



FIGEAC AÉRO GROUP



LE PARTENAIRE
DES GRANDS INDUSTRIELS
DE L'AÉRONAUTIQUE



HALF-YEAR FINANCIAL REPORT
AT 30 SEPTEMBER 2017



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RESPONSIBILITY STATEMENT FOR THE HALF-YEARLY FINANCIAL REPORT

I hereby confirm that to the best of my knowledge the condensed interim consolidated 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-year 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 interim financial statements as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Figeac,
27 December 2017

Jean-Claude Maillard
Chairman of the Board of Directors



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

1.1 Condensed interim consolidated financial statements

1.1.1 Introduction

A. Entity presenting the financial statements

Figéac 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. 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 2017.

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 2017. 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 estimated margin on 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"), 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 and interpretations that became effective on 1 January 2017 and were applied by the Group in preparing its consolidated financial statements at 30 September 2017 are as follows:

* Exercices ouverts à compter de cette date	Date d'application « IASB » ^(*)	Date d'adoption UE	Date d'application UE ^(*)
Modification d'IAS 7 : Initiative concernant les informations à fournir	01/01/2017	06/11/2017	01/01/2017
Modification d'IAS 12 : Comptabilisation d'actifs d'impôt différé au titre de pertes latentes	01/01/2017	06/11/2017	01/01/2017
Améliorations annuelles des IFRS – Cycle 2014-2016 - Amendements IFRS 12	01/01/2017	Q4 2017	01/01/2017

The application of these new standards and interpretations had no material impact on the interim consolidated financial statements. The information required by the amendments to IAS 7 and IFRS 12 will be presented in the 2018 Annual Financial Report.

The new IAS/IFRS texts and interpretations that have been or are being adopted by the European Union but are only applicable for the financial years starting after 1 January 2018 are as follows:

* Exercices ouverts à compter de cette date	Date d'application « IASB » ^(*)	Date d'adoption UE	Date d'application UE ^(*)
IFRS 15 – Produits des activités ordinaires tirés de contrats conclus avec les clients	01/01/2018	22/09/2016	01/01/2018
Clarification d'IFRS 15 – Produits des activités ordinaires tirés de contrats conclus avec les clients	01/01/2018	31/10/2017	01/01/2018
IFRS 9 – Instruments financiers	01/01/2018	22/11/2016	01/01/2018
Modifications d'IFRS 4 – Application d'IFRS 9 et d'IFRS 4	01/01/2018	03/11/2017	01/01/2018
IFRS 16 – Contrats de location	01/01/2019	31/10/2017	01/01/2019
IAS 40 – Transferts d'immeubles de placement	01/01/2018	Q1 2018 ?	01/01/18 ?
Améliorations annuelles des IFRS – Cycle 2014-2016	01/01/2018	Q4 2017 ?	01/01/18 ?
Interprétation IFRIC 22 – Transactions en monnaie étrangère et contrepartie anticipée	01/01/2018	Q1 2018 ?	01/01/18 ?
Interprétation IFRIC 23 – Incertitude relative aux traitements fiscaux	01/01/2019	2018 ?	01/01/19 ?

The Group chose not to adopt these standards, interpretations and amendments early. The main impacts of the application of IFRS 9 and IFRS 16 standards are being assessed at the Group level.

IFRS 15

The Group is currently analysing its accounting policies in relation to the future application of this standard. This analysis focuses on the types of contracts that exist in the Group.

The application of the standard could have a significant impact on income and the structure of the Group's balance sheet.

In fact, concerning contracts with multiple items that include development and different goods and services, it is best to identify the performance requirements within each contract. The revenue of each performance requirement will be recorded according to the transfer of control.



The future standard will no longer allow for recycling differences in performance that appear at delivery of the first aircraft. It will consequently have an impact on the rhythm of recognition of margins generated by the different contracts. However, the rhythm of revenue recognition from series-production parts, currently recorded on delivery, will not change.

The Group will apply IFRS 15 starting with the financial year ended 31 March 2019 with "full retrospective application". As such, the shareholders' equity on the comparative consolidated balance sheet at 1 April 2017 will be restated for the effects of the application of this new standard. The comparative financial statements ended at 31 March 2018 presented in the financial statements ended 31 March 2019 will also be restated.

1.1.3 Highlights

Another half-year of revenue growth

Revenue amounted to €170.4 million, up 16.5% on the previous half-year, despite the negative shift in the euro/dollar exchange rate. The contribution of the Auvergne Aéronautique Group over the half-year was €18.3 million.

The main increase in revenue was generated by the Aerostructures business with revenue of €147.6 million, up 19.74%.

EBITDA (1) amounted to €34.8 million with an EBITDA margin rate stable at a high level of 20.4% of revenue.

Current operating income totalled €18.9 million with strong growth of 20.8%, i.e. COI/revenue of 11.1%, an improvement of 0.4 points.

Operating income for 2017 HY1 improved by 15.5% to €18.1 million.

After taking into account net financial income (loss) and factors relating to €/€ and tax hedging, net profit Group share was €15.7 million compared with €13 million the previous half-year, up 20.8%.

Significant improvement to cash flow

Cash flow from operating activities was positive for the first time since the financial year ending March 2014 at €4.5 million this half-year against minus €9 million the previous half-year. This reflects a significant 35.3% improvement in cash flow (before the cost of debt and income tax) at €27.4 million (€20.2 million the previous year) and a significant decrease in the change in WCR of over €6 million in a context of business growth.

Cash flow from investing activities was minus €28.8 million compared with minus €36.3 million the previous half-year.

The actions implemented within the Group have thus started to show results. Total cash flow for the period amounted to minus €21.2 million compared with minus €48.7 million the previous half-year, i.e. a very significant improvement of €27.5 million.

Capital structure

Solid net profit Group share (€15.7 million) and the higher market value of euro/dollar hedging products (up €15.2 million) pushed shareholder equity up by €30.7 million over 6 months to €242.1 million (see item 1.1.7).

With €248.5 million in net debt, gearing remains under control at 1.03.

In June 2017, the second tranche of the EIB loan for €13 million was redeemed.

