-term benefits are recognised as personnel expenses for the period.

Long-term benefits involve:

- Defined contribution plans: the Group's obligations are limited to the payment of periodic contributions to external bodies. The expense is recognised during the period under the item "personnel expenses";
- Defined benefit plans: these involve retirement severance benefits, set aside according to the projected unit credit method by taking demographic factors into account (personnel turnover, mortality table and financial factors (salary increases)). The discount rate used is the rate of investment grade corporate bonds (AA rating). In the absence of an active market, the rate for government bonds is used. Actuarial gains and losses are recognised in the OCI (Other comprehensive income items);
- Other long-term benefits: these are set aside according to their vesting by the concerned employees. The amount of the obligation is calculated by using the projected unit credit method. Revaluations of the obligation in relation to other long-term benefits are recognised in net income in the period during which they occur.

W. Trade and other payables

Trade and other payables are measured at fair value on initial recognition, and subsequently at amortised cost.

X. Calculation method for earnings per share

Basic earnings per share corresponds to net income (loss) for the period attributable to the Group divided by the weighted average number of shares outstanding during the financial year adjusted to take account of treasury shares.

Diluted earnings per share takes into account all contracts that may give to their recipients the right to purchase ordinary shares known as dilutive potential ordinary shares.

Y. Business segments



The performance analysis, as monitored by management, shows four distinct business segments: "Aerostructures", "Assembly", "General engineering and sheet metal fabrication" and "Precision machining and surface treatment".

Z. Other operating income and expenses

These line items are only completed in the event of a significant event during the accounting period of a nature to distort the interpretation of the Group's performance. It therefore involves a very limited number of income or expense items that are unusual, abnormal and rarely-occurring and that the Group presents separately in its income statement.

1.2.2 SCOPE OF CONSOLIDATION

1.2.2.1 Consolidated companies

Company and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			March 2015	March 2016	March 2015	March 2016	March 2015	March 2016
FIGEAC AÉRO SA	3.49E+08	Z.I. de l'Aiguille 46100 FIGEAC	Parent Company	Parent Company	Parent Company	Parent Company	Parent Company	Parent Company
M.T.I. SAS	3.94E+08	Z.I. du Combal 12300 DECAZEVILLE	Full consolidation	Full consolidation	95.64%	95.64%	95.64%	95.64%
MECABRIVE IND. SAS	4.54E+08	1, Imp. Langevin 19108 BRIVE	Full consolidation	Full consolidation	92.68%	92.68%	92.68%	92.68%
SARL FGA TUNISIE	NONE	ZI M'Ghira III, Rue de Gafsa 2082 FOUCHANA	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AÉRO USA INC	NONE	2701 South Bayshore Drive 33133 MIAMI	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FGA PICARDIE SAS	5.34E+08	Z.I. de l'Aiguille 46100 FIGEAC	Full consolidation	Full consolidation	99.00%	99.95%	99.00%	99.95%
FGA NORTH AMERICA INC	NONE	9313 E 39th St N Wichita, KS, 67226 USA	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AÉRO MAROC	328973	49 Rue Jean Jaures CASABLANCA MAROC	N/A	Full consolidation	N/A	100.00%	N/A	100.00%
SCI REMSI	7.92E+08	Z.I. de l'Aiguille 46100 FIGEAC	Full consolidation	Full consolidation	100.00%	100.00%	0.00%	0.00%
	NONE	Hermosillo, State of Sonora, Mexico	N/A	Full consolidation	N/A	100.00%	N/A	100.00%

SCI REMSI, owned by Mr Jean-Claude Maillard, Chairman and CEO of FIGEAC AÉRO Group, is consolidated because it is considered as a special purpose entity. This company owns a specific asset (an industrial building) rented by the parent company Figeac Aéro. This SCI (non-trading property company) was created as part of the Group's investment initiative (creation of a workshop separate from the rest of the factory).

Under IFRS 10, the parent company FIGEAC AÉRO was considered to control this entity as:

- it has power over the entity through its power to govern the SCI's financial and operating policies;
- it has exposure or rights to the SCI's variable returns from its involvement with the entity;
- it has the ability to use its power over the SCI to affect the amount of these returns.

1.2.2.2 Non-consolidated company

Company and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			March 2015	March 2016	March 2015	March 2016	March 2015	March 2016
SAS AEROTRADE	5.2E+08	23 Av Edouard BELIN 31400 TOULOUSE	Not consolidated	Not consolidated	11.11%	1.00%	11.11%	1.00%

1.2.3 INTANGIBLE ASSETS

		March 2015	March 2016				
<i>(in € thousands)</i>							
Intangible assets	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Start-up costs and similar costs	0	0	0	5	(5)	0	0
Development costs	20,173	262	(91)	4,008	0	0	24,352
Concessions, patents, licenses	1,954	89	(672)	0	(0)	0	1,371
Software	3,138	2,033	(7)	659	(33)	0	5,789
Goodwill	353	0	0	0	0	0	353
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	11,216	19,238	(669)	(5,524)	(8)	0	24,253
Advances/intangible assets	0	0	0	0	0	0	0
Gross intangible assets	36,835	21,621	(1,439)	(853)	(46)	0	56,118
Depreciation							
Deprec. Start-up costs	0	0	0	0	0	0	0
Development costs - amort.	(10,807)	(3,746)	0	0	0	0	(14,552)
Concessions, patents, licenses - amort.	(1,496)	(262)	672	0	0	0	(1,086)
Software - amort.	(2,227)	(1,322)	7	0	19	0	(3,523)
Goodwill - amort.	0	0	0	0	0	0	0
Other intangible assets - amort.	0	0	0	0	0	0	0
Intangible assets in progress - deprec.	(310)	0	0	0	0	0	(310)
Advances/intangible assets - deprec.	0	0	0	0	0	0	0
Intangible assets - amort.	(14,839)	(5,329)	679	0	19	0	(19,471)
Net values							
Start-up costs and similar costs	0	0	0	5	(5)	0	0
Development costs	9,367	(3,484)	(91)	4,008	0	0	9,799
Concessions, patents, licenses	459	(173)	0	0	(0)	0	286
Software	911	711	0	659	(14)	0	2,267
Goodwill	353	0	0	0	0	0	353
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	10,907	19,238	(669)	(5,524)	(8)	0	23,943
Advances/intangible assets	0	0	0	0	0	0	0
Intangible assets	21,996	16,292	(760)	(853)	(27)	0	36,648



At 31 March 2016, there was no depreciation due to impairment.

New intangible assets

- Were internally generated (capitalised development costs) for	+€15.3 million	(+€10.7 million in 2015)
- Were acquired externally for	+€6.2 million	(+€7.2 million in 2015)

The majority of the R&D work was performed by FIGEAC AÉRO.

The Group's policy for R&D investment focuses on new machining systems (aerostructures and engines).

In this area, the FIGEAC AÉRO Group must anticipate the advent of new products and make use of the most cutting-edge technologies. FIGEAC AÉRO® must also help its customers export or find new foreign markets.

The FIGEAC AÉRO Group has significant R&D expenses. Over the last three years, these expenses averaged 4.1% of consolidated revenue. The result of this proactive policy is a Research Tax Credit and large subsidies in France (€3.1 million for 2016 compared to €1.6 million in 2015).

In 2016, total R&D expenses represented 6% of the Group's revenue versus 3.5% in 2015. These expenses confirm the Group's desire to meet the needs of the market through innovation.

1.2.4 PROPERTY, PLANT AND EQUIPMENT

March 2015

March 2016

(in € thousands)

Property, plant and equipment	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Gross value							
Land	2,755	1,668	0	0	(58)	0	4,365
Building	31,825	4,954	(5)	393	(500)	0	36,667
Buildings - finance lease	3,811	0	0	0	0	0	3,811
Plant machinery, equipment and tools	45,213	12,251	(2,412)	1,124	(463)	0	55,712
Plant machinery, equipment and tools - finance lease	49,087	12,869	(376)	(2,401)	0	0	59,179
Fixtures & fittings	5,487	1,251	(106)	153	(23)	0	6,763
Transport equipment	219	31	0	0	0	0	251
Office and IT equipment	2,392	700	0	195	(56)	0	3,230
Office and IT equipment - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	553	0	0	0	0	0	553
Tangible assets in progress	5,253	15,305	(4,896)	(1,127)	(9)	0	14,526
Advances/tangible assets	954	3,856	(572)	(116)	0	0	4,122
Property, plant and equipment - gross	147,552	52,887	(8,369)	(1,779)	(1,109)	0	189,182
Depreciation							
Land - Depreciation	(523)	(97)	0	0	0	0	(620)
Buildings - deprec.	(7,279)	(1,316)	5	0	26	0	(8,563)
Buildings - finance lease - deprec.	(1,713)	(583)	0	0	0	0	(2,296)
Plant machinery, equipment and tools - deprec.	(25,605)	(6,717)	1,436	(30)	86	0	(30,830)
Plant machinery, equipment and tools - finance lease - deprec.	(20,036)	(6,983)	327	1,808	0	0	(24,883)
Fixtures, fittings - deprec.	(3,583)	(593)	7	0	6	0	(4,162)
Transport equipment - deprec.	(158)	(35)	0	0	0	0	(193)
Office and IT equipment - deprec.	(1,527)	(495)	0	0	20	0	(2,001)
Office and IT equipment - finance lease - deprec.	0	0	0	0	0	0	0
Other property, plant and equipment - deprec.	0	0	0	0	0	0	0
Property, plant and equipment in progress - deprec.	0	0	0	0	0	0	0
Advances/property, plant and equipment - deprec.	0	0	0	0	0	0	0
Property, plant and equipment - deprec. and imp.	(60,422)	(16,819)	1,776	1,778	138	0	(73,548)
Net values							
Land	2,232	1,571	0	0	(58)	0	3,745
Building	24,546	3,638	0	393	(473)	0	28,105
Buildings - finance lease	2,098	(583)	0	0	0	0	1,515
Plant machinery, equipment and tools	19,608	5,534	(976)	1,093	(377)	0	24,882
Plant machinery, equipment and tools - finance lease	29,051	5,886	(50)	(593)	0	0	34,295
Fixtures & fittings	1,905	659	(98)	153	(17)	0	2,601
Transport equipment	61	(4)	0	0	0	0	57
Office and IT equipment	865	205	0	195	(36)	0	1,229
Office and IT equipment - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	553	0	0	0	0	0	553
Property, plant and equipment in progress	5,253	15,305	(4,896)	(1,127)	(9)	0	14,526
Advances/property plant and equipment	954	3,856	(572)	(116)	0	0	4,122
Property, plant and equipment	87,129	36,067	(6,592)	(2)	(971)	0	115,632



Property, plant and equipment given as guarantees are detailed in 1.2.25 "Guarantees on assets" of the Notes to the consolidated financial statements.

