FACC AG
(incorporated as a stock corporation under the laws of Austria, registered number FN 336290 w)
Offering of up to 23,887,500 Offer Shares
Price Range: EUR 8.00 to EUR 11.00 per Offer Share

Application for listing of up to 48,750,000 Existing Shares and New Shares on the Official Market of the Vienna Stock Exchange

FACC AG, a stock corporation organized under Austrian law (the "**Company**" and, together with its consolidated subsidiaries (each of them a "**Group Company**" and, together, the "**Group Companies**"), "**FACC**", "**FACC Group**" or the "**Group**") is targeting gross proceeds from the capital increase in an amount of EUR 150,000,000 by offering up to 18,750,000 (at the low end of the Price Range), 15,789,474 (at the mid-point of the Price Range) and 13,636,364 (at the high end of the Price Range) no-par value bearer shares of the Company, with a calculated notional amount of EUR 1.00 per share (the "**New Shares**"), which will be newly issued by the Company following a share capital increase against contribution in cash. FACC International Limited, Hong Kong (the "**Selling Shareholder**") is offering up to 5,801,653 (at the high end of the Price Range), 4,607,656 (at the mid-point of the Price Range) and 2,965,909 (at the low end of the Price Range) existing no-par value bearer shares of the Company, with a calculated notional amount of EUR 1.00 per share (the "**Existing Offer Shares**"). The Selling Shareholder has waived its right to exercise its subscription rights with respect to the New Shares.

Under possible stabilization measures, investors may be allocated up to 2,171,591 (at the low end of the Price Range), 2,039,713 (at the mid-point of the Price Range) and 1,943,802 (at the high end of the Price Range) additional existing no-par value bearer shares (the "**Over-Allotment Shares**" and, together with the Existing Offer Shares and the New Shares, the "**Offer Shares**") of the Company's aggregate 30,000,000 existing no-par value bearer shares (the "**Existing Shares**") from the holdings of the Selling Shareholder at the Offer Price (as defined below) to cover possible over-allotments ("**Over-Allotments**"). J.P. Morgan Securities plc may exercise this over-allotment option on behalf of the Underwriters (as defined below) on one or more occasions during the period beginning on the date of commencement of trading in the Existing Shares and the New Shares on the Vienna Stock Exchange and ending no later than 30 calendar days thereafter.

The final number of New Shares, Existing Offer Shares and Over-Allotment Shares will be determined depending on the Offer Price.

The Offer Shares will be offered in an international offering (the "**Offering**"), which consists of (i) a public offering to retail and institutional investors in the Republic of Austria ("**Austria**") and (ii) a private placement outside Austria to selected institutional investors, including a private placement within the United States of America (the "**United States**", "**U.S.**" or "**USA**") to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and outside of the United States to certain other eligible institutional investors in reliance on Regulation S ("**Regulation S**") under the Securities Act.

The Offer Period during which investors may offer to purchase Offer Shares in the Offering begins on June 4, 2014 and is expected to end on June 23, 2014 (the "**Offer Period**"). The Offer Period may be shortened, extended or terminated at the absolute discretion of the Company, the Selling Shareholder and the Joint Global Coordinators (as defined below) at any time.

The price range has been set at EUR 8.00 to EUR 11.00 per Offer Share (the "**Price Range**"). The final Offer Price (the "**Offer Price**") will be determined by the Company and the Selling Shareholder in consultation with the Joint Global Coordinators on the basis of a book-building process on or about June 23, 2014.

The Company will apply for admission of the Existing Shares and the New Shares to trading on the official market of the Vienna Stock Exchange (the "**Official Market**"). Trading of such shares is expected to commence on or about June 25, 2014.

The Offer Shares have not been and will not be registered under the securities laws of any jurisdiction other than Austria, and, in particular, have not been and will not be registered under the Securities Act. The Offer Shares will be offered or sold in the United States only to QIBs in reliance on Rule 144A or in reliance on another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act and outside the United States in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemptions from the provisions of section 5 of the Securities Act provided by Rule 144A. Neither the United States Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this Prospectus (the "Prospectus"). Any representation to the contrary is a criminal offence. The Offer Shares are transferable only in accordance with the restrictions described under "Transfer and Selling Restrictions".

Investing in the shares involves risks. See "Risk Factors" beginning on page 1 of this Prospectus.

The Underwriters (as defined below) expect to deliver the Offer Shares, assigned and allotted in the Offering, in book-entry form through the facilities of Oesterreichische Kontrollbank Aktiengesellschaft ("**OeKB**"), Euroclear S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**") against payment of the Offer Price on or about June 27, 2014.

This Prospectus has been prepared in accordance with Annex I, III, XXII and XXX of Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) (the "**Capital Markets Act**"), and the Austrian Stock Exchange Act (*Börsegesetz*) (the "**Stock Exchange Act**"). This Prospectus has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) (the "**FMA**") in its capacity as competent authority under the Capital Markets Act. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to section 8a of the Capital Markets Act.

Joint Global Coordinators and Joint Bookrunners

J.P. Morgan | **Morgan Stanley** | **Erste Group**

Co-Bookrunner

UBS Investment Bank

The date of this Prospectus is June 3, 2014.

IMPORTANT INFORMATION ABOUT THE OFFERING

This document comprises a prospectus dated June 3, 2014, for the purposes of the public offering of the Offer Shares to investors in Austria, private placements of the Offer Shares internationally and the listing of the Existing Shares and the New Shares on the Official Market. This Prospectus has been prepared in accordance with Annex I, III, XXII and XXX of Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, the Capital Markets Act and the Stock Exchange Act. This Prospectus has been approved by the FMA. This Prospectus will be filed as a listing prospectus (*Börseprospekt*) with the Vienna Stock Exchange in accordance with the Stock Exchange Act in connection with the application for listing of the Existing Shares and the New Shares on the Official Market, and will be deposited with the notification office (*Meldestelle*) at OeKB in accordance with the Capital Markets Act.

No person is or has been authorized to give any information or to make any representation in connection with the offer or sale of the Offer Shares, other than as contained in this Prospectus. Any other information or representation given or made in connection with the Offering must not be relied upon as having been authorized by the Company, the management board of the Company (*Vorstand*; the "**Management Board**" or "**Management**"), any of J.P. Morgan Securities plc ("**J.P. Morgan**"), Morgan Stanley Bank AG ("**Morgan Stanley**") and Erste Group Bank AG ("**Erste Group**", and together with J.P. Morgan and Morgan Stanley, the "**Joint Global Coordinators**" or "**Joint Bookrunners**") and UBS Limited ("**UBS Investment Bank**" or the "**Co-Bookrunner**", and together with the Joint Global Coordinators, the "**Underwriters**"). The delivery of this Prospectus at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date hereof or that the information set out in this Prospectus is correct as of any time since its date. The Underwriters make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus. Nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters.

Any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares and which arises or is noted between the approval of the Prospectus by the FMA and the later of completion of the Offering and commencement of trading in the Existing Shares and the New Shares on the Vienna Stock Exchange will be published in a supplement to the Prospectus in accordance with section 6 of the Capital Markets Act. Such supplement must be approved by the FMA and be published in the same manner as the Prospectus.

This Prospectus has been prepared to enable investors to evaluate a purchase of the Offer Shares and to comply with the listing requirements of the Vienna Stock Exchange. In making an investment decision, investors must rely on their own examination of the Company, the Group, and the terms of the Offering, including, without limitation, the merits and risks involved. The Offering is being made solely on the basis of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, ("RSA") AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

TRANSFER AND SELLING RESTRICTIONS

The distribution of this Prospectus and the offer and sale of the Offer Shares are restricted by law in certain jurisdictions. Persons who come into possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful.

No action has been taken by the Company that would permit an offer of the Offer Shares or distribution of this Prospectus or any other Offering materials in any jurisdiction other than Austria where action for that purpose is required.

Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Notice to Investors in the European Economic Area

In relation to each member state of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (the expression "**Prospectus Directive**" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU) (each, a "**Relevant Member State**"), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State ("**Relevant Implementation Date**") it has not made and will not make an offer of the Offer Shares to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Offer Shares to the public in that Relevant Member State:

(i) if an offer of Offer Shares may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, following the date of publication of a prospectus in relation to such Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in this Prospectus;

(ii) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons per Relevant Member State (other than qualified investors as defined in the Prospectus Directive); or

(iv) in any other circumstances falling under Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares referred to in (ii) to (iv) above shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this representation, the expression an "offer of Offer Shares to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each purchaser of Offer Shares in a Relevant Member State other than, in the case of paragraph (i) below, Austria, who acquires any Offer Shares under the offers contemplated in this Prospectus will be deemed to have represented, agreed and acknowledged that:

(i) it is a qualified investor within the meaning of the law implementing Article 2(1)(e) of the Prospectus Directive; and

(ii) in the case of such person being a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Offer Shares acquired by it in the Offering have not been acquired other than on a discretionary basis, where that fact means that the offer to the financial intermediary is deemed to be an offer to a qualified investor, nor have they been acquired with a view to their offer or resale to persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive.

Notice to Investors in the United Kingdom

In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FP Order**"), (ii) high net worth companies and other persons falling within Article 9(2)(a) to (d) of the FP Order or (iii) other persons who fall within an exemption in the FP Order and to whom the Offering can lawfully be communicated. The persons specified in (i),

(ii) and (iii) above are collectively referred to as "**Relevant Persons**". The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Notice to Investors in Switzerland

This document as well as any other material relating to the Offer Shares which are the subject of the Offering contemplated by this Prospectus does not constitute an issue prospectus pursuant to Articles 652a and/or 1156 of the Swiss Code of Obligations. The Offer Shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the Offer Shares including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The Offer Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Offer Shares with the intention to distribute them to the public. The investors will be individually approached by the Company from time to time.

This document as well as any other material relating to the Offer Shares is personal and confidential and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Investors in the United States

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares.

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority or any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the shares are being offered and sold (1) in the United States only to QIBs in reliance on Rule 144A or another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act and (2) to persons outside the United States in offshore transactions pursuant to Regulation S and applicable laws. Prospective investors are hereby notified that any seller of the shares may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A. Any offer or sale of shares within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, if any, will be made by broker-dealers who are registered under the U.S. Exchange Act of 1934, as amended. The Offering is being made in the United States through U.S. broker-dealer affiliates of the Underwriters. Transfers of the Offer Shares will be restricted and each purchaser will be deemed to have made acknowledgments, representations and agreements, as described below.

Each U.S. purchaser of the Offer Shares and each subsequent purchaser thereof will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

1. The purchaser (A) is, and at the time of its purchase of any Offer Shares will be, a QIB within the meaning of Rule 144A; (B) is aware that the sale of the Offer Shares to it is being made in a transaction exempt from registration under the Securities Act and (C) is purchasing the Offer Shares (i) for its own account or (ii) for the account of one or more other QIBs for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such Offer Shares; or

2. the purchaser is a non-U.S. person acquiring the Offer Shares in an offshore transaction complying with Regulation S.

In each case, each purchaser of Offer Shares and each subsequent purchaser thereof will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

1. The purchaser understands and agrees that offers and sales of the Offer Shares have not been and will not be registered under the Securities Act, and may not be offered, resold, pledged or otherwise transferred except (A) pursuant to an effective registration statement under the Securities Act, (B) to a QIB in a transaction meeting the requirements of Rule 144A, not involving a public offering or which is exempt from registration requirements of the Securities Act, (C) outside the United States in an "offshore transaction" pursuant to Rule 903 or 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such shares into the United States) or (D) in accordance with Rule 144 and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 for the resale of the Offer Shares.

2. The purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the U.S. federal securities laws, no such Offer Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such Offer Shares will not settle or trade through the facilities of DTC or any other U.S. clearing system.

3. The purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase Offer Shares. The purchaser acknowledges that neither the Company nor any of its representatives has made any representation to it with respect to the Company or the allocation, offering or sale of any Offer Shares other than as set forth in this Prospectus which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares. The purchaser also acknowledges that it has made its own assessment regarding the U.S. federal tax consequences of an investment in the Offer Shares. The purchaser has held and will hold any offering materials, including the Prospectus, it receives directly or indirectly from the Company in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it. The purchaser acknowledges that it has read and agreed to the matters stated in this section.

4. The purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorizes the Company and the Underwriters to produce these representations and undertakings to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein.

5. The purchaser undertakes promptly to notify the Company and the Underwriters if, at any time prior to the purchase of Offer Shares, any of the foregoing ceases to be true.

6. The purchaser understands that any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognized by the Company in respect of the Offer Shares.

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

Neither the Company, nor the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective investor in the Offer Shares, of any of the foregoing restrictions.

Notice to Investors in Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Investors in Australia

This document is not a prospectus for the purposes of the Corporations Act of Australia 2001 (the "**Australian Corporations Act**") and may not contain all of the information that an Australian investor may find in a prospectus prepared in accordance with the Australian Corporations Act which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Offer Shares. This document is being distributed in Australia by the Underwriters or their affiliates, to a limited number of professional investors (within the meaning of section 708(11) of the Australian Corporations Act) and/or sophisticated investors (within the meaning of section 708(8) of the Australian Corporations Act). The entity receiving this document represents and warrants that if it is in Australia, it is either a professional or a sophisticated investor, that it will not distribute this document to any other person and agrees that it will not offer to sell the Offer Shares in Australia within twelve months of such Offer Shares being allotted to it, to any person that is not a professional investor under section 708(11) or a sophisticated investor under section 708(8) of the Australian Corporations Act.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a stock corporation organized under the laws of Austria and its assets are located primarily outside the United States. In addition, all of the members of the Company's supervisory board (*Aufsichtsrat*; the "**Supervisory Board**") and Management Board are non-residents of the United States whose assets are located primarily outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States or any state thereof. The United States and Austria currently do not have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Austria. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Austria, such party may submit to the Austrian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by an Austrian court only as evidence of the outcome of the dispute to which such judgment relates, and an Austrian court will re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Austria.

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements under the captions "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview", "Business" and in other sections that are, or may be deemed to be, "forward-looking statements". Forward-looking statements are defined as statements that do not relate to historical facts or events. They may sometimes be identified by the use of forward-looking terminology, including the words "believes", "might", "projects", "predicts", "estimates", "anticipates", "expects", "intends", "targets", "may", "will", "plans", "aims", "foresees", "seeks", "pursues", "goals", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events, forecasts or intentions. These terms may be found in those parts of the Prospectus containing information about the intentions, beliefs or current expectations of the Company concerning its future financial earning power, plans, liquidity, outlook, growth, strategy and profitability, as well as the overall business and regulatory conditions to which the Company and the Group will or may be exposed. Forward-looking statements comprise, in particular, plans, estimates, prognoses and expectations.

Forward-looking statements in this Prospectus relate, among other things, to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our commitment plans, particularly plans relating to production facilities and investment plans;
- our operations and business prospects;
- our financial condition;
- the future competitive environment for the aerostructures, engines and nacelles as well as cabin interiors manufacturing industry;
- the anticipated development of our key customers' aircraft programs, including in relation to our order backlog;
- the regulatory environment as well as the general industry outlook for the aerostructures, engines and nacelles as well as cabin interiors manufacturing industry;
- future developments in the aerostructures, engines and nacelles as well as cabin interiors manufacturing industry; and
- general economic trends.

Such forward-looking statements are based on the Company's current expectations and assumptions made to the best of its knowledge and based on the current macro-economic environment. They are subject to risks, uncertainties and other factors that could result in the actual situation, including the financial condition and results of operations of the Group, being materially different and more negative than those expressly or implicitly assumed or described in such forward-looking statements. Certain forward-looking statements, although they are currently reasonable, may prove to be wrong. Potential investors should therefore not rely on forward-looking statements. The Group's business is subject to a number of substantial risks and uncertainties that could result in a forward-looking statement being incorrect.

It is therefore essential that investors read the sections headed "Summary of the Prospectus", "Risk Factors", "Management's Discussion and Analysis of the Financial Condition and Results of Operations" and "Business". These provide a detailed description of those factors which have an influence on the performance of the Group and the markets in which the Group is active. In view of the risks, uncertainties and assumptions, the future events described in this Prospectus may not occur and additional factors could cause actual results, performance or achievements to differ materially. In addition, the forward-looking statements extracted from publications by third parties and reproduced in this Prospectus (see also "Industry and Market Data") may turn out to be incorrect. Should one or more of these factors or uncertainties materialize, or should the assumptions underlying the forward-looking statements included in this Prospectus prove incorrect, events described in this Prospectus might not occur as described, and actual results may deviate materially from those described in this Prospectus as anticipated, believed, estimated or expected, and the Group may not be able to achieve its financial targets and strategic objectives. Forward-looking statements speak only as of the date on which they are made. Other than as required by section 6 of the Capital Markets Act, the Company does not intend, and does not assume any obligation, to update the forward-looking statements set forth in this Prospectus.

INDUSTRY AND MARKET DATA

We engaged Roland Berger Strategy Consultants GmbH, one of the world's leading strategy consultancy firms as expert, to conduct a detailed study and to provide a report of the aircraft composites industry (the "**Roland Berger Report**"). The Roland Berger Report dated May 28, 2014 has been prepared by a team led by Mr. Gerrit Schmidt, Dipl. Ing. Oec (TU), PMP with the business address Roland Berger Strategy Consultants GmbH, Am Sandtorkai 41, 20457 Hamburg, Germany. Mr. Gerrit Schmidt's qualifications include more than three years of industry experience in aerospace and close to four years consulting experience focusing on aerospace and defense. He has also performed several market studies, including due diligence, in the aerospace industry as well as several projects for major aerospace original equipment manufacturers, among them, the world's largest aerostructure providers. Certain information set forth in the sections headed "Industry Overview" and "Business" of this Prospectus has been extracted from the Roland Berger Report. Such extracts of the Roland Berger Report are included in this Prospectus, in the form and context in which they are included, with the consent of Mr. Gerrit Schmidt. We believe that the

sources of the information extracted from the Roland Berger Report for inclusion in these sections are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us or the Underwriters or any other party involved in the Offering and no representation is given as to its accuracy or completeness.

Information in this Prospectus which is based on other third-party sources has been accurately reproduced and, as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, neither we nor the Underwriters nor any other party involved in the Offering can assure investors of the accuracy and completeness of, and take no responsibility for, such data. The source of such third-party information is cited whenever such information is used in this Prospectus. Such third-party sources include:

- Airbus S.A.S. (and its affiliated companies, "**Airbus**");
- The Airline Monitor ("**Airline Monitor**");
- The Boeing Company (and its affiliated companies, "**Boeing**");
- Counterpoint Market Intelligence ("**CPMIL**");
- The Economist Intelligence Unit ("**EIU**");
- The European Central Bank;
- ICF International ("**ICF**");
- IHS Global Insight ("**Global Insight**");
- Industry Experts: Carbon Fibers & Carbon Reinforced Plastics ("**CFRP**");
- Market interviews;
- Teal Group Corporation ("**Teal**");
- United Nations Conference on Trade and Development ("**UNCTAD**");
- Vienna Stock Exchange; and
- World Bank.

In many cases, there is no readily available external information (whether from trade associations, government bodies, data source providers or other organizations) to validate analyses and estimates, requiring us to rely on internally developed estimates. Data for which no source is specifically mentioned are derived from Company information. While we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources. Neither we nor the Underwriters nor any other party involved in the Offering can assure investors as to their accuracy or that a third party would use similar methods to collate, analyze or compute market data or would obtain the same result.

Finally, behavior, preferences and trends in the marketplace tend to change. As a result, investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results. Neither we nor the Underwriters nor any other party involved in the Offering intend, nor assume any obligation, to update these market and industry data, except as required by section 6 of the Capital Markets Act.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements presented in this Prospectus include translations of the audited consolidated financial statements of the Company as of and for the financial years ending February 28, 2014, February 28, 2013 and February 29, 2012 comprising in each case of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of cash flow, the development of Group equity and the notes (the "**Audited Consolidated Financial Statements**") and translations of the auditor's opinion for each respective financial year.

The German language Audited Consolidated Financial Statements were audited by PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Hafenstraße 2a, 4020 Linz, Austria ("**PwC**"), in

accordance with laws and regulations applicable in Austria and International Standards on Auditing, issued by the International Auditing and Assurance Board of the International Federation of Accountants, as stated in the reports attached to the respective consolidated financial statements.

The Company prepares its Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (the "**EU**", the reporting standards being referred to as "**IFRS**"). As required by Austrian law, the Company also prepares unconsolidated financial statements in accordance with the generally accepted accounting principles in Austria.

Until May 21, 2014, the Company was organized as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with the legal name Aerospace Innovation Investment GmbH ("**AIIG**"). In preparation of the Offering, in 2014, the Company was converted into a stock corporation (*Aktiengesellschaft*) and the Company's legal name was changed from Aerospace Innovation Investment GmbH to FACC AG. In addition, its wholly owned subsidiary Aero Vision Holding GmbH ("**AVH**") was merged up-stream into the Company. On May 17, 2014, our main operating subsidiary, the former FACC AG (now: FACC Operations GmbH ("**FACC Operations**")), was converted from a stock corporation (*Aktiengesellschaft*) to a limited liability company (*Gesellschaft mit beschränkter Haftung*) and renamed FACC Operations GmbH. The differences between the Audited Consolidated Financial Statements (pertaining to the former AIIG including its consolidated subsidiaries) and the respective consolidated financial statements of FACC Operations (then: FACC AG, including its consolidated subsidiaries, but not including the Company) are not material. For further information about these differences, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Financial Information". For further information on the corporate reorganization in preparation of this Offering, see "General Information on the Company—History of the Company".

ROUNDING ADJUSTMENTS

The numerical information set forth in this Prospectus has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers or percentages in a column in a table may not conform to the total figure given for that column. In addition, certain figures in this document have been rounded to the nearest whole number or to one decimal place.

EXCHANGE RATE INFORMATION

The amounts set forth in "**€**", "**EUR**" or "**euro**" refer to the legal currency of Austria since January 1, 1999. References to "**$**", "**USD**" or "**U.S. dollar**" refer to the legal currency of the United States.

The Group's principal functional currency is the euro, and it prepares its financial statements in euro. However, almost all of the Group's sales are in U.S. dollar.

Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of the shares on conversion of dividends, if any, paid in euro on the shares. The table below shows the average noon buying rates expressed in U.S. dollars per euro, as announced by the European Central Bank for the Company's financial years ending February 29, 2012, February 28, 2013 and February 28, 2014. The averages set forth in the tables below were computed using the exchange rate quoted by the European Central Bank at 2:15 p.m. of each business day for the indicated periods. The exchange rates stated below are provided solely for the convenience of the reader and are not necessarily the exchange rates used by the Company in the preparation of its Audited Consolidated Financial Statements. No representation is made that U.S. dollars could have been, or could be, converted into euro at these rates or at any other specific rates.

Financial year ending February 28/29,	Period end	Average	High	Low
2012	1.3443	1.3843	1.4882	1.2669
2013	1.3129	1.2890	1.3644	1.2089
2014	1.3813	1.3332	1.3814	1.2768

(Source: European Central Bank)

The following table shows the high and low buying rates for U.S. dollars per euro for the first five months of the current year based on a regular daily concentration procedure between central banks across Europe and worldwide, which normally takes place at 2:15 p.m. CET:

	Period end	Average	High	Low
January 2014	1.3516	1.3610	1.3687	1.3516
February 2014	1.3813	1.3659	1.3813	1.3495
March 2014	1.3788	1.3823	1.3942	1.3732
April 2014	1.3850	1.3813	1.3872	1.3700
May 2014	1.3607	1.3732	1.3953	1.3607

(Source: European Central Bank)

On June 2, 2014 at 2:15 p.m. CET, the exchange rate of the euro to the U.S. dollar as published by the European Central Bank was €1.00 = $1.3611.

CERTAIN DEFINITIONS

Unless otherwise indicated, for purposes of this Prospectus, "**Company**" refers to FACC AG. "**We**", "**our**", "**us**", "**FACC**", the "**FACC Group**" and the "**Group**" refer to the Company including all its consolidated subsidiaries. Further, certain technical terms, abbreviations and definitions are used in this Prospectus. They are listed and explained in the sections "Definitions" and "Technical Glossary" starting on pages DEF-1 and G-1 of this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

For as long as this Prospectus is valid, copies of the following documents will be available free of charge during usual business hours at the Company's registered office at Fischerstraße 9, 4910 Ried im Innkreis, Austria:

- the articles of association of the Company (*Satzung*; the "**Articles of Association**");
- the Audited Consolidated Financial Statements; and
- this Prospectus.

Copies of this Prospectus, which will be published in Austria in accordance with section 10 paragraph 3 no. 3 of the Capital Markets Act on the Company's website, are available under http://www.facc.com.

The Company's future consolidated annual and interim financial statements will be available from the Company on its website.

The information displayed on the Company's website or any other website to which a reference is made in this Prospectus does not form part of this Prospectus nor is it incorporated by reference into this Prospectus.

CONSENT TO USE THE PROSPECTUS

The Company gives its express consent to the use of the Prospectus for a subsequent resale or final placement of shares in Austria by financial intermediaries, which are credit institutions licensed in accordance with Art. 4 number 1 of Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006, as amended, to trade securities ("**Financial Intermediaries**"), from June 4, 2014 to June 27, 2014. Financial Intermediaries can make a subsequent resale or final placement of Offer Shares during this period. **Any Financial Intermediary using the Prospectus must (i) state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction.** The Company accepts responsibility for the content of the Prospectus also with respect to a subsequent resale or final placement of Offer Shares by any Financial Intermediary which was given consent to use the Prospectus; any liability of the Company beyond that is excluded. No other conditions relevant for the use of the Prospectus are attached to the consent. However, the Company may revoke or limit its consent at any time, whereby such revocation or limitation requires a supplement to the Prospectus. **In the event of an offer being made by a Financial Intermediary, such Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

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SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".*

A – INTRODUCTION AND WARNINGS

A.1	**Introduction and warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area ("**EEA**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. FACC AG, Vienna, Austria (the "**Company**"; "**FACC**", the "**FACC Group**" and the "**Group**" refer to FACC AG including all of its consolidated subsidiaries) can be held liable for the content of this summary including its German translation, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, all necessary key information in order to help investors decide whether to invest in the Offer Shares (as defined below).
A.2	**Information regarding the subsequent use of the Prospectus**	The Company gives its express consent to the use of the Prospectus for a subsequent resale or final placement of shares in Austria by financial intermediaries, which are credit institutions licensed in accordance with Art. 4 number 1 of Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006, as amended, to trade securities ("**Financial Intermediaries**"), from June 4, 2014 to June 27, 2014. Financial Intermediaries can make a subsequent resale or final placement of Offer Shares during this period. The Company accepts responsibility for the content of the Prospectus also with respect to a subsequent resale or final placement of Offer Shares by any Financial Intermediary which was given consent to use the Prospectus; any liability of the Company beyond that is excluded. No other conditions relevant for the use of the Prospectus are attached to the consent. The Company may revoke or limit its consent at any time, whereby such revocation or limitation requires a supplement to the Prospectus. **Any Financial Intermediary using the Prospectus must (i) state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction.** **In the event of an offer being made by a Financial Intermediary, such Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

B – THE ISSUER

B.1	**Legal and commercial name**	The Company's legal name is FACC AG. The Company's as well as the Group's commercial name is "FACC".
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation**	The Company has its registered office at Fischerstraße 9, 4910 Ried im Innkreis, Austria, and is registered in the Companies Register under registration number FN 336290 w. The Company is an Austrian stock corporation incorporated in Austria and governed by Austrian law.
B.3	**Description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes**	The Company believes it is a global leader in the design, development and production of composite systems and turn-key solutions for aerostructures, engines and nacelles as well as cabin interiors to the global commercial aerospace industry and one of the largest pure play composite components provider in terms of revenue. In particular, the Company believes that it is one of the largest non-original equipment manufacturers ("**OEMs**", or if only one "**OEM**") suppliers of composites to the commercial aerospace industry and one of the largest non-OEM suppliers of cabin interiors in fragmented markets. The Group considers itself a pioneer in the development of light-weight materials and has been supplying composite components for more than 20 years to each of the major global aircraft manufacturers, Airbus S.A.S. (and its affiliated companies, "**Airbus**") and The Boeing Company (and its affiliated companies, "**Boeing**"). The Group also has existing relationships with many other leading aircraft manufacturers including Bombardier Inc. (and affiliated companies, "**Bombardier**"), Empresa Brasileira de Aeronáutica, S.A. (and affiliated companies "**Embraer**"), Commercial Aircraft Corporation of China Ltd. ("**COMAC**"), Dassault Aviation S.A. ("**Dassault**") and Sukhoi Company JSC (and affiliated companies "**Sukhoi**"). The Group's customer base also includes leading aircraft engine manufacturers such as Rolls-Royce Group plc (and affiliated companies, "**Rolls-Royce**") and United Technologies Corporation's Pratt & Whitney division ("**Pratt & Whitney**"). FACC currently designs and manufactures components and assemblies for all main current and next generation large commercial aircraft programs including Airbus A350XWB (which is planned to be first delivered in the fourth quarter of 2014), Boeing 787 Dreamliner, Airbus A320NEO and Boeing 737MAX which are four of the world's largest flagship commercial aircraft programs. In the financial year ending February 28, 2014, FACC had revenues of EUR 547.4 million and earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization ("**EBITDA**") of EUR 60.0 million. The Group is well positioned to benefit from the current aerospace "super-cycle" given its exposure to composite materials, it has a diversified portfolio with a high quality backlog equivalent to 5.5 years of annual production, a global supply chain with established access to low cost manufacturing sites and a strong track record of operating and financial performances. The combination of the underlying commercial aerospace sector growth, the significant increase in the utilization of composite materials and FACC's increase in work-packages on the new programs compared to the older versions have laid the foundations for future revenue improvements and market share gain. Further,

the Group believes that its significant recent investments in facilities, equipment and operational excellence together with the learning curve ramp-up of key programs (e.g., Boeing 787 Dreamliner) positions it for future improvement in profitability.

As of February 28, 2014 FACC employed 2,966 people globally. Its manufacturing and supply chain footprint spans Europe, the Middle East, the United States, Canada and Asia. The Group operates four state of the art manufacturing sites and four engineering offices in Austria and one engineering office in each of Canada, The People's Republic of China ("**China**"), Germany, India, Slovakia and the United States of America (the "**United States**", "**U.S.**" or "**USA**"). The facilities in Austria focus on highly technologically advanced products. The Company also maintains an assembly facility in Canada and an on-site support center and a maintenance, repair and overhaul ("**MRO**") facility in the United States to provide local support services to its customers. The Group has also contracted with international supply chain partners in Abu Dhabi, China, India, Russia and Malaysia to enhance its manufacturing capacities and capabilities for certain composite components, improve cost competitiveness and assist customers globally to meet applicable offset requirements.

The Group operates three business divisions: Aerostructures ("**Aerostructures Division**" or "**Aerostructures**"), Interiors ("**Interiors Division**" or "**Interiors**") and Engines & Nacelles ("**Engines & Nacelles Division**" or "**Engines & Nacelles**"), which accounted for 55.8%, 25.7% and 18.5%, respectively, of the revenue for the financial year ended February 28, 2014. The Aerostructures Division manufactures composite components for control surfaces, fairings and wing components. The Engines & Nacelles Division manufactures composite components and assemblies for civil aircraft engines and nacelles. The Interiors Division offers cabin interiors components and complete cabin interiors for commercial aircraft, business jets, freighters and helicopters. Through the Group's strong technological leadership, it can deliver to its diversified customer base the entire value chain from research and development, conceptual and detail design engineering, up to large-scale serial manufacturing of its composite products for commercial aircraft and associated services, through the lifetime of the platform.

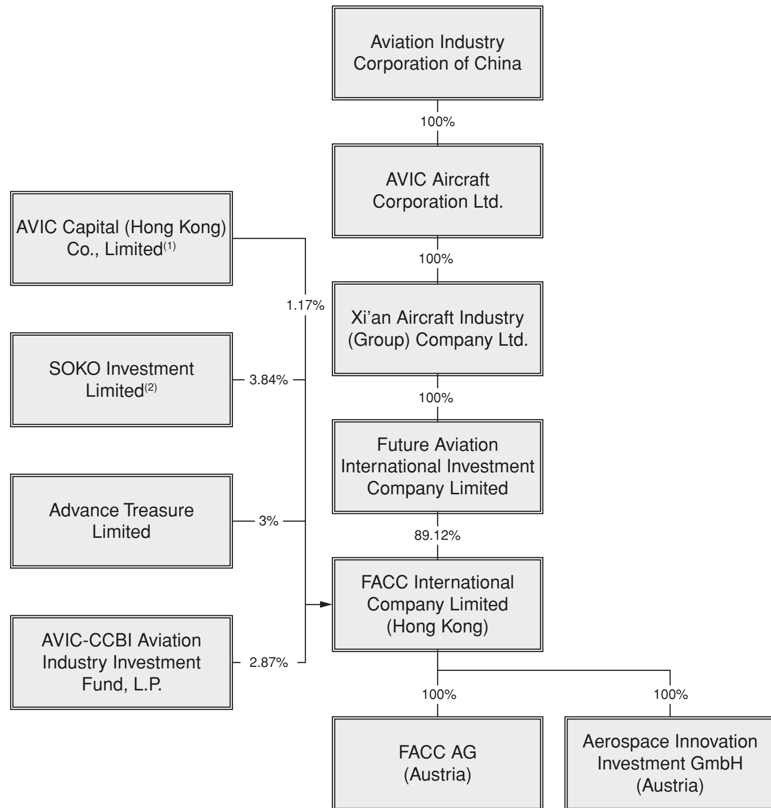
The Group believes that the following competitive strengths differentiate it from its competitors and position it well to capture future growth and profit opportunities:

- a tier-1 commercial aerospace composite supplier well positioned to benefit from original equipment "super-cycle";
- a single-source supplier with diversified portfolio and high-quality backlog providing long-term revenue visibility;
- global technological leadership driven by strong focus on research and development;
- operational excellence and extensive supply chain networks leading to efficiency improvements; and
- proven track record delivered by an experienced management team.

FACC's continuous strategic focus is to strengthen its position as a leading independent and global tier-1 supplier of a wide range of

		composite components and larger assemblies for primary aerostructures, engines & nacelles and cabin interiors to the commercial aerospace industry. The key elements to implement the Group's growth strategy are: • leverage the product innovation capabilities to increase work-share on existing and new platforms; • expand international cost-competitive supply network; • optimize cost management and implement profitability enhancement programs; and • pursue selected add-on acquisitions.
B.4a	**Description of the most significant recent trends affecting the issuer and the industries in which it operates**	The Group believes that the factors discussed below have significantly affected the development of its business, financial condition and results of operations, and that such factors will continue to have a material influence on its business, financial condition and results of operations in the future: • development of the commercial aerospace market and the general economic environment; • new aircraft program development and recovery of product development costs; • ramp-up of new aircraft programs; • stable production quantities of new programs (after ramp-up phase); • delays in development programs by customers; • effects of changes in product specifications by customers in connection with fixed price contracts; • volatility of raw material cost; • plant utilization; • gradual start in the engines & nacelles division; • foreign currency and interest rate fluctuations as well as changes in fair value of derivative financial instruments; and • seasonality.
B.5	**Description of the group and the issuer's position within the group**	FACC AG is the holding company of the FACC Group. The Group's business is primarily conducted by its operating subsidiaries, in particular FACC Operations GmbH ("**FACC Operations**").
B.6	**Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital or voting rights or have control over the issuer**	Prior to the completion of the Offering (as defined below), FACC International Company Limited, Hong Kong (the "**Selling Shareholder**") holds 100% of the Company's shares and voting rights. The ultimate controlling shareholder of the Selling Shareholder is Aviation Industry Corporation of China which indirectly holds 92.11% of the Selling Shareholder's shares. The following chart

shows the chain of Aviation Industry Corporation of China's indirect control over the Selling Shareholder:



(1) Aviation Industry Corporation of China holds 41.68% shares in AVIC Capital (Hong Kong) Co. Limited which corresponds to a 0.49% indirect shareholding in FACC International Company Limited (Hong Kong).

(2) Aviation Industry Corporation of China indirectly holds 65.178% shares in SOKO Investment Limited which corresponds to a 2.5% indirect shareholding in FACC International Company Limited (Hong Kong).

(Source: Company information)

Following the successful completion of the Offering (as defined below), the Selling Shareholder will hold 55.5% of the share capital if the Greenshoe Option (as defined below) is not exercised, or 51% if the Greenshoe Option is exercised in full.

Whether the issuer is directly or indirectly owned or controlled and by whom and description of the nature of control

As long as it holds the majority of the Company's shares, the Selling Shareholder will have the ability to significantly influence and ultimately determine the outcome of most decisions to be taken by vote at the Company's shareholders' meeting (the "**Shareholders' Meeting**"), including the election, appointment or removal of members of the Company's supervisory board (*Aufsichtsrat*; the "**Supervisory Board**"), approval of the annual financial statements, distribution of dividends, authorization to carry out capital increases or any other decision that requires approval of the Company's shareholders. The Selling Shareholder will also be able to control or significantly influence the outcome of any vote on a proposed amendment to the Company's articles of association (*Satzung*; the "**Articles of Association**"), a capital increase or decrease, a merger proposal, any proposed substantial sale of assets or other major corporate transactions. There are currently no specific measures in place to ensure that such control is not abused.

	Voting rights	Each share in the Company carries one vote at the Shareholders' Meeting. There are no restrictions on voting rights.
B.7	**Selected financial and business information**	The following selected financial information has been extracted or derived from the audited consolidated financial statements of the Company as of and for the financial years ending February 28, 2014, February 28, 2013 and February 29, 2012 comprising in each case of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of cash flow, the development of Group equity and the notes (the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements were audited by PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Hafenstraße 2a, 4020 Linz, Austria ("**PwC**"), as stated in their reports attached to the Audited Consolidated Financial Statements. Selected financial data presented in this chapter should be read in conjunction with, and are qualified by reference to, such financial statements. The Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**EU**"), ("**IFRS**"). Investors should note that comparability of the Audited Consolidated Financial Statements presented below is limited due to the reorganization of the Group's operating segments according to IFRS 8 as from March 1, 2012 onwards.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT DATA
Financial Years Ending February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand (unless otherwise indicated)	Financial year ending February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Revenue	**355,624**	**434,615**	**547,382**
Changes in inventories	1,542	5,523	(8,186)
Own work capitalized	4,995	4,741	9,758
Cost of materials and purchased services	(210,133)	(257,105)	(308,959)
Staff costs	(91,799)	(110,519)	(142,572)
Depreciation and amortization	(16,364)	(17,214)	(18,042)
Other operating income and expenses	(20,474)	(25,327)	(37,450)
Earnings before interest, taxes and fair value measurement of derivative financial instruments	**23,391**	**34,714**	**41,931**
Finance costs	(1,763)	(2,722)	(7,494)
Interest income from financial instruments	220	26	281
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781
Profit before taxes	**12,619**	**27,049**	**36,499**
Income taxes	(2,160)	(6,277)	(7,639)
Profit after taxes	**10,459**	**20,772**	**28,860**

(*Source: Audited Consolidated Financial Statements*)

CONSOLIDATED BALANCE SHEET DATA
As of February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
ASSETS			
Non-current assets			
Intangible assets	100,117	103,713	126,307
Property, plant and equipment	72,552	91,530	129,862
Other non-current financial assets	1,347	1,538	1,730
Non-current receivables	16,141	20,878	16,677
	190,157	**217,659**	**274,575**
Current assets			
Inventories	44,763	56,365	81,049
Trade receivables	63,978	97,165	100,111
Receivables from construction contracts	11,964	28,198	25,144
Other receivables and deferred items	8,355	5,906	19,027
Receivables from affiliated companies	6,400	802	14,812
Derivative financial instruments	2,851	4,760	3,590
Cash and cash equivalents	19,292	36,958	51,012
	157,603	**230,154**	**294,745**
Total assets	**347,760**	**447,813**	**569,320**
EQUITY			
Share capital	35	35	35
Capital reserve	144,006	144,006	125,006
Currency translation reserve	(74)	(75)	(127)
Revenue reserves	(15)	—	—
Other reserves[1]	606	(609)	(1,434)
Retained earnings	34,431	55,188	101,353
	178,989	**198,545**	**224,833**
Non-controlling interests	—	—	(5)
Total equity	**178,989**	**198,545**	**224,828**
LIABILITIES			
Non-current liabilities			
Promissory note loans	—	45,000	45,000
Bonds	—	—	88,893
Other financial liabilities	17,275	18,187	57,028
Derivative financial instruments	7,625	11,734	9,953
Investment grants	11,765	10,538	9,776
Employee benefit obligations[1]	4,760	6,886	7,581
Deferred taxes[1]	11,838	12,852	20,128
	53,263	**105,197**	**238,359**
Current liabilities			
Trade payables	35,467	55,453	55,694
Other liabilities and deferred income	14,370	18,073	23,553
Other financial liabilities	35,973	49,921	10,817
Bonds	20,000	—	—
Derivative financial instruments	—	688	—
Other provisions	7,560	13,896	10,476
Investment grants	1,170	1,233	838
Income tax liabilities	968	4,807	4,755
	115,508	**144,071**	**106,133**
Total liabilities	**168,771**	**249,268**	**344,492**
Total equity and liabilities	**347,760**	**447,813**	**569,320**

(1) Figures as of February 28, 2013 are included as set forth in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014 and have been adjusted according to IAS 19 (revised 2011).

(*Source: Audited Consolidated Financial Statements*)

CONSOLIDATED STATEMENT OF CASH FLOW
Financial Years Ending February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand	Financial year ending February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Operating activities			
Earnings before interest, taxes and fair value measurement of derivative financial instruments	23,391	34,714	41,931
Fair value measurement of derivative financial instruments[1]	(9,229)	(4,969)	1,781
	14,162	**29,745**	**43,712**
Plus/minus			
Release of/accrual of investment grants	(1,754)	(1,164)	1,587
Depreciation and amortization	16,364	17,214	18,042
Losses/(gains) on disposal of non-current assets	7,063	848	17,568
Changes in financial instruments[1]	8,854	2,887	(1,376)
Change in non-current receivables	(16,141)	(4,737)	4,202
Change in employee benefit obligations, non-current[2]	250	1,407	695
Revaluation effects of pensions and termination benefits[2]	—	(853)	(280)
	28,798	**45,347**	**84,150**
Changes in net current assets			
Change in inventories	(7,362)	(11,602)	(24,683)
Changes in receivables and deferred items	(20,731)	(41,372)	(25,989)
Change in trade payables	11,946	19,985	241
Change in current provisions	3,016	6,270	(3,420)
Change in other current liabilities	549	2,685	6,663
Cash generated from operations	16,216	21,313	36,963
Interest received	219	25	281
Tax paid	(85)	(193)	(166)
Net cash generated from operating activities	16,350	21,145	37,077
Investment activities			
Purchase of non-current financial assets	(124)	(173)	(173)
Acquisition of subsidiaries, net of cash acquired	—	—	391
Purchase of property, plant and equipment	(10,745)	(30,464)	(58,848)
Purchase of intangible assets	(3,273)	(3,405)	(6,056)
Payments for addition to development costs	(12,259)	(6,575)	(36,374)
Net cash used in investing activities	(26,401)	(40,617)	(101,060)
Financing activities			
Proceeds from financial loans and bonds	32,116	63,378	132,568
Repayments of financial loans and bonds	(19,281)	(23,518)	(45,337)
Payments of interest on financial loans and bonds	(1,763)	(2,722)	(7,494)
Payment of dividend	—	—	(1,700)
Net cash generated from/(used in) financing activities	11,072	37,138	78,037
Net change in cash and cash equivalents	**1,021**	**17,666**	**14,054**
Cash and cash equivalents at the beginning of the period	18,271	19,292	36,958
Cash and cash equivalents at the end of the period	**19,292**	**36,958**	**51,012**

(1) Includes changes in financial instruments not considered part of net current assets, i.e., mainly derivatives.

(2) Figures for the financial year ending February 28, 2013 are included as set forth in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014 and have been adjusted according to IAS 19 (revised 2011).

(*Source: Audited Consolidated Financial Statements*)

KEY PERFORMANCE INDICATORS
As of February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand, unless otherwise indicated	As of February 28/29,		
	2012	2013	2014
	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)
Order backlog (amounts in USD million)	2.883	3.887	4.170
Revenue (audited)	355,624	434,615	547,382
Research and development costs			
Capitalized	12,259	6,575	36,374
Expensed[1]	30,446	49,268	19,182
Total as % of revenue	12.0%	12.8%	10.2%
EBITDA[2] (audited)	39,755	51,928	59,973
EBITDA margin (%)[3]	11.2%	11.9%	11.0%
EBIT[4] (audited)	23,391	34,714	41,931
EBIT margin (%)[5]	6.6%	8.0%	7.7%
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments[6]	19,688	25,741	27,079
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments margin (%)[7]	5.5%	5.9%	4.9%
Net working capital[8]	79,223	114,108	146,084
Net working capital margin (%)[9]	22.3%	26.3%	26.7%
Cash generated from operations	16,216	21,313	36,962
Net debt[10]	53,956	76,150	150,726
Net debt to EBITDA ratio[11]	1.4	1.5	2.5

(1) Calculated as research and development expense plus development cost expensed plus depreciation and amortization.

(2) Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization.

(3) Calculated as EBITDA as a percentage of revenue.

(4) Earnings before interest, taxes and fair value measurement of derivative financial instruments.

(5) Calculated as EBIT as a percentage of revenue.

(6) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments.

(7) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments as a percentage of revenue.

(8) Calculated as inventories plus trade receivables plus receivables from construction contracts plus other receivables and deferred items minus trade payables minus other liabilities and deferred income.

(9) Calculated as net working capital as a percentage of revenue.

(10) Calculated as non-current promissory note loans plus non-current bonds plus non-current other financial liabilities plus current other financial liabilities plus current bonds minus cash and cash equivalents.

(11) Calculated as net debt divided by EBITDA.

(*Source: Audited Consolidated Financial Statements, Company information*)

SEGMENT REPORTING
Financial Years Ending February 28/29, 2012, 2013 and 2014

BUSINESS DIVISIONS

Amounts in EUR thousand	Financial year ending February 28/29,		
	2012 (adjusted)[1]	2013	2014
	(audited)	(audited)	(audited)
AEROSTRUCTURES			
Revenue	172,924	219,886	305,423
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	17,219	25,810	41,117
Depreciation and amortization	6,628	7,439	8,421
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	23,847	33,250	49,539
ENGINES & NACELLES			
Revenue	76,866	96,308	101,092
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	(3,096)	375	(5,458)[2]
Depreciation and amortization	5,530	6,221	5,714
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	2,435	6,596	256
INTERIORS			
Revenue	105,834	118,421	140,867
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	9,268	8,527	6,271
Depreciation and amortization	4,206	3,554	3,907
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	13,474	12,081	10,178

(1) Figures for the financial year ending February 29, 2012 in the column "2012 (adjusted)" are included as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting").

(2) Figure deviates slightly from the corresponding one set forth in the 2014 Audited Consolidated Financial Statements due to a typographical error in the 2014 Audited Consolidated Financial Statements.

(*Source: Audited Consolidated Financial Statements*)

Significant changes to the issuer's financial condition and operating results	The following changes in the Company's financial condition and operating results, with respect to the line items revenue, EBITDA, and earnings before interest, taxes and fair value measurement of derivative financial instruments ("**EBIT**") occurred in the financial years ending February 28/29, 2012, 2013 and 2014.

Revenue

2014 compared with 2013

FACC's total revenue increased by EUR (the legal currency of Austria, "**EUR**") 112.8 million, or 26%, to EUR 547.4 million in the financial year ended February 28, 2014 from EUR 434.6 million in the financial year ended February 28, 2013. The increase in revenue was mainly driven by an increase in revenue in all three business divisions.

Revenue for the Aerostructures Division increased by EUR 85.5 million, or 38.9%, to EUR 305.4 million in the financial year ended February 28, 2014, from EUR 219.9 million in the financial year ended February 28, 2013. This increase was primarily due to increased revenue from development and engineering services related to the Boeing 787 Dreamliner, Airbus A350, Airbus A330/340, Boeing 737, COMAC C919 and Bombardier Global 7000/8000 in the amount of EUR 15.3 million, EUR 15.3 million, EUR 7.9 million, EUR 6.8 million, EUR 4.7 million and EUR 1.3 million, respectively, as well as increased product deliveries for the Boeing 737, Boeing 787 Dreamliner, Airbus A321, Airbus A330/340, Airbus A380, Airbus A350 in the amount of EUR 13.7 million, EUR 6.4 million, EUR 4.2 million, EUR 2.4 million, EUR 2.4 million and EUR 2.4 million, respectively.

Revenue for the Engines & Nacelles Division increased by EUR 4.8 million, or 5.0%, to EUR 101.1 million in the financial year ended February 28, 2014, from EUR 96.3 million in the financial year ended February 28, 2013. This increase was primarily due to increased product deliveries for Rolls Royce engine parts in the amount of EUR 2.2 million and increased revenue from development and engineering services for the Boeing 787 Dreamliner in the amount of EUR 2.1 million.

Revenue for the Interiors Division products increased by EUR 22.4 million, or 19.0%, to EUR 140.9 million in the financial year ended February 28, 2014, from EUR 118.4 million in the financial year ended February 28, 2013. This increase was primarily due to increased product deliveries for the SSJ-100, Airbus A320, Bombardier Challenger and Embraer Phenom 300 in the amount of EUR 6.7 million, EUR 6.7 million, EUR 5.1 million and EUR 3.2 million, respectively.

2013 compared with 2012

FACC's total revenue increased by EUR 79.0 million, or 22.2%, to EUR 434.6 million in the financial year ended February 28, 2013 from EUR 355.6 million in the financial year ended February 29, 2012. The increase in revenue was driven by an increase in revenue in all three business divisions.

Revenue for the Aerostructures Division increased by EUR 47.0 million, or 27.2%, to EUR 219.9 million in the financial year ended February 28, 2013, from EUR 172.9 million in the financial year ended February 29, 2012 (adjusted). This increase

was primarily due to increased revenue from development and engineering services related to the Bombardier C-Series in the amount of EUR 20.9 million, as well as increased product deliveries for Boeing 737, Boeing 787 Dreamliner and Airbus A330/340 in the amount of EUR 6.0 million, EUR 5.4 million and EUR 4.4 million, respectively.

Revenue for the Engines & Nacelles Division increased by EUR 19.4 million, or 25.2%, to EUR 96.3 million in the financial year ended February 28, 2013, from EUR 76.9 million in the financial year ended February 29, 2012 (adjusted). This increase was primarily due to increased product deliveries for Boeing 787 Dreamliner in the amount of EUR 11.2 million and increased product deliveries and revenue generated from development and engineering services for Rolls-Royce in the amount of EUR 3.3 million.

Revenue for the Interiors Division increased by EUR 12.6 million, or 11.9%, to EUR 118.4 million in the financial year ended February 28, 2013, from EUR 105.8 million in the financial year ended February 29, 2012 (adjusted). This increase was primarily due to increased product deliveries for Bombardier Challenger and Airbus A320 in the amount of EUR 5.5 million and EUR 4.3 million, respectively.

EBITDA

2014 compared with 2013

FACC's total EBITDA increased by EUR 8.0 million, or 15.4%, to EUR 60.0 million in the financial year ended February 28, 2014, from EUR 51.9 million in the financial year ended February 28, 2013. FACC's total EBITDA as a percentage of total revenue decreased to 11.0% in the financial year ended February 28, 2014, from 11.9% in the financial year ended February 28, 2013.

In the Aerostructures Division EBITDA increased by EUR 16.3 million, or 48.9%, to EUR 49.5 million in the financial year ended February 28, 2014, from EUR 33.3 million in the financial year ended February 28, 2013. EBITDA in the Aerostructures Division as a percentage of total revenue increased to 9.1% in the financial year ended February 28, 2014, from 7.7% in the financial year ended February 28, 2013. The increase in EBITDA was mainly driven by product deliveries relating to the Boeing 737 as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340. The increase in EBITDA as a percentage of total revenue was mainly driven by economies of scale relating to the Boeing 737 program as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340.

In the Engines & Nacelles Division EBITDA decreased by EUR 6.3 million, or 95.5%, to EUR 0.3 million in the financial year ended February 28, 2014, from EUR 6.6 million in the financial year ended February 28, 2013. EBITDA in the Engines & Nacelles Division as a percentage of total revenue decreased to 0.0% in the financial year ended February 28, 2014, from 1.5% in the financial year ended February 28, 2013. Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by the ramp-up of a program related to the

Boeing 787 Dreamliner and cost overruns caused by production interruptions due to changes in product specifications.

In the Interiors Division EBITDA decreased by EUR 1.9 million, or 15.8%, to EUR 10.2 million in the financial year ended February 28, 2014, from EUR 12.1 million in the financial year ended February 28, 2013. EBITDA in the Interiors Division as a percentage of total revenue decreased to 1.9% in the financial year ended February 28, 2014, from 2.8% in the financial year ended February 28, 2013. Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by a decrease in development and engineering services related to the COMAC ARJ-21 and ramp-up costs related to the Airbus A350.

2013 compared with 2012

FACC's total EBITDA increased by EUR 12.2 million, or 30.6%, to EUR 51.9 million in the financial year ended February 28, 2013, from EUR 39.8 million in the financial year ended February 29, 2012. FACC's total EBITDA as a percentage of total revenue increased to 11.9% in the financial year ended February 28, 2013, from 11.2% in the financial year ended February 29, 2012.

In the Aerostructures Division EBITDA increased by EUR 9.4 million, or 39.4%, to EUR 33.3 million in the financial year ended February 28, 2013, from EUR 23.8 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Aerostructures Division as a percentage of total revenue increased to 7.7% in the financial year ended February 28, 2013, from 6.7% in the financial year ended February 29, 2012 (adjusted). The increase in EBITDA was mainly driven by product deliveries of Boeing 737 and Boeing 787 Dreamliner as well as development and engineering services relating to Bombardier C-Series and COMAC C919. The increase in EBITDA as a percentage of total revenue was mainly driven by economies of scale relating to Boeing 737 and Boeing 787 Dreamliner programs as well as development and engineering services relating to Bombardier C-Series and COMAC C919.

In the Engines & Nacelles Division EBITDA increased by EUR 4.2 million, or 170.9%, to EUR 6.6 million in the financial year ended February 28, 2013, from EUR 2.4 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Engines & Nacelles Division as a percentage of total revenue increased to 1.5% in the financial year ended February 28, 2013, from 0.7% in the financial year ended February 29, 2012 (adjusted). Both the increase in EBITDA and the increase in EBITDA as a percentage of total revenue were mainly driven by increased product deliveries and development and engineering services for Pratt & Whitney PW 300 components.

In the Interiors Division EBITDA decreased by EUR 1.4 million, or 10.4%, to EUR 12.1 million in the financial year ended February 28, 2013, from EUR 13.5 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Interiors Division as a percentage of total revenue decreased to 2.8% in the financial year ended February 28, 2013, from 3.8% in the financial year ended February 29, 2012 (adjusted). Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by declining profits from development and engineering services whereas margins from product deliveries remained stable.

EBIT

2014 compared with 2013

FACC's total EBIT increased by EUR 7.2 million, or 20.7%, to EUR 41.9 million in the financial year ended February 28, 2014, from EUR 34.7 million in the financial year ended February 28, 2013. FACC's total EBIT as a percentage of revenue decreased to 7.7% in the financial year ended February 28, 2014, from 8.0% in the financial year ended February 28, 2013.