(1) EBITDA = current operating income + depreciation and amortisation +/- provisions

1.1.4 Consolidated Balance Sheet

		Sep 2017	Mar 2017
<i>(in € thousands)</i>			
CONSOLIDATED ASSETS	Notes	Closing	Closing
Development costs	1.2.3	64 045	51 681
Other intangible assets	1.2.3	3 385	3 377
Total intangible assets		67 430	55 057
Land	1.2.4	5 423	4 181
Buildings	1.2.4	50 588	38 383
Plant machinery	1.2.4	130 158	135 169
Other property, plant and equipment	1.2.4	6 808	6 625
Total property, plant and equipment	1.2.4	192 976	184 358
Deferred tax	1.2.9	1 374	494
Other financial assets	1.2.5	2 904	2 325
Other non-current assets	1.2.7	627	0
Total non-current assets		265 311	242 234
Inventories and work in progress	1.2.6	264 112	238 119
Trade and other receivables	1.2.7	73 116	90 708
Tax receivables		12 501	12 319
Other current assets	1.2.7	24 224	16 817
Cash and cash equivalents	1.2.8	12 320	30 543
Total current assets		386 272	388 506
Total assets		651 583	630 739

September 2017

March 2017

(in € thousands)

CONSOLIDATED LIABILITIES	Notes	Closing	Closing
Share capital	1.2.12	3,815	3,815
Premiums	1.2.12	118,455	118,455
Reserves	1.2.12	105,031	56,651
Foreign currency translation reserve	1.2.12	-1,116	-360
Net income for the year	1.2.12	15,727	32,545
Share capital issued and reserves attributable to owners of the parent company	1.2.12	241,912	211,105
Non-controlling interests	1.2.12	162	204
Non-controlling interests		162	204
Total consolidated shareholders' equity	1.2.12	242,074	211,310
Loans from credit institutions	1.2.11	83,234	80,321
Repayable advances	1.2.11	21,902	26,380
Finance lease liabilities	1.2.11	43,233	36,722
Other financial liabilities	1.2.11	1,699	1,739
Total non-current financial liabilities	1.2.11	150,067	145,162
Other provisions	1.2.14	5,809	6,351
Deferred tax liabilities	1.2.9	25,416	17,607
Provision for pension and other employee long-term benefits	1.2.14	3,316	3,095
Derivative financial instruments	1.2.8.2	0	28,582
Other non-current liabilities		1,184	2,807
Non-current portion of deferred income		7,923	8,111
Total non-current liabilities		193,715	211,716
Short term borrowings	1.2.11	56,738	53,611
Current portion of financial liabilities		48,652	36,012
Repayable advances		5,348	3,690
Total current financial liabilities		110,738	93,313
Trade payables	1.2.15	70,887	81,003
Fiscal liabilities	1.2.15	8,156	7,331
Other current liabilities	1.2.15	20,320	22,904
Deferred income		5,692	3,162
Total current liabilities		215,794	207,714
Total equity and liabilities		651,583	630,739

1.1.5 Income statement

		sept.-17	sept.-16
<i>(in € thousands)</i>			
Consolidated Statement of Comprehensive Income		Closing	Closing
Revenue	1.2.16	170,430	146,234
Other income from operations	1.2.20	2,560	2,318
Change in inventories of finished products and work in progress		17,186	12,496
Raw materials and consumables		-91,332	-79,964
Personnel expenses		-46,597	-34,560
External expenses		-15,281	-13,121
Taxes		-2,196	-1,531
Depreciation and amortisation		-15,519	-10,053
Net provisions		-384	-6,206
Current operating income		18,868	15,614
Other operating income	1.2.21	130	34
Other operating expenses	1.2.21	-936	-11
Operating income	1.2.21	18,062	15,637
Financial income		22	48
Financial expenses		-2,369	-2,110
Cost of net financial debt	1.2.22	-2,347	-2,062
Foreign exchange gains and losses		-6,916	-10,809
Unrealised gains and losses on financial instruments		7,981	16,394
Other financial income and expenses		-29	-257
Share of profit of equity affiliates		0	0
Income tax	1.2.19	-1,023	-5,795
Net income (loss) for the period		15,728	13,108
Net income (loss) attributable to owners of the parent		15,727	13,016
Net income attributable to non-controlling interests		1	93



1.1.6 Statement of comprehensive income

September -17

September -16

(in € thousands)

Statement of comprehensive income	Appendix Notes	Closing	Closing
Net income (loss) for the period		15,728	13,108
<i>Other comprehensive income items</i>			
Cash flow hedges - portion of change in fair value deemed effective		21,229	-252
Deferred tax - Change in the fair value of hedging instruments		-5,944	84
Post-employment liabilities - Actuarial differences		-27	-459
Deferred tax - Post-employment liabilities - Actuarial differences		9	153
Translation adjustment		-756	-254
Total comprehensive income (loss) for the year		30,239	12,380
*Attributable to owners of the parent		30,238	12,287
*Non-controlling interests		1	93

1.1.7 Consolidated Statement of Changes in Shareholders' Equity

<i>(in € thousands)</i>	Group share								
	Share capital	Treasury shares	Premiums	Consolidated reserves	Foreign currency translation reserve	Income	Total attributable to Group shareholders	Non-controlling interests	Total shareholders' equity
Financial year ended March 2016	3,813	-299	118,325	28,772	-125	33,260	183,747	264	184,011
Change in accounting policy*							0		
Share capital transactions	1	-31	124				94	0	94
Change in translation differences					-254		-254		-254
Impact of the application of IFRS 2				332			332		332
Impact of the application of IFRS 19				-306			-306		-306
Fair value of financial assets				-168			-168		-168
Others				4			4	-4	0
Dividends paid				0			0	0	0
Appropriation of net income Y-1				33,260		-33,260	0		
Net income (loss) for the period						13,016	13,016	93	13,108
Changes in scope									
Financial year ended September 2016	3,815	-330	118,449	61,895	-379	13,016	196,465	353	196,818
Financial year ended March 2017	3,815	-222	118,455	56,873	-360	32,545	211,105	204	211,310
Change in method							0		
Retrospective adjustment**							0		
Share capital transactions	0	-9	0				-9	0	-9
Change in translation differences					-756		-756		-756
Impact of the application of IFRS 2				296			296		296
Impact of the application of IAS 19				-18			-18		-18
Fair value of financial assets				15,285			15,285		15,285
Others				284			284	-42	242
Dividends paid				0			0	0	0
Appropriation of net income Y-1				32,545		-32,545	0		0
Other comprehensive income items									
Net income (loss) for the period						15,727	15,727	1	15,728
Changes in scope					0		0	0	0
Financial year ended September 2017	3,815	-231	118,455	105,262	-1,116	15,727	241,912	162	242,074