The largest acquisitions were:

- Land acquisition in Figeac and Wichita;
- The construction of two buildings (13,000 m²) in Figeac dedicated to the machining of pieces with large dimensions and engine parts;
- The construction of a machining building in Wichita;
- The enlargement of the MTI building;
- Capital expenditures for plant and machinery through the acquisition of 18 machines (machining, lathing and milling).

All of these new fixed assets were acquired from external suppliers.

1.2.5 NON-CURRENT FINANCIAL ASSETS

March 2015		March 2016				
<i>(in € thousands)</i>						
Financial assets	Opening	Increase	Decrease	Translation adjustment	Changes in scope	Closing
Gross value						
Non-consolidated investments	70	0	0	0	0	70
Loans	712	138	(4)	0	0	846
Other financial assets	1,333	475	(478)	(27)	0	1,302
Gross financial assets	2,114	613	(482)	(27)	0	2,218
Amortisation						
Non-consolidated investments - amort.	0	0	0	0	0	0
Other financial assets - amort.	(80)	0	73	0	0	(7)
Financial assets - amort.	(80)	0	73	0	0	(7)
Net values						
Non-consolidated investments	70	0	0	0	0	70
Loans	712	138	(4)	0	0	846
Other financial assets	1,253	475	(405)	(27)	0	1,296
Financial assets	2,034	613	(409)	(27)	0	2,211

1.2.6 INVENTORIES AND WORK IN PROGRESS

<i>(in € thousands)</i>		March 2015	March 2016				
Inventories and work in progress	Opening	Net change	Increase	Decrease	IAS 11	Translation adjustment	Closing
Gross value							
Inventories of raw materials	13,269	2,313	0	0		(68)	15,412
Inventories of other supplies	13,951	3,472	0	0	0	(68)	17,355
Work and services in progress	0	0	0	0	0	0	0
Work in progress and services	38,390	11,030	0	0	0	(104)	49,097
Construction contracts	60,001	0	0	0	14,328	0	74,329
Inventories of finished goods	24,061	4,764	0	0	0	(10)	28,635
Inventories - gross value	149,672	21,579	0	0	14,328	(250)	184,828
Provisions							
Inventories of raw materials - depreciation	(535)		0	109	0	(0)	(427)
Inventories of other supplies - depreciation	0		0	0	0	0	0
Work and services in progress - depreciation	0		0	0	0	0	0
Inventories of work and services in progress - depreciation	(1,466)		(213)	0	0	0	(1,679)
Inventories of finished goods - depreciation	(1,803)		(327)	0	0	0	(2,130)
Inventories - depreciation	(3,805)		(540)	109	0	(0)	(4,236)
Net values							
Inventories of raw materials	12,734 0	2,313	0	109		(68)	14,985
Inventories of other supplies	13,951 0	3,472	0	0	0	(68)	17,355
Work and services in progress	0 0	0	0	0	0	0	0
Work in progress and services	96,925 0	11,030	(213)	0	14,328	(104)	121,747
Inventories of finished goods	22,258 0	4,764	(327)	0	0	(10)	26,505
Inventories and work in progress	145,867	21,579	(540)	109	14,328	(250)	180,592

In gross value, inventories increased by €35.9 million over the course of 2016, compared to €35.6 million during 2015. Pledged inventories are indicated in 1.2.25 "Guarantees on assets" in the Notes to the consolidated financial statements.

1.2.7 TRADE AND OTHER RECEIVABLES

Details on **trade and other current receivables** are provided in the table below:

Breakdown of receivables	March 2015		March 2016	
	Opening	Closing	< 1 year	> 1 year
Advances & down payments paid on orders	0	(22)	(22)	0
Trade and other receivables	52,745	62,836	60,431	2,405
Sundry debtors	2,658	2,807	2,807	0
Tax receivables	3,758	6,296	5,956	340
TOTAL	59,161	71,917	69,172	2,745

At 31 March 2016, accounts receivable factoring amounted to €38.8 million compared to €25.9 million at 31 March 2015. As the Group remains responsible for collecting the factored trade receivables, these receivables remain on the balance sheet as an asset.

At 31 March 2016, the payment schedule for gross trade receivables was as follows:

March 2016				
Trade receivables by maturity	Closing	< 6 months	> 6 months < 12 months	> 12 months
Trade and other receivables	62,836	60,431		2,405
TOTAL	62,836	60,431		2,405

No **loss on any significant bad debt** was recognised during this or the previous financial year.

March 2015				
Trade receivables by maturity	Closing	< 6 months	> 6 months < 12 months	> 12 months
Trade and other receivables	52,745	52,509		236
TOTAL	52,745	52,509		236

1.2.8 CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

1.2.8.1 Cash and cash equivalents

Changes in cash and cash equivalents as follows:

<i>(in € thousands)</i>	March 2015	March 2016	Change
	Opening	Closing	
Cash and cash equivalents			
Marketable securities	2,537	5,637	3,100
Available cash	29,561	96,197	66,636
Bank overdrafts	(1,837)		1,837
Cash and cash equivalents	30,261	101,834	71,573
Outstanding invoices	(25,934)	(39,619)	(13,685)
Bank overdrafts		(1,376)	(1,376)
TOTAL	4,327	60,838	56,513

Bank lending is included in "Financial debt < 1 year" in Current Liabilities. Current bank facilities consist exclusively of the collateralisation of a portion of the trade receivable portfolio through factoring.

The change in cash and cash equivalents in the year is explained in 1.1.10 "Consolidated statement of cash flows".

1.2.8.2 Financial instruments at fair value through profit or loss

They include:

- The hedging instruments described in the following table:

<i>In € thousands (excluding tax effect) - accumulated impacts</i>	March 2016		March 2015		Change
	Fair value recognised in OCI	Fair value recognised in profit or loss	Fair value recognised in OCI	Fair value recognised in profit or loss	OCI
FX forward contract and swaps	(1,214)		(1,039)	0	(175)
Options	(980)	(10,840)	(5,425)	(13,232)	4,445
Accumulators		(6,256)	(1,494)	(15,504)	1,494
TRF		(10,974)	(1,282)	(36,556)	1,282
FADER		(900)	(41)	(865)	41
Total	(2,210)	(33,375)	(9,281)	(66,157)	4,876

<i>In € thousands (excluding tax effect)</i>	March 2016	March 2015
Impact on net income (loss) for the year	32,860	(66,157)

(in € thousands)

March 16

March 15



Equity - hedging instruments at the opening	(6,188)	0 (1)
Change in fair value of the effective portion	3,177	(9,281)
Reclassified to the income statement (2)	1,077	
Declassification of trading (3)	2,817	
Tax effect on change during the year	(2,357)	3,093
Equity - hedging instruments at the close	(1,474)	(6,188)

- (1) At 31 March 2014, the Group has not documented the application of hedge accounting. The entire fair value of the hedging instruments is recognised in financial income.
 - (2) When hedged items have an impact on the income for the periods, the deferred amounts in shareholders' equity are subject to reclassification.
 - (3) At 31 March 2015, the Company deemed that some of the complex currency derivatives (accumulators, faders and TRF) could qualify for hedge accounting. At April 1, 2015, the Company reclassified the held-for-trading transactions with immediate reversal into profit or loss of the amounts deferred in equity.
- An analysis of the interest rate risk incurred by the FIGEAC AÉRO Group is detailed in 1.2.26 "Risk factors" in the Notes to the consolidated financial statements.

The FIGEAC AÉRO Group recognises its foreign exchange hedging instruments at fair value through profit or loss.

The impacts of this recognition on income are detailed in the following table:

in € thousands	31/03/2016		31/03/2015	
	Fair value	Impact on income	Fair value	Impact on income
Currency SWAP €//\$	(35,585)	(31,180)	(75,438)	(66,157)

1.2.9 DEFERRED TAX

Deferred tax	31 March 2016	31 March 2015
Deferred tax assets	9,075	5,559
Deferred tax liabilities	0	(15,945)
Deferred tax at opening	9,075	(10,386)
Deferred tax income (expense) over the period	(15,851)	15,429
Change in deferred tax recognised in shareholders' equity	(2,603)	4,199
Groupe SAFRAN	(121)	(167)
Closing deferred tax	(9,500)	9,075
of which deferred tax assets	1,069	9,075
of which deferred tax liabilities	(10,569)	0

Deferred tax assets are recognised when their recovery is likely. Tax losses or timing differences must be attributable to future taxable profits. Deferred tax assets are reduced when it is no longer likely that a sufficient tax benefit is available.

Deferred tax analysis	March 2015	March 2016
(in € thousands)	Opening	Closing
Accelerated depreciation	(418)	(385)
Leasing	(1,211)	(1,747)
Employee profit sharing	211	211
Personnel benefits	706	713
Valuation of tax losses carried forward	751	751
Tax timing differences	36	36
IFRIC 21	0	0
Subsidies	(470)	(496)
Construction contracts	(15,595)	(20,256)
Financial instruments	25,183	11,873
Finance leases	(9)	(9)
Provisions for foreign exchange losses	95	0
Currency impact	(167)	(167)
Groupe SAFRAN	(35)	(24)
Net deferred tax liabilities	9,075	(9,500)

1.2.10 FINANCIAL ASSETS AND LIABILITIES

The Group has identified three categories of financial instruments according to the consequences that their characteristics have on their valuation method and based on this classification present some of the information required by IFRS 13:

- Level 1 category "Market Price": financial instruments that are the subject to quotes on an active market;
- Level 2 category "Model with observable inputs": financial instruments measured using valuation techniques based on observable inputs;
- Level 3 category "Model with unobservable inputs".

1.2.10.1 Financial assets

The table below shows the book value for the financial instrument asset categories:

(in € thousands)	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging instruments	Total 31/03/2016	of which assets measured at fair value
Non-current financial assets	2,211			2,211	
Other non-current assets	2,744			2,744	
Trade and other receivables	60,431			60,431	
Financial instruments			0	0	
Other current assets	10,138			10,138	
Cash and cash equivalents	96,197	5,637		101,834	5,637
Total financial assets	171,721	5,637	0	177,358	5,637

(in € thousands)	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	5,637			5,637

The fair value is identical to the value recognised in the consolidated financial statements with respect to all the financial assets.