In the Aerostructures Division EBIT increased by EUR 15.3 million, or 59.3%, to EUR 41.1 million in the financial year ended February 28, 2014, from EUR 25.8 million in the financial year ended February 28, 2013. EBIT in the Aerostructures Division as a percentage of total revenue increased to 7.5% in the financial year ended February 28, 2014, from 5.9% in the financial year ended February 28, 2013. The increase in EBIT was mainly driven by product deliveries of the Boeing 737 as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340. The increase in EBIT as a percentage of total revenue was mainly driven by economies of scale relating to the Boeing 737 program as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340.

In the Engines & Nacelles Division EBIT decreased by EUR 5.8 million to negative EUR 5.5 million in the financial year ended February 28, 2014, from EUR 0.4 million in the financial year ended February 28, 2013. EBIT in the Engines & Nacelles Division as a percentage of total revenue decreased to negative 1.0% in the financial year ended February 28, 2014, from 0.1% in the financial year ended February 28, 2013. Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by the ramp-up of a program related to the Boeing 787 Dreamliner and cost overruns caused by production interruptions due to changes in product specifications.

In the Interiors Division EBIT decreased by EUR 2.3 million, or 26.5%, to EUR 6.3 million in the financial year ended February 28, 2014, from EUR 8.5 million in the financial year ended February 28, 2013. EBIT in the Interiors Division as a percentage of total revenue decreased to 1.1% in the financial year ended February 28, 2014, from 2.0% in the financial year ended February 28, 2013. Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by a decrease in development and engineering services related to the COMAC ARJ-21 and ramp-up costs related to Airbus A350.

2013 compared with 2012

FACC's total EBIT increased by EUR 11.3 million, or 48.3%, to EUR 34.7 million in the financial year ended February 28, 2013, from EUR 23.4 million in the financial year ended February 29, 2012. FACC's total EBIT as a percentage of total revenue increased to 8.0% in the financial year ended February 28, 2013, from 6.6% in the financial year ended February 29, 2012.

In the Aerostructures Division EBIT increased by EUR 8.6 million, or 50.0%, to EUR 25.8 million in the financial year ended February 28, 2013, from EUR 17.2 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Aerostructures Division as a percentage of total revenue increased to 5.9% in the

		financial year ended February 28, 2013, from 4.8% in the financial year ended February 29, 2012 (adjusted). The increase in EBIT was mainly driven by product deliveries of Boeing 737 and Boeing 787 Dreamliner as well as development and engineering services relating to Bombardier C-Series and COMAC C919. The increase in EBIT as a percentage of total revenue was mainly driven by economies of scale relating to Boeing 737 and Boeing 787 Dreamliner programs as well as development and engineering services relating to Bombardier C-Series and COMAC C919. In the Engines & Nacelles Division EBIT increased by EUR 3.5 million to EUR 0.4 million in the financial year ended February 28, 2013, from minus EUR 3.1 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Engines & Nacelles Division as a percentage of total revenue increased to 0.1% in the financial year ended February 28, 2013, from negative 0.9% in the financial year ended February 29, 2012 (adjusted). Both the increase in EBIT and the increase in EBIT as a percentage of total revenue were mainly driven by increased product deliveries and development and engineering services for Pratt & Whitney PW 300 components. In the Interiors Division EBIT decreased by EUR 0.7 million, or 8.0%, to EUR 8.5 million in the financial year ended February 28, 2013, from EUR 9.3 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Interiors Division as a percentage of total revenue decreased to 2.0% in the financial year ended February 28, 2013, from 2.6% in the financial year ended February 29, 2012 (adjusted). Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by declining profits from development and engineering services whereas margins from product deliveries remained stable.
B.8	**Selected key pro forma financial information**	Not applicable. No pro forma financial information is required.
B.9	**Profit forecast and estimate**	Not applicable. No profit forecast or estimate has been issued.
B.10	**Nature of any qualifications in the audit report on the historical financial information**	Not applicable. There are no qualifications.
B.11	**Insufficiency of the issuer's working capital for its present requirements**	Not applicable. The working capital is sufficient.
C – SECURITIES		
C.1	**A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number**	The Offering (as defined below) consists of a total of up to 23,887,500 no-par value bearer shares of the Company, each such share with a notional value of EUR 1.00 in the share capital and with full dividend rights as from March 1, 2014. The Offer Shares (as defined below) to be issued in the Offering (as defined below) comprise: • up to 18,750,000 newly issued no-par value bearer shares from a capital increase against contribution in cash to be resolved by an extraordinary Shareholders' Meeting of the Company on or about June 23, 2014 (the "**New Shares**"); • up to 5,801,653 existing no-par value bearer shares of the Company (the "**Existing Offer Shares**") offered by FACC

		International Company Limited, Hong Kong (the "**Selling Shareholder**"); and • in connection with possible over-allotments ("**Over-Allotments**"), up to 2,171,591 no-par value bearer shares from the holdings of the Selling Shareholder (the "**Over-Allotment Shares**" and, together with the New Shares and the Existing Offer Shares, the "**Offer Shares**"). For purposes of admission to trading on the Official Market of the Vienna Stock Exchange, this Prospectus relates to the Company's aggregate 30,000,000 existing no-par value bearer shares (the "**Existing Shares**") and the New Shares. International Securities Identification Number (ISIN): AT00000FACC2
C.2	**Currency of the securities issue**	Euro.
C.3	**The number of shares issued and fully paid and issued but not fully paid**	The share capital of the Company amounts to EUR 30,000,000 and is divided into 30,000,000 no-par value bearer shares. The entire share capital is fully paid up.
	The par value per share, or that the shares have not par value	Each of the shares of the Company represents a notional value of EUR 1.00 in the share capital.
C.4	**A description of the rights attached to the securities**	Each share in the Company carries the right to participate, ask questions and cast one vote at the Shareholders' Meeting. There are no restrictions on voting rights. The Offer Shares carry the right to receive dividends as from March 1, 2014 and the right to receive liquidation proceeds in case of a dissolution of the Company.
C.5	**A description of any restrictions on the free transferability of the securities**	There are no restrictions on the transferability of the Company's shares other than the lock-up agreements described below under E.5.
C.6	**An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded**	The Company will apply for admission of the Existing Shares and the New Shares to trading on the Official Market of the Vienna Stock Exchange on or about June 18, 2014. Trading of the Existing Shares and the New Shares on the Vienna Stock Exchange is expected to commence on June 25, 2014.
C.7	**A description of dividend policy**	The Company intends to pay dividends in the future, which are expected to be within the range of 20% to 30% of the Group's consolidated profit after taxes based on IFRS.
D – RISKS		
D.1	**Key information on the key risks that are specific to the issuer or its industry**	Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in shares of the Company. The Group may also be exposed to risks and uncertainties that are currently not known to the Company. If one or more of these risks occur, individually or in conjunction with or aggravated by one or more other risks or circumstances, this could significantly impair

the operations of the Group and have a material adverse effect on the Group's prospects, business, financial condition and results of operations. Additional risks and uncertainties of which the Company is currently not aware or which it does not consider to be significant at present could likewise have a material adverse effect on the Group's prospects, business, financial condition and results of operations. The sequence of risk factors in this section is not intended to indicate the likelihood of any individual risk or the magnitude or significance of the individual risks. If any of the risks described below occurs, this could cause the share price of the Company to decrease, and investors could lose part or all of their investment as a result.

Risks Related to the Group's Industry

- The Group's business is cyclical and sensitive to commercial airlines' profitability. The business of commercial airlines is, in turn, affected by global economic conditions and geopolitical considerations.
- The Group operates in a very competitive business environment.
- The substitution of other materials for composite components in the aerospace market could result in reduced demand for the Group's products.
- Significant consolidation in the aerospace industry could make it more difficult for the Group to obtain new business.

Risks Related to the Group's Business

- FACC's business is subject to foreign currency risk, in particular with respect to the USD to EUR exchange rate, and to risks in connection with corresponding hedging transactions.
- A significant decline in business with the Group's key customers, in particular Airbus and Boeing, could adversely affect its business, financial condition and results of operations.
- Efforts by FACC's international supply chain partners to gain market share could adversely affect its financial performance.
- Infringement of intellectual property license rights, breach of confidentiality duties or failure to protect intellectual property held by the Group may have a material adverse effect on its business.
- The Group's business will suffer if certain key officers or employees discontinue employment with the Group or if the Group is unable to recruit and retain highly skilled staff.
- If FACC undertakes business combinations and acquisitions in the future, they may be difficult to close or integrate, or they could disrupt its business, or divert Management's attention.
- The Group is exposed to risks connected with the expansion of its business activities in China.
- The Group's business depends, in large part, on sales of components for certain new aircraft programs.
- The Group incurs risks associated with new aircraft programs.
- FACC's business is subject to liability risks as well as warranty obligations and it could be materially adversely affected if one of the components causes an aircraft accident that is costly to defend and results in significant negative effects on its business.

- High switching costs may substantially limit the Group's ability to obtain business that is currently under contract with other suppliers.
- The Group may not realize all of the sales expected from the existing order backlog.
- Increases in labor costs, potential labor disputes and work stoppages at its facilities and the facilities of its suppliers or customers could materially adversely affect the Group's financial performance.
- The Group is subject to environmental, health and safety laws and regulations, including the REACH Regulation (regulation (EC) No 1907/2006), and its ongoing operations may expose it to related liabilities.
- Interruptions in deliveries of components or raw materials, or increased prices for components or raw materials used in products could delay production and/or materially adversely affect the Group's profitability.
- The Group conducts business directly and indirectly with customers outside of Europe, in particular the United States, and is subject to the risks of doing business in foreign countries.
- The Group's business could be adversely affected by the failure of its OEM customers to comply with their offset obligations.
- The Group may be materially adversely affected by changes in interest rates.
- The Group may be required to write-down outstanding receivables or write-off upfront investments.
- Its fixed-price contracts may commit the Group to unfavorable terms.
- The Group's success depends in part on the Group's ability to leverage its engineering capabilities as well as research and development initiatives to pursue new business opportunities.
- The Group's business may be materially adversely affected if the Group is unable to maintain the standards and qualifications required, now and in the future, by its customers and by government, regulatory or industry bodies.
- The Group is subject to the regulation of technical data and goods under European and U.S. export control laws.
- The Group's operations depend on the Group's ability to maintain continuing, uninterrupted production at its manufacturing facilities as well as the continued and uninterrupted performance of the information technology ("**IT**") system.
- The Group has experienced delays in the production and delivery of its products.
- Insufficient liquidity may have a material adverse effect on the Group's business.
- A breach of the covenants of the Company's bond or promissory note loans could adversely affect its financial condition.
- The Group may be unable to continue receiving governmental grants and subsidized loans.

D.3	**Key information on the key risks that are specific to the securities**	**Risks Related to the Shareholder Structure, the Shares, the Offering and Admission to Trading** • FACC is, and will continue to be, controlled by the Selling Shareholder in the Shareholders' Meeting and in the Supervisory Board, and the Selling Shareholder's interests may differ from those of the Group or of its other shareholders. • There is no prior trading market for the Company's shares and there is no certainty that a liquid market in the shares will develop. • The market price of the Company's shares may be volatile. • Sales of shares held by the Selling Shareholder could have an adverse effect on the price of the Company's shares. • The Company's ability to pay dividends or to meet its targeted dividend payout ratio depends primarily on the inflow of funds from the Company's subsidiaries. • Any future equity offerings or offerings of instruments convertible into equity or any merger with another entity may dilute investors' shareholdings in the Company. • In the event of the insolvency of the Company or its subsidiaries, its shareholders could suffer a total loss in the value of their shares. • A suspension of trading in the Company's shares could adversely affect the share price. • The Company will face additional administrative requirements, incur higher ongoing costs and have to adjust its internal control system as a result of its shares becoming admitted to trading on the Vienna Stock Exchange. • The proposed financial transactions tax could result in a substantial new tax burden in the secondary market for investors buying the Company's shares and trading them in Austria or another European Union member state which implements such a tax. • Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Austria. • Rights of shareholders in a company incorporated in Austria may differ from rights of shareholders in a corporation organized in another jurisdiction. • Pre-emptive rights may not be available to U.S. holders of the Company's shares and other non-Austrian shareholders. • Exchange rate fluctuations could adversely affect the value of the Company's shares and any dividends paid on the shares for an investor whose principal currency is not the euro.

E – OFFER

E.1	**The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror**	The Selling Shareholder will receive consideration for the sale of the Existing Offer Shares and Over-Allotment Shares, if any. The Company will receive the proceeds from the sale of the New Shares, but will not receive any of the proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares. The Company (for the New Shares offered from the capital increase) and the Selling Shareholder (for the shares offered from its own holdings other than in connection with potential Over-Allotments) will pay the Underwriters (as defined below) a base commission of 2.5% of their respective gross proceeds from the Offering. In addition to this base commission, the Company and the Selling Shareholder may pay the Underwriters an additional discretionary fee (with regard to the Company of up to 1.25%) of their respective gross proceeds from the Offering (including potential Over-Allotments). The Company will also agree to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. In addition, the Selling Shareholder will pay the Underwriters a commission of 2.5% of the Offer Price (as defined below) for each Over-Allotment Share purchased upon exercise of the Greenshoe Option. The amount of the proceeds of the Offering as well as the costs related to the Offering depend on the Offer Price (as defined below), which also determines the amount of the Underwriters' (as defined below) commissions to be paid, and on the number of shares that will be placed in the Offering. The Company is targeting gross proceeds from the capital increase in an amount of EUR 150.0 million by offering up to 18,750,000 New Shares (at the low end of the Price Range). Assuming (i) an Offer Price (as defined below) at the low end, mid-point and high end of the Price Range, respectively, (ii) placement of the maximum number of Offer Shares and (iii) full exercise of the Greenshoe Option, and assuming further payment in full of the discretionary fee of up to 1.25% of the gross proceeds from the sale of the New Shares by the Company (*i.e.* up to EUR 1.9 million), the aggregate commission payable to the Underwriters will amount to EUR 6.7 million, EUR 7.2 million and EUR 7.8 million, respectively. Thereof EUR 5.6 million are attributable to the placement of the New Shares and will be borne by the Company; the remaining approximately EUR 1.0 million, EUR 1.6 million and EUR 2.1 million, respectively, are attributable to the placement of the Existing Offer Shares and the Over-Allotment Shares and will be borne by the Selling Shareholder. The costs related to the Offering and listing of the Company's entire share capital will be borne by the Company and are expected to amount to approximately EUR 4.1 million (excluding underwriting and placement commissions payable to the Underwriters (as defined below)). Assuming gross proceeds from the sale of the New Shares in the amount of EUR 150.0 million, underwriting commissions of EUR 5.6 million payable by the Company and other Offering related expenses of approximately EUR 4.1 million payable by the Company the net proceeds of the Company from the sale of the New Shares will amount to EUR 140.3 million.

		The gross proceeds of the Selling Shareholder from the sale of the Existing Offer Shares and the Over-Allotment Shares at the low end, mid-point and high end of the Price Range (assuming placement of 2,965,909, 4,607,656 and 5,801,653 Existing Offer Shares, respectively, and assuming full exercise of the Greenshoe Option) will amount to approximately EUR 41.1 million, EUR 63.2 million and EUR 85.2 million, respectively, and the net proceeds of the Selling Shareholder will amount to approximately EUR 40.1 million, EUR 61.6 million and EUR 83.1 million, respectively. The final Offer Price (the "**Offer Price**") will be determined by the Company and the Selling Shareholder in consultation with the Joint Global Coordinators (as defined below) on the basis of a book-building process on or about June 23, 2014. Investors will not be charged expenses by the Company or the Underwriters (as defined below).
E.2a	**Reasons for the offer, use of proceeds, estimated net amount of the proceeds**	Assuming gross proceeds from the sale of the New Shares in the amount of EUR 150.0 million the net proceeds to the Company would amount to approximately EUR 140.3 million. The Company intends to use the net proceeds from the Offering (i) to finance its expansion, (ii) to enhance its capability to develop complete primary structures, (iii) to continue to focus on product innovation, (iv) to expand international cost-competitive sourcing of raw materials and production, and (v) to play an active part in the consolidation of the aerostructure market and pursue selected add-on acquisitions and partnerships in line with its strategy.
E.3	**A description of the terms and conditions of the offer**	The offering (the "**Offering**") consists of a public offering of the Offer Shares to retail and institutional investors in Austria and private placements of the Offer Shares in certain jurisdictions outside Austria. In the United States, the Offer Shares will be offered for sale to qualified institutional buyers ("**QIBs**")in reliance on Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered in reliance on Regulation S under the Securities Act. Furthermore, as part of the Offering, the Company is offering to all Eligible Employees (as defined below) Offer Shares with a value of up to EUR 7,300 per Eligible Employee at a discount of 20% (equal to a maximum discount of EUR 1,460 per Eligible Employee) from the Offer Price (the "**Employee Offering**"). The minimum amount of Offer Shares to be purchased in the Employee Offering is 40 Offer Shares per Eligible Employee. Orders exceeding EUR 7,300 will be reduced to EUR 7,300. Employees may place orders exceeding EUR 7,300 as retail investors (but without any discount). The Employee Offering takes place only in Austria. Orders to purchase Offer Shares in the Employee Offering can be placed only with Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft and Erste Bank der oesterreichischen Sparkassen AG. The discount for Offer Shares purchased in the Employee Offering is subject to a holding period ending on June 24, 2016. If Offer Shares purchased in the Employee Offering are sold or transferred by the employee prior to June 24, 2016, or if the employee does not provide a yearly bank statement, showing that during the preceding year the Offer shares purchased in the Employee Offering were continuously deposited with one of the banks mentioned in the

preceding paragraph, the price discount received must be refunded to the Company. In case of termination of the employment of an Eligible Employee prior to June 25, 2016, the holding period will end on the last day of the employment.

"**Eligible Employees**" are all full and part-time employees, including salaried employees (*Angestellte*), workers (*Arbeiter*), employees on leave (*karenzierte Mitarbeiter*) and employees in civilian or military service (*Wehr- und Zivildiener*), with valid employment contracts concluded for an indefinite period of time and who have been employed with the Company or any of its subsidiaries in Austria since at least June 17, 2014.

Price Range

The Price Range within which purchase orders may be submitted is EUR 8.00 to EUR 11.00 per Offer Share.

Offer Period

The offer period, during which investors may submit purchase orders for the Offer Shares (the "**Offer Period**"), commences on June 4, 2014 and is expected to end on June 23, 2014, at 12:00 noon CET (Central European Time) for retail investors and at 16:00 CET (Central European Time) for institutional investors. Purchase orders must be denominated in full euro amounts or euro cent figures of 25, 50, or 75 cents. Multiple purchase orders are permitted.

Retail investors in Austria may subscribe for Offer Shares at Erste Bank der oesterreichischen Sparkassen AG, all Austrian savings banks (*Sparkassen*) or Brokerjet Bank AG (brokerjet.at) during the Offer Period. Any such retail investors who submit orders of up to 1,500 Offer Shares before June 23, 2014, 12:00 noon (Central European Time) will receive preferential allocation. The period for preferential allocation to retail investors may be shortened at any time by prior notice one day in advance.

Amendments to the Term of the Offering

The Company and the Selling Shareholder reserve the right, together with the Joint Global Coordinators (as defined below), to increase or decrease the total number of Offer Shares and/or to extend or shorten the Offer Period. Changes in the number of Offer Shares or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this Prospectus, investors who submitted purchase orders before the supplement is published shall have the right, under the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) (the "**Capital Markets Act**"), to withdraw these offers to purchase within two business days following the publication of the supplement. Instead of withdrawing the offers to purchase submitted prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the Austrian Stock Exchange Act (*Börsegesetz*) (the "**Stock Exchange Act**") or Capital Markets Act, as an ad-hoc release via an electronic information system, on the Company's website and as a

supplement to this Prospectus. Investors who have submitted offers to purchase will not be notified individually.

Delivery and Payment

The Underwriters expect to deliver the Offer Shares, assigned and allotted in the Offering, in book-entry form through the facilities of Oesterreichische Kontrollbank Aktiengesellschaft ("**OeKB**"), Euroclear and Clearstream against payment of the Offer Price on or about June 27, 2014.

Stabilization, Over-Allotments and Greenshoe Option

In connection with the Offering, J.P. Morgan Securities plc, acting for the account of the Underwriters, as stabilizing manager ("**Stabilizing Manager**") may, itself or through affiliates, engage in stabilizing activities aimed at supporting the exchange or market price of the Offer Shares in order to offset selling pressure in those securities. The Stabilizing Manager is not obligated to stabilize and there is no guarantee that stabilization will take place at all. Stabilization, if undertaken at all, can be discontinued at any time without prior notice. Stabilizing activities may take place from the date of commencement of trading in the Offer Shares on the Vienna Stock Exchange and must end no later than on the thirtieth calendar day thereafter (the "**Stabilization Period**"). Stabilization may result in an exchange or market price of the Offer Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

In view of the possible stabilization measures and in addition to the Existing Offer Shares and New Shares, investors can be allotted up to 2,171,591 Over-Allotment Shares. The Over-Allotment Shares required for possible Over-Allotments will be made temporarily available free of charge to the Stabilizing Manager, for the account of the Underwriters, by the Selling Shareholder pursuant to a stock lending arrangement. Also, the Selling Shareholder has granted the Underwriters an option to acquire the borrowed shares from the Selling Shareholder at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange.

The Stabilizing Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotments of shares were initially made; the amount of shares is to be reduced by the number of shares held by the Stabilizing Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilizing Manager in the context of stabilization measures. The Stabilizing Manager may exercise this Greenshoe Option acting for the account of the Underwriters from time to time until not later than 30 days after the first day of trading in the Existing Shares and the New Shares.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire European Economic Area as to whether stabilization measures were taken, when price stabilization started and finished, and the Price Range within which stabilization was taken; the latter will be made known for each occasion on which price stabilization measures were taken. In the event of exercise of the Greenshoe

		Option, the dates of the exercise as well as the number of shares concerned will likewise be publicly announced.
E.4	**A description of any interest that is material to the issue/offer including conflicting interests**	In connection with the Offering and the admission to trading of the Existing Shares and the New Shares, the Underwriters have formed a contractual relationship with the Company and the Selling Shareholder. The Underwriters act for the Company and the Selling Shareholder in the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriters will receive a commission. The Underwriters, severally, engage in investment, consulting and financial transactions with FACC Group from time to time in the ordinary course of their businesses and may continue to do so in the future. All investment, consulting and financial transactions with the Underwriters are conducted on an arm's length basis. The Selling Shareholder will receive consideration for the sale of the Existing Offer Shares and Over-Allotment Shares, if any. The Company will not receive any of the proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares.
E.5	**Name of the person or entity offering to sell the security**	The Offer Shares are being offered for sale by J.P. Morgan Securities plc ("**J.P. Morgan**"), Morgan Stanley Bank AG ("**Morgan Stanley**") and Erste Group Bank AG ("**Erste Group**", and together with J.P. Morgan and Morgan Stanley, the "**Joint Global Coordinators**" or "**Joint Bookrunners**") and UBS Limited ("**UBS Investment Bank**" or the "**Co-Bookrunner**", and together with the Joint Global Coordinators, the "**Underwriters**").
	Lock-up agreements: the parties involved; and indication of the period of the lock up	In the underwriting agreement (the "**Underwriting Agreement**"), the Company will agree with each of the Underwriters that, to the extent legally permissible, for a period of 180 days following the first day of trading of the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014) and without the prior written consent of the Joint Global Coordinators, such consent not unreasonably to be withheld, the Company or, in respect of (a) and (b) below, the Company's management board (*Vorstand*; the "**Management Board**" or "**Management**") or Supervisory Board will not, and the Selling Shareholder will not vote its shares so as to cause the Company to: (a) exercise an authorization pursuant to its Articles of Association (*Satzung*) to increase its capital; (b) submit a proposal for a capital increase to any meeting of the shareholders for resolution; (c) offer, pledge, allot, issue (unless being required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, whether any such transaction described above is to be settled by delivery of shares in its capital or such other securities, in cash or otherwise (other than for the purpose of issuing ordinary shares or options for ordinary shares to directors or employees of the Company or

		any of the subsidiaries of the Company under a customary directors' and/or employees' stock option plan). In the Underwriting Agreement, the Selling Shareholder will undertake for a period of 360 days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014), and without the prior written consent of the Joint Global Coordinators, such consent not unreasonably to be withheld, not to: (a) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any securities convertible into or exercisable or exchangeable for shares of the Company, (b) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise, (c) make any demand for or exercise any right with respect to, the registration under U.S. securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company, or (d) propose any increase in the nominal share capital of the Company, vote in favor of such a proposed increase or otherwise support any capital increase proposed with respect to the Company. These restrictions shall not apply to transfers of shares if the receiving party agrees to be bound, in turn, by them. Further, each member of the Management Board will undertake in writing towards the Underwriters with regards to his entire shareholding in the Company from the initial public offering bonus the identical restrictions as the Selling Shareholder for a period of 360 days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014).
E.6	**The amount and percentage of immediate dilution resulting from the offer. In case of a subscription offer to the existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer**	The Group's shareholders' equity as of February 28, 2014 was EUR 224.8 million (excluding non-controlling interests), or EUR 224.8 million per the then only existing share representing the Company's share capital of then EUR 35,000. After giving effect to the sale of 15,789,474 New Shares at an Offer Price of EUR 9.50 per New Share, being the mid-point of the Price Range, the Group's shareholders' equity as of February 28, 2014 would have been EUR 349.2 million or EUR 7.6 per share, after deduction of the expected underwriting fees and other expenses of the Offering incurred by the Company. This represents an immediate dilution in shareholders' equity of EUR 1.9 or 19.7% per share to investors purchasing New Shares. Dilution per share to new investors is determined by subtracting shareholders' equity per share after the Offering from the Offer Price paid by a new investor.
E.7	**Estimated expenses charged to the investor by the issuer or the offeror**	Except for customary banking fees, investors will not be charged with expenses by the Company or the Underwriters.

GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS – ZUSAMMENFASSUNG DES PROSPEKTS

The following translation of the original summary is a separate document attached to this Prospectus. It does not form part of this Prospectus itself and has not been approved by the FMA. Further, the FMA has not reviewed the consistency of the translation with the original summary.

Die nachfolgende Übersetzung der Originalzusammenfassung ist ein separates Dokument, welches diesem Prospekt angeschlossen wurde. Sie ist selbst nicht Bestandteil dieses Prospekts und wurde nicht von der FMA gebilligt. Des Weiteren hat die FMA die Konsistenz der nachfolgenden Übersetzung mit der Originalzusammenfassung nicht geprüft.

*Zusammenfassungen bestehen aus geforderten Angaben, die als "**Punkte**" bezeichnet sind. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapieren und Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art der Wertpapiere und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis "Entfällt".*

A – EINLEITUNG UND WARNHINWEISE

A.1	**Einleitung und Warnhinweise**	Diese Zusammenfassung ist als Einleitung zu diesem Prospekt (der „**Prospekt**") zu lesen. Für Entscheidungen, die die Investition in die Wertpapiere betreffen, sollte der Anleger den Prospekt in seiner Gesamtheit berücksichtigen. In Fällen, in denen eine Klage im Zusammenhang mit den in diesem Prospekt enthaltenen Informationen vor einem Gericht erhoben wird, muss der Klage erhebende Anleger nach dem geltenden nationalen Recht des jeweiligen Mitgliedslands des Europäischen Wirtschaftsraums („**EWR**") eventuell die Kosten für die Übersetzung des Prospekts tragen, bevor das Gerichtsverfahren aufgenommen wird. FACC AG, Wien, Österreich (die „**Gesellschaft**", „**FACC**", die „**FACC Gruppe**" und die „**Gruppe**" beziehen sich auf FACC AG einschließlich aller ihrer konsolidierten Tochtergesellschaften), kann nur dann für den Inhalt dieser Zusammenfassung, einschließlich ihrer deutschen Übersetzung, verantwortlich gemacht werden, wenn die Zusammenfassung irreführend oder falsch ist oder Unstimmigkeiten mit den übrigen Teilen dieses Prospekts aufweist oder im Zusammenhang mit den übrigen Teilen dieses Prospekts nicht alle notwendigen Schlüsselinformationen enthält, die Anlegern bei der Entscheidung, in die Angebotsaktien (wie nachfolgend definiert) zu investieren, helfen sollen.
A.2	**Angabe über spätere Verwendung des Prospekts**	Die Gesellschaft erteilt ihre ausdrückliche Zustimmung zur Verwendung des Prospekts für den späteren Wiederverkauf oder die endgültige Platzierung von Aktien in Österreich von 4. Juni 2014 bis 27. Juni 2014 durch Finanzintermediäre, die gemäß Art. 4 Nummer 1 der Richtlinie 2006/48/EG des Europäischen Parlaments und des Europäischen Rates vom 14. Juni 2006 in ihrer jeweils gültigen Form zum Wertpapierhandel zugelassene Kreditinstitute sind („**Finanzintermediäre**"). Finanzintermediäre können während dieses Zeitraums einen Wiederverkauf tätigen oder die endgültige Platzierung der Angebotsaktien vornehmen. Die Gesellschaft übernimmt die Verantwortung für den Inhalt des Prospekts, auch im Hinblick auf einen künftigen Wiederverkauf oder die endgültige Platzierung von Angebotsaktien durch einen Finanzintermediär, der die Genehmigung zur Verwendung des

Prospekts erhalten hat; jegliche darüber hinausgehende Haftung der Gesellschaft ist ausgeschlossen. Die Genehmigung ist nicht an andere für die Verwendung des Prospekts relevante Bedingungen gebunden.

Die Gesellschaft kann ihre Genehmigung jederzeit widerrufen oder einschränken; dieser Widerruf oder diese Einschränkung machen einen Nachtrag zum Prospekt erforderlich.

Finanzintermediäre, die den Prospekt verwenden, müssen (i) auf ihrer Website angeben, dass sie den Prospekt gemäß der Genehmigung und den damit einhergehenden Konditionen verwenden, und (ii) dafür sorgen, dass sie alle einschlägigen Gesetze und Vorschriften einhalten, die in der betreffenden Rechtsordnung in Kraft sind.

Sollte ein Finanzintermediär ein Angebot unterbreiten, wird der betreffende Finanzintermediär Anlegern zum Zeitpunkt der Angebotsunterbreitung Informationen zu den Angebotsbedingungen zur Verfügung stellen.

B – EMITTENT

B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung der Gesellschaft lautet FACC AG. Der kommerzielle Name der Gesellschaft und der Gruppe lautet „FACC“.
B.2	**Sitz und Rechtsform des Emittenten, geltendes Recht, Land der Gründung**	Die Gesellschaft unterhält ihren eingetragenen Firmensitz unter Fischerstraße 9, 4910 Ried im Innkreis, Österreich, und ist im Firmenbuch unter der Nummer FN 336290 w eingetragen. Die Gesellschaft ist eine in der Republik Österreich gegründete österreichische Aktiengesellschaft und unterliegt österreichischem Recht.
B.3	**Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren, wobei Hauptprodukt- und/oder -dienstleistungs-kategorien sowie die Hauptmärkte, auf denen der Emittent vertreten ist, anzugeben sind**	Die Gesellschaft ist ihrer Auffassung nach eines der weltweit führenden Unternehmen in der Konstruktion, Entwicklung und Produktion von Verbundsystemen und schlüsselfertigen Lösungen für Flugzeugstrukturen, Triebwerke und Flugzeugrümpfe sowie Kabinenausstattungen für die internationale kommerzielle Luftfahrtbranche und einer der umsatzstärksten Anbieter von reinen Verbundbauteilen. Insbesondere stellt die Gesellschaft ihrer Auffassung nach unter den Nicht-Erstausrüstern (*Original Equipment Manufacturers*, „**OEMs**“, oder ein einzelner „**OEM**“) einen der größten Lieferanten von Verbundbauteilen für die kommerzielle Luftfahrtbranche und einen der größten Nicht-OEM-Lieferanten von Kabinenausstattungen in fragmentierten Märkten dar. Die Gruppe hält sich für eine Vorreiterin in der Entwicklung leichtgewichtiger Werkstoffe und liefert seit mehr als 20 Jahren Verbundbauteile an die global führenden Flugzeughersteller Airbus S.A.S. (und ihre verbundenen Unternehmen, „**Airbus**“) und The Boeing Company (und ihre verbundenen Unternehmen, „**Boeing**“). Die Gruppe unterhält zudem laufende Beziehungen zu vielen anderen führenden Flugzeugherstellern wie Bombardier Inc. (und verbundene Unternehmen, „**Bombardier**“), Empresa Brasileira de Aeronáutica, S.A. (und verbundene Unternehmen, „**Embraer**“), Commercial Aircraft Corporation of China Ltd. („**COMAC**“), Dassault Aviation S.A. („**Dassault**“) und Sukhoi Company JSC (und verbundene Unternehmen, „**Sukhoi**“). Zum Kundenstamm der Gruppe zählen auch führende Hersteller von Flugzeugtriebwerken, wie die Rolls-Royce Group plc (und verbundene Unternehmen, „**Rolls-Royce**“) und der

Geschäftsbereich Pratt & Whitney („**Pratt & Whitney**") der United Technologies Corporation.

FACC konstruiert und fertigt derzeit Bauteile und Baugruppen für alle wichtigen kommerziellen Luftfahrtprogramme der aktuellen und der nächsten Generation, darunter für den Airbus A350XWB (dessen Erstauslieferung für das vierte Quartal 2014 geplant ist), den Boeing 787 Dreamliner, Airbus A320NEO und Boeing 737MAX, die vier der weltweit größten Flaggschiffe unter den kommerziellen Flugzeugprogrammen darstellen.

Im am 28. Februar 2014 zu Ende gegangenen Geschäftsjahr verzeichnete die FACC einen Umsatz von EUR 547,4 Mio. und einem Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten und Abschreibungen („**EBITDA**") in Höhe von EUR 60,0 Mio. Die Gruppe ist gut positioniert, um angesichts ihrer Exposition gegenüber Verbundwerkstoffen vom aktuellen „Superzyklus" in der Luftfahrtindustrie zu profitieren; sie verfügt über ein breit gefächertes Portfolio mit einem hochwertigen Auftragsbestand, der 5,5 Jahresproduktionen entspricht, eine globale Supply Chain mit etabliertem Zugang zu Niedriglohn-Fertigungsstandorten und nachweislichen Erfolgen in ihrer operativen und finanziellen Leistung. Die Kombination des zugrunde liegenden Wachstums auf dem kommerziellen Luftfahrtsektor, mit dem erheblichen Anstieg in der Verwendung von Verbundwerkstoffen und der Zunahme von Auftragspaketen der FACC an den neuen Programmen im Vergleich zu den älteren Modellen hat das Fundament für Umsatzsteigerungen und Gewinn von Marktanteilen gelegt. Des Weiteren ist die Gruppe der Überzeugung, dass ihre in jüngster Zeit erfolgten beträchtlichen Investitionen in Einrichtungen, Anlagen und Leistungskompetenz im Verbund mit dem Anlauf der Lernkurve in wichtigen Programmen (z.B. Boeing 787 Dreamliner) sie für bessere Rentabilität in der Zukunft positionieren.

Mit Stand vom 28. Februar 2014 beschäftigte die FACC 2.966 Mitarbeiterinnen und Mitarbeiter weltweit. Ihre Reichweite in Fertigung und Supply Chain erstreckt sich auf Europa, den Nahen Osten, die USA, Kanada und Asien. Die Gruppe betreibt vier hochmoderne Fertigungsstätten und vier Konstruktionsstandorte in Österreich sowie jeweils ein Konstruktionsbüro in Kanada, der Volksrepublik China („**China**"), Deutschland, Indien, der Slowakei und den Vereinigten Staaten von Amerika (die „**Vereinigten Staaten**" oder „**USA**"). Die Einrichtungen in Österreich sind auf hochtechnologisch fortgeschrittene Produkte ausgerichtet. Die Gesellschaft unterhält zudem ein Montagewerk in Kanada sowie ein Supportzentrum und eine Wartungs-, Reparatur- und Überhol-Einrichtung (*Maintenance, Repair and Overhaul*, „**MRO**") in den Vereinigten Staaten, um ihren Kunden eine Betreuung vor Ort bieten zu können. Die Gruppe unterhält zudem Verträge mit internationalen Supply-Chain-Partnern in Abu Dhabi, China, Indien, Russland und Malaysia, um ihre Fertigungskapazitäten und Kompetenzen für bestimmte Verbundbauteile zu erhöhen, ihre Wettbewerbsfähigkeit bei den Kosten zu verbessern und Kunden weltweit bei der Erfüllung der einschlägigen Kompensationsauflagen zu unterstützen.

Die Gruppe betreibt drei Geschäftsbereiche (Divisionen): Aerostructures („**Division Aerostructures** oder „**Aerostructures"**), Interiors („**Division Interiors"** oder „**Interiors**") sowie Engines & Nacelles („**Division Engines & Nacelles**" oder „**Engines &**

Nacelles"), die jeweils 55,8%, 25,7% und 18,5% zum Umsatz für das am 28. Februar 2014 zu Ende gegangene Geschäftsjahr beisteuerten. Die Division Aerostructures fertigt Verbundbauteile für Steuerflächen, Verkleidungen und Flügelkomponenten. Die Division Engines & Nacelles fertigt Verbundbauteile und Baugruppen für die Triebwerke und den Rumpf von zivilen Luftfahrzeugen. Die Division Interiors bietet Bauteile für die Kabinenausstattung sowie vollständige Kabinenausstattungen für kommerzielle Luftfahrzeuge, Business Jets, Frachtflugzeuge und Hubschrauber. Dank ihrer überzeugenden technischen Führungsposition kann die Gruppe ihrem breit gefächerten Kundenstamm die gesamte Wertschöpfungskette von Forschung und Entwicklung über Konzeption und detaillierte Konstruktion bis hin zur großvolumigen Serienfertigung ihrer Verbundprodukte für kommerzielle Luftfahrzeuge und damit zusammenhängende Dienstleistungen während der gesamten Lebensdauer der Plattform bieten.

Nach ihrer Auffassung heben die folgenden Wettbewerbsstärken die Gruppe von ihren Wettbewerbern ab und bringen sie in eine gute Position, um in Zukunft Wachstums- und Gewinnchancen ergreifen zu können:

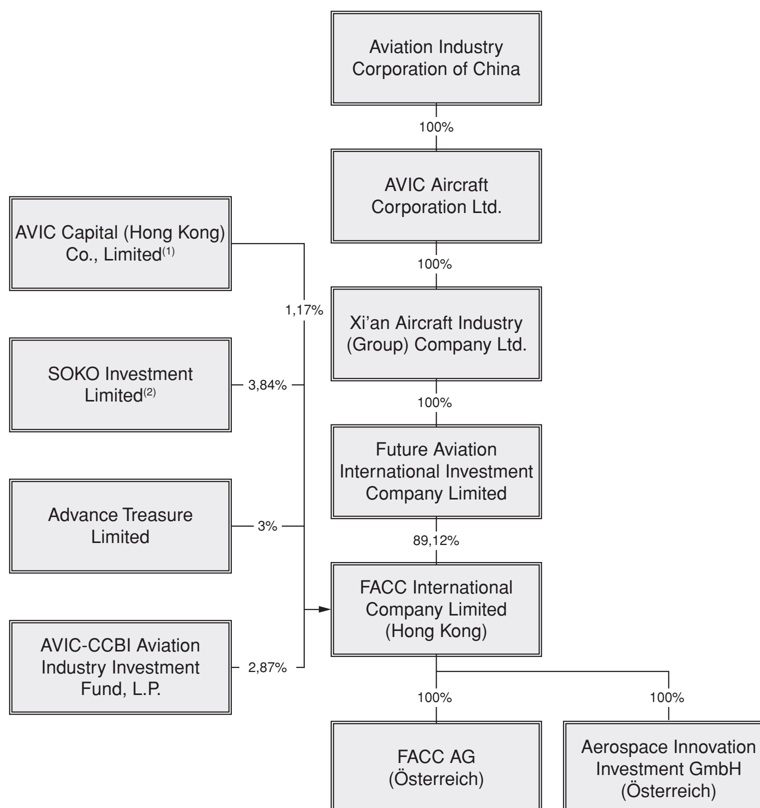
- Tier-1-Lieferant für Verbundbauteile für die kommerziell Luftfahrt in guter Position, um vom „Superzyklus" der Erstausrüster zu profitieren
- Komplettanbieter mit breit gefächerten Portfolio und hochwertigem Überhang, der auf lange Sicht für Umsatz sorgt
- globale technische Führungsposition dank starker Ausrichtung auf Forschung und Entwicklung
- Leistungskompetenz und umfangreiche Lieferkettennetze, die zu Verbesserungen in der Effizienz führen, sowie
- nachweisliche Erfolge dank einem erfahrenen Managementteam.

Der kontinuierliche strategische Fokus der FACC liegt auf der Stärkung ihrer Position als führender unabhängiger Tier-1-Lieferant weltweit für ein breites Spektrum an Verbundbauteilen und größeren Baugruppen für grundlegende Flugzeugstrukturen, Triebwerke und Flugzeugrümpfe sowie Kabinenausstattungen für den kommerziellen Luftfahrtsektor. Die wichtigsten Elemente zur Umsetzung der Wachstumsstrategie der Gruppe:

- Nutzung der Kompetenzen in der Produktinnovation zur Steigerung der Arbeitsteilung auf bestehenden und neuen Plattformen;
- Ausweitung des internationalen kostengünstigen Liefernetzes;
- Optimierung des Kostenmanagement und Umsetzung von Programmen zur Rentabilitätssteigerung sowie; und
- Verfolgung ausgewählter, ergänzender Akquisitionen.

B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken**	Die Gruppe ist der Auffassung, dass die im Folgenden erörterten Faktoren die Entwicklung ihres Geschäfts, ihrer Finanzlage und das Betriebsergebnis stark beeinflusst haben und dass diese Faktoren auch weiterhin einen wesentlichen Einfluss auf ihr Geschäft, ihre Finanzlage und ihr Betriebsergebnis in der Zukunft haben werden: • Entwicklung des kommerziellen Luftfahrtsektors und des allgemeinen wirtschaftlichen Umfelds; • Entwicklung neuer Flugzeugprogramme und Rückgewinnung von Produktentwicklungskosten; • Anlauf neuer Flugzeugprogramme; • stabile Produktionsmengen neuer Programme (nach der Anlaufphase); • Verzögerungen in den Entwicklungsprogrammen seitens der Kunden; • Auswirkungen von Änderungen an Produktspezifikationen seitens der Kunden im Zusammenhang mit Festpreisverträgen; • Volatilität der Rohstoffkosten; • Auslastung der Werke; • sukzessiver Beginn in der Division Engines & Nacelles; • Schwankungen von ausländischen Währungen und Zinsen sowie Veränderungen im Marktwert von Finanzderivaten; und • Saisonabhängigkeit.
B.5	**Beschreibung des Konzerns und der Stellung des Emittenten innerhalb dieses Konzerns**	FACC AG ist die Holdinggesellschaft der FACC Group. Das Geschäft der Gruppe wird in erster Linie durch die operativen Töchter, insbesondere die FACC Operations GmbH („**FACC Operations**") geführt.
B.6	**Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Grundkapital des Emittenten oder einen Teil der Stimmrechte halten oder eine Beherrschung ausüben**	Vor dem Abschluss des Angebots (wie nachfolgend definiert) hält die FACC International Company Limited, Hongkong (der „**Verkaufende Aktionär**") 100% der Aktien und Stimmrechte der Gesellschaft. Der übergeordnete beherrschende Aktionär des Verkaufenden Aktionärs ist die Aviation Industry Corporation of China, die indirekt 92,11% der Aktien des Verkaufenden Aktionärs hält. Die folgende Grafik zeigt die Kette der indirekten Beherrschung

seitens der Aviation Industry Corporation of China über den Verkaufenden Aktionär:



(1) Aviation Industry Corporation of China hält eine Beteiligung in Höhe von 41,68% an AVIC Capital (Hong Kong) Co. Limited, was einer indirekten Beteiligung von 0,49% an FACC International Company Limited (Hong Kong) entspricht.

(2) Aviation Industry Corporation of China hält indirekt eine Beteiligung in Höhe von 65,178% an SOKO Investment Limited, was einer indirekten Beteiligung von 2,5% an FACC International Company Limited (Hong Kong) entspricht.

(Quelle: Informationen der Gesellschaft)

Nach dem erfolgreichen Abschluss des Angebots (wie nachfolgend definiert) wird der Verkaufende Aktionär 55,5% des Aktienkapitals halten, wenn die Greenshoe-Option (wie nachfolgend definiert) nicht ausgeübt wird, oder 51%, wenn die Greenshoe-Option in vollem Umfang wahrgenommen wird.

Ob unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. diese Beherrschung ausübt und welcher Art die Beherrschung ist

Der Verkaufende Aktionär wird, solange er die Mehrheit der Aktien der Gesellschaft hält, einen erheblichen Einfluss ausüben und letztendlich den Ausgang der meisten Entscheidungen, die auf der Hauptversammlung der Gesellschaft (die „**Hauptversammlung**“) per Abstimmung vorgenommen werden, bestimmen können, einschließlich der Wahl, Benennung oder Enthebung von Mitgliedern des Aufsichtsrats der Gesellschaft (der „**Aufsichtsrat**“), der Genehmigung des Jahresabschlusses, der Ausschüttung von Dividenden, der Genehmigung zur Durchführung von Kapitalerhöhungen oder jeder sonstigen Entscheidung, die eines Beschlusses der Aktionäre der Gesellschaft bedarf. Der Verkaufende Aktionär wird auch den Ausgang einer Abstimmung über eine vorgeschlagene Änderung der Satzung der Gesellschaft (die „**Satzung**“), eine Kapitalerhöhung oder -herabsetzung, den Vorschlag einer Verschmelzung, eines

		substantiellen Verkaufs von Vermögenswerten oder sonstige bedeutende Unternehmenstransaktionen beherrschen oder erheblich beeinflussen können. Es gibt derzeit keine konkreten Instrumente zur Sicherstellung, dass eine derartige beherrschende Stellung nicht missbraucht wird.
	Stimmrechte	Jede Aktie der Gesellschaft besitzt bei der Hauptversammlung eine Stimme. Es bestehen keine Beschränkungen der Stimmrechte.
B.7	**Ob an dem Emittenten unmittelbare oder mittelbare Beteiligungen oder Beherrschungs-verhältnisse bestehen, wer diese Beteiligungen hält bzw. diese Beherrschung ausübt und welcher Art die Beherrschung ist**	Die folgenden ausgewählten Finanzdaten wurden dem geprüften Konzernjahresabschluss der Gesellschaft mit jeweiligem Stand vom und für die Geschäftsjahre mit jeweiligem Ende zum 28. Februar 2014, 28. Februar 2013 und 29. Februar 2012 entnommen oder daraus abgeleitet; sie umfassen jeweils die Konzernbilanz, die konsolidierte Erfolgsrechnung, die konsolidierte Konzerngeldflussrechnung, die Konzerneigenkapitalveränderungsrechnung sowie den Anhang (der „**Geprüfte Konzernjahresabschluss**"). Der Geprüfte Konzernjahresabschluss wurde von PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Hafenstraße 2a, 4020 Linz, Österreich („**PwC**") gemäß ihren Berichten, die dem Geprüften Konzernjahresabschluss beigefügt sind, geprüft. Die in diesem Kapitel vorgestellten ausgewählten Finanzdaten sind im Zusammenhang mit diesen Finanzdaten zu lesen und werden durch diese näher bestimmt. Der Geprüfte Konzernjahresabschluss wurde nach den International Financial Reporting Standards in ihrer von der Europäischen Union („**EU**") übernommenen Form („**IFRS**") erstellt. Anleger werden darauf hingewiesen, dass die Vergleichbarkeit des im Folgenden wiedergegebenen Geprüften Konzernjahresabschlusses aufgrund der Umstrukturierung der operativen Segmente der Gruppe nach IFRS 8 ab 1. März 2012 eingeschränkt ist.

FINANZDATEN AUS DER KONZERNGESAMTERGEBNISRECHNUNG
Geschäftsjahre mit Ende zum 28./29. Februar 2012, 2013 und 2014

Beträge in Tausend EUR (sofern nicht anders angegeben)	Geschäftsjahr mit Ende zum 28./29. Februar		
	2012 (geprüft)	2013 (geprüft)	2014 (geprüft)
Umsätze	**355.624**	**434.615**	**547.382**
Bestandsveränderungen	1.542	5.523	(8.186)
Aktivierte Eigenleistungen	4.995	4.741	9.758
Aufwand für Material und sonstige bezogene Leistungen	(210.133)	(257.105)	(308.959)
Personalaufwand	(91.799)	(110.519)	(142.572)
Abschreibungen	(16.364)	(17.214)	(18.042)
Sonstige betriebliche Erträge und Aufwendungen	(20.474)	(25.327)	(37.450)
Ergebnis von Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten	**23.391**	**34.714**	**41.931**
Finanzierungsaufwand	(1.763)	(2.722)	(7.494)
Zinserträge aus Finanzinstrumenten	220	26	281
Fair Value Bewertung von derivativen Finanzinstrumenten	(9.229)	(4.969)	1.781
Ergebnis vor Steuern	**12.619**	**27.049**	**36.499**
Steuern vom Einkommen	(2.160)	(6.277)	(7.639)
Ergebnis nach Steuern	**10.459**	**20.772**	**28.860**

(Quelle: Geprüfter Konzernjahresabschluss)

FINANZDATEN AUS DER KONZERNBILANZ
mit Stand zum 28./29. Februar 2012, 2013 und 2014

Beträge in Tausend EUR	Mit Stand zum 28./29. Februar		
	2012	2013	2014
	(geprüft)	(geprüft)	(geprüft)
AKTIVA			
Langfristiges Vermögen			
Immaterielle Vermögensgegenstände	100.117	103.713	126.307
Sachanlagen	72.552	91.530	129.862
Sonstige langfristige finanzielle Vermögenswerte	1.347	1.538	1.730
Langfristige Forderungen	16.141	20.878	16.677
	190.157	**217.659**	**274.575**
Kurzfristiges Vermögen			
Vorräte	44.763	56.365	81.049
Forderungen aus Lieferungen und Leistungen	63.978	97.165	100.111
Forderungen aus Fertigungsaufträgen	11.964	28.198	25.144
Sonstige Forderungen und Rechnungsabgrenzungsposten	8.355	5.906	19.027
Forderungen gegenüber verbundenen Unternehmen	6.400	802	14.812
Derivative Finanzinstrumente	2.851	4.760	3.590
Liquide Mittel	19.292	36.958	51.012
	157.603	**230.154**	**294.745**
Summe Aktiva	**347.760**	**447.813**	**569.320**
EIGENKAPITAL			
Stammkapital	35	35	35
Kapitalrücklage	144.006	144.006	125.006
Fremdwährungsumrechnungsrücklage	(74)	(75)	(127)
Gewinnrücklagen	(15)	—	—
Andere Rücklagen[(1)]	606	(609)	(1.434)
Bilanzgewinn	34.431	55.188	101.353
	178.989	**198.545**	**224.833**
Nicht beherrschende Anteile	—	—	(5)
Eigenkapital	**178.989**	**198.545**	**224.828**
SCHULDEN			
Mittel- und langfristige Verbindlichkeiten			
Schuldscheindarlehen	—	45.000	45.000
Anleihen	—	—	88.893
Sonstige Finanzverbindlichkeiten	17.275	18.187	57.028
Derivative Finanzinstrumente	7.625	11.734	9.953
Investitionszuschüsse	11.765	10.538	9.776
Verpflichtungen gegenüber Dienstnehmern[(1)]	4.760	6.886	7.581
Latente Steuern[(1)]	11.838	12.852	20.128
	53.263	**105.197**	**238.359**
Kurzfristige Verbindlichkeiten			
Verbindlichkeiten aus Lieferungen und Leistungen	35.467	55.453	55.694
Sonstige Verbindlichkeiten und Rechnungsabgrenzungsposten	14.370	18.073	23.553
Sonstige Finanzverbindlichkeiten	35.973	49.921	10.817
Anleihen	20.000	—	—
Derivative Finanzinstrumente	—	688	—
Sonstige Rückstellungen	7.560	13.896	10.476
Investitionszuschüsse	1.170	1.233	838
Ertragssteuerverbindlichkeiten	968	4.807	4.755
	115.508	**144.071**	**106.133**
Summe Schulden	**168.771**	**249.268**	**344.492**
Summe Eigenkapital und Schulden	**347.760**	**447.813**	**569.320**

(1) Die Zahlen mit Stand vom 28. Februar 2013 sind gemäß dem Geprüften Konzernjahresabschluss für das Geschäftsjahr mit Ende zum 28. Februar 2014 aufgenommen und wurden laut IAS 19 (überarbeitete Fassung 2011) bereinigt.

(Quelle: Geprüfter Konzernjahresabschluss)

FINANZDATEN AUS DER KONZERNGELDFLUSSRECHNUNG
Geschäftsjahre mit Ende zum 28./29. Februar 2012, 2013 und 2014

Beträge in Tausend EUR	Geschäftsjahr mit Ende zum 28./29. Februar		
	2012	2013	2014
	(geprüft)	(geprüft)	(geprüft)
Betriebliche Tätigkeit			
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten	23.391	34.714	41.931
Fair Value Bewertung von derivativen Finanzinstrumenten(1)	(9.229)	(4.969)	1.781
	14.162	**29.745**	**43.712**
zuzüglich/abzüglich			
Auflösung / Passivierung Investitionszuschüsse	(1.754)	(1.164)	1.587
Abschreibungen	16.364	17.214	18.042
Aufwendungen/(Erträge) aus Anlagenabgängen	7.063	848	17.568
Veränderungen von Finanzinstrumenten(1)	8.854	2.887	(1.376)
Veränderung langfristige Forderungen	(16.141)	(4.737)	4.202
Veränderung Verpflichtungen gegenüber Dienstnehmern, langfristig(2)	250	1,407	695
Neubewertungseffekte Pensionen und Abfertigungen(2)	—	(853)	(280)
	28.798	**45.347**	**84.150**
Veränderungen im Nettoumlaufvermögen Veränderung Vorräte	(7.362)	(11.602)	(24.683)
Veränderung Forderungen und Rechnungsabgrenzungsposten	(20.731)	(41.372)	(25.989)
Veränderung Verbindlichkeiten aus Lieferungen und Leistungen	11.946	19.985	241
Veränderung kurzfristiger Rückstellungen	3.016	6.270	(3.420)
Veränderung sonstiger kurzfristiger Verbindlichkeiten	549	2.685	6.663
Geldfluss aus betrieblicher Tätigkeit	16.216	21.313	36.963
Erhaltene Zinsen	219	25	281
Gezahlte Steuern	(85)	(193)	(166)
Nettogeldfluss aus laufender Geschäftstätigkeit	16.350	21.145	37.077
Investitionstätigkeit			
Auszahlungen für Zugang langfristiger finanzieller Vermögenswerte	(124)	(173)	(173)
Erwerb von Tochtergesellschaften abzüglich übernommener Zahlungsmittel	—	—	391
Auszahlungen für Sachanlagenzugang	(10.745)	(30.464)	(58.848)
Auszahlungen für immaterielle Vermögenswerte	(3.273)	(3.405)	(6.056)
Auszahlungen für Zugang Entwicklungskosten	(12.259)	(6.575)	(36.374)
Nettogeldfluss aus der Investitionstätigkeit	(26.401)	(40.617)	(101.060)
Finanzierungstätigkeit			
Einzahlungen aus Finanzkrediten und Anleihen	32.116	63.378	132.568
Auszahlungen aus Tilgungen von Finanzkrediten und Anleihen	(19.281)	(23.518)	(45.337)
Auszahlungen aus Zinsen von Finanzkrediten und Anleihen	(1.763)	(2.722)	(7.494)
Auszahlung Dividende	—	—	(1.700)
Nettogeldfluss aus der Finanzierungstätigkeit	11.072	37.138	78.037
Zahlungswirksame Veränderung des Finanzmittelbestandes	**1.021**	**17.666**	**14.054**
Finanzmittelbestand am Beginn der Periode	18.271	19.292	36.958
Finanzmittelbestand am Ende der Periode	**19.292**	**36.958**	**51.012**

(1) Umfasst Änderungen an Finanzinstrumenten, die nicht dem Nettoumlaufvermögen zugerechnet werden, d.h. hauptsächlich Derivate.

