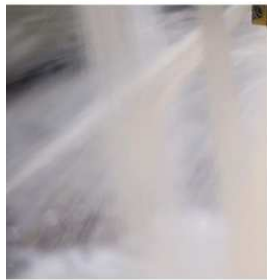




FIGEAC AERO Group



LE PARTENAIRE
**DES GRANDS INDUSTRIELS
DE L'AÉRONAUTIQUE**



**HALF-YEARLY FINANCIAL REPORT
AT 30 SEPTEMBER 2016**



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Auditors' report on the 2016 half-yearly financial information

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RESPONSIBILITY STATEMENT FOR THE HALF-YEARLY FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the summary financial statements for the past half-year comply with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all its consolidated entities, and that the half-yearly business report provides a fair view of the significant events that occurred in the first six months of the financial year and their impact on the half-yearly financial statements as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Figeac,
23 December 2016

Jean-Claude Maillard
Chairman of the Board of Directors



HALF-YEARLY BUSINESS REPORT

The half-yearly consolidated financial statements at 30 September 2016 cover the six-month period from 1 April 2016 to 30 September 2016.

These financial statements were approved by the Board of Directors on 23 December 2016.

1 Highlights

The assembly by FGA ST NAZAIRE of a section of the Airbus A350 for SPIRIT AERO began in June 2016; it currently employs around sixty people and will develop with the growth in production of the Airbus A350 programme.

Business in Mexico got underway in April 2016; at 30 September, four machines were in operation employing 42 people. The FIGEAC AERO plant was reconfigured in September 2016. The Group's Mexican entity was included in the strategic production plan in "best cost" and dollar regions.

Figeac Aéro signed its first contract with ROLLS ROYCE, the second global manufacturer of aircraft engines.

In April, MTI acquired the business of Construction Hydroélectrique du Midi (CHM).

2 Governance

At the Shareholders' Meeting of 8 July 2016, FIGEAC AERO shareholders appointed Marie Line Malaterre as Director in line with the Company's intent to include more independent directors and women on its Board of Directors.

Marie Line Malaterre, 52 years old, is a qualified chartered accountant with a DEC (Diplôme d'Expertise Comptable) and has held financial management posts in various listed and unlisted companies.

Ms Malaterre was appointed Chairperson of FIGEAC AERO's Audit Committee.

3 Group Performance

CONSOLIDATED INCOME STATEMENT

	Sep 2016	Sep 2015
(in € thousands)		*
Consolidated Statement of Comprehensive Income	Closing	Closing
Revenue	146,234	118,930
<i>EBITDA</i>	31,872	29,705
Depreciation and amortisation	-10,053	-9,731
Net provisions	-6,206	-256
<i>Current operating income</i>	15,614	19,719
<i>Operating income</i>	15,637	19,003
<i>Cost of debt</i>	-2,062	-1,667
Foreign exchange gains and losses	-10,809	-8,462
Unrealised gains and losses on financial instruments	16,394	22,267
Other financial income and expenses	-257	-23
Income tax	-5,795	-10,069
Net income (loss) for the period	13,108	21,048
<i>Net income attributable to owners of the parent company</i>	13,016	20,971
<i>Net income attributable to non-controlling interests</i>	93	77

The Group presents a corrected EBITDA in accordance with previous calculations by cancelling the impact of the modification to capitalised production (see Note 1.1.4 to the Financial Report at 31 March 2016).

<i>(in € thousands)</i>	Sep 2016	Sep 2015
Consolidated Income Statement	Closing	Restated
Reported EBITDA	31,872	29,705
Cancellation of the reclassification of the depreciation share associated with the Group's capitalised production	1,123	1,163
Corrected EBITDA	32,995	30,868
As a % of revenue	22.6%	26.0%

In the first half of the 2016/17 financial year at 30 September 2016, the Group generated consolidated revenue of €146.2 million, up 23% from 30 September 2015 (against growth of 18% in the first half of 2015/16) or 24% at constant exchange rates.

Business growth led to high levels of operational profitability with corrected EBITDA reaching €33 million, or 22.6% of revenue, with a negative exchange rate impact of 0.5 points. EBITDA included a negative adjustment of €2.8 million linked to the revision of the completion margin for certain contracts.

Current operating income amounted to €15.6 million. COI/revenue amounted to 10.7% of revenue. Current operating income was impacted by provisions for non-current risks (€5.26 million). Adjusted for these items, operating income amounted to €20.9 million, i.e. 14.3% of revenue.

<i>(in € thousands)</i>	Sep 2016	Sep 2015
Consolidated Income Statement	Closing	Restated
Current operating income (ROI)	15,614	19,719
ROI impact non-current items	5,263	0
Adjusted ROI excluding non-current items	20,877	19,719
As a % of revenue	14.3%	16.6%

This profitable growth combined with a stronger dollar and higher mark-to-market valuations greatly contributed to the rise in net income Group share which amounted to €13 million, or 8.9% of revenue, compared with €21 million in the first half of 2015/16.

The after-tax impact of foreign exchange transactions was +€3,723,000 at 30 September 2016 (28.4% of net income for the period) compared with +€9,203,000 at 30 September 2015 (43.7% of net income for the period).

Sustained investments to ensure future growth

Aimed at maintaining its technological leadership position, the Group continued its sustained industrial investment policy in the amount of €49.1 million:

- Investments in machining processes R&D for complex products amounted to €9 million;
- Software investments totalled €1.3 million;
- Property investments came to €8 million covering a total of 23,000 sq.m.:
 - Construction of three buildings covering 14,000 sq.m. in total on the Figeac site, including the "factory of the future" dedicated to the LEAP engine;
 - Acquisition of a workshop by MTI;
 - Construction of the WICHITA machining workshop;
 - Construction of the machining plant at Figeac Aéro Mexico;



- Investment in production equipment amounted to a total of €30.9 million, including 13 new machines (France, Morocco, Tunisia, Mexico and USA).

All these investments will enable the Group to reach its revenue and economic performance targets for 2020 and beyond.

Improved working capital requirements for operations handicapped by non-current items

<i>WCR indicated in number of days of sales</i>			
	<i>Sep 2016</i>	<i>Mar 2016</i>	<i>Change</i>
WCR for operations			
Inventories	248	261	-13
DSO	79	87	-8
DPO	-62	-73	11
WCR for operations	265	276	-10
Other requirements	30	16	14
Other resources	-37	-44	6
WCR excluding operations	-7	-27	20
Working Capital Requirements	258	248	10

WCR for operations fell by 10 days thanks to improvements in inventory rotation (-13 days) and in DSO (- 8 days), offset by an 11 day decrease in DPO.

WCR excluding operations deteriorated by 20 days, in particular under the requirements item (+14 days), mainly due to growth in State-owed debt.

Capital structure

At 30 September 2016, Group equity amounted to €196.4 million compared with €183.7 million at 31 March 2016 and €85.3 million at 30 September 2015.

Net debt amounted to €149 million following investments in production and the logical increase in the value of working capital requirements during this very active growth phase. Net debt/corrected EBITDA remained under control at 2.26 (*) at 30 September 2016 compared with 2.47 at 30 September 2015.

(in € thousands)

	30 Sep 2016	31 Mar 2016	Change
Loans from credit institutions	93,210	92,159	1.1%
Borrowings – finance leases	39,497	39,190	0.8%
Repayable advances	26,710	24,355	9.7%
Other financial liabilities	2,947	3,118	-5.5%
Factoring	40,507	39,619	2.2%
subtotal A	202,871	198,442	2.2%
Other securities	40,650	5,637	621.2%
Available cash	13,122	96,197	-86.4%
subtotal B	53,772	101,834	-47.2%



<i>TOTAL net debt = A-B</i>	<i>149,099</i>	<i>96,608</i>	<i>54.3%</i>
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EBITDA: Current operating income + depreciation and amortisation + net provisions - breakdown of R&D expenses capitalised by the Group by type.
(* Annualised EBITDA)



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

1.1 Condensed half-yearly consolidated financial statements

1.1.1 Introduction

A. Entity presenting the financial statements

Figéac Aéro is registered 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. Statement of compliance

The interim 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 and the accounting and recognition methods recommended by IFRS as well as all the information mandated by the standards. In accordance with IAS 34 Interim Financial Reporting, they do not include all information required for the annual financial statements and must be read jointly with the Group's financial statements for the financial year ended 31 March 2016.