At 31 March 2015, financial assets at fair value were classified as follows:

(in € thousands)	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging instruments	Total 31/03/2015	of which assets measured at fair value
Non-current financial assets	2,034			2,034	
Other non-current assets	705			705	
Trade and other receivables	52,508			52,508	
Financial instruments			0	0	
Other current assets	6,983			6,983	
Cash and cash equivalents	27,724	2,537		30,261	2,537
Total financial assets	89,953	2,537	0	92,491	2,537

(in € thousands)	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	2,537			2,537

1.2.10.2 Financial liabilities

The table below shows the book value for the financial instrument liability categories:

March 2016

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	31 March 2016	Fair value
Loans from credit institutions			92,159	92,159	92,159
Borrowings - Finance leases			39,190	39,190	39,190
Repayable advances			24,355	24,355	24,355
Other financial liabilities			3,118	3,118	3,118
Factoring			39,619	39,619	39,619
Derivative financial instruments	33,407	2,210		35,617	35,617
Trade and other payables			71,066	71,066	71,066
TOTAL FINANCIAL LIABILITIES	33,407	2,210	269,507	305,124	305,124

(*) The fair value is close to the value recognised in the consolidated financial statements for financial liabilities

	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments		35,617		35,617



At 31 March 2015, financial liabilities at fair value through profit or loss were classified as follows:

March 2015

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	31 March 2015	Fair value
Loans from credit institutions			57,478	57,478	57,478
Borrowings - Finance leases			36,342	36,342	36,342
Repayable advances			22,703	22,703	22,703
Other financial liabilities			1,591	1,591	1,591
Factoring			25,934	25,934	25,934
Derivative financial instruments	66,267	9,282		75,548	75,548
Trade and other payables			69,983	69,983	69,983
TOTAL FINANCIAL LIABILITIES	66,267	9,282	214,031	289,579	289,579

1.2.11 FINANCIAL DEBT

Financial debt by type of credit and by maturity breaks down as follows:

March
2015

March 2016

(in € thousands)

Financial debt	Opening	Increase	Decrease	Other movement	Closing	< 1 year	1-5 years	> 5 years
Loans from credit institutions	57,478	50,871	(16,190)	0	92,159	10,765	64,366	17,028
Borrowings - Finance leases	36,342	13,096	(10,016)	(233)	39,190	10,087	26,143	2,960
Repayable advances	22,703	2,652	(1,000)	0	24,355	2,108	15,299	6,948
Total	116,523	66,620	(27,205)	(233)	155,704	22,960	105,808	26,936

March
2015

March 2016

(in € thousands)

Other financial liabilities	Opening	Increase	Decrease	Other movements	Closing	< 1 year	1-5 years	> 5 years
Other financial liabilities	1,591	469	(318)	1,373	3,118	1,376	1,742	0
Total	1,591	469	(318)	1,373	3,118	1,376	1,742	0

Bank lending and overdrafts are generally granted for a term of one year and are renewable in the middle of a financial year. They are affected by the weighting of the financing of the item (Daily assignments, discounted notes not yet due and Factoring) for €39.6 million at 31 March 2016 versus €29 million at 31 March 2015.

The covenants at 31 March 2016 are detailed in the following table:

Loans subject to a covenant				Covenant		Compliance (3)
Category (1)	Year of subscription	Balance at 31/03/2016 in € thousands	Final maturity	Ratios	Calculation basis (2)	March 2016
Loans						
L	2,015	12,000	Jan 2021	Gross debt/Shareholders' equity < 2.2	CC	C
				Cost of financial debt/EBITDA < 3	CC	C
				EBITDA/debt servicing > 2	CC	C
<i>Total</i>		<i>12,000</i>				

L = Loans

CFS = Consolidated financial statements

C = Compliant

The guarantees given on loans and financial debt are listed in 1.2.25 "Guarantees on assets" in the Notes to the consolidated financial statements.

1.2.12 SHAREHOLDERS' EQUITY

The Group's primary objective in terms of the management of share capital is to maintain a balance between shareholders' equity and borrowings in order to facilitate its business activities and to increase value for Shareholders.

To maintain or adjust the structure of its shareholders' equity, the Group may propose to shareholders to adopt the distribution of dividends or to perform new capital increases.

The main ratio monitored by the Group for the management of its shareholders' equity is the debt ratio.

The objectives, policies and procedures for the management of share capital remain unchanged.

A capital increase reserved for employees of FIGEAC AÉRO was performed on 15 May 2015 at a preferential price. In accordance with IFRS 2, an expense of €144 thousand was recognised for awards granted to employees. The subscription price proposed to employees reflects a 20% discount as compared to the issue price of the capital increase subscribed by the investors.

During the financial year, FIGEAC AÉRO set up a free share allocation plan (new shares to be issued). This is a Group plan since it involves not only the employees of the issuing company, Figeac Aéro, but also those of MTI, Mecabrive and FGA Picardie. 54,888 new shares may be awarded to employees.

Pursuant to IFRS 2 "Share-based payments", an expense must be recorded when a transaction allocates shareholders' equity instruments to members of personnel pursuant to continued employment conditions. This expense is calculated based on the fair value of the shareholders' equity allocated (market price of these shares) on the date of their allocation (price of 29 February 2016) and must be spread out over the vesting period of the rights (two years).

An expense of €246,420 was recorded as an offset to reserves. This amount is also shown in the consolidated statement of changes in shareholders' equity.



The details of the **changes in the number of shares** during the financial year are as follows:

	Number	Nominal value
Shares outstanding at the beginning of the year	27,736,956	0.12
Public offering on 15/05/2015	30,557	0.12
Public offering on 23/03/2016	4,011,627	0.12
Shares outstanding at the end of the year	31,779,140	0.12

At 31 March 2016, Share Capital consisted of 31,779,140 shares, of which 23,980,162 had double voting rights. The nominal value of one security stood at €0.12.

1.2.13 EARNINGS PER SHARE

1.2.13.1 Basic earnings per share

The calculation of basic earnings per share at 31 March 2016 was performed on the basis of the consolidated income for the period attributable to Group shareholders, of which the detailed calculations are provided in the table below:

	March 2015	March 2016
<i>(in €)</i>	*	
	Opening	Closing
<i>Consolidated income attributable to Group shareholders</i>	<i>(21,559,000)</i>	<i>33,260,000</i>
Weighted average number of shares	27,736,956	28,099,269
Treasury shares held at end of period	7,437	13,944
<i>Weighted average number of shares</i>	<i>27,729,519</i>	<i>28,085,325</i>
<i>Basic earnings per share</i>	<i>(0.78)</i>	<i>1.18</i>

1.2.13.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2016 was performed on the basis of the consolidated income for the period attributable to Group shareholders corrected to reflect the impact of the stock option plans. The weighted average number of potential ordinary shares for the period was 28,140,213 shares.

	March 2015	March 2016
<i>(in €)</i>		
	Opening	Closing
Weighted average number of potential shares		
Weighted average number of ordinary shares	27,729,519	28,085,325
Impact of stock option plans	0	54,888
TOTAL	27,729,519	28,140,213

<i>Diluted earnings per share</i>	(0.78)	1.17
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1.2.14 PROVISIONS

They have changed as follows:

<i>(in € thousands)</i>		March 2015		March 2016		
Provisions	Opening	Allocations	Reversals used	Reversals not used	Other movements	Closing
Provision for litigation	1,101	1,479		(671)	0	1,909
Construction contracts provision	4,219	116	(1,133)	0	0	3,202
Other provisions	9	66	0	0	0	74
Total provisions	5,328	1,661	(1,133)	(671)	0	5,184

Other non-current provisions mainly consist of:

- Provisions for litigation: €1,909 thousand.

The Group is currently involved in labour disputes with its employees. The Group has set aside a provision of €0.5 million relating to a social risk with respect to the taking into account of the time for dressing and undressing of a certain category of employees.

As a result of a tax audit in 2015, the parent company Figeac Aéro was assessed additional tax of €1.7 million for the 2011 and 2012 Research Tax Credit in connection with the valuation of expenses deducted by the company. The eligibility of projects declared under CIR 2011 and 2012 has not been called into question. Following an initial response provided by the Group to the tax authorities, the adjustment was decreased to €1.4 million.

The Group has challenged this additional tax assessment. A provision was nevertheless created at 31 March 2016 for an amount representing the possible outflow of resources as estimated by Management with regard to the research tax credit

- Provision for contract losses: €3,202 thousand.

Expected losses on construction projects are subject to a provision for contract losses in accordance with IAS 11.

EMPLOYEE BENEFITS: Pension liabilities and Long Service awards

Pursuant to IAS 19 – Employee benefits, the purpose of the provision for pension recognised as a liability on the balance sheet is to record the pension benefits of employees vesting at the end of the period. A provision covering the full amount of pension liabilities has been set aside and is not hedged by dedicated assets.

During the 2016 financial year, the provisions for pension and other employee long-term benefits increased by €25 thousand and stood at €2,121 thousand at 31 March 2016. This increase in provisions corresponds to:

- Service cost: €253 thousand
- Financial cost: €23 thousand
- Reversal of unused provision: <€10 thousand>
- Actuarial gain or loss: <€241 thousand>

The actuarial gain or loss recognised in OCI (Other comprehensive income items) is the result of a change in the:



- Discount rate of 1.39% (1.14% in 2015)

The other calculation assumptions remained unchanged:

- Retirement age: 67 years
- Average salary escalation rate: 1.5%
- Mortality table: INSEE 2015 table

Age	20 years	30 years	40 years	50 years	60 years	65 years
Mortality table for men:	99,274	98,549	97,489	94,963	88,615	83,631
Mortality table for women:	99,469	99,222	98,745	97,436	94,414	92,075

- Low or high turnover rate depending on the companies and employee categories (manager or non-manager):

Age	20 years	30 years	40 years	50 years	60 years	65 years
Low turnover rate	5.81%	1.57%	1.23%	0.56%	1.34%	0.00%
High turnover rate	7.94%	1.90%	1.97%	1.18%	4.05%	0.00%

A study of the sensitivity to a change in the discount rate shows that:

- The impact of a +1% change in the rate would represent an increase of €223 thousand in consolidated net income;
- The impact of a <1%> change in the rate would represent a decrease of <€257 thousand> in consolidated net income.

Provisions for pension liabilities stood at:

2016 **2015**

- For all the Group's French subsidiaries €2,026 thousand; €1,998 thousand

Provisions for pension liabilities made at the closing dates of the preceding financial years are as follows:

- At 31 March 2014 €1,171 thousand
- At 31 March 2013 €948 thousand

The provisions for pension liabilities at the closing date of the next financial year (31/03/2017) should be approximately €2,583 thousand.

Retirement severance payments paid in the 2016 financial year amounted to €10 thousand.