(2) Die Zahlen für das Geschäftsjahr mit Ende zum 28. Februar 2013 sind gemäß dem Geprüften Konzernjahresabschluss für das Geschäftsjahr mit Ende zum 28. Februar 2014 aufgenommen und wurden laut IAS 19 (überarbeitete Fassung 2011) bereinigt.

(Quelle: Geprüfter Konzernjahresabschluss)

ZUSÄTZLICHE KENNZAHLEN (Key Performance Indicators) mit Stand zum 28./29. Februar 2012, 2013 und 2014

Beträge in Tausend EUR, sofern nicht anders angegeben	Mit Stand zum 28./29. Februar		
	2012	2013	2014
	(ungeprüft, sofern nicht anders angegeben)	(ungeprüft, sofern nicht anders angegeben)	(ungeprüft, sofern nicht anders angegeben)
Auftragsbestand (Order Backlog) (Beträge in Mio. USD)	2,883	3,887	4,170
Umsätze (geprüft)	355.624	434.615	547.382
Aufwendungen für Forschung und Entwicklung			
Aktiviert	12.259	6.575	36.374
Ausgebucht[1]	30.446	49.268	19.182
Summe als % der Umsätze	12,0%	12,8%	10,2%
EBITDA[2] (geprüft)	39.755	51.928	59.973
EBITDA Marge (%)[3]	11,2%	11,9%	11,0%
EBIT[4] (geprüft)	23.391	34.714	41.931
EBIT Marge (%)[5]	6,6%	8,0%	7,7%
Nettoerlös nach Steuern, bereinigt um die Veränderung der Fair Value Bewertung von derivativen Finanzinstrumenten[6]	19.688	25.741	27.079
Nettoerlös Marge nach Steuern, bereinigt um die Veränderung der Fair Value Bewertung von derivativen Finanzinstrumenten (%)[7]	5,5%	5,9%	4,9%
Nettoumlaufvermögen[8]	79.223	114.108	146.084
Nettoumlaufvermögen Marge (%)[9]	22,3%	26,3%	26,7%
Geldfluss aus betrieblicher Tätigkeit	16.216	21.313	36.962
Nettoverschuldung[10]	53.956	76.150	150.726
Verhältnis von Nettoverschuldung zu EBITDA[11]	1,4	1,5	2,5

(1) Berechnet als Aufwendungen aus Forschung und Entwicklung plus aufgewendete Entwicklungskosten plus Abschreibungen.

(2) Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten und Abschreibungen.

(3) Berechnet als EBITDA als Prozentsatz des Umsatzerlöses.

(4) Erträge vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten.

(5) Berechnet als EBIT als Prozentsatz der Umsätze.

(6) Berechnet als Ergebnis nach Steuern, bereinigt um die Fair Value Bewertung von derivativen Finanzinstrumenten.

(7) Berechnet als Ergebnis nach Steuern, bereinigt um die Fair Value Bewertung von derivativen Finanzinstrumenten als Prozentsatz der Umsätze.

(8) Berechnet als Vorräte plus Forderungen aus Lieferungen und Leistungen plus Forderungen aus Fertigungsaufträgen plus sonstige Forderungen und Rechnungsabgrenzungsposten minus Verbindlichkeiten aus Lieferungen und Leistungen minus sonstige Verbindlichkeiten und Rechnungsabgrenzungsposten.

(9) Berechnet als Nettoumlaufvermögen als Prozentsatz der Umsätze.

(10) Berechnet als langfristige Schuldscheindarlehen plus langfristige Anleihen plus langfristige sonstige Finanzverbindlichkeiten plus kurzfristige sonstige Finanzverbindlichkeiten plus kurzfristige Anleihen minus liquide Mittel.

(11) Berechnet als Nettoverschuldung geteilt durch EBITDA.

(Quelle: Informationen der Gesellschaft, Geprüfter Konzernjahresabschluss)

SEGMENTBERICHTE
Geschäftsjahre mit Ende zum 28./29. Februar 2012, 2013 und 2014

GESCHÄFTSBEREICHE

Beträge in Tausend EUR	Geschäftsjahr mit Ende zum 28./29. Februar		
	2012 (bereinigt)[1]	2013	2014
	(geprüft)	(geprüft)	(geprüft)
AEROSTRUCTURES			
Umsätze	172.924	219.886	305.423
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten (EBIT)	17.219	25.810	41.117
Abschreibungen	6.628	7.439	8.421
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten und Abschreibungen (EBITDA)	23.847	33.250	49.539
ENGINES & NACELLES			
Umsätze	76.866	96.308	101.092
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten (EBIT)	(3.096)	375	(5.458)[2]
Abschreibungen	5.530	6.221	5.714
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten und Abschreibungen (EBITDA)	2.435	6.596	256
INTERIORS			
Umsätze	105.834	118.421	140.867
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten (EBIT)	9.268	8.527	6.271
Abschreibungen	4.206	3.554	3.907
Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten und Abschreibungen (EBITDA)	13.474	12.081	10.178

(1) Zahlen für das Geschäftsjahr mit Ende zum 29. Februar 2012 in der Spalte „2012 (bereinigt)" werden gemäß dem Geprüften Konzernjahresabschluss für 2013 aufgenommen und wurden bereinigt, um den neuen Geschäftsbereichen Rechnung zu tragen. Weitere Informationen hierzu sind der „Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting" zu entnehmen.

(2) Zahl weicht aufgrund eines typographischen Fehlers im Geprüften Konzernjahresabschluss für 2014 geringfügig von der entsprechenden Zahl im Geprüften Konzernjahresabschluss für 2014 ab.

(Quelle: Geprüfter Konzernjahresabschluss)

Wesentliche Veränderungen in der Finanzlage und in den Betriebsergebnissen des Emittenten	Die folgenden Änderungen in der Finanzlage und in den Betriebsergebnissen der Gesellschaft in Bezug auf die Posten Umsätze, EBITDA und Ergebnis vor Zinsen, Steuern und vor Fair Value Bewertung von derivativen Finanzinstrumenten („**EBIT**“) traten in den Geschäftsjahren mit Ende zum 28./29. Februar 2012, 2013 und 2014 ein. **Umsätze** ***2014 im Vergleich zu 2013*** Die Gesamtumsätze der FACC stiegen von EUR (der gesetzlichen Landeswährung von Österreich, „**EUR**“) 434,6 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 112,8 Mio. oder um 26% auf EUR 547,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Die Steigerung der Umsätze ergab sich in erster Linie durch einen Anstieg der Umsätze in allen drei Geschäftsbereichen. Die Umsätze für die Division Aerostructures stiegen von EUR 219,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 85,5 Mio. oder um 38,9% auf EUR 305,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Dieser Anstieg ergab sich in erster Linie aus den erhöhten Umsätzen aus Entwicklungs- und Engineering-Diensten im Zusammenhang mit dem Boeing 787 Dreamliner, Airbus A350, Airbus A330/340, Boeing 737, COMAC C919 und Bombardier Global 7000/8000 in Höhe von EUR 15,3 Mio., EUR 15,3 Mio., EUR 7,9 Mio., EUR 6,8 Mio., EUR 4,7 Mio. und EUR 1,3 Mio. pro Flugzeugtyp sowie aus einer Zunahme der Produktlieferungen für die Boeing 737, Boeing 787 Dreamliner, Airbus A321, Airbus A330/340, Airbus A380, Airbus A350 in Höhe von EUR 13,7 Mio., EUR 6,4 Mio., EUR 4,2 Mio., EUR 2,4 Mio., EUR 2,4 Mio. beziehungsweise EUR 2,4 Mio. Die Umsätze für die Division Engines & Nacelles stiegen von EUR 96,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 4,8 Mio. oder um 5,0% auf EUR 101,1 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Diese Steigerung ist hauptsächlich auf vermehrte Produktlieferungen für Triebwerkteile an Rolls Royce in Höhe von EUR 2,2 Mio. und gestiegene Umsätze aus Entwicklungs- und Engineering-Diensten für den Boeing 787 Dreamliner in Höhe von EUR 2,1 Mio. zurückzuführen. Die Umsätze für die Division Interiors stiegen von EUR 118,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 22,4 Mio. oder um 19,0% auf EUR 140,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Dieser Anstieg resultierte in erster Linie aus vermehrten Produktlieferungen für die Flugzeuge vom Typ SSJ-100, Airbus A320, Bombardier Challenger und Embraer Phenom 300 in einer jeweiligen Höhe von EUR 6,7 Mio., EUR 6,7 Mio., EUR 5,1 Mio. und EUR 3,2 Mio. ***2013 im Vergleich zu 2012*** Die Gesamtumsätze für FACC stiegen von EUR 355,6 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 um EUR 79,0 Mio. oder um 22,2% auf EUR 434,6 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Dieser Zuwachs der Umsätze wurde durch einen Anstieg des Umsatzerlöses in allen drei Geschäftsbereichen verursacht.

Die Umsätze für die Division Aerostructures wuchsen von EUR 172,9 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 47,0 Mio. oder um 27,2% auf EUR 219,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Diese Zunahme erfolgte in erster Linie auf Grund gestiegener Umsätze aus Entwicklungs- und Engineering-Diensten im Zusammenhang mit der C-Serie von Bombardier in Höhe von EUR 20,9 Mio.; hinzu kamen vermehrte Produktlieferungen für Boeing 737, Boeing 787 Dreamliner und Airbus A330/340 in einer jeweiligen Höhe von EUR 6,0 Mio., EUR 5,4 Mio. und EUR 4,4 Mio.

Die Umsätze für die Division Engines & Nacelles kletterten von EUR 76,9 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 19,4 Mio. oder um 25,2% auf EUR 96,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Dieser Anstieg der Umsätze ergab sich vorrangig aus vermehrten Produktlieferungen für den Boeing 787 Dreamliner in einer Höhe von EUR 11,2 Mio. und vermehrten Produktlieferungen und Umsatzerlösen aus Entwicklungs- und Engineerings-Diensten für Rolls Royce in Höhe von EUR 3,3 Mio.

Die Umsätze für die Division Interiors stiegen von EUR 105,8 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 12,6 Mio. oder um 11,9% auf EUR 118,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Diese Zunahme ergab sich in erster Linie auf Grund von vermehrten Produktlieferungen für den Bombardier Challenger und den Airbus A320 in einer Höhe von EUR 5,5 Mio. bzw. EUR 4,3 Mio.

EBITDA

2014 im Vergleich zu 2013

Das EBITDA für die FACC stieg von EUR 51,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 8,0 Mio. oder um 15,4% auf EUR 60,0 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das gesamte EBITDA der FACC als Prozentsatz der Gesamtumsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 11,0% zurück, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 bei 11,9% gelegen hatte.

Das EBITDA für die Division Aerostructures stieg von EUR 33,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 16,3 Mio. oder um 48,9% auf EUR 49,5 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das EBITDA der Division Aerostructures als Prozentsatz des Gesamtumsatzerlöses wuchs im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 9,1%, während er im Geschäftsjahr mit Ende zum 28. Februar 2013 7,7% betragen hatte. Der Anstieg des EBITDA ergab sich in erster Linie aus Produktlieferungen im Zusammenhang mit der Boeing 737 sowie aus Entwicklungs- und Engineering-Diensten für den Boeing 787 Dreamliner, die COMAC C919 und den Airbus A330/340. Der Anstieg des EBITDA als Prozentsatz des Gesamtumsatzerlöses ist in erster Linie ein Resultat von Skalenerträgen im Zusammenhang mit dem Programm zur Boeing 737 sowie aus den Entwicklungs- und Engineering-Diensten für den Boeing 787 Dreamliner, die COMAC C919 und den Airbus A330/340.

Das EBITDA für die Division Engines & Nacelles ging von EUR 6,6 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 6,3 Mio. oder um 95,5% auf EUR 0,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014 zurück. Das

EBITDA der Division Engines & Nacelles als Prozentsatz des Gesamtumsatzerlöses sank im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 0,0%, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 1,5% betragen hatte. Sowohl der Rückgang des EBITDA als auch der Rückgang des EBITDA als Prozentsatz der Gesamtumsätze sind in erster Linie auf das Anlaufen eines Programms im Zusammenhang mit dem Boeing 787 Dreamliner und auf Mehrkosten infolge von Produktionsunterbrechungen zurückzuführen, die sich aus Veränderungen an den Produktspezifikationen ergaben.

Das EBITDA für die Division Interiors schrumpfte von 12,1 Mio. EUR im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 1,9 Mio. oder um 15,8% auf EUR 10,2 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das EBITDA der Division Interiors als Prozentsatz der Gesamtumsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 1,9% zurück, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 2,8% betragen hatte. Verursacht wurde der Rückgang des EBITDA wie auch der Rückgang des EBITDA als Prozentsatz der Gesamtumsätze in erster Linie durch rückläufige Entwicklungs- und Engineering-Dienste im Zusammenhang mit der COMAC ARJ-21 und durch die Hochlaufkosten für den Airbus A350.

2013 im Vergleich zu 2012

Das gesamte EBITDA für die FACC stieg von EUR 39,8 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 um EUR 12,2 Mio. oder um 30,6% auf EUR 51,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das gesamte EBITDA der FACC als Prozentsatz der Gesamtumsätze erhöhte sich im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 11,9%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 bei 11,2% gelegen hatte.

Das EBITDA für die Division Aerostructures stieg von EUR 23,8 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 9,4 Mio. oder um 39,4% auf EUR 33,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBITDA der Division Aerostructures als Prozentsatz der Gesamtumsätze stieg im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 7,7%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) 6,7% betragen hatte. Das höhere EBITDA lag hauptsächlich in den Produktlieferungen für die Boeing 737 und den Boeing 787 Dreamliner sowie in den Entwicklungs- und Engineering-Diensten für die C-Serie von Bombardier und COMAC C919 begründet. Der Zuwachs des EBITDA als Prozentsatz der Gesamtumsätze beruhte in erster Linie auf den Skalenerträgen im Zusammenhang mit der Boeing 737 und dem Boeing 787 Dreamliner sowie auf den Entwicklungs- und Engineering-Diensten für die C-Serie von Bombardier und COMAC C919.

Der EBITDA für die Division Engines & Nacelles stieg von EUR 2,4 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 4,2 Mio. oder um 170,9% auf EUR 6,6 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBITDA der Division Engines & Nacelles als Prozentsatz der Gesamtumsätze stieg im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 1,5%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) 0,7% betragen hatte. Der Anstieg des EBITDA ebenso wie der Anstieg des EBITDA als Prozentsatz am

gesamten Umsatz lassen sich hauptsächlich auf erhöhte Produktlieferungen sowie Entwicklungs- und Engineering-Dienste für Bauteile der Pratt & Whitney PW 300 zurückführen.

Das EBITDA für die Division Interiors sank von EUR 13,5 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 1,4 Mio. oder um 10,4% auf EUR 12,1 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBITDA der Division Interiors als Prozentsatz der Gesamtumsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 2,8% zurück, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) 3,8% betragen hatte. Sowohl der Rückgang des EBITDA als auch der Rückgang des EBITDA als Prozentsatz der Gesamtumsätze sind in erster Linie das Ergebnis rückläufiger Gewinne aus Entwicklungs- und Engineering-Diensten; die Margen aus Produktlieferungen blieben dagegen stabil.

EBIT

2014 im Vergleich zu 2013

Das gesamte EBIT der FACC stieg von EUR 34,7 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 7,2 Mio. oder um 20,7% auf EUR 41,9 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das gesamte EBIT der FACC als Prozentsatz der Umsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 7,7% zurück, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 noch 8,0% betragen hatte.

Das EBIT für die Division Aerostructures stieg von EUR 25,8 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 15,3 Mio. oder um 59,3% auf EUR 41,1 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das EBIT der Division Aerostructures als Prozentsatz der Gesamtumsätze stieg im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 7,5%, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 bei 5,9% gelegen hatte. Der Anstieg des EBIT ergab sich in erster Linie aus Produktlieferungen für die Boeing 737 sowie aus Entwicklungs- und Engineering-Diensten für den Boeing 787 Dreamliner, die COMAC C919 und den Airbus A330/340. Der Anstieg des EBIT als Prozentsatz der Gesamtumsätze ist in erster Linie das Resultat von Skalenerträgen im Zusammenhang mit dem Programm zur Boeing 737 sowie der Entwicklungs- und Engineering-Dienste für den Boeing 787 Dreamliner, die COMAC C919 und den Airbus A330/340.

Das EBIT für die Division Engines & Nacelles schrumpfte von EUR 0,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 5,8 Mio. auf EUR −5,5 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das EBIT der Division Engines & Nacelles als Prozentsatz der Gesamtumsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2014 auf −1,0% zurück, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 +0,1% betragen hatte. Sowohl der Rückgang des EBIT als auch der Rückgang des EBIT als Prozentsatz der Gesamtumsätze sind in erster Linie auf das Anlaufen eines Programms zum Boeing 787 Dreamliner und auf Mehrkosten infolge von Produktionsunterbrechungen zurückzuführen, die sich aus Veränderungen an den Produktspezifikationen ergaben.

Das EBIT für die Division Interiors sank von EUR 8,5 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013 um EUR 2,3 Mio.

oder um 26,5% auf EUR 6,3 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2014. Das EBIT der Division Interiors als Prozentsatz der gesamten Umsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2014 auf 1,1% zurück, während es im Geschäftsjahr mit Ende zum 28. Februar 2013 bei 2,0% gelegen hatte. In erster Linie wurde der Rückgang des EBIT wie auch der Rückgang des EBIT als Prozentsatz der Gesamtumsätze durch geringere Entwicklungs- und Engineering-Dienste im Zusammenhang mit der COMAC ARJ-21 und durch Anlaufkosten für den Airbus A350 verursacht.

2013 im Vergleich zu 2012

Das gesamte EBIT der FACC stieg von EUR 23,4 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 um EUR 11,3 Mio. oder um 48,3% auf EUR 34,7 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das gesamte EBIT der FACC als Prozentsatz der Gesamtumsätze erhöhte sich im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 8,0%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 bei 6,6% gelegen hatte.

Das EBIT für die Division Aerostructures stieg von EUR 17,2 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 8,6 Mio. oder um 50,0% auf EUR 25,8 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBIT der Division Aerostructures als Prozentsatz der Gesamtumsätze stieg im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 5,9%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 bei 4,8% (bereinigt) gelegen hatte. Das höhere EBIT lag hauptsächlich in den Produktlieferungen für die Boeing 737 und den Boeing 787 Dreamliner sowie in den Entwicklungs- und Engineering-Diensten für die C-Serie von Bombardier und COMAC C919 begründet. Der Anstieg des EBIT als Prozentsatz der Gesamtumsätze beruhte in erster Linie auf den Skalenerträgen im Zusammenhang mit der Boeing 737 und dem Boeing 787 Dreamliner sowie auf den Entwicklungs- und Engineering-Diensten für die C-Serie von Bombardier und COMAC C919.

Das EBIT für die Division Engines & Nacelles stieg von EUR −3,1 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 3,5 Mio. auf EUR +0,4 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBIT der Division Engines & Nacelles als Prozentsatz der Gesamtumsätze stieg im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 0,1%, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 bei −0,9% (bereinigt) gelegen hatte. Der Anstieg des EBIT ebenso wie der Anstieg des EBIT als Prozentsatz am gesamten Umsatz lassen sich hauptsächlich auf erhöhte Produktlieferungen sowie auf Entwicklungs- und Engineering-Dienste für Bauteile der Pratt & Whitney PW 300 zurückführen.

Das EBIT für die Division Interiors sank von EUR 9,3 Mio. im Geschäftsjahr mit Ende zum 29. Februar 2012 (bereinigt) um EUR 0,7 Mio. oder um 8,0% auf EUR 8,5 Mio. im Geschäftsjahr mit Ende zum 28. Februar 2013. Das EBIT der Division Interiors als Prozentsatz der Gesamtumsätze ging im Geschäftsjahr mit Ende zum 28. Februar 2013 auf 2,0% zurück, während es im Geschäftsjahr mit Ende zum 29. Februar 2012 bei 2,6% (bereinigt) gelegen hatte. Sowohl der Rückgang des EBIT als auch der Rückgang des EBIT als Prozentsatz der Gesamtumsätze sind in erster Linie das Ergebnis rückläufiger Gewinne aus Entwicklungs-

		und Engineering-Diensten; die Margen aus Produktlieferungen blieben dagegen stabil.
B.8	**Ausgewählte wesentliche Pro-forma-Finanzinformationen**	Nicht zutreffend. Es sind keine Pro-forma-Finanzinformationen erforderlich.
B.9	**Gewinnprognosen oder -schätzungen**	Nicht zutreffend. Es wurde keine Prognose oder Schätzung zum Gewinn abgegeben.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Nicht zutreffend. Es bestehen keine Einschränkungen.
B.11	**Nicht Ausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen**	Nicht zutreffend. Das Nettoumlaufvermögen ist ausreichend.
C – WERTPAPIERE		
C.1	**Beschreibung von Art und Gattung der emittierten und/oder zum Handel zuzulassenden Wertpapiere, einschließlich jeder Wertpapierkennung**	Das Angebot (wie nachfolgend definiert) umfasst insgesamt bis zu 23.887.500 auf den Inhaber lautenden Stückaktien der Gesellschaft, wobei jede Aktie mit Wirkung ab 1. März 2014 einen nominellen Wert von 1,00 EUR am Grundkapital und volle Dividendenrechte besitzt. Die Angebotsaktien (wie nachfolgend definiert), die im Rahmen des Angebots (wie nachfolgend definiert) emittiert werden sollen, umfassen: • bis zu 18.750.000 neu emittierte auf den Inhaber lautende Stückaktien aus einer Kapitalerhöhung gegen Bareinlage, die im Rahmen einer außerordentlichen Hauptversammlung der Gesellschaft am oder um den 23. Juni 2014 beschlossen werden soll (die „**Neuen Aktien**“); • bis zu 5.801.653 bestehende, auf den Inhaber lautende Stückaktien der Gesellschaft (die „**Bestehenden Angebotsaktien**“), die von der FACC International Company Limited, Hongkong (der „**Verkaufende Aktionär**“) angeboten werden, sowie • in Zusammenhang mit möglichen Mehrzuteilungen („**Mehrzuteilungen**“) bis zu 2.171.591 auf den Inhaber lautende Stückaktien aus den Beständen des Verkaufenden Aktionärs (die „**Mehrzuteilungsaktien**“ und gemeinsam mit den Neuen Aktien und den Bestehenden Angebotsaktien die „**Angebotsaktien**“). Zum Zwecke der Zulassung zum Handel am Amtlichen Markt der Wiener Börse bezieht sich dieser Prospekt auf die gebündelten 30.000.000 bestehenden, auf den Inhaber lautenden Stückaktien (die „**Bestehenden Aktien**“) und die Neuen Aktien. Internationale Wertpapierkennnummer (ISIN): AT00000FACC2
C.2	**Währung der Wertpapieremission**	Euro.
C.3	**Anzahl der ausgegebenen und voll eingezahlten Aktien und der ausgegebenen, aber nicht voll eingezahlten Aktien**	Das Grundkapital der Gesellschaft beträgt 30.000.000 EUR und ist in 30.000.000 auf den Inhaber lautende Stückaktien unterteilt. Das gesamte Grundkapital ist voll einbezahlt.

	Nennwert pro Aktie bzw. Angabe, dass die Aktien keinen Nennwert haben	Jede Aktie der Gesellschaft steht für einen nominellen Wert von 1,00 EUR am Grundkapital.
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte**	Jede Aktie der Gesellschaft berechtigt zur Teilnahme an der Hauptversammlung, zur Abgabe einer Stimme bei der Hauptversammlung und gewährt das Recht, Fragen zu stellen. Es bestehen keine Beschränkungen der Stimmrechte. Die Angebotsaktien berechtigen mit Wirkung zum 1. März 2014 zum Erhalt von Dividenden und im Fall einer Abwicklung der Gesellschaft zum Erhalt von Erlösen aus der Liquidation.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Mit Ausnahme der unter E.5 beschriebenen Festlegungsvereinbarungen bestehen keine Einschränkungen zur Übertragbarkeit der Aktien der Gesellschaft.
C.6	**Angabe, ob für die angebotenen Wertpapiere die Zulassung zum Handel an einem geregelten Markt beantragt wurde bzw. beantragt werden soll, und Nennung aller geregelten Märkte, an denen die Wertpapiere gehandelt werden oder werden sollen**	Die Gesellschaft wird am oder um den 18. Juni 2014 einen Antrag auf Zulassung der Bestehenden Aktien und der Neuen Aktien zum Handel am Amtlichen Markt der Wiener Börse stellen. Der Handel mit den Bestehenden Aktien und den Neuen Aktien an der Wiener Börse wird voraussichtlich am 25. Juni 2014 aufgenommen.
C.7	**Beschreibung der Dividendenpolitik**	Die Gesellschaft beabsichtigt in Zukunft die Ausschüttung von Dividenden, die sich voraussichtlich in einer Bandbreite von 20% bis 30% des Konzernergebnis nach Steuern der Gesellschaft nach IFRS bewegen werden.
D – RISIKEN		
D.1	**Zentrale Angaben zu den zentralen Risiken, die dem Emittenten oder ihrer Branche eigen sind**	Interessierte Anleger sollten die im Folgenden dargelegten Risikofaktoren sowie die weiteren in diesem Prospekt enthaltenen Angaben sorgfältig abwägen, bevor sie eine Anlageentscheidung im Zusammenhang mit einer Investition in die Aktien der Gesellschaft treffen. Die Gruppe kann auch Risiken und Unwägbarkeiten ausgesetzt sein, die ihr zum jetzigen Zeitpunkt noch nicht bekannt sind. Sollten eines oder mehrere dieser Risiken einzeln oder gemeinsam auftreten oder durch ein(en) oder mehrere weitere Risiken oder Umstände verschärft werden, kann dies zu einer starken Beeinträchtigung der Geschäftstätigkeit der Gruppe führen und wesentliche negative Auswirkungen auf Aussichten, Geschäfte, Finanzlage und Betriebsergebnisse der Gruppe zeitigen. Weitere Risiken und Unwägbarkeiten, die der Gesellschaft derzeit nicht bekannt sind oder die sie zum gegenwärtigen Zeitpunkt als nicht bedeutsam erachtet, könnten ebenfalls zu wesentlichen Beeinträchtigungen von Aussichten, Geschäften, Finanzlage und Betriebsergebnissen der Gruppe führen. Die Reihenfolge, in der die einzelnen Risikofaktoren in diesem Abschnitt dargestellt werden, soll keinen Hinweis auf die Wahrscheinlichkeit eines bestimmten Risikos oder die Reichweite oder Bedeutung der einzelnen Risiken darstellen. Sollte eines der nachfolgend beschriebenen Risiken eintreten, kann dies zu einem Kursverlust der Aktien der Gesellschaft führen und Anleger könnten infolgedessen ihre Geldanlage teilweise oder ganz verlieren.

Risiken, die der Branche der Gruppe eigen sind

- Die Geschäftstätigkeit der Gruppe ist konjunkturabhängig und sensibel gegenüber der Ertragssituation kommerzieller Fluggesellschaften. Die Geschäftslage kommerzieller Fluggesellschaften wird wiederum von der weltwirtschaftlichen Lage und geopolitischen Überlegungen beeinflusst.
- Die Gruppe operiert in einem sehr wettbewerbsintensiven Geschäftsumfeld.
- Die Verwendung anderer Werkstoffe anstelle von Verbundbauteilen auf dem Luftfahrtmarkt könnte zu geringerer Nachfrage nach den Produkten der Gruppe führen.
- Eine erhebliche Konsolidierung in der Luftfahrtindustrie könnte es der Gruppe erschweren, an neue Aufträge zu gelangen.

Risiken, die dem Geschäft der Gruppe eigen sind

- Die Geschäfte der FACC unterliegen Fremdwährungsrisiken, insbesondere in Bezug auf den Wechselkurs zwischen USD und EUR, sowie Risiken im Zusammenhang mit entsprechenden Absicherungsgeschäften.
- Ein erheblicher Rückgang in den Geschäften mit den wichtigsten Kunden der Gruppe, insbesondere Airbus und Boeing, könnte sich negativ auf ihre Geschäfte, Finanzlage und Betriebsergebnisse auswirken.
- Bestrebungen aufseiten der internationalen Supply-Chain-Partner der FACC, ihren Marktanteil zu erhöhen, könnten sich negativ auf die Finanzergebnisse der FACC auswirken.
- Die Verletzung von Lizenzrechten für geistiges Eigentum, der Verstoß gegen Geheimhaltungspflichten oder der unterlassene Schutz von geistigem Eigentum im Besitz der Gruppe kann eine starke Beeinträchtigung ihrer Geschäfte nach sich ziehen.
- Die Geschäfte der Gruppe leiden, wenn bestimmte maßgebliche Führungskräfte oder Mitarbeiter aus der Gruppe ausscheiden, oder wenn die Gruppe bestens ausgebildete Mitarbeiter nicht anwerben und an sich binden kann.
- Bei künftigen Firmenzusammenschlüssen oder Akquisitionen der FACC kann es zu Schwierigkeiten beim Abschluss oder bei der Integration oder zu Störungen der Geschäftstätigkeit oder zur Ablenkung der Aufmerksamkeit der Konzernführung kommen.
- Die Gruppe ist Risiken ausgesetzt, die im Zusammenhang mit der Expansion ihrer Geschäftstätigkeit in China stehen.
- Die Geschäfte der Gruppe hängen zum großen Teil von den Verkäufen von Bauteilen für bestimmte neue Flugzeugprogramme ab.
- Die Gruppe geht Risiken im Zusammenhang mit neuen Flugzeugprogrammen ein.
- Die Geschäfte der FACC unterliegen Haftungsrisiken sowie Gewährleistungspflichten; es könnte zu einer schwerwiegenden Beeinträchtigung der Gruppe kommen, wenn eines der Bauteile zu einem Flugzeugunfall führt, der hohe Verteidigungskosten und erhebliche negative Auswirkungen auf ihre Geschäfte mit sich bringt.

- Hohe Umstellungskosten können die Fähigkeit der Gruppe stark beeinträchtigen, Aufträge zu bekommen, die derzeit an andere Lieferanten vergeben sind.
- Die Gruppe kann eventuell nicht alle Verkäufe realisieren, die aufgrund des bestehenden Auftragsbestands zu erwarten sind.
- Höhere Lohn- und Gehaltskosten, mögliche Arbeitskämpfe und Arbeitsunterbrechungen an ihren Standorten oder den Standorten ihrer Lieferanten oder Kunden könnten eine wesentliche Beeinträchtigung der Finanzergebnisse der Gruppe zur Folge haben.
- Die Gruppe ist zur Einhaltung von Umwelt-, Gesundheits- und Sicherheitsgesetzen und -verordnungen verpflichtet, darunter die Chemikalienverordnung REACH (Verordnung (EG) Nr. 1907/2006), und ihr fortlaufender Betrieb kann zu Haftungen in diesem Zusammenhang führen.
- Unterbrechungen bei der Lieferung von Bauteilen oder Rohstoffen oder Preissteigerungen für Bauteile oder Rohstoffe, die in Produkten eingesetzt werden, könnten zu Verzögerungen in der Produktion führen und/oder die Gewinnsituation der Gruppe wesentlich verschlechtern.
- Die Gruppe betreibt direkt und indirekt Geschäfte mit Kunden außerhalb von Europa, insbesondere in den Vereinigten Staaten, und ist deshalb den Risiken ausgesetzt, die Geschäfte im Ausland mit sich bringen.
- Die Geschäftstätigkeit der Gruppe könnte durch die Nichteinhaltung der Offset-Verpflichtungen ihrer OEM-Kunden negativ beeinflusst werden.
- Änderungen der Zinssätze können sich negativ auf die Gruppe auswirken.
- Die Gruppe ist unter Umständen gezwungen, ausstehende Forderungen oder im Vorfeld geleistete Investitionen abzuschreiben.
- Die Festpreisverträge können für die Gruppe ungünstig ausfallen.
- Der Erfolg der Gruppe hängt zum Teil davon ab, inwieweit die Gruppe ihre Engineering-Kompetenzen sowie ihre Forschungs- und Entwicklungsinitiativen zur Verfolgung neuer Geschäftsgelegenheiten einsetzen kann.
- Sollte die Gruppe nicht in der Lage sein, die erforderlichen Standards und Qualifikationen einzuhalten, die jetzt und in Zukunft von ihren Kunden, von der öffentlichen Hand, von Regulierungsbehörden oder Branchenverbänden gefordert werden, kann dies eine starke Beeinträchtigung der Geschäfte der Gruppe bedeuten.
- Die Gruppe unterliegt der Regulierung technischer Daten und Waren gemäß den europäischen und US-amerikanischen Ausfuhrkontrollgesetzen.
- Die Geschäftstätigkeit der Gruppe hängt von der fortlaufenden und unterbrechungsfreien Leistung des Informationstechnologie- („**IT**")-Systems und davon ab, dass die Gruppe in der Lage ist, die Produktion an ihren

		Fertigungsstätten fortlaufend und frei von Unterbrechungen aufrechtzuerhalten. • Die Gruppe hat bei der Fertigung und Lieferung ihrer Produkte Verzögerungen erlebt. • Unzureichende Liquidität kann wesentliche negative Auswirkungen auf die Geschäfte der Gruppe zeitigen. • Ein Verstoß gegen die Verpflichtungen aus den Anleihen oder Schuldverschreibungen der Gesellschaft könnten sich negativ auf ihre Finanzlage auswirken. • Die Gruppe erhält in Zukunft eventuell keine weiteren staatlichen Subventionen und staatlich subventionierte Darlehen mehr.
D.3	**Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind**	**Risiken im Zusammenhang mit der Aktionärsstruktur, den Aktien, dem Angebot und der Zulassung zum Handel** • Die FACC wird vom Verkaufenden Aktionär in der Hauptversammlung und im Aufsichtsrat beherrscht und wird dies auch bleiben; die Interessen des Verkaufenden Aktionärs weichen unter Umständen von denen der Gruppe oder der anderen Aktionäre ab. • Es gibt keinen vorrangigen Handelsmarkt für die Aktien der Gesellschaft und keine Gewissheit, dass sich ein liquider Markt für die Aktien entwickeln wird. • Der Marktkurs für die Aktien der Gesellschaft kann volatil sein. • Die Verkäufe von Aktien, die von dem Verkaufenden Aktionär gehalten werden, könnten sich negativ auf den Aktienkurs der Gesellschaft auswirken. • Die Fähigkeit der Gesellschaft, Dividenden auszuschütten oder ihre angestrebte Ausschüttungsquote zu erreichen, hängt in erster Linie vom Zufluss von Mitteln aus den Tochtergesellschaften der Gesellschaft ab. • Künftige Kapitalemissionen oder Emissionen von Instrumenten, die in Aktien umgewandelt werden können, oder etwaige Fusionen mit einem anderen Einheiten können die von den Anlegern gehaltenen Anteile an der Gesellschaft verwässern. • Im Falle der Insolvenz der Gesellschaft oder ihrer Tochtergesellschaften könnten ihre Aktionäre einen Totalverlust ihres Aktienwerts erleiden. • Eine Aussetzung des Handels mit den Aktien der Gesellschaft könnte den Aktienkurs negativ beeinflussen. • Durch die Zulassung der Aktien zum Handel an der Wiener Börse wird die Gesellschaft zusätzliche Verwaltungsvorgaben erfüllen, höhere laufende Kosten bewältigen und ihr internes Kontrollsystem anpassen müssen. • Die vorgeschlagene Steuer auf die Finanztransaktionen könnte zu einer beträchtlichen neuen Steuerlast auf dem Sekundärmarkt für Anleger führen, die die Aktien der Gesellschaft kaufen und damit in Österreich oder einem anderen Mitgliedsland der Europäischen Union, das eine derartige Steuer erhebt, Handel treiben.

- Anleger in den Vereinigten Staaten haben unter Umständen Schwierigkeiten mit der Vollstreckung von Urteilen, die in den USA gegen die Gesellschaft oder ihre Vorstände oder Hauptverantwortlichen in Österreich erwirkt werden.
- Die Rechte von Aktionären einer in Österreich konstituierten Gesellschaft unterscheiden sich eventuell von den Rechten, die die Aktionäre von in einer anderen Rechtsordnung organisierten Gesellschaften haben.
- Den in den USA ansässigen Eignern von Aktien der Gesellschaft und anderen nicht österreichischen Aktionären stehen möglicherweise keine Bezugsrechte zu.
- Schwankungen der Wechselkurse könnten den Wert der Aktien der Gesellschaft und der auf die Aktien gezahlten Dividenden für Anleger negativ beeinflussen, deren Hauptwährung nicht der Euro ist.

E – ANGEBOT

E.1 Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/des Angebots, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden

Der Verkaufende Aktionär wird eine Vergütung für den Verkauf der bestehenden Angebotsaktien und der Mehrzuteilungsaktien, falls zutreffend, erhalten. Die Gesellschaft erhält den Erlös aus dem Verkauf der Neuen Aktien, erhält aber keine Erlöse aus dem Verkauf der Bestehenden Angebotsaktien und der Mehrzuteilungsaktien. Die Gesellschaft wird (für die Neuen Aktien aus der Kapitalerhöhung) und der Verkaufende Aktionär (für die von ihm gehaltenen Aktien mit Ausnahme der Aktien aus einer möglichen Mehrzuteilung) den Underwriters wie nachfolgend definiert eine Basisprovision in Höhe von 2,5% ihrer jeweiligen Bruttoemissionserlöse aus dem Angebot zahlen. Zusätzlich zu dieser Basisprovision kann die Gesellschaft und der Verkaufende Aktionär den Underwriters eine zusätzliche Ermessensgebühr (im Hinblick auf die Gesellschaft von bis zu 1,25%) ihrer jeweiligen Bruttoemissionserlöse (einschließlich einer möglichen Mehrzuteilung) zahlen. Weiterhin wird die Gesellschaft den Underwriters bestimmte Ausgaben, welche diesen im Zusammenhang mit dem Angebot entstehen, erstatten. Zusätzlich wird der Verkaufende Aktionär den Underwriters eine Provision in Höhe von 2,5% des Angebotspreises (wie nachfolgend definiert) für jede Mehrzuteilungsaktie, die im Rahmen der Ausübung der Greenshoe-Option gekauft wurde, zahlen.

Die Höhe der Erlöse aus dem Angebot sowie die mit dem Angebot zusammenhängenden Kosten sind abhängig vom Angebotspreis (wie nachfolgend definiert), der auch die Höhe der zu zahlenden Provisionen an die Underwriter bestimmt, sowie von der Anzahl der Aktien, die im Rahmen des Angebots platziert werden.

Die Gesellschaft beabsichtigt aus der Kapitalerhöhung einen Bruttoemissionerlös in Höhe von EUR 150,0 Mio. zu erzielen und bietet hierzu bis zu 18.750.000 Neue Aktien (am unteren Ende der Preisspanne) an.

Ausgehend von (i) einem Angebotspreis (wie nachfolgend definiert) am unteren Ende, in der Mitte bzw. am oberen Ende der Preisspann, (ii) einer Platzierung der Höchstzahl an Angebotsaktien und (iii) einer vollen Ausübung der Greenshoe-Option, und des Weiteren ausgehend von einer vollständigen Bezahlung der im Ermessen der gesellschaft liegenden Gebühr von bis zu 1,25 % der Bruttoerlöse aus dem Verkauf der Neuen Aktien durch die Gesellschaft (entspricht bis zu

		EUR 1,9 Mio.), beträgt die den Underwriters zu zahlende Gesamtprovision EUR 6,7 Mio., EUR 7,2 Mio. bzw. EUR 7,8 Mio.. Davon entfallen EUR 5,6 Mio. auf die Platzierung der Neuen Aktien und werden von der Gesellschaft getragen; die verbleibenden ca. EUR 1,0 Mio., EUR 1,6 Mio. bzw. EUR 2,1 Mio. entfallen auf die Platzierung der Bestehenden Angebotsaktien und der Mehrzuteilungsaktien und werden von dem Verkaufenden Aktionär getragen. Die weiteren Kosten im Zusammenhang mit dem Angebot und der Zulassung des gesamten Aktienkapitals werden von der Gesellschaft getragen und belaufen sich voraussichtlich auf insgesamt rund EUR 4,1 Mio. (unter Ausschluss der Emissions- und Platzierungsprovisionen, die an die Underwriters (wie nachfolgend definiert) zu zahlen sind). Ausgehend von einem Bruttoemissionserlös aus dem Verkauf der Neuen Aktien in Höhe von EUR 150,0 Mio., einer von der Gesellschaft zu zahlenden Platzierungsprovision von EUR 5,6 Mio. und anderen mit dem Angebot im Zusammenhang stehenden von der Gesellschaft zu tragenden Kosten von ca. EUR 4,1 Mio. wird sich der Nettoemissionserlös der Gesellschaft aus dem Verkauf der Neuen Aktien auf ca. EUR 140,3 Mio. belaufen. Der Bruttoerlös des Verkaufenden Aktionärs aus dem Verkauf der Bestehenden Angebotsaktien und der Mehrzuteilungsaktien am unteren Ende, in der Mitte bzw. am oberen Ende der Preisspanne (ausgehend von einer Platzierung von 2.965.909; 4.607.656 bzw. 5.801.653 Bestehenden Angebotsaktien und unter der Annahme einer vollständigen Ausübung der Greenshoe-Option) wird sich auf ca. EUR 41,1 Mio., EUR 63,2 Mio. bzw. EUR 85,2 Mio. belaufen und der Netterlös des Verkaufenden Aktionärs wird sich auf ca. EUR 40,1 Mio., EUR 61,6 Mio. bzw. EUR 83,1 Mio. belaufen. Der endgültige Angebotspreis (der „**Angebotspreis**“) wird von der Gesellschaft und dem Verkaufenden Aktionär in Rücksprache mit den Joint Global Coordinators (wie nachfolgend definiert) auf der Grundlage eines Verfahrens zur Feststellung der zu erwartenden Zeichnungen am oder um den 23. Juni 2014 festgelegt. Anlegern werden keine Aufwendungen aufseiten der Gesellschaft oder der Underwriters (wie nachfolgend definiert) in Rechnung gestellt.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse**	Unter der Annahme eines Bruttoemissionserlöses aus dem Verkauf der Neuen Aktien in Höhe von EUR 150,0 Mio. wird der Nettoemissionserlös der Gesellschaft ca. EUR 140,3 Mio. betragen. Die Gesellschaft beabsichtigt, die Nettoerlöse aus der Emission zu folgenden Zwecken zu verwenden: (i) Finanzierung ihrer Expansion, (ii) Erweiterung ihrer Kompetenz zur Entwicklung und Fertigstellung tragender Bauteile, (iii) weitere Ausrichtung auf Produktinnovation, (iv) Expansion der internationalen kosteneffektiven Beschaffung von Rohstoffen und Produktion, sowie (v) die Übernahme einer aktiven Rolle bei der Konsolidierung des Flugzeugstrukturenmarktes und Verfolgung ausgewählter ergänzender Akquisitionen und Partnerschaften, die im Einklang mit ihrer Strategie stehen.
E.3	**Beschreibung der Angebotsbedingungen**	Das Angebot (das „**Angebot**“) setzt sich aus dem öffentlichen Angebot der Angebotsaktien an Privatanleger und institutionelle Anleger in Österreich und aus privaten Platzierungen der Angebotsaktien in bestimmten Rechtsordnungen außerhalb von

Österreich zusammen. In den Vereinigten Staaten werden die Angebotsaktien qualifizierten institutionellen Käufern (*Qualified Institutional Buyers*, „**QIBs**") gemäß Rule 144A („**Rule 144A**") nach dem Wertpapiergesetz der USA (*U.S. Securities Act*) von 1933 in seiner aktuell gültigen Fassung („**Securities Act**") zum Verkauf angeboten. Außerhalb der Vereinigten Staaten werden die Angebotsaktien gemäß Regulation S des Securities Act angeboten.

Weiters bietet die Gesellschaft im Rahmen des Angebots Ausgewählten Mitarbeitern (siehe die Definition unten) an, Angebotsaktien mit einem Wert von bis zu EUR 7.300 pro Ausgewähltem Mitarbeiter zu einem um 20% des Angebotspreises reduzierten Kaufpreis (entspricht einer maximalen Ermäßigung von EUR 1.460) zu erwerben (das "**Mitarbeiterangebot**"). Die Mindestanzahl an Angebotsaktien, die im Rahmen des Mitarbeiterangebots angekauft werden können, beträgt 40 Angebotsaktien pro Ausgewähltem Mitarbeiter. Kaufaufträge über mehr als EUR 7.300 werden auf EUR 7.300 reduziert. Mitarbeiter können im Rahmen des öffentlichen Angebots in Österreich Kaufaufträge von mehr als EUR 7.300 abgeben (allerdings ohne Preisabschlag). Das Mitarbeiterangebot gilt nur in Österreich. Aktienkaufaufträge im Rahmen des Mitarbeiterangebots können ausschließlich bei der Allgemeinen Sparkasse Oberösterreich Bankaktiengesellschaft oder der Erste Bank der oesterreichischen Sparkassen AG erteilt werden.

Der reduzierte Kaufpreis für die im Rahmen des Mitarbeiterangebots erworbenen Angebotsaktien unterliegt einer Behaltefrist bis zum 24. Juni 2016. Werden im Rahmen des Mitarbeiterangebots erworbene Angebotsaktien vor dem 24. Juni 2016 verkauft oder übertragen, oder wenn der Ausgewählte Mitarbeiter keinen jährlichen Depotauszug vorlegt, aus dem ersichtlich ist, dass die im Rahmen des Mitarbeiterangebots erworbenen Angebotsaktien durchgehend bei einer der im vorigen Paragraph genannten Banken verwahrt waren, ist die erhaltene Ermäßigung an die Gesellschaft zurückzuzahlen. Im Fall einer Beendigung des Dienstverhältnisses eines Ausgewählten Mitarbeiters vor dem 25. Juni 2016 endet die Behaltefrist mit dem letzten Tag des Dienstverhältnisses.

"**Ausgewählte Mitarbeiter**" sind alle Voll- und Teilzeitmitarbeiter, einschließlich Angestellte, Arbeiter, karenzierte Mitarbeiter und Wehr- und Zivildiener, die seit dem 17. Juni 2014 zur FACC AG oder einer ihrer oesterreichischen Tochtergesellschaften in einem unbefristeten und ungekündigten Dienstverhältnis stehen.

Preisspanne

Die Preisspanne, innerhalb derer Kaufaufträge erteilt werden können, liegt zwischen EUR 8,00 und EUR 11,00 pro Angebotsaktie.

Angebotszeitraum

Der Angebotszeitraum, in dem Anleger Kaufaufträge für die Angebotsaktien abgeben können (der „**Angebotszeitraum**"), beginnt am 4. Juni 2014 und wird voraussichtlich am 23. Juni 2014 um 12.00 Uhr MEZ für Privatanleger und um 16.00 Uhr MEZ für institutionelle Anleger enden.

Kaufaufträge müssen auf ganze Euro oder auf Euro-Cent in Schritten zu 25, 50 oder 75 Cent lauten. Mehrere Kaufaufträge sind zulässig.

Privatanleger in Österreich können Angebotsaktien bei der Erste Bank der oesterreichischen Sparkassen AG, sämtliche österreichischen Sparkassen oder der Brokerjet Bank AG (brokerjet.at) während des Angebotszeitraums zeichnen. Privatanleger, die Kaufaufträge von bis zu 1.500 Angebotsaktien vor dem 23. Juni 2014, 12.00 Uhr MEZ abgeben, erhalten eine bevorzugte Zuteilung. Der Zeitraum für eine bevorzugte Zuteilung an Privatanleger kann jederzeit, bei vorheriger Mitteilung einen Tag im Voraus, verkürzt werden.

Änderungen der Angebotsbedingungen

Die Gesellschaft und der Verkaufende Aktionär behalten sich gemeinsam mit den Joint Global Coordinators (wie nachfolgend definiert) das Recht vor, die Gesamtzahl der Angebotsaktien zu erhöhen oder zu senken und/oder den Angebotszeitraum zu verlängern bzw. zu verkürzen. Änderungen der Anzahl der Angebotsaktien oder die Verlängerung bzw. Verkürzung des Angebotszeitraums haben keinen Einfluss auf die Gültigkeit von Kaufangeboten, die bereits eingegangen sind. Sollte eine derartige Änderung die Veröffentlichung eines Nachtrags zu diesem Prospekt erforderlich machen, haben die Anleger, die ihre Kaufaufträge vor der Veröffentlichung des Nachtrags abgegeben haben, nach dem österreichischen Kapitalmarktgesetz von 1991 in seiner aktuell gültigen Fassung („**Kapitalmarktgesetz**") das Recht, diese Kaufaufträge innerhalb von zwei Werktagen nach der Veröffentlichung des Nachtrags zurückzuziehen. Statt ihre Kaufangebote, die vor der Veröffentlichung des Nachtrags abgegeben wurden, zurückzuziehen, dürfen Anleger innerhalb von zwei Werktagen nach der Veröffentlichung des Nachtrags ihre Order auch ändern oder neue begrenzte oder unbegrenzte Kaufangebote platzieren. Insoweit eine Änderung der Angebotsbedingungen erfolgt, wird diese Änderung über elektronische Medien (wie Reuters oder Bloomberg) und, falls dies nach dem österreichischen Börsengesetz (das „**Börsengesetz**") oder dem Kapitalmarktgesetz erforderlich ist, als Ad-hoc-Meldung in einem elektronischen Informationssystem, auf der Website der Gesellschaft und als Nachtrag zu diesem Prospekt bekannt gegeben. Anleger, die Kaufangebote abgegeben haben, werden nicht einzeln verständigt.

Lieferung und Bezahlung

Die Underwriters gehen davon aus, dass die im Rahmen des Angebots zugeteilten und zugewiesenen Angebotsaktien als buchmäßige Lieferung von Wertpapieren durch die Einrichtungen der Oesterreichischen Kontrollbank Aktiengesellschaft („**OeKB**"), Euroclear und Clearstream gegen die Entrichtung des Angebotspreises am oder um den 27. Juni 2014 überstellt werden.

Stabilisierung, Mehrzuteilungen und Greenshoe-Option

Im Zusammenhang mit der Emission kann J.P. Morgan Securities plc, die im Auftrag der Underwriters als Stabilisierungsmanager („**Stabilisierungsmanager**") fungiert, selbst oder über Tochtergesellschaften Stabilisierungsmaßnahmen ergreifen, die auf die Stützung des Börsen- oder Marktkurses der Angebotsaktien ausgerichtet sind und den Verkaufsdruck dieser Wertpapiere ausgleichen sollen. Der Stabilisierungsmanager ist nicht zur Stabilisierung verpflichtet, und es besteht keine Gewähr, dass die Stabilisierung überhaupt vorgenommen wird. Wenn tatsächlich eine Stabilisierung vorgenommen wird, kann diese jederzeit

		stillschweigend wieder ausgesetzt werden. Maßnahmen zur Stabilisierung können von dem Tag an, zu dem der Handel mit den Angebotsaktien an der Wiener Börse aufgenommen wurde, beginnen und dürfen höchstens bis zum dreißigsten Kalendertag danach fortgesetzt werden (der „**Stabilisierungszeitraum**"). Die Stabilisierung kann bei den Angebotsaktien zu einem Börsen- oder Marktkurs führen, der höher als ein anderweitig zustande gekommener Kurs ausfällt; es ist auch möglich, dass der Börsen- oder Marktkurs ein Niveau erreicht, das nicht dauerhaft aufrechterhalten werden kann. Angesichts der möglichen Stabilisierungsmaßnahmen und zusätzlich zu den bestehenden Angebotsaktien und neuen Aktien können Anleger bis zu 2.171.591 Mehrzuteilungsaktien zugeteilt bekommen. Die Mehrzuteilungsaktien, die für mögliche Mehrzuteilungen notwendig sind, werden dem Stabilisierungsmanager auf Konto der Underwriters vom Verkaufenden Aktionär gemäß einer Vereinbarung über eine Aktienleihe vorübergehend kostenfrei zur Verfügung gestellt. Der Verkaufende Aktionär hat den Underwriters zudem eine Option gewährt, die geliehenen Aktien zum Angebotspreis abzüglich der vereinbarten Provisionen von dem Verkaufenden Aktionär zu erwerben (die „**Greenshoe-Option**"). Diese Greenshoe-Option erlischt 30 Kalendertage nach dem ersten Tag des Handels mit den bestehenden Aktien und den neuen Aktien an der Wiener Börse. Der Stabilisierungsmanager ist zur Ausübung der Greenshoe-Option in dem Umfang berechtigt, in dem die Mehrzuteilungen an Aktien ursprünglich erfolgt sind; die Menge an Aktien ist um die Anzahl an Aktien zu reduzieren, die vom Stabilisierungsmanager zu dem Datum gehalten werden, an dem die Greenshoe-Option ausgeübt wird und die vom Stabilisierungsmanager im Zusammenhang mit Stabilisierungsmaßnahmen erworben wurden. Der Stabilisierungsmanager darf diese Greenshoe-Option auf Konto der Underwriters jeweils bis spätestens 30 Tage nach dem ersten Handelstag mit den Bestehenden Aktien und den Neuen Aktien ausüben. Nach Beendigung des Stabilisierungszeitraums wird innerhalb von einer Woche in verschiedenen Medien, die den gesamten Europäischen Wirtschaftsraum abdecken, bekannt gegeben, ob Maßnahmen zur Stabilisierung ergriffen wurden, wann die Kursstabilisierung begann und endete, und innerhalb welcher Kursspanne die Stabilisierung erfolgte; Letztere wird für jede einzelne Kursstabilisierung bekannt gegeben. Falls die Greenshoe-Option ausgeübt wird, werden die Termine der Optionsausübung sowie die Anzahl der betroffenen Aktien ebenfalls öffentlich bekannt gegeben.
E.4	**Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen**	Im Zusammenhang mit dem Angebot und der Zulassung zum Handel der Bestehenden Aktien und der Neuen Aktien sind die Underwriters ein Vertragsverhältnis mit der Gesellschaft und dem Verkaufenden Aktionär eingegangen. Die Underwriters handeln bei dem Angebot für die Gesellschaft und den Verkaufenden Aktionär und koordinieren die Strukturierung und Durchführung des Angebots. Nach der erfolgreichen Umsetzung des Angebots erhalten die Underwriters eine Provision. Die Underwriters tätigen von Zeit zu Zeit im Rahmen ihrer üblichen Geschäftstätigkeit voneinander getrennt Anlage-, Beratungs- und Finanzgeschäfte mit der FACC Gruppe und

werden dies in Zukunft möglicherweise auch weiterhin tun. Alle Anlage-, Beratungs- und Finanzgeschäfte mit den Underwriters erfolgen auf rein geschäftlicher Grundlage.