1.1.8 Consolidated Statement of Cash Flows

	Sep-17	March-17	Sep-16
<i>(in € thousands)</i>			
Cash flows from operating activities			
Net income (loss) from consolidated companies	15,728	32,545	13,440
Dep., amort., provisions and share of subsidiaries allocated to income	16,189	22,535	15,666
Elimination of revaluation gains (losses) (fair value)	-7,959	-23,090	-16,394
Other items not affecting cash	629	238	201
Cash flow after cost of debt, net of tax	24,587	32,228	12,913
Tax expense	1,023	7,276	5,859
Cost of net financial debt	1,769	3,325	1,465
Cash flow before cost of debt, net of tax	27,379	42,829	20,237
Change in working capital requirements for operations			
Changes in inventories	-22,932	-52,666	-29,258
Changes in trade and other receivables	-26,975	-53,161	-19,311
Change in trade and other receivables	12,761	-25,139	-9,690
Change in trade and other payables	-8,719	25,634	-257
Tax paid	0	0	0
NET CASH FLOW FROM OPERATING ACTIVITIES	4,447	-9,837	-9,021
Cash flows from investing activities			
Acquisition of assets	-38,867	-87,180	-39,673
Disposal of assets	10,106	12,927	3,425
Impact of changes in scope	0	-1,780	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-28,761	-76,033	-36,248
Cash flows from financing activities			
Capital increases	0	131	125
Increases in subsidies	0	0	0
Bond issues and advances	28,836	43,625	15,541
Repayment of bonds and advances	-23,961	-38,475	-17,632
Interest paid	-1,769	-3,325	-1,465
NET CASH FLOW FROM FINANCING ACTIVITIES	3,106	1,956	-3,431
CHANGE IN CASH	-21,207	-83,914	-48,700
Cash - Opening	-23,068	60,838	60,838
Cash - Change in foreign exchange rates	-143	9	-78
Cash - Other changes	0	0	0
Cash - Closing	-44,419	-23,068	12,060
CHANGE IN CASH FLOWS	-21,207	-83,914	-48,700

1.2 Notes to the consolidated financial statements

1.2.1 Accounting policies

The accounting policies applied by the Group to establish the interim financial statements are identical to those applied by the Group at 31 March 2017 for the annual financial statements (see Notes to the financial statements for the financial year ended 31 March 2017).

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 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):

	31/03/2017		30/09/2017	
	Balance sheet	Income	Balance sheet	Income
US dollar	1,0691	1,0936	1,1806	1,1356
Tunisian dinar	2,5030	2,4364	2,9116	2,7929
Moroccan dirham	10,7150	10,8089	11,1212	11,0352
Mexican peso	20,0175	21,0140	21,4614	20,9663

B. Closing dates

FIGEAC AERO (parent company) and FIGEAC AERO PICARDIE, FGA NORTH AMERICA, MECABRIVE INDUSTRIES, FGA Saint Nazaire, FGA TUNISIE, FGA MOROCCO, Casablanca Aéronautique, FIGEAC AERO AUXERRE, Société Nouvelle Auvergne Aéronautique, SCI Mexique and FGA USA are consolidated on the basis of their balance sheet entries for the six-month period ended 30 September 2017.

MTI, SCI REMSI, EGIMA and FGA TUNISIA PROCESS are consolidated on the basis of their balance sheet entries for the nine-month restated period ended 30 September 2017 to reflect significant transactions or transactions having an impact on the consolidated financial statements between 1 January and 31 March 2017.

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

Company and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			Mar 2017	Sep 2017	Mar 2017	Sep 2017	Mar 2017	Sep 2017
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	100.00%	100.00%	100.00%	100.00%
SARL FGA TUNISIE	NONE	ZI MGhira III, Rue de Gafsa 2082 FOUCHANA	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AERO 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	Z.I. de l'Aiguille 46100 FIGEAC	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	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%
FIGEACAERO 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	51 Rue Jean Jaures CASABLANCA MAROCCO	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AERO SAINT NAZAIRE	818093577	ZI de Cadréan 44550 MONTOIR DE BRETAGNE	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC AERO AUXERRE	824264030	ZI. plaine des Isles 89000 AUXERRE	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
SN AUVERGNE AERONAUTIQUE	824245104	1 RUE Touira Chaoui 63510 AULNAT	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
CASABLANCA AERONAUTIQUE	3304831	aéropole de l'aéroport Mohammed V Casablanca Morocco	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	100.00%
FIGEAC TUNISIA PROCESS	1358165	122 avenue du Koweit 8050 HAMMAMET	Full Consolidation	Full Consolidation	90.00%	90.00%	90.00%	90.00%
EGIMA	1087305	aéropole de l'aéroport Mohammed V Casablanca Morocco	Full Consolidation	Full Consolidation	100.00%	100.00%	100.00%	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 is exposed or has rights to the entity's variable returns from its involvement with it;
- it has the ability to use its power over the SCI to affect the amount of these returns.

1.2.2.2 Unconsolidated entities

Company and legal form	ID no.	Registered office	Consolidation method		% control		% interest	
			Mar 2017	Sep 2017	Mar 2017	Sep 2017	Mar 2017	Sep 2017
SAS AEROTRADE	520459876	23 Av Edouard BELIN 31400 TOULOUSE	Not consolidated	Not consolidated	1.00%	1.00%	1.00%	1.00%