1.2.15 OTHER CURRENT LIABILITIES

Details regarding **Other current liabilities** are provided in the table below:

	March 2015	March 2016			
(in € thousands)	Opening	Closing	< 1 year	1-5 years	> 5 years
Trade payables	36,884	47,227	47,227	0	0
Debt/fixed assets and related accounts	3,517	3,025	3,025	0	0
Trade and other payables	40,401	50,253	50,253		
Refundable advances and payments received on orders	1,869	810	810	0	0
Social security liabilities	13,910	14,923	14,923	0	0
Other current liabilities	3,338	890	890		
Other current liabilities	19,117	16,623	16,623		
Fiscal liabilities	4,468	4,190	4,190	0	0
	63,985	71,066	71,066	0	0

1.2.16 REVENUE

Revenue by segment

	March 2015	March 2016	
By business activities	Closing	Closing	Change
Structural parts for the aeronautical industry	172,536	211,757	22.73%
General engineering and sheet metal fabrication	12,215	9,568	-21.67%
On-site assembly	3,815	5,061	32.66%
Machining and surface treatment	19,014	25,958	36.52%
TOTAL	207,580	252,344	22%



Revenue by geographical region

By geographical region	March 2015		March 2016	
	Closing		Closing	Change
FRANCE	159,123		180,016	13.13%
EXPORT	48,457		72,328	49.26%
TOTAL GEOGRAPHIC REGIONS	207,580		252,344	22%

1.2.17 BUSINESS SEGMENTS

In accordance with the provisions of IFRS 8, the information by business segment is based on Management's approach, meaning the manner in which Management allocates resources depending on the performance of the various segments. The Group has four segments to present, which offer distinct products and services and that are managed separately insofar as they require different technological and commercial strategies. The operations performed in each of the segments presented are summarised as follows:

- The Aerostructures segment: structural parts for the aeronautical industry;
- The on-site and workshop assembly of aerospace sub-assemblies segment;
- The general engineering and sheet metal fabrication segment;
- The precision machining and surface treatment segment.

In March 2016, the key indicators by business segment were as follows:

Net income by business segment

		March 2016							
(in € thousands)									
BUSINESS SEGMENTS	TOTAL	Aerostructure	%	On-site assembly	%	Precision machining and surface treatment	%	General and industrial engineering	%
Revenue	252,344	211,757	83.92%	5,061	2.01%	25,958	10.29%	9,568	3.79%
Other income from operations	2,932	2,434	83.01%	239	8.15%	142	4.84%	117	4.00%
Change in inventories of finished products and work in progress	29,866	29,033	97.21%	191	0.64%	886	2.97%	(244)	-0.82%
Raw materials and consumables	(140,932)	(124,647)	88.44%	(572)	0.41%	(12,044)	8.55%	(3,670)	2.60%
Personnel expenses	(60,132)	(42,244)	70.25%	(4,222)	7.02%	(10,106)	16.81%	(3,560)	5.92%
External expenses	(22,001)	(18,578)	84.44%	(405)	1.84%	(2,244)	10.20%	(774)	3.52%
Taxes	(3,246)	(2,444)	75.29%	(176)	5.42%	(369)	11.37%	(257)	7.93%
Depreciation and amortisation	(18,863)	(16,431)	87.11%	(335)	1.78%	(1,535)	8.14%	(563)	2.98%
Net allocations to provisions	(1,798)	(1,713)	95.27%	0	0.00%	(12)	0.65%	(73)	4.08%
Current operating income	38,168	37,166	97.38%	(220)	-0.58%	677	1.77%	545	1.43%
Other operating income	62	0	0.00%	0	0.00%	3	4.35%	59	95.59%
Other operating expenses	(1,607)	(1,227)	76.34%	(418)	25.99%	27	-1.68%	10	-0.65%
Operating income	36,623	35,939	98.13%	(637)	-1.74%	706	1.93%	615	1.68%
Financial income	129	127	98.19%	0	0.00%	0	0.00%	2	1.81%
Financial expenses	(3,137)	(2,835)	90.36%	(122)	3.87%	(123)	3.93%	(58)	1.84%
Foreign exchange gains and losses	(16,163)	(16,109)	99.67%	0	0.00%	(54)	0.34%	0	0.00%
Other financial income and expenses	(23)	(20)	88.36%	0	1.77%	(1)	5.86%	(1)	4.02%
Actual financial income	(19,194)	(18,837)	98.14%	(122)	0.64%	(179)	0.93%	(56)	0.29%
Unrealised gains and losses	32,860	32,860	100.00%		0.00%		0.00%		0.00%
Income tax	(17,023)	(16,867)	99.08%	17	-0.10%	(127)	0.75%	(46)	0.27%
Net income (loss) for the period	33,266	33,094	99.48%	(741)	-2.23%	400	1.20%	513	1.54%
<i>Net income (loss) for the period</i>	<i>0</i>	<i>0</i>		<i>0</i>		<i>0</i>		<i>0</i>	
Total intangible assets	36,648	35,738	97.52%	208	0.57%	690	1.88%	11	0.03%
Total property, plant and equipment	115,632	93,597	80.94%	3,973	3.44%	13,235	11.45%	4,827	4.17%
Total financial assets	2,211	2,098	94.90%	2	0.09%	93	4.23%	17	0.78%
Total assets	154,491	131,433	85.07%	4,183	2.71%	14,019	9.07%	4,855	3.14%
Inventories and work in progress	180,592	174,099	96.40%	1,042	0.58%	4,565	2.53%	885	0.49%
Trade and other receivables	73,313	62,581	85.36%	1,365	1.86%	5,412	7.38%	3,955	5.40%
Trade and other payables	(76,328)	(65,919)	86.36%	(2,072)	2.71%	(5,276)	6.91%	(3,062)	4.01%
Financial debt	(155,704)	(144,729)	92.95%	(3,188)	2.05%	(3,932)	2.53%	(3,856)	2.48%

In March 2015, the key indicators by business segment were as follows:

Net income by business segment 2015

March 2015

(in € thousands)

BUSINESS SEGMENTS	TOTAL	Aerostructure		On-site assembly		Precision machining and surface treatment		General and industrial engineering	
			%		%		%		%
Revenue	207,580	172,536	83.12%	3,815	1.84%	19,014	9.16%	12,215	5.88%
Other income from operations	2,548	1,947	76.41%	132	5.18%	459	18.01%	10	0.39%
Change in inventories of finished products and work in progress	31,312	31,684	101.19%	635	2.03%	(218)	-0.70%	(788)	-2.52%
Raw materials and consumables	(114,145)	(99,814)	87.44%	(445)	0.39%	(8,345)	7.31%	(5,541)	4.85%
Personnel expenses	(58,204)	(42,800)	73.53%	(4,014)	6.89%	(7,252)	12.46%	(4,138)	7.11%
External expenses	(17,068)	(14,506)	84.99%	(566)	3.32%	(1,358)	7.95%	(638)	3.74%
Taxes	(2,688)	(1,994)	74.18%	(125)	4.65%	(322)	11.98%	(249)	9.26%
Depreciation and amortisation	(15,847)	(13,882)	87.60%	(258)	1.63%	(1,412)	8.91%	(296)	1.86%
Net provisions	(101)	157	-155.27%	31	-30.71%	(267)	263.15%	(23)	22.84%
Current operating income	33,386	33,328	99.83%	(794)	-2.58%	301	0.98%	552	1.79%
Operating income/Revenue	0	0		-20.82%		1.58%		4.52%	
Other operating income	32	(105)	-328.12%	0	0.00%	96	300.00%	41	128.12%
Other operating expenses	(3,625)	(3,532)	97.43%	(35)	0.96%	(31)	0.86%	(26)	0.72%
Operating income	29,793	29,691	99.65%	(830)	-2.79%	366	1.22%	566	1.89%
Actual financial income	(2,167)	(1,869)	86.24%	(128)	5.91%	(132)	6.09%	(38)	1.75%
Unrealised gains and losses	(64,752)	(64,752)	100.00%	0	0.00%	0	0.00%	0	0.00%
Net income (loss) for the period	(21,559)	(21,893)	101.55%	(561)	2.60%	341	-1.58%	554	-2.57%
Net income (loss)/Revenue	(0)	(0)		-100.09%		2.20%		4.54%	
Total intangible assets	21,996	20,946	95.23%	0	0.00%	1,045	4.75%	5	0.02%
Total property, plant and equipment	87,129	73,267	84.09%	3,440	3.95%	8,795	10.09%	1,627	1.87%
Financial assets	2,034	1,933	95.02%	2	0.09%	82	4.04%	17	0.85%
Total assets	111,324	96,146	86.49%	3,441	3.10%	9,922	8.93%	1,650	1.48%
Inventories and work in progress	145,367	139,782	96.16%	843	0.58%	3,566	2.45%	1,176	0.81%
Trade and other receivables	61,724	52,092	84.39%	1,015	1.64%	4,310	6.98%	4,307	6.98%
Trade and other payables	(65,531)	(53,378)	81.45%	(5,504)	8.40%	(3,595)	5.49%	(3,053)	4.66%
Financial debt	(116,523)	(109,536)	94.00%	(3,107)	2.67%	(3,152)	2.70%	(728)	0.62%



1.2.18 CONSTRUCTION CONTRACT

Details of the Group's **construction contracts** in progress at 31 March 2016 are as follows:

<i>(in € thousands)</i>	March 2015	March 2016	
Construction contracts	Opening	Change	Closing
Construction contracts in progress (inventory curve)	60,001	14,328	74,329
Work in progress and inventories of finished goods associated with IAS 11 contracts	44,865	14,518	59,383
Total capitalised work in progress contracts	104,866	28,846	133,712
Amount due to customers	0	0	0
Revenue recognised from the inception of the contracts	451,439	179,114	630,553
Charges incurred since inception of the contracts	451,107	167,730	624,838



1.2.19 INCOME TAXES

Details regarding the Group's **Income taxes** are as follows:

		March 2015	March 2016
		Opening	Closing
<i>(in € thousands)</i>			
Corporate tax			
	Tax due	2,410	1,176
	Change in deferred tax expense	(16,218)	15,851
	Apprenticeship tax credit	(3)	(4)
	Provisions for tax		
Change in net tax expense		(13,811)	17,023

The parent company FIGEAC AÉRO has not established a tax sharing agreement with its subsidiaries.

The detailed table below explains the taxes in the consolidated financial statements:

		March 2016	March 2015
		Closing	Opening
in € thousands			
	-		
	Net income of consolidated companies before income tax and amortisation of goodwill	50,289	(35,703)
	Income tax rate applicable to the parent company	33.33%	33.33%
	Theoretical tax expense	16,761	(11,900)
	Effective income tax expense	17,023	(13,811)
TAX DIFFERENCE ON THEORETICAL/ACTUAL RESULTS		(262)	1,911
	Impact of the tax rates applicable to foreign subsidiaries which are different than the French tax rate	(278)	407
	Non-activated tax losses	(1,746)	
	Share of expenses and charges on Group dividends		
	Impact of permanent differences		(6)
	Impact of reduced tax rate and tax credit	1,496	1,351
	Other non-deductible items/not taxable locally	266	159
TOTAL		(262)	1,911

Deferred tax is detailed in 1.2.9 "Deferred tax" of the Notes to the consolidated financial statements.