Der Verkaufende Aktionär wird eine Vergütung für den Verkauf der Bestehenden Angebotsaktien und der Mehrzuteilungsaktien, falls zutreffend, erhalten. Die Gesellschaft erhält keine Erlöse aus dem Verkauf der Bestehenden Angebotsaktien und der Mehrzuteilungsaktien.

E.5 **Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet**

Die Angebotsaktien werden von der J.P. Morgan Securities plc („**J.P. Morgan**"), der Morgan Stanley Bank AG („**Morgan Stanley**"), Erste Group Bank AG ("**Erste Group**" und gemeinsam mit J.P. Morgan und Morgan Stanley, die „**Joint Global Coordinators**" oder „**Joint Bookrunners**"), und UBS Limited („**UBS Investment Bank**" und „**Co-Bookrunner**" und gemeinsam mit den Joint Global Coordinators die „**Underwriters**") zum Verkauf angeboten.

Bei Lock-up-Vereinbarungen die beteiligten Parteien und die Lock-up-Frist

In der Underwriting-Vereinbarung (die „**Underwriting-Vereinbarung**") wird die Gesellschaft mit jedem Underwriter Folgendes vereinbaren: Die Gesellschaft oder in Bezug auf die folgenden Punkte (a) und (b) der Vorstand (der „**Vorstand**" oder das „**Management**") oder der Aufsichtsrat der Gesellschaft werden im rechtlich zulässigen Rahmen über einen Zeitraum von 180 Tagen nach dem ersten Handelstag mit den Bestehenden Aktien und den Neuen Aktien an der Wiener Börse (was nach gegenwärtigen Annahmen am 25. Juni 2014 der Fall sein wird) ohne die vorherige schriftliche Genehmigung vonseiten der Joint Global Coordinators, die diese Genehmigung nicht grundlos verweigern dürfen, Folgendes unterlassen, und der Verkaufende Aktionär wird keine Stimmabgabe ihrer Aktien tätigen, die die Gesellschaft zu Folgendem veranlassen würden:

(a) Ausübung einer Ermächtigung gemäß ihrer Satzung zur Erhöhung ihres Kapitals

(b) Unterbreitung eines Vorschlags zur Kapitalerhöhung zum Beschluss auf einer Aktionärsversammlung

(c) Angebot, Zusicherung, Zuteilung, Ausgabe (es sei denn, dies ist auf Grund der geltenden Gesetze erforderlich), Verkauf, Vereinbarung zum Verkauf, Verkauf von Kaufoptionen oder -verträgen, Kauf einer Verkaufsoption, Gewährung von Optionen, Rechten oder Garantien zum Kauf oder die anderweitige direkte oder indirekte Übertragung oder Veräußerung von Kapitalanteilen oder Wertpapieren, die in Aktien an ihrem Kapital umgewandelt oder dafür ausgeübt oder ausgetauscht werden können, oder die Vereinbarung von Swaps oder sonstige Vereinbarungen, die das wirtschaftliche Risiko der Eigentümerschaft von Kapitalanteilen ganz oder teilweise übertragen, unabhängig davon, ob diese oben beschriebene Transaktion durch die Lieferung von Aktien am Kapital oder den genannten anderen Wertpapieren, durch Bargeld oder anderweitig beglichen werden soll (ausgenommen zum Zweck der Ausgabe von Stammaktien oder Optionen auf Stammaktien an Vorstände oder Mitarbeiter der Gesellschaft oder einer der Tochtergesellschaften der Gesellschaft im Rahmen eines üblichen Aktienoptionsplans für Vorstände und Mitarbeiter).

In der Underwriting-Vereinbarung wird sich der Verkaufende Aktionär verpflichten, in einem Zeitraum von 360 Tagen nach dem

ersten Handelstag mit den Bestehenden Aktien und den Neuen Aktien an der Wiener Börse (was nach gegenwärtigen Annahmen am 25. Juni 2014 der Fall sein wird) und ohne die vorherige schriftliche Genehmigung vonseiten der Joint Global Coordinators die diese Genehmigung nicht grundlos verweigern dürfen Folgendes zu unterlassen:

(a) Angebot, Zusicherung, Zuteilung, Verkauf, Vereinbarung zum Verkauf, Verkauf von Kaufoptionen oder -verträgen, Kauf von Verkaufsoptionen, Gewährung von Optionen, Rechten oder Garantien zum Kauf oder die anderweitige direkte oder indirekte Übertragung oder Veräußerung von Kapitalanteilen oder Wertpapieren, die in Aktien der Gesellschaft umgewandelt oder dafür ausgeübt oder ausgetauscht werden können

(b) Vereinbarung von Swaps oder sonstige Vereinbarungen, die das wirtschaftliche Risiko der Eigentümerschaft von Kapitalanteilen ganz oder teilweise auf Dritte übertragen, unabhängig davon, ob diese in den obigen Punkten (a) oder (b) beschriebene Transaktion durch die Lieferung von Aktien der Gesellschaft oder den genannten anderen Wertpapieren, durch Bargeld oder anderweitig beglichen werden soll,

(c) Forderung nach oder Ausübung von Rechten in Bezug auf die Registrierung nach den US-amerikanischen Wertpapiergesetzen von Aktien der Gesellschaft oder von Wertpapieren, die in Aktien der Gesellschaft umgewandelt oder dafür ausgeübt oder ausgetauscht werden können, oder

(d) Vorschlag zur Erhöhung des Grundkapitals der Gesellschaft, Stimmabgabe zugunsten eines derartigen Erhöhungsvorschlags oder die anderweitige Unterstützung von Kapitalerhöhungen, die im Hinblick auf die Gesellschaft vorgeschlagen werden.

Diese Einschränkungen gelten nicht für die Übertragung von Aktien, wenn sich die Empfängerpartei ihrerseits verpflichtet, diese als verbindlich anzuerkennen.

Darüber hinaus wird jedes Mitglied des Vorstands den Underwriters gegenüber schriftlich versichern, dass in Bezug auf seinen gesamten Bestand an Aktien der Gesellschaft aus dem Bonus des ersten Börsengangs für einen Zeitraum von 360 Tagen nach dem ersten Handelstag mit den Bestehenden Aktien und den Neuen Aktien an der Wiener Börse (was nach den gegenwärtigen Annahmen am 25. Juni 2014 der Fall sein wird) dieselben Einschränkungen wie für den Verkaufenden Aktionär gelten.

E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung. Im Falle eines Zeichnungsangebots an die existierenden Anteilseigner Betrag und Prozentsatz der unmittelbaren Verwässerung, für den Fall, dass sie das neue Angebot nicht zeichnen**	Das Eigenkapital der Gruppe betrug mit Stand zum 28. Februar 2014 EUR 224,8 Mio. (ausgenommen nicht-beherrschende Anteile), oder EUR 224,8 Mio. für die einzige zu diesem Zeitpunkt bestehende Aktie, die das Grundkapital der Gesellschaft in Höhe von EUR 35.000 darstellt. Nach dem Wirksamwerden des Verkaufs von 15.789.474 Neuen Aktien zu einem Angebotspreis von 9,50 EUR pro Neuer Aktie, was die Mitte der Preisspanne bedeutet, hätte das Eigenkapital der Gesellschaft zum 28. Februar 2014 nach Abzug der zu erwartenden Emissionsgebühren und sonstigen Aufwendungen, die der Gesellschaft im Rahmen des Angebots entstanden sind, bei EUR 349,2 Mio. oder EUR 7,6 pro Aktie gelegen. Dies stellt für die Anleger, die Neue Aktien kaufen, eine unmittelbare Verwässerung des Anlagekapitals in Höhe von 7,9 EUR bzw. 19,7% pro Aktie dar. Die Verwässerung pro Aktie für neue Anleger wird bestimmt, indem das Kapital pro Aktie eines Anteilseigners nach dem Angebot vom Angebotspreis abgezogen wird, den ein neuer Anleger zahlt.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden**	Mit Ausnahme der üblichen Bankgebühren werden den Anlegern keine Aufwendungen aufseiten der Gesellschaft oder der Underwriters in Rechnung gestellt.

RISK FACTORS

*Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in shares of FACC AG (the "**Company**"; "**we**", "**our**", "**us**", "**FACC**", the "**FACC Group**" and the "**Group**" refer to the Company including all of its consolidated subsidiaries).*

The Group may also be exposed to risks and uncertainties that are currently not known to the Company. If one or more of these risks occur, individually or in conjunction with or aggravated by one or more other risks or circumstances, this could significantly impair the operations of the Group and have a material adverse effect on the Group's prospects, business, financial condition and results of operations. Additional risks and uncertainties of which the Company is currently not aware or which it does not consider to be significant at present could likewise have a material adverse effect on the Group's prospects, business, financial condition and results of operations. The sequence of risk factors in this section is not intended to indicate the likelihood of any individual risk or the magnitude or significance of the individual risks. If any of the risks described below occurs, this could cause the share price of the Company to decrease, and investors could lose part or all of their investment as a result.

RISKS RELATED TO OUR INDUSTRY

Our business is cyclical and sensitive to commercial airlines' profitability. The business of commercial airlines is, in turn, affected by global economic conditions and geopolitical considerations.

We compete in the aerostructures, engines & nacelles and cabin interiors segments of the commercial aerospace industry. As such, our business is dependent on the demand from passenger airlines, business jet clients and cargo carriers for new aircraft or aircraft refurbishment. Accordingly, demand for our products is tied to the worldwide airline industry's ability to finance the purchase of new aircraft or refurbishment of older aircraft and the industry's underlying assumed forecasted demand for seats, flights, routes and cargo capacity. Similarly, the size and age of the worldwide commercial aircraft and business jet fleet affect the demand for new aircraft and, consequently, for our products. Such factors, in conjunction with evolving geopolitical and macro-economic conditions, may cause the market in which we operate to be cyclical, thereby affecting our business and operating results.

For example, any protracted economic downturn, a significant increase in oil and fuel prices, terrorist attacks and armed conflicts, political unrest, natural disasters or health concerns associated with flying could cause airlines to cancel or delay the purchase of additional new aircraft which could result in a deterioration of commercial airplane order backlogs. If demand for new aircraft decreases, there would likely be a decrease in demand for our commercial aircraft products, and our business, financial condition and results of operations would be materially adversely affected.

We operate in a very competitive business environment.

Competition in the aerostructures, engines & nacelles and cabin interiors sectors of the commercial aerospace industry is intense. While in the majority of sectors in the commercial aerospace industry, including the engines & nacelles and cabin interiors markets, the number of competitors has been consolidated down to a few major players, the composite aerostructures market remains fragmented.

We have entered into supply agreements with Airbus S.A.S. (and its affiliated companies, "**Airbus**") and The Boeing Company (and its affiliated companies, "**Boeing**"), as well as other original equipment manufacturers ("**OEMs**" or, if only one, "**OEM**"), under which we are their exclusive supplier for certain aircraft components. Nevertheless, we face substantial competition from OEM aerostructures, engines & nacelles and cabin interiors suppliers as well as tier-1 and tier-2 aerostructures, engines & nacelles and cabin interiors suppliers for new customers and in expanding our product base.

We believe that there is a trend that OEMs are re-evaluating their global supply chain outsourcing policies for the production of aerostructures, engines & nacelles and cabin interiors due to, among other things, their own direct labor and other overhead considerations, capacity utilization at their own facilities and reliability concerns. In recent years, reduced spending on defense projects in many countries has also played a role in OEMs outsourcing policies. This trend could lead OEMs to utilize any capacities previously used for defense projects for commercial aircraft projects. Consequently, traditional factors affecting competition, such as price, quality of service, technology and cost base, may no longer be the only determinants when OEMs decide whether to produce a part in-house or to outsource its manufacturing. In the fields of composite aerostructures and engines & nacelles, the major aircraft manufacturers, Airbus

and Boeing, as well as other tier-1 suppliers of wing and fuselage components, engines and engine nacelle components, are competing with us. In the manufacturing of cabin interiors for large passenger aircraft we consider as our main competitors the internal manufacturing facility of Boeing, Airbus' former internal cabin interiors manufacturing site located in Laupheim, Germany, and one other major tier-1 supplier.

Some of our competitors have greater resources than we do and, therefore, may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or devote greater resources to the promotion and sale of their products than we can. We believe that developing and maintaining a competitive advantage will require continued investment in product development, engineering, supply-chain management and sales and marketing, and we may not have enough resources to make such investments. For these reasons, we may not be able to compete successfully in this market or against such competitors, which could have a material adverse effect on our business, financial condition and results of operations.

The substitution of other materials for composite components in the aerospace market could result in reduced demand for our products.

Airbus and Boeing have, over time, increased the share of composite components used in major aircraft programs, especially with respect to long range aircraft such as Boeing 787 Dreamliner and Airbus A350XWB which have a composite share of about 50% of weight per aircraft. However, it is unlikely that such composite share will continue to increase at the same rate in the future. Further, the composite share in short range commercial aircraft is currently significantly less than 50% of weight per aircraft and it is expected that such share will remain relatively low in the future. Composites compete with products fashioned from alternative materials such as aluminum alloys or new forming technologies that enjoy certain advantages over composites, e.g., less costly raw materials and less complex manufacturing processes. A further extension of the use of alternative materials or technologies could reduce the demand for composite components in the future which could have a material adverse effect on our business, results of operations and financial condition.

Significant consolidation in the aerospace industry could make it more difficult for us to obtain new business.

The commercial aerospace market is currently experiencing structural changes that are likely to lead to a reorganization of the supplier universe. Leading OEMs have outsourced more and more production steps in recent years forcing their tier-1 suppliers to enter into risk sharing partnerships and to deliver turnkey solutions with all necessary certifications and appropriate quality standards. This trend is likely to continue in the future and we anticipate that OEMs will significantly reduce the number of their tier-1 suppliers, thus making it more difficult for other tier-1 suppliers to obtain business from such OEMs. Furthermore, there is a risk that a supplier currently positioned at the tier-2 level may become a tier-1 supplier, thereby further increasing the competition among tier-1 suppliers like us. This trend will likely intensify competition amongst potential and existing tier-1 suppliers. Our business success strongly depends on the feasibility of retaining and strengthening our position as a tier-1 supplier in the future. If we are not successful in this respect, we could lose one or both of our main customers, which would have a material adverse effect on our business, results of operations and financial condition.

As OEMs are moving production steps to cost-competitive countries, tier-1 competitors are also forced to accompany them as an offsite partner shifting own production steps to these countries. The geographical shift could lead to the possible emergence of new competitors from countries with lower production costs.

Suppliers in the aerospace industry have consolidated and formed alliances to broaden their product and integrated system offerings and achieve critical mass. This supplier consolidation is in part attributable to OEMs more frequently awarding long-term single-source or preferred supplier contracts to the most capable suppliers, thus reducing the total number of and strengthening the business relationship with their suppliers. If this consolidation were to continue, it may become more difficult for us to be successful in obtaining new customers and new business, which would have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATED TO OUR BUSINESS

Our business is subject to foreign currency risk, in particular with respect to the USD to EUR exchange rate, and to risks in connection with our corresponding hedging transactions.

While almost all of our sales are denominated in USD, our manufacturing sites are located in Austria and, consequently, a significant portion of our total costs is in currencies other than USD, in particular EUR. Therefore, a significant adverse fluctuation in exchange rates, especially in the USD to EUR exchange rate would have a material adverse effect on our business, results of operations and financial condition.

We enter into derivative financial instruments to hedge the exchange rate risks to a certain extent. Derivative financial instruments that do not qualify for cash flow hedge accounting under International Accounting Standards ("**IAS**") 39 are accounted for with the changes in fair value being recognized in the consolidated statement of comprehensive income under "fair value measurement of derivative financial instruments" or "other operating income and expenses", if they relate to trade receivables and payables in foreign currency. During the past three financial years, we incurred a fair value loss from derivative financial instruments of EUR 9.2 million for the financial year ended February 29, 2012 and a fair value loss of EUR 5.0 million for the financial year ended February 28, 2013 as well as a fair value gain of EUR 1.8 million for the financial year ended February 28, 2014. Any significant future fluctuations in the USD to EUR exchange rate may potentially result in losses from changes in fair value of derivative financial instruments or losses under the contracts.

Under our exchange rates hedging policy, we partially hedge the difference between the estimated USD cash outflow and the estimated USD cash inflow in accordance with our annual budget planning. There can be no assurance that our hedging policy will be effective. This includes the risk that our estimates in relation to the USD exposure may be inaccurate or that the decisions we make in relation to the terms and type of derivative to use may be unfavorable or that the selected instruments are insufficient to effectively hedge our USD exposure or that there is a mismatch of cash flows for settlement of the derivative contracts if the underlying transactions did not occur in accordance with our estimates. Furthermore, there is no assurance that the banks and financial institutions with which we enter into derivative financial instruments will not default or otherwise fail to fulfill their obligations arising from such instruments. Also, we currently do not fully hedge our exposure to foreign currencies for future financial years. Consequently, to the extent that these exposures are not fully hedged, fluctuations in USD to EUR exchange rates could have a material adverse effect on our business, results of operations and financial condition.

A significant decline in business with our key customers, in particular Airbus and Boeing, could adversely affect our business, financial condition and results of operations.

For the financial years ended February 28/29, 2012, 2013 and 2014, Airbus and Boeing accounted for 36.6%, 29.6% and 31.8% as well as 16.7%, 15.9% and 21.4% of our total revenue, respectively. During the same periods, our five largest customers Airbus, Boeing, Bombardier Inc. (and affiliated companies, "**Bombardier**"), Rolls-Royce Group plc (and affiliated companies, "**Rolls-Royce**") and Goodrich Corporation (and affiliated companies, "**Goodrich**") together accounted for 74.1%, 73.2% and 75.0%, respectively, of our total revenue. Our supply contracts with our key customers do not obligate them to purchase a specific minimum volume from us, and if we breach certain obligations under these supply contracts, such as compliance with technical specifications and qualification requirements, delivery schedules or change of control clauses, our customers may exercise their right to terminate such contracts or we may be required to pay significant liquidated damages.

In addition, upon the acquisition of FACC AG by the Selling Shareholder in 2009, we and Xi'an Aircraft Industry (Group) Company Ltd., a controlling indirect shareholder of the Selling Shareholder, issued comfort letters to our key customers to avoid a termination of the respective supply contracts on the basis of a change of control. Such comfort letters are amended from time to time to cover new projects and programs. Any violation of our representations, covenants and agreements relating to matters such as export control restrictions and our customers' IP protection contained in such comfort letters could lead to a deterioration of our relationship with our respective customer and a termination of the respective supply agreement which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, competition among major aircraft manufacturers, including between Boeing and Airbus, is intense resulting in continued pressure on product offerings and sale prices. If our key customers experience a decrease or delay in demand for aircraft programs, experience a major disruption in their

respective business, such as a strike, work stoppage or slowdown, a supply-chain disruption or a decrease in orders from their customers, or file for bankruptcy protection, this could reduce their demand for our products and, consequently, could also have a material adverse effect on our business, financial condition and results of operations.

Efforts by our international supply chain partners to gain market share could adversely affect our financial performance.

We entered into supply chain partnership agreements with manufacturers in countries such as Abu Dhabi, the People's Republic of China ("**China**"), India, Russia and Malaysia. Through these international supply chain partnerships, we have gained access to additional manufacturing capacity. However, our supply chain partners have since become increasingly active in the development of new products as they are able to benefit from certain access to our technologies and the low cost environment of the countries in which they are located and manufacture their products. As a result, they increasingly compete with intermediaries such as FACC who develop and produce initial shipsets (i.e., complete sets of components for one aircraft). Our supply chain partners' efforts to grow market share could exert downward pressure on our product pricing and margins. If we are unable to differentiate our products, stay ahead of the technology curve or maintain a low-cost footprint, we may lose market share or be forced to reduce prices, thereby lowering our margins. We may also lose our position as a leading tier-1 supplier. Any such occurrence could adversely affect our business, financial condition and results of operations.

Infringement of intellectual property license rights, breach of confidentiality duties or failure to protect intellectual property held by us may have a material adverse effect on our business.

Our business depends on the right to use certain intellectual property, technology and tooling granted under license by our customers. These licenses require us to comply at all times with certain restrictions and confidentiality obligations with respect to manufacturing processes, process know-how, materials and prices.

We must comply with our contractual commitments related to intellectual property and confidentiality and any other restrictions on the use of intellectual property to make sure that we will not be using intellectual property improperly or breaching confidentiality duties in conducting our business. There can be no assurance that no infringement claims by the owner or licensor of intellectual property will occur in the future. In addition, improper use of intellectual property or a breach of confidentiality duties by us may lead to a termination of granted licenses. A loss of license rights could materially affect our ability to manufacture our products and, consequently, may lead to a loss of customers, in particular Airbus or Boeing, which would have a material adverse effect on our business, financial condition and results of operations. In addition, the failure to protect and conform the use of intellectual property held by us, such as intellectual property rights relating to resin transfer molding and resin film infusion technologies, or provided to us by our customers could have a material adverse effect on our business, financial condition and results of operations.

Our business will suffer if certain key officers or employees discontinue employment with us or if we are unable to recruit and retain highly skilled staff.

The success of our business is highly dependent upon the skills, experience and efforts of our key officers and employees, and our continued success will depend on our ability to attract and retain qualified personnel in order to manage and maintain our existing operations and our future development. As innovation is important to strengthen our position as a leading tier-1 supplier and as our sales activities are generally based on personal contacts between members of our sales teams and representatives of our customers we are dependent on the experience and expertise of our key employees in facilitating such innovations and maintaining the relationships with our customers. The loss of key personnel could have a material adverse effect on our business, operating results or financial condition. Our business also depends on our ability to continue to recruit, train and retain skilled employees, particularly engineers. The market for these resources is highly competitive. We may be unsuccessful in attracting and retaining the personnel we need and, in such event, our business could be materially adversely affected. The loss of the services of any skilled key personnel, or our inability to hire new personnel with the requisite skills, could impair our ability to provide products to our customers and manage our business effectively.

If we undertake business combinations and acquisitions in the future, they may be difficult to close or integrate, or they could disrupt our business, or divert Management's attention.

In the future, we may support our development through acquisitions of businesses, services or technologies that we perceive to be complementary or otherwise beneficial to us. We have not made a major or transforming acquisition in recent years and, therefore, we have relatively little institutional experience in integrating acquired businesses with our existing business. Our acquisition and operation of such businesses would involve many risks, including:

- misjudgment with respect to the value, return on investment or strategic fit of any acquired operations or assets;
- challenges associated with integrating acquired technologies, operations, financial reporting systems and cultures of acquired companies;
- exposure to unforeseen liabilities;
- diversion of the management board of the Company (*Vorstand*; the "**Management Board**" or "**Management**") and other resources from day-to-day operations;
- possible loss of key employees, clients, suppliers and partners;
- potential loss of commercial relationships and customers based on their concerns regarding the acquired business or technologies; and
- higher than expected transaction costs.

As a result of these risks, we may not be able to achieve the expected benefits of any acquisition. If we are unsuccessful in completing or integrating acquisitions, we may be required to reevaluate our strategy and we may incur substantial expenses and devote significant management time and resources in seeking to complete and integrate the acquisitions. Also, future business combinations could involve the acquisition of significant intangible assets. If the expected benefits fail to materialize, we may need to record write-downs from future impairments of identified intangible assets and goodwill.

If any of the risks set out above occur, our business, financial condition and results of operations may be adversely affected.

We are exposed to risks connected with the expansion of our business activities in China.

On the basis of our contractual relationship with Fesher Aviation Component Co., Ltd. ("**Fesher**"), we expect to expand our activities into China. As a result, our business and results of operations may be affected more significantly by legal, political and economic developments in China than is currently the case. The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control over foreign exchange rates and associated risks of non-market driven exchange rate developments as well as currency conversion, access to financing, and the allocation of resources. While the Chinese economy has grown significantly in the past 30 years, such growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us.

Our business and results of operations may be materially adversely affected by government control over capital investments or changes in tax regulations which could apply to us. For example, the Chinese government has implemented a number of measures, such as raising bank reserves against deposit rates to place additional limitations on the ability of commercial banks to make loans and raise interest rates combined with an expansion of regulation in the so-called shadow banking industry, in order to decrease the growth rate of specific segments of China's economy which it believed to be overheating. There is no guarantee that the Chinese government will not take similar measures in the future. These actions, as well as future actions and policies of the Chinese government, could materially and adversely affect our liquidity and access to capital and our ability to operate our planned business in China.

Our business depends, in large part, on sales of components for certain new aircraft programs.

The success of our business will depend, to a significant extent, on the success of new aircraft programs. The delays in the aircraft development for the Airbus A380, which entered into service late 2007 instead of

2005 as planned, and the Boeing 787 Dreamliner, which entered into service three and a half years later than planned, had a significant impact on the Group's revenues in the past. We made significant investments in engineering, tooling and plants that we can only recover through sales in connection with these aircraft programs. While these two airplane programs are now in an advanced state, we are also involved in other newer programs that have just entered flight testing or are about to start that phase. Examples include the Airbus A350XWB -900 and -1000 programs, Airbus A320NEO, Embraer's Legacy 500 and 450 programs, E2 regional jet program and the Bombardier C-Series and Global 7000/8000 programs. In the event our customers are unable to meet currently anticipated production levels, or if we are not able to complete contract negotiations on acceptable terms, we may recognize a financial loss.

Furthermore, we have entered into long-term supply agreements to provide components to most of our customers for the life of such aircraft programs, but none of our customers has an obligation to purchase components from us for any replacement of such programs that is a new generation program. For example, in the event that Airbus or Boeing develops a next generation single-aisle aircraft program to replace the A320 family or Boeing 737 family, respectively, and such aircraft is not a commercial derivative, we may not have the next generation technology, engineering and manufacturing capability necessary to obtain significant aerostructures, engine and nacelle as well as cabin interiors supply business, or we may not be able to provide components for such replacement programs at competitive prices. In addition, we may not be engaged by Airbus or Boeing to the same extent as our involvement in the A320 family or Boeing 737 family, respectively. If we were unable to obtain significant aerostructures, engine and nacelle as well as cabin interiors supply business from the replacement programs, our business, financial condition and results of operations could be materially adversely affected.

We incur risks associated with new aircraft programs.

New aircraft programs with new technologies typically carry risks associated with our ability to accurately estimate costs associated with such programs, including design responsibility, development of new production tools, hiring and training of qualified personnel, ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, ability of the customer to meet its contractual obligations to us, and the underlying increased capital and funding commitments. In addition, any new aircraft program may not generate sufficient demand or may experience technological problems, such as underperformance of engines, or significant delays in the regulatory certification or manufacturing and delivery schedule. If we were unable to perform our obligations under new programs to the customer's satisfaction, manufacture products at our estimated costs, achieve the calculated learning effects, or if a new program in which we have made a significant investment was terminated or experienced weak demand, delays or technological problems, our business, financial condition and results of operations could be materially adversely affected. Also, the technologies related to our products have undergone, and in the future may undergo, significant changes. If we are unable to adapt to technological change, our products or services may become obsolete or non-competitive which could have a material adverse effect on our business, financial condition and results of operations.

In particular in the ramp-up phase of new aircraft programs, additional risks include the potential for default, quality problems, or inability to meet weight requirements resulting in low margin or loss of contracts, as well as having to write-off inventory or capitalized intangible assets for engineering work if it were deemed to be unrecoverable or impaired over the lifecycle of the program. In addition, new work on existing programs also carries risks associated with the deficient transfer of technology, knowledge and tooling.

Further, if our customers change the product specifications for components of their aircraft programs, we are required to develop new products on a timely basis. Pursuant to our customer contracts, we are obliged to finance such additional development costs upfront which exposes us to a certain liquidity risk, i.e., the risk that we cannot obtain adequate funding on a timely basis or at reasonable cost. In addition, we may not be able to recover the full amount of development costs incurred.

In order to work on new programs, we may be required to construct or acquire new facilities, resulting in additional up-front investment costs. In the case of significant program delays and/or program cancellations, we may be required to bear the construction and maintenance costs. Likewise, significant delays in the construction or acquisition of a plant site could impact our ability to meet our obligations under our aircraft programs.

Our business is subject to liability risks as well as warranty obligations and it could be materially adversely affected if one of our components causes an aircraft accident that is costly to defend and results in significant negative effects on our business.

Our operations also expose us to potential liability for warranty claims made by customers or third parties with respect to aircraft components that have been designed, manufactured, or serviced by us or our suppliers. The majority of our agreements include a four-year warranty period. Warranties cover such factors as non-conformance to specifications and defects in material, process of manufacture and workmanship. Significant product warranty obligations could have a material adverse effect on our business, financial condition and results of operations.

In particular, our operations expose us to potential liabilities including for personal injury or death as a result of the failure of an aircraft component that has been designed, manufactured or serviced by us or our suppliers. Our strategy to develop and manufacture complete primary structures and systems in the future will likely increase our exposure to such liabilities which may be costly to defend and result in significant monetary damages. Our liability insurance may not be adequate to protect us from product liability claims. Also, we may not be able to maintain insurance coverage in the future at an acceptable cost level. Any such liability not covered by insurance or for which third-party indemnification is not available could require us to dedicate a substantial portion of our cash flows to make payments for such liability, which could have a material adverse effect on our business, financial condition and results of operations.

Further, an accident caused by one of our components could also damage our reputation for quality products. We believe our customers consider safety and reliability as key criteria in selecting a provider of aerostructures. If an accident were to be caused by one of our components, or if we were to otherwise fail to maintain a satisfactory record of safety and reliability, our ability to retain and attract customers could be materially adversely affected.

High switching costs may substantially limit our ability to obtain business that is currently under contract with other suppliers.

Once a contract is awarded by an OEM to an aircraft component supplier, the OEM and the supplier are typically required to spend significant amounts of time and capital on design, manufacturing, testing and certification of tooling and other equipment. For an OEM to change suppliers during the lifecycle of an aircraft program, further testing and certification would be necessary, and the OEM would be required either to move the tooling and equipment used by the existing supplier for performance under the existing contract, which may be expensive, difficult or even impossible, or to manufacture new tooling and equipment. Accordingly, any change of suppliers would likely result in production delays and additional costs to both the OEM and the new supplier. These high switching costs may make it more difficult for us to bid competitively against existing suppliers and less likely that an OEM will be willing to switch suppliers during the lifecycle of an aircraft program, which could materially adversely affect our ability to obtain new work on existing aircraft programs.

We may not realize all of the sales expected from our existing order backlog.

A significant majority of our revenue is generated through long-term single-source supply contracts with our customers. Orders under such supply contracts are typically placed well in advance of deliveries, which gives us visibility with respect to our future revenue and creates a significant order backlog of future deliveries of our products. As of February 28, 2014, our order backlog amounted to approximately USD 4.2 billion, among which Airbus and Boeing together accounted for more than 83%. We include in our order backlog only firm orders for commercial aircraft and business jets which our customers have received from their customers. The evaluation of our order backlog takes into account that commercial and business jet aircraft programs are subject to changes in the overall economic environment and the aerospace market conditions. Therefore, the financial condition of airlines or other factors which are beyond our control may cause our customers to delay and/or decrease deliveries, in which case firm orders could be adjusted which in turn would adversely affect our order backlog and our revenue in the future.

Increases in labor costs, potential labor disputes and work stoppages at our facilities and the facilities of our suppliers or customers could materially adversely affect our financial performance.

As with many OEMs and aircraft component suppliers, we have unionized work forces and our employees have established workers' councils. Strikes, work stoppages or slowdowns at our facilities could impair our ability to provide products within the production schedules to our customers. Additionally, strikes, work

stoppages or slowdowns experienced by OEMs, airlines or aerospace suppliers could reduce our customers' demand for additional aerostructures and engines and nacelles components as well as cabin interiors or prevent us from completing production of our aerostructures and cabin interiors which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to environmental, health and safety laws and regulations, including the REACH Regulation, and our ongoing operations may expose us to related liabilities.

Our operations are subject to extensive regulation under environmental, health and safety laws and regulations in the Republic of Austria ("**Austria**"). We may be subject to potentially significant fines or penalties, including criminal sanctions, if we fail to comply with these requirements. We have made, and will continue to make, significant capital and other expenditures to comply with these laws and regulations. We cannot predict with certainty what environmental legislation will be enacted in the future or how existing laws will be administered or interpreted. Our operations involve the use of hazardous substances and regulated materials and generate waste, including emissions of hexavalent chromium and volatile organic compounds, or so-called greenhouse gases such as carbon dioxide. Any spills or releases of these materials may subject us to clean-up liability for remediation and claims of alleged personal injury, property damage and damage to natural resources, which may result in potential material liabilities, and we may become obliged to reduce our emissions of hexavalent chromium and volatile organic compounds. In the future, contamination may be discovered at or emanating from our facilities or at off-site locations where we dispose waste. The remediation of such newly discovered contamination, related claims for personal injury or damages, or the enactment of new laws or a stricter interpretation of existing laws, may require additional expenditures, which could be material.

In particular, chemical substances contained in some of our products, as well as by-products and waste, which we import to or produce in the EU are subject to regulation (EC) No 1907/2006 on registration, evaluation, authorization and restrictions of use of chemicals (the "**REACH Regulation**") that entered into force on June 1, 2007. In order to comply with current requirements under the REACH Regulation we had to replace certain chemical substances previously used with other substances. The European Commission has planned several revisions of the REACH Regulation until 2019. Changes to the existing regulations may lead to further restrictions affecting our products, increased costs and modifications in operating practices. Any such changes or modifications could have a material adverse effect on our business, financial condition and results of operations.

Interruptions in deliveries of components or raw materials, or increased prices for components or raw materials used in our products could delay production and/or materially adversely affect our profitability.

Our continued supply of materials is subject to a number of risks including: (i) the failure of our suppliers to provide materials of the requisite quality or in compliance with specifications, (ii) the failure of suppliers to meet regulatory standards, and (iii) contractual amendments and disputes with our suppliers.

We are dependent on the availability of essential materials and purchased components from our suppliers, some of which are available only from limited sources. Our dependence upon regular deliveries from particular suppliers of components and raw materials means that interruptions or stoppages in such deliveries could materially adversely affect our operations until arrangements with alternate suppliers, to the extent alternate suppliers exist, could be made. If any of our suppliers are unable or refuse to deliver materials to us for an extended period of time, or if we are unable to negotiate acceptable terms for the supply of materials with these or alternative suppliers, our business could suffer.

We depend upon the ability of our suppliers to provide materials and components that meet our customers' technical specifications, quality standards and delivery schedules. In some cases this generates a limited supplier base for individual raw materials or components, for example, in connection with the specifications made by Boeing with respect to prepreg fabrics. If our suppliers fail to provide expected raw materials or components that meet our technical specifications this could adversely affect production schedules and reduce our profitability. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs and potential losses on certain of our contracts. Even if acceptable alternatives are found, the process of locating and securing such alternatives might be disruptive to our business and might lead to termination of supply agreements with our customers.

In addition, our profitability is affected by the prices of the components and raw materials, such as prepreg, honeycomb, fasteners, adhesive films and metal parts used in the manufacturing of our products. These prices may fluctuate based on a number of factors beyond our control, including world oil prices, changes in supply and demand, general economic conditions, labor costs, competition, import duties, tariffs, currency exchange rates and, in some cases, government regulation. We may not be able to pass along to our customers increases in component and raw material costs.

We conduct business directly and indirectly with customers outside of Europe, in particular the United States, and are subject to the risks of doing business in foreign countries.

We conduct business directly and indirectly with customers outside of Europe. For illustration, for the financial year ended February 28, 2014, our customers from the United States of America (the "**United States**", "**U.S.**" or "**USA**") accounted for approximately 33.7% of our revenue. We expect that our international business will continue to account for a significant portion of our revenue for the foreseeable future, in particular due to the OEMs' increasing need for tier-1 suppliers as offset partners in emerging markets. As a result, we are subject to the risks of doing business internationally, including:

- changes in regulatory requirements;
- domestic and foreign government policies, including requirements to expend a portion of program funds locally and governmental industrial cooperation requirements;
- fluctuations in foreign currency exchange rates;
- the complexity and necessity of using foreign representatives and consultants;
- uncertainties and restrictions concerning the availability of funding credit or guarantees;
- imposition of tariffs and embargos, export controls and other trade restrictions;
- the difficulty of management and operation of an enterprise spread over various countries;
- compliance with a variety of U.S. and other foreign laws, as well as European laws affecting the activities of European companies abroad; and
- economic and geopolitical developments and conditions, including international hostilities, acts of terrorism and governmental reactions, inflation, trade relationships and military and political alliances.

While these factors or the effect of these factors are difficult to predict, adverse developments in one or more of these areas could materially adversely affect our business, financial condition and results of operations in the future.

Our business could be adversely affected by the failure of our OEM customers to comply with their offset obligations.

When our OEM customers sell aircraft to their airline end-customers in emerging markets such as the Middle East, China and India, our OEM customers are often required to, as a certain percentage of the contract value, directly or indirectly, reallocate economic activities from their home countries to countries of their airline end-customer. This arrangement is often referred to as their so-called 'offset' obligations. As our OEM customers have been outsourcing more and more manufacturing steps to us, the supply contracts between ourselves and our OEM customers include provisions that require us to support such offset obligations by, for example, allocating certain manufacturing activities to countries in which the airline end-customers are located. We do not know our OEM customers' specific offset obligations vis-a-vis their end-customers or the countries in which their end-customers are located because we do not have access to the respective agreements between our OEM customers and their end customers. Non-compliance with the offset obligations by an OEM customer may have material adverse effects and competitive disadvantages with respect to its ability to obtain follow-up business from its end customers, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may be materially adversely affected by changes in interest rates.

We are exposed to the risk of changes in interest rates and we enter into derivative financial instruments to hedge the interest rate risk on financial liabilities. In accordance with IAS 39, unrealized fair value movements of derivative financial instruments not qualifying for hedge accounting are recorded in fair value measurement of derivative financial instruments in the consolidated statement of comprehensive

income. Hence, possible fluctuations in the value of financial instruments due to changes in market rates of interest or changes in future cash flows which arise in connection with medium and long-term receivables and liabilities (especially debentures and loan liabilities) as well as derivative instruments held by us as part of our hedging policy, may have a negative impact on our financial condition or results of operations.

We may be required to write-down outstanding receivables or write-off upfront investments.

Additional non-recurring costs not covered by the fixed-price contracts concluded with our customers or changes in non-recurring costs incurred by us may result in adjustments of the prices invoiced to our customers. Ongoing negotiations on such price adjustments may lead to non-payment of the invoiced amount on the due date. Therefore, a default by our customers cannot be excluded and such default may require us to write-down outstanding receivables of the defaulting customer. Further, we incur significant costs for the development of new products, in particular in connection with ramp-up projects. If such ramp-up projects are delayed or if our products do not meet our customers' expectations, we may be required to write-off these upfront investments. A significant write-down of outstanding receivables or write-off of upfront investments could have a material adverse effect on our results of operations.

Our fixed-price contracts may commit us to unfavorable terms.

We provide most of our products and services through long-term contracts in which the pricing terms are fixed based on certain production volumes. Accordingly, we bear the risk that we will not be able to sustain a cost structure that is consistent with assumptions used in bidding on contracts. Any increased or unexpected costs may reduce our profit margins or cause us to sustain losses on these contracts. Other than certain increases in raw material costs which can be passed on to our customers, we must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs we will incur in performing these contracts and of projecting the level of sales that we may ultimately achieve. Our failure to anticipate technical problems, estimate delivery reductions and costs accurately or control costs during performance of a fixed-price contract may reduce the profitability of a contract or cause a loss.

Many of our other production cost estimates also contain pricing terms which anticipate cost reductions over time. The aircraft program contracts with our customers include annual price reductions, which are common practice in the industry, in order to reflect expected so-called learning effects. However, we cannot give any assurance that we will achieve the expected learning effects and will be able to reduce the production costs over the life of aircraft programs as anticipated. In addition, our customers may seek to renegotiate the price terms of fixed-price contracts with us in the future. Any such higher costs or renegotiations could materially adversely affect our profitability, margins and revenue.

Our success depends in part on our ability to leverage our engineering capabilities as well as research and development initiatives to pursue new business opportunities.

We spent significant amounts on engineering projects as well as research and development during the past three financial years. Such expenditures may not create any new sales opportunities or increases in productivity that are commensurate with the level of resources invested.

We are in the process of developing specific technologies and capabilities in pursuit of new business and in anticipation of customers going forward with new programs. If any such programs do not go forward or are not successful, we may be unable to recover the costs incurred in anticipation of such programs and our financial condition may be materially adversely affected.

Our business may be materially adversely affected if we are unable to maintain the standards and qualifications required, now and in the future, by our customers and by government, regulatory or industry bodies.

Most of our customers require a qualification of our facilities and production processes relating to specific products. In addition, the Joint Aviation Authority ("**JAA**") prescribes standards and qualification requirements for aerostructures, including virtually all commercial airline and general aerospace products, and licenses component repair stations within Europe. Comparable agencies, such as the Federal Aviation Administration ("**FAA**") in the United States, regulate these matters in other countries. We have received the required licenses and certifications from the Austrian Civil Aeronautical Authority in accordance with the set of rules established by the European Aviation Safety Agency (EASA). If we fail to qualify for or obtain a required license for one of our products or services or lose a qualification or license previously granted, the sale of the subject product or service would be prohibited by law until such license is obtained or renewed and our business, financial condition and results of operations could be materially adversely

affected. In addition, designing new products to meet existing regulatory requirements and retrofitting installed products to comply with new regulatory requirements can be expensive and time consuming.

Occasionally, the JAA, the FAA or comparable agencies propose new regulations or changes to existing regulations. These changes or new regulations generally increase the costs of compliance. To the extent the JAA, the FAA or comparable agencies implement regulatory changes, we may incur significant additional costs to achieve compliance.

We are subject to regulation of our technical data and goods under European and U.S. export control laws.

As a manufacturer and exporter of defense and dual-use technical data and commodities, we are subject to European and U.S. laws and regulations governing international trade and exports, including, but not limited to, the International Traffic in Arms Regulations, administered by the U.S. Department of State, and the Export Administration Regulations, administered by the U.S. Department of Commerce. Collaborative agreements that we may have with foreign persons, including manufacturers and suppliers, are also subject to U.S. export control laws. In addition, we are subject to trade sanctions against embargoed countries, administered by the Office of Foreign Assets Control within the U.S. Department of the Treasury.

European regulations distinguish between the export control of dual-use goods and military use goods, with the regulating bodies being the Austrian Ministry of Economy and the European Commission. These regulations also require the control of our partners acting as our manufacturers or suppliers. According to European regulations, export or re-export within the EU is allowed without any restrictions. Additionally, there are the so-called "7 friendly nations", USA, Canada, Japan, Australia, New Zealand, Switzerland and Norway, to which exports are not subject to such restrictions.

Further, as a result of embargos or sanctions of the United Nations, Organization for Security and Co-operation in Europe (OSCE) and the EU, trade with approximately 20 countries (including Afghanistan, Armenia, Azerbaijan, Lebanon, Liberia, Russia, Somalia, Uzbekistan, China, Iraq and Iran) is restricted.

Failure to comply with one or more of these export controls or trade sanctions could result in civil or criminal penalties, including the imposition of fines upon us as well as the denial of export privileges and debarment from participation in government contracts. Additionally, restrictions may be placed on the export of technical data and goods in the future as a result of changing geopolitical conditions. Any one or more of such sanctions could have a material adverse effect on our business, financial condition and results of operations.

Our operations depend on our ability to maintain continuing, uninterrupted production at our manufacturing facilities as well as the continued and uninterrupted performance of our information technology ("IT") system.

Major catastrophes, such as a fire, flood, tornado or other natural disaster at any of our sites, war or terrorist activities in any of the areas where we conduct operations or the sustained mechanical failure of a key piece of equipment could result in a prolonged interruption of all or a substantial portion of our business.

Our IT systems are vulnerable to damage and/or interruption from a variety of sources, including telecommunications failures, malicious human acts and natural disasters. Moreover, some of the servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Unanticipated problems affecting our IT systems could cause interruptions in service.

Any disruption resulting from these events could cause significant delays in shipments of products, and any significant damage or disruption to any of our four plants in Austria would materially adversely affect our ability to service our customers. Further, sustained or repeated system failures of our IT systems that interrupt the ability to process test orders, deliver test results or perform tests in a timely manner would significantly reduce the attractiveness of our services to our customers and could significantly increase turnaround time. We may not have insurance to adequately compensate us for any of these events which may reduce our customer base and result in lower revenue. This could have a material adverse effect on our business, results of operations and financial condition.

We have experienced delays in the production and delivery of our products.

We have in the past experienced delays in the production and subsequent delivery of our products to our customers due to a number of factors. In particular, OEMs often experience delays in the development of new aircraft programs which in turn lead to a delayed start of the serial production. Similarly, development changes during the ramp-up phase of new aircraft programs can slow down the production processes and delay the delivery of our products. We expect that we will encounter such issues in the future. Our ability to achieve desired levels of revenue depends at least in part on the timely delivery of our products. Should we experience material delays in the production and delivery of our products, this could have a material adverse effect on our business, results of operations and financial condition.

Insufficient liquidity may have a material adverse effect on our business.

We seek to hold an adequate balance of cash and cash equivalents at all times to be able to meet our current and future payment obligations. Surplus cash and cash equivalents are normally invested in non-speculative, highly liquid financial instruments such as money market certificates, overnight money, securities and other money market papers with a maturity of generally less than three months. However, we cannot guarantee that such money management will always ensure sufficient liquidity being available to us. Further, changes in currency exchange rates as well as delays in the development of products for new aircraft programs or delays in deliveries of our products leading to postponed payments by our customers may adversely affect our liquidity and thus could have a material adverse effect on our business, results of operations and financial condition.

A breach of the covenants of our bond or promissory note loans could adversely affect our financial condition.

In 2013, our main operating subsidiary, FACC Operations GmbH ("**FACC Operations**"), issued a bond with a nominal value of EUR 90 million outstanding with an interest rate of 4.0% p.a. and a duration of seven years. The covenants of the bond terms require FACC Operations during the term of the bond to not, and to ensure its affiliates do not, issue or cause third parties to issue, any collateral for other capital market debt or any debt under guarantees or liabilities for other capital market debt, unless FACC Operations ensures that the bond creditors participate in such collateral at the same time and at the same rank. FACC Operations further assures (i) to cause its affiliates to distribute profits in such amounts necessary to enable FACC Operations to fulfill its liabilities under the bond terms, (ii) to not distribute more than 50% of its annual profits to its shareholders and (iii) to only distribute such amount of profits to its shareholders that its equity ratio does not fall below a threshold level of 30%.

Further, in 2012, FACC Operations issued promissory note loans (*Schuldscheindarlehen*) with a total nominal value of EUR 45 million. The covenants of the promissory note loans require that during the term of the promissory note loans (i) FACC Operations' equity ratio does not fall below a threshold level of minimum 30%, respectively, 20% (after deducting capitalized research and development costs), (ii) assets of FACC Operations and its subsidiaries with a market value of more than 5% of the consolidated assets of FACC Operations per year will not be sold or transferred to a company outside the FACC Group unless the proceeds will be reinvested or remain as liquidity in the FACC Group and (iii) FACC Operations and its subsidiaries will not encumber current or future earnings or assets as security for certain obligations. Further, the promissory note loans contain so-called cross-default provisions pursuant to which the creditor can terminate the promissory note loans if liabilities of FACC Operations, which are owed to an entity that is not an affiliate, are not paid in accordance with the conditions of such liability or are or may be rendered payable prematurely by the respective creditor, subject to the conditions of such liability, unless the total amount of such liabilities is less than EUR 2.5 million. Any breach of the covenants of the bond terms or promissory note loans terms may require FACC Operations to early repay the bond or the promissory note loans, respectively, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to continue receiving governmental grants and subsidized loans.

We have received subsidies (i) from the ERP-Fund, an Austrian public fund, which supports various industry branches by granting loans at favorable conditions, (ii) from Austria Wirtschaftsservice GmbH ("**AWS**"), a special bank of Austria which, *inter alia*, awards ERP-loans or provides guarantees to the Austrian industry, and (iii) from Österreichische Forschungsförderungsgesellschaft mbH (FFG Research Promotion Agency), which is fully owned by Austria and offers financial support to research and development projects of Austrian enterprises by, for example, awarding subsidies for credit costs or

securities in the form of guarantees. There can be no assurance that we will be able to receive subsidies from the ERP-Fund, AWS or the Austrian Research Promotion Agency in the future and thus obtain subsidized loans at comparable favorable terms. Available financing on less favorable terms may have a material adverse effect on our liquidity and thus on our ability to invest sufficiently in our programs, fund day to day operations, or pursue strategic opportunities.

RISKS RELATED TO THE SHAREHOLDER STRUCTURE, THE SHARES, THE OFFERING AND ADMISSION TO TRADING

We are, and will continue to be, controlled by the Selling Shareholder in the Shareholders' Meeting and in the Supervisory Board, and the Selling Shareholder's interests may differ from those of the Group or of our other shareholders.

Following the successful completion of the Offering, FACC International Company Limited, Hong Kong (the "**Selling Shareholder**") will hold 55.5% of our share capital if the Greenshoe Option is not exercised, or 51% if the Greenshoe Option is exercised in full. As a result, as long as it holds the majority of our shares, the Selling Shareholder will have the ability to significantly influence and ultimately determine the outcome of most decisions to be taken by vote at the Company's shareholders' meeting (the "**Shareholders' Meeting**"), including the election, appointment or removal of members of the Company's supervisory board (*Aufsichtsrat*; the "**Supervisory Board**"), approval of the annual financial statements, distribution of dividends, authorization to carry out capital increases or any other decision that requires approval of our shareholders. The Selling Shareholder will also be able to control or significantly influence the outcome of any vote on a proposed amendment to the Company's articles of association (*Satzung*; the "**Articles of Association**"), capital increase or decrease, merger proposal, any proposed substantial sale of assets or other major corporate transactions.

In addition, following the successful completion of the Offering, only two members of the shareholder representatives in the Supervisory Board are independent of, and unaffiliated with, the Selling Shareholder. As a result, since the Selling Shareholder also appoints the chairman of the Supervisory Board who has a casting vote in the event of a tie, the Selling Shareholder in effect also controls all decisions of the Supervisory Board requiring a majority vote. The terms of the two independent members of the Supervisory Board are three years. No assurance can be given that following the expiration of such terms the Selling Shareholder will continue to support the election of, or appoint, two independent members to the Supervisory Board.

In light of the continuing majority shareholding of the Selling Shareholder after the completion of the Offering and its control of the Supervisory Board no assurance can be given that resolutions adopted in the Shareholders' Meeting and decisions taken by the Supervisory Board will not raise, or be perceived to involve, conflicts of interest between the Selling Shareholder on the one hand and the Group and the minority shareholders of the Company on the other. Accordingly, the Selling Shareholder may take actions in the Shareholders' Meeting, or cause the Supervisory Board to take actions, that favor its own business interests, but which may differ from the interests of the minority shareholders of the Company or the Group which could have an adverse effect on our business, relationship with our key customers or reputation.

There is no prior trading market for our shares and there is no certainty that a liquid market in the shares will develop.

Prior to this Offering, there has been no public market for our shares. There is also no certainty that a liquid market will develop for our shares and if a liquid market does not develop, it will be difficult for shareholders to sell their shares and the trading price of the shares could be adversely affected.

The offer price (as determined by the Company and the Selling Shareholder in consultation with the Joint Global Coordinators on the basis of a book-building process on or about June 23, 2014, the "**Offer Price**") is based, among other things, on prevailing market and economic conditions, our historical and forecasted revenue, market valuations of other companies engaged in activities similar to ours, the present state of our business operations, our management, indications of interest from potential investors in the shares and other factors deemed relevant. Because there has been no prior market valuation of the shares, there is no assurance that the Offer Price accurately reflects the market price for the shares following the Offering, that the market price of our shares will not decline below the Offer Price or that an active trading market for the shares will develop or be sustained.

The market price of our shares may be volatile.

In the past, share prices on the Vienna Stock Exchange have been subject to considerable fluctuations. Following the Offering, the trading price of our shares could be significantly affected by various factors related to us, our competitors, general economic conditions or market conditions specific to the commercial aerospace industry, including but not limited to actual or anticipated fluctuations in our financial results or our competitors' results from one financial period to the next, the announcement by us or our competitors of new products, conditions relating to the industry, changes in our management team or key personnel, changes in our future prospects and our business activities or of the industry as a whole, changes in the content of research analysts' reports about us, and changes in general macro-economic and market conditions.

Volatility in stock prices occurring independently of our business activities may also put pressure on the price of our shares. Disposals of large blocks of shares can also lead to significant pressure on, or increase the volatility of, the price of our shares.

Sales of shares held by the Selling Shareholder could have an adverse effect on the price of our shares.

Following the successful completion of the Offering, the Selling Shareholder will hold 55.5% of our share capital if the Greenshoe Option is not exercised, or 51% if the Greenshoe Option is exercised in full. The Selling Shareholder will be subject to lock-up agreements, but those agreements are subject to exceptions, and will expire 360 days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange.

Any sale of shares by the Selling Shareholder, or the perception in the market that such sale might occur, could adversely affect the market price of our shares, and might make it more difficult for us to sell securities in the future at a time or at a price that we deem appropriate or to pay for acquisitions using our equity securities.

Notwithstanding the decision of the Selling Shareholder to view its investment in us as a strategic, long-term investment, there is no assurance that the Selling Shareholder will remain our controlling shareholder indefinitely. Our business, financial condition and results of operations could be adversely affected if the Selling Shareholder cease to own or control us or to actively participate in our operations.

Our ability to pay dividends or to meet our targeted dividend payout ratio depends primarily on the inflow of funds from the Company's subsidiaries.

Our ability to pay dividends is based on the Company's unconsolidated financial statements prepared in accordance with the Austrian Commercial Code (*Unternehmensgesetzbuch*; the "**Commercial Code**") and the Stock Corporation Act (*Aktiengesetz*). Dividends may be paid only from the annual net profit (*Bilanzgewinn*) recorded in the Company's unconsolidated annual financial statements as approved by the Supervisory Board or by the Shareholders' Meeting. Accounting principles pursuant to the Commercial Code differ from International Financial Reporting Standards as adopted by the European Union ("**IFRS**") in material respects. Consequently, the net profit (*Bilanzgewinn*) as shown in the Company's audited unconsolidated annual financial statements prepared in accordance with the Commercial Code and the consolidated profit after taxes as shown in the Company's audited consolidated annual financial statements prepared in accordance with IFRS can differ significantly. The Company is a holding company with limited operational activities. Its ability to pay dividends, therefore, depends primarily on the inflow of sufficient funds from its subsidiaries. The volume of these funds in turn largely depends on the net assets, financial position and results of operations of the relevant subsidiary and is subject to applicable local laws and regulatory requirements such as applicable tax laws and other restrictions. There can be no assurance that we will be able to pay dividends or meet our targeted dividend payout ratio of 20% to 30% of our consolidated profit after taxes based on IFRS in the future.