C. Basis of preparation of the financial statements

The accounting policies and calculation methods were applied in an identical manner for all periods presented except for the standards, amendments and interpretations whose application became mandatory as of 1 January 2015 (particularly IFRIC 21) and the restatements presented in section 1.1.3. 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 section 1.2.3 "Intangible assets"), the margin estimated for construction contracts (see section 1.2.6 "Inventories and work in progress"), the fair value of derivative financial instruments (see section 1.2.8 "Cash and cash equivalents and financial instruments at fair value through profit or loss") and deferred tax assets (see section 1.2.9 "Deferred tax"), and provisions (see section 1.2.14 "Provisions").

1.1.2 Changes in IFRS

The new IAS/IFRS texts and interpretations that became effective on 1 January 2016 and were applied by the Group in preparing its consolidated financial statements at 30 September 2016 are as follows:

	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 - Defined Benefit Plans: Employee Contributions	01/07/2014	09/01/2015	01/02/2015



Annual improvements 2010-2012	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	01/01/2016	15/12/2015	01/01/2016
Amendments to IAS 27 - Equity Method in Separate Financial Statements	01/01/2016	18/12/2015	01/01/2016

The application of these new standards and interpretations had no impact on the half-yearly financial statements.

New standards, interpretations and amendments have been adopted by the European Union but with a date of application for financial years beginning after 1 January 2016. The Group chose not to pursue early adoption of these standards, interpretations and amendments. The main impacts of the application of IFRS 9, IFRS 15 and IFRS 16 standards are being assessed at the Group level.

1.1.3 Restatement relating to the information published at 30 September 2015

In accordance with IAS 8, comparative information on the previous financial year was included in the financial statements at 30 September 2015 to take into account the classification of capitalised production. Capitalised production was recognised under the item "Other income from operations" at 30 September 2015.

Data for the year ended 30 September 2015 were adjusted to recognise the amounts to be deducted from the corresponding expenses: purchases used in production, personnel expenses, external expenses, taxes and amortisation.

Restated capitalised production came to €9.7 million.



Reconciliation of the reported and restated consolidated statement of comprehensive income at 30 September 2015

<i>(in € thousands)</i>	Sep 2015		Sep 2015
	Reported		Restated
Consolidated Statement of Comprehensive Income	Closing	R&D presentation	Closing
Revenue	118,930		118,930
Other income from operations	10,675	-9,708	967
Change in inventories of finished products and work in progress	11,329		11,329
Raw materials and consumables	-64,706	5,029	-59,677
Personnel expenses	-33,577	3,359	-30,218
External expenses	-10,776		-10,776
Taxes	-1,007	157	-850
Depreciation and amortisation	-10,894	1,163	-9,731
Net provisions	-256		-256
			0
Current operating income	19,718	0	19,718
Other operating income	216		216
Other operating expenses	-932		-932
Operating income	19,002		19,002
Financial income	8		8
Financial expenses	-1,675		-1,675
Cost of debt	-1,667		-1,667
Foreign exchange gains and losses	-8,462		-8,462
Unrealised gains and losses on financial instruments	22,267		22,267
Other financial income and expenses	-23		-23
Share of profit of equity affiliates	0		0
Income tax	-10,069		-10,069
Net income (loss) for the period	21,048	0	21,048
Net income attributable to owners of the parent company	20,971		20,971
Net income attributable to non-controlling interests	77		77

1.1.4 Restatements relating to the information published at 31 March 2016

In accordance with IAS 8, comparative information on the previous financial year was included in the financial statements at 31 March 2016 to reflect the situation on breach of covenants as stated in section 1.2.11 "Debt".

Data for the year ended 31 March 2016 were adjusted to reclassify the long-term portion of bank debt in the current portion of debt for an amount of €9.6 million.

Reconciliation of the reported and restated consolidated balance sheet at 31 March 2016

<i>(in € thousands)</i>	Mar 2016 Reported		Mar 2016 Restated
CONSOLIDATED LIABILITIES	Closing	Debt restatement	Closing
Share capital	3,813		3,813
Premiums	118,325		118,325
Reserves	28,473		28,473
Foreign currency translation reserve	-125		-125
Net income for the year	33,260		33,260
<i>Share capital issued and reserves attributable to owners of the parent company</i>	183,747	0	183,747
Non-controlling interests	264		264
<i>Non-controlling interests</i>	264		264
Total consolidated shareholders' equity	184,011	0	184,011
Loans from credit institutions	81,395	-9,600	71,795
Repayable advances	22,247		22,247
Finance lease liabilities	29,102		29,102
Other financial liabilities	1,742		1,742
Total non-current financial liabilities	134,486	-9,600	124,886
Other provisions	5,184		5,184
Deferred tax liabilities	10,569		10,569
Provision for pension and other long-term employee benefits	2,121		2,121
Derivative financial instruments	35,617		35,617
Other non-current liabilities	1,995		1,995
Non-current portion of deferred income	4,654		4,654
Total non-current liabilities	194,626	-9,600	185,026
Short-term borrowings	40,995		40,995
Current portion of financial liabilities	20,852	9,600	30,452
Repayable advances	2,108		2,108
Total current financial liabilities	63,955	9,600	73,555
Trade payables	50,253		50,253
Fiscal liabilities	4,190		4,190
Derivative financial instruments	0		0
Other current liabilities	16,623		16,623
Deferred income	2,804		2,804
Total current liabilities	137,825	9,600	147,425
Total equity and liabilities	516,462	0	516,462



1.1.5 Significant events

The assembly by FGA ST NAZAIRE of a section of the Airbus A350 for SPIRIT AERO began in June 2016; it currently employs around sixty people and will develop with the growth in production of the Airbus A350 programme.

Business in Mexico got underway in April 2016; at 30 September, four machines were in operation employing 42 people. The FIGEAC AERO plant was reconfigured in September 2016. The Group's Mexican entity was included in the strategic production plan in "best cost" and dollar regions.

Figeac Aéro signed its first contract with ROLLS ROYCE, the second global manufacturer of aircraft engines.

In April, MTI acquired the business of Construction Hydroélectrique du Midi (CHM).

At the Shareholders' Meeting of 8 July 2016, FIGEAC AERO shareholders appointed Marie Line Malaterre as Director in line with the Company's intent to include more independent directors and women on its Board of Directors.

Marie Line Malaterre, 52 years old, is a qualified chartered accountant with a DEC (Diplôme d'Expertise Comptable) and has held financial management posts in various listed and unlisted companies.

Ms Malaterre was appointed Chairperson of FIGEAC AERO's Audit Committee.

1.1.6 Consolidated Balance Sheet

September 2016

March 2016

(in € thousands)

CONSOLIDATED ASSETS	Note	Closing	Closing
Development costs	1.2.3	41,479	33,743
Other intangible assets	1.2.3	2,945	2,905
Total intangible assets		44,424	36 648
Land	1.2.4	4,044	3,744
Buildings	1.2.4	30,204	29,620
Plant machinery	1.2.4	94,602	77,824
Other property, plant and equipment	1.2.4	11,328	4,443
Total property, plant and equipment	1.2.4	140,178	115,632
Deferred tax	1.2.9	631	1,069
Other financial assets	1.2.5	2,207	2,211
Other non-current assets	1.2.7	341	2,744
Total non-current assets		187,781	158,303
Inventories and work in progress	1.2.6	198,503	180,592
Trade and other receivables	1.2.7	65,792	60,431
Tax receivables		5,158	5,163
Other current assets	1.2.7	16,197	10,138
Cash and cash equivalents	1.2.8	53,771	101,834
Total current assets		339,420	360,562
Total assets		527,202	516,461



September 2016

March 2016

(in € thousands)