1.2.20 NOTE ON OTHER INCOME FROM OPERATIONS

Other income from operations is detailed in the following table:

		March 2015	March 2016	
<i>(in € thousands)</i>				
Other income from operations	Opening	Closing		Change
Other income from operations	2,548	2,932		15.07%
Capitalised production	419	128		-69.45%
Research Tax Credit	1,775	2,645		49.03%
Operating Grants	354	114		-67.82%
Other income from operations	0	45		
Total	2,548	2,932		15.07%

1.2.21 NOTE ON OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are detailed in the following table:

		March 2015	March 2016	
<i>(in € thousands)</i>				
Other operating income and expenses	Opening	Closing		
Other operating income	32	62		
Other income	32	62		
Total	32	62		
Other operating expenses	(3,625)	(1,607)		
NBV items sold	0	(33)		
Other non-current expenses	(3,625)	(1,574)		
Total	(3,625)	(1,607)		

Details regarding 2016 non-recurring expenses:

- Non-recurring depreciation and amortisation: €487 thousand
- Trade payables dispute: €769 thousand
- Customer penalties: €141 thousand
- Various penalties and fines: €40 thousand
- Other non-recurring items: €133 thousand

1.2.22 NOTE ON THE COST OF NET FINANCIAL DEBT

The cost of financial debt is detailed in the following table:

in € thousands	31/03/16	31/03/15
Income from cash and cash equivalents	31	(0)
Interest and financial expenses	3,137	3,036
Of which interest on borrowings	2,841	2,767
Other financial income	(160)	(869)
Of which income on financial instruments	0	0
Of which expenses on financial instruments	0	0
Cost of net financial debt	(3,008)	(2,167)

1.2.23 TRANSACTIONS WITH RELATED PARTIES

Related parties of the FIGEAC AÉRO Group were defined in accordance with IAS 24 and are presented below with details of transactions carried out during the 2016 financial year.

Related parties are defined as such as a consequence of the equity investment of Mr Jean Claude Maillard in MP Usicap and the Avantis Engineering Group.

1.2.23.1 With MP USICAP

Permanent services cover the following areas:

- Machining services for aerospace parts;
- Legal, accounting and administrative assistance.

The 2016 **figures** are as follows:

(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. tax	Trade receivables
Transactions with related companies	1,862	(773)	45	51

No particular benefit was granted as part of this agreement.

1.2.23.2 With Avantis Engineering

Permanent services cover the following areas:

- Programming services for means for production;
- Sub-assembly study services.

The 2016 **figures** are as follows:

(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. tax	Trade receivables
Transactions with related companies	2,877	670	530	0

No particular benefit was granted as part of this agreement.



1.2.23.3 With the subsidiaries

These are companies included in the Group's scope of consolidation.

Transactions with subsidiaries are entirely eliminated from the consolidated financial statements, as are all transactions between fully consolidated Group companies. These are of different types:

- Purchase or sale of goods and services;
- Leasing of premises;
- Transfer of research and development;
- Purchase or sale of fixed assets;
- Management fees;
- Current accounts;
- Loans.

1.2.23.4 With members of the management bodies

This is compensation paid to persons holding **corporate positions at Figeac Aéro S.A.**:

By Figeac Aéro:

In €	March 2016	March 2015
Compensation of corporate officers		
Of which		
Fixed	96,000	96,000
Variable		
Exceptional		
Benefits in kind (use of a vehicle)	3,443	3,129
Other compensation of non-executive directors		
Directors' fees		
Total	99,443	99,129

To date, there are no stock option or stock purchase plans in progress for Figeac Aéro S.A. or any other Group company.

1.2.24 WORKFORCE

	March 2015	March 2016
	Opening	Closing
Number of employees		
Workforce - France	1,391	1,404
Workforce - outside France	332	475
TOTAL	1,723	1,879

The breakdown of the workforce by business segment at 31 March 2016 was as follows:

By number of employees	Managers	Non-managers	Total
Aerostructure	184	1,250	1,434
On-site assembly	7	102	109
Machining and surface treatment	25	224	249
General and industrial engineering	8	79	87
TOTAL	224	1,655	1,879

1.2.25 OFF-BALANCE SHEET COMMITMENTS

Commitments received:

in € thousands	March 2016	March 2015
<u>Commitments received</u>		
COFACE guarantee	44,266	34,362
OSEO UIMM guarantee	151	617
OSEO Leaseback guarantee	5,945	7,383
TOTAL	50,362	42,362

Guarantees on asset components:

(in € thousands)	March 2015					March 2016				
	FIGEAC AERO	MECABRIVE	FIGEAC AERO PICARDIE	SCI REMSI	MTI	FIGEAC AERO	MECABRIVE	FIGEAC AERO PICARDIE	SCI REMSI	MTI
Investments in consolidated companies	2,000	0	0	0	0	2,000	0	0	0	0
Pledge trade receivables	0	0	0	0	0	0	0	0	0	0
Pledge research tax credit (CIR) and tax credit for com	1,203	0	0	0	0	1,364	139	0	0	0
Pledge inventories	413	0	0	0	0	12,000	0	0	0	0
Pledge other receivables	0	0	0	0	74	0	0	0	0	1,038
Pledge equipment	955	0	0	0	0	651	0	0	0	0
Mortgages/Pledges (land/bldg)	6,765	0	0	3,194	0	6,765	0	0	3,002	0
TOTAL	11,338	0	0	3,194	74	22,780	139	0	3,002	1,038

Commitments for operating leases

Operating leases mainly involve leases for industrial equipment.

At 31 March 2016, the future minimum payments for these operating leases were as follows:

March 2016

Total rent in € thousands	Share < 1 year	Share > 1 year and < 5 years	Share > 5 years	Total
Industrial equipment	788	879	1	1,669

At 31 March 2015, the future minimum payments for these operating leases were as follows:

March 2015

Total rent in € thousands	Share < 1 year	Share > 1 year and < 5 years	Share > 5 years	Total
Industrial equipment	828	855	7	1,689

The above information does not cover:



- Outstanding finance leases, which are addressed in 1.2.11 "Financial debt" of the Notes to the consolidated financial statements;
- Interest on loans is covered in 1.2.11 "Financial debt" of the Notes to the consolidated financial statements;
- The forward currency sale commitments and the interest rate swaps that are listed in 1.2.8 "Financial instruments at fair value through profit or loss" of the Notes to the consolidated financial statements.

1.2.26 RISK FACTORS

Shareholders and potential buyers of securities must carefully consider the factors described below when they evaluate the Group and its commercial activities.

The FIGEAC AÉRO Group performs a risk review that could have a material adverse impact on its business, financial position, results and prospects, and its ability to achieve its objectives. This paragraph describes the relevant and significant risks identified as of the publication date of the Registration Document. The FIGEAC AÉRO Group believes that there are no significant risks other than those described below.

1.2.26.1 Legal and tax risks

To the best of our knowledge, there are no legal or tax risks associated with the regulatory environment and/or with the execution of the contracts that are pending or threatened, that are liable to have or have had in the last 12 months a material impact on the Group's financial position or financial performance.

1.2.26.2 Industrial and environmental risks

The Company is subject to legislation on environmental protection and standards governing workplace health and safety.

The Company's site was granted an operating licence by prefectural order dated 26 October 2011, while the Mécabrive site was granted an operating licence on 28 October 1992 (its renewal is in progress). The MTI site was declared as a classified facility pursuant to Book V – Title 1 of the French Environmental Code on 19 December 2008. The declaration was renewed on 31 July 2014.

The Group integrated a respect for the environment in the production of its products and considers that the negative impact of its activities is limited by virtue of its water, energy and waste management policies. The Group's industrial and environmental policy is aimed at controlling the following major risks:

- the risk of fire and its possible consequences on the affected site or its environment;
- the risk of pollution of soil or groundwater.

This risk management policy consists notably of the continuous improvement of fire protection systems at its various sites, which are subject to annual monitoring and visits. To this end, two employees of the Company are responsible for the health and safety policy within the Company. Among other duties, they are tasked with:

- ensuring fire safety on the various sites;
- implementing appropriate preventive measures;
- implementing the Company's environmental policy and all preventive measures on noise and other sources of pollution.

Moreover, preventive actions related to soil pollution on former sites essentially involve surveillance activities performed in coordination with local authorities, followed by the execution of compliance work.

In this respect, the Group's chief source of water consumption is its use as a coolant in several industrial processes. However, the water used is recycled, which limits the actual amounts used and reduces the risks of groundwater pollution. The Company sorts waste by category (metal waste, non-hazardous waste, hazardous waste). Scrap metal is sold to an outside company. Other waste (oil, cardboard, paper, glass) is recycled. Hazardous waste is stored, identified as such and monitored by means of a waste tracking slip. The Company is reducing the volume of its waste, notably by limiting the consumption of oil in its machines (intervention of a specialised service provider) and the installation of chip compaction machines (for aluminium chips).

In addition, handling work related to its business may expose the Company to the consequences of a workplace accident and subsequent damages and compensation claims. To limit this risk, the Company implemented a 5S approach and Quick Response Quality Control (QRQC) methodology in 2013. The aim is to prevent accidents by improving workspace management (storage and



sorting), workplace access and the resolution of difficulties. Since 2014, a prevention campaign has provided a focus on safety. The Continuous Improvement department plays a role in promoting safety.

When risks are identified, action plans are implemented to eliminate them or reduce their impact. Feedback is analysed following each action plan so as to verify that the initiative was effective enough to protect employees. Two nurses and employees with first-aid and rescue training also play a role in prevention, and are tasked with identifying workstations involving a risk for employees.

At its subsidiary MTI, the Group has also established specific storage areas or areas for cleaning parts in order to limit risks to safety (congestion, crossings, slips).

Despite precautions taken to prevent workplace accidents, the Company remains subject to the risk that such an accident could occur. Moreover, changes in regulations and tighter security and environmental standards could result in an increase in the cost of their implementation, which could have an impact on the Group's financial position. If the Company failed to comply with laws or regulations related to these risks, it may be liable, under both civil and criminal law, which could adversely impact its business, financial position and reputation.

1.2.26.3 Credit and/or counterparty risks

The Group is engaged in relationships with numerous third parties, including customers and suppliers. These third parties may each, in differing degrees, generate counterparty risk for the Group. However, the Group believes its counterparty risk to be very limited, for the following reasons:

- export customers are generally insured under factoring contracts, and the Group verifies each year the financial position of those not covered by such contracts;
- for domestic customers, the Group does not use credit insurance, but assesses their financial position each year;
- the Group monitors the financial position of a small number of sub-contractors and suppliers considered strategic for its business (see section 1.2.26.4.G below);
- the Group's main customers are large global corporations such as Airbus, Stelia Aerospace, Safran and Spirit Aerosystems, which enjoy sound financial health.