Any future equity offerings or offerings of instruments convertible into equity or any merger with another entity may dilute investors' shareholdings in the Company.

We may in the future seek to raise capital through public or private debt or equity financings by issuing additional ordinary shares or other shares, debt or equity securities convertible into shares or rights to acquire these securities, or may potentially seek to merge with another entity and exclude pre-emptive rights pertaining to the then outstanding shares. Any additional capital raised through the issue of additional shares may dilute an investor's shareholding interest in the Company if the investor does not

exercise, or is excluded from exercising, its subscription rights. Furthermore, any additional financing we may need may not be available on terms favorable to us or at all, which could adversely affect our future operations and strategy. Any additional offering of shares by us, or the public perception that an offering may occur, could also have a negative impact on the trading price of the shares or increase the volatility in the trading price of the shares.

In the event of the insolvency of the Company or our subsidiaries, our shareholders could suffer a total loss in the value of their shares.

Under the Austrian Insolvency Act (*Insolvenzordnung*), in the event of insolvency, a company's financial and trade creditors are generally entitled to receive payment from its assets before any assets are distributed among the company's shareholders. Thus, if the Company were to be declared insolvent, it would be very likely that all or substantially all of our assets would be used to satisfy the claims of its creditors and investors in the shares would suffer a partial or complete loss of their investment.

A suspension of trading in our shares could adversely affect the share price.

With respect to securities publicly traded in Austria, the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) (the "**FMA**") is authorized to suspend, or request the relevant regulated market on which securities are admitted to trading to suspend, such securities from trading, if, in its opinion, the respective issuer's situation is such that continued trading would be detrimental to investors' interests. The FMA is further authorized to instruct the Vienna Stock Exchange to suspend trading in an issuer's securities in connection with measures taken against market manipulation and insider trading. The Vienna Stock Exchange must suspend trading in securities that no longer comply with the rules of the regulated market unless such a step would likely cause significant damage to investors' interests or orderly functioning of the market. In addition, if the Vienna Stock Exchange does not do so, the FMA could demand the suspension of trading in securities if it is in the interest of the orderly functioning of the market and does not impair investors' interests. Existing orders are deemed void if trading is suspended. Any suspension of trading in the shares (other than for protecting investors' interest) could adversely affect the price and the liquidity of the shares and, consequently, could have a negative effect on investors' ability to sell our shares at a satisfactory price should the suspension be lifted.

We will face additional administrative requirements, incur higher ongoing costs and have to adjust our internal control system as a result of our shares becoming admitted to trading on the Vienna Stock Exchange.

After the Offering, we will be subject to the legal requirements for Austrian stock corporations with shares listed on a regulated market. These requirements include periodic financial reporting and other public disclosures of information (including those required by the Vienna Stock Exchange), regular calls with securities and industry analysts, and other required disclosures. There is no guarantee that the accounting, controlling, legal or other corporate administrative functions will be capable of responding to these additional requirements without difficulties and inefficiencies that would result in significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of general meetings and regular communications with shareholders and potential investors will entail substantially greater expense. Management will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing the Group's operations, and these additional requirements could also entail substantially increased time commitments and costs for the accounting, controlling and legal departments and other administrative functions. Further, any system of controls, no matter how well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the controls are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to such controls and procedures or any inability of administrative functions to handle the additional demands as a result of becoming a company with listed shares could have a material adverse effect on our business, financial condition and results of operations.

The proposed financial transactions tax could result in a substantial new tax burden in the secondary market for investors buying our shares and trading them in Austria or another European Union member state which implements such a tax.

On February 14, 2013, the European Commission published a proposal for a directive for a common financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. The tax would be applicable starting in 2014. The proposed tax has a broad,

potentially extraterritorial scope. It would apply to financial transactions where at least one party is a financial institution, and (i) one party is established in a participating member state or (ii) the financial instrument which is subject to the transaction is issued in a participating member state. A financial institution may be, or be deemed to be, "established" in a member state in a broad range of circumstances. A person transacting with a financial institution which fails to account for the tax would be jointly and severally liable for that tax.

In relation to many secondary market transactions in bonds and shares, the new tax would be charged at a minimum rate of 0.1% of the aggregate amount of the trade on each financial institution which is party to the financial transaction. The proposed tax provides for the participating member states to individually apply the tax on a higher rate than 0.1%. The issuance and subscription and underwriting of the Offer Shares should, however, be exempt. There are no broad exemptions for financial intermediaries or market makers. Therefore, the effective cumulative rate applicable to some dealings in bonds or shares (for instance, cleared transactions) could be greatly in excess of 0.1% of the aggregate amount of the trade.

The proposal remains subject to negotiation between the member states and may therefore be altered. Additional member states may decide to participate. Prospective investors in the Offer Shares are strongly advised to seek their own professional advice in relation to the tax.

Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Austria.

The Company is incorporated under the laws of Austria, and all of its current directors and executive officers reside outside the United States. Furthermore, substantially all of the Group's assets and all of the assets of the Company's directors and executive officers are located outside the United States. As a result, investors in the United States may be unable to effect service of process upon the Company or its directors and executive officers or enforce judgments predicated upon the civil liability provisions of the federal securities laws of the United States. The United States and Austria do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters.

Rights of shareholders in a company incorporated in Austria may differ from rights of shareholders in a corporation organized in another jurisdiction.

We are a stock corporation (*Aktiengesellschaft*) governed by Austrian law. The rights of our shareholders are governed by our Articles of Association and the Stock Corporation Act. These rights may differ in some respects from the rights of shareholders in corporations organized in jurisdictions other than Austria. In addition, it could be difficult for investors to enforce the securities laws of other jurisdictions, or to prevail in a claim against us based on those laws.

Pre-emptive rights may not be available to U.S. holders of our shares and other non-Austrian shareholders.

In accordance with Austrian law, prior to the issuance of any shares for consideration in cash, we must offer holders of then outstanding shares pre-emptive rights to purchase a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a shareholders' meeting. These pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on the Vienna Stock Exchange.

U.S. holders of our shares and other non-Austrian shareholders may not be able to receive, trade or exercise pre-emptive rights relating to our shares unless subscription rights and the new shares have been registered under the laws of any jurisdiction other than Austria or an exemption from registration requirements is available. In particular, we are not currently subject to the reporting requirements of the Securities Act and currently have no intention to subject ourselves to such reporting. If U.S. holders or any other non-Austrian shareholders of our shares are not able to receive, trade or exercise pre-emptive rights granted with respect to their shares in any rights offering by us, they may not receive the economic benefit of such rights. In addition, their proportionate ownership interests in the Company will be diluted.

Exchange rate fluctuations could adversely affect the value of our shares and any dividends paid on the shares for an investor whose principal currency is not the euro.

We declare and distribute dividends and distributions, if any, in euro. Exchange rate movements of the euro will therefore affect the value of these dividends and distributions for investors whose principal

currency is not the euro. Furthermore, the market value of the shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange volatility. This could affect the value of our shares and of any dividends paid on our shares for an investor whose principal currency is not the euro. Additionally, should the Eurozone break up as a result of the current sovereign debt crisis in Europe or for other reasons or should certain member states of the Eurozone abandon the euro, the resulting exchange rate movements to the euro could also materially affect the value of any dividends and distributions for investors whose principal currency is not the euro.

THE OFFERING

GENERAL

The Offering consists of a total of up to 23,887,500 no-par value bearer shares of FACC AG, a stock corporation organized under Austrian law (the "**Company**"), each such share with a notional value of EUR 1.00 in the share capital and with full dividend rights as from March 1, 2014. The Offer Shares to be issued in the Offering comprise:

- up to 18,750,000 newly issued no-par value bearer shares from a capital increase against contribution in cash to be resolved by an extraordinary shareholders' meeting of the Company (the "**New Shares**"), which is expected to be held on June 23, 2014 (see "Information on the Share Capital of the Company, Applicable Regulations and Description of the Articles of Association—Share Capital—Capital Increases in Connection with the Offering");
- up to 5,801,653 existing no-par value bearer shares of the Company (the "**Existing Offer Shares**") offered by FACC International Company Limited, Hong Kong (the "**Selling Shareholder**"); and
- in connection with possible over-allotments ("**Over-Allotments**"), up to 2,171,591 no-par value bearer shares from the holdings of the Selling Shareholder (the "**Over-Allotment Shares**" and, together with the New Shares and the Existing Offer Shares, the "**Offer Shares**").

The Selling Shareholder has waived its right to exercise its subscription rights with respect to the New Shares.

Immediately prior to the Offering, all of the Company's share capital was held by the Selling Shareholder. Following completion of the Offering and assuming full placement of the Offer Shares, issuance of all New Shares and full exercise of the Greenshoe Option (as defined below), the Selling Shareholder will hold approximately 51% of the Company's share capital (see "Shareholder Structure"). The Selling Shareholder will receive consideration for the sale of the Existing Offer Shares and Over-Allotment Shares, if any. The Company will receive the proceeds from the sale of the New Shares, but will not receive any of the proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares. The Company (for the New Shares offered from the capital increase) and the Selling Shareholder (for the shares offered from its own holdings other than in connection with potential Over-Allotments) will pay the Underwriters a base commission of 2.5% of their respective gross proceeds from the Offering. In addition to this base commission, the Company and the Selling Shareholder may pay the Joint Global Coordinators an additional discretionary fee (with regard to the Company of up to 1.25%) of their respective gross proceeds from the Offering (including potential Over-Allotments). The Company will also reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. In addition, the Selling Shareholder will pay the Underwriters a commission of 2.5% of the Offer Price for each Over-Allotment Share purchased upon exercise of the Greenshoe Option.

The Offering consists of a public offering of the Offer Shares to retail and institutional investors in Austria and private placements of the Offer Shares in certain jurisdictions outside Austria. In the United States, the Offer Shares will be offered for sale to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered in reliance on Regulation S under the Securities Act.

Furthermore, as part of the Offering, the Company is offering to all Eligible Employees (as defined below) Offer Shares with a value of up to EUR 7,300 per Eligible Employee at a discount of 20% (equal to a maximum discount of EUR 1,460 per Eligible Employee) from the Offer Price (the "**Employee Offering**") provided however, that the maximum amount allocated in the Employee Offering must not exceed EUR 2.5 million (or EUR 2.0 million taking the 20% discount into account). The minimum amount of Offer Shares to be purchased in the Employee Offering is 40 Offer Shares per Eligible Employee. Orders exceeding EUR 7,300 will be reduced to EUR 7,300. Employees may place orders exceeding EUR 7,300 as retail investors (but without any discount). The Employee Offering takes place only in Austria. Orders to purchase Offer Shares in the Employee Offering can be placed only with Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft and Erste Bank der oesterreichischen Sparkassen AG.

The discount for Offer Shares purchased in the Employee Offering is subject to a holding period ending on June 24, 2016. If Offer Shares purchased in the Employee Offering are sold or transferred by the employee prior to June 24, 2016, or if the employee does not provide a yearly bank statement, showing that during the preceding year the Offer shares purchased in the Employee Offering were continuously deposited with one of the banks mentioned in the preceding paragraph, the price discount received must be refunded to

the Company. In case of termination of the employment of an Eligible Employee prior to June 25, 2016, the holding period will end on the last day of the employment.

"**Eligible Employees**" are all full and part-time employees, including salaried employees (*Angestellte*), workers (*Arbeiter*), employees on leave (*karenzierte Mitarbeiter*) and employees in civilian or military service (*Wehr- und Zivildiener*), with valid employment contracts concluded for an indefinite period of time and who have been employed with the Company or any of its subsidiaries in Austria since at least June 17, 2014.

The Offering is subject to the registration of the New Shares with the Companies Register (*Firmenbuch*) following an extraordinary shareholders' meeting of the Company (the "**Shareholders' Meeting**") expected to take place on or about June 23, 2014. No action has been or will be taken in any jurisdiction other than Austria that would permit a public offering of the Offer Shares. Investors, employees and depositary banks should inform themselves of applicable laws and regulations.

Each share in the Company carries one vote at the Shareholders' Meeting. There are no restrictions on voting rights.

PRICE RANGE, OFFER PERIOD, OFFER PRICE AND ALLOTMENT

The price range ("**Price Range**") within which purchase orders may be submitted is EUR 8.00 to EUR 11.00 per Offer Share.

The offer period, during which investors may submit purchase orders for the Offer Shares (the "**Offer Period**"), commences on June 4, 2014 and is expected to end on June 23, 2014, at 12:00 noon CET (Central European Time) for retail investors and at 16:00 CET (Central European Time) for institutional investors. Purchase orders must be denominated in full euro amounts or euro cent figures of 25, 50, or 75 cents. Multiple purchase orders are permitted.

Retail investors in Austria may subscribe for Offer Shares at Erste Bank der oesterreichischen Sparkassen AG, all Austrian savings banks (*Sparkassen*) or Brokerjet Bank AG (brokerjet.at) during the Offer Period. Any such retail investors who submit orders of up to 1,500 Offer Shares before June 23, 2014, 12:00 noon (Central European Time) will receive preferential allocation. The period for preferential allocation to retail investors may be shortened at any time by prior notice one day in advance.

The Company and the Selling Shareholder reserve the right, together with the Joint Global Coordinators, to increase or decrease the total number of Offer Shares and/or to extend or shorten the Offer Period. Changes in the number of Offer Shares or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this Prospectus, investors who submitted purchase orders before the supplement is published shall have the right, under the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) (the "**Capital Markets Act**"), to withdraw these offers to purchase within two business days following the publication of the supplement. Instead of withdrawing the offers to purchase submitted prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the Austrian Stock Exchange Act (*Börsegesetz*) (the "**Stock Exchange Act**") or Capital Markets Act, as an ad-hoc release via an electronic information system, on the Company's website and as a supplement to this Prospectus. Investors who have submitted offers to purchase will not be notified individually.

After the expiration of the Offer Period, the final number of the Offer Shares placed in the Offering and the final Offer Price will be set jointly by the Company, the Selling Shareholder and the Joint Global Coordinators. The Offer Price and the final number of Offer Shares to be issued will be determined on the basis of the order book established in a book-building process. Except for Employee Offer Shares purchased by Eligible Employees in the Employee Offering, the orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Offer Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price,

and expected investor behavior. The Offer Price and the final number of Offer Shares to be issued will be announced and published, including by way of an ad-hoc announcement, via electronic media, on or about June 23, 2014 and by short notice in the Austrian official gazette (*Amtsblatt zur Wiener Zeitung*) shortly thereafter. Such information will also be deposited with the Austrian Financial Market Authority *(Finanzmarktaufsichtsbehörde*) (the "**FMA**") in accordance with the Capital Markets Act on or about June 23, 2014. The Offer Price will be due and payable no later than June 27, 2014. No expenses or taxes will be charged to purchasers of Offer Shares, except for customary banking fees. Prospective investors are advised to inform themselves about these costs.

The Offer Shares will be allotted to investors on the basis of the offers to purchase then available subject to the preferential allocation to retail investors as described above. Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the number of Offer Shares allotted to them on the business day following the expiration of the Offer Period. The Company will apply for admission of the Existing Shares and the New Shares to trading on the official market of the Vienna Stock Exchange (the "**Official Market**") on or about June 18, 2014. Trading of the Existing Shares and the New Shares on the Official Market is currently expected to commence on June 25, 2014. Investors may not have obtained information about the number of Offer Shares allotted to them at the time of commencement of trading, since book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place on June 27, 2014. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to accept them only in part.

TERMINATION OF THE OFFERING

The Offering may be terminated, suspended or extended at the absolute discretion of the Company and the Joint Global Coordinators at any time.

Pursuant to the underwriting agreement entered into by the Company, the Selling Shareholder and the Underwriters on the date of this Prospectus (the "**Underwriting Agreement**"), the obligations of the Underwriters are subject to the fulfillment of conditions precedent (such as the registration of the New Shares with the Companies Register, as well as the Selling Shareholder making up to 2,171,591 Over-Allotment Shares temporarily available free of charge to J.P. Morgan acting as stabilizing manager ("**Stabilizing Manager**"), acting for the account of the Underwriters, under a stock lending arrangement and entering into a lock-up agreement as described in "Underwriting—Lock-up") and other customary conditions (such as delivery of legal opinions, comfort letters and officer certificates). The Underwriters have the right to terminate the Underwriting Agreement under certain circumstances, including the occurrence of events of force majeure, up until the closing date of the Offering, which is expected to be on or about June 27, 2014.

In the event of termination of the Underwriting Agreement, all purchase orders placed in the Offering will be void and any payment made for the Offer Shares will be returned to the investor without interest.

SETTLEMENT

The closing of the Offering will take place after the commencement of trading in the Offer Shares on the Vienna Stock Exchange, which is expected to occur on June 27, 2014. If an investor has sold Offer Shares to a third party prior to the delivery of such Offer Shares in book-entry form and is unable to meet its obligations to deliver the Offer Shares to a third party due to the termination of the Underwriting Agreement by the Underwriters, any legal recourse will arise exclusively from and be limited to the contractual relationship between the investor and such third party. In case of short sales in the Offer Shares by investors, the selling investor bears the risk of being unable to fulfill its delivery obligation.

STABILIZATION AND OVER-ALLOTMENTS

In connection with the Offering, J.P. Morgan, acting for the account of the Underwriters, as Stabilizing Manager may, itself or through affiliates, engage in stabilizing activities aimed at supporting the exchange or market price of the Offer Shares in order to offset selling pressure in those securities. The Stabilizing Manager is not obligated to stabilize and there is no guarantee that stabilization will take place at all. Stabilization, if undertaken at all, can be discontinued at any time without prior notice. Stabilizing activities may take place from the date of commencement of trading in the Offer Shares on the Vienna Stock Exchange and must end no later than on the thirtieth calendar day thereafter (the "**Stabilization Period**"). Stabilization may result in an exchange or market price of the Offer Shares that is higher than might

otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

In view of the possible stabilization measures and in addition to the Existing Offer Shares and New Shares, investors can be allotted up to 2,171,591 Over-Allotment Shares. The Over-Allotment Shares required for possible Over-Allotments will be made temporarily available free of charge to the Stabilizing Manager, for the account of the Underwriters, by the Selling Shareholder pursuant to a stock lending arrangement. Also, the Selling Shareholder has granted the Underwriters an option to acquire the borrowed shares from the Selling Shareholder at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange.

The Stabilizing Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotments of shares were initially made; the amount of shares is to be reduced by the number of shares held by the Stabilizing Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilizing Manager in the context of stabilization measures. The Stabilizing Manager may exercise this Greenshoe Option acting for the account of the Underwriters from time to time until not later than 30 days after the first day of trading in the Existing Shares and the New Shares.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire European Economic Area as to whether stabilization measures were taken, when price stabilization started and finished, and the Price Range within which stabilization was taken; the latter will be made known for each occasion on which price stabilization measures were taken. In the event of exercise of the Greenshoe Option, the dates of the exercise as well as the number of shares concerned will likewise be publicly announced.

FORM, DELIVERY AND PAYMENT

The Offer Shares will be represented by one or more modifiable global certificates (*veränderbare Sammelurkunde*) deposited with OeKB, Am Hof 4, A-1010 Vienna, Austria.

The Underwriters expect to deliver the Offer Shares, assigned and allotted in the Offering, in book-entry form through the facilities of OeKB, Euroclear and Clearstream against payment of the Offer Price on or about June 27, 2014.

ADMISSION TO THE VIENNA STOCK EXCHANGE AND COMMENCEMENT OF TRADING

The Company will apply for admission of the Existing Shares and New Shares to trading on the Official Market on or about June 18, 2014 with the listing approval expected to be announced on or about June 24, 2014. Trading on the Official Market is currently expected to commence on June 25, 2014.

TIMELINE

The following is an indicative timeline of the Offering from the beginning of the Offer Period to the start of trading of the Existing Shares and New Shares on the Vienna Stock Exchange. This timeline is of an indicative nature and may change as circumstances warrant.

June 4, 2014	Start of Offer Period
June 23, 2014 noon CET	End of Offer Period for retail investors
June 23, 2014 16:00 CET	End of Offer Period for institutional investors
June 23, 2014	Publication of the Offer Price and the final number of Offer Shares via electronic media
June 23, 2014	Resolution by an extraordinary Shareholders' Meeting to increase the Company's share capital against contribution in cash to create the New Shares
June 25, 2014	Registration of the New Shares with the Companies Register (*Firmenbuch*)
June 25, 2014	Expected start of trading of the Existing Shares and New Shares on the Vienna Stock Exchange
June 27, 2014	Payment of the Offer Price and delivery of the Offer Shares

REASONS FOR THE OFFERING, USE OF PROCEEDS AND COSTS OF THE OFFERING

PROCEEDS AND COSTS OF THE OFFERING

Following the successful completion of the Offering, we will receive the proceeds resulting from the sale of the New Shares.

The amount of the proceeds of the Offering as well as the costs related to the Offering depend on the Offer Price, which also determines the amount of the Underwriters' commissions to be paid, and on the number of shares that will be placed in the Offering.

The Company is targeting gross proceeds from the capital increase in an amount of EUR 150.0 million by offering up to 18,750,000 New Shares (at the low end of the Price Range).

Assuming (i) an Offer Price (as defined below) at the low end, mid-point and high end of the Price Range, respectively, (ii) placement of the maximum number of Offer Shares and (iii) full exercise of the Greenshoe Option, and assuming further payment in full of the discretionary fee of up to 1.25% of the gross proceeds from the sale of the New Shares by the Company (*i.e.* up to EUR 1.9 million), the aggregate commission payable to the Underwriters will amount to EUR 7.2 million, EUR 8.0 million and EUR 8.8 million, respectively. Thereof EUR 5.6 million are attributable to the placement of the New Shares and will be borne by the Company; the remaining EUR 1.0 million, EUR 1.6 million and EUR 2.1 million, respectively, are attributable to the placement of the Existing Offer Shares and the Over-Allotment Shares and will be borne by the Selling Shareholder.

The costs related to the Offering and listing of the Company's entire share capital will be borne by the Company and are expected to amount to approximately EUR 4.1 million (excluding underwriting and placement commissions payable to the Underwriters (as defined below)).

Assuming gross proceeds from the sale of the New Shares in the amount of EUR 150.0 million, underwriting commissions of EUR 5.6 million payable by the Company and other Offering related expenses of approximately EUR 4.1 million payable by the Company the net proceeds of the Company from the sale of the New Shares will amount to EUR 140.3 million.

The gross proceeds of the Selling Shareholder from the sale of the Existing Offer Shares and the Over-Allotment Shares at the low end, mid-point and high end of the Price Range (assuming placement of 2,965,909, 4,607,656 and 5,801,653 Existing Offer Shares, respectively, and assuming full exercise of the Greenshoe Option) will amount to approximately EUR 41.1 million, EUR 63.2 million and EUR 85.2 million, respectively, and the net proceeds of the Selling Shareholder will amount to approximately EUR 40.1 million, EUR 61.6 million and EUR 83.1 million, respectively.

Investors will not be charged expenses by us or the Underwriters.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Having the Company's shares listed on the Vienna Stock Exchange provides us with access to both the equity and debt capital markets for our future financing needs in connection with the contemplated continued growth of the Company. Also, as a publicly traded company, the transparency of our financial position and business operations makes us a yet more desirable partner to our customers. Further, the Offering gives us the opportunity to increase our visibility and to more effectively showcase our products and services internationally.

We intend to use the net proceeds from the Offering (i) to finance our expansion, (ii) to enhance our capability to develop complete primary structures, (iii) to continue to focus on product innovation, (iv) to expand international cost-competitive sourcing of raw materials and production, and (v) to play an active part in the consolidation of the aerostructure market and pursue selected add-on acquisitions and partnerships in line with our strategy.

The development of products for new aircraft programs, in particular the Airbus A350XWB-1000, the Embraer E2 regional family of aircraft for which we already signed contracts and the Boeing 777X, for which we expect to sign contracts in the coming months, will significantly contribute to our future growth. The proceeds allocated to developing these new products will be used for fulfilling the original equipment manufacturer's ("**OEM**") requirements and to pre-finance the development costs for these programs. These development costs include the costs for our engineering activities, tool design and manufacturing, setting up of manufacturing facilities and certification.

As part of our strategy, we intend to actively participate in the expected consolidation of the tier-1 supplier universe in the commercial aerospace industry. Consequently, we are constantly evaluating potential acquisitions to further strengthen our international market position and reinforce our competitiveness in the aerostructures, engines & nacelles and cabin interiors segments.

As regards mergers and acquisitions strategy, we will focus on selected add-on acquisition opportunities in the United States, the biggest aerospace market. Since the USD is also the currency of the commercial aerospace industry, such acquisitions would bring us closer to our customers and provide natural currency hedging. Partnership opportunities in Asia, Russia and Brazil are also an option as they would allow us to position ourselves in closer geographic proximity to our existing and potential customers, help our key global customers satisfy their offset obligations in Asia and secure a sustainable cost-competitive manufacturing base. In general, we are targeting companies with technologies and products that are complementary to our current business activities to achieve synergy effects regarding the total costs for fully integrated products and to move up in the value chain to be closer to the end-customer, in this case the airlines, thereby allowing us to enter into sectors that provide opportunities to gain revenue and margin directly from airlines.

Since we cannot influence or control whether and when adequate acquisition targets may become available to us at acceptable commercial terms, the above-mentioned allocation of proceeds could change depending on the size and financing structure of such acquisitions. As of the date of this Prospectus, we are not in negotiations with any potential target.

To the extent that the net proceeds we would receive from the Offering are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing demand deposits with financial institutions.

DIVIDEND POLICY

GENERAL INFORMATION ON DIVIDEND PAYMENTS

Each of our shareholders is entitled to receive dividends, if and to the extent that the distribution of dividends is proposed by the Management Board and the Supervisory Board and resolved by the Company's shareholders' meeting ("**Shareholders' Meeting**"). A shareholder's share in the profits of the Company is determined by the portion of the Company's share capital such shareholder holds. Dividend payments on shares in any given financial year are resolved upon in the following year by the Shareholders' Meeting on the basis of a proposal made by the Management Board and the Supervisory Board, without the Shareholders' Meeting being bound by such proposal.

Our ability to pay dividends is assessed by the Management Board based primarily on the Company's unconsolidated financial statements prepared in accordance with the Austrian Commercial Code (*Unternehmensgesetzbuch*; the "**Commercial Code**"). Accounting principles pursuant to the Commercial Code differ from IFRS in material respects. Dividends may be paid only after the relevant balance sheet date from the net profit (*Bilanzgewinn*) recorded in the Company's unconsolidated annual financial statements as approved by the Supervisory Board or by the Shareholders' Meeting. In determining the amount available for distribution, the annual profit after taxes must be adjusted to account for any accumulated undistributed net profit or loss from previous years as well as for withdrawals from or allocations to reserves. Certain reserves must be established by law, and allocation to such reserves must therefore be deducted from the annual profit after taxes in order to calculate the annual net profit. Dividends paid by us may be subject to Austrian withholding tax. For further information, see "Taxation—Austrian Taxation Considerations—Income Tax and Corporate Income Tax—Taxation of Dividends".

DIVIDEND PAYMENTS

The Company intends to distribute prior to the completion of the Offering a special dividend in the amount of EUR 19.0 million for the financial year ending February 28, 2014 (dividend per share: EUR 0.63) by partial dissolution of the Company's capital reserves in an amount of EUR 19.0 million. This special dividend distribution is partially financed by way of an intercompany loan granted by FACC Operations GmbH ("**FACC Operations**") (in the amount of EUR 13.0 million) to the Company. The remaining amount of EUR 6 million stems from a dividend payment of FACC Operations to the Company for the financial year ending February 28, 2013.

The Company distributed dividends in the amount of EUR 1.7 million for the financial year ending February 28, 2013 (dividend per the then only existing share: EUR 1.7 million). The Company did not pay any dividends for the financial year ending February 29, 2012.

FACC Operations, our main operating subsidiary, did not pay any dividends for the financial year ending February 28, 2014. FACC Operations distributed dividends in the amount of EUR 6.0 million for the financial year ending February 28, 2013 (dividend per share: EUR 0.15) and EUR 2.0 million for the financial year ending February 29, 2012 (dividend per share: EUR 0.05).

TARGETED DIVIDEND PAYOUT RATIO

We intend to pay dividends in the future, which are expected to be within the range of 20% to 30% of the Group's consolidated profit after taxes based on IFRS. However, the decision on whether and in what amount dividends are to be distributed in the future will depend on a series of factors. The timing and amount of future dividend payments, if any, will depend on our financial performance, including, among other factors, our earnings, our general financial condition and liquidity situation, general conditions in the markets in which we operate, and legal, tax and regulatory considerations as well as such other factors as the Management Board and Supervisory Board may consider relevant. Furthermore, our ability to pay dividends depends on the amount of dividends received from our subsidiary, FACC Operations, which may be limited by the unconsolidated net profit of FACC Operations determined in accordance with the Commercial Code and by operation of the covenants and restrictions set forth in the terms and conditions of the bond and the promissory note loans (*Schuldscheindarlehen*) that we issued in 2013 and 2012, respectively. For further information on the bond and the promissory note loans, see Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Financial Liabilities. In addition, the Shareholders' Meeting may not approve the distribution resolution proposed by the Management Board and the Supervisory Board. See also "Risk Factors—Risks Related to the Shareholder Structure, the Shares, the Offering and Admission to Trading—Our ability to pay dividends or

to meet our targeted dividend payout ratio depends primarily on the inflow of funds from the Company's subsidiaries".

The following table shows (i) the total and per share net profit (*Bilanzgewinn*) as of and for the financial year ending February 28, 2014, as shown in FACC Operations' audited unconsolidated annual financial statements prepared in accordance with the Commercial Code for such year and (ii) FACC Operations' total and per share profit after taxes on a consolidated basis for the financial year ending February 28, 2014, as shown in FACC Operations' audited annual consolidated financial statements prepared in accordance with IFRS for such year.

	Financial year ending February 28, 2014	
	(audited) (in EUR per shares)	**(audited) (total in EUR million)**
Net profit (*Bilanzgewinn*) as shown in FACC Operations' audited unconsolidated annual financial statements prepared in accordance with the Commerical Code	1.02	40.7
Consolidated profit after taxes as shown in FACC Operations' audited consolidated annual financial statements prepared in accordance with IFRS	0.72	28.9

(*Source: Company information*)

The main reason for the difference between the net profit (*Bilanzgewinn*) as shown in the Company's audited unconsolidated annual financial statements prepared in accordance with the Commercial Code and the consolidated profit after taxes as shown in the Company's audited consolidated annual financial statements prepared in accordance with IFRS is the different treatment of development costs pursuant to the Commercial Code and IFRS. In accordance with IAS 38, the Company capitalizes certain project related development costs in its consolidated financial statements, whereas under the Commercial Code, the Company is required to record such development costs as expenses in the period in which they accrue. On the other hand, in future financial years when the Company records the sale of the developed products, pursuant to the Commercial Code the Company does not need to account for any related development costs. The difference between the net profit (*Bilanzgewinn*) and the Group's profit after taxes varies from period to period due to the specific terms of the contracts concluded with our customers.

CAPITALIZATION AND INDEBTEDNESS

CAPITAL RESOURCES AND INDEBTEDNESS

The following table sets forth the capitalization and indebtedness of FACC Group as of February 28, 2014 (i) on an actual basis and (ii) adjusted to reflect the effects of the special dividend payment of EUR 19.0 million to the Selling Shareholder (see "Dividend Policy—Dividend Payments"), and (iii) adjusted to reflect the effects of a placement of all New Shares at the mid-point of the Price Range (assuming net issue proceeds of EUR 140.3 million, see "Reasons for the Offering, Use of Proceeds and Costs of the Offering") and adjusted to reflect the effects of the special dividend payment of EUR 19.0 million to the Selling Shareholder.

Data presented in the table below should be analyzed together with financial information presented in the Audited Consolidated Financial Statements and other sections of this Prospectus.

CAPITALIZATION AND INDEBTEDNESS

	As of February 28, 2014		
Amounts in EUR thousand	**(i) Actual**	**(ii) Adjusted to reflect the special dividend payment of EUR 19.0 million**	**(iii) Adjusted to reflect the net proceeds from a placement of all New Shares and the special dividend payment of EUR 19.0 million**
	(audited)	**(unaudited)**	**(unaudited)**
Total current financial liabilities	**10,817**	**10,817**	**10,817**
Guaranteed[1]	2,833	2,833	2,833
Secured[2]	632	632	632
Unguaranteed/unsecured	7,352	7,352	7,352
Total non-current financial liabilities (excluding current portion of long-term debt)[3]	**190,921**	**190,921**	**190,921**
Guaranteed[1]	24,896	24,896	24,896
Secured[2]	5,062	5,062	5,062
Unguaranteed/unsecured	160,964	160,964	160,964
Shareholders' equity	**224,833**	**205,833**	**346,108**
Share capital	35	35	15,824
Capital reserves	125,006	125,006	249,492
Other reserves[4]	99,792	80,792	80,792
Total shareholders' equity and liabilities	**426,571**	**407,571**	**547,847**

(1) Guaranted by AWS or FFG Research Promotion Agency.

(2) Secured by security transfer contracts (machineries).

(3) Non-current other financial liabilities plus promissory note loans plus bonds.

(4) Currency translation reserve plus other reserves plus retained earnings, excluding non-controlling interests.

(*Source: Audited Consolidated Financial Statements, Company information*)

NET FINANCIAL LIABILITIES

The following table sets forth the net financial liabilities of FACC Group as of February 28, 2014 (i) on an actual basis and (ii) adjusted to reflect the effects of the special dividend payment of EUR 19.0 million to the Selling Shareholder (see "Dividend Policy—Dividend Payments"), and (iii) adjusted to reflect the effects of a placement of all New Shares (assuming net issue proceeds of EUR 140.3 million, see "Reasons for the Offering, Use of Proceeds and Costs of the Offering") and adjusted to reflect the effects of the special dividend payment of EUR 19.0 million to the Selling Shareholder.

Data presented in the table below should be analyzed together with financial information presented in the Audited Consolidated Financial Statements and other sections of this Prospectus.

Amounts in EUR thousand	As of February 28, 2014		
	(i) Actual	**(ii) Adjusted to reflect the special dividend payment of EUR 19.0 million**	**(iii) Adjusted to reflect the net proceeds from a placement of all New Shares and the special dividend payment of EUR 19.0 million**
	(audited)	**(unaudited)**	**(unaudited)**
A. Cash	49,616	30,616	170,891
B. Cash equivalents	1,396	1,396	1,396
C. Trading securities	0	0	0
D. Liquidity (A + B + C)	**51,012**	**32,012**	**172,287**
E. Current financial receivable	**0**	**0**	**0**
F. Current bank debt[1]	(1,539)	(1,539)	(1,539)
G. Current portion of non-current debt[1]	(9,278)	(9,278)	(9,278)
H. Other current financial debt[2]	0	0	0
I. Current financial indebtedness (F + G + H)	**(10,817)**	**(10,817)**	**(10,817)**
J. Net current financial indebtedness (I – E – D)	**40,195**	**21,195**	**161,470**
K. Non-current bank loans[3]	(102,028)	(102,028)	(102,028)
L. Bonds issued	(88,893)	(88,893)	(88,893)
M. Other non-current loans[2]	0	0	0
N. Non-current financial debt (K + L + M)	**(190,921)**	**(190,921)**	**(190,921)**
O. Net financial indebtedness (J + N)	**(150,726)**	**(169,726)**	**(29,451)**

(1) Including other financial liabilities (bank borrowings).

(2) Excluding derivative financial instruments.

(3) Including other financial liabilities (bank borrowings) and promissory note loans.

(*Source: Audited Consolidated Financial Statements, Company information*)

As of February 28, 2014, the Group had no indirect or contingent liabilities.

NO MATERIAL ADVERSE CHANGE

The Company intends to pay prior to the completion of the Offering a special dividend in the amount of EUR 19.0 million for the financial year ending February 28, 2014 to the Selling Shareholder by partial dissolution of the Company's capital reserves in an amount of EUR 19.0 million. This special dividend payment is partially financed by way of an intercompany loan granted by FACC Operations (in the amount of EUR 13.0 million) to the Company. The remaining amount of EUR 6 million stems from a dividend payment of FACC Operations to the Company for the financial year ending February 28, 2013. Apart from that, there has been no material adverse change in the Group's financial or trading position since February 28, 2014.

WORKING CAPITAL STATEMENT

We are of the opinion that cash flow from operating activities and cash and other liquid resources from other existing sources of financing available to the Group are sufficient working capital to cover all of its foreseeable payment obligations over the next twelve months following the date of this Prospectus.

DILUTION

The Group's shareholders' equity as of February 28, 2014 was EUR 224.8 million (excluding non-controlling interests), or EUR 224.8 million per the then only existing share representing the Company's share capital of then EUR 35,000.

After giving effect to the sale of 15,789,474 New Shares at an Offer Price of EUR 9.50 per New Share, being the mid-point of the Price Range, the Group's shareholders' equity as of February 28, 2014 would have been EUR 346.1 million or EUR 7.6 per share, after deduction of the expected underwriting fees and other expenses of the Offering incurred by us. This represents an immediate dilution in shareholders' equity of EUR 1.9 or 20.4% per share to investors purchasing New Shares. Dilution per share to new investors is determined by subtracting shareholders' equity per share after the Offering from the Offer Price paid by a new investor.

Investors should be aware that dilution, as calculated above, is based on the Offer Price for the New Shares of EUR 9.50 per New Share, the mid-point of the Price Range. The actual dilution will be determined on the basis of the actual net proceeds based on the Offer Price, which will be determined in accordance with the following formula: (final number of Offer Shares) × (Offer Price) − EUR 9.7 million (our estimated expenses for the Offering). Dilution per share is determined by subtracting the shareholders' equity per share after the Offering from the Offer Price.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND COMPANY INFORMATION

The following selected financial information has been extracted or derived from the Audited Consolidated Financial Statements of the Company for the financial years ending February 28/29, 2012, 2013 and 2014. The Audited Consolidated Financial Statements were audited by PwC, as stated in their reports attached to the Audited Consolidated Financial Statements.

Until May 21, 2014, the Company was organized as a limited liability company (Gesellschaft mit beschränkter Haftung) with the legal name Aerospace Innovation Investment GmbH. In preparation of the Offering, on May 21, 2014, the Company was converted into a stock corporation (Aktiengesellschaft) and the Company's legal name was changed from Aerospace Innovation Investment GmbH to FACC AG. Consequently, the following Audited Consolidated Financial Statements pertain to Aerospace Innovation Investment GmbH including its consolidated subsidiaries. For further information on the corporate reorganization in preparation of this Offering, see "General Information on the Company—History of the Company".

In the financial year ending February 28, 2013, we reorganized our business divisions and consequently revised our segment presentation to show three operating segments rather than two operating segments. To enable year-to-year comparisons, the segment information for the financial year ending February 29, 2012 is based on the adjusted 2012 comparative figures as contained in the Company's Audited Consolidated Financial Statements for the financial year ending February 28, 2013 (where indicated "2012 (adjusted)"). As a result, some figures of the Audited Consolidated Financial Statements for the financial year ending February 29, 2012 relating to the segment information differ from the adjusted 2012 figures included in this Prospectus. For further information on the new segmentation and the adjustments of the figures related to this change, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting").

The Audited Consolidated Financial Statements, together with PwC's audit reports, are included in the section "Financial Information" starting on page F-1 of this Prospectus. The information shown in this section should be read in conjunction with the Audited Consolidated Financial Statements and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations".

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT DATA

Financial Years Ending February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand (unless otherwise indicated)	Financial year ending February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Revenue	**355,624**	**434,615**	**547,382**
Changes in inventories	1,542	5,523	(8,186)
Own work capitalized	4,995	4,741	9,758
Cost of materials and purchased services	(210,133)	(257,105)	(308,959)
Staff costs	(91,799)	(110,519)	(142,572)
Depreciation and amortization	(16,364)	(17,214)	(18,042)
Other operating income and expenses	(20,474)	(25,327)	(37,450)
Earnings before interest, taxes and fair value measurement of derivative financial instruments	**23,391**	**34,714**	**41,931**
Finance costs	(1,763)	(2,722)	(7,494)
Interest income from financial instruments	220	26	281
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781
Profit before taxes	**12,619**	**27,049**	**36,499**
Income taxes	(2,160)	(6,277)	(7,639)
Profit after taxes	**10,459**	**20,772**	**28,860**

(*Source: Audited Consolidated Financial Statements*)

CONSOLIDATED BALANCE SHEET DATA

As of February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
ASSETS			
Non-current assets			
Intangible assets	100,117	103,713	126,307
Property, plant and equipment	72,552	91,530	129,862
Other non-current financial assets	1,347	1,538	1,730
Non-current receivables	16,141	20,878	16,677
	190,157	**217,659**	**274,575**
Current assets			
Inventories	44,763	56,365	81,049
Trade receivables	63,978	97,165	100,111
Receivables from construction contracts	11,964	28,198	25,144
Other receivables and deferred items	8,355	5,906	19,027
Receivables from affiliated companies	6,400	802	14,812
Derivative financial instruments	2,851	4,760	3,590
Cash and cash equivalents	19,292	36,958	51,012
	157,603	**230,154**	**294,745**
Total assets	**347,760**	**447,813**	**569,320**
EQUITY			
Share capital	35	35	35
Capital reserve	144,006	144,006	125,006
Currency translation reserve	(74)	(75)	(127)
Revenue reserves	(15)	—	—
Other reserves[(1)]	606	(609)	(1,434)
Retained earnings	34,431	55,188	101,353
	178,989	**198,545**	**224,833**
Non-controlling interests	—	—	(5)
Total equity	**178,989**	**198,545**	**224,828**
LIABILITIES			
Non-current liabilities			
Promissory note loans	—	45,000	45,000
Bonds	—	—	88,893
Other financial liabilities	17,275	18,187	57,028
Derivative financial instruments	7,625	11,734	9,953
Investment grants	11,765	10,538	9,776
Employee benefit obligations[(1)]	4,760	6,886	7,581
Deferred taxes[(1)]	11,838	12,852	20,128
	53,263	**105,197**	**238,359**
Current liabilities			
Trade payables	35,467	55,453	55,694
Other liabilities and deferred income	14,370	18,073	23,553
Bonds	20,000	—	—
Other financial liabilities	35,973	49,921	10,817
Derivative financial instruments	—	688	—
Other provisions	7,560	13,896	10,476
Investment grants	1,170	1,233	838
Income tax liabilities	968	4,807	4,755
	115,508	**144,071**	**106,133**
Total liabilities	**168,771**	**249,268**	**344,492**
Total equity and liabilities	**347,760**	**447,813**	**569,320**

(1) Figures as of February 28, 2013 are included as set forth in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014 and have been adjusted according to IAS 19 (revised 2011).

(*Source: Audited Consolidated Financial Statements*)

CONSOLIDATED STATEMENT OF CASH FLOW

Financial Years Ending February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand	Financial year ending February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Operating activities			
Earnings before interest, taxes and fair value measurement of derivative financial instruments	23,391	34,714	41,931
Fair value measurement of derivative financial instruments[1]	(9,229)	(4,969)	1,781
	14,162	**29,745**	**43,712**
Plus/minus			
Release of/accrual of investment grants	(1,754)	(1,164)	1,587
Depreciation and amortization	16,364	17,214	18,042
Losses/(gains) on disposal of non-current assets	7,063	848	17,568
Changes in financial instruments[1]	8,854	2,887	(1,376)
Change in non-current receivables	(16,141)	(4,737)	4,202
Change in employee benefit obligations, non-current[2]	250	1,407	695
Revaluation effects of pensions and termination benefits[2]	—	(853)	(280)
	28,798	**45,347**	**84,150**
Changes in net current assets			
Change in inventories	(7,362)	(11,602)	(24,683)
Changes in receivables and deferred items	(20,731)	(41,372)	(25,989)
Change in trade payables	11,946	19,985	241
Change in current provisions	3,016	6,270	(3,420)
Change in other current liabilities	549	2,685	6,663
Cash generated from operations	16,216	21,313	36,963
Interest received	219	25	281
Tax paid	(85)	(193)	(166)
Net cash generated from operating activities	16,350	21,145	37,077
Investment activities			
Purchase of non-current financial assets	(124)	(173)	(173)
Acquisition of subsidiaries, net of cash acquired	—	—	391
Purchase of property, plant and equipment	(10,745)	(30,464)	(58,848)
Purchase of intangible assets	(3,273)	(3,405)	(6,056)
Payments for addition to development costs	(12,259)	(6,575)	(36,374)
Net cash used in investing activities	(26,401)	(40,617)	(101,060)
Financing activities			
Proceeds from financial loans and bonds	32,116	63,378	132,568
Repayments of financial loans and bonds	(19,281)	(23,518)	(45,337)
Payments of interest on financial loans and bonds	(1,763)	(2,722)	(7,494)
Payment of dividend	—	—	(1,700)
Net cash generated from/(used in) financing activities	11,072	37,138	78,037
Net change in cash and cash equivalents	**1,021**	**17,666**	**14,054**
Cash and cash equivalents at the beginning of the period	18,271	19,292	36,958
Cash and cash equivalents at the end of the period	**19,292**	**36,958**	**51,012**

(1) Includes changes in financial instruments not considered part of net current assets, i.e., mainly derivatives.

(2) Figures for the financial year ending February 28, 2013 are included as set forth in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014 and have been adjusted according to IAS 19 (revised 2011).

(*Source: Audited Consolidated Financial Statements*)

KEY PERFORMANCE INDICATORS

As of February 28/29, 2012, 2013 and 2014

Amounts in EUR thousand, unless otherwise indicated	As of February 28/29,		
	2012	2013	2014
	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)
Order backlog (amounts in USD million)	2.883	3.887	4.170
Revenue (audited)	355,624	434,615	547,382
Research and development costs			
Capitalized	12,259	6,575	36,374
Expensed[(1)]	30,446	49,268	19,182
Total as % of revenue	12.0%	12.8%	10.2%
EBITDA[(2)] (audited)	39,755	51,928	59,973
EBITDA margin (%)[(3)]	11.2%	11.9%	11.0%
EBIT[(4)] (audited)	23,391	34,714	41,931
EBIT margin (%)[(5)]	6.6%	8.0%	7.7%
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments[(6)]	19,688	25,741	27,079
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments margin (%)[(7)]	5.5%	5.9%	4.9%
Net working capital[(8)]	79,223	114,108	146,084
Net working capital margin (%)[(9)]	22.3%	26.3%	26.7%
Cash generated from operations	16,216	21,313	36,962
Net debt[(10)]	53,956	76,150	150,726
Net debt to EBITDA ratio[(11)]	1.4	1.5	2.5

(1) Calculated as research and development expense plus development cost expensed plus depreciation and amortization.

(2) Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization.

(3) Calculated as EBITDA as a percentage of revenue.

(4) Earnings before interest, taxes and fair value measurement of derivative financial instruments.

(5) Calculated as EBIT as a percentage of revenue.

(6) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments.

(7) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments as a percentage of revenue.

(8) Calculated as inventories plus trade receivables plus receivables from construction contracts plus other receivables and deferred items minus trade payables minus other liabilities and deferred income.

(9) Calculated as net working capital as a percentage of revenue.

(10) Calculated as non-current promissory note loans plus non-current bonds plus non-current other financial liabilities plus current other financial liabilities plus current bonds minus cash and cash equivalents.

(11) Calculated as net debt divided by EBITDA.

(*Source: Audited Consolidated Financial Statements, Company information*)

SEGMENT REPORTING

Financial Years Ending February 28/29, 2012, 2013 and 2014

BUSINESS DIVISIONS

Amounts in EUR thousand	Financial year ending February 28/29,		
	2012 (adjusted)[(1)]	2013	2014
	(audited)	(audited)	(audited)
AEROSTRUCTURES			
Revenue	172,924	219,886	305,423
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	17,219	25,810	41,117
Depreciation and amortization	6,628	7,439	8,421
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	23,847	33,250	49,539
ENGINES & NACELLES			
Revenue	76,866	96,308	101,092
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	(3,096)	375	(5,458)[(2)]
Depreciation and amortization	5,530	6,221	5,714
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	2,435	6,596	256
INTERIORS			
Revenue	105,834	118,421	140,867
Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT)	9,268	8,527	6,271
Depreciation and amortization	4,206	3,554	3,907
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortization (EBITDA)	13,474	12,081	10,178

(1) Figures for the financial year ending February 29, 2012 in the column "2012 (adjusted)" are included as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting").

(2) Figure deviates slightly from the corresponding one set forth in the 2014 Audited Consolidated Financial Statements due to a typographical error in the 2014 Audited Consolidated Financial Statements.

(*Source: Audited Consolidated Financial Statements*)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations is based on, and should be read in conjunction with, the Audited Consolidated Financial Statements of the Company for the financial years ending February 28/29, 2012, 2013 and 2014.

In the financial year ending February 28, 2013, we reorganized our business divisions and consequently revised our segment presentation to show three operating segments rather than two operating segments. To enable year-to-year comparisons, the segment information for the financial year ending February 29, 2012 is based on the adjusted 2012 comparative figures as contained in the Company's Audited Consolidated Financial Statements for the financial year ending February 28, 2013 (where indicated "2012 (adjusted)"). As a result, some figures of the Audited Consolidated Financial Statements for the financial year ending February 29, 2012 relating to the segment information differ from the adjusted 2012 figures included in this Prospectus. For further information, see "—Segment Reporting").

The following discussion and analysis contains forward-looking statements which are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, see "Forward-Looking Statements" and "Risk Factors". For an overview of important selected consolidated financial data, see "Selected Consolidated Financial Information and Company Information".

OVERVIEW OF OUR OPERATIONS

We are one of the leading tier-1 suppliers of composite components and assemblies for aerostructures, engines & nacelles and cabin interiors to the global commercial aerospace industry. We operate in three divisions, the aerostructures division ("**Aerostructures Division**" or "**Aerostructures**"), the engines & nacelles division ("**Engines & Nacelles Division**" or "**Engines & Nacelles**") and the interiors division ("**Interiors Division**" or "**Interiors**"):

- *Aerostructures Division:* Our Aerostructures Division focuses on the development, production and sale of composite components for control surfaces, fairings and wing components for all commercial airplanes.
- *Engines & Nacelles Division:* Our Engines & Nacelles Division focuses on the development, production and sale of composite components and assemblies for civil aircraft engines and nacelles.
- *Interiors Division:* Our Interiors Division focuses on the development, production and sale of cabin interiors components and complete cabin interiors for commercial aircraft, business jets, freighters and helicopters.

For more information on the business of the Group, see "Business".

SEGMENT REPORTING

Since March 1, 2012, we have reported the results of operations of our three business divisions: Aerostructures, Engines & Nacelles and Interiors. These business divisions also constitute our reportable segments under IFRS 8, i.e., according to the internal reporting and management structure of the Group.

Until the financial year ending February 29, 2012, we split our operations into two divisions: Structures and Interiors, with the former divided into the two subdivisions Aerostructures and Engine & Nacelle. Due to the continuing growth in development and manufacturing activities with regard to engine & nacelle components, the Management Board decided to split the division Structures into two separate business divisions and appointed a separate management team for each of them, in order to correctly reflect our internal reporting and management structure.

As a result of these changes, and in order to allow year-on-year comparisons between the financial years ending February 29, 2012 and February 28, 2013, the figures relating to the operating segments for the financial year ending February 29, 2012 have been adjusted in the Audited Consolidated Financial Statements for the financial year ending February 28, 2013 (where indicated "2012 (adjusted)").

The following table shows the adjustments made in the course of the reorganization of our former segment reporting until February 29, 2012 and the new segment reporting since March 1, 2012:

Amounts in EUR thousand	Financial year ending February 29, 2012			Financial year ending February 29, 2012 (adjusted)			
	(audited)			(audited, unless otherwise indicated)			
	Structures	Interiors	Total	Aero-structures	Engines & Nacelles	Interiors	Total[1]
Revenue	247,775	—		172,924	74,851[1]	—	
	—	107,849		—	2,015[1]	105,834	
	247,775	107,849	355,624	172,924	76,866	105,834	355,624
EBIT[2]	14,128	—		17,219	(3,091)[1]	—	
	—	9,263		—	(5)[1]	9,268	
	14,128	9,263	23,391	17,219	(3,096)[1]	9,268	23,391
Depreciation and Amortization	12,153	—		6,628	5,525[1]	—	
	—	4,211		—	5[1]	4,206	
	12,153	4,211	16,364	6,628	5,530	4,206	16,364
EBITDA[3]	26,282	—		23,847	2,435	—	
	—	13,474		—	—	13,474	
	26,282	13,474	39,756	23,847	2,435	13,474	39,756
Assets	257,890	—		150,676	107,214[1]	—	
	—	89,870		—	697[1]	89,173	
	257,890	89,870	347,760	150,676	107,911[1]	89,173	347,760
Capital Expenditures	18,588	—		13,950	4,638[1]	—	
	—	7,547		—	(52)[1]	7,599	
	18,588	7,547	26,135	13,950	4,586[1]	7,599	26,135

(1) Figures are not audited.

(2) Earnings before interest, taxes and fair value measurement of derivative financial instruments.

(3) Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization.

(*Source: Audited Consolidated Financial Statements, Company information*)

Of the revenue relating to the former segment Structures in the amount of EUR 247,775 thousand, EUR 172,924 thousand were allocated to Aerostructures and EUR 74,851 thousand were allocated to Engines & Nacelles. In addition, of the revenue relating to the segment Interiors in the amount of EUR 107,849 thousand, EUR 2,015 thousand were allocated to Engines & Nacelles and the remaining EUR 105,834 thousand stayed within Interiors.

Of the EBIT relating to the former segment Structures in the amount of EUR 14,128 thousand, an amount of EUR 17,219 thousand was allocated to Aerostructures and negative EUR 3,091 thousand were allocated to Engines & Nacelles. In addition, of the EBIT relating to the segment Interiors in the amount of EUR 9,263 thousand, negative EUR 5 thousand were allocated to Engines & Nacelles and the remaining EUR 9,268 thousand stayed within Interiors.

With regard to depreciation and amortization, of the EUR 12,153 thousand relating to the former segment Structures, an amount of EUR 6,628 thousand was allocated to Aerostructures and EUR 5,525 thousand were allocated to Engines & Nacelles. In addition, of the EUR 4,211 relating to the segment Interiors, an amount of EUR 5 thousand was allocated to Engines & Nacelles and the remaining EUR 4,206 thousand stayed within Interiors.

Of the EBITDA relating to the former segment Structures in the amount of EUR 26,282 thousand, an amount of EUR 23,847 thousand was allocated to Aerostructures and EUR 2,435 thousand were allocated to Engines & Nacelles.

With regard to assets, of the EUR 257,890 thousand relating to the former segment Structures, an amount of EUR 150,676 thousand was allocated to Aerostructures and EUR 107,214 thousand were allocated to Engines & Nacelles. In addition, of the EUR 89,870 thousand relating to the segment Interiors, an amount

of EUR 697 thousand was allocated to Engines & Nacelles and the remaining EUR 89,173 thousand stayed within Interiors.

With regard to capital expenditures, of the EUR 18,588 thousand relating to the former segment Structures, an amount of EUR 13,950 thousand was allocated to Aerostructures and EUR 4,638 thousand were allocated to Engines & Nacelles. In addition, of the EUR 7,547 thousand relating to the segment Interiors, an amount of negative EUR 52 thousand was allocated to Engines & Nacelles and the remaining EUR 7,599 thousand stayed within Interiors.