1.2.3 INTANGIBLE ASSETS

March-17 September-17

(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	36,360	237	0	7,831	-9	0	44,418
Concessions, patents, licenses	1,693	251	0	0	-12	0	1,932
Software	7,400	625	-57	0	-117	0	7,851
Goodwill	463	0	0	0	0	0	463
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	33,741	14,643	-1,260	-7,831	0	0	39,294
Intangible assets in progress - finance lease	0	1,328	0	0	0	0	1,328
Advances/intangible assets	0	0	0	0	0	0	0
Gross intangible assets	79,657	17,083	-1,317	0	-138	0	95,286
Depreciation							
Deprec. Startup costs	0	0	0	0	0	0	0
Development costs - amort.	-18,111	-2,574	0	0	0	0	-20,685
Concessions, patents, licenses - amort.	-1,554	-91	0	0	10	0	-1,635
Software - amort.	-4,625	-659	-6	0	65	0	-5,225
Goodwill - amort.	0	0	0	0	0	0	0
Other intangible assets - deprec.	0	0	0	0	0	0	0
Assets 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. and imp.	-24,600	-3,324	-6	0	75	0	-27,855
Net values							
Startup costs and similar costs	0	0	0	0	0	0	0
Development costs	18,249	-2,338	0	7,831	-9	0	23,733
Concessions, patents, licenses	140	159	0	0	-2	0	297
Software	2,774	-34	-63	0	-52	0	2,626
Goodwill	463	0	0	0	0	0	463
Other intangible assets	0	0	0	0	0	0	0
Intangible assets in progress	33,431	14,643	-1,260	-7,831	0	0	38,984
Intangible assets in progress - finance lease	0	1,328	0	0	0	0	1,328
Advances/intangible assets	0	0	0	0	0	0	0
Intangible assets	55,057	13,759	-1,323	0	-63	0	67,430

At 30 September 2017, there was no depreciation due to impairment.

New intangible assets:

- were generated internally (capitalised development costs) for +€13.9 million (+€19.8 million in March 2017)
- were acquired externally for +€1.8 million (+€2.5 million in March 2017)

These include:

- the acquisition of software programmes
- expenses incurred as part of installing the Group's new ERP
- the valuation of recognised R&D expenses.



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

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

The FIGEAC AÉRO Group has significant R&D expenses. Over the last three years, these expenses averaged 7.3% of consolidated revenue. The result of this proactive policy in France is a Research Tax Credit (CIR) and large subsidies (CIR of €2.75 million in 2016).

1.2.4 PROPERTY, PLANT AND EQUIPMENT

	March-17	Sep-17					
<i>(in € thousands)</i>							
Property, plant and equipment	Opening	Increase	Decrease	Transfer from item to item	Translation adjustment	Changes in scope	Closing
Gross value							
Land	4,885	1,431	0	0	-159	0	6,157
Building	49,215	472	0	14,403	-1,374	0	62,716
Buildings - finance lease	3,811	0	0	0	0	0	3,811
Plant machinery, equipment and tools	89,377	8,568	-3,169	39	-1,988	0	92,826
Plant machinery, eq. and tools - finance lease	74,797	13,053	-2,574	0	-8	0	85,267
Fixtures & fittings	9,233	656	-18	66	-104	0	9,833
Transport equipment	324	72	0	0	-2	0	393
Office and IT equipment	4,390	477	0	5	-182	0	4,689
Office and IT equipment - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	631	16	0	0	-6	0	642
Property, plant and equipment in progress	36,578	10,568	-5,844	-14,513	-135	0	26,654
Advances/tangible assets	3,619	243	-1,769	0	-8	0	2,085
Property, plant and equipment - gross	276,863	35,555	-13,375	0	-3,967	0	295,076
Depreciation							
Land - Depreciation	-705	-30	0	0	0	0	-735
Buildings - deprec.	-11,686	-1,093	0	-45	146	0	-12,678
Buildings - finance lease - deprec.	-2,957	-304	0	0	0	0	-3,261
Plant machinery, equipment and tools - deprec.	-42,270	-6,224	1,150	-2	426	0	-46,919
Plant machinery, eq. and tools - finance lease - deprec.	-26,932	-4,967	2,144	0	0	0	-29,755
Fixtures, fittings - deprec.	-5,046	-581	-6	49	26	0	-5,558
Transport equipment - deprec.	-228	-30	0	0	0	0	-258
Office and IT equipment - deprec.	-2,681	-332	0	-1	77	0	-2,936
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.	-92,505	-13,560	3,289	0	676	0	-102,100
Net values							
Land	4,180	1,401	0	0	-159	0	5,422
Building	37,530	-621	0	14,358	-1,228	0	50,038
Buildings - finance lease	854	-304	0	0	0	0	550
Plant machinery, equipment and tools	47,107	2,344	-2,019	37	-1,562	0	45,906
Plant machinery, eq. and tools - finance lease	47,864	8,086	-430	0	-8	0	55,512
Fixtures & fittings	4,186	117	-24	67	-79	0	4,283
Transport equipment	96	41	0	0	-2	0	135
Office and IT equipment	1,709	145	0	4	-105	0	1,754
Office and IT equipment - finance lease	2	0	0	0	0	0	2
Other property, plant and equipment	627	-26	0	48	-5	0	634
Property, plant and equipment in progress	36,578	10,568	-5,844	-14,513	-135	0	26,654
Advances/tangible assets	3,619	243	-1,769	0	-8	0	2,085
Property, plant and equipment	184,358	21,995	-10,087	0	-3,291	0	192,976

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:

- investments in property (land purchase and enlargement of the FGA Mexico factory);
- investments in the production equipment of various Group entities.

1.2.5 NON-CURRENT FINANCIAL ASSETS

		March-17	Sep-17				
<i>(in € thousands)</i>			Increase	Decrease	Translation adjustment	Changes in scope	Closing
Total financial assets	Opening						
Gross value							
Non-consolidated investments	60	50	-1	0	0	109	
Loans	992	2	-5	0	0	988	
Other financial assets	1,273	573	0	-39	0	1,807	
Gross financial assets	2,325	625	-6	-39	0	2,904	
Amortisation							
Non-consolidated investments - amort.	0	0	0	0	0	0	
Other financial assets - amort.	0	0	0	0	0	0	
Financial assets - amort.	0	0	0	0	0	0	
Net values							
Non-consolidated investments	60	50	-1	0	0	109	
Loans	992	1	-5	0	0	988	
Other financial assets	1,273	573	0	-39	0	1,807	
Total financial assets	2,325	625	-6	-39	0	2,904	