The table showing the breakdown of trade receivables by maturity at 31 March 2016 is included in 1.2.7.

The Group has a low exposure to credit risk due to the nature of the main counterparties and the solvency of its main customers. Revenue achieved with the five main customers represents 65% of revenue. The top customer in terms of revenue represents 23% of the Group's overall business.

The Group does not foresee any third party defaults that could have a significant impact on non-provisioned past due assets.

Furthermore, insofar as each customer represents a significant percentage of its trade receivables, the Group is exposed to the risk of insolvency or late payment in respect of any of them. A problem collecting receivables due from any customer could impact the Group's financial position and operating results. However, in view of the profile of its customer base, comprising large global companies such as Airbus, Stelia Aerospace, Safran and Spirit Aerosystems, all of which enjoy robust financial positions, the Group considers the risk of the financial failure of a customer to be low. The Group has not therefore deemed it necessary to take out specific insurance to cover this risk.



1.2.26.4 Operational risks

A. Risk related to changes in economic conditions

The macroeconomic assumptions and scenarios with regard to aircraft programmes used by the Group are based on the economic conditions prevailing at the date of this Prospectus and are used in framing the budget and multi-year projections.

If the situation were to deteriorate, assumptions and action plans would be adjusted in accordance with new anticipations as regards production rates. Adverse economic conditions could negatively impact the Group's business volumes. Trends in gross national product (GNP) have a direct impact on demand for air travel, which in turn determines demand in the commercial aircraft market. To satisfy change in airlines' demand for aircraft, manufacturers could modify their production rates, which could have a direct impact on the volume of original equipment activity among their equipment suppliers, including the Group.

B. Risks related to the cyclical nature of the aerospace market

The pace of orders is subject to cyclical trends stemming from changes in passenger demand for air transport, load factors, airlines' pricing policies and the price of fuel. It is further dependent on the rate of ageing and renewal of aircraft fleets, equipment purchase decisions, airlines' financial health and, more broadly, trends in international trade. A cycle consists of a period of sharp growth in delivery rates followed by a period of stability or decline. As the Group's business volumes result directly from aircraft manufacturers' delivery rates, changes in the pace of deliveries could impact the Group's business volumes and affect its financial position.

Moreover, exceptional events (terrorism, pandemics, air disasters, weather conditions, rising energy costs, strikes, political unrest) can weigh heavily, albeit temporarily, on air traffic, and can in turn impact the aerospace equipment market.

However, some features of the market tend to mitigate excessively pronounced cyclical downturns, namely:

The depth of order backlogs, which currently average approximately nine years for aircraft seating over 100 passengers, forces airlines to accept extremely long waiting times for delivery;

Each airline has its own specific approach to the characteristics of its fleet (fittings, dedicated cabling systems); accordingly, any change to aircraft production plans by manufacturers must be prepared several months in advance.

These characteristics guaranteeing the short- and medium-term sector visibility enjoyed by aircraft manufacturers in turn benefit their equipment suppliers, including the Group.

Furthermore, its production capacity, the technical skills of its staff and a commitment to rigorous production standards allow the Group to enjoy a measure of security in respect of its revenue, 65% of which is derived from long-term contracts. The Group is generally selected to provide a specific part or sub-assembly for the full duration of a programme (i.e. 30 to 40 years), provided that the quality of the parts it supplies remains consistent with the specifications.

C. Risk related to programme and production delays

Aircraft manufacturers may encounter difficulties in keeping up with the schedule set for their programmes. Delays in the new aircraft production schedule may require the Group to hold inventories of studies and work in progress for longer periods, with deferrals of deliveries impacting the pace of revenue recognition. In addition, the commercial and profitability assumptions used by the Group may not be achieved. Programme delays and deferrals would in such cases have a significant impact on the realisation of the margin projected at the time of initial analysis of production contracts.

In this regard, the Group's experience and expertise give it practical skills in anticipating programme delays. Moreover, refundable advances reduce this risk because their repayment is dependent on deliveries. The Group may also on occasion be able to open negotiations with its customers enabling it to reduce this risk. Such negotiations serve to support and secure the financing of the relevant programmes.

Furthermore, a delay in the manufacture of its products could also have an adverse impact on the Group's business, financial position, results and reputation, bearing in mind however that this risk is extremely small in practice in view of the Group's OTD (on-time delivery) ratio, which averaged 90% in 2015 and 95% in the first quarter of 2016.



D. Risks related to product quality control

The manufacturer guarantees the airworthiness of the aircraft it delivers. In the event of a fault, the Company, as a supplier, could be liable in respect of its products.

In addition, companies belonging to the Group are subject to periodical customer compliance audits on the products they deliver. Such audits cover the entire quality organisation (quality management system, compliance with Group quality standards, implementation of quality assurance plans, management of manufacturing processes and their compliance). Any deficiencies in the quality requirements demanded by customers could (i) result in unforeseen expenses if corrective action is required or (ii) adversely impact the Group's business, commercial development and reputation if such deficiencies are not addressed by appropriate corrective action.

Moreover, as the Group has only limited control over its partners, it cannot guarantee that its sub-contractors comply or will continue to comply with the quality requirements imposed by customers or applicable local regulations.

To reduce these risks, the Group has implemented strict quality standards (sourcing, internal quality control procedures) designed to ensure the unimpeachable reliability of the products it delivers. The quality system covering all companies within the Group has received ISO 9001/EN 9100 certification. The sole exception is MTI, whose system has only received ISO 9001 certification. The Group has also taken out insurance on the risks associated with its products. The Company believes that its current insurance cover (which is consistent with its customers' demands) is sufficient to meet any liability claims that may be brought against it. Liability claims or the inability to maintain adequate insurance cover at a reasonable cost, or to protect itself in any way against liability claims in relation to its products, could significantly impact the marketing of the Group's products and more broadly, undermine its business, results, financial position, development and prospects.

However, this risk is extremely small in practice in view of the rate of non-quality measured by the Company, which averaged 2,818 PPM in 2015 (PPM: "Parts per Million", unit of measurement of the number of detected defective parts per million) and 1,900 PPM in the first quarter of 2016.

E. Risks related to raw materials

The Group is exposed to risk regarding the following raw materials: aluminium, which represents 34% of the value of its raw material purchases (purchases in plate and forged formats), titanium, which represents 58% of the value of its raw material purchases (purchases in plate and forged formats) and other metals, which represent 8% of the value of raw material purchases. To limit this risk on raw materials, supplies are covered predominantly by contracts managed by the contractors (combids, enablement), which allow the Group to purchase the raw material from a supplier on logistical and financial terms negotiated in advance by the principal. In addition, these supplies are secure because they are managed by customers (reservation of production capacity directly with the suppliers).

On average, 79% of the value of raw material purchases fall under the combid regime and as such, carry no price risk for the Group; only 21% of the Group's raw material purchases are made directly in the market.



Proportion of raw materials purchases made under the consortium bid regime and directly in the market

<i>Raw materials</i>	<i>Purchases made under consortium bids</i>	<i>Purchases made outside consortium bids (market)</i>
Aluminium	59%	41%
Titanium	89%	11%
Other metals	87%	13%
Total	79%	21%

The Group accordingly faces only limited risk of changes in raw material prices (covering only 21% of purchases), bearing in mind that the majority of its contracts are further covered by price revision clauses. In addition, to prevent rising raw material prices from having an adverse impact on its business or results, the Group informs customers of any increases and initiates negotiations aimed at ensuring that the increase has been taken into account before making the purchase of the raw material in question.

The Group is also exposed to raw material supply risk. As such, in addition to increasing the purchase price, a shortage could have an impact on the Group's ability to source such materials in sufficient quality and quantity. Delays in the delivery of purchases and quality defects could lead to manufacturing delays, thereby impacting the Group's business. It should be noted in this regard that the Group has implemented a policy of securing its critical supplies through a Quality department comprising 60 persons and a Supplier Quality Assurance (SQA) department staffed by 9 persons.

The Group cannot also exclude being left with inventories that do not correspond to requirements or that have become obsolete following the deferral of deliveries, or even changes to parts specifications, which could have an adverse impact on its business, bearing in mind however that risk of this nature is covered by provisions. To limit the financial burden represented by inventories of raw materials, the Group concluded a partnership with AMI Metals Inc. in June 2015, the purpose of which is to outsource the management of such inventories.

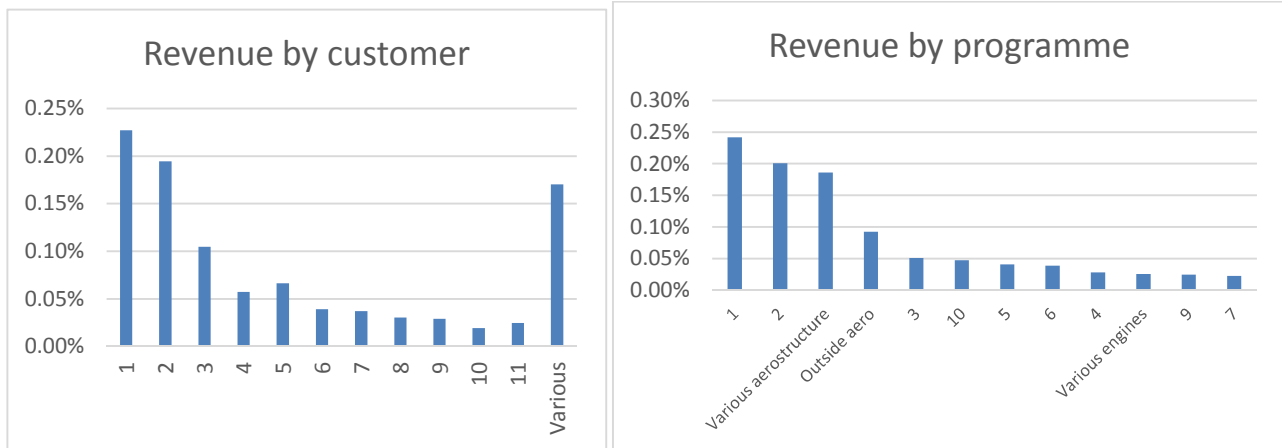
F. Risk related to dependency with regard to certain customers

The Group's customer base consists primarily of manufacturers. The contribution of the Company's five biggest customers to its revenue in the years ended 31 March 2014, 2015 and 2016 was 51%, 61% and 65% respectively, while in the same period the cumulative weight of the Company's ten biggest customers represented 65%, 74% and 80% of revenue respectively.

Moreover, the proportion the Group's revenue derived from the five largest aircraft programmes in the years ended 31 March 2014, 2015 and 2016 was 55%, 57% et 57% respectively, while in the same period the cumulative weight of the ten biggest programmes was 61%, 67% et 72% of revenue respectively.