PRESENTATION OF FINANCIAL INFORMATION

As a result of the corporate restructuring in preparation for the Offering, and resulting from the acquisition in 2009 of FACC AG by the Selling Shareholder through AIIG as the acquisition vehicle, there are certain differences between the Audited Consolidated Financial Statements (pertaining to the former AIIG) and the consolidated financial statements of FACC Operations (then: FACC AG) previously published for the FACC Group. Such changes are, however, not material and mainly relate to the following items (all figures are derived from the Audited Consolidated Financial Statements for the financial year ended February 28, 2014):

Balance Sheet

- 'Intangible assets' included a goodwill from the acquisition of FACC AG in 2009 in an amount of EUR 17,204 thousand (will also be included in subsequent financial years);
- 'Property, plant and equipment' reflected differences related to IFRS 3 adjustments (purchase price allocation) from December 3, 2009, as well as an amount of EUR 396 thousand for a residential building which has since been transferred to another entity controlled by the Selling Shareholder (will not be included in subsequent financial years);
- Receivables from affiliated companies' included an amount of EUR 900 thousand for services provided to the Selling Shareholder (will not be included in subsequent financial years);
- 'Total equity' reflected differences (e.g., share capital and capital reserve, retained earnings) from the acquisition of FACC AG in 2009 in an amount of EUR 23,496 thousand (will also be included in subsequent financial years); and
- 'Income tax liabilities' included an amount of EUR 4,755 thousand from the acquisition of FACC AG in 2009 (will also be included in subsequent financial years).

Statement of Comprehensive Income

- 'Revenue' included an amount of EUR 900 thousand for service payments received from the Selling Shareholder (will not be included in subsequent financial years);
- 'Staff costs' included an amount of EUR 548 thousand relating to employees of AIIG (will not be included in subsequent financial years);
- 'Depreciation and amortization' included an amount of EUR 679 thousand as depreciation relating to the purchase price allocation from the 2009 acquisition of FACC AG (will also be included in subsequent financial years); and
- 'Other operating income and expenses' included an amount of EUR 235 thousand relating to miscellaneous expenses of AIIG (will not be included in subsequent financial years).

KEY FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that the factors discussed below have significantly affected the development of our business, financial condition and results of operations, and that such factors will continue to have a material influence on our business, financial condition and results of operations in the future.

Development of the Commercial Aerospace Market and the General Economic Environment

Our business relies significantly on demand for new commercial aircraft. Commercial aircraft demand in turn is driven by many factors, including airline passenger volumes, airline profitability, the introduction of new aircraft models, the aging life cycle of current fleets and general economic conditions. During the past

three financial years, airline passenger volumes continued to increase and it is expected that global passenger air traffic will grow at a CAGR of 4.8% from 2014 to 2035 (*Source: Airline Monitor*). Increased passenger traffic volumes and the return to profitability of the global airline industry together with continued strong demand for fuel efficient airline models have resulted in very strong demand for commercial aircraft, in particular for the Boeing 787 Dreamliner and the Airbus A350. This development benefits our business model as these two aircraft models include approximately 50% composite materials of weight per aircraft and thus have the highest share of composite components among major aircraft programs.

New Aircraft Program Development and Recovery of Product Development Costs

New aircraft development programs for existing customers, such as the Airbus A350 program, have a significant impact on our revenue. As is common in the aerospace industry, the majority of our contracts with customers is based on the amortization of development costs corresponding to the number of units shipped per aircraft. As a result of entering into such contracts, the capital expenditure of project related investments increases. However, in the past three financial years, we entered into a number of contracts under which we negotiated to recover these development costs based on achieving agreed milestones. This has led to a reduction of capitalized development costs and corresponding positive contributions to our revenue.

Ramp-Up of New Aircraft Programs

During the past three financial years, our operational results and liquidity have been affected by ramp-up phases in connection with new aircraft programs, in particular the Boeing 787 Dreamliner. Ramp-up phases for new aircraft programs mark the beginning of the learning curve through which we progress as we develop new programs and products. As is typical during ramp-up phases, we often experience interruptions in the manufacturing and production process. Such interruptions lead to higher inventories due to the slower usage of materials as well as higher costs associated with the need to address these interruptions.

Stable Production Quantities of New Programs (after Ramp-Up Phase)

As we increase production quantities in the stages following the ramp-up phase, we are typically able to translate the learning curve effects into reduced manufacturing hours. Such learning curve effects can also have a positive impact on the profit margins, and we can generate economies of scale which can lead to higher operational results. With respect to the Boeing 787 Dreamliner, we have now reached this stage and we expect to become more efficient as manufacturing hours per unit decreases. We also expect to improve our cost efficiency with regards to costs of materials by, for example, using less expensive material where possible. Furthermore, we expect stable production rates due to less interruptions in the manufacturing process and fewer quality issues.

Delays in Development Programs by Our Customers

During the past three financial years, we experienced significant changes in demand for our products from aircraft manufacturers due to delays in their own aircraft program development. For example, Boeing originally planned for the first flight of the Boeing 787 Dreamliner aircraft by the end of August 2007 and finally delivered the first 787 Dreamliner in September 2011. Currently, we experience delays with Airbus A350 and Bombardier C-Series, which are expected to enter into service in the fourth quarter of 2014 and late 2015, respectively. Such delays postpone the start of the ramp-up phase and lead to lower sales of our products, higher inventories and a delayed recovery of our product development costs.

Effects of Changes in Product Specifications by our Customers in Connection with Fixed Price Contracts

Most of our customer contracts are fixed price contracts for the lifecycle of the aircraft program. In the past three financial years, our customers sometimes changed the product specifications for components of their aircraft programs requiring us to develop new products on a timely basis. This change in specification occurred, for example, with the A380, for which we had to redesign the flap track fairings. This redesign required significant changes during the production and development, leading to higher costs, in particular with respect to the costs of materials. To recover these costs, we were able to renegotiate the respective contract with Airbus. Furthermore, the newly designed flap track fairings were of better quality and could

therefore be sold at a higher price, leading to higher margins. We expect to encounter such product specification issues in the future, in particular in the context of development changes during the ramp-up phases of new aircraft programs. During the past three financial years we were mostly able to recover such additional development costs and, in addition, could achieve higher margins from the sale of such redesigned products.

Volatility of Raw Material Cost

The costs of materials and purchased services account for a significant portion of our revenue. Accordingly, any significant increase in the costs of these raw materials, such as carbon fiber, titanium and nomex, or significant fluctuations in their prices will have an adverse impact on the profitability of our business if we are unable to pass such increase in costs on to our customers, as is the case with our fixed price contracts. For this reason, we purchase some of the materials we require for the manufacturing of our products on the basis of long-term contracts. We have not experienced any significant increases in the price of raw materials in the last three financial years. However, as in previous years, when such price increases occur, we are usually able to renegotiate our contracts to pass on the costs associated with the higher price of raw materials to our customers.

Plant Utilization

The utilization of our plant IV in Reichersberg, Austria, established in 2007, was below our expectation during the financial years ending February 29, 2012 and February 28, 2013. This was mainly due to the delayed development of the Boeing 787 Dreamliner which was delayed by approximately four years. This plant is also utilized for the manufacturing of components for the Airbus A350, which was launched in the financial year ending February 28, 2013. A low utilization rate of our plants has a significant effect on our operating result due to the fixed costs. We expect our plants to be utilized between 80% and 90% based on a five-day working week.

Gradual Start in the Engines & Nacelles Division

Our relatively new Engines & Nacelles Division reported a loss in the financial year ended February 29, 2012, only a relatively small gain in the financial year ended February 28, 2013, and a loss in the financial year ended February 28, 2014. Since we first entered this business to develop, produce and sell composite components and assemblies for civil aircraft engines and nacelles, we have incurred high costs typically associated with necessary initial investments. Also, we had to devote extra time and expenditures to new materials, instruments, manufacturing processes and other elements that were previously unfamiliar to us. Currently, we see these investments paying off and expect a positive development of our Engines & Nacelles Division in the current financial year.

Foreign Currency and Interest Rate Fluctuations as well as Changes in Fair Value of Derivative Financial Instruments

While almost all of our sales are in USD, a significant portion of our total costs is in other currencies, in particular EUR. Therefore, changes in the USD to EUR exchange rate have a significant effect on our operating result and profit after taxes.

The Group enters into various derivative financial instruments to hedge the current and forecasted net cash position of the USD and the interest rate risk on financial liabilities. Such instruments comprise structured currency option contracts, currency forward contracts and interest rate swaps. Derivative financial instruments that do not qualify for cash flow hedge accounting under International Accounting Standards ("**IAS**") 39 are accounted for with the changes in fair value being recognized in the consolidated statement of comprehensive income under "fair value measurement of derivative financial instruments" or "other operating income and expenses", if they relate to trade receivables and payables in foreign currency. Such changes can have a significant influence on our profit before taxes, profit for the period/ year and consolidated comprehensive income.

We have partially hedged our exposure to foreign currencies during the past three financial years. As a result of the remaining unhedged exposure, our EBIT was affected by EUR 2.5 million, EUR 7.0 million, and negative EUR 11.2 million in the financial years ending February 28/29, 2012, 2013, and 2014, respectively.

Seasonality

Our operating results are subject to fluctuations as revenue varies from quarter to quarter. The allocation of the total revenue for a given financial year to a particular financial quarter is largely correlated to production operations of aviation industry customers. For this reason, the quarters during which customers normally conduct plant holidays are lower in revenue than quarters without such effects. Moreover, the revenue for a certain quarter may be affected by invoicing for larger tooling and development projects, which is generally the case during the fourth quarter. In addition, our customers typically place their orders, to a large extent, in December which results in increased revenue recorded in January, i.e., in our fourth quarter. Further, the seasonality effect is influenced by airlines as the quantity of their purchase orders for new aircraft varies on seasonal passenger volumes. In the past, our results have varied from quarter to quarter which had an impact on our working capital and financial results. It is anticipated that these effects will continue to take place in the future.

CRITICAL ACCOUNTING POLICIES

We have identified below the accounting policies that we believe are the most critical to our audited consolidated financial information. These accounting policies require the most difficult, subjective or complex judgments of our management, often as a result of the need to make estimates about the effect of matters which are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to our audited consolidated financial information. The estimates and associated assumptions are based on historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. Actual results may significantly differ from these estimates and assumptions.

We review our estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Our audited consolidated financial information has been prepared on the basis of historical cost convention, with the exception of financial assets available for sale, financial assets and liabilities (including derivatives) that were measured at fair value.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of the closing of the respective acquisition. Goodwill is recorded as a separate asset and is also subject to the impairment test.

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value in use calculations. The value in use calculation primarily uses cash flow projections based on five-year financial budgets approved by our Management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenue and profit margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realized for the estimated terminal value. The Group prepared the financial budgets reflecting actual and prior year performance and market development expectations. For the purpose of the impairment test, a conservative growth rate based on general market conditions was used to extrapolate cash flows beyond the approved financial budgets period. The discount rates for the test were based on the Company's annual weighted average cost of capital. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

Development Costs

The calculation for amortization of capitalized development costs is based on the number of shipsets (complete sets of components for one aircraft) to be supplied. This number of shipsets is an assumption based on an established assessment procedure.

Impairment Assessment

Judgment is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount based on the net present value of future cash; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Useful Lives of Property, Plant and Equipment

Useful lives of the Group's property, plant and equipment are defined as the period over which they are expected to be available for use by the Group. The estimation of the useful life is a matter of judgment based on our management's experience. Periodic reviews by our management could result in a change in depreciable lives and therefore in the depreciation expense in future periods.

Derivative Financial Instruments

Derivative financial instruments are utilized by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilize derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognized based on whether certain qualifying criteria under IAS 39 are satisfied in order to apply hedge accounting.

Derivatives designated as hedging instruments to hedge against the variability of cash flows attributable to highly probable forecast transactions may qualify as cash flow hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group mainly enters into forward foreign exchange contracts to hedge the currency risk associated with certain forecast foreign currency revenue. The effective portion of changes in the fair value of these derivative contracts are recognized in other comprehensive income and accumulated under the heading "hedging reserve". The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in hedge reserve are reclassified to the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedge reserve at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for cash flow hedge accounting under IAS 39 (such as structured currency options and interest rate swaps) are accounted for with the changes in fair value recognized in the income statement under "fair value measurement of derivative financial instruments" or "other operating income and expenses", if they relate to trade receivables and payables in foreign currency. Interest income and expenses resulting from interest rate derivatives are included within the line item "interest income from financial instruments" in the income statement.

Employee Benefit Obligations

Employee benefit obligations comprise primarily pension obligations and provision for termination benefits. Employee benefit obligations are measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currencies and terms similar to the estimated terms of the benefit obligations.

Our management appointed independent actuaries to carry out a full valuation of these plans to determine the employee benefit obligations that are required to be disclosed and accounted for in the accounts in accordance with IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the plans and evaluate and update these assumptions at least annually. Judgment is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

Should the interest rate assumption change by up to 10% from our Management's estimates, the present value of the employee benefit obligations would not change significantly from the estimates.

Deferred Taxes

Changes in taxable profits within the planning period specified for the accounting and measurement of deferred taxes may result in changes to the deferred taxes recognized for losses carried forward.

Should the estimated profits change by up to 10%, this would affect the losses carried forward only slightly. The unrecognized tax loss may be carried forward indefinitely. If, subsequently, a realization seemed likely, these deferred tax assets would have to be recognized and a corresponding tax income reported.

DESCRIPTION OF SELECTED LINE ITEMS OF OUR STATEMENT OF COMPREHENSIVE INCOME

Overview

The following table shows a summary of the consolidated statements of comprehensive income data of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29, 2012 (audited)	2013 (audited)	2014 (audited)
Revenue	**355,624**	**434,615**	**547,382**
Changes in inventories	1,542	5,523	(8,186)
Own work capitalized	4,995	4,741	9,758
Cost of materials and purchased services	(210,133)	(257,105)	(308,959)
Staff costs	(91,799)	(110,519)	(142,572)
Depreciation and amortization	(16,364)	(17,214)	(18,042)
Other operating income and expenses	(20,474)	(25,327)	(37,450)
Earnings before interest, taxes and fair value measurement of derivative financial instruments	**23,391**	**34,714**	**41,931**
Finance costs	(1,763)	(2,722)	(7,494)
Interest income from financial instruments	220	26	281
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781
Profit before taxes	**12,619**	**27,049**	**36,499**
Income taxes	(2,160)	(6,277)	(7,639)
Profit after taxes	**10,459**	**20,772**	**28,860**

(*Source: Audited Consolidated Financial Statements*)

Revenue

We operate three business divisions due to different applications of our products: the Aerostructures Division, the Engines & Nacelles Division and the Interiors Division. The product portfolio of our Aerostructures Division includes composite components and assemblies for exterior aircraft aerostructures, such as wing movables, wing panels and major fairings. The product portfolio of our Engines & Nacelles Division includes composite components and assemblies for commercial aircraft engines and nacelles. The product portfolio of our Interiors Division includes linings, storages and monuments.

The following table shows a breakdown of the revenue by division of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Revenue breakdown by division	Financial year ended February 28/29, 2012 (adjusted) (EUR thousand) (audited)	(% of total) (unaudited)	2013 (EUR thousand) (audited)	(% of total) (unaudited)	2014 (EUR thousand) (audited)	(% of total) (unaudited)
Aerostructures Division	172,924[1]	48.6%	219,886	50.6%	305,423	55.8%
Engines & Nacelles Division	76,866[1]	21.6%	96,308	22.2%	101,092	18.5%
Interiors Division	105,834[1]	29.8%	118,421	27.2%	140,867	25.7%
Total	**355,624**	**100.0%**	**434,615**	**100.0%**	**547,382**	**100.0%**

(1) Figures are shown as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information see "—Segment Reporting").

(*Source: Audited Consolidated Financial Statements, Company information*)

We primarily generate our revenue from the production of shipsets as well as from providing related engineering and other services. Engineering services include services for the design and construction of composite components and related toolings, as well as services with regard to the transfer of production to international supply chain partners, such as the training of the workers at the manufacturing plants.

The following table shows the revenue from production and from engineering services of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,					
	2012		2013		2014	
Revenue breakdown by products and services	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**
	(audited)	**(unaudited)**	**(audited)**	**(unaudited)**	**(audited)**	**(unaudited)**
Products	287,699	80.9%	339,663	78.2%	416,150	76.0%
Engineering and services	67,925	19.1%	94,952	21.8%	131,233	24.0%
Total	**355,624**	**100.0%**	**434,615**	**100.0%**	**547,382**	**100.0%**

(*Source: Audited Consolidated Financial Statements, Company information*)

For a description regarding the increase in revenue for products as well as for engineering services in the financial year ended February 28, 2013 compared to the financial year ended February 29, 2012, and regarding the increase in revenue for products as well as for engineering services in the financial year ended February 28, 2014 compared to the financial year ended February 28, 2013, see "—Period-to-Period Analysis of the Results of Operations for the Financial Years Ended February 29, 2012, February 28, 2013 and February 28, 2014—Revenue".

The following table shows a breakdown of the revenue of the FACC Group by geographical area (based on the customers' corporate seat) for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,					
	2012		2013		2014	
Revenue breakdown by geographical area	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**
	(audited)	**(unaudited)**	**(audited)**	**(unaudited)**	**(audited)**	**(unaudited)**
Austria	1,401	0.4%	794	0.2%	1,373	0.2%
Canada	29,727	8.4%	70,544	16.2%	51,084	9.3%
Germany	151,699	42.6%	151,871	34.9%	200,809	36.7%
USA	91,973	25.9%	120,206	27.7%	184,224	33.7%
Other countries	80,824	22.7%	91,200	21.0%	109,892	20.1%
Total	**355,624**	**100.0%**	**434,615**	**100.0%**	**547,382**	**100.0%**

(*Source: Audited Consolidated Financial Statements, Company information*)

EBITDA

Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization ("**EBITDA**") shows the operating profit before finance costs (including interest income and expenses), fair value measurement of derivative financial instruments, income taxes and depreciation and amortization. The following table shows a breakdown of the EBITDA by division as well as the total EBITDA of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,					
	2012 (adjusted)		2013		2014	
EBITDA breakdown by division	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**	**(EUR thousand)**	**(% of total)**
	(audited)	**(unaudited)**	**(audited)**	**(unaudited)**	**(audited)**	**(unaudited)**
Aerostructures Division	23,847[(1)]	60.0%	33,250	64.0%	49,539	82.6%
Engines & Nacelles Division	2,435[(1)]	6.1%	6,596	12.7%	256	0.4%
Interiors Division	13,474[(1)]	33,9%	12,081	23.3%	10,178	17.0%
Total	**39,755**	**100.0%**	**51,927**	**100.0%**	**59,973**	**100.0%**

(1) Figures are shown as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "—Segment Reporting".

(*Source: Audited Consolidated Financial Statements, Company information*)

EBIT

Earnings before interest, taxes and fair value measurement of derivative financial instruments ("**EBIT**") shows the operating profit before finance costs (including interest income and expenses), fair value measurement of derivative financial instruments and income taxes. The following table shows a breakdown of the EBIT by division as well as the total EBIT of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,					
	2012 (adjusted)		2013		2014	
EBIT breakdown by division	(EUR thousand)	(% of total)	(EUR thousand)	(% of total)	(EUR thousand)	(% of total)
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)
Aerostructures Division	17,219[1]	73.6%	25,810	74.4%	41,117	98.1%
Engines & Nacelles Division	(3,096)[1]	(13.2)%	375	1.0%	(5,458)[2]	(13.0)%
Interiors Division	9,268[1]	39.6%	8,527	24.6%	6,271	15.0%
Total	**23,391**	**100.0%**	**34,713**	**100.0%**	**41,931**	**100.0%**

(1) Figures are shown as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "—Segment Reporting".

(2) Figure deviates slightly from the corresponding one set forth in the 2014 Audited Consolidated Financial Statements due to a typographical error in the 2014 Audited Consolidated Financial Statements.

(*Source: Audited Consolidated Financial Statements, Company information*)

Changes in Inventories

We generate income or expenses from changes in inventory of semi-finished and finished goods. Inventory change is the difference between last financial year's ending inventory and the current financial year's ending inventory. If the current financial year's ending inventory is higher than last financial year's ending inventory, the changes in inventory are shown as income in the consolidated statement of comprehensive income. The following table shows a breakdown of the changes in inventories of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,		
Amounts in EUR thousand	2012	2013	2014
	(audited)	(audited)	(audited)
Changes in inventories			
Finished goods	218	(546)	(14,718)
Unfinished goods	1,324	6,069	6,532
Total	**1,542**	**5,523**	**(8,186)**

(*Source: Audited Consolidated Financial Statements*)

Own Work Capitalized

Changes resulting from own work capitalized are shown as income in the consolidated statement of comprehensive income. Own work capitalized is an amount spent to build or improve a long-term asset such as equipment or toolings and on engineering work. The following table shows a breakdown of own work capitalized of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,		
Amounts in EUR thousand	2012	2013	2014
	(audited)	(audited)	(audited)
Own work capitalized			
Capitalization of development costs	4,701	4,509	9,557
Others	294	232	201
Total	**4,995**	**4,741**	**9,758**

(*Source: Audited Consolidated Financial Statements*)

Cost of Materials and Purchased Services

Cost of materials is comprised of costs of raw materials and supplies, cleaning material, repair material for machinery and equipment, as well as energy costs. Cost of purchased services is comprised of costs of wages and salaries for third party personnel and production work contracted to third parties such as surface painting. The following table shows a breakdown of the cost of materials and purchased services of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Cost of materials and purchased services			
Cost of materials	188,810	224,449	285,276
Cost of purchased services[(1)]	21,322	32,656	23,683
Total	**210,133**	**257,105**	**308,959**

(1) In order to provide a better overview of the financial performance, external engineering costs in the amount of EUR 27,479 thousand (financial year ending February 29, 2012: EUR 22,470 thousand) were reclassified from "other operating expenses" to "cost of purchased services" in the financial year ending February 28, 2013. Figures for the financial year ending February 29, 2012 have been adjusted accordingly.

(*Source: Audited Consolidated Financial Statements*)

Staff Costs

Staff costs mainly comprise wages and salaries, expenses for statutory social contributions and benefits, expenses for termination benefits and contributions to staff provision funds, expenses for pensions and other social expenses. The following table shows a breakdown of the staff costs of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Staff costs			
Wages and salaries	70,370	84,585	110,051
Expenses for statutory social contributions and benefits	18,609	22,311	27,536
Expenses for termination benefits and contributions to staff provision funds	1,114	1,366	2,061
Expenses for pensions	167	269	288
Other social expenses	1,539	1,988	2,637
Total	**91,799**	**110,520**	**142,573**

(*Source: Audited Consolidated Financial Statements*)

Depreciation and Amortization

Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets. The following table shows a breakdown of the depreciation and amortization expenses of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Depreciation and amortization			
Of intangible assets	4,602	5,577	7,018
Of property, plant and equipment	11,762	11,637	11,024
Total	**16,364**	**17,214**	**18,042**

(*Source: Audited Consolidated Financial Statements*)

Other Operating Income and Expenses

Other operating income is primarily comprised of income from research and development subsidies, government grants, compensation for damages (including compensation from insurers for damages caused by transportation) and income from disposal of non-current assets. Research and development subsidies as well as government grants are received from Österreichische Forschungsförderungsgesellschaft mbH ("**FFG Research Promotion Agency**") and from the European Community for research, technological development and demonstration of suitability and application in relation to the use of new materials and production technologies.

Other operating expenses include costs for the maintenance of our equipment, servicing and third-party repairs, shipping costs, material testing, certification of our plants and technical support, external engineering work (external employee costs for engineering services), rents, leases and building rights, travelling expenses, allocations to guarantee and other provisions, insurance premiums, fees and duties to government authorities.

The following table shows a breakdown of the other operating income and expenses of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Other operating income and expenses[1]			
Maintenance, servicing and third-party repairs	3,985	5,009	7,091
Shipping costs	5,356	5,935	8,486
Material testing and certification costs, technical support	1,825	2,390	3,726
Rents, leases and building rights costs	3,715	3,920	5,103
Travel expenses	3,551	4,051	4,108
Allowances, grants and other income	(7,532)	(8,582)	(21,053)[2]
Miscellaneous expenses	9,573	12,604	29,989
Total	**20,473**	**25,327**	**37,450**

(1) In order to provide a better overview of the financial performance, external engineering costs in the amount of EUR 27,479 thousand (financial year ending February 29, 2012: EUR 22,470 thousand) were reclassified from "other operating expenses" to "cost of purchased services" in the financial year ending February 28, 2013. Figures for the financial year ending February 29, 2012 have been adjusted accordingly.

(2) Figure deviates slightly from the corresponding one set forth in the 2014 Audited Consolidated Financial Statements due to a typographical error in the 2014 Audited Consolidated Financial Statements.

(*Source: Audited Consolidated Financial Statements*)

Finance Costs

Finance costs consist of bank charges (including external credit facilities as well as interest paid on interest rates swaps and promissory note loans) and interest expense—bonds. The following table shows the finance costs of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Finance costs			
Interest and bank charges	841	2,630	4,874
Interest expense—bonds	922	92	2,620
Total	**1,763**	**2,722**	**7,494**

(*Source: Audited Consolidated Financial Statements*)

Interest Income from Financial Instruments

Interest income from financial instruments consists of bank interest, income from interest rate swaps and securities. The following table shows the interest income from financial instruments of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Interest income from financial instruments			
Bank interest	17	13	271
Income from interest rate swaps	190	0	0
Income from securities	13	13	10
Total	**220**	**26**	**281**

(*Source: Audited Consolidated Financial Statements*)

Fair Value Measurement of Derivative Financial Instruments

The FACC Group enters into derivative financial instruments to manage its foreign currency and interest rate exposures. These instruments include currency option contracts, currency forward contracts and interest rate swaps. Derivative financial instruments that do not qualify for cash flow hedge accounting under IAS 39 are accounted for with the changes in fair value being recognized in the consolidated statement of comprehensive income under "fair value measurement of derivative financial instruments" or "other operating income and expenses", if they relate to trade receivables and payables in foreign currency. The following table shows the fair value measurement of derivative financial instruments of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Fair value measurement of derivative financial instruments			
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781

(*Source: Audited Consolidated Financial Statements*)

Income Taxes

We are subject to a corporate tax rate of 25% in Austria. Income tax expenses comprise current corporate income tax expenses and the changes in deferred taxes, as well as withholding taxes for certain payments received in foreign jurisdictions.

PERIOD-TO-PERIOD ANALYSIS OF THE RESULTS OF OPERATIONS FOR THE FINANCIAL YEARS ENDED FEBRUARY 29, 2012, FEBRUARY 28, 2013 AND FEBRUARY 28, 2014

The following table shows a summary of the consolidated statements of comprehensive income data of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ended February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Revenue	**355,624**	**434,615**	**547,382**
Changes in inventories	1,542	5,523	(8,186)
Own work capitalized	4,995	4,741	9,758
Cost of materials and purchased services	(210,133)	(257,105)	(308,959)
Staff costs	(91,799)	(110,519)	(142,572)
Depreciation and amortization	(16,364)	(17,214)	(18,042)
Other operating income and expenses	(20,474)	(25,327)	(37,450)
Earnings before interest, taxes and fair value measurement of derivative financial instruments	**23,391**	**34,714**	**41,931**
Finance costs	(1,763)	(2,722)	(7,494)
Interest income from financial instruments	220	26	281
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781
Profit before taxes	**12,619**	**27,049**	**36,499**
Income taxes	(2,160)	(6,277)	(7,639)
Profit after taxes	**10,459**	**20,772**	**28,860**

(*Source: Audited Consolidated Financial Statements*)

The following discussions are based on the consolidated operating results of the FACC Group for the past three financial years.

Revenue

2014 compared with 2013

FACC's total revenue increased by EUR 112.8 million, or 26%, to EUR 547.4 million in the financial year ended February 28, 2014 from EUR 434.6 million in the financial year ended February 28, 2013. The increase in revenue was driven by an increase in revenue in all three business divisions.

Revenue for the Aerostructures Division increased by EUR 85.5 million, or 38.9%, to EUR 305.4 million in the financial year ended February 28, 2014, from EUR 219.9 million in the financial year ended February 28, 2013. This increase was primarily due to increased revenue from development and engineering services related to the Boeing 787 Dreamliner, Airbus A350, Airbus A330/340, Boeing 737, COMAC C919 and Bombardier Global 7000/8000 in the amount of EUR 15.3 million, EUR 15.3 million, EUR 7.9 million, EUR 6.8 million, EUR 4.7 million and EUR 1.3 million, respectively, as well as increased product deliveries for the Boeing 737, Boeing 787 Dreamliner, Airbus A321, Airbus A330/340, Airbus A380, Airbus A350 in the amount of EUR 13.7 million, EUR 6.4 million, EUR 4.2 million, EUR 2.4 million, EUR 2.4 million and EUR 2.4 million, respectively.

Revenue for the Engines & Nacelles Division increased by EUR 4.8 million, or 5.0%, to EUR 101.1 million in the financial year ended February 28, 2014, from EUR 96.3 million in the financial year ended February 28, 2013. This increase was primarily due to increased product deliveries for Rolls Royce engine parts in the amount of EUR 2.2 million and increased revenue from development and engineering services for the Boeing 787 Dreamliner in the amount of EUR 2.1 million.

Revenue for the Interiors Division products increased by EUR 22.4 million, or 19.0%, to EUR 140.9 million in the financial year ended February 28, 2014, from EUR 118.4 million in the financial year ended February 28, 2013. This increase was primarily due to increased product deliveries for the SSJ-100, Airbus A320, Bombardier Challenger and Embraer Phenom 300 in the amount of EUR 6.7 million, EUR 6.7 million, EUR 5.1 million and EUR 3.2 million, respectively.

2013 compared with 2012

FACC's total revenue increased by EUR 79.0 million, or 22.2%, to EUR 434.6 million in the financial year ended February 28, 2013 from EUR 355.6 million in the financial year ended February 29, 2012. The increase in revenue was driven by an increase in revenue in all three business divisions.

Revenue for the Aerostructures Division increased by EUR 47.0 million, or 27.2%, to EUR 219.9 million in the financial year ended February 28, 2013, from EUR 172.9 million in the financial year ended February 29, 2012 (adjusted). This increase was primarily due to increased revenue from development and engineering services related to the Bombardier C-Series in the amount of EUR 20.9 million, as well as increased product deliveries for Boeing 737, Boeing 787 Dreamliner and Airbus A330/340 in the amount of EUR 6.0 million, EUR 5.4 million and EUR 4.4 million, respectively.

Revenue for the Engines & Nacelles Division increased by EUR 19.4 million, or 25.2%, to EUR 96.3 million in the financial year ended February 28, 2013, from EUR 76.9 million in the financial year ended February 29, 2012 (adjusted). This increase was primarily due to increased product deliveries for Boeing 787 Dreamliner in the amount of EUR 11.2 million and increased product deliveries and revenue generated from development and engineering services for Rolls-Royce in the amount of EUR 3.3 million.

Revenue for the Interiors Division increased by EUR 12.6 million, or 11.9%, to EUR 118.4 million in the financial year ended February 28, 2013, from EUR 105.8 million in the financial year ended February 29, 2012 (adjusted). This increase was primarily due to increased product deliveries for Bombardier Challenger and Airbus A320 in the amount of EUR 5.5 million and EUR 4.3 million, respectively.

EBITDA

2014 compared with 2013

FACC's total EBITDA increased by EUR 8.0 million, or 15.4%, to EUR 60.0 million in the financial year ended February 28, 2014, from EUR 51.9 million in the financial year ended February 28, 2013. FACC's total EBITDA as a percentage of total revenue decreased to 11.0% in the financial year ended February 28, 2014, from 11.9% in the financial year ended February 28, 2013.

In the Aerostructures Division EBITDA increased by EUR 16.3 million, or 48.9%, to EUR 49.5 million in the financial year ended February 28, 2014, from EUR 33.3 million in the financial year ended February 28, 2013. EBITDA in the Aerostructures Division as a percentage of total revenue increased to 9.1% in the financial year ended February 28, 2014, from 7.7% in the financial year ended February 28, 2013. The increase in EBITDA was mainly driven by product deliveries relating to the Boeing 737 as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340. The increase in EBITDA as a percentage of total revenue was mainly driven by economies of scale relating to the Boeing 737 program as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340.

In the Engines & Nacelles Division EBITDA decreased by EUR 6.3 million, or 95.5%, to EUR 0.3 million in the financial year ended February 28, 2014, from EUR 6.6 million in the financial year ended February 28, 2013. EBITDA in the Engines & Nacelles Division as a percentage of total revenue decreased to 0.0% in the financial year ended February 28, 2014, from 1.5% in the financial year ended February 28, 2013. Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by the ramp-up of a program related to the Boeing 787 Dreamliner and cost overruns caused by production interruptions due to changes in product specifications.

In the Interiors Division EBITDA decreased by EUR 1.9 million, or 15.8%, to EUR 10.2 million in the financial year ended February 28, 2014, from EUR 12.1 million in the financial year ended February 28, 2013. EBITDA in the Interiors Division as a percentage of total revenue decreased to 1.9% in the financial year ended February 28, 2014, from 2.8% in the financial year ended February 28, 2013. Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by a decrease in development and engineering services related to the COMAC ARJ-21 and ramp-up costs related to the Airbus A350.

2013 compared with 2012

FACC's total EBITDA increased by EUR 12.2 million, or 30.6%, to EUR 51.9 million in the financial year ended February 28, 2013, from EUR 39.8 million in the financial year ended February 29, 2012. FACC's

total EBITDA as a percentage of total revenue increased to 11.9% in the financial year ended February 28, 2013, from 11.2% in the financial year ended February 29, 2012.

In the Aerostructures Division EBITDA increased by EUR 9.4 million, or 39.4%, to EUR 33.3 million in the financial year ended February 28, 2013, from EUR 23.8 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Aerostructures Division as a percentage of total revenue increased to 7.7% in the financial year ended February 28, 2013, from 6.7% in the financial year ended February 29, 2012 (adjusted). The increase in EBITDA was mainly driven by product deliveries of Boeing 737 and Boeing 787 Dreamliner as well as development and engineering services relating to Bombardier C-Series and COMAC C919. The increase in EBITDA as a percentage of total revenue was mainly driven by economies of scale relating to Boeing 737 and Boeing 787 Dreamliner programs as well as development and engineering services relating to Bombardier C-Series and COMAC C919.

In the Engines & Nacelles Division EBITDA increased by EUR 4.2 million, or 170.9%, to EUR 6.6 million in the financial year ended February 28, 2013, from EUR 2.4 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Engines & Nacelles Division as a percentage of total revenue increased to 1.5% in the financial year ended February 28, 2013, from 0.7% in the financial year ended February 29, 2012 (adjusted). Both the increase in EBITDA and the increase in EBITDA as a percentage of total revenue were mainly driven by increased product deliveries and development and engineering services for United Technologies Corporation's Pratt & Whitney division ("**Pratt & Whitney**") PW 300 components.

In the Interiors Division EBITDA decreased by EUR 1.4 million, or 10.4%, to EUR 12.1 million in the financial year ended February 28, 2013, from EUR 13.5 million in the financial year ended February 29, 2012 (adjusted). EBITDA in the Interiors Division as a percentage of total revenue decreased to 2.8% in the financial year ended February 28, 2013, from 3.8% in the financial year ended February 29, 2012 (adjusted). Both the decrease in EBITDA and the decrease in EBITDA as a percentage of total revenue were mainly driven by declining profits from development and engineering services whereas margins from product deliveries remained stable.

EBIT

2014 compared with 2013

FACC's total EBIT increased by EUR 7.2 million, or 20.7%, to EUR 41.9 million in the financial year ended February 28, 2014, from EUR 34.7 million in the financial year ended February 28, 2013. FACC's total EBIT as a percentage of total revenue decreased to 7.7% in the financial year ended February 28, 2014, from 8.0% in the financial year ended February 28, 2013.

In the Aerostructures Division EBIT increased by EUR 15.3 million, or 59.3%, to EUR 41.1 million in the financial year ended February 28, 2014, from EUR 25.8 million in the financial year ended February 28, 2013. EBIT in the Aerostructures Division as a percentage of total revenue increased to 7.5% in the financial year ended February 28, 2014, from 5.9% in the financial year ended February 28, 2013. The increase in EBIT was mainly driven by product deliveries of the Boeing 737 as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340. The increase in EBIT as a percentage of total revenue was mainly driven by economies of scale relating to the Boeing 737 program as well as development and engineering services relating to the Boeing 787 Dreamliner, COMAC C919 and Airbus A330/340.

In the Engines & Nacelles Division EBIT decreased by EUR 5.8 million to negative EUR 5.5 million in the financial year ended February 28, 2014, from EUR 0.4 million in the financial year ended February 28, 2013. EBIT in the Engines & Nacelles Division as a percentage of total revenue decreased to negative 1.0% in the financial year ended February 28, 2014, from 0.1% in the financial year ended February 28, 2013. Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by the ramp-up of a program related to the Boeing 787 Dreamliner and cost overruns caused by production interruptions due to changes in product specifications.

In the Interiors Division EBIT decreased by EUR 2.3 million, or 26.5%, to EUR 6.3 million in the financial year ended February 28, 2014, from EUR 8.5 million in the financial year ended February 28, 2013. EBIT in the Interiors Division as a percentage of total revenue decreased to 1.1% in the financial year ended February 28, 2014, from 2.0% in the financial year ended February 28, 2013. Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by a decrease in

development and engineering services related to the COMAC ARJ-21 and ramp-up costs related to the Airbus A350.

2013 compared with 2012

FACC's total EBIT increased by EUR 11.3 million, or 48.3%, to EUR 34.7 million in the financial year ended February 28, 2013, from EUR 23.4 million in the financial year ended February 29, 2012. FACC's total EBIT as a percentage of total revenue increased to 8.0% in the financial year ended February 28, 2013, from 6.6% in the financial year ended February 29, 2012.

In the Aerostructures Division EBIT increased by EUR 8.6 million, or 50.0%, to EUR 25.8 million in the financial year ended February 28, 2013, from EUR 17.2 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Aerostructures Division as a percentage of total revenue increased to 5.9% in the financial year ended February 28, 2013, from 4.8% in the financial year ended February 29, 2012 (adjusted). The increase in EBIT was mainly driven by product deliveries of Boeing 737 and Boeing 787 Dreamliner as well as development and engineering services relating to Bombardier C-Series and COMAC C919. The increase in EBIT as a percentage of total revenue was mainly driven by economies of scale relating to Boeing 737 and Boeing 787 Dreamliner programs as well as development and engineering services relating to Bombardier C-Series and COMAC C919.

In the Engines & Nacelles Division EBIT increased by EUR 3.5 million to EUR 0.4 million in the financial year ended February 28, 2013, from minus EUR 3.1 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Engines & Nacelles Division as a percentage of total revenue increased to 0.1% in the financial year ended February 28, 2013, from negative 0.9% in the financial year ended February 29, 2012 (adjusted). Both the increase in EBIT and the increase in EBIT as a percentage of total revenue were mainly driven by increased product deliveries and development and engineering services for Pratt & Whitney PW 300 components.

In the Interiors Division EBIT decreased by EUR 0.7 million, or 8.0%, to EUR 8.5 million in the financial year ended February 28, 2013, from EUR 9.3 million in the financial year ended February 29, 2012 (adjusted). EBIT in the Interiors Division as a percentage of total revenue decreased to 2.0% in the financial year ended February 28, 2013, from 2.6% in the financial year ended February 29, 2012 (adjusted). Both the decrease in EBIT and the decrease in EBIT as a percentage of total revenue were mainly driven by declining profits from development and engineering services whereas margins from product deliveries remained stable.

Changes in Inventories

2014 compared with 2013

Changes in inventories were negative EUR 8.2 million in the financial year ended February 28, 2014 as compared with positive EUR 5.5 million in the financial year ended February 28, 2013.

2013 compared with 2012

Changes in inventories were positive EUR 5.5 million in the financial year ended February 28, 2013 as compared with positive EUR 1.5 million in the financial year ended February 29, 2012.

Own Work Capitalized

2014 compared with 2013

Own work capitalized was EUR 9.8 million in the financial year ended February 28, 2014 as compared with EUR 4.7 million in the financial year ended February 28, 2013. This increase resulted mainly from capitalized development costs relating to Airbus A350 and Embraer Legacy 450/500 programs.

2013 compared with 2012

Own work capitalized remained relatively stable at EUR 4.7 million in the financial year ended February 28, 2013 as compared with EUR 5.0 million in the financial year ended February 29, 2012 mainly because capitalization of development costs remained relatively stable.

Cost of Materials and Purchased Services

2014 compared with 2013

Cost of materials and purchased services increased by EUR 52.0 million, or 20.2%, to EUR 309.0 million in the financial year ended February 28, 2014, from EUR 257.1 million in the financial year ended February 28, 2013. Cost of materials and purchased services as a percentage of revenue decreased to 56.4% in the financial year ended February 28, 2014, from 59.2% in the financial year ended February 28, 2013. The increase in cost of materials and purchased services was primarily due to an increase in product sales in all three business divisions leading to a higher consumption of raw materials. The decrease of cost of materials and purchased services as a percentage of revenue was primarily due to reduced expenditures for external engineering services.

2013 compared with 2012

Cost of materials and purchased services increased by EUR 47.0 million, or 22.4%, to EUR 257.1 million in the financial year ended February 28, 2013, from EUR 210.1 million in the financial year ended February 29, 2012. Cost of materials and purchased services as a percentage of revenue remained stable and amounted to 59.2% in the financial year ended February 28, 2013, and 59.1% in the financial year ended February 29, 2012. The increase in cost of materials and purchased services was primarily due to an increase in product sales in all three business divisions leading to a higher consumption of raw materials. Cost of materials and purchased services as a percentage of revenue remained stable primarily because material prices remained stable during the period.

Staff Costs

2014 compared with 2013

Staff costs increased by EUR 32.1 million, or 29.0%, to EUR 142.6 million in the financial year ended February 28, 2014, from EUR 110.5 million in the financial year ended February 28, 2013. Staff costs as a percentage of revenue increased to 26.0% in the financial year ended February 28, 2014, from 25.4% in the financial year ended February 28, 2013. The increase in the amount of staff costs was primarily due to increases in both product sales and internal engineering services as staff costs increased hand-in-hand with such developments. Our main operating subsidiary, FACC Operations, increased the number of its employees by 528 in the financial year ending February 28, 2014. The increase of staff costs as a percentage of revenue was primarily due to increases in wages and salaries pursuant to collective bargaining agreements and a significant increase in the number of new employees who required initial training. These effects were partially offset by an increase in productivity.

2013 compared with 2012

Staff costs increased by EUR 18.7 million, or 20.4%, to EUR 110.5 million in the financial year ended February 28, 2013, from EUR 91.8 million in the financial year ended February 29, 2012. Staff costs as a percentage of revenue remained stable and amounted to 25.4% in the financial year ended February 28, 2013 and 25.8% in the financial year ended February 29, 2012. The increase in the amount of staff costs was primarily due to increases in both product sales and internal engineering services as staff costs increased hand-in-hand with such developments. Our main operating subsidiary, FACC Operations, increased the number of its employees by 364 in the financial year ending February 28, 2013. Staff costs as a percentage of revenue remained stable primarily because increases in wages and salaries pursuant to collective bargaining agreements were offset by an increase in productivity.

Depreciation and Amortization

2014 compared with 2013

Depreciation and amortization increased by EUR 0.8 million, or 4.7%, to EUR 18.0 million in the financial year ended February 28, 2014, from EUR 17.2 million in the financial year ended February 28, 2013. This increase was primarily due to the commissioning of plant V in St. Martin im Innkreis, Austria, and capitalized engineering services relating to the Boeing 787 Dreamliner program.

2013 compared with 2012

Depreciation and amortization increased by EUR 0.8 million, or 5.2%, to EUR 17.2 million in the financial year ended February 28, 2013, from EUR 16.4 million in the financial year ended February 29, 2012. This increase was primarily due to larger investments relating to the ramp-up of the Boeing 787 Dreamliner and higher aircraft production rates on numerous aircraft production programs.

Other Operating Income and Expenses

2014 compared with 2013

Other operating expenses (net) increased by EUR 12.1 million, or 47.8%, to EUR 37.5 million in the financial year ended February 28, 2014, from EUR 25.3 million in the financial year ended February 28, 2013. Other operating expenses as a percentage of revenue increased to 6.8% in the financial year ended February 28, 2014, from 5.8% in the financial year ended February 28, 2013. The increase in other operating expenses was mainly due to greater business volume, which resulted in increased maintenance, servicing and third-party repairs in the amount of EUR 2.1 million, shipping costs of EUR 2.6 million, material testing, certification costs and technical support of EUR 1.3 million, rents, leases and building rights costs of EUR 1.2 million and miscellaneous expenses of EUR 17.4 million which include exchange rate differences in the amount of EUR 11.2 million. This increase in expenses was partially offset by increased allowances, grants and other income in the amount of EUR 12.4 million.

2013 compared with 2012

Other operating expenses (net) increased by EUR 4.9 million, or 23.7%, to EUR 25.3 million in the financial year ended February 28, 2013, from EUR 20.5 million in the financial year ended February 29, 2012. Other operating expenses as a percentage of revenue remained stable and amounted to 5.8% in the financial year ended February 28, 2013 and 5.8% in the financial year ended February 29, 2012. The increase in other operating expenses was primarily due to greater business volume, which resulted in increased maintenance, servicing and third-party repairs in the amount of EUR 1.0 million, shipping costs of EUR 0.6 million, material testing, certification costs and technical support of EUR 0.6 million, travel expenses of EUR 0.5 million as well as miscellaneous expenses of EUR 3.0 million. This increase in expenses was partially offset by increased allowances, grants and other income in the amount of EUR 1.1 million.

Finance Costs

2014 compared with 2013

Finance costs increased by EUR 4.8 million, or 175.3%, to EUR 7.5 million in the financial year ended February 28, 2014, from EUR 2.7 million in the financial year ended February 28, 2013 primarily due to the bond issued in June 2013 and the promissory note loans issued in July 2012 on which we had to pay interest for the first full financial year.

2013 compared with 2012

Finance costs increased by EUR 1.0 million, or 54.2%, to EUR 2.7 million in the financial year ended February 28, 2013, from EUR 1.8 million in the financial year ended February 29, 2012 primarily due to the promissory note loans issued in July 2012.

Interest Income from Financial Instruments

2014 compared with 2013

Interest income from financial instruments increased by EUR 0.3 million to EUR 0.3 million in the financial year ended February 28, 2014 from EUR 0.0 million in the financial year ended February 28, 2013 primarily due to a higher cash balance from the proceeds of the bond issued in June 2013, which proceeds were not immediately fully used for investing activities.

2013 compared with 2012

Interest income from financial instruments decreased by EUR 0.2 million to EUR 0.0 million in the financial year ended February 28, 2013 from EUR 0.2 million in the financial year ended February 29, 2012

primarily due to a lower cash balance than in the previous financial year as the Company used such cash for investing activities.

Fair Value Measurement of Derivative Financial Instruments

2014 compared with 2013

Fair value gains from derivative financial instruments were EUR 1.8 million in the financial year ended February 28, 2014 as compared to fair value losses of EUR 5.0 million in the financial year ended February 28, 2013. The gains in the financial year ended February 28, 2014 were due to increases in the fair value of interest rate swap contracts in the amount of EUR 1.8 million driven by developments in the underlying interest rates. The USD structured currency options, which accounted for fair value losses of EUR 0.7 million in the financial year ended February 28, 2013, expired at the end of the 2013 financial year and no new USD structured currency options were concluded.

2013 compared with 2012

Fair value losses from derivative financial instruments were EUR 5.0 million in the financial year ended February 28, 2013 as compared to fair value losses of EUR 9.2 million in the financial year ended February 29, 2012. The losses in the financial year ended February 28, 2013 relate to USD structured currency options in the amount of EUR 0.7 million and interest rate swap contracts in the amount of EUR 4.3 million. The losses in the financial year ended February 29, 2012 relate to USD structured currency options in the amount of EUR 2.9 million and interest swap contracts in the amount of EUR 6.3 million. In both financial years the fair value losses regarding the USD structured currency options were driven by a stronger USD against EUR and the fair value losses regarding the interest rate swap contracts were driven by developments in the underlying interest rates.

Income Taxes

2014 compared with 2013

The FACC Group recorded income taxes of EUR 7.6 million in the financial year ended February 28, 2014 compared to income taxes of EUR 6.3 million in the financial year ended February 28, 2013. This increase was due to increased EBIT of EUR 41.9 million in the financial year ended February 28, 2014 as compared to EBIT of EUR 34.7 million in the financial year ended February 28, 2013.

2013 compared with 2012

The FACC Group recorded income taxes of EUR 6.3 million in the financial year ended February 28, 2013 compared to income taxes of EUR 2.2 million in the financial year ended February 29, 2012. This increase was due to increased EBIT of EUR 34.7 million in the financial year ended February 28, 2013 as compared to EBIT of EUR 23.4 million in the financial year ended February 29, 2012. The increased income taxes were, however, partially mitigated by the use of a remaining tax loss carry-forward.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our operations through cash generated from our operations and our capital expenditures through a combination of cash generated from our operations, bank borrowings and the issuance of financial instruments such as bonds and promissory note loans. Our principal use of cash has been and is expected to continue to be operational costs, capital expenditures for the purchase of property, plant and equipment, project-related investments, interest payments and principal loan repayments.

Cash Flow

The following table shows the cash flow statement of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	Financial year ending February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Operating activities			
Earnings before interest, taxes and fair value measurement of derivative financial instruments	23,391	34,714	41,931
Fair value measurement of derivative financial instruments	(9,229)	(4,969)	1,781
	14,162	**29,745**	**43,712**
Plus/minus			
Release of/accrual of investment grants	(1,754)	(1,164)	1,587
Depreciation and amortization	16,364	17,214	18,042
Losses/(gains) on disposal of non-current assets	7,063	848	17,568
Changes in financial instruments[1]	8,854	2,887	(1,376)
Change in non-current receivables	(16,141)	(4,737)	4,202
Change in employee benefit obligations, non-current[2]	250	1,407	695
Revaluation effects of pensions and termination benefits[2]	—	(853)	(280)
	28,798	**45,347**	**84,150**
Changes in net current assets			
Change in inventories	(7,362)	(11,602)	(24,683)
Changes in receivables and deferred items	(20,731)	(41,372)	(25,989)
Change in trade payables	11,946	19,985	241
Change in current provisions	3,016	6,270	(3,420)
Change in other current liabilities	549	2,685	6,663
Cash generated from operations	16,216	21,313	36,963
Interest received	219	25	281
Tax paid	(85)	(193)	(166)
Net cash generated from operating activities	16,350	21,145	37,077
Investment activities			
Purchase of non-current financial assets	(124)	(173)	(173)
Acquisition of subsidiaries, net of cash acquired	—	—	391
Purchase of property, plant and equipment	(10,745)	(30,464)	(58,848)
Purchase of intangible assets	(3,273)	(3,405)	(6,056)
Payments for addition to development costs	(12,259)	(6,575)	(36,374)
Net cash used in investing activities	(26,401)	(40,617)	(101,060)
Financing activities			
Proceeds from financial loans and bonds	32,116	63,378	132,568
Repayments of financial loans and bonds	(19,281)	(23,518)	(45,337)
Payments of interest on financial loans and bonds	(1,763)	(2,722)	(7,494)
Payment of dividend	—	—	(1,700)
Net cash generated from/(used in) financing activities	11,072	37,138	78,037
Net change in cash and cash equivalents	**1,021**	**17,666**	**14,054**
Cash and cash equivalents at the beginning of the period	18,271	19,292	36,958
Cash and cash equivalents at the end of the period	**19,292**	**36,958**	**51,012**

(1) Includes changes in financial instruments not considered part of net current assets, i.e., mainly derivatives.

(2) Figures for the financial year ending February 28, 2013 are included as set forth in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014 and have been adjusted according to IAS 19 (revised 2011).

(*Source: Audited Consolidated Financial Statements*)

Net Cash Flows from Operating Activities

In the financial year ended February 28, 2014, the FACC Group generated net cash from operating activities in the amount of EUR 37.1 million, consisting of cash generated from operations of EUR 37.0 million, interest received of EUR 0.3 million and tax paid of EUR 0.2 million. Our cash

generated from operations was mainly derived from EBIT of EUR 41.9 million, depreciation and amortization of EUR 18.0 million, income from the disposal of non-current assets of EUR 17.6 million and an increase in non-current receivables of EUR 4.2 million. The changes in net current assets were primarily related to (i) an increase in inventories of EUR 24.7 million due to increased business volumes in all three business divisions, (ii) an increase in receivables of EUR 26.0 million resulting from increased product deliveries as well as increased development and engineering services in particular relating to the COMAC C919 and Bombardier Global 7000/8000 programs, and (iii) a decrease in current provisions of EUR 3.4 million.

In the financial year ended February 28, 2013, the FACC Group generated net cash from operating activities in the amount of EUR 21.1 million, consisting mainly of cash generated from operations of EUR 21.3 million and tax paid of EUR 0.2 million. Our cash generated from operations was mainly derived from EBIT amounting to EUR 34.7 million, depreciation and amortization of EUR 17.2 million, release of investment grants of EUR 1.2 million, income from the disposal of non-current assets of EUR 0.8 million and release of employee benefit obligations of EUR 0.6 million. The changes in net current assets were primarily related to (i) an increase in inventories of EUR 11.6 million due to increased business volumes in all three business divisions, (ii) an increase in receivables of EUR 41.4 million resulting from increased product deliveries as well as increased development and engineering services in particular relating to the Bombardier C-Series and COMAC C919 programs, and (iii) an increase in payables of EUR 20.0 million mainly due to increased product deliveries and a higher business volume.

In the financial year ended February 29, 2012, the FACC Group generated net cash from operating activities in the amount of EUR 16.4 million, consisting of cash generated from operations of EUR 16.2 million, interest received of EUR 0.2 million and tax paid of EUR 0.1 million. Our cash generated from operations was mainly derived from earnings before interest, taxes and fair value measurement of derivative financial instruments amounting to EUR 23.4 million, depreciation and amortization of EUR 16.4 million, release of investment grants of EUR 1.8 million, income from the disposal of non-current assets of EUR 7.1 million and release of employee benefit obligations of EUR 0.2 million. The changes in net current assets were primarily related to (i) an increase in inventories of EUR 7.4 million due to increased business volumes in all three business divisions, (ii) an increase in receivables of EUR 20.7 million resulting from increased product deliveries as well as increased development and engineering services in particular relating to the Boeing 787 Dreamliner and Airbus A350XWB programs, and (iii) an increase in payables of EUR 11.9 million mainly due to increased product deliveries and a higher business volume.

Net Cash Flow from Investing Activities

In the financial year ended February 28, 2014, the FACC Group's net cash used in investing activities amounting to EUR 101.1 million was primarily driven by property, plant and equipment purchases in the amount of EUR 58.8 million, mainly relating to the new plant V (R&D building and test center building) in St. Martin im Innkreis, Austria, the extension on the paint shop area in plant I, the addition of a tape layer for plant III and tooling related to the Airbus A350 program, purchases of intangible assets in the amount of EUR 6.1 million, mainly consisting of additional SAP licenses and goodwill from the acquisition of an engineering company in 2014, and additional development cost payments in the amount of EUR 36.4 million, mainly consisting of development investments regarding the Airbus A350, Embraer Legacy, Bombardier Challenger and Airbus A321.