1.2.6 INVENTORIES AND WORK IN PROGRESS

<i>(in € thousands)</i>		March-17	Sep-17			
Inventories and work in progress	Opening	Net change	IAS 11	Translation adjustment	Changes in scope	Closing
Gross value						
Inventories of raw materials	30,080	6,931		-288	0	36,723
Inventories of other supplies	24,794	3,187	0	-234	0	27,747
Work and services in progress	0	0	0	0	0	0
Work in progress and services	59,865	6,106	0	-444	0	65,528
Construction contracts	85,421	0	3,186	0	0	88,607
Inventories of finished goods	43,794	7,981	0	-78	0	51,697
Inventories - gross value	243,955	24,205	3,186	-1,044	0	270,303
Provisions						
Inventories of raw materials - depreciation	-470	-494	0	11	0	-953
Inventories of other supplies - depreciation	0	-113	0	1	0	-112
Work and services in progress - depreciation	0	45	0	0	0	45
Inventories of work and services in progress - depreciation	-3,024	330	0	2	0	-2,692
Inventories of finished goods - depreciation	-2,342	-136	0	2	0	-2,480
Inventories - deprec.	-5,836	-368	0	16	0	-6,191
Net values						
Inventories of raw materials	29,610	6,438	0	-277	0	35,771
Inventories of other supplies	24,794	3,074	0	-233	0	27,635
Work and services in progress	0	45	0	0	0	45
Work in progress and services	142,264	6,436	3,186	-442	0	151,443
Inventories of finished goods	41,452	7,845	0	-76	0	49,218
Inventories and work in progress	238,119	23,848	3,186	-1,028	0	264,112

The gross value of inventories increased by €27 million compared with €53.4 million in 2016-2017.

2016/2017

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 2017		Sep 2017	
	Opening	Closing	< 1 year	> 1 year
Advances & down payments paid on orders	477	259	259	0
Trade and other receivables	90 708	73 116	73 116	0
Sundry debtors	7 780	13 682	13 682	0
Tax receivables	8 560	10 283	10 283	0
TOTAL	107 525	97 341	97 341	0

At 30 September 2017, accounts receivable factoring amounted to €50.9 million compared with €50.5 million at 31 March 2017. As the Group carries the risk of trade receivables factoring, these receivables remain on the balance sheet as an asset.

At 30 September 2017, the payment schedule for net trade receivables was as follows:

Trade receivables by maturity	Sep-17			
	Closing	< 6 months	> 6 months < 12 months	> 12 months
Trade and other receivables	73,116	73,116		
TOTAL	73,116	73,116	0	0

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

Trade receivables by maturity	March-17			
	Closing	< 6 months	> 6 months < 12 months	> 12 months
Trade and other receivables	90,708	90,708		
TOTAL	90,708	90,708	0	0

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 as follows:

	March-17	September-17	
<i>(in € thousands)</i>			
Cash and cash equivalents	Opening	Closing	Change
Marketable securities	12,293	65	-12,228
Available cash	18,250	12,255	-5,995
Bank overdrafts			0
Cash and cash equivalents	30,543	12,320	-18,223
Outstanding invoices	-50,591	-50,965	-375
Bank overdrafts	-3,020	-5,773	-2,753
TOTAL	-23,068	-44,419	-21,207

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

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

In € thousands (excluding income tax effects) - accumulated impact	Sep 2017		Mar 2017		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	4 511	0	-8 032	0	12 543
Options	6 892	-2 215	-1 793	-8 347	8 685
Accumulators	0	-673	0	-8 167	
TRF	0	-7 857	0	-2 211	
Total	11 403	-10 744	-9 825	-18 725	21 228

in € thousands	
Interest rate swap	31

In € thousands (excluding tax effect)	Sep 2017	Mar 2017
Impact on net income (loss) for the year	7 981	14 649

Most of the hedging instruments subscribed by the Group are "trading" instruments not eligible for hedge accounting. Their fair value is thus recorded directly 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 2017	Mar 2017
<i>Equity - hedging instruments at the opening (1)</i>	- 6 956	-1 474
Change in fair value of the effective portion	21 066	-8 502
Reclassified to the income statement (1)	222	887
Declassification of held-for-trading contracts - reversed into income (3)		
Tax effect on change during the year	- 5 944	2 132
<i>Equity - hedging instruments at the close</i>	8 328	- 6 956

- (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

(in € thousands)

	March-17	Sep-17
Deferred tax	Closing	Closing
Deferred tax assets	1,069	494
Deferred tax liabilities	-10,569	-17,607
Deferred tax at opening	-9,500	-17,113
Deferred tax income (expense) over the period	-6,934	-1,023
Change in deferred tax recognised in shareholders' equity	2,130	-5,954
Others	-2,810	49
Deferred tax at close	-17,113	-24,042
of which deferred tax assets	494	1,374
of which deferred tax liabilities	-17,607	-25,416

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.

(in € thousands)

	March-17	Sep-17
Deferred tax analysis	Opening	Closing
Accelerated depreciation	-385	-385
Leasing	-2,391	-2,568
Employee profit sharing	0	0
Personnel benefits	804	878
Valuation of tax losses carried forward	751	714
Tax timing differences	36	36
IFRIC 21	0	0
Subsidies	-358	-358
Construction contracts	-22,543	-20,446
Financial instruments	9,904	-209
Finance leases	-9	-9
Provisions for foreign exchange losses	0	0
Currency impact	0	0
Group revaluation Auvergne	-3,252	-2,205
Others	330	510
Net deferred tax liabilities	-17,113	-24,042

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)

Financial assets	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging instruments	Total 30/09/2017	of which assets measured at fair value
Non-current financial assets	2 904			2 904	
Other non-current assets	0			0	
Trade and other receivables	73 116			73 116	
Financial instruments			627	627	
Other current assets	24 224			24 224	
Cash and cash equivalents	12 255	65		12 320	65
Total financial assets	112 499	65	627	113 191	65

(in € thousands)

Financial assets	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	65			65
Financial instruments		627		627

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

At 31 March 2017, financial assets at fair value were classified as follows:

(in € thousands)

Financial assets	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Derivatives designated as hedging instruments	Total 31/03/2017	of which assets measured at fair value
Non-current financial assets	2,325			2,325	
Other non-current assets	2,618			2,618	
Trade and other receivables	88,090			88,090	
Financial instruments			0	0	
Other current assets	16,552			16,552	
Cash and cash equivalents	18,250	12,293		30,543	12,293
Total financial assets	127,835	12,293	0	140,128	12,293

(in € thousands)

Financial assets	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	12,293			12,293