Main customers:

Main programmes:



(Source: Group at 31 March 2016)

The Group's main end customers are:

- for aircraft seating over 100 passengers: Airbus and Boeing, which account for most of the global aerospace market, it being noted that 54% of the Group's revenue in the year ended 31 March 2016 was derived from its business with Airbus and 2.26% from its work on Boeing programmes;
- for regional jets: Bombardier, Embraer and ATR;
- for business jets: Dassault Aviation, Bombardier and Gulfstream;
- for aircraft engines: General Electric, Rolls-Royce and Snecma (Safran Group).

Figeac Aéro also works for the following leading equipment manufacturers: Stelia Aerospace, Aircelle (Safran), Latécoère, Sogerma, Daher Socata, Spirit, Fokker and GKN. The Group could fail to retain key customers or to expand its trade relations, especially since a significant portion of its revenue is derived from a limited number of customers.

Furthermore, insofar as each customer represents a significant percentage of its trade receivables, the Group is exposed to the risk of insolvency or late payment in respect of any of them. A problem collecting receivables due from any customer could impact the Group's financial position and operating results. However, in view of the profile of its customer base, comprising large global companies such as Airbus, Stelia Aerospace, Safran and Spirit Aerosystems, all of which enjoy robust financial positions, the Group considers the risk of the financial failure of a customer to be low. The Group has not therefore deemed it necessary to take out specific insurance to cover this risk.

The loss of a major customer or the non-renewal of contracts and the significant reduction of revenue resulting therefrom may impact the Group's financial position and operating results. The Group's customers may cancel their orders, change order quantities or defer production. The Group may be unable to accurately predict demand for its products, and as such may not be able to sell its inventories, or, by contrast, may not be able to make deliveries to its customers.

G. Risk related to dependency with regard to and failure of suppliers and sub-contractors

The Group is used to working in partnerships with suppliers and sub-contractors that are selected carefully by Figeac Aéro and its customers. The Group's effectiveness is based partly on its ability to obtain from its partners products manufactured in the required quantities, on time and at optimal cost.

However, difficulties or failures among suppliers or sub-contractors may impact the supply chain, resulting in additional costs or production delays for the Group. Moreover, the use of suppliers and sub-contractors exposes the Group to additional risks that it would not face if it were fully in charge of the production phases of its products, namely:

- non-compliance by such third parties with the controls and quality standards to which they are subject;
- breaches by such third parties of their agreements with the Company or a Group company; and
- the termination or non-renewal of such agreements for reasons beyond the Company's control.

The Group cannot guarantee compliance by its suppliers and sub-contractors with the applicable local regulations, either now or at any time in the future. The body notified during a certification or monitoring audit, or regulatory authorities, during an inspection or during any other regulatory process, could identify breaches of regulations or standards and request that such breaches be remedied through corrective actions that may potentially halt the manufacture and delivery of the Group's products and generate



unanticipated costs. The suspension, full discontinuation, or total or partial banning of the activities performed by its sub-contractors or suppliers may significantly impact the Group's business, financial position, results and reputation.

The risk of dependency in respect of one of the Group's sub-contractors is limited, because the use of sub-contracting mainly concerns the surface treatment of parts made by the Group, a process that the Group recently decided to gradually move in-house.

To guard against the risk of supplier failure, the Group has implemented a policy of securing its key supplies through a Quality department comprising 60 persons and a Supplier Quality Assurance (SQA) department staffed by 9 persons. The SQA department is tasked with monitoring the quality of the Group's suppliers, their accreditation and the treatment of any quality defect identified among them.

In addition, the Group has a logistics unit responsible for carrying out logistics audits based on a form referenced in the quality system. The Group has a three-person team tasked with performing the appropriate follow-up of 20 suppliers considered at risk (causes: deteriorating performance, complexity of resourcing in case of failure, etc.). The results of the assessments allow the classification of risk and the determination of areas of improvement for the supplier. Action plans are then requested and monitored by the Group's procurement team.

The Group is constantly looking for new partners for its entire production chain so as to mitigate the aforementioned risks. It cannot however guarantee that it will be able to maintain ongoing contracts or enter into new contracts on acceptable commercial terms.

H. Risk related to the competitive nature of the aerospace market

The aerospace market is highly competitive. Aircraft manufacturers select equipment suppliers by establishing supplier panels on the basis of the "key" skills required of them (qualified and efficient quality system, efficient logistics and industrial organisation, selection by price), which has the effect of significantly increasing competition between suppliers, many of whom are international players. The supplier panels of the Group's customers are international, allowing them, in theory, to exert downward pressure on costs by giving work to entities located in best-cost areas. The Group has a best-cost structure for products containing the least technology, so as to reduce its selling prices without compromising its margins. However, under improvement plans, the Group's customers may also choose to reduce their supplier base, the effect of which can be inflationary.

Also, the policy of reducing the supplier base has increasingly forced the Group to provide services requiring control over the entire supply chain. Today, the Group sub-contracts most of its surface treatment and painting work. However, it has recently decided to gradually move this work in-house, the related skills for the moment being available solely at its sites in Mécabrive (for small parts) and Wichita. The Moroccan site also has scope for surface treatment capacity, which could generate a new competitive advantage for the Group, allowing it to win new contracts.

More generally, as the aerospace market is global, the Group is facing heightened competition following the entry of new players from China and South Korea. However, new entrants invariably face a number of barriers to entry:

- technological barriers: the establishment of an industrial environment able to satisfy manufacturers' requirements takes time, and new entrants have to devote significant financial resources to acquire high-technology machinery and establish the industrial environment necessary to operate it;
- knowledge barriers: efficient machines require a level of knowledge that is difficult for operators, programmers and technical support personnel to acquire quickly;
- logistics barriers (transport costs): raw materials are produced in the West (Europe, United States), meaning that their shipment to the Far East entails substantial transport costs, as well as equally substantial transport costs for the return of manufactured parts or sub-assemblies to plants in Europe or the United States for assembly. Environmental constraints will cause these costs to grow inexorably in the future, at a time when unit prices of manufactured parts and sub-assemblies are expected to decline;
- the qualification of processes, quality, logistics and industrial organisation by manufacturers takes time and requires substantial financial and human resources.
-

In view of the density of competition, the Group believes it has the strengths needed to accelerate its growth and strengthen its existing position. As such, it continues tirelessly to maintain, or even extend its technological lead, through a sustained research and



development policy. The Group's efforts have been acknowledged by Airbus, which has included Figeac Aéro on its detailed parts supplier panel, which comprises 20 companies deemed essential for Airbus in respect of these components.

However, the Group cannot rule out the possibility of new players entering its markets and adopting appropriate positioning, or of incumbent players changing their existing strategy and winning significant additional market share, which may in turn have the effect of reducing that of the Group.

I. Risk related to technological change

The aerospace market is subject to swift and significant technological change. The Group cannot rule out the emergence of new technologies resulting in the creation of new machining processes making its production facilities obsolete. The Group is also exposed to the risk that its competitors may develop innovative and more efficient products. The resulting technology gap may impact the Group's business and results.

Although there is a risk that composite structures will gradually replace metal parts, the share of machined mechanical parts remains significant, even on new aircraft, which generally contain a smaller proportion of metal parts. As such, while the Airbus A320 contains hardly any composite structures, such structures make up approximately half of the Boeing 787. The Airbus A350, which is the biggest programme for the Group in terms of revenue, also contains a higher proportion of composite materials than the Airbus A320.

However, aircraft containing a high proportion of metal parts will continue to be produced over the coming decades, since the specifications of each model is set for the entire life of the programme. The development of composite structures therefore represents a loss of opportunity for the Group, but will not affect its current order backlog. In any event, the Group cannot rule out taking positions in the composite segment in the future so as to eliminate its exposure to this risk. In any event, the emergence of new machining technologies (such as the development of composite structures or 3D printing) is only likely to have a relatively small impact due to the time necessary for such new technologies to take hold, enabling the Group to adapt to the change without compromising its economic health.

Moreover, to limit this risk, the Group has set up a Technical Division tasked with monitoring developments in technology and improvements in machining processes. The Group is also developing a policy of investing in research and development. However, as the development of new technologies and products is complex and requires significant investment over a long period, the Group may be late in completing these developments and reach the market with technology that is outdated or on which one of its competitors is already very well established. The Group may also develop products based on a standard that may ultimately not be that adopted by the industry. In addition, development costs may prove to be excessively high in relation to the price at which the Group can sell its products. These circumstances may have an adverse impact on the Group's business, financial position, results and reputation.

1.2.26.5 Liquidity risk

The Company has to finance a large production cycle to support its activity and its business development, which may require it to increase its capital or use additional funding to ensure its development. The production cycle is financed by assigning a portion of "Trade Receivables" assets to factoring companies. At 31 March 2016, the use of factoring amounted to €39.6 million. The quality of its customers means that the Group limits the risk on outstanding balances, as factoring companies contractually limit the level of outstanding trade receivables for certain customers.

The Group will continue to have significant financing requirements for the development of its technology and the marketing of its products. As such, the Group may find itself in the future unable to self-finance its growth, which may lead it to seek other sources of funding, notably through further capital increases.

The level of financing requirements and the allocation of funds over time depend on factors largely beyond the Group's control, namely:

- higher costs and slower progress than expected for its research and development programmes;
- costs of preparing, filing, defending and maintaining its patents and other intellectual property rights;
- costs to keep abreast of technological and market developments in the manufacture and marketing of its products;



- new opportunities for the development of new products or the acquisition of technologies, products or companies.

It is possible that the Company may be unable to raise additional capital when it needs to do so, or that capital may not be available on financial terms that are acceptable for the Company. Failure to raise the necessary funds may require the Company to:

- delay, reduce or cancel research and/or investment programmes;
- obtain funds through industrial partnership agreements that could force it to give up the rights to some of its technology or some of its products; or
- grant licences or conclude agreements on less favourable terms than it could have obtained in a different context.

Debt financing, insofar as it is available, may also contain restrictive conditions and be expensive. In this respect, the Group has long- and medium-term debt that stood at, made up of standard loans, leasing and repayable advances without stipulations. Short-term debt (factoring, use of overdrafts and portion at less than one year of other financial liabilities) stood at €63,956 thousand at 31 March 2016.

At 31 March 2016, only one loan was subject to a covenant (see 1.2.11). Nevertheless, the Company's future ability to refinance or repay loans as planned will depend on its future operating performance. Non-compliance with contractual commitments (e.g. default on a repayment, request for a moratorium, irreparably compromised position) could bring forward the repayments of amounts due in respect of its borrowings, causing the opening with creditor banks of negotiations whose outcome cannot be guaranteed. However, the probability of such an occurrence is extremely low.