In the financial year ended February 28, 2013, the FACC Group's net cash used in investing activities amounting to EUR 40.6 million was primarily affected by property, plant and equipment purchases in the amount of EUR 30.5 million, mainly relating to autoclaves, milling machines and tooling related to Airbus A350 and A321 programs, purchases of intangible assets in the amount of EUR 3.4 million, mainly consisting of additional SAP licenses, and additional development cost payments in the amount of EUR 6.6 million, mainly consisting of development investments regarding Embraer Legacy, A321 and SSJ-100.

In the financial year ended February 29, 2012, the FACC Group's net cash used in investing activities amounting to EUR 26.4 million was primarily affected by property, plant and equipment purchases in the amount of EUR 10.7 million, mainly relating to the technical equipment for clean core production, milling machines and tooling related to Airbus A350 and Embraer Legacy, purchases of intangible assets in the amount of EUR 3.3 million, mainly consisting of additional Windows and SAP licenses, and additional development cost payments in the amount of EUR 12.3 million, mainly consisting of development investments regarding Embraer Legacy, A350 and SSJ.

Net Cash Flow from Financing Activities

In the financial year ended February 28, 2014, the FACC Group's net cash used in financing activities of EUR 78.0 million was generated by proceeds from financial loans in the amount of EUR 132.6 million, at the same time loans in the amount of EUR 45.3 million were paid back and interest on financial loans and bonds in the amount of EUR 7.5 million were also paid to the lenders.

In the financial year ended February 28, 2013, the FACC Group's net cash used in financing activities of EUR 37.1 million was generated by proceeds from financial loans in the amount of EUR 63.4 million, partially offset by the repayment of loans in the amount of EUR 23.5 million and the payment of interest on financial loans and bonds in the amount of EUR 2.7 million.

In the financial year ended February 29, 2012, FACC Group's net cash flow from financing activities amounting to EUR 11.1 million was generated by proceeds from financial loans in the amount of EUR 32.1 million, partially offset by the repayment of loans in the amount of EUR 19.3 million and the payment of interest on financial loans and bonds in the amount of EUR 1.8 million.

NET CURRENT ASSETS/LIABILITIES

The following table shows the current assets and current liabilities of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Current assets			
Inventories	44,763	56,365	81,049
Trade receivables	63,978	97,165	100,111
Receivables from construction contracts	11,964	28,198	25,144
Other receivables and deferred items	8,355	5,906	19,027
Receivables from affiliated companies	6,400	802	14,812
Derivative financial instruments	2,851	4,760	3,590
Cash and cash equivalents	19,292	36,958	51,012
Total	**157,603**	**230,154**	**294,745**
Current liabilities			
Trade payables	35,467	55,453	55,694
Other liabilities and deferred income	14,370	18,073	23,553
Other financial liabilities	35,973	49,921	10,817
Bonds	20,000	—	—
Derivative financial instruments	—	688	—
Other provisions	7,560	13,896	10,476
Investment grants	1,170	1,233	838
Income tax liabilities	968	4,807	4,755
Total	**115,508**	**144,071**	**106,133**
Net current assets[(1)]	**42,095**	**86,083**	**188,612**

(1) Calculated as current assets minus current liabilities.

(*Source: Audited Consolidated Financial Statements*)

2014 compared with 2013

FACC Group's current assets increased by EUR 64.5 million, or 28.0%, to EUR 294.7 million in the financial year ended February 28, 2014 from EUR 230.2 million in the financial year ended February 28, 2013 mainly due to an increase in inventories from EUR 56.4 million to EUR 81.0 million, trade receivables from EUR 97.2 million to EUR 100.1 million and other receivables and deferred items from EUR 5.9 million to EUR 19.0 million in the financial year ended February 28, 2013 as compared to the financial year ended February 28, 2014. The increase in inventories was mainly due to increased business volumes in all three divisions primarily driven by Airbus and Boeing programs, in particular by the ongoing ramp-up of the Boeing 787 Dreamliner program and the start of the Airbus A350 program. The increase in trade receivables was mainly due to increased product deliveries as well as increased development and engineering services in particular relating to the COMAC C919 and Bombardier Global 7000/8000 programs. The increase in other receivables and deferred items was mainly driven by receivables from the

Austrian internal revenue service (*Finanzamt*) in connection with research premiums (*Forschungsprämien*) as well as security deposit payments (*Kautionszahlungen*) relating to a lease agreement for the new plant V building.

FACC Group's current liabilities decreased by EUR 37.9 million, or 26.3%, to EUR 106.1 million in the financial year ended February 28, 2014 from EUR 144.1 million in the financial year ended February 28, 2013 mainly due to a decrease in other financial liabilities from EUR 49.9 million to EUR 10.8 million, slightly offset by a small increase in trade payables from EUR 55.5 million to EUR 55.7 million in the financial year ended February 28, 2013 as compared to the financial year ended February 28, 2014. The decrease in other financial liabilities was mainly due to the repayment of utilized credit lines by the issuance of a bond in June 2013.

2013 compared with 2012

FACC Group's current assets increased by EUR 72.6 million, or 46.0%, to EUR 230.2 million in the financial year ended February 28, 2013 from EUR 157.6 million in the financial year ended February 29, 2012 mainly due to increases in inventories from EUR 44.8 million to EUR 56.4 million, trade receivables from EUR 64.0 million to EUR 97.2 million, derivative financial instruments from EUR 2.9 million to EUR 4.8 million and cash and cash equivalents from EUR 19.3 million to EUR 37.0 million in the financial year ended February 29, 2012 as compared to the financial year ended February 28, 2013. On the other hand, other receivables and deferred items decreased from EUR 8.4 million in the financial year ended February 29, 2012 to EUR 5.9 million in the financial year ended February 28, 2013 and receivables from affiliated companies decreased from EUR 6.4 million in the financial year ended February 29, 2012 to EUR 0.8 million in the financial year ended February 28, 2013. The increase in inventories was mainly due to the ramp-up of the Boeing 787 Dreamliner as well as the launch of the Airbus A350 and the Bombardier C-Series. The increase in trade receivables was mainly due to increases in product deliveries as well as development and engineering services, mainly relating to the Bombardier C-Series and Global 7000/8000, COMAC C919 (interiors and aerostructures) and Airbus A350. The increase in derivative financial instruments was mainly due to a stronger USD against the EUR (the year-end exchange rate as of February 29, 2012 for 1 EUR/USD was 1.3426 compared with a year-end exchange rate as of February 28, 2013 of 1.3097). The increase in cash and cash equivalents was primarily due to an increase in cash generated from operating activities. The decrease in other receivables and deferred items was primarily due to a tax credit that was used up in the financial year ending February 28, 2013. The decrease in receivables from affiliated companies was mainly due to the payment of such receivables by the respective affiliated companies.

FACC Group's current liabilities increased by EUR 28.6 million, or 24.7%, to EUR 144.1 million in the financial year ended February 28, 2013 from EUR 115.5 million in the financial year ended February 29, 2012 mainly due to increases of other financial liabilities from EUR 36.0 million to EUR 49.9 million and trade payables from EUR 35.5 million to EUR 55.5 million in the financial year ended February 28, 2013 as compared to in the financial year ended February 29, 2012. On the other hand, bonds amounting to EUR 20 million as at February 29, 2012 were repaid in the financial year ended February 28, 2013. The increase in other financial liabilities was mainly due to the utilization of a credit line to satisfy working capital needs. The increase in trade payables was mainly due to increased product deliveries and a higher business volume.

INVENTORY ANALYSIS

The following table shows the inventories of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

	As of February 28/29,		
Amounts in EUR thousand	**2012**	**2013**	**2014**
	(audited)	**(audited)**	**(audited)**
Inventories			
Raw materials and consumables	25,885	31,964	47,320
Unfinished goods	16,449	22,519	29,051
Finished goods	2,429	1,882	4,678
Balance (net of valuation adjustments)	**44,763**	**56,365**	**81,049**

(*Source: Audited Consolidated Financial Statements*)

2014 compared with 2013

The FACC Group's total inventory increased by EUR 24.7 million, or 43.8%, to EUR 81.0 million in the financial year ended February 28, 2014, from EUR 56.4 million in the financial year ended February 28, 2013. The increase was due to (i) the increase in raw materials and consumables of EUR 15.4 million or 48.0%, related to increased order intakes and the start of ramp-up phases of new programs resulting in a lower turnover ratio, (ii) the increase in unfinished goods of EUR 6.5 million, or 29.0%, primarily driven by the Boeing 787 Dreamliner, SSJ-100 and Airbus A321 programs, as well as (iii) the increase in finished goods of EUR 2.8 million, or 148.6%, mainly relating to the Bombardier C-Series program.

2013 compared with 2012

The FACC Group's total inventory increased by EUR 11.6 million, or 25.9%, to EUR 56.4 million in the financial year ended February 28, 2013, from EUR 44.8 million in the financial year ended February 29, 2012. This increase was due to (i) the increase in raw materials and consumables of EUR 6.1 million, or 23.5%, related to increased order intakes and (ii) the increase in unfinished goods of EUR 6.1 million, or 36.9%, related to the ramp-up of the Boeing 787 Dreamliner as well as the launch of the Airbus A350 and Bombardier C-Series. At the same time finished goods decreased by EUR 0.5 million, or 22.5%, mainly relating to the Airbus A380 program.

Credit periods granted from the majority of our suppliers are between 14 and 90 days.

The following table shows a summary of the average inventory turnover and revenue of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	As of February 28/29,		
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)
Inventory analysis			
Average inventories	41,082	50,564	68,707
Revenue from production	287,699	339,663	416,150
Inventory turnover days(1)	52.12	54.34	60.26

(1) Calculated as 365 days divided by turnover ratio inventories. Turnover ratio inventories is calculated as revenue from production divided by average inventories.

(*Source: Company information*)

The FACC Group's inventory turnover days increased from 54.34 as of February 28, 2013 to 60.26 as of February 28, 2014. This was primarily due to the greater inventory level as described above.

TRADE RECEIVABLES ANALYSIS

The majority of our customers are granted a credit term of 30 to 120 days.

2014 compared with 2013

FACC Group's trade receivables (including receivables from construction contracts) remained stable at EUR 125.3 million in the financial year ended February 28, 2014 as compared to EUR 125.4 million in the financial year ended February 28, 2013 mainly because the effects of increased business volumes on trade receivables were offset by significant payments to the Company with respect to its outstanding receivables for engineering and development services relating to the Airbus A350 and Boeing 787 Dreamliner programs.

2013 compared with 2012

The increase in the FACC Group's trade receivables (including receivables from construction contracts) by EUR 49.4 million to EUR 125.4 million in the financial year ended February 28, 2013 from EUR 75.9 million in the financial year ended February 29, 2012 was mainly due to increased product deliveries as well as increased development and engineering services in particular relating to the Bombardier C-Series and COMAC C919 programs.

The following table shows the development of turnover days of trade receivables (including receivables from construction contracts) of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)
Trade receivables analysis			
Average trade receivables (including average receivables from construction contracts)	69,722	100,653	125,309
Revenue (audited)	355,624	434,615	547,382
Trade receivables turnover days[1]	71.56	84.53	83.56

(1) Calculated as 365 days divided by turnover ratio receivables. Turnover ratio receivables is calculated as revenue divided by average trade receivables (including average receivables from construction contracts).

(Source: Company information, Audited Consolidated Financial Statements)

The FACC Group's average trade receivables (including receivables from construction contracts) increased by EUR 24.6 million to EUR 125.3 million as of February 28, 2014, from EUR 100.7 million as of February 28, 2013. The FACC Group's trade receivables turnover days remained relatively stable during this period. The increase in average trade receivables was mainly due to increased receivables from product deliveries as well as from development and engineering services which are invoiced during the Company's fourth quarter, in particular relating to the COMAC C919 and Bombardier Global 7000/8000.

TRADE AND OTHER PAYABLES ANALYSIS

The following tables show the aging analysis of trade and other payables of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Trade payables analysis			
Within 90 days	35,346	55,334	55,639
Over 90 days and within 360 days	121	119	55
Total	**35,467**	**55,453**	**55,694**

(Source: Audited Consolidated Financial Statements)

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(unaudited)	(unaudited)	(unaudited)
Trade payables analysis			
Average trade payables	29,494	45,460	55,574
Cost of material and purchased services and other operating income and expenses (without allowances, grants and other income)	238,138	291,014	367,462
Trade payables turnover days[1]	45.21	57.02	55.20

(1) Calculated as 365 days divided by turnover ratio trade payables. Turnover ratio trade payables is calculated as cost of material and purchased services and other operating income and expenses (without allowances, grants and other income) divided by average trade payables.

(Source: Company information)

WORKING CAPITAL

Management is of the opinion that, taking into consideration the financial resources presently available to FACC Group, including banking facilities and other internal resources, and the estimated net proceeds of the Offering, FACC Group will have sufficient working capital for its working capital requirements at least in the next 12 months commencing from the date of this Prospectus.

INDEBTEDNESS

Financial Liabilities

The following table shows the financial liabilities of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amount in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Current and non-current financial liabilities			
Current			
Bonds	20,000	—	—
Other financial liabilities	35,973	49,921	10,817
Subtotal	**55,973**	**49,921**	**10,817**
Non-current			
Bonds	—	—	88,893
Promissory note loans	—	45,000	45,000
Other financial liabilities	17,275	18,187	57,028
Subtotal	**17,275**	**63,187**	**190,921**
Total	**73,248**	**113,108**	**201,738**

(*Source: Audited Consolidated Financial Statements*)

As of February 28, 2014, we had total financial liabilities of EUR 201.7 million. These include bank loans secured by liens on some of our properties, guarantees from Austria Wirtschaftsservice GmbH ("**AWS**") (Austria's national promotional bank) and credits supported by the FFG Research Promotion Agency.

Of these EUR 201.7 million of financial liabilities, the proportion of trade promotion loans (*Förderkredite*) guaranteed by AWS or supported by the FFG Research Promotion Agency amounts to EUR 27.7 million. The following table shows the trade promotion loans of the FACC Group divided into current and non-current liabilities as of February 28, 2014:

Trade promotion loans Amounts in EUR thousand	Non-Current	Current	Total
	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)
Investkredit AG, ERP A380	962	1,071	2,033
RLB OÖ/Oberbank, loan with AWS guaranty	3,160	395	3,555
Investkredit AG, ERP loan	3,464	1,367	4,831
UniCredit BA, ERP loan with AWS guaranty	3,035	—	3,035
OB FFG loan	1,738	—	1,738
Erste ERP loan	6,598	—	6,598
RLB ERP loan	5,938	—	5,938
Balance (unaudited)	**24,895**	**2,833**	**27,728**

(*Source: Audited Consolidated Financial Statements, Company information*)

The interest rates of these financial liabilities vary from 0.5% to 2.12%.

For a residual term analysis of the Group's financial liabilities, see "Financial Information" starting on page F-1.

The grant of research promotion funding by the FFG Research Promotion Agency is conditional upon compliance with several requirements set out in their research promotion guidelines. The person entitled to any research promotion benefit is, among others, obliged to render regular reports including original accounts evidencing the actual and timely performance and the results of the research activity, make all accounting materials and other relevant information available at request, notify all events delaying or making the research activity impossible and to comply with federal provisions on the equal treatment of genders and handicapped persons. Non-compliance with any the these requirements, as well as a change of control in, insolvency or discontinuance of the company to which the research promotion funding was awarded, as well as a decision by an EU authority requiring so can trigger a repayment obligation. Further, loans may be accelerated if the beneficiary severely breaches provisions of environmental law, labor and employment law or equal treatment law.

The provision of guarantees by AWS is subject to their general business terms which, among others, provide that the funds are solely used for the purposes as defined in the relevant project descriptions and regular reports as to the progress of the project are submitted. The alienation of certain substantial assets, the taking up of certain further loans, the distribution of dividends and the change of control of the beneficiary may be subject to prior approval by AWS.

As of the date of this Prospectus, there have been no material breaches of the terms under the guarantees from AWS and the credits supported by FFG Research Promotion Agency as confirmed by our Management.

In 2013, our main operating subsidiary, FACC Operations GmbH ("**FACC Operations**"), issued a bond with a nominal value of EUR 90 million outstanding with an interest rate of 4.0% p.a. and with a final maturity in June 2020. The covenants of the bond terms require FACC Operations during the term of the bond to not, and to ensure its affiliates do not, issue or cause third parties to issue, any collateral for other capital market debt or any debt under guarantees or liabilities for other capital market debt, unless FACC Operations ensures that the bond creditors participate in such collateral at the same time and at the same rank. FACC Operations further assures that it will (i) cause its affiliates to distribute profits in such amounts necessary to enable FACC Operations to fulfill its liabilities under the bond terms, (ii) not distribute more than 50% of its annual profits to its shareholders and (iii) only distribute such amount of profits to its shareholders that its equity ratio does not fall below a threshold level of 30%.

Further, in 2012, FACC Operations issued promissory note loans (*Schuldscheindarlehen*) with a total nominal value of EUR 45 million. The covenants of the promissory note loans require that during the term of the promissory note loans (i) FACC Operations' equity ratio does not fall below a threshold level of minimum 30%, respectively, 20% (after deducting capitalized research and development costs), (ii) assets of FACC Operations and its subsidiaries with a market value of more than 5% of the consolidated assets of FACC Operations per year will not be sold or transferred to a company outside the FACC Group unless the proceeds will be reinvested or remain as liquidity in the FACC Group and (iii) FACC Operations and its subsidiaries will not encumber current or future earnings or assets as security for certain obligations. As of the date of this Prospectus FACC Operations is in compliance with all financial covenants of the bond and the promissory note loans. Non-compliance with the financial covenants would entitle the bondholders and the holders of the promissory note loans to terminate the bond or the promissory note loans, respectively, and request early redemption of the bond or the promissory note loans, respectively, at nominal value. Further, the promissory note loans contain so-called cross-default provisions pursuant to which the creditor can terminate the promissory note loans if liabilities of FACC Operations, which are owed to an entity that is not an affiliate, are not paid in accordance with the conditions of such liability or were or may be rendered payable prematurely by the respective creditor, subject to the conditions of such liability, unless the total amount of such liabilities is less than EUR 2.5 million. Early redemption of the bond or the promissory note loans would have a negative impact of FACC Group's debt financing structure and may have an adverse effect on obtaining further debt financing.

As at February 28, 2014, we had aggregate banking facilities of EUR 72.0 million available of which we had aggregate undrawn committed banking facilities of EUR 72.0 million. Management confirmed that, since March 1, 2014, there has been no material change in our indebtedness or contingent liabilities.

During the period from March 1, 2014 to the date of this Prospectus, there was no material increase in our total borrowings as confirmed by Management.

CAPITAL EXPENDITURES

Our capital expenditures relate mainly to:

- investments into property, plant and equipment for our offices and our five plants in Austria;
- project related additions of tangible assets such as toolings for several aircraft programs; and
- additions of intangible assets in relation to the design and engineering for aircraft programs (capitalized development costs).

The vast majority of our investments in progress are made in Austria and are financed with a combination of equity and debt.

From March 1, 2014 until the Date of this Prospectus

From March 1, 2014 until the date of this Prospectus, our total capital expenditures amounted to EUR 9.9 million, of which EUR 6.6 million was incurred by our Aerostructures Division, EUR 0.5 million

was incurred by our Engines & Nacelles Division and the remaining EUR 2.8 million was incurred by our Interiors Division. During this period, our capital expenditures comprised primarily investments into technical plants and equipment (EUR 4.7 million, of which EUR 1.1 million related to plants (production hall in plant I)) and intangible assets (EUR 5.2 million, all of which were capitalized development costs).

Financial Year ending February 28, 2014

In the financial year ended February 28, 2014, our total capital expenditures amounted to EUR 101.1 million, of which EUR 61.7 million was incurred by our Aerostructures Division, EUR 8.1 million was incurred by our Engines & Nacelles Division and the remaining EUR 31.3 million was incurred by our Interiors Division. During the financial year ended February 28, 2014, our capital expenditures comprised primarily investments into technical plants and equipment (EUR 58.8 million, of which EUR 20.6 million related to plants (R&D building in plant V)) and intangible assets (EUR 42.4 million, of which EUR 36.4 million were capitalized development costs).

Financial Year ending February 28, 2013

In the financial year ended February 28, 2013, our total capital expenditures amounted to EUR 40.7 million, of which EUR 21.2 million was incurred by our Aerostructures Division, EUR 5.9 million was incurred by our Engines & Nacelles Division and the remaining EUR 13.5 million was incurred by our Interiors Division. During the financial year ended February 28, 2013, our capital expenditures comprised primarily investments into technical plants and equipment (EUR 30.6 million, of which EUR 3.3 million related to plants (new electrical power supply in plant I; production hall in plant IV)) and intangible assets (EUR 10.0 million of which EUR 6.6 million were capitalized development costs).

Financial Year ending February 29, 2012

In the financial year ended February 29, 2012 (adjusted), total capital expenditures amounted to EUR 26.1 million, of which EUR 13.9 million was incurred by our Aerostructures Division, EUR 4.6 million was incurred by our Engines & Nacelles Division and the remaining EUR 7.6 million was incurred by our Interiors Division. During the financial year ended February 29, 2012, our capital expenditures comprised primarily investments into technical plants and equipment (EUR 10.6 million of which EUR 0.9 million related to plants (clean-core manufacturing in plant IV)) and intangible assets (EUR 15.5 million of which EUR 12.3 million were capitalized development costs).

Future Investments

For the remainder of the current financial year, additional investments of up to EUR 76.0 million have been approved by our Supervisory Board, partly dependent on the successful implementation of the Offering. These approved investments relate primarily to tooling for several aircraft programs (EUR 29.0 million), intangible assets including capitalized development costs (EUR 16.8 million), machinery and equipment (EUR 16.7 million) as well as investments into our plants (EUR 11.5 million) including plant II (assembly and press area) and plant III (production hall for a milling machine).

CONTRACTUAL AND CAPITAL COMMITMENTS

Capital Commitments

The following table shows the capital commitments of the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
Property, plant and equipment			
Authorized but without contractual obligation	30,174	65,516	37,345
Contractual obligation, not yet incurred	20,485	24,486	11,025
Total	**50,659**	**90,002**	**48,370**

(*Source: Audited Consolidated Financial Statements*)

Contractual Commitments

The total of future minimum lease payments flowing from operating leasing relationships with respect to property, plant and equipment amount to:

Amounts in EUR thousand	As of February 28/29,		
	2012	2013	2014
	(audited)	(audited)	(audited)
No later than 1 year	2,748	3,066	3,894
Later than 1 year and no later than 5 years	7,443	7,431	10,016
Later than 5 years	6,236	4,973	6,698
Total	**16,427**	**15,471**	**20,608**

(*Source: Audited Consolidated Financial Statements*)

We have concluded operating rental and leasing agreements with several contractual partners. The agreements include ones relating to the use of motor vehicles, office space and equipment (hardware and software), and also include others relating to building rights with respect to our plant in Reichersberg Ort, heating and cooling supply, as well as production capacities. Lease payments in the financial year ended February 28, 2014 increased compared to the financial year ended February 28, 2013 due to the conclusion of leasing agreements for plant II and plant V.

Building Rights Agreement

A building rights agreement was concluded between Oberösterreichische Technologie- und Marketinggesellschaft m.b.H. and FACC Operations in the financial year ended February 28, 2007 for the property on which our plant IV in Reichersberg was established. The building rights have a term of 50 years, ending on December 31, 2056. The annual payments for the building rights interest amount to EUR 55,700.

Leasing Agreements

For our plant III in Ort and the connecting structure between our plants II and III in Ort, we concluded with Raiffeisen-IMPULS-Immobilien GmbH a leasing agreement with a 15-year term.

For our plant II in Ort, we concluded with Raiffeisen-IMPULS-Projekt Ort GmbH for a 20-year term a sale and lease back agreement as well as a lease agreement with for the extension of plant II.

For our new plant V in St. Martin, we concluded with UniCredit Leasing (Austria) GmbH a leasing agreement with a 25-year term.

The agreements regarding plant II and plant V have been concluded in the financial year ending February 28, 2014 and are classified as finance lease in the Audited Consolidated Financial Statements.

The total monthly lease payments for all above mentioned lease agreements in the financial year ending February 28, 2014 amounted to EUR 585 thousand compared with EUR 284 thousand in the financial year ending February 28, 2013.

KEY PERFORMANCE INDICATORS

In order to determine our financial standing, the Management is continuously monitoring the development of the following key performance indicators:

Amounts in EUR thousand, unless otherwise indicated	As of February 28/29,		
	2012	2013	2014
	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)
Order backlog (amounts in USD million)	2.883	3.887	4.170
Revenue (audited)	355,624	434,615	547,382
Research and development costs			
Capitalized	12,259	6,575	36,374
Expensed(1)	30,446	49,268	19,182
Total as % of revenue	12.0%	12.8%	10.2%
EBITDA(2) (audited)	39,755	51,928	59,973
EBITDA margin (%)(3)	11.2%	11.9%	11.0%
EBIT(4) (audited)	23,391	34,714	41,931
EBIT margin (%)(5)	6.6%	8.0%	7.7%
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments(6)	19,688	25,741	27,079
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments margin (%)(7)	5.5%	5.9%	4.9%
Net working capital(8)	79,223	114,108	146,084
Net working capital margin (%)(9)	22.3%	26.3%	26.7%
Cash generated from operations	16,216	21,313	36,962
Net debt(10)	53,956	76,150	150,726
Net debt to EBITDA ratio(11)	1.4	1.5	2.5

(1) Calculated as research and development expense plus development cost expensed plus depreciation and amortization.

(2) Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization.

(3) Calculated as EBITDA as a percentage of revenue.

(4) Earnings before interest, taxes and fair value measurement of derivative financial instruments.

(5) Calculated as EBIT as a percentage of revenue.

(6) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments.

(7) Calculated as profit after taxes adjusted for fair value measurement of derivative financial instruments as a percentage of revenue.

(8) Calculated as inventories plus trade receivables plus receivables from construction contracts plus other receivables and deferred items minus trade payables minus other liabilities and deferred income.

(9) Calculated as net working capital as a percentage of revenue.

(10) Calculated as non-current promissory note loans plus non-current bonds plus non-current other financial liabilities plus current other financial liabilities plus current bonds minus cash and cash equivalents.

(11) Calculated as net debt divided by EBITDA.

(Source: Audited Consolidated Financial Statements, Company information)

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

In the financial year ending February 28, 2014, FACC Operations assumed guarantees for the current account limit of our subsidiary FACC Solutions s.r.o., Bratislava, Slovakia, in the amount of EUR 40 thousand (financial years ending February 28/29, 2012 and 2013: EUR 40 thousand) and of our subsidiary FACC Solutions (Canada) Inc., Montreal, Canada, in the amount of EUR 195 thousand (financial years ending February 28/29, 2012 and 2013: EUR 225 thousand).

Further, in the financial year ending February 28, 2014, FACC Operations assumed guarantees in the amount of EUR 1.4 million for a bank loan granted to our subsidiary ITS GmbH (Germany).

In addition, in the financial year ending February 28, 2014, FACC Operations issued a keepwell statement (*Patronatserklärung*) in favor of its subsidiary CoLT Prüf und Test GmbH (previously etc Prüf und Test GmbH) in an amount of EUR 200 thousand.

RISK MANAGEMENT

We are confronted with a number of risks requiring systematic and ongoing risk management. The Management Board has overall responsibility for the establishment and oversight of FACC Group's risk management framework. According to the Management Board, these risks are determinable and manageable.

To identify risks promptly, evaluate them and apply countermeasures, we developed and introduced effective internal risk control systems. Within the framework of the internal risk management process, operating units constantly monitor and evaluate the risks and report to the Management Board in monthly management review meetings. The Management Board in turn informs the Supervisory Board during the latter's meetings. This ensures that significant risks are detected early and counteractive measures can be timely taken to limit any impacts.

In August 2009, an FMEA software tool (failure mode and effect analysis) was installed centrally across our business divisions. The objective of this software is to systematically identify and quantify the product and/or process risks as early as in the development phase, so that these risks can be eliminated or minimized by preventive measures prior to the start of production.

In addition, FACC has insured most of its operational risks for its plant facilities, including those related to business interruption or third party liability, including a special insurance which is common in the aerospace industry in respect of property or environmental damage arising from accidents on FACC Group properties or relating to FACC Group operations. For details of our insurance coverage, see "Business—Insurance". Nevertheless, there is a risk that the loss or destruction of certain assets could have a material adverse effect on our operations and financial position.

Business Interruption Risk

Our manufacturing plants and equipment are continuously maintained and serviced, reducing the risk of breakdowns or lengthy production downtimes to a minimum. In addition to these maintenance procedures, the business interruption risk is covered by a business interruption insurance policy with an 18-month liability period which is renewed every year.

Product Liability and Quality Risk

Our products are intended for installation in aircraft or for engines. Defects or malfunctions of the manufactured products may, directly or indirectly, endanger the property, health or life of third parties. We are not in a position to reduce or exclude our liability towards consumers or third parties by way of sales agreements. Each product developed and/or manufactured within the Group and leaving the Group, is subject to several specific checks with regard to quality and functionality. Product defects may nevertheless arise, despite the certified quality control system, and may only be evident after installation and use of the end products.

The risk is higher with projects including our development responsibility due to the risk of construction faults. We have an archiving system for the contractually stipulated quality records, in order to verify, in an emergency, that the products or services were implemented in accordance with the specified requirements. For development projects, proof must be presented in an emergency case that the construction specifications comply with the requirements of the customer and/or authorities. For details, see "Business—Quality Control System Auditing and Qualification".

Financial Risks Arising from Market Price Developments

The price at which we can sell our products is one of the primary drivers of our revenue. Our prices are largely determined by prices set in the international market for composite component products. Our future profitability and overall performance is strongly affected by the long-term price development including step-down prices after a certain number of shipsets produced and the sometimes volatile price development for raw materials like prepregs, honeycombs, fasteners, adhesives, potting materials and standard parts. The financial risk management for the sales prices is a responsibility of FACC's vice

presidents, and the financial risk management for the price development of raw materials is a responsibility of FACC's vice president for procurement as well as the division directors responsible for procurement.

Customer and Supplier Risks

We apply a strict customer and supplier credit policy. The creditworthiness of existing customers is constantly reviewed and new customers are subjected to a credit evaluation. Individual value adjustments are made for receivables in cases of non-payment, following an in-depth assessment of the risk.

Our quality management and purchasing departments also perform regular risk assessments of our suppliers, in order to determine priorities for scheduling and performance of audits and to support the decision-making process in awarding new orders. In the selection of new suppliers, our purchasing department also consults the supplier quality management department to ensure that the required qualifications and certifications are in place. At the onset of new programs, the quality risk is reduced by requiring the suppliers to provide a first sample. Continuous quality-compliant and punctual supply of materials as well as unfinished and finished goods are assessed regularly with the help of SAP software. This evaluation forms part of the risk assessment.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our medium and long-term debt obligations (in particular, receivables, bonds and borrowings) with floating interest rates. Our policy is to manage our interest cost by monitoring changes in interest rates with respect to our borrowings. The Company's treasurer within the finance and accounting department ensures that part of the interest rate risk is reduced through fixed-interest credit lines. There is one interest rate swap agreement which has been concluded by FACC with a remaining term until 2016.

Foreign Currency Risk

Sales in the aerospace industry are almost exclusively denominated in USD. Our manufacturing sites are located in Austria and, consequently, a major part of the costs of production, purchases and general and administrative expenses is denominated in EUR. To reduce the USD exchange risk, purchases of raw material are increasingly denominated in USD, creating so-called natural hedging. Derivative financial instruments are used to protect the remaining open amounts.

Structured Hedging Transactions

We enter into structured hedging transactions in order to protect us against fluctuations in the USD to EUR exchange rate. While in the past structured hedging transactions comprised currency option contracts and currency forward contracts, pursuant to a resolution of the Supervisory Board, as from April 20, 2011 going forward, structured hedging transactions shall comprise a minimum of 80-90% forward exchange contracts, while the remaining 10% to 20% shall either remain unhedged or be hedged by using foreign currency option contracts which qualify for hedge accounting according to IAS 39.

As a result of our annual budget planning we have an estimate for the amount of USD cash inflows for the coming financial year. The net USD amount resulting from deducting the planned USD cash outflows for the coming financial year from the expected USD cash inflows for the coming financial year will be hedged. This hedged amount corresponds with our potential exposure for the coming financial year resulting from fluctuations of the USD. As of the date of this Prospectus, the nominal amounts of currency forward contracts was USD 265 million.

All derivative financial instruments are recognized on the balance sheet at their fair value. Fair values are calculated by the contracting bank and are significantly influenced by the USD to EUR exchange rate as of balance sheet date compared to the date the derivative contract is entered into. Further factors for calculating the fair value include volatility of the underlying exchange rate, interest rate of the respective currencies, contract volume and contract duration. Changes in the fair values may result in gains or losses. Fair value gains from derivative financial instruments of aggregate EUR 1.8 million in the financial year ended February 28, 2014 were due to increases in the fair value of interest swap contracts in the amount of EUR 1.8 million driven by the development in the underlying interest rates.

Management does not consider the fair value measurement of derivative financial instruments and their impact on the Group's results a measurement of effectiveness of the Company's hedging. The fair value measurement of derivative financial instruments is a result of the classification of these instruments in

accordance with accounting rules IAS 39, which measures the hypothetical and temporary valuations of the instruments at the balance sheet date based on the then foreign currency exchange rate in relation to the individual terms of the instruments. As fair value changes recorded on balance sheet date do not take into consideration the foreign currency exchange rate at the conclusion of the instruments, the Management is of the view that such changes and resulting impact are not indicative or representative of the Group's performance.

The derivative financial instruments have no impact on the Group's cash or liquidity position, and the Management considers the worst case scenario to be when the Company's revenue is no longer hedged if such instruments expire pre-maturely due to the knock-out terms.

Hedging Policy

According to our hedging policy governing our hedging transactions, we are prohibited from entering into speculative hedging transactions. We enter into one-year contracts to manage the risks associated with the downside movement in the USD to EUR exchange rate. We mitigate counterparty risks by choosing only reputable leading banks in a well-capitalized financial position. Such banks provide us with various financial publications on daily market information and news, economic events and other factors that affect the USD to EUR exchange rate. Our management team holds frequent meetings to review trends in exchange rates and the effectiveness of our hedging positions and strategy. Before entering into a hedging transaction we collect quotations from two or three banks and discuss with them the conditions (strike price and limits). We then select the quotation which fits best to cover the risk.

The persons responsible within FACC for preparing, making and monitoring hedging decisions include Mr. Walter Stephan (CEO), Ms. Minfen Gu (member of the Management Board) and Mr. Andreas Schoberleitner (director of finance, controlling & treasury). According to the Group's internal guidelines, hedging transactions are only concluded upon the prior approval of two members of the Management Board including either Ms. Minfen Gu or Mr. Walter Stephan. For details regarding Mr. Stephan's and Ms. Gu's qualification and experience, see "Corporate Bodies, Management and Corporate Governance—Management Board—Members of the Management Board". Mr. Stephan gained significant hedging experience when representing the Group in its negotiations with banks regarding derivative financial instruments and participating in monthly internal meetings in which fair values of the instruments and the hedging strategy are being discussed. Mr. Schoberleitner received a master degree in business administration with a special focus on finance management from the Johannes Kepler University in Linz and has been responsible for hedging transactions within the Group for more than 6 years.

We employ currency forward contracts to secure favorable USD to EUR exchange rates. Such currency forward contracts allow us to lock in the USD to EUR exchange rate at a fixed strike price for a period of up to 12 months depending on the percentage of the hedged USD exposure.

Until April 20, 2011 when all then existing currency option contracts have been unwound, we entered into zero-cost option contracts by buying pairs of European USD put options and writing European USD call options at twice the volume of the put options purchased. We did not have to pay any bank premiums over these zero-cost option contracts. The pair of the USD put options and USD call options was considered as one hedging transaction.

The European USD put options that we bought and the USD call options that we wrote had knock-out and knock-in features, respectively. Such features allowed us to, within a range, benefit from the appreciation of the USD and shield us from the depreciation of the USD.

The knock-out barrier feature of the put option operated by setting a limit to which we were protected against a depreciation of the USD. We were able to exchange USD for EUR at a predetermined strike price as long as the USD did not depreciate past the set barrier. In order to offset the premium relating to our put options, we also wrote call options with the knock-in barrier feature which set a barrier over which the USD had to appreciate before our counter-party derived a right to exercise the call option at maturity.

Monitoring Hedging Transactions

Before and after entering into a hedging transaction, we closely monitor the USD to EUR exchange rate and remain alert as to any news concerning our counterparties, their financial performance and any changes to their financial position. Our management also closely monitors the movement in exchange rates and the settlement of the structured hedging transactions on a monthly basis.

Exiting from Hedging Transactions

Our currency option contracts and currency forward contracts are settled automatically on a date specified in the respective agreements. We usually exit from existing hedging transactions when the currency option contracts or currency forward contracts expire, usually one year after we first enter into such transactions. In case we were not in a position to deliver the notional amount of the expiring hedging transaction, we extend the duration of the contract until such date when sufficient USD cash amounts will be available. The existing contract with a fixed notional amount (volume) and exchange rate is converted into a swap contract of a forward contract nature with a fixed notional amount (volume) and exchange rate. Such contract extensions are concluded also at zero-cost as the premium is calculated in the exchange rate of the forward contract. In the past, the Group has not failed to extend the duration of a derivative contract in case we were not in a position to deliver the notional amount of the expiring hedging transaction.

If a financial instrument (currency forward contract or currency options contract) expires (matures) during the course of a year, the USD cash flow resulting from the sale will be converted into, and realized in, EUR using the strike price of the relevant currency hedging agreement. Therefore, the entire sale of the financial year is realized at the relevant strike prices under the currency hedging agreements in the existing hedging portfolio.

The risk management for foreign currency fluctuations is handled by the Company's treasurer within the Company's finance and accounting department. The treasurer assesses and hedges financial risks according to the below treasury risk management policy.

TREASURY RISK MANAGEMENT POLICY

The activities of the Company's treasurer comprise all types of financing (short-, medium- and long-term), structuring of bank accounts, providing loans to our subsidiaries, maintaining good relationships with our banks, daily cash management, foreign currency hedging operations and interest risk management. The aim of the treasury risk management policy is to protect the profitability of the operating business against foreign currency and interest rate fluctuations.

All treasury operations are handled by our treasurer who focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance in close cooperation with the operating business segments and FACC's banks. The treasurer's primary activity is the hedging of portion of the known or forecasted commercial transactions not denominated in EUR. It is the policy of the treasury risk management to not hold or issue financial instruments for trading purposes and to not enter into derivative transactions that would be considered speculative positions.

The day-to-day business is handled by the Company's treasurer who—with regard to all USD hedging activities—obtains three quotes from independent banks. A pre-selection is then performed by the treasurer. The final selection rests with the Management Board, upon whose approval the transaction is effected with the selected bank. Due to time constraints, the derivative details are generally agreed upon orally between the treasurer and the bank. Subsequently, the bank furnishes a written derivative contract document which is then jointly signed by two duly authorized employees of the Company in form of joint signatures. Authorized employees are the Company's CEO, COO and treasurer.

Apart from ongoing USD derivatives, FACC has one long running interest rate swap agreement that was contracted in the past and which has a remaining term until October 2016.

*We engaged Roland Berger Strategy Consultants ("**Roland Berger**"), one of the world's leading strategy consultancy firms, to conduct a study and to provide a report of the aircraft composites industry ("**Roland Berger Report**").*

The methodology adopted by Roland Berger in preparing the Roland Berger Report can be divided into two phases. During phase I, Roland Berger defined relevant markets by product, service, system and geographical regions. During phase II, it carried out market analysis of each of the relevant market segments, with a view to revealing the past and future market segment dynamics. The Roland Berger Report has been prepared based on information and documents from sources that can be publicly stated and from interviews with experts in the composites industry. However, since such information is unavoidably subject to certain assumptions and estimates made by third parties, there can be no assurance as to the accuracy or completeness of included information.

Certain information set forth in this section and the section headed "Business" of this Prospectus has been extracted from the Roland Berger Report. We believe that the sources of the information extracted from the Roland Berger Report for inclusion in this section and the section headed "Business" of this Prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Underwriters or any other party involved in the Offering and no representation is given as to its accuracy or completeness.

GLOBAL AIRCRAFT INDUSTRY OVERVIEW

Economic Environment Overview

Global aircraft industry is driven by air traffic which in turn outgrows gross domestic product ("**GDP**"). Over the past 40 years, air traffic has outperformed GDP growth by a factor of 2.2x.

In the last three years and following the financial crisis in 2008-2009, the global economy has seen a stable increase of GDP. In 2010, 2011 and 2012, respectively, global GDP grew by 4.1%, 2.8% and 2.3%. Economic growth is expected to continue to grow at around 3% per annum between 2014 and 2017. Though economic growth is expected to remain high, a slowdown of annual growth rates in the People's Republic of China ("**China**") (from 7.3% in 2014 to 6.3% in 2017) is expected, while emerging countries including Brazil, Russia, India and China ("**BRIC**") should remain growth drivers of global GDP growth. Medium term, real GDP growth is expected to show a global compound annual growth rate ("**CAGR**") of 3.0% from 2013 to 2017. In this period, China is expected to grow at a CAGR of 6.8%, closely followed by India at 6.3%, Russia at 3.6% and Brazil at 3.1%. The following table shows past and projected real GDP growth rates for selected countries and regions:

Country / Region	2010A	2011A	2012A	2013F	2014F	2015F	2016F	2017F	CAGR 13 - 17
Brazil	7.6%	2.7%	0.9%	2.5%	2.6%	3.0%	3.5%	3.3%	3.1%
China	10.4%	9.3%	7.7%	7.7%	7.3%	7.0%	6.8%	6.3%	6.8%
India	10.5%	6.4%	3.3%	5.0%	6.0%	6.3%	6.4%	6.5%	6.3%
Russia	4.5%	4.3%	3.4%	1.5%	3.0%	3.8%	3.6%	3.9%	3.6%
EU28	2.0%	1.7%	−0.3%	0.0%	1.1%	1.5%	1.5%	1.6%	1.4%
NAFTA	2.7%	2.0%	2.7%	1.6%	2.6%	2.4%	2.6%	2.5%	2.5%
World	4.1%	2.8%	2.3%	2.1%	2.9%	3.0%	3.1%	3.1%	3.0%

Table 1: Global real GDP growth 2010-2017 of selected countries and regions (%), (*Source: EIU*)

Aircraft Industry Growth Drivers

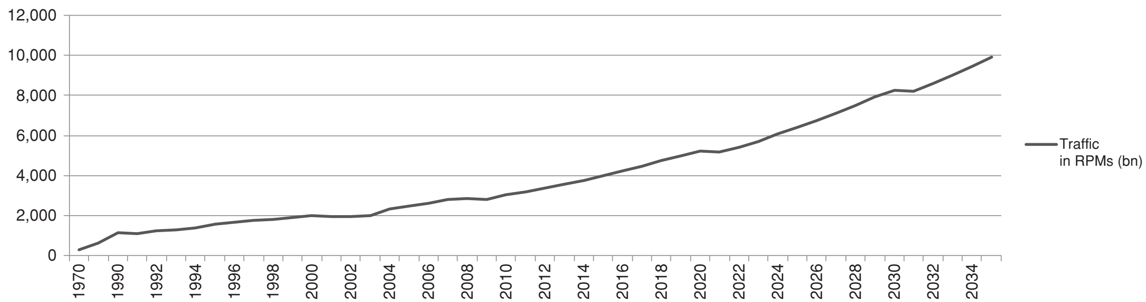


Figure 1: Air passenger traffic actual and forecast, (RPM = Revenue passenger miles, billion), *(Source: Airline Monitor (February 2014))*

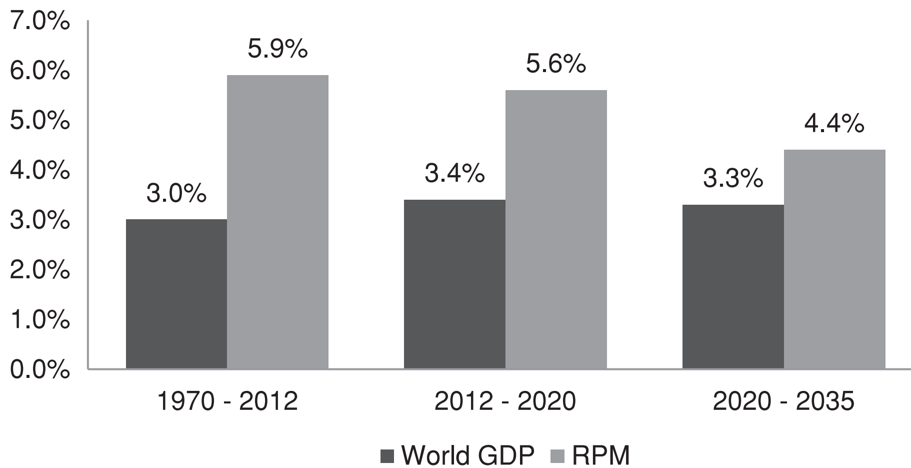
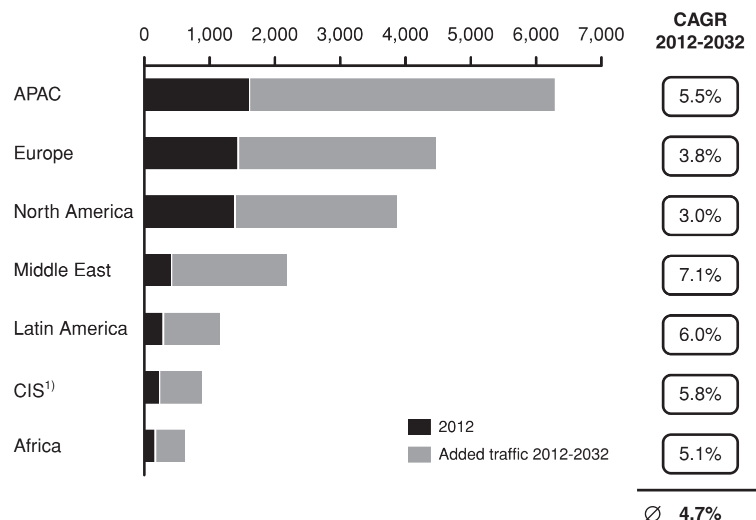


Figure 2: Airline passenger traffic vs. GDP growth, (RPM=Revenue passenger miles), *(Source: Airline Monitor (February 2014) for RPM 1970 - 2035, UNCTAD (May 2014) for GDP 1970-2012, Global Insight (February 2014) for GDP 2012-2035)*

The following factors are key contributors to the strong historical and forecasted growth in the global aircraft industry:

- Continued growth in passenger and freight traffic. Traffic growth determines the capacity requirements of airlines and thus the demand for new commercial aircraft, spare parts and maintenance services. Passenger traffic is driven primarily by the general expansion of the global economy, the increase in the global population base and the increased affordability of air travel due to the growth of low-cost carriers. Between 1990 and 2013, global passenger traffic, measured in revenue passenger kilometers ("**RPKs**"), steadily increased at a CAGR of 5.0% (*Source: Airline Monitor*), equal to 1.9 times GDP growth, which was 2.6% over the same period (*Source: Global Insight*), and declined in only four years due to specific exogenous factors. Airbus expects that global RPKs will continue to grow at a rapid pace, estimating a CAGR of 4.7% between 2012 and 2032.

Demand from emerging economies, especially in Asia and the Middle East, is a key contributor to the strong forecasted passenger traffic growth. With low air travel penetration and increasingly affluent populations as well as strong economic growth, Asian countries have significant potential for air travel expansion.



(1) Commonwealth of Independent States (CIS): Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan.

Figure 3: Demand for passenger air transport by region
(RPK = Revenue passenger kilometer, billion, CAGR 2012-2032), (*Source: Airbus*)

- The increasing importance for airlines to operate fuel efficient aircraft. Aircraft replacements are being accelerated by the introduction of "next-generation" aircraft models which offer significantly improved fuel efficiency through new engines, advances and systems and lighter-weight materials. For example, General Electric estimates that its "next-generation" GEnx engine for the 787 and 747-8 consumes 15% less fuel than the CF6 engine which it replaces, whereas Pratt & Whitney estimates that the new Pure Power PW1000G generation of engines, which will be installed on, among others, the new Airbus A320Neo and the Bombardier C-Series reduces emission by more than 3,000 tons per aircraft.
- Increasing aircraft replacement demand. Old aircraft are expensive to maintain, are less fuel-efficient than modern aircraft, and may not meet increasingly stringent emissions and noise standards and air travellers' expectations. Commercial aircraft generally have a life expectancy of 25 to 35 years.

These global trends are expected to result in (i) an increasing aircraft fleet size, (ii) the continued replacement of older and less efficient aircraft and engines, and (iii) a growing aftermarket for maintenance services and spare parts.

Global Aircraft Demand

The global commercial passenger aerospace industry is commonly divided in three segments: large commercial aircraft ("**LCA**"), regional jets and business jets. LCA are designed for commercial aviation, carry more than 110 passengers[1] and are usually operated on long-distance routes. All current LCA are produced by Airbus (e.g., A320, A330, A340, A380) or Boeing (e.g., Boeing 737, 747, 777, 787). Regional jets are designed for commercial aviation, but carry less than 110 passengers (typically 50-80) and are used for short to medium haul distances. Major producers include Bombardier and Embraer. Business jets are designed for private air transport. They are usually of a smaller size and used for transporting groups of up to 20 persons. Key manufacturers include Bombardier, Cessna, Dassault, Embraer and Gulfstream.

The growing demand for passenger air transport is expected to directly create a growing demand for aircraft. However, there are additional factors positively impacting aircraft production rates, such as: current capacity, current backlog and deliveries of aircraft, age of existing fleet or scheduled introduction of new aircraft models by aircraft manufacturers, fuel efficiency, and environmental concerns and regulations. The current record order backlog, of approximately 8 years for aircraft deliveries, underpins the strong growth expected. Table 2 shows the forecast of annual production for aircraft types until 2019 by types of aircraft. Demand is typically driven by the status of programs. For example, the decline of LCA deliveries (in particular Boeing 737) in 2016F is caused by introduction of the updated version of the Boeing 737 ("**B737MAX**") in 2017.

[1] Few large regional aircraft, e.g., the Embraer 190/195 of the E-family, may provide more than 110 passenger seats, but the platform in general is characterized as regional aircraft.

Forecasts until 2019 are quite consistent across different stakeholders. Forecasts beyond 2019 show significant differences. While aircraft OEMs expect further growth until 2022, Teal, an independent research institute, expects a cyclical peak in 2019 followed by a downturn from 2020-2022.

Aircraft Type	2007A	2008A	2009A	2010A	2011A	2012A	2013F	2014F	2015F	2016F	2017F	2018F	2019F	CAGR '13-'19
Business Jets	1,068	1,245	837	715	661	625	641	726	859	963	1,064	1,124	1,131	9.9%
LCA	888	849	974	966	1,011	1,198	1,254	1,319	1,335	1,293	1,353	1,461	1,492	2.9%
Regional Aircraft	338	363	320	266	281	247	271	286	294	287	264	238	279	0.5%
Total	2,294	2,457	2,131	1,947	1,953	2,070	2,166	2,331	2,488	2,543	2,681	2,823	2,902	—

Table 2: Annual aircraft deliveries 2007-2019 (number of aircraft), (*Source: Teal*)

Table 3 shows the development of this market based on monetary value.

Aircraft Type	2007A	2008A	2009A	2010A	2011A	2012A	2013F	2014F	2015F	2016F	2017F	2018F	2019F	CAGR '13-'19
Business Jets	20.9	23.6	18.1	17.4	17.5	17.1	18.8	20.5	22.7	24.9	27.7	29.8	30.1	8.2%
LCA	58.4	56.0	64.4	62.9	67.9	89.2	89.0	94.7	98.3	98.8	104.3	111.4	111.5	3.8%
Regional Aircraft	8.4	9.3	8.1	6.9	7.1	6.2	6.8	7.3	7.5	7.3	6.6	5.9	7.3	1.1%
Total	87.7	88.8	90.6	87.2	92.5	112.5	114.6	122.4	128.4	131.0	138.7	147.1	148.9	4.5%

Table 3: Annual demand for aircraft 2007-2019 at 2013 list price per aircraft (USD billion), (*Source: Teal*)

The expected LCA deliveries by region (for 2013 until 2032) are shown in Figure 4. Demand for these aircraft will be driven by Asia-Pacific (in particular by China and India), Europe and North America.

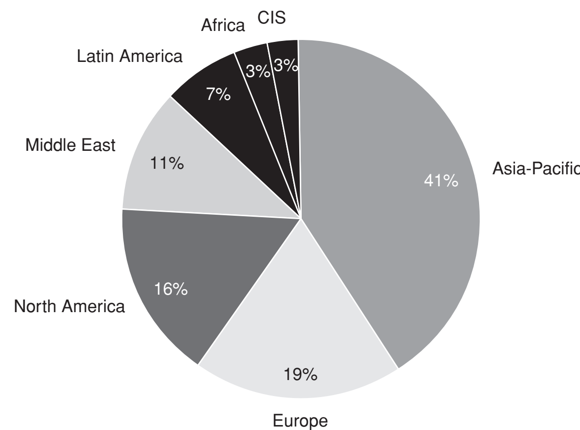
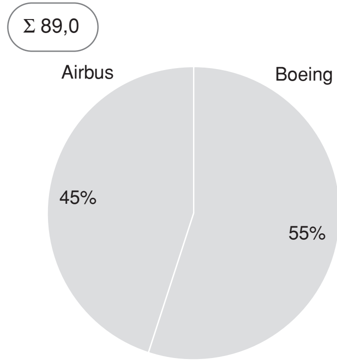


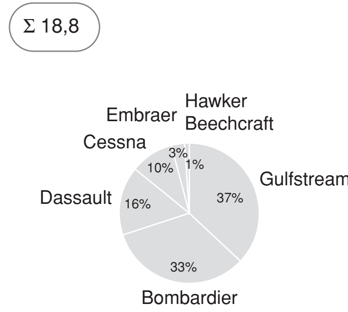
Figure 4: LCA deliveries by region 2013-2032 (% on USD basis), (*Source: Airbus*)

Global Aircraft OEM Overview

An aircraft Original Equipment Manufacturer (OEM) is a manufacturer of aircraft who purchases and integrates components from different suppliers. The aircraft manufacturing industry is dominated by a few major players such as Airbus and Boeing in the LCA, Embraer and ATR in the regional and General Dynamics and Bombardier in business jets markets.

The market size of commercial aerospace industry for LCA, business jets and regional aircraft in 2013 is approximately USD 114.6 billion. LCA account for approximately 78%, business jets account for approximately 16% and regional jets account for approximately 6%. Airbus and Boeing currently account for more than 78% of the total commercial aircraft OEM industry. Figure 5 shows the breakdown of this industry by major OEM in 2013.