1.2.10.2 Financial liabilities

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

September-17

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	Total 30/09/2016	Fair value
Loans from credit institutions			118,616	118,616	118,616
Borrowings - Finance leases			56,503	56,503	56,503
Repayable advances			27,250	27,250	27,250
Other financial liabilities			7,472	7,472	7,472
Factoring			50,965	50,965	50,965
Derivative financial instruments				0	0
Trade and other payables			99,363	99,363	99,363
TOTAL FINANCIAL LIABILITIES	0	0	360,169	360,169	360,169

	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments				

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

At 31 March 2017, financial liabilities at fair value through profit or loss were classified as follows:

(in € thousands)

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedging instruments	Other financial liabilities	Total 31/03/2017	Fair value
Loans from credit institutions			103,701	103,701	103,701
Borrowings - Finance leases			49,354	49,354	49,354
Repayable advances			30,070	30,070	30,070
Other financial liabilities			4,770	4,770	4,770
Factoring			50,590	50,590	50,590
Derivative financial instruments	18,725	9,857		28,582	28,582
Trade and other payables			111,239	111,239	111,239
TOTAL FINANCIAL LIABILITIES	18,757	9,825	349,724	378,306	378,306

	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments		28,582		

1.2.11 DEBT

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

Debt	March-17		Sep-17						
	Opening		Increase	Decrease	Other movements	Closing	< 1 year	1-5 years	> 5 years
Loans from credit institutions	103,701		28,438	-13,510	-12	118,616	35,382	61,695	21,539
Borrowings - Finance leases	49,354		14,381	-7,182	-50	56,503	13,270	32,979	10,254
Repayable advances	30,070		398	-3,218	0	27,250	5,348	18,740	3,162
Total	183,125		43,217	-23,910	-63	202,369	54,000	113,414	34,955



All covenants on loans and bank overdrafts must be audited annually at each end of period. They are applicable to 11.36% of borrowings, i.e. €20.8 million.

Covenants at 30 September 2017 are detailed in the following table:

Loans subject to a covenant				Covenant		Compliance (3)
Category (1)	Year of subscription	Balance at 30/09/2017 in € thousands	Final maturity	Ratios	Calculation basis (2)	Sep-17
Loans						
L	2,015	20,750	June 2022	Gross debt/Shareholders' equity < 2.2 Cost of financial debt/EBITDA < 3.5 EBITDA/debt servicing > 1.6	CC CC CC	C C NC
<i>Total</i>		<i>20,750</i>				

L = Loans

CFS = Consolidated financial statements

C = Compliant

NC = Noncompliant

The EBITDA/debt service ratio, calculated based on the riders in force on 30 September 2017, was not met. The breach of covenant noted on 30 September 2017 triggered the contractual repayment of the loan and its accounting reclassification from long-term debt to short-term debt under the liabilities side of the balance sheet for an amount of €15.7 million.

At 31 March 2017, the EBITDA/debt service ratio, calculated based on the contract in force at the closure date, was not met, triggering the contractual repayment of the bank loan in question (€9.6 million). In June 2017, the Group signed a rider with the concerned financial establishment to amend the covenants' definition. Based on this rider, the EBITDA/debt service ratio at 31 March 2017 was met, removing the requirement to repay the bank loan.

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 ask shareholders to approve the distribution of dividends or 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.

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 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).



In total, an expense of €296 thousand 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:

Shares outstanding at the beginning of the year	31 787 537	0,12
Public offering		
Shares outstanding at the end of the year	31 787 537	0,12

At 30 September 2017, the share capital consisted of 31,787,537 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

At 30 September 2017, 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 2017	Sep 2017
<i>(In €)</i>		
	Opening	Closing
<i>Consolidated income attributable to Group shareholders</i>	<i>32,545,000</i>	<i>15,727,196</i>
Weighted average number of shares	31,785,904	31,787,537
Treasury shares held at end of period	10,775	11,567
<i>Weighted average number of shares</i>	<i>31,775,129</i>	<i>31,775,970</i>
<i>Basic earnings per share</i>	<i>1.02</i>	<i>0.49</i>

1.2.13.2 Diluted earnings per share

At 30 September 2017, 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 31,830,858 shares.

	Mar 2017	Sep 2017
<i>(In €)</i>		
	Opening	Closing
Weighted average number of potential shares		
Weighted average number of ordinary shares	31,775,129	31,775,970
Impact of stock option plans	54,888	54,888
TOTAL	31,830,017	31,830,858
<i>Diluted earnings per share</i>	<i>1.00</i>	<i>0.49</i>

1.2.14 PROVISIONS

They have changed as follows:

Provisions	March-17	Sep-17				Closing
	Opening	Allocations	Reversals used	Reversals not used	Translation adjustment	
Provision for litigation	1,106	190	-329	0	0	967
Construction contracts provision	4,899	148	-492	0	0	4,555
Other provisions	347	0	-52	0	-9	286
Total provisions	6,351	338	-873	0	-9	5,609

Other non-current provisions mainly consisted of:

- provisions for litigation: €967 thousand

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

- provision for contract losses: €4,555 thousand.

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

Following a tax audit in 2015, the parent company Figeac Aero 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 the Group's initial response to the tax authorities, the additional tax assessment was lowered to €1.4 million. At 31 March 2016, a provision was recognised for an amount representing the Management's and its advisors' estimate concerning the risk of likely outflows of resources related to the research tax credit.

At 31 March 2017, following the enforcement by the French tax authorities of payment of the claimed amount, the company recognised the corresponding loss and proceeded with reversing the provision made.

The company is involved in a pre-litigation procedure that is still in progress. The valuation method for the research tax credit remained unchanged for the period from 2013 to 2017.

EMPLOYEE BENEFITS: Pension obligations 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.

At 30 September 2017, provisions for pensions and other long-term employee benefits rose by €221 thousand to reach **€3.316 million**. This increase in provisions corresponds to:

- service cost: €172 thousand
- financial cost: €22 thousand
- actuarial gain or loss: €27 thousand

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

- discount rate of 1.55% (1.39% at 31 March 2017)
- changes in turnover rates
- 2017 INSEE mortality table (INSEE 2015 at 31 March 2017)

The other calculation assumptions remained unchanged:

- retirement age: 67 years old
- average salary escalation rate: 1.5%
- mortality table: INSEE 2017 table:

Age	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
Mortality table for men	99 285	98 624	97 600	95 224	89 275	84 313
Mortality table for women	99 471	99 242	98 787	97 532	94 604	92 274

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

Age	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
Low turnover rate	4.29%	1.39%	2.01%	0.45%	0.00%	0.00%
High turnover rate	6.36%	2.19%	2.11%	0.99%	1.38%	0.00%

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

- a +0.5% change in the rate would have a positive impact of €334 thousand in provisions;
- a <0.5%> change in the rate would have a negative impact of <€382 thousand> in provisions.