In this situation, the Company may have to reduce or postpone capital spending, seek additional capital or restructure its borrowings.

The occurrence of one or more of these risks could have a material adverse impact on the business, financial position, earnings, development or prospects of the Company and the Group.

The maturities of financial assets and liabilities at 31 March 2016 and 31 March 2015 are presented in 1.2.10.

The Company has conducted a specific review of its liquidity risk and considers that it will be able to honour future payments over the coming 12 months.



1.2.26.6 Market risks

A. Interest rate risk

The Group's financial debt is shown in note 1.2.11 of the Notes to the consolidated financial statements. The Group's current debt at 31 March 2016 and 31 March 2015 is shown in note 1.2.11.

(in € thousands)

Debt	Total	Fixed rate	Variable rate	SWAP
Lease financing	36,342	28,986	7,356	3,676
Bank loans	57,478	21,104	36,374	635
Short-term financing	25,934		25,934	
Total	119,755	50,090	69,664	4,311
%	100.00%	41.83%	58.17%	2.82%

Interest rate exposures relate to receivables financing and the financing of a portion of term debt. Interest is calculated based on Euribor. Only a portion of these positions, representing approximately €3.8 million, is hedged against a significant increase in this rate, by means of interest rate swaps.

B. Foreign exchange risk

The Company's operating and financial income and its liquidity are subject to fluctuations in foreign exchange rates, primarily between the euro and the US dollar. A significant portion of the Group's revenue and payments to suppliers is denominated in US dollars, which is the currency of the civil aerospace industry. The exchange rate for the US dollar and the currency risks relating thereto are among the assumptions estimated to determine the margin on completion of production contracts. The Group also has trade receivables and trade payables, inventories and cash balances denominated in US dollars.

The fluctuations of the euro (and more generally of other currencies in which the Group incurs its main manufacturing expenses) against the US dollar may weigh on the Group's ability to compete against its American rivals, since the prices of many products in the civil aerospace sector are set in US dollars.

The Group's consolidated revenue, expenses, assets and liabilities denominated in currencies other than the euro are translated into euros for the establishment of its financial statements. As such, fluctuations in the value of these currencies relative to the euro, and especially fluctuations in the euro/dollar exchange rate, can have a significant impact on the euro value of the Group's revenue and profits.

It is specifically noted that 72% of the Group's revenue for the 2015-2016 financial year was denominated in US dollars. At 31 March 2016, the Company invoiced US\$184.5 million to its customers at a rate of US\$1.109 for €1.00, and made purchases totalling US\$79.2 million from its suppliers.

Moreover, to mitigate its exposure to these fluctuations and, in particular, to guard against changes in the euro/dollar exchange rate, the Group implements hedges on a regular basis. It has accordingly established a foreign exchange hedging strategy with its banks so as to protect its profits and cash flows. This point is explained in 1.2.1 R.

The Group's exposure to foreign exchange risk for the financial year ended 31 March 2016 is shown below:

The Company's profit or loss may structurally be strongly impacted by profit or loss from economic hedges that manage foreign currency exposure and changes in the fair value of the financial instruments due to:

- the nature of the derivatives used and the accounting policies for these derivatives under IFRSs: Figeac Aéro mainly uses financial instruments that do not qualify for hedge accounting;
- the volume of hedging: the amount of the hedging commitments had a nominal of US\$481 million for the sales portion and US\$368 million for the purchase portion at 31 March 2016 and US\$744 million for the sales portions and US\$556 million for the purchase portion at 31 March 2015;
- average maturity of the hedging instruments (two to four years);
- potential €/US\$ exchange rate volatility.



Quantitative data relating to the analysis of the Group's exposure to currency risk is resumed below:

(in \$ thousands)	March 2016	March 2017	March 2018
Trade receivables	31,413		
Trade payables	(17,592)		
Cash and cash equivalents	9,221		
Net exposure on the balance sheet	23,042		
Projected transactions (seller)		249,495	353,515
Projected transactions (buyer)		(112,273)	-159,082
Net exposure on projected transactions		137,222	194,433
Forward foreign exchange contracts - CHF - nominal	6,850		46,631
Forward foreign exchange contracts - trading - nominal	276,658		150,608
Subtotal hedging contracts (seller)	283,508		197,239
Forward foreign exchange contracts - CHF - nominal	0		(46,570)
Forward foreign exchange contracts - trading - nominal	(152,787)		(169,100)
Subtotal hedging contracts (buyer)	(152,787)		(215,670)
Net exposure on projected transactions	(2,600)		156,276

The average forward price for hedging instruments is as follows:

2016/2017: €1=1.245;

2017/2018: €1=1.18.

The Group completed a sensitivity analysis of change in the €/US\$ exchange rate: a 10% increase (or decrease) in the €/US\$ exchange rate would have an impact of €1,940 thousand on the statement of financial position at 31 March 2016 (excluding impact of foreign exchange contracts).

Lastly, the Group now has an operational subsidiary in the dollar zone (Figeac Aéro North America, based in Wichita, in the United States), allowing it to benefit from greater competitiveness in US dollars and to further limit its exposure to changes in the euro/dollar exchange rate.

Risk to equity and other financial instruments

The Group only holds Figeac Aéro shares as part of the liquidity contract implemented by the Company (13,944 treasury shares at 31 March 2016). The impact of change in the share price is considered very small. Moreover, as the Group does not have any investment portfolios invested in shares or other financial instruments, it believes itself not to be exposed to the risk of share price fluctuations.

1.2.26.7 Legal risks

A. Intellectual property risk

Due to the competitiveness of the market, the Group's commercial success depends in part on its ability to maintain and protect its patents and other intellectual property, such as trade secrets and know-how.

Since its inception, the Group has steadily followed a strategy on research and development to expand, master and innovate in the field of "machining processes". In addition, several years ago the Group initiated an active policy of industrial property management by filing patents for certain manufacturing processes.

However, despite the precautions taken, the Group may not be able to maintain adequate protection of its patents and may accordingly lose its technological and competitive advantage. The Group cannot guarantee the outcome of the patent applications it



has pending, which involve screening by industrial property offices before the patent can be granted. Moreover, once issued, patents may be invalidated either through previous patent applications not yet published or through the discovery of the earlier invention of the process in question.

The Group is therefore subject to the risk of litigation based on an earlier filing or the invalidation of its patents. In such circumstances, it may not be able to uphold its rights, which could have a significant impact on its business, financial position and development. Moreover, any violation of its intellectual property rights may result in expenses for the Group to stop unauthorised use by third parties. The Group also bears the risk that its rights may not be protected in some countries.

Furthermore, the Group may be subject to claims accusing it of violating intellectual property rights held by other parties. Such disputes, leading to unforeseen spending, may have adverse impacts on the Group's results, reputation and financial position, potentially forcing it to conclude licensing agreements on unfavourable terms or to halt the manufacture of the product in question.

B. Risks related to the protection of information

The Group's business involves the handling of sensitive information. It cannot guarantee the infallibility of its protection system, particularly when the leaking of sensitive data results from a cyber attack, theft or other intrusions. The leaking of sensitive information could have an adverse impact on the Group's reputation and financial position, especially if it resulted in legal action by the Company or against it.

To limit this risk, the Group has taken the necessary measures to ensure the security of its information system and infrastructure (controlled user access, audit of the security system). The management of the information system sets out the priorities and actions to be implemented to reduce exposure to external and internal threats.

Furthermore, any interruption or failure of the information system could have an adverse impact on the Group's production, its results and financial position. The Group has an integrated management system, provided through ERP (Enterprise Resource Planning) software. Means have been implemented to respond to the risk of system failure (backup and reboot procedures).

There are three levels of backup on the Figeac site: daily backup on magnetic terminals, weekly backup and a fully outsourced backup performed monthly. The data thus collected is stored in three different servers located off the plant. Each Group site has a stand-alone backup system modelled on that of the Figeac site.

In case of fire, the system allows the continuation of activity using data stored a few hours earlier.

C. Litigation – Legal and arbitration proceedings

The Company is involved in four litigation proceedings (labour disputes). Through its activity and the size of its workforce, employee-related disputes are part of the Group's everyday life. However, the Company believes that the provisions made for disputes known at the date of this Prospectus are sufficient to avoid the Group's consolidated financial position being significantly impacted in the event of unfavourable outcomes.

The Company was subject to a URSSAF (social security) audit in 2015, which resulted in the return of a sum of €97,459.

It was also subject to a tax audit in 2015. Details regarding these items are described in 1.2.14.

No other litigation, or governmental, judicial or arbitration proceedings, including any proceedings of which the Group is aware or any that are pending or threatened, are liable to have or have had in the last 12 months a material impact on the Group's financial position or financial performance.

D. Risks associated with changes in legislation and tax policy

As the Group operates in various countries, it is subject to compliance with diverse national laws and regulations. The monitoring of compliance with various regulations or adapting products to new standards may impact the Group's results, financial position and growth prospects.



In tax matters, the Group takes care to apply the interpretation given by its advisors or the recommendations of the competent authorities. However, it cannot anticipate changes in interpretations.

Changes in legislation, tax policy and regulations, and non-compliance with these standards, could have a material adverse impact on the Group, its business, financial position, earnings, growth and prospects.

1.2.27 SUBSEQUENT EVENTS

- FIGEAC AÉRO created a new subsidiary in Saint Nazaire;
- Capital increase reserved for employees and creation of 8,397 new shares;
- Opening of sales office in Dallas, which will enable the Group to emphasise its presence in North America.

1.3 Statutory Auditors' fees

Fees of the Statutory Auditors and members of their networks																
	FIDAAUDIT				KPMG				SODECAL				Other auditors			
	Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	
Audit																
Statutory audit, certification, review of individual and consolidated financial statements																
Transmitter	106,800	82,432	44%	93%	115,000	84,500	31%	100%	38,725	0%	68%	0%	0%	0%	0%	0%
Consolidated subsidiaries	6,740	6,520	3%	7%			0%	0%	18,505	100%	32%	7,774	81,171	100%	100%	100%
Other services directly related to the auditor's engagement																
Transmitter	129,944		53%	0%	254,000		0%	0%								0%
Consolidated subsidiaries			0%	0%			0%	0%								0%
Subtotal	243,484	88,952	100%	100%	369,000	84,500	31%	100%	57,230	100%	100%	7,774	81,171	100%	100%	100%
Other services rendered by the networks to consolidated subsidiaries																
Legal, tax, social			0%	0%				0%								0%
Others			0%	0%				0%								0%
Subtotal		0	0%	0%				0%	0	0%	0%		0	0%	0%	0%
Total	243,484	88,952	100.00%	100.00%	369,000	84,500	100.00%	100.00%	57,230	100.00%	100.00%	7,774	81,171	100.00%	100.00%	100.00%