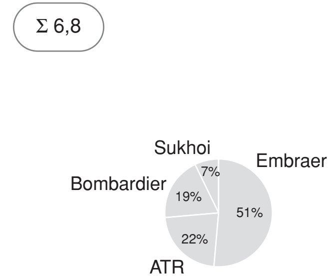


Figure 5: Market for aircraft (LCA, business, regional) by OEM in 2013 (USD billion), (*Source: Teal*)

LCA OEM Market Overview

With a size of USD 89 billion in 2013, the LCA market is the most important one for the aircraft and aircraft composite industry. Approximately 85% of all composite materials used for aircraft manufacturing relate to the production of LCA, with increasing share after the ramp-up of newly introduced next-generation programs. The growth in the LCA market is expected to be driven mainly by Boeing and Airbus as shown in Table 4.

OEM	2007A	2008A	2009A	2010A	2011A	2012A	2013F	2014F	2015F	2016F	2017F	2018F	2019F	CAGR '13-'19
Boeing	31.7	26.2	33.6	29.9	32.9	49.8	48.9	53.8	57.4	53.5	53.2	56.6	58.0	2.9%
Airbus	26.8	29.7	30.8	33.0	35.0	39.5	40.1	40.9	40.4	44.3	49.7	53.2	52.0	4.4%
Bombardier	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.9	1.4	1.6	1.4	n.a.
COMAC/ Irkut	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	n.a.
Total	58.4	56.0	64.4	62.9	67.9	89.2	89.0	94.7	98.3	98.8	104.3	111.4	111.5	3.8%

Table 4: LCA production by OEM in USD billion at 2013 list price of aircrafts, (*Source: Teal*)

The LCA industry is generally characterized by long program life cycles (generally around 30 years). The size and complexity of new programs require a strong relationship between the OEMs and the supplier. Once programs have been established, suppliers typically enjoy stable production rates and visibility due to comparatively long production planning processes, life cycle contracts and backlog developed over time.

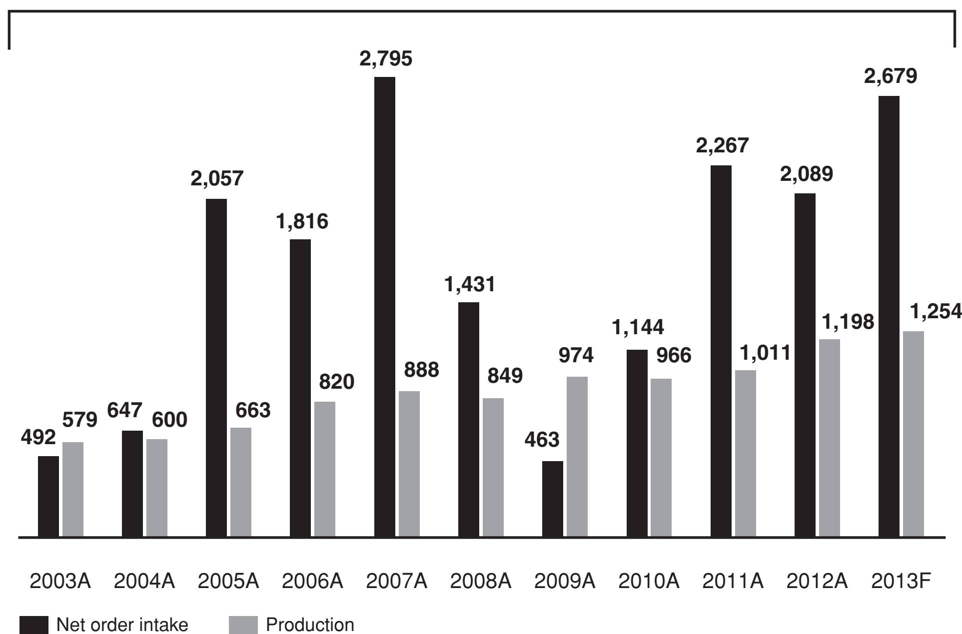


Figure 6: Global LCA net order intake and deliveries 2003A-2013F by number of aircraft, (*Source: Teal*)

This long-term perspective provides suppliers with strong revenues visibility, but requires long-term commitments at the same time. Significant upfront investments (product development and qualification, production equipment) for programs that will drive future growth (e.g., Airbus A350XWB, Boeing 787 Dreamliner) are required. As a consequence, barriers for new entrants are significant.

Major LCA OEM

The two current LCA OEMs are Airbus and Boeing. While Airbus is the major European aerospace and defense company, Boeing is the major American aerospace and defense corporation. Both benefit from a strong position in the commercial aircraft space.

Airbus and Boeing have introduced two new twin-engine long-haul jets—the Boeing 787 Dreamliner and the Airbus A350XWB. While Boeing delivered its first Boeing 787 Dreamliner to an airline in 2011, the first A350 delivery is expected in the fourth quarter of 2014. The A350 had its first flight in July 2013 and is currently undergoing testing and certification procedures. Its first delivery was originally planned for 2013.

The Boeing 787 Dreamliner and the Airbus A350 are expected to be the main drivers for the medium-term LCA market. Both aircraft represent a new generation of jets equipped with a new generation of fuel efficient engines. This new, advanced and efficient generation of jets are manufactured using a significant amount of composite materials. Composites account for 50% and 52% of total weight for the Boeing 787 Dreamliner and the Airbus A350, respectively. With the market entry of the Airbus A350XWB and the Boeing 787 Dreamliner, other aircraft series, including the Airbus A330 and A340, and Boeing 767, are expected to be phased out in the coming years.

The availability of fuel efficient engines has led Airbus and Boeing to the decision to equip their single aisle program with new engine options before developing a completely new platform. Airbus is expected to deliver its first A320NEO (NEO as an acronym for "New Engine Option") in 2015 and Boeing its 737MAX in 2017. The overall impact of modernization of these two aircraft types on the growth of the LCA market is, however, expected to be limited.

Bombardier is a Canadian aircraft manufacturer focused on the production of business jets. For the first time since its foundation, Bombardier is currently entering the LCA market with its C-Series, which is expected to be produced from 2015 onwards. The C-Series is about the same size as a Boeing B737-600, can carry slightly more than 100 passengers and targets to replace older regional jets, including the BAE Avro RJ.

Table 5 gives an overview of current and projected production volume in USD billion of LCA programs and underlines the predominance of Airbus and Boeing in this segment, which are expected to account for 47% and 52% of the LCA OEM market, respectively, in 2019.

Program	2007A	2008A	2009A	2010A	2011A	2012A	2013F	2014F	2015F	2016F	2017F	2018F	2019F	CAGR '13-'19
Airbus A318-321	16.6	17.6	18.5	18.5	19.4	21.1	22.6	22.8	21.4	4.2	0.7	0.0	0.0	3.7%
Airbus A319-321NEO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	19.2	27.0	28.6	28.1	
Airbus A350	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	7.0	10.5	15.4	16.1	n.a.
Airbus A330	8.0	8.5	9.1	10.4	10.4	12.1	12.6	12.9	10.2	8.3	5.9	4.4	3.8	−18.0%
Airbus A340-500/600	1.4	1.3	1.3	0.5	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Airbus A380	0.2	2.4	2.0	3.6	5.2	6.0	5.0	5.2	5.2	5.6	5.6	4.8	4.0	−3.7%
Boeing 737MAX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	21.5	25.0	4.1%
Boeing 737-6789	14.5	12.8	16.6	16.7	16.8	18.8	20.2	21.6	21.6	19.1	4.1	1.5	0.8	
Boeing 787	0.0	0.0	0.0	0.0	0.5	7.6	7.4	10.9	14.6	14.9	15.5	16.7	17.4	15.2%
Boeing 747-8	2.9	2.5	1.5	0.0	1.7	5.7	4.1	3.7	3.3	3.3	3.3	3.0	3.0	−5.2%
Boeing 767	1.2	1.0	1.4	1.2	2.1	2.7	2.1	1.6	1.9	2.6	2.5	2.4	2.3	1.9%
Boeing 777	13.0	9.9	14.2	11.9	11.9	14.9	15.0	16.0	16.0	13.6	12.8	11.5	9.6	−7.2%
Bombardier C-Series	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.9	1.4	1.6	1.4	n.a.
Total	57.8	56.0	64.4	62.9	67.9	89.2	89.0	94.7	98.3	98.8	104.3	111.4	111.4	3.8%

Table 5: Expected annual production volume per selected LCA programs from 2007 until 2019 at 2013 list price of aircraft (USD billion), (*Source: Teal*)

Table 6 demonstrates the current order backlog in the LCA market. Order backlogs of nearly all LCA are expected to fully utilize production capacities until 2015 (assuming no major cancellation of orders and no major complications) with the Boeing 777 being the only exception where discussions on a potential upgrade or new version have postponed orders.

The high order backlogs compared to deliveries highlight the high revenue visibility that both OEMs and suppliers enjoy.

	A320	A320NEO	A330	A350	A380	737-678	737MAX	747-8	787	767	777	777X	C-Series
Deliveries 2014-2018	1,055	1,441	342	260	132	1,534	730	90	586	42	437	0	0
Backlog Q3 2013	1,758	2,476	251	775	198	1,911	1,630	51	877	51	329	259	177

Table 6: Comparison of expected deliveries in 2014-2018 and order backlog as of Q3 2013 (number of aircraft), (*Source: Teal*)

Other LCA OEM Players

Even though Boeing and Airbus dominate the market for LCA today, industry analysts expect new OEMs to get a growing share of the market in the long term.

In China, COMAC is currently testing the regional jet COMAC ARJ-21 and developing the COMAC C919 large commercial single-aisle aircraft (comparable to A320, Boeing 737). It is generally agreed in the industry that aircraft production by Chinese OEMs will increase strongly in the long-run, as Asia-Pacific is expected to be the largest demander of aircraft during the entire period until 2032. COMAC announced its plan to target a 10% share of the global LCA market by 2030. To enhance the development process of its COMAC C919, COMAC collaborates with Bombardier. They signed a definitive agreement to cooperate on program commonalities in 2012 and extended it with a phase II in 2013. In general terms, strong growth in air traffic, both in China and other regions, is expected to drive significant investment in China's aerospace industry over the next 20 years. Many western aerospace companies have already installed manufacturing facilities in China.

Russia, on the other hand, has a long history in aircraft manufacturing industry. A strong commercial aerospace industry had existed in the Soviet Union up until 1990. Production then fell by 80% from 1990 to 1992, and by a further 10% by 2005. In the past few years, the government has been pushing the development of the commercial aerospace industry, e.g., by creating United Aircraft Corporation ("**UAC**"), a conglomerate of the main Russian aircraft manufacturers, which is cooperating with Western OEMs and suppliers. The regional jet Sukhoi SuperJet entered into service in 2011. The larger LCA Irkut MS-21 with more than 150 seats is currently under development at UAC, with test flights targeted for 2015/2016. However, first deliveries are not expected before 2019.

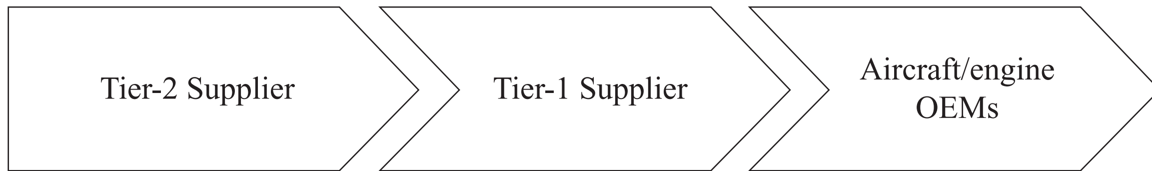
Engine OEMs

Similar to the aircraft market, the aircraft engine market is relatively concentrated. There are six key OEMs who supply engines to LCA programs: General Electric ("**GE**"), Rolls-Royce, Pratt & Whitney, CFM, International Aero Engines ("**IAE**") and Engine Alliance. The later three are joint ventures ("**CFM**" is a joint venture of Snecma (Safran) & GE, IAE of Pratt & Whitney, MTU and the Japanese Aero Engine Corporation, and Engine Alliance a joint venture of GE and Pratt & Whitney). This leads to a market domination of four main companies.

INDUSTRY STRUCTURE

Historically, OEMs, including aircraft manufacturers such as Airbus and Boeing, and engine manufacturers, such as Rolls-Royce and Pratt & Whitney, engaged in the design, development, assembly and sale of aircraft and aircraft engines, have engaged in requirements contracts with a large number of tier-1 suppliers to purchase a variety of tailor-made components. In the aerospace industry, a tier-1 supplier is a direct supplier to an OEM. Tier-1 suppliers focus on producing turn-key solutions and being responsible for the production of certain sub-systems, usually sharing project risk through risk-revenue sharing contracts with OEMs. Tier-2 suppliers manufacture build-to-print aircraft and engine components according to specifications provided by OEMs or tier-1 suppliers, and generally compete with other tier-2 suppliers mainly on the basis of performance and price. Aerospace industry regulators, as well as OEMs, set various certification requirements relating to the tooling and manufacturing processes which a supplier

must meet in order to be accredited to deliver its products to OEMs. The following chart shows the value chain of the aerospace industry:



The aerospace industry is currently experiencing structural changes that are likely to lead to a significant realignment in the supplier universe. Leading OEMs have been outsourcing more and more manufacturing steps, requiring their tier-1 suppliers to deliver turnkey solutions with all necessary certifications and appropriate quality standards. This trend is likely to continue, which would lead to further consolidation of the supply chain resulting in fewer tier-1 suppliers. It is likely that further outsourcing of comprehensive manufacturing steps will result in the delivery by tier-1 suppliers of complete assemblies and systems to the assembly lines of the OEMs.

Large tier-2 supplier are often ambitious to leverage their know-how and capacity to successfully develop into a tier-1 supplier. A longstanding proven track record and strong reputation in the industry further facilitate such a development.

AIRCRAFT COMPOSITE COMPONENTS INDUSTRY OVERVIEW

Composite Materials Industry Overview

The term "composite material" covers a wide range of material configurations with different characteristics, production processes, pricing and profitability. Composite materials are used in many industries and applications.

Composite materials are basically a combination of two or more materials where a reinforcing element is combined with fillers and composite matrix binders. The combination of different materials results in specific superior characteristics and properties which can differ widely between different configurations. The full potential of composite materials is still unknown and further applications are expected to be developed.

The main advantages of composite materials are their low weight per volume combined with high specific stiffness and strength. By choosing different combinations of reinforcement and matrix materials, manufacturers can design properties that fit requirements for a particular structure or a particular purpose. Composite materials are easily moldable into complex forms, allowing consolidations of parts and freedom of design which are not available with traditional materials. During their product lifetime, composite materials show good fatigue resistance and little corrosion.

The ongoing improvements in their characteristics in addition to improvements in the production processes (e.g., production automation enables the production of more units and results in higher price competitiveness compared to traditional materials) have led to an increased usage of composite materials and to the replacement of traditional materials in high-tech applications.

The history of composite materials goes back to the years before 1930. In the 1970s, they were introduced in special sports and secondary aircraft structures. In the 1980s and 1990s, the material found broader application in various industries (e.g., machinery and shipbuilding). Today, demand for composites is increasing strongly due to broader applications in the aerospace (secondary and primary structures), automotive (for example, hoods, spoilers and frames), alternative energy (for example, blades for wind turbines), construction and oil exploration industries.

Modern aircraft manufacturing is an example of performance-driven use of composite materials. The use of composite materials leads to weight reductions of up to 20% in aircraft, increasing fuel efficiency and performance. The durability of composite materials also allows aircraft to have longer maintenance, repair and overhaul cycles due to elimination of corrosion and substantially less fatigue. Overall, composite materials lower the total cost of ownership and operations for airlines. The downside of composites is the generally higher cost of raw materials compared to metals like steel or aluminum, longer development times and more complex manufacturing processes.

The cost of composite components mainly depends on raw material prices and production costs (for example, labor costs or energy). The raw material cost is largely dominated by fibers and depends on

required quality and characteristics. Overall, composite materials production is subject to economies of scale and the expected growth of the composite industry should provide further opportunities to reduce costs.

Carbon fiber reinforced plastic is a major type of composite. Carbon fiber consumption is expected to grow at a CAGR of 15% from 2013 to 2020. The increasing use of composite materials can be found across industries, with the highest growth found in automotive, wind energy and aerospace. The following chart shows the expected global use of composite materials from 2010 to 2020 by application in million pounds:

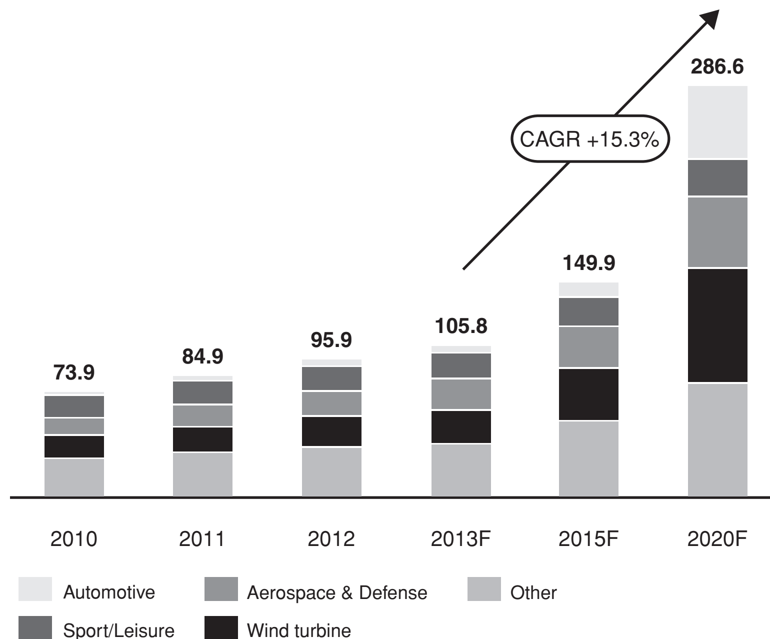


Figure 7: Use of carbon fiber in different industries (pound million), (*Source: Industry Experts: Carbon Fibers & Carbon Reinforced Plastics (CFRP)*)

The composite components used in the aerospace industry are characterized by industry-specific production and certification procedures. Similarities with composite products in other industries are limited as production processes and raw materials used generally differ. However, aerostructures knowhow was applied to the production of industrial pressure vessels in the 1990s and for the production of composite wind blades.

Aircraft Composite Components Industry Overview

The main product categories of composite materials used in the aircraft industry are aerostructures (primary structures, secondary structures, engine and nacelles) and cabin interiors. Primary structures comprise the main framework of an aircraft, including any structural part whose failure will seriously impair the aircraft safety (e.g., wings and fuselage). Secondary structures include any structural part whose failure will not seriously impair safety. Composite components in primary structures are usually more complex than those in secondary structures and are therefore characterized by higher prices per weight. Aerostructures are either manufactured by tier-1 or tier-2 suppliers and integrated by OEMs.

Engine and nacelles comprise two categories: engine components made of composite materials, such as the casing of the inner engine or the nose spinners and nacelles, which are components of the casing of the aircraft engines, for instance fan cowls or blocker doors. Composite components in engines and nacelles are usually more complex than those in other aerostructures and are therefore characterized by higher prices per weight.

Cabin interiors include linings and racks (for example, sidewalls, ceiling panels), monuments (for example, lavatories, galleys), additional equipment (for example, lighting, safety equipment) and the seats of an aircraft.

The composite component market size for aerostructures and for cabin interiors are evaluated differently. The size of the aerostructures market is usually defined by the weight of composite materials used. The size of the cabin interiors market is usually defined by the contract value of installed equipment, which includes, for example, complete monuments (for example, galleys) or cabin lining (for example, lighting).

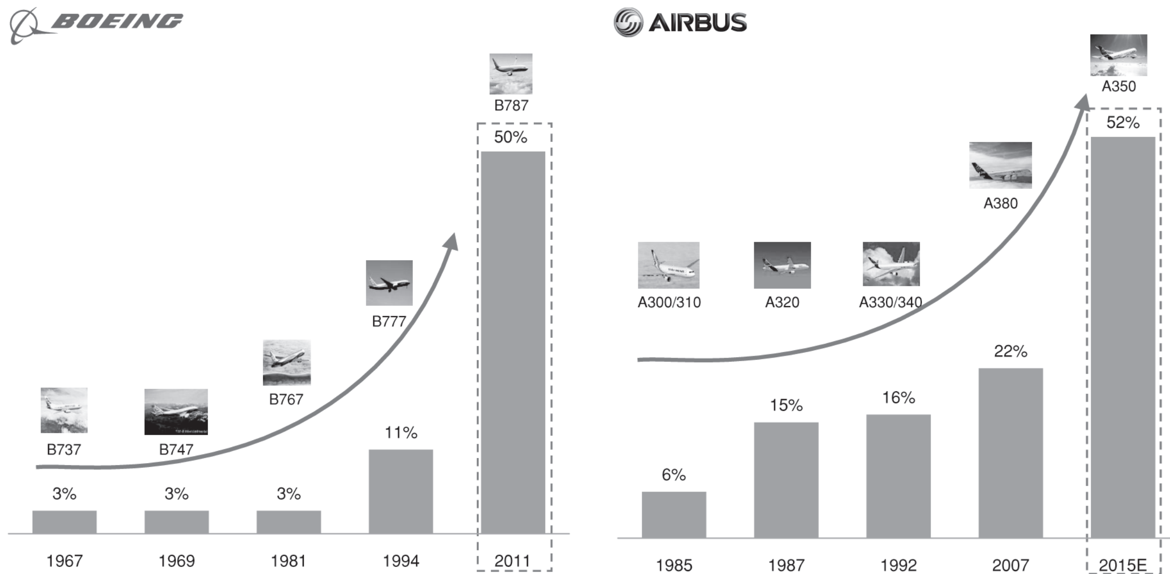
Aerostructures and Nacelle Market

As shown in Table 7, the overall composite market for aerostructures and nacelles in commercial aircraft is expected to grow from 16.5 million pound in 2013 to 28.9 million pound by 2018 (based on current projections of aircraft demand). The growth is expected to be mainly driven by composite components used in the Airbus A350XWB and Boeing 787 Dreamliner programs which is expected to grow from 3.6 million pound in 2013 to 16.5 million pound in 2018.

Program	2013F	2014F	2015F	2016F	2017F	2018F	CAGR '13-'18
Airbus A350	0.0	0.0	1.9	3.8	5.7	8.4	n.a.
Boeing 787	3.6	5.3	7.1	7.2	7.5	8.1	17.6%
Other LCA	10.6	10.8	10.3	9.9	10.0	9.5	−2.2%
Business Jets	1.2	1.3	1.5	1.7	1.9	2.0	10.8%
Regional Jets	1.1	1.2	1.2	1.2	1.0	0.9	−3.9%
Total	16.5	18.6	22.0	23.8	26.2	28.9	12.0%

Table 7: Projected market size of composites for aerostructures (pound million), (*Source: Teal, Roland Berger*)

The share of composites used in major OEM aircraft has increased with every new generation. The following charts show the percentage of materials used in selected new aircraft produced by Airbus and Boeing. Composite materials only accounted for approximately 3% in early LCA such as the Boeing 767 or Airbus A330, whereas the latest generation of Boeing and Airbus LCA, such as the Airbus A350XWB and Boeing 787 Dreamliner, include approximately 50% composite materials.



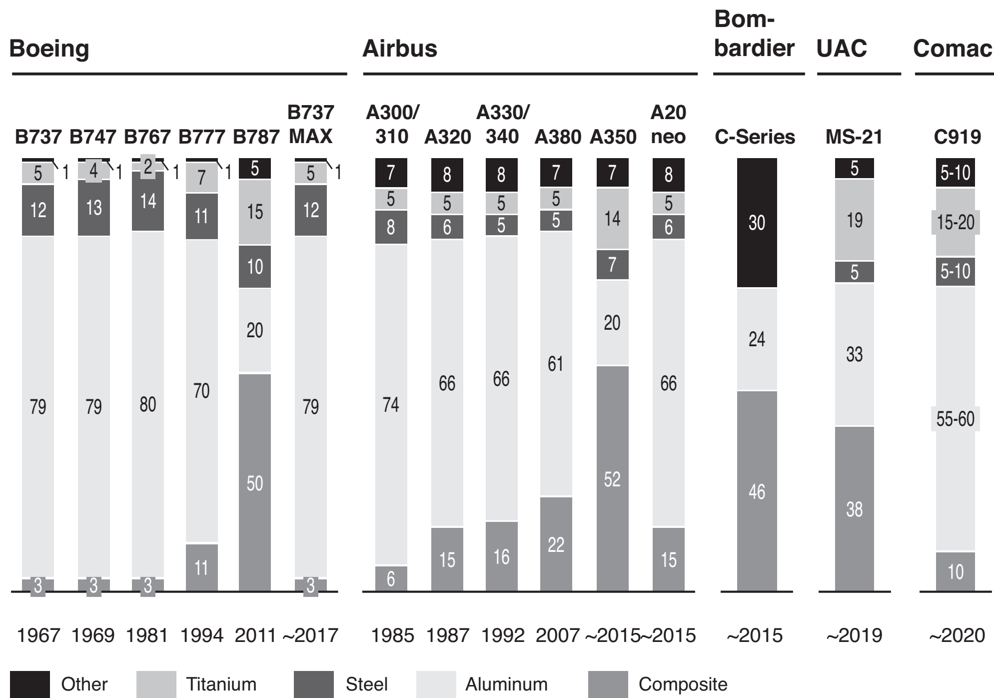


Figure 8: Use of composites as % of weight at major programs, year of entry in service of first version of aircraft, (*Source: Teal, market interviews, Roland Berger*)

Updates of single aisle programs for the A320NEO and the B737MAX are planned without a significant increase of composite share as the updates are mainly focused on re-engines rather than complete new platforms.

The impact of a complete re-design of the Airbus A320 and Boeing 737 single aisle aircraft on the overall volume of the commercial aerospace industry cannot be fully assessed today. Due to the decision of Airbus and Boeing to offer their single aisle programs with new engine options with better fuel efficiency, completely re-designed single aisle aircraft are not expected to enter the market before the late 2020s. So far, the future design of these aircraft and the ratio of composite material used have not been defined. A product strategy encompassing completely new models with a high share of composites is only one of several scenarios. New aluminum alloys and forming technologies (e.g., welding or additive layer manufacturing) have improved the competitiveness of aluminum against composite.

In addition to the increasing market size, composite materials are also used in increasingly more product segments, in particular primary structures, where, traditionally, metals have been used. The following table shows the steep increase in usage of primary structure composite components in LCA, mainly driven by the large composite volumes required in the primary structures of the Airbus A350XWB and Boeing 787 Dreamliner.

Structure	Segment	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Primary	Fuselage	3.0	3.7	4.9	5.6	6.4	7.4	7.5
	Empennage	2.2	2.4	2.5	2.5	2.7	2.9	2.9
	Wing	1.0	1.5	2.5	3.1	3.7	4.5	4.7
	Other	0.3	0.3	0.4	0.4	0.5	0.6	0.6
	Subtotal	**6.6**	**7.9**	**10.4**	**11.7**	**13.3**	**15.5**	**15.7**
Secondary	Wing	2.7	3.1	3.7	4.0	4.4	5.0	5.0
	Empennage	0.7	0.7	0.7	0.7	0.7	0.8	0.8
	Fuselage	0.6	0.7	0.7	0.7	0.7	0.8	0.8
	Other	2.7	2.7	2.6	2.4	2.4	2.2	2.0
	Subtotal	**6.7**	**7.2**	**7.7**	**7.8**	**8.3**	**8.7**	**8.6**
Total	**Total**	**13.2**	**15.1**	**18.0**	**19.5**	**21.6**	**24.2**	**24.3**

Table 8: Composite consumption per product segment in LCA aerostructures excluding nacelles (in pound million), (*Source: Teal, market interviews, Roland Berger*)

Composite use within nacelles has already been established since the 1980s. In addition to improved fuel efficiency, composite use within nacelles has the advantage of enabling a significant reduction of noise

emission. This is due to the possibility of manufacturing single-piece composite parts with no restrictions on component geometry. Composite consumption within nacelles is expected to grow less dynamically, with a CAGR of 2.4% from 2013 until 2019. Composite consumption for nacelle components is relatively low compared to aerostructures and estimated at approximately 1 million pound in 2013.

Composite Aerostructures, Nacelles and Engine Part Suppliers

The aircraft composite aerostructures and nacelles industry is highly fragmented. The top ten non-military non-OEM composite components suppliers only account for approximately 34% of the total market by composite revenue, with the remainder spread over multiple smaller players. Aircraft primes, including Airbus subsidiary Premium Aerotec, hold a 27% market share.

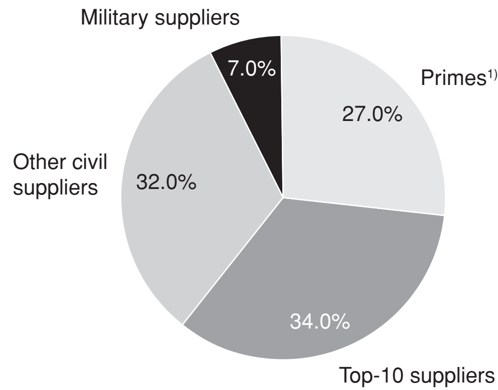


Figure 9: Market split of composite aerostructures and nacelle (%), (*Source: CPMIL*)

As the manufacturing of the composite components requires very specialized expertise, suppliers historically are focused on particular product segments. GKN and Spirit AeroSystems are the two biggest non-military and non-OEM suppliers of composite in aviation and they produce mainly large components for primary aerostructures that require large scale facilities.

The following chart shows the market leaders and market shares of non-military and non-OEM suppliers of aircraft aerostructures. GKN and Spirit AeroSystems are market leaders with an approximate market share of 6% each. They are followed by a couple of other tier-1 suppliers, including FACC, each holding approximately 3 - 4% of the market share.

Work shares for the new LCA programs A350 and Boeing 787 have already been allocated to suppliers. Due to their significant influence on composite aerostructures demand, market shares are expected to change significantly within the next five years in favor for suppliers with larger work share in these programs. Suppliers that successfully manage the ramp-up phase should gain market share in this period.

Segment	Market Share	Company
"Super" tier-1	~6%	GKN
	~6%	Spirit AeroSystems
Tier-1	~3 - 4%	Alenia Aermacchi
	~3 - 4%	FACC
	~3 - 4%	Mitsubishi Heavy Industries
	~3 - 4%	Triumph
	~3 - 4%	UTC Aerospace Systems

Table 9: Ranking and approximate market shares of non-military non-OEM suppliers of composite aerostructures and nacelles (based on 2013 revenue with composite components, companies with less than 5% market share in alphabetical order), (*Source: Counterpoint Market Intelligence (CPMIL)*.

In the aircraft industry, contracts are generally of a long-term nature due to high fixed costs from the intensive qualification procedures imposed by the aviation authorities, raising barriers for new market entries and perpetuating the existence of smaller suppliers. Therefore, once a contract for a particular part of the aircraft program is awarded, the qualified suppliers are usually not replaced for the entire life of the program, and provide a reliable basis for future revenue.

Nacelle and jet engines were traditionally integrated by aircraft primes. This integration is increasingly shifting towards the engine OEMs who supply the aircraft primes with integrated propulsion systems.

The engine market is highly concentrated with four OEMs, General Electric, Rolls-Royce, Snecma (Safran) and Pratt & Whitney, and Joint Ventures among them. Composite engine parts and nacelles play a major role in the technological advancement of next generation engines. Hence, engine OEMs and tier-1 suppliers of engine parts and nacelles collaborate closely together, as can be seen through joint ventures, for example, Nexcelle and CTAL. Nexcelle is a joint venture between MRAS (General Electric) and Aircelle (Safran) that develops integrated propulsion systems. CTAL is a joint venture between Rolls-Royce and GKN with the purpose to develop composite technologies and manufacturing techniques for next generation engines.

Cabin Interiors Market

Composite materials have a long track record in cabin interiors and are used in a variety of cabin components. The ratio of composites used in cabin interiors does not vary significantly between different aircraft programs.

Figure 10 shows the market size of cabin interiors excluding seats. The market can be divided into two main segments: cabin equipment/monuments and cabin electronics. Cabin equipment/monument comprises galleys, lavatory modules, luggage bins/hat racks, interior panels, floor coverings, monuments and crew rest compartments. Cabin electronics is segmented into in-flight entertainment & connectivity, lighting and galley inserts. Cabin electronics are not relevant for composite applications.

The market accounted for an estimated volume of USD 6.6 billion in 2013 and is expected to grow with a CAGR of 5.3% until 2019 to reach USD 9.1 billion. Strongest growth is expected in the in-flight entertainment & connectivity segment with a CAGR of 6.5% between 2013 and 2019.

Seats, which are not included in this study, make up another USD 3.5 billion in 2013.

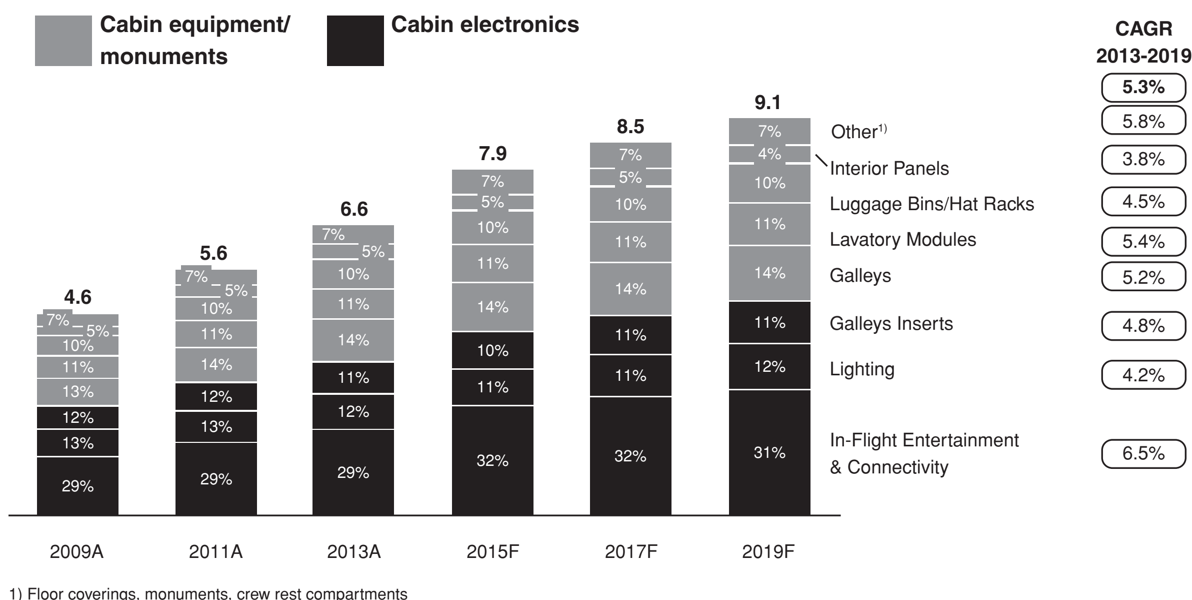


Figure 10: Overall market size of cabin interiors in USD billion, (*Source: CPMIL*)

The cabin interior market is divided into lining (furnishing of new aircraft) and refurbishment/retrofit (replacement in aircraft within service). Regarding cabin equipment/monuments, lining makes up approximately 73% of the total market whereas in cabin electronics, it is 58%. This is due to shorter retrofit cycles of cabin electronics.

Driven by retrofit programs, the overall market growth is expected to be above aircraft market growth. While aftermarket for other types of products is negatively affected by improving equipment reliability and shorter aircraft lifetime, cabin interior remains a key differentiation element for airlines and as such they are repeatedly renewed before their technical end of lifetime. Besides differentiation, airline consolidation is driving the retrofit market, e.g., the merger of United and Continental. This is due to the fact that cabin interior as one of the airlines' key differentiation opportunities is often replaced after airline mergers.

Cabin Interior Suppliers

The cabin interior market is one the most consolidated markets within the aero industry. The top five non-OEM suppliers held 62% of the market in terms of cabin interior revenue in 2013. Primes only capture 6% of the market.

The cabin interior supply chain is characterized by a few large full portfolio suppliers and multiple focused suppliers with relatively low cabin interior revenues.

The full portfolio suppliers are Zodiac with 24% of the market share, in cabin equipment and monuments, Diehl with 18% of the market share and B/E Aerospace with 4% of the market share.

Category	Company	Cabin equipment/ monuments
Full portfolio tier-1	Zodiac	24%
	Diehl	18%
	B/E Aerospace	4%
Tier-1	JAMCO	13%
	FACC	5%
	AIM Aviation	4%
	Others	17%

Table 10: Market shares of top suppliers in cabin equipment/monuments market in 2013 (%), (*Source: CPMIL*)

Focused players directly compete with large full portfolio tier-1 suppliers and, in part, have considerable market share within their niche segments. FACC, for example, has a 20% and a 13% market share in the interior panels and luggage bins/hat racks, respectively.

Traditionally, cabin interiors were directly purchased by the airlines ("buyer") and then integrated by the aircraft prime ("buyer" furnished equipment—"**BFE**"). This was a significant complexity driver for Airbus and Boeing. For their new programs, A350 and B787, Airbus and Boeing (in this context "seller") increased the share of "seller" furnished equipment ("**SFE**") to reduce complexity and increase component standardization. In an SFE environment, airlines have to choose cabin interior equipment from a catalogue defined by the primes ("seller"). The shift from BFE towards SFE is expected to keep progressing.

Increasing SFE has two main consequences for cabin interior suppliers. First of all, suppliers need to shift their sales focus from airlines to aircraft primes not just to be elected as an SFE supplier but also to be approved for BFE. Secondly, cabin interior suppliers need to carry nonrecurring engineering costs (NRE) with SFE and hence take on more risks with increasing share of SFE.

Trends and Key Success Factors Regarding Composite Component Suppliers

There are some emerging trends shaping the composite components supplier landscape.

In recent years, the production shift towards emerging countries has been accelerating. This is driven by offset obligations, lower labor costs and market access to high growth regions. Western OEMs and suppliers have hence established new manufacturing facilities or partnerships with local suppliers to produce composite components within these regions. The production is often limited to components of relatively low complexity, which are mainly build-to-print.

Besides low labor costs, innovative production technologies and processes are major levers to reduce costs. The level of automation in composite component production is consequently further increasing, depending on production volumes. It not only reduces production costs but also improves the component quality, enables production of larger and more complex components, boosts production speed and significantly reduces scrap. In addition to increasing automation, innovative processes technologies improve competitiveness. One example is out-of-autoclave production, which speeds up the cure cycle and reduces capital, energy and material expenses.

CONSOLIDATION IN SUPPLIER INDUSTRY

Over the last years, a significant consolidation trend has been taking place in the aerospace tier-1 and tier-2 suppliers. Such market dynamics have favored the formation of larger tier-1 suppliers, with an increasing allocation of work packages and risk-revenue sharing programs.

Figure 11 indicates the level of consolidation in the aerospace and defense industry. In the majority of verticals, the two largest suppliers hold a combined market share of 40-50%. In some products, like landing gear or auxiliary power unit ("**APU**"), the market is almost a duopoly. Aerostructures is the most fragmented sector.

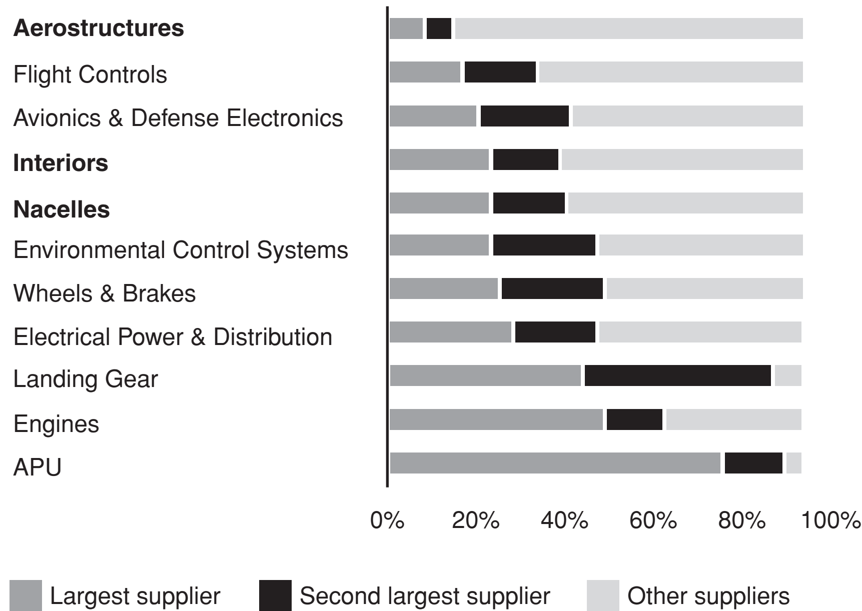


Figure 11: Level of consolidation in aerospace & defense supplier industry by sector, (*Source: ICF, CPMIL*)

Consolidation in Aerostructures and Nacelles

The relatively low level of consolidation in the aerostructures sector has historical roots.

One reason for a fragmented market structure is offset and strategic sourcing. Aircraft deliveries, particularly in the case of military and emerging markets, are often coupled with an obligation of local value creation. Aerostructures production is a popular tool to fulfill these requirements, therefore driving the number of market players. The key reason for this is the ability to shift large value creation with large aerostructure parts that require less end-to-end aerostructure capabilities (e.g., integration capabilities) and which are therefore easier to offset.

Another driver of fragmentation is the transformation of former aircraft primes into aerostructures suppliers. Companies like Fokker, Saab, Kaman and Romaero are some examples of this development.

Besides, a few aerostructures suppliers were formed by spin-offs of primes. Within the transformation of the aerospace supply chain towards less vertically integrated aircraft OEMs and large tier-1 suppliers, OEMs spun-off their aerostructures divisions. Examples include Spirit AeroSystems (former Boeing division) and GKN Aerospace (former Westland division).

In addition to these developments, new players from other sectors like tooling, maintenance, repair and overhaul (MRO) or raw materials entered the aerostructures segment. Some examples include Hampson (now AIP Aerospace), Alliant Techsystems Inc. (ATK), Zodiac and Hexcel.

Within the recent past, there were some consolidation developments but with limited impact so far. Most of the consolidation moves involved tier-2 suppliers. Some notable acquisitions are shown in table 11.

Year	Acquirer	Target
2006	Spirit AeroSystems	BAE Systems Aerostructures
2009	GKN	Filton (Airbus site)
2010	Triumph	Vought Aircraft Industries

Table 11: Selected mergers and acquisitions activities within aerostructures industry, (*Source: CPMIL*)

The relatively high level of fragmentation is likely to decrease. There are several elements that are expected to drive further consolidation of the aerostructures industry.

First of all, the major share of the market is determined by only a few programs (Airbus and Boeing) and only a few high volume programs are in prospects. The supply chain is thus likely to focus on the ability to handle the required volumes at optimized costs.

Another driver is the demand of Airbus and Boeing for more risk sharing partners and larger work packages. This requires suppliers to achieve the critical size necessary to produce adequate financial stability.

In addition to requirements regarding scale and financial stability, a considerable number of aerostructures suppliers is struggling to get work shares or relies on state support to stay competitive. These players are expected to be squeezed out of the market or acquired by larger players.

Recent market developments show the transformation of the aerostructures supply chain towards larger work packages for tier-1 suppliers. Figure 12 shows the aerostructures and nacelle market in 2009 and 2012 by supplier type. The tier-1 supplier segment grew at a CAGR of 11.9% while in-house production by primes and tier-2 revenues only grew at 8.2% and 6.7% respectively.

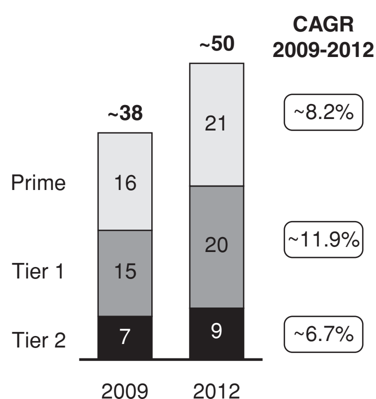


Figure 12: Aerostructures and nacelle market by supplier type (USD billion), (*Source: CPMIL*)

Consolidation in Cabin Interior

The market for cabin interiors has been strongly consolidated in recent years, driven by the three dominating players: Zodiac, B/E Aerospace and Diehl.

Their acquisition strategy has primarily been driven by the desire to expand their product and service portfolio, especially through vertical integration. Additionally, they were driven by the need for economies of scale and financial stability to become risk sharing partners of Airbus and Boeing especially in new programs acting in an SFE environment.

Focused niche suppliers are expected to remain an important part of the market. They offer special expertise in the broad spectrum of needed capabilities.

The shift towards increasing SFE and the limitation of BFE to OEM approved suppliers is an indicator of further consolidation in the industry.

ASSUMPTIONS AND PARAMETERS FOR THE ROLAND BERGER REPORT

Background of Roland Berger

Roland Berger offers strategic consulting on a global scale covering all relevant functional topics and focusing on selected industries, including the aerospace industry. Roland Berger has approximately 2,700 employees in 51 offices in 36 countries and advises leading institutions, OEMs and suppliers of the aerospace industry in developing their long-term strategies, improving their operations and performance and professionalizing their organizations and program management capabilities.

Assumptions and Parameters

In compiling and preparing the Roland Berger Report, Roland Berger has adopted the following key assumptions:

a) US and European economies are likely to maintain a steady growth in the next decade;

b) Chinese and other BRIC economies are likely to experience a stronger growth than US and European economies in the next decade;

c) Extreme events with significant impact such as large-scale natural disasters or supra-regional wars will not take place in the next decade. In addition, the development of oil prices will not have a negative impact on the current forecasts of air traffic;

d) An ongoing globalization of the economy combined with above-average growth in BRIC countries will continue to spur the demand for global air traffic and global aircraft;

e) Aircraft OEM's will continue to be receptive to using composite materials in new aircraft models and composite materials will continue to demonstrate their technologically superior characteristics in the aircraft industry and continue to enjoy similar economic success; and

f) Within the next decade, the aircraft industry will not see the emergence of a completely new OEM, or tier-1/tier-2 composite component supplier that would significantly change the current business dynamics.

Roland Berger has conducted detailed primary research that involved discussing the status of the aerospace industry with leading industry experts. This is complemented by secondary research that involved reviewing company reports, independent research reports and data based on its own proprietary aerospace database.

In estimating the overall composite market for aerostructures and cabin interiors, Roland Berger has obtained forecasted figures based on historical data analysis and projection of aircraft type, average list prices per aircraft type and average share of composites (aerostructures and cabin interiors) in aircraft, as well as the abovementioned industry key drivers.

Forward looking statements are based on a consensus view of market participants interviewed and/or market reports from established research institutes.

All third party information included in the market report is from broadly accepted sources within the industry. However, no representation or warranty is given as to its accuracy or completeness.

BUSINESS

OVERVIEW

We believe we are a global leader in the design, development and production of composite systems and turn-key solutions for aerostructures, engines and nacelles as well as cabin interiors to the global commercial aerospace industry and one of the largest pure play composite components provider in terms of revenue. In particular, we believe that we are one of the largest non-OEM suppliers of composites to the commercial aerospace industry and one of the largest non-OEM suppliers of cabin interiors in fragmented markets.

We consider ourselves a pioneer in the development of light-weight materials and we have been supplying composite components for more than 25 years to each of the major global aircraft manufacturers, Airbus and Boeing. We also have existing relationships with many other leading aircraft manufacturers including Bombardier, Embraer, COMAC, Dassault and Sukhoi. Our customer base also includes leading aircraft engine manufacturers such as Rolls-Royce and Pratt & Whitney.

We currently design and manufacture components and assemblies for all current and next generation large commercial aircraft programs including Airbus A350XWB (which is planned to be first delivered to an airline in the fourth quarter of 2014), Boeing 787 Dreamliner, Airbus A320NEO and Boeing 737MAX which are four of the world's largest flagship commercial aircraft programs. By leveraging on our reputation and strong research, development and engineering capabilities, we are able to act as single-source supplier and to secure turn-key contracts for our products with all major Airbus and Boeing aircraft series for the entire life of the respective aircraft program.

In the financial year ending February 28, 2014, we had revenues of EUR 547.4 million and EBITDA of EUR 60.0 million. We are well positioned to benefit from the current aerospace "super-cycle" given our exposure to composite materials. We have a diversified portfolio with a high quality backlog equivalent to 5.5 years of annual production, a global supply chain with established access to low cost manufacturing sites and a strong track record of operating and financial performance. The combination of the underlying commercial aerospace sector growth, the significant increase in the utilization of composite materials and our increase in work-packages on the new programs compared to the older versions have laid the foundations for future revenue improvements and market share gain. Further, we believe that our significant recent investments in our facilities, equipment and operational excellence together with the learning curve ramp-up of key programs (e.g., Boeing 787 Dreamliner) positions us for future improvement in profitability.

We operate three business divisions, the Aerostructures Division, the Interiors Division and the Engines & Nacelles Division, which accounted for 55.8%, 25.7% and 18.5%, respectively, of our total revenue for the financial year ended February 28, 2014. Our Aerostructures Division manufactures composite components for control surfaces, fairings and wing components. Our Engines & Nacelles Division manufactures composite components and assemblies for civil aircraft engines and nacelles. Our Interiors Division offers cabin interiors components and complete cabin interiors for commercial aircraft, business jets, freighters and helicopters. Through our strong technological leadership, we deliver to our diversified customer base the entire value chain from research and development, conceptual and detail design engineering, up to large-scale serial manufacturing of our composite products for commercial aircraft and associated services, through the lifetime of the platform.

As of February 28, 2014 we employed 2,966 people globally. Our manufacturing and supply chain footprint spans Europe, the Middle East, the United States, Canada and Asia. We operate four state of the art manufacturing sites and four engineering offices in Austria and one engineering office in each of Canada, China, Germany, India, Slovakia and the United States. Our facilities in Austria focus on highly technologically advanced products. We also maintain an assembly facility in Canada and an on-site support center and a maintenance, repair and overhaul ("**MRO**") facility in the United States to provide local support services to our customers. We have also contracted with international supply chain partners in Abu Dhabi, China, India, Russia and Malaysia to enhance our manufacturing capacities and capabilities for certain composite components, improve cost competitiveness and assist customers globally to meet applicable offset requirements. All our fully owned plants and the sites that belong to our supply partners operate at the same high standards of quality and are certified under international standards.

ORDER BACKLOG

A significant portion of our revenue is generated through long-term single-source supply contracts with our customers. Based on the aircraft OEM's expected program ramp-up, orders under such supply contracts are typically placed well in advance of deliveries, which gives us a good indication of our future revenue and future deliveries of our products. We include in our order backlog only deliveries for firm orders for commercial aircraft and business jets which our customers (Airbus, Boeing etc.) have received from their customers. The calculation of our order backlog takes into account (by reduced target order volumes) that commercial and business jet aircraft programs are frequently subject to changes in the overall economic environment, the aerospace market conditions and the changing preferences of our customers' customers. This means that the order backlog number, which covers a period of up to 10 years, calculated by us typically lies below the number of aggregate firm orders published by our key customers. In other words, it can take up to 10 years until an order which was included in our order backlog calculation translates into an actual order by our customer for delivery of a certain product. The time lag between such customer order and the actual delivery of the product is subject to production schedules which differ from product to product and are agreed with our customers on a case-by-case basis. The average lead time (between actual order from our customers and delivery) for our products is approximately 12 months. Any order received by us from our customers will reduce the overall order backlog and correspondingly increase our revenue line.

As of February 28, 2014 our firm order backlog amounted to approximately USD 4.2 billion. Of such order backlog, approximately USD 1.7 billion related to our Aerostructures Division, approximately USD 1.2 billion related to our Engines & Nacelles Division and approximately USD 1.3 billion related to our Interiors Division. Of our overall order backlog, in terms of major aircraft programs covered, approximately USD 1.1 billion related to the Airbus A350XWB program (basis 826 aircraft over approximately 10 years), approximately USD 0.5 billion to the Boeing 787 Dreamliner program (basis 787 aircraft over approximately 7 years), approximately USD 1.3 billion to the single aisle Boeing 737 and Airbus A320 programs (basis 1908 B737 NG aircraft and 4298 A320 CEO/NEO aircraft over 4 to 10 years), approximately USD 0.5 billion to the Airbus A380 program (basis 198 aircraft over approximately 7 years) and approximately USD 0.8 billion to our customers' other aircraft programs (over 4 to 10 years).

As of February 28, 2014 our firm order backlog for Airbus aircraft amounted to approximately USD 2.5 billion, for Boeing aircraft to approximately USD 1.0 billion, for Bombardier to approximately USD 0.3 billion, for Embraer to approximately USD 0.2 billion, and for the remaining customers to approximately USD 0.2 billion, in each case covering a period of up to 10 years. Overall, we have a very stable order book in each fiscal year due to the fact that the OEM industry operates at a well-planned, consistent aircraft production rate. Short-term order increases or decreases are unlikely due to the long production lead times of our customers' products. Nevertheless, long-term orders can be adjusted in line with overall market developments. In the past, such market developments have not had an immediate effect on our order book but did have an effect 6 to 12 months later. In such case, the order is not considered lost, but the delivery of the product is postponed to a later date or year. The calculation of the order backlog as it relates to products supplied to our OEM customers takes into account (i) publicly available forecasts by such airlines on their envisaged future aircraft sales and (ii) applicable data published in The Airline Monitor World Jet Airplane Data Base (February 2014 edition). The calculation of the order backlog with respect to business jets is based on (i) business forecasts by the respective business jet manufacturers, (ii) data in independent industry research reports covering the global business jet market and (iii) certain downward adjustments to publicly available information based on our own market assessments.

COMPETITIVE STRENGTHS

We have a long history and strong reputation with respect to the development of innovative and customized composite components for the commercial aerospace industry. We believe that the following competitive strengths differentiate us from our competitors and position us well to capture future growth and profit opportunities.

Tier-1 Commercial Aerospace Composite Supplier Well Positioned to Benefit from Original Equipment Super-Cycle

Super-Cycle

The commercial aerospace original equipment market is currently experiencing what some industry practitioners describe as a "super-cycle". The industry has shown steady growth with aircraft deliveries growing across categories: wide-body deliveries at a CAGR of 27.9%, narrow-body deliveries at a CAGR of 5.8% and regional aircrafts deliveries at a CAGR of 2.6% in the period 2010-12 and expected to grow at a CAGR of 8.8%, 4.1% and 17.7% respectively over the 2012-2018 period (*Source: Airline Monitor*). The growth perspectives are supported by an industry record high order backlog, approximately equal to about 8 years of production for the main aircraft OEMs Boeing and Airbus (*Source: Boeing, Airbus*)—and driven by attractive and strong fundamentals, namely (i) steady underlying global air traffic growth—expected to grow at a CAGR of 5% over the next 20 years (2014-2035) (*Source: Airline Monitor*), in line with the growth rate recorded over the last 20 years (*Source: Airline Monitor*), (ii) airlines' focus on the replacement of aging and less fuel efficient fleets, on the back of sustained oil prices, and (iii) continued fleet build-up in emerging markets. Further, the average age of the current fleet as of December 31, 2012 is 12.9 years with over 16,725 aircraft expected to be retired in the period 2014-2035 (*Source: Airline Monitor*). The substitution trend towards fuel-efficient light-weight construction is driven by the fact that the new generation of aircraft has proved to be able to generate fuel efficiencies of up to 20% compared to the old one (e.g., the A320NEO compared