Provisions for pension liabilities stood at:

	30/09/2017	31/03/2017
- for all the Group's French subsidiaries	€3.200 million	€2.991 million

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

- at 31 March 2016 €2.026 million;
- at 31 March 2015 €1.998 million.

1.2.15 OTHER CURRENT LIABILITIES

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

	March-17		Sep-17		
	Ouverture	Clôture	< 1 year	1-5 years	> 5 years
<i>(in € thousands)</i>					
Other current debt					
Fournisseurs	73,164	66,908	66,908	0	0
Dettes s/immobilisations et comptes rattachés	7,840	3,979	3,979	0	0
Trade and other payables	81,003	70,887	70,887	0	0
Avances et acomptes reçus sur commande	2,663	590	590	0	0
Dettes sociales	18,215	18,132	18,132	0	0
Other current liabilities	2,026	1,598	1,598	0	0
Other current liabilities	22,904	20,320	20,320	0	0
Dettes fiscales	7,331	8,156	8,156	0	0
TOTAL	111,239	99,363	99,363	0	0

1.2.16 REVENUE

By business activities	Sep-16	Sep-17	
	Closing	Closing	Change
Realisation of structural parts for aeronautics	123,266	147,600	19.74%
General engineering and sheet metal fabrication	5,944	5,369	-9.67%
On-site assembly	4,746	5,379	13.34%
Machining and surface treatment	12,278	12,082	-1.60%
TOTAL	146,234	170,430	17%

By geographical region	Sep-16	Sep-17	
	Closing	Closing	Change
FRANCE	112,130	126,887	13.16%
EXPORT	34,104	43,543	27.68%
TOTAL GEOGRAPHIC REGIONS	146,234	170,430	17%

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 Aerostructure sector: structural parts for the aeronautical industry, including the Auvergne Aéronautique Group;
- 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 2017, the key indicators by business segment were as follows:

Sep 2017

(in € thousands)

BUSINESS SEGMENTS	TOTAL	Aerostructure	%	On-site assembly	%	Precision machining and surface treatment	%	General and industrial engineering	%
Revenue	170,430	147,600	86.60%	5,379	3.16%	12,082	7.09%	5,369	3.15%
Other income from operations	2,560	2,187	85.43%	44	1.70%	0	0.00%	329	12.87%
Change in inventories of finished products and work in progress	17,186	17,862	103.93%	-172	-1.00%	131	0.76%	-634	-3.69%
Raw materials and consumables	-91,332	-83,952	91.92%	-451	0.49%	-5,145	5.63%	-1,783	1.95%
Personnel expenses	-46,597	-35,867	76.97%	-3,465	7.44%	-4,947	10.62%	-2,318	4.97%
External expenses	-15,281	-11,869	77.67%	-585	3.83%	-2,292	15.00%	-535	3.50%
Taxes	-2,196	-1,755	79.91%	-88	4.01%	-263	11.99%	-90	4.08%
Depreciation and amortisation	-15,519	-14,098	90.84%	-155	1.00%	-896	5.77%	-371	2.39%
Net provisions	-384	-635	165.34%	0	0.00%	44	-11.43%	207	-53.91%
Current operating income	18,868	19,473	103.21%	506	2.68%	-1,287	-6.82%	175	0.93%
Operating income/revenue	11.07%	13.19%		9.41%		-10.65%		3.26%	
Other operating income	130	0	0.00%	0	0.00%	130	100.00%	0	0.00%
Other operating expenses	-936	-933	99.69%	0	0.49%	-15	1.58%	16	-1.76%
Operating income	18,062	18,540	102.65%	501	2.78%	-1,172	-6.49%	192	1.06%
Actual financial income	-9,292	-9,114	98.09%	-62	0.66%	-72	0.78%	-43	0.47%
Unrealised gains and losses	7,981	7,981	100.00%	0	0.00%	0	0.00%	0	0.00%
Net income (loss) for the period	15,728	16,478	104.77%	416	2.65%	-1,276	-8.11%	110	0.70%
Net income (loss)/Revenue	9.23%	11.16%		7.74%		-10.56%		2.05%	
Total intangible assets	67,430	65,226	96.73%	145	0.22%	1,445	2.14%	614	0.91%
Total property, plant and equipment	192,976	166,581	86.32%	3,902	2.02%	17,704	9.17%	4,788	248.00%
Total financial assets	2,904	2,740	94.37%	1	0.03%	145	5.01%	17	0.59%
Total assets	263,310	234,547	89.08%	4,049	1.54%	19,295	7.33%	5,419	2.06%
Inventories and work in progress	264,112	253,813	96.10%	1,212	0.46%	7,752	2.93%	1,335	0.51%
Trade and other receivables	97,967	87,711	89.53%	3,194	3.26%	5,077	5.18%	1,986	2.03%
Trade and other payables	-106,006	-95,708	90.29%	-2,718	2.56%	-5,532	5.22%	-2,048	1.93%
Financial debt	-202,369	-192,853	95.30%	-2,750	1.36%	-3,155	1.56%	-3,611	1.78%

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 treatment	%	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%
Financial debt	-159 418	-148 277	93.01%	-3 063	1.92%	-3 819	2.40%	-4 258	2.67%



1.2.18 CONSTRUCTION CONTRACTS

Details of the Group's **construction contracts** in progress at 30 September 2017 are as follows:

<i>(in € thousands)</i>	March-17	September-17	
	Opening	Change	Closing
Construction contracts in progress (inventory curve)	85,421	3,186	88,607
Work in progress and inventories of finished goods associated with IAS 11 contracts	70,235	12,006	82,241
Total capitalised work in progress contracts	155,656	15,192	170,848
Amount due to customers	0	0	0
Revenue recognised from the inception of the contracts	855,300	123,790	979,090
Charges incurred since inception of the contracts	827,509	111,017	938,526

1.2.19 INCOME TAX

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

	March-17	September-17
<i>(in € thousands)</i>		
Corporate tax	Opening	Closing
Tax due	685	0
Change in deferred tax expense	6,934	1,023
Apprenticeship tax credit	-4	0
Provisions for tax		
Change in net tax expense	7,615	1,023