*

CONSOLIDATED LIABILITIES	Notes	Closing	Closing
Share capital	1.1.9	3,815	3,813
Premiums	1.1.9	118,449	118,325
Reserves	1.1.9	61,565	28,473
Foreign currency translation reserve	1.1.9	-379	-125
Net income for the year	1.1.9	13,016	33,260
Share capital issued and reserves attributable to owners of the parent company	1.1.9	196,465	183,747
Non-controlling interests	1.1.9	353	264
Non-controlling interests		353	264
Total consolidated shareholders' equity	1.1.9	196,818	184,011
Loans from credit institutions	1.2.11	69,517	71,795
Repayable advances	1.2.11	23,715	22,247
Finance lease liabilities	1.2.11	29,264	29,102
Other financial liabilities	1.2.11	2,088	1,742
Total non-current financial liabilities	1.2.11	124,584	124,886
Other provisions	1.2.14	9,569	5,184
Deferred tax liabilities	1.2.9	15,759	10,569
Provision for pension and other long-term employee benefits	1.2.14	2,744	2,121
Derivative financial instruments	1.2.8	19,474	35,617
Other non-current liabilities		1,507	1,995
Non-current portion of deferred income		4,584	4,654
Total non-current liabilities		178,222	185,026
Short-term borrowings	1.2.8,1	41,711	40,995
Current portion of financial liabilities		33,926	30,452
Repayable advances		2,995	2,108
Total current financial liabilities		78,632	73,555
Trade payables	1.2.15	49,678	50,253
Fiscal liabilities	1.2.15	7,027	4,190
Other current liabilities	1.2.15	14,672	16,623
Deferred income		2,152	2,804
Total current liabilities		152,162	147,425
Total equity and liabilities		527,202	516,461

1.1.7 Income Statement

		Sep 2016	Sep 2015
			*
<i>(in € thousands)</i>			
Consolidated Income Statement		Closing	Closing
Revenue	1.2.16	146,234	118,930
Other income from operations	1.2.20	2,318	967
Change in inventories of finished products and work in progress		12,496	11,329
Raw materials and consumables		-79,964	-59,677
Personnel expenses		-34,560	-30,218
External expenses		-13,121	-10,776
Taxes		-1,531	-850
Depreciation and amortisation		-10,053	-9,731
Net provisions		-6,206	-256
	Current operating income	15,614	19,719
Other operating income	1.2.21	34	216
Other operating expenses	1.2.21	-11	-932
	Operating income	15,637	19,003
Financial income		48	8
Financial expenses		-2,110	-1,675
	Cost of debt	-2,062	-1,667
Foreign exchange gains and losses		-10,809	-8,462
Unrealised gains and losses on financial instruments	1.2.8.2	16,394	22,267
Other financial income and expenses		-257	-23
Share of profit of equity affiliates		0	0
Income tax	1.2.19	-5,795	-10,069
	Net income (loss) for the period	13,108	21,048
	Net income attributable to owners of the parent company	13,016	20,971
	Net income attributable to non-controlling interests	93	77

Data for the year ended 30 September 2015 were adjusted to reclassify capitalised production, initially recognised under "Other income from operations", as a deduction from the corresponding expenses.

1.1.8 Statement of Comprehensive Income

September 2016 September 2015

(in € thousands)

Statement of Comprehensive Income	Note	Closing	Closing
<i>Net income (loss) for the period</i>		13,108	21,048
<i>Other comprehensive income items</i>			
Cash flow hedges - portion of change in fair value deemed effective		-252	4,757
Deferred tax - change in the fair value of hedging instruments		84	-1,585
Postemployment liabilities - actuarial differences		-459	561
Deferred tax - postemployment liabilities - actuarial differences		153	-187
Translation adjustment		-254	-171

-65

Total comprehensive income (loss) for the year		12,380	24,423
*Attributable to owners of the parent		12,287	24,346
*Non-controlling interests		93	77

1.1.9 Consolidated Statement of Changes in Shareholders' Equity

(in € thousands)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Group share						Total attributable to Group shareholders	Non-controlling interests	Total shareholders' equity
	Share capital	Treasury shares	Premiums	Consolidated reserves	Foreign currency translation reserve	Income			

Financial year ended March 2015	3,330		33,731	45,721	204	-	60,892	254	61,146
Change in accounting policy*				-413			-413		-413
Share capital transactions	4		387				391	0	391
Change in translation differences					-171		-171		-171
Impact of the application of IFRC 2				144			144		144
Dividends paid				0			0	0	0
Appropriation of net income Y-1				-21,889		-	0		
Other comprehensive income items				3,521		21,889	3,521	319	3,840
Net income (loss) for the period						20,971	20,971	77	21,048
Changes in scope									
Period to September 2015	3,334		34,118	29,414	-125	-	85,335	650	85,985
Financial year ended March 2016	3,813	-299	118,325	28,772	-125	33,260	183,747	264	184,011
Change in accounting policy*									
Share capital transactions	1	-31	124				94	0	94
Change in translation differences					-254		-254	0	-254
Impact of the application of IFRC 2				332			332	0	332
Impact of the application of IAS 19				-306			-306		-306
Fair value of financial assets				-168			-168		-168
Other				4			4	-4	0
Dividends paid				0			0	0	0
Appropriation of net income Y-1				33,260		-	0		0
Net income (loss) for the period						33,260	13,016	93	13,108
Changes in scope				1			1	-1	0
									0
Period to September 2016	3,815	-330	118,449	61,895	-379	13,016	196,465	353	196,818

* Impact of the first application of IFRIC 21

1.1.10 Consolidated Statement of Cash Flows

September 2016 March 2016 September 2015

(in € thousands)

Cash flows from operating activities			
Net income (loss) from consolidated companies	13,440	33,266	21,048
Dep., amort., provisions and share of subsidies allocated to income	15,666	21,130	11,040



Elimination of revaluation gains (losses) (fair value)	-16,394	-32,837	-22,244
Other items not affecting cash	201	-687	319
Cash flow after cost of debt and tax	12,913	20,872	10,163
Tax expense	5,859	15,851	9,732
Cost of debt	1,465	2,841	1,450
Cash flow before cost of debt net of tax	20,237	39,564	21,345
Change in working capital requirements for operations	-29,258	-38,695	-28,315
<i>Changes in inventories</i>	-19,311	-34,975	-13,987
<i>Change in trade and other receivables</i>	-9,690	-6,749	-9,953
Change in trade and other payables	-257	3,029	-4,375
Tax paid	0	0	0
NET CASH FLOW FROM OPERATING ACTIVITIES	-9,021	869	-6,970
Cash flows from investing activities			
Acquisition of assets	-39,673	-59,267	-30,243
Disposal of assets	3,425	6,355	5,389
Impact of changes in scope	0	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-36,248	-52,912	-24,854
Cash flows from financing activities			
Capital increases	125	85,079	391
Increases in subsidies	0	0	889
Bond issues and advances	15,541	53,902	15,760
Repayment of bonds and advances	-17,632	-27,524	-10,217
Interest paid	-1,465	-2,841	-1,450
NET CASH FLOW FROM FINANCING ACTIVITIES	-3,431	108,616	5,373
CHANGE IN CASH	-48,700	56,573	-26,450
Cash - opening	60,838	4,327	4,327
Cash - change in foreign exchange rates	-78	-61	-30
Cash - other changes	0	0	0
Cash - closing	12,060	60,838	-22,153
CHANGE IN CASH FLOWS	-48,700	56,573	-26,450



1.2 Notes to the consolidated financial statements

1.2.1 Accounting policies

The accounting policies applied by the Group to establish the half-yearly financial statements are identical to those applied by the Group at 31 March 2016 for the annual financial statements (see Notes to the financial statements for the financial year ended 31 March 2016).

A. 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 due to consolidation, are translated at the closing rate;
- 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, 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):

	31/03/2016		30/09/2016	
	Balance sheet	Income	Balance sheet	Income
US dollar	1.1385	1.1040	1.1161	1.1178
Tunisian dinar	2.2953	2.1976	2.4722	2.4233
Moroccan dirham	10.9720	10.8384	10.9347	10.9126
Mexican peso	19.5903	18.4350	21.7389	20.7367

B. Closing dates

FIGEAC AERO (the parent company) and FIGEAC AERO PICARDIE, FGA NORTH AMERICA, MECABRIVE INDUSTRIES, FGA Saint Nazaire, FGA TUNISIA, FGA MOROCCO, SCI Mexico, and FGA USA are consolidated according to their balance sheet entries for the six-month period ended 30 September 2016.

MTI and SCI REMSI are consolidated according to their balance sheet entries for the nine-month restated period ended 30 September 2016 to reflect significant transactions or transactions having an impact on the consolidated financial statements between 1 January and 31 March 2016.

C. Seasonal effects

The Group experienced no significant seasonal effects that could impede understanding of its business during the first half-year. However, the number of working days and the amount of leave taken (higher in the first half of the year) may have had an impact on the Group's business.

1.2.2 SCOPE OF CONSOLIDATION

1.2.2.1 Consolidated entities

Entity and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			Mar 2016	Sep 2016	Mar 2016	Sep 2016	Mar 2016	Sep 2016
FIGEAC AERO SA	349357343	Z.I. de l'Aiguille 46100 FIGEAC	Parent Company	Parent Company	Parent Company	Parent Company	Parent Company	Parent Company
M.T.I. SAS	394223804	Z.I. du Combal 12300 DECAZEVILLE	Full consolidation	Full consolidation	95.64%	95.64%	95.64%	95.64%
MECABRIVE IND. SAS	453806267	1, Imp. Langevin 19108 BRIVE	Full consolidation	Full consolidation	92.68%	92.68%	92.68%	92.68%
SARL FGA TUNISIA	NONE	ZI M'Ghira III, Rue de Gafsa 2082 FOUCHANA	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AERO GROUP USA INC	NONE	2701 South Bayshore Drive 33133 MIAMI	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FGA PICARDIE SAS	533995684	1 rue Maryse Bastié 80300 MEAULTE	Full consolidation	Full consolidation	99.95%	100.00%	99.95%	100.00%
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 AERO MAROC	328973	49 Rue Jean Jaures CASABLANCA MAROC	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
SCI REMSI	791581994	Z.I. de l'Aiguille 46100 FIGEAC	Full consolidation	Full consolidation	100.00%	100.00%	0.00%	0.00%



SCI MEXIQUE	NONE	Hermosillo, State of Sonora, Mexico	Full consolidation	Full consolidation	100.00%	100.00%	100.00%	100.00%
FGA SAINT NAZAIRE	818093577	ZI de Cadréan 44550 MONTOIR DE BRETAGNE	N/A	Full consolidation	N/A	100.00%	N/A	100.00%

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

Under IFRS 10, the parent company is deemed to control this entity because:

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

1.2.2.2 Unconsolidated entity

Entity and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			Mar 2016	Sep 2016	Mar 2016	Sep 2016	Mar 2016	Sep 2016
SAS AEROTRADE	520459876	23 Av Edouard BELIN 31400 TOULOUSE	Unconsolidated	Unconsolidated	1.00%	1.00%	1.00%	1.00%

1.2.3 INTANGIBLE ASSETS

March
2016 September 2016

(in € thousands)

Intangible assets	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Startup costs and similar costs	0	0	0	0	0	0	0
Development costs	24,352	9	0	-9	0	0	24,352
Concessions, patents, licenses	1,371	29	0	0	0	0	1,400
Software	5,789	629	0	0	-21	0	6,398
Goodwill	353	60	0	0	0	0	413
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	24,253	9,844	-252	-162	-1	0	33,682
Advances/intangible assets	0	0	0	0	0	0	0
Gross intangible assets	56,118	10,571	-252	-171	-22	0	66,245
Depreciation							
Deprec. Startup costs	0	0	0	0	0	0	0
Development costs - amort.	-14,552	-1,692	0	0	0	0	-16,244
Concessions, patents, licenses - amort.	-1,086	-120	0	0	0	0	-1,206
Software - amort.	-3,523	-550	0	0	13	0	-4,060
Goodwill - amort.	0	0	0	0	0	0	0
Other intangible assets - amort.	0	0	0	0	0	0	0
Intangible assets in progress - amort.	-310	0	0	0	0	0	-310
Advances/intangible assets - amort.	0	0	0	0	0	0	0
Intangible assets - amort.	-19,471	-2,363	0	0	13	0	-21,820
Net values							
Startup costs and similar costs	0	0	0	0	0	0	0
Development costs	9,799	-1,683	0	-9	0	0	8,107
Concessions, patents, licenses	286	-91	0	0	0	0	195
Software	2,267	79	0	0	-7	0	2,338
Goodwill	353	60	0	0	0	0	413
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	23,943	9,844	-252	-162	-1	0	33,372
Advances/intangible assets			0	0	0	0	
Intangible assets	36,648	8,208	-252	-171	-8	0	44,424

At 30 September 2016, there was no depreciation due to impairment.



New intangible assets:

- Were generated internally (capitalised development costs) for +€9 million (+€15.3 million in March 2016);
- Were acquired externally for +€1.5 million (+€6.2 million in March 2016).

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

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

In this area, the Group must anticipate the advent of new products and make use of the most cutting-edge technologies.

The Group has significant R&D expenses. Over the last three years, these expenses averaged 5.13% of consolidated revenue. The result of this proactive policy is a Research Tax Credit and large subsidies in France (Research Tax Credit of €3.1 million for 2016).

1.2.4 PROPERTY, PLANT AND EQUIPMENT

**March
2016** **September
2016**

(in € thousands)

Property, plant and equipment	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Gross value							
Land	4,365	316	0	0	25	0	4,706
Building	36,667	1,804	0	35	-104	0	38,403
Buildings - finance lease	3,811	0	0	0	0	0	3,811
Plant machinery, eq. and tools	55,712	6,469	-989	1,309	-152	0	62,349
Plant machinery, eq. and tools - finance lease	59,179	5,792	0	0	0	0	64,970
Fixtures & fittings	6,763	706	0	36	-15	0	7,490
Transport equipment	251	35	0	0	-1	0	285
Office and IT eq.	3,230	398	-44	77	-30	0	3,632
Office and IT eq. - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	553	55	0	0	-3	0	606
Property, plant and equipment in progress	14,526	20,934	-2,390	-128	-52	0	32,890
Advances/tangible assets	4,122	1,909	-1,645	-848	0	0	3,537
Property, plant and equipment - gross	189,182	38,418	-5,068	481	-332	0	222,682
Depreciation							
Land - depreciation	-620	-41	0	0	0	0	-662
Buildings - deprec.	-8,563	-817	0	0	18	0	-9,362
Buildings - finance lease - deprec.	-2,296	-309	0	-44	0	0	-2,649
Plant machinery, eq. and tools - deprec.	-30,830	-4,044	81	0	57	0	-34,736
Plant machinery, eq. and tools - finance lease - deprec.	-24,883	-3,298	0	44	0	0	-28,137
Fixtures, fittings - deprec.	-4,162	-375	0	0	6	0	-4,531
Transport equipment - deprec.	-193	-20	0	0	0	0	-213

Office and IT equipment - deprec.	-2,001	-271	44	0	15	0	-2,214
Office and IT eq. - finance lease - deprec.	0	0	0	0	0	0	0
Other property, plant and equipment - deprec.	0	-1	0	0	0	0	-1
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.	-73,548	-9,175	125	0	95	0	-82,504
Net values							
Land	3,745	274	0	0	25	0	4,044
Building	28,105	987	0	35	-86	0	29,041
Buildings - finance lease	1,515	-309	0	-44	0	0	1,163
Plant machinery, eq. and tools	24,882	2,425	-908	1,309	-96	0	27,613
Plant machinery, eq. and tools - finance lease	34,295	2,495	0	44	0	0	36,834
Fixtures & fittings	2,601	331	0	36	-9	0	2,959
Transport equipment	57	16	0	0	-1	0	72
Office and IT eq.	1,229	127	0	77	-15	0	1,419
Office and IT eq. - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	553	54	0	0	-3	0	605
Property, plant and equipment in progress	14,526	20,934	-2,390	-128	-52	0	32,890
Advances/property plant and equipment	4,122	1,909	-1,645	-848	0	0	3,537
Property, plant and equipment	115,632	29,243	-4,943	481	-237	0	140,178

Property, plant and equipment given as guarantees are detailed in section 1.2.25 "Off-balance sheet commitments" of the notes to the consolidated financial statements.

The largest acquisitions were:

- Property investments of €8 million covering a total of 23,000 m²:

Construction of three buildings covering 14,000 sq.m. in total on the Figeac site, including the "factory of the future" dedicated to the LEAP engine;

Acquisition of a workshop by MTI;

Construction of the WICHITA machining workshop;

Construction of the machining plant at Figeac Aéro Mexico;

- Investment in production equipment for a total of €30.9 million, including 13 new machines (France, Morocco, Tunisia, Mexico and USA).

1.2.5 NON-CURRENT FINANCIAL ASSETS

		Mar 2016	Sep 2016				
(in € thousands)							
Financial assets	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Gross value							
Unconsolidated investments	70	-9	0	0	0	0	60
Loans	846	0	0	0	0	0	846
Other financial assets	1,302	109	0	-92	-11	0	1,308
Gross financial assets	2,218	100	0	-92	-11	0	2,214
Amortisation							
Unconsolidated investments - amortisation	0	0	0		0	0	0
Other financial assets - amort.	-7	0	0		0	0	-7
Financial assets - amort.	-7	0	0	0	0	0	-7
Net value							
Unconsolidated investments	70	0	0		0	0	60
Loans	846	-9	0		0	0	846
Other financial assets	1,296	109	0	-92	-11	0	1,302
Financial assets	2,211	100	0	-92	-11	0	2,207

1.2.6 INVENTORIES AND WORK IN PROGRESS

	March 2016 *	September 2016					
(in € thousands)		Net change	Increase	Decrease	IAS 11	Translation adjustment	Closing
Inventories and work in progress	Opening						
Gross value							
Inventories of raw materials	15,412	1,590	0	0		27	17,029
Inventories of other supplies	17,355	3,380	0	0	0	-61	20,673
Work and services in progress	0	0	0	0	0	0	0
Work in progress and services	49,097	4,748	0	0	0	-61	53,784
Construction contracts	74,329	0	0	0	4,271	0	78,600
Inventories of finished goods	28,635	4,179	0	0	0	1	32,815
Inventories - gross value	184,828	13,897	0	0	4,271	-94	202,900
Provisions							
Inventories of raw materials - deprec.	-427		-11	116	0	0	-323
Inventories of other supplies - deprec.	0		0	0	0	0	0
Work and services in progress - deprec.	0		0	0	0	0	0
Inventories of work and services in progress - deprec.	-1,679			-430	0	0	-2,108
Inventories of finished goods - deprec.	-2,130		-14	179	0	0	-1,966
Inventories - deprec.	-4,236	0	-26	-135	0	0	-4,397
Net values							
Inventories of raw materials	14,985	1,590	-11	116	0	27	16,706
Inventories of other supplies	17,355	3,380	0	0	0	-61	20,673
Work and services in progress	0	0	0	0	0	0	0
Work in progress and services	121,747	4,748	0	-430	4,271	-61	130,275
Inventories of finished goods	26,505	4,179	-14	179	0	1	30,849
Inventories and work in progress	180,592	13,897	-26	-135	4,271	-94	198,503

The gross value of inventories increased by €18 million compared with €35.9 million in 2015-2016.

Pledged inventories appear in section 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	Mar 2016		Sep 2016	
	Opening	Closing	< 1 year	> 1 year
Advances & down payments paid on orders	-22	7	7	0
Trade and other receivables	62,836	65,792	65,792	0
Sundry debtors	2,807	2,652	2,311	341
Tax receivables	6,296	11,719	11,719	0
Prepaid expenses	1,397	2,158	2,158	
TOTAL	73,314	82,328	81,987	341

At 30 September 2016, accounts receivable factoring amounted to €40.5 million compared with €39.6 million at 31 March 2016. As the Group carries the risk of trade receivables factoring, these receivables remain on the balance sheet as an asset.

At 30 September 2016, the payment schedule for net trade receivables was as follows:

Trade receivables by maturity	Sep 2016			
	Closing	< 6 months	> 6 months < 12 months	> 12 months
Trade and other receivables	65,792	65,792		
TOTAL	65,792	65,792		0

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

Trade receivables by maturity	Mar 2016			
	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

1.2.8 CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE

1.2.8.1 Cash and cash equivalents

Changes in cash and cash equivalents were as follows:

	March 2016	September 2016	
<i>(in € thousands)</i>			
Cash and cash equivalents	Opening	Closing	Change
Marketable securities	5,637	40,650	35,013
Available cash	96,197	13,122	-83,075
Cash and cash equivalents	101,834	53,771	-48,062
Outstanding invoices	-39,619	-40,507	-888
Bank overdrafts	-1,376	-1,204	172
Subtotal short-term borrowings	-40,995	-41,711	-716
NET TOTAL	60,838	12,060	-48,700

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

Changes in cash and cash equivalents in the year are explained in section 1.1.10 "Consolidated Statement of Cash Flows".

1.2.8.2 Financial instruments

Financial instruments mainly comprised the hedging instruments described in the following table:

In € thousands (excluding tax effect) - accumulated impacts	Sep 2016		Mar 2016		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 contracts and swaps	-1,415	0	-1,230	0	-184
Options	-1,048	-9,862	-980	-10,840	-68
Accumulators	0	-3,459	0	-11,333	
TRF	0	-3,442	0	-10,302	
FADER	0	-218	0	-900	
Total	-2,463	-16,980	-2 210	-33,374	-251

In € thousands	
Interest rate swap	31

In € thousands (excluding tax effect)	Sep 2016	Mar 2016	Sep 2015
Impact on net income (loss) for the year	16,394	32,860	22,244

Most of the hedging instruments subscribed by the Group are "trading" instruments not eligible for hedge accounting. Their fair value is thus indicated in the income statement.

For financial instruments classified as cash flow hedges (forward and certain options), the hedging instruments 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.

(in € thousands)	Sep 2016	Mar 2016
<i>Equity - hedging instruments at the opening (1)</i>	-1,474	-6,188
Change in fair value of the effective portion	-604	3,177
Reclassified to the income statement (1)	353	1,077
Declassification of held-for-trading contracts - reversed into income (3)		2,817
Tax effect on change during the year	84	-2,357
<i>Equity - hedging instruments at the close</i>	-1,642	-1,474

- (1) When hedged items have an impact on the income for the periods, the deferred amounts in shareholders' equity are subject to reclassification.

1.2.9 DEFERRED TAX

Deferred tax	March 2016	September 2016
Deferred tax assets	9,075	1,069
Deferred tax liabilities	0	-10,569
Deferred tax at opening	9,075	-9,500
Deferred tax income (expense) over the period	-15,851	-5,859
Change in deferred tax recognised in shareholders' equity	-2,603	237
Groupe SAFRAN	-121	-6
Closing deferred tax	-9,500	-15,128
Of which deferred tax assets	1,069	631
Of which deferred tax liabilities	-10,569	-15,759

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.

	March 2016	September 2016
<i>(in € thousands)</i>		
Deferred tax analysis	Opening	Closing
Accelerated depreciation	-385	-385
Leasing	-1,747	-2,402
Employee profit sharing	211	150
Personnel benefits	713	728
Valuation of tax losses carried forward	751	751
Tax timing differences	36	36
IFRIC 21	0	0
Subsidies	-496	-436
Construction contracts	-20,256	-20,217
Financial instruments	11,873	6,492
Finance leases	-9	-9
Provisions for foreign exchange losses	0	0
Currency impact	-167	0
Groupe SAFRAN	-24	164
Net deferred tax liabilities	-9,500	-15,128

1.2.10 FINANCIAL ASSETS AND LIABILITIES

The Group distinguishes three categories of financial instruments according to the effects their characteristics have on their valuation method and on which it bases its presentation of some of the information required by IFRS 13:

- Level 1 category "Market Price" refers to financial instruments listed in an active market;
- Level 2 category "Model with observable inputs" refers to 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 of financial assets by category.

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

(in € thousands)	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging instruments	Total 30/09/2016	Of which assets measured at fair value
Non-current financial assets	2,207			2,207	
Other non-current assets	341			341	
Trade and other receivables	65,792			65,792	
Financial instruments			0	0	
Other current assets	16,197			16,197	
Cash and cash equivalents	13,122	40,650		53,771	40,650
Total financial assets	97,657	40,650	0	138,306	40,650

(in € thousands)	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	40,650			40,650

Cash and cash equivalents whose fair value is recorded in the income statement comprise term deposits opened with Group banks.

At 31 March 2016, 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 31/03/2016	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

1.2.10.2 Financial liabilities

The table below shows the book value of financial liabilities by category:

Sep 2016

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	30 Sep 2016	Fair value
Loans from credit institutions			93,210	93,210	93,210
Borrowings – finance leases			39,497	39,497	39,497
Repayable advances			26,710	26,710	26,710
Other financial liabilities			3,296	3,296	3,296
Factoring			40,507	40,507	40,507
Derivative financial instruments	16,980	2,463		19,443	19,443
Trade and other payables			71,257	71,257	71,257
TOTAL FINANCIAL LIABILITIES	16,980	2,463	274,477	293,920	293,920

	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments		19,443		

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

At 31 March 2016, financial liabilities at fair value were classified as follows:

Mar 2016

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	31 Mar 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

1.2.11 DEBT

Debt breaks down by type and maturity as follows:

March 2016 September 2016

(in € thousands)

Debt	Opening	Increase	Decrease	Other movements	Closing	< 1 year	1-5 years	> 5 years
Loans from credit institutions	92,159	15,158	-11,467	-2,640	93,211	23,693	52,177	17,341
Borrowings - finance leases	39,190	5,792	-5,498	13	39,497	10,233	26,217	3,047
Repayable advances	24,355	382	-667	2,640	26,710	2,995	17,063	6,652
Total	155,704	21,332	-17,632	13	159,418	36,921	95,457	27,040

March
2016 September
2016

(in € thousands)

Other financial liabilities	Opening	Increase	Decrease	Other movements	Closing	< 1 year	1-5 years	> 5 years
Other financial liabilities	3,118	0	-1	-168	2,947	1,205	1,742	0
Total	3,118	0	-1	-168	2,947	1,205	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. At 30 September 2016 they were impacted by the weighting of the customer financing item (Daily assignments, Discounted notes not yet due and Factoring) for €40.5 million versus €39.6 million at 31 March 2016.

Net debt/shareholders' equity is calculated as follows:

(EnK€)

	30-sept.-16	31-mars-16
Emprunts auprès d'établissement de crédit	93 210	92 159
Emprunts location- financement	39 497	39 190
Avances remboursables	26 710	24 355
Autres dettes financières	2 947	3 118
Affacturage	40 507	39 619
sous total A	202 871	198 442
Autres valeurs mobilières	40 650	5 637
Disponibilités	13 122	96 197
sous total B	53 772	101 834
TOTAL endettement net = A-B	149 099	96 608
Total fonds propres	196 465	183 747
Ratio d'endettement net sur fonds propres	0,76	0,53

The breakdown of debt between fixed rate and variable rate is as follows:

in € thousands	30/09/16			31/03/16		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Loans from credit institutions	37,710	55,501	93,211	33,893	58,266	92,159
Other debt	1,742	0	1,742	1,742	0	1,742
Finance lease liabilities	34,101	5,396	39,497	33,069	6,121	39,190
Bank lending and overdrafts	0	1,204	1,204	0	1,376	1,376



Factoring	0	40,507	40,507	0	39,619	39,619
TOTAL	73,553	102,608	176,161	68,704	105,382	174,086
<i>Distribution by percentage</i>	<i>42%</i>	<i>58%</i>		<i>39%</i>	<i>61%</i>	

All covenants on loans and bank overdrafts must be audited annually at each end of period. They are applicable to 7.96% of borrowings, i.e. €10.8 million.

The covenants at 30 September 2016 are detailed in the following table:

Loans subject to a covenant				Covenant		Compliance (3)
Category (1)	Year of subscription	Balance at 30 Sep 2016 in € thousands	Final maturity	Ratios	Calculation basis (2)	Sep 2016
<u>Loans</u> L	2,015	10,800	Jan 2021	Gross debt/equity < 2.2 Gross debt/EBITDA < 3.5 EBITDA/debt servicing > 2	CFS CFS CFS	C C NC
Total		10,800				

L = Loans

CFS = Consolidated financial statements

C = Compliant

NC = Noncompliant

In December 2015, Figeac Aéro S.A. obtained a €12 million loan from the EIB subject to compliance with three covenants. At 31 March 2016, the gross debt/EBITDA covenant was not kept. The long-term portion of the loan, which amounted to €9.6 million, was thus reclassified under "Current portion of financial liabilities" as comparative information at 31 March 2016. A waiver was obtained from the bank in December 2016 to regularise the situation.

At 30 September 2016, the debt service coverage ratio covenant was not kept. The long-term portion of the loan, which amounts to €8.4 million, was thus reclassified under "Current portion of long-term financial liabilities". To date, the bank has not requested early repayment and the Company will request a waiver. An answer is expected after the half-yearly financial statements have been published and the bank has fully processed the information.

The guarantees given on loans and debt are listed in section 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 managing its share capital is to maintain a balance between shareholders' equity and debt in order to facilitate its business activities and increase shareholder value.



To maintain or adjust the structure of its shareholders' equity, the Group may propose paying shareholder dividends or increasing share capital.

The main ratio monitored by the Group for managing its shareholders' equity is the debt/equity ratio.

The objectives, policies and procedures of managing 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 €144,000 was recognised for the benefit granted to employees. The subscription price offered to employees reflects a 20% discount on the issue price of the capital increase subscribed by investors.

A second capital increase reserved for employees of FIGEAC AÉRO was performed on 10 June 2016 at a preferential price. In accordance with IFRS 2, an expense of €37,000 was recognised for the benefit granted to employees.

In the previous financial year, Figeac Aéro set up a free share allocation plan (new shares to be issued). This is a Group plan since it involves the employees not only of the issuing entity (Figeac Aéro) but also of MTI, Mecabrive and FGA Picardie. Under the plan, 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 equity instruments to members of personnel in accordance with service conditions. This expense is calculated based on the fair value of the 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 (2 years).

In total, an expense of €332,000 was recorded as an offset to reserves. This amount is also shown in the consolidated statement of changes in shareholders' equity.

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

	Number	Par value
Shares outstanding at the beginning of the year	31,779,140	0.12
Public offering on 10 Jun 2016	8,397	0.12
Shares outstanding at the end of the year	31,787,537	0.12

At 30 September 2016, share capital consisted of 31,787,537 shares of which 23,980,162 had double voting rights. The par value of one share stood at €0.12.

1.2.13 EARNINGS PER SHARE

1.2.13.1 Basic earnings per share

At 30 September 2016, basic earnings per share was calculated on the basis of the consolidated income for the period attributable to Group shareholders, the details of which are as follows:

	Mar 2016	Sep 2016
<i>(in € thousands)</i>		
	Opening	Closing
<i>Consolidated income attributable to Group shareholders</i>	33,260,000	13,015,503
Weighted average number of shares	28,099,269	31,784,272
Treasury shares held at end of period	13,944	17,265
<i>Weighted average number of shares</i>	28,085,325	31,767,007
<i>Basic earnings per share</i>	1.18	0.41



1.2.13.2 Diluted earnings per share

At 30 September 2016, diluted earnings per share was calculated on the basis of the consolidated income for the period attributable to Group shareholders adjusted to reflect the impact of the stock option plans. The weighted average number of potential ordinary shares for the period was 31,821,895 shares.

	Mar 2016	Sep 2016
<i>(in € thousands)</i>		
	Opening	Closing
Weighted average number of potential shares		
Weighted average number of ordinary shares	28,085,325	31,767,007
Impact of stock option plans	54,888	54,888
	28,140,213	31,821,895
Diluted earnings per share	1.17	0.41

1.2.14 PROVISIONS

The change in provisions was as follows:

	March 2016	September 2016				
<i>(in € thousands)</i>						
Provisions	Opening	Allocations	Reversals used	Reversals not used	Other movements	Closing
Provision for litigation	1,909	70	0	0	0	1,979
Provision for contract loss	3,202	5,009	-661	0	0	7,550
Other provisions	74	10	0	-42	0	41
Total provisions	5,184	5,089	-661	-42	0	9,569

Other non-current provisions mainly consisted of:

- Provisions for litigation: €1,979,000.

The Group is currently involved in labour disputes with its employees.

Following a tax audit in 2015, the parent company 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 was however not called into question. Following the Group's initial response to the tax authorities, the additional tax assessment was lowered to €1.4 million.

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

The Company is involved in a pre-litigation procedure.

- Provision for contract losses: €7,550,000.

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



EMPLOYEE BENEFITS: Pension obligations and Long Service Award

Pursuant to IAS 19 - Employee Benefits, the purpose of the provision for pensions 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 is set aside and is not hedged by dedicated assets.

At 30 September 2016, provisions for pensions and other long-term employee benefits rose by €624,000 to reach **€2,744,000**. This increase in provisions corresponds to:

- Service cost: €135,000
- Financial cost: €15,000
- Reversal of unused provision: <€2,000>
- Actuarial gain or loss: €475,000

The actuarial gain or loss recognised in other comprehensive income is the result of a change in the:

- Discount rate of 0.80% (1.39% at 31 March 2016).

The other calculation assumptions remain unchanged:

- A retirement age of 67;
- An average salary increase rate of 1.5%;
- A mortality rate according to the INSEE 2015 table:

Age	20 years	30 years	40 years	50 years	60 years	65 years
Men's mortality table	99,274	98,549	97,489	94,963	88,615	83,631
Women's mortality table	99,469	99,222	98 745	97,436	94,414	92,075

- A low or high turnover rate depending on the company and employee status (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:

- An increase of more than 1% in the rate would lead to a decrease of less than €295,000 in consolidated income;
- A decrease of up to 1% in the rate would lead to an increase of up to €257,000 in consolidated income.

Provisions for pension liabilities stood at:

- | | 30/09/2016 | 2016 |
|---|-------------------|-------------|
| - For all the Group's French subsidiaries | €2,628,000 | €2,026,000 |

Provisions for pension liabilities at the closing dates of previous financial years were as follows:

- At 31 March 2015 €1,998,000
- At 31 March 2014 €1,171,000

1.2.15 OTHER CURRENT LIABILITIES

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

	March 2016	September 2016			
(in € thousands)	Opening	Closing	< 1 year	1-5 years	> 5 years
Trade payables	47,227	45,546	45,546	0	0
Liabilities without assets and other receivables	3,025	4,132	4,132	0	0
Trade and other payables	50,253	49,678	49,678		
Refundable advances and payments received on orders	810	286	286	0	0
Social security liabilities	14,923	14,061	14,061	0	0
Other current liabilities	890	325	325		
Other current liabilities	16,623	14,672	14,672		
Fiscal liabilities	4,190	7,027	7,027	0	0
	71,066	71,377	71,377	0	0

1.2.16 REVENUE

Revenue by segment

	September 2016	September 2015	
By business activities	Closing	Closing	Change
Structural parts for the aeronautical industry	123,266	96,787	27.36%
General engineering and heavy sheet metal fabrication	5,944	7,362	-23.86%
On-site assembly	4,746	2,518	88.48%
Machining and surface treatment	12,278	12,263	0.12%
TOTAL	146,234	118,930	23%

Revenue by region

By region	September 2016		September 2015	
	Closing		Closing	Change
FRANCE	112,130		88,481	26.73%
EXPORT	34,104		30,449	12.00%
TOTAL REGIONS	146,234		118,930	23%

1.2.17 BUSINESS SEGMENTS

In accordance with 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 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 September 2016, the key indicators by business segment were as follows:

Sep 2016

(in € thousands)

BUSINESS SEGMENTS	TOTAL	Aerostructure		On-site assembly		Precision machining and surface		General and industrial engineering	
			%		%		%		%
Consolidated Revenue	146,234	123,266	84.29%	4,746	3.25%	12,278	8.40%	5,944	4.06%
Other income from operations	2,318	2,244	96.81%	0	0.00%	0	0.01%	74	3.18%
Change in inventories of finished products and work in progress	12,496	12,389	99.15%	-51	-0.41%	-251	-2.01%	410	3.28%
Raw materials and consumables	-79,964	-71,833	89.82%	-459	0.57%	-4,740	5.93%	-2,932	3.67%
Personnel expenses	-34,560	-23,332	67.51%	-3,226	9.34%	-5,283	15.29%	-2,719	7.87%
External expenses	-13,121	-11,010	83.91%	-244	1.86%	-1,312	10.00%	-555	4.23%
Taxes	-1,531	-1,097	71.69%	-72	4.70%	-214	13.98%	-147	9.63%
Depreciation and amortisation	-10,053	-8,608	85.63%	-218	2.17%	-837	8.33%	-389	3.87%
Net provisions	-6,206	-6,292	101.38%	0	0.00%	-26	0.42%	111	-1.79%
Current operating income	15,614	15,727	100.73%	476	3.05%	-385	-2.47%	-204	-1.31%
Other operating income	-21	-56	272.37%	7	-34.63%	0	0.00%	28	137.75%
Other operating expenses	44	28	-64.54%	-10	-22.68%	13	28.84%	70	158.38%
Operating income	15,637	15,643	100.04%	473	3.02%	-373	-2.39%	-106	-0.68%
Actual financial income	-14,757	-14,511	98.33%	-64	0.43%	-127	0.86%	-55	0.37%
Unrealised gains and losses	16,394	16,394	100.00%		0.00%		0.00%		0.00%
Net income (loss) for the period	13,108	13,501	103.00%	417	3.18%	-519	-3.96%	-291	-2.22%
	8.96%	10.95%		8.79%		-4.23%		-4.90%	
Total intangible assets	44,424	43,508	97.94%	187	0.42%	664	1.49%	65	0.15%
Total property, plant and equipment	140,178	116,054	82.79%	3,966	2.83%	14,908	10.63%	5,250	3.75%
Total financial assets	2,207	2,108	95.49%	2	0.09%	80	3.64%	17	0.78%
Total assets	186,809	161,670	86.54%	4,155	2.22%	15,652	8.38%	5,332	2.85%
Inventories and work in progress	198,503	190,888	96.17%	986	0.50%	5,271	2.65%	1,359	0.68%
Trade and other receivables	82,328	72,052	87.52%	2,742	3.33%	4,059	4.93%	3,475	4.22%
Trade and other payables	-72,592	-62,784	86.49%	-2,502	3.45%	-4,602	6.34%	-2,704	3.72%
Debt	-159,418	-148,277	93.01%	-3,063	1.92%	-3,819	2.40%	-4,258	2.67%

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

September 2015

(in € thousands)

BUSINESS SEGMENTS	TOTAL	Aerostructure	%	On-site assembly	%	Precision machining and surface treatment	%	General and industrial engineering	%
Revenue	118,930	96,788	81.38%	2,518	2.12%	12,263	10.31%	7,362	6.19%
Other income from operations	967	640	96.93%	214	2.00%	110	1.03%	3	0.03%
Change in inventories of finished products and work in progress	11,329	11,423	100.83%	93	0.82%	75	0.66%	-262	-2.31%
Raw materials and consumables	-59,677	-51,519	87.39%	-726	1.12%	-4,560	7.05%	-2,877	4.45%
Personnel expenses	-30,218	-20,651	71.51%	-2,011	5.99%	-4,859	14.47%	-2,697	8.03%
External expenses	-10,776	-8,976	83.29%	-207	1.92%	-772	7.16%	-822	7.62%
Taxes	-850	-457	61.02%	-35	3.51%	-153	15.24%	-204	20.22%
Depreciation and amortisation	-9,731	-8,465	88.29%	-183	1.68%	-805	7.48%	-277	2.54%
Net provisions	-256	-457	178.27%	0	0.00%	116	-45.11%	85	-33.16%
Current operating income	19,718	18,326	92.96%	-337	-1.71%	1,415	7.17%	311	1.58%
Operating income/Revenue	16.58%	18.93%		-13.42%		11.54%		4.22%	
Other operating income	216	92	42.62%		0.00%	85	39.33%	39	18.05%
Other operating expenses	-932	-860	92.24%	-64	6.86%	-8	0.85%	-1	0.13%
Operating income	19,003	17,564	92.43%	-402	-2.12%	1,491	7.85%	349	1.84%
Actual financial income	-10,152	-10,017	98.67%	-66	0.65%	-44	0.43%	-25	0.25%
Unrealised gains and losses	22,267	22,267	100.00%		0.00%		0.00%		0.00%
Net income (loss) for the period	21,048	19,526	92.77%	-281	-1.33%	1,523	7.24%	280	1.33%
Net income (loss)/Revenue	17.70%	20.17%		-11.16%		12.42%		3.80%	
Total intangible assets	28,916	27,771	96.04%	212	0.73%	920	3.18%	13	0.05%
Total property, plant and equipment	98,597	80,416	81.07%	4,000	4.03%	9,645	10.32%	4,536	4.57%
Financial assets	1,814	1,696	93.48%	2	0.10%	87	4.81%	29	1.61%
Total assets	129,327	109,884	84.58%	4,213	3.24%	10,652	8.65%	4,579	3.52%
Inventories and work in progress	158,461	151,615	95.68%	925	0.58%	5,050	3.33%	870	0.57%
Trade and other receivables	75,278	65,691	87.26%	1,174	1.56%	4,340	6.61%	4,073	6.20%



Trade and other payables	-61,264	-52,801	86.19%	-1,552	2.53%	-4,075	7.72%	-2,836	5.37%
Debt	-	-151,876	93.65%	-3,336	2.06%	-3,653	2.41%	-3,309	2.18%
	162,174								

1.2.18 CONSTRUCTION CONTRACT

Details of the Group's **construction contracts** in progress at 30 September 2016 are as follows:

	March 2016		September 2016
	Opening	Change	Closing
<i>(in € thousands)</i>			
Construction contracts			
Construction contracts in progress (inventory curve)	74,329	4,271	78,600
Work in progress and inventories of finished goods associated with IAS 11 contracts	59,383	8,942	68,325
Total capitalised work in progress contracts	133,712	13,213	146,925
Amount due to customers	0	0	0
Revenue recognised from inception of contracts	630,553	105,335	735,888
Charges incurred since inception of contracts	624,838	97,638	722,476



1.2.19 INCOME TAXES

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

	March 2016	September 2016
<i>(in € thousands)</i>		
Corporate tax	Opening	Closing
Tax due	1,176	-64
Change in deferred tax expense	15,851	5,859
Apprenticeship tax credit	-4	0
Provisions for tax		
Change in net tax expense	17,023	5,795

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

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

	September 2016	March 2016
in € thousands	Closing	Opening
Net income of consolidated companies before income tax and amortisation of goodwill	18,904	50,289
Income tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax expense	6,301	16,761
Effective income tax expense	5,795	17,023
TAX DIFFERENCE ON THEORETICAL/ACTUAL RESULTS	505	-262
Impact of the tax rates applicable to foreign subsidiaries which are different from the French tax rate	-70	-278
Unactivated tax losses	-1,574	-1,746
Share of expenses and charges on Group dividends		
Impact of permanent differences		
Impact of reduced tax rate and tax credit	2,043	1,496
Other non-deductible items/not taxable locally	106	266
TOTAL	505	-262

Deferred tax is detailed in section 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:

(in € thousands)

Other income from operations	Sep 2016	Sep 2015	Change
Other income from operations	2,318	967	139.71%
Research Tax Credit	2,230	848	162.97%
Operating Grants	81	94	-13.83%
Other income from operations	7	25	-72.00%
Total	2,318	967	139.71%

1.2.21 NOTE ON OTHER OPERATING INCOME AND EXPENSES

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

(in € thousands)

Other operating income and expenses	Sep 2016	Sep 2015
Other operating income	34	216
Other income	34	0
Capital gains	0	216
Total	34	216
Other operating expenses	-11	-932
NBV of asset sales	-131	0
Other non-current expenses	142	932
Total	-11	-932

Details on 2016 operating expenses:

- Customer penalties of €10,000;
- Various penalties and fines of €14,000;
- Other operating items of €118,000.

1.2.22 NOTE ON THE COST OF DEBT

The cost of debt is detailed in the following table:

in € thousands	30/09/16	30/09/15
Income from cash and cash equivalents	0	0
Interest and financial expenses	2,110	1,675
Of which interest on borrowings	1,465	1,450
Other financial income	-48	-8
Of which income on financial instruments	0	0
Of which expenses on financial instruments	0	0
Cost of debt	-2,062	-1,667

1.2.23 TRANSACTIONS WITH RELATED PARTIES

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

Related parties are defined as such due to the equity investment of Jean Claude Maillard in MP Usicap and Avantis Engineering.

1.2.23.1 With MP USICAP

Permanent services cover the following areas:

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

The 30 September 2016 **figures** are as follows:

(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. tax	Trade receivables
Transactions with related parties	1,108	438	3	50

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 30 September 2016 **figures** are as follows:



(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. tax	Trade receivables
Transactions with related parties	652	141	990	1,188

No particular benefit was granted as part of this agreement.

1.2.23.3 With the subsidiaries

These are entities 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 entities. These are of different types:

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

1.2.23.4 With senior executives

These relate to compensation paid to **corporate officers of Figeac Aéro S.A.:**

By Figeac Aéro:

In € thousands	Sep 2016	Mar 2016
Compensation of corporate officers		
Of which		
Fixed	48,000	96,000
Variable		
Exceptional		
Benefits in kind (company vehicle)	1,674	3,443
Other compensation of nonexecutive directors		
Directors' fees		
Total	49,674	99,443

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



1.2.24 WORKFORCE

March 2016

September 2016

By status	Closing	Closing
Workforce - France	1,404	1,497
Workforce - outside France	475	639
Total	1,879	2,136

The breakdown of the workforce by business segment at 30 September 2016 is as follows:

By no. of employees	Managers	Non-managers	Total
Aerostructure	229	1,373	1,602
On-site assembly	9	144	153
Machining and surface treatment	34	254	288
General and industrial engineering	10	83	93
TOTAL	282	1,854	2,136

1.2.25 OFF-BALANCE SHEET COMMITMENTS

Commitments received:

In € thousands	Sep 2016	Mar 2016
<u>Commitments received</u>		
COFACE guarantee	42,701	44,266
OSEO UIMM guarantee	22	151
OSEO leaseback guarantee	5,396	5,945
TOTAL	48,119	50,362

Guarantees on asset components:

<i>(in € thousands)</i>	September 2016					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
Pledged trade receivables	0	0	0	0	0	0	0	0	0	0
Pledged research tax credit (CIR) and tax credit for competitiveness and employment (CICE)	1,364	139	0	0	0	1,364	139	0	0	0
Pledged inventories	10,800	0	0	0	0	12,000	0	0	0	0
Pledged other receivables	0	0	0	0	1,038	0	0	0	0	1,038
Pledged equipment	372	0	0	0	0	651	0	0	0	0
Mortgages/Pledges (land/bldg)	14,558	0	0	2,854	0	6,765	0	0	3,002	0
TOTAL	29,094	139	0	2,854	1,038	22,780	139	0	3,002	1,038

Commitments for operating leases:

Operating leases mainly involve leases for industrial equipment.

At 30 September 2016, the future minimum payments for these operating leases were as follows:

September 2016

Total rent in € thousands	Share < 1 year	Share > 1 year and < 5 years	Share > 5 years	Total
Industrial equipment	620	714	1	1,335

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



The above information does not cover:

- Outstanding finance leases, which are covered in section 1.2.11 "Debt" of the notes to the consolidated financial statements;
- Interest on loans, which is covered in section 1.2.11 "Debt" of the notes to the consolidated financial statements;
- Forward currency sale commitments and interest rate swaps, which are covered in section 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

No new risks were identified in the half-year; all existing risks are detailed in the annual financial report at 31 March 2016 (see note 1.2.26.4 "Operational risks").

1.2.27 SUBSEQUENT EVENTS

● ACQUISITION OF AUVERGNE AERO GROUP

By the judgement on 24 November 2016, the FIGEAC AERO Group acquired the assets of the Auvergne Aéronautique Group from the Lyon Commercial Court. This is an important step in FIGEAC AERO's development.

This is fully in line with the Group's development plan which aims for European leadership in aerospace outsourcing in 2020.

This acquisition will drive growth and enable the Group to:

- ❖ Acquire proven know-how in forming and sheet metal activities;
- ❖ Boost its production capacity in Morocco with an operational and profitable Best Cost site;
- ❖ Open up new customer opportunities, in particular with Airbus Helicopters and AVIC (China);
- ❖ Position itself on more ambitious work-packages combining machining and sheet metal.

The assets (buildings, industrial plant and tooling, inventories and work in progress, order book, intangible assets and goodwill) for the following sites were acquired:

- Auxerre (65 employees, machining and surface treatment for aerospace parts);
- Aulnat (304 employees, sheet metal work, forming activities, assembly and surface treatment for the aerospace industry);
- Casablanca (310 employees, sheet metal work, forming activities, assembly and surface treatment for the aerospace industry).

The following liabilities were acquired:

- Social liabilities:
 - o Seniority of employees
 - o Right to paid leave and other benefits since 1 June 2016
- Other liabilities:
 - o Continuation of lease credit contracts for the acquired equipment
 - o Debt on pledged inventories

The entry into force of this entity was set at 25 November 2016.

The assessment of the acquired assets and liabilities by the Group is on-going.

The Group created two new subsidiaries:

- FIGEAC AERO AUXERRE to take over the Auxerre assets of Auvergne Aéronautique Group;
- Société Nouvelle Auvergne Aéronautique to take over the Aulnat assets of Auvergne Aéronautique Group (including 100% of investments in Casablanca Aéronautique).

These acquisitions cost €1,700,000 plus a €65,000 contribution to Auvergne Aéronautique Group's PSE.

Payment was made using the Group's available cash and cash equivalents.



- **ACQUISITION OF PECISS**

On 1 November, the Group acquired PECISS, a Tunisian design agency specialising in machining process engineering, for €50,000. The firm of 10 employees will reinforce the Group's industrialisation business.

- **FIGEAC AERO was awarded the "Industry of the Future Showcase" label for the FEELING project for innovative, integrated production lines of aircraft engine parts.**