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:

	Sep-17
<i>(in € thousands)</i>	
Tax reconciliation	Closing
Net income of consolidated companies before income tax and amortisation of goodwill	16,751
Income tax rate applicable to the parent company	33.33%
Theoretical tax expense	5,583
Effective income tax expense	1,023
TAX DIFFERENCE ON THEORETICAL/ACTUAL RESULTS	4,560
Impact of the tax rates applicable to foreign subsidiaries which are different than the French tax rate	1,034
Non-activated tax losses	-963
Share of expenses and charges on Group dividends	
Impact of permanent differences	583
Impact of reduced tax rate and tax credit	2,282
Other non-deductible items/not taxable locally	-120
Impact related to differences in tax rates	540
Others	1,204
TOTAL	4,560

Over the half-year, the Group corrected the amount of deferred tax recognised at the start of the financial year for an amount of €1.9 million. This correction mainly takes account of the progressive change in tax rates applicable at the deadline for reversing temporary differences following the passing on 29 December 2016 of the amended budget law for 2016. The adjustments mainly concern the reversal timing for restatements associated with IAS 11 and IAS 39.

This correction, not considered significant by the Group, was recognised in net income (loss) for the period.

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:

(in € thousands)

Other income from operations	Sep 2017	Sep 2016	Change
Other income from operations	2,560	2,318	10.44%
Research Tax Credit	2,142	2,230	-3.95%
Operating Grants	193	81	138.27%
Other income from operations	224	7	3100.00%
Total	2,560	2,318	10.44%

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 2017	Sep 2016
Other operating income	130	34
Disposal of asset components	0	0
Other nonrecurring income	130	34
Total	130	34
Other operating expenses	-936	-11
Allocations for nonrecurring risks and charges	-126	0
NBV items sold	-333	-131
Other nonrecurring expenses	-477	142
Total	-936	-11

Details on 2017 operating expenses:

- customer penalties of €333 thousand
- various penalties and fines of €14 thousand
- other operating items of €130 thousand

1.2.22 NOTE ON THE COST OF DEBT

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

in € thousands	30/09/17	30/09/16
Income from cash and cash equivalents	0	0
Interest and financial expenses	2,369	2,110
<i>Of which interest on borrowings</i>	1,769	1,465
Other financial income	-22	-48
<i>Of which income on financial instruments</i>	0	0
<i>Of which expenses on financial instruments</i>	0	0
Total	-2,347	-2,062

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 the transactions carried out during the 2017 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 30 September 2017 **figures** are as follows:

(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. Tax	Trade receivables
Transactions with related companies	928	704	5	4

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 2017 **figures** are as follows:

(in € thousands)

	Purchases excl. tax	Trade payables	Sales excl. Tax	Trade receivables
Transactions with related companies	945	575	468	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 senior executives

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

By Figeac Aéro:

In €	Sep 2017	Mar 2017
Compensation of corporate officers		
Of which		
Fixed	48,000	99,138
Variable		
Exceptional		
Benefits in kind (use of a vehicle)	1,046	3,138
Other compensation of non-executive directors		
Directors' fees		
Total	49,046	102 276

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

	Mar 2017	Sep 2017
By no. of employees	Opening	Closing
Workforce - France	2 139	1 917
Workforce - outside France	821	1 186
TOTAL	2 960	3 103

The breakdown of the workforce by business segment at 30 September 2017 is as follows:

By number of employees	Managers	Non-managers	Total
Aerostructure	235	1,667	1,902
On-site assembly	8	158	166
Machining and surface treatment	77	875	952
General and industrial engineering	10	73	83
TOTAL	330	2,773	3,103

1.2.25 OFF-BALANCE SHEET COMMITMENTS

Commitments received:

	Sep-17	March-17
<i>(in € thousands)</i>		
in € thousands	Sep-17	Mar-17
<u>Commitments received</u>		
COFACE guarantee	44,664	48,688
OSEO Leaseback guarantee	3,914	4,661
TOTAL	48,578	53,349

Guarantees on asset components:

<i>(in € thousands)</i>	September-17					March-17				
	FIGEAC AERO	MECABRIVE	FIGEAC AERO PICARDIE	SCI REMSI	MITI	FIGEAC AERO	MECABRIVE	FIGEAC AERO PICARDIE	SCI REMSI	MITI
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 com	4,337	476	0	0	0	2,973	337	0	0	0
Pledged inventories	8,400	0	0	0	0	9,600	0	0	0	0
Pledged other receivables	0	0	0	0	1,038	0	0	0	0	1,038
Pledged equipment	109	0	0	0	0	242	0	0	0	0
Mortgages/Pledges (land/bldg)	20,750	0	0	2,650	0	20,226	0	0	2,753	0
TOTAL	35,596	476	0	2,650	1,038	35,041	337	0	2,753	1,038

Commitments for operating leases:



Operating leases mainly involve leases for industrial equipment.

At 30 September 2017, the future minimum payments for these operating leases were as follows:

Total rent in € thousands	Share < 1 year	Share > 1 year and < 5 years	Share > 5 years	Total
Industrial equipment	618	781	63	1,462

At 31 March 2017, the future minimum payments for these operating leases were as follows:

March-17

Total rent in € thousands	Share < 1 year	Share > 1 year and < 5 years	Share > 5 years	Total
Industrial equipment	740	742	0	1,482

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

No new risks were identified in the half-year; all existing risks are detailed in the annual financial report at 31 March 2017 (see Note 1.2.26.4 "Operational risks").

1.2.27 SUBSEQUENT EVENTS

On 11 October 2017, FIGEAC AERO issued bonds redeemable into cash and/or convertible to new and/or existing shares (ORNANE) for a total nominal amount of €100 million maturing on 18 October 2022.

The net proceeds from the bond issue will allow the Company to continue its growth strategy and diversify its financing sources.

The nominal value of the bonds is €25.72 with an issue premium of 30% in relation to the Company's benchmark share price on the regulated Euronext Paris market. The issue represents a dilution of 12.2% in the Company's current share capital.

The nominal annual interest rate for the bonds was set at 1.125% payable half-yearly in arrears.

Bondholders can exercise their right to convert their bonds into shares at any time from the issue date up to the 25th trading day (excluded) before 18 October 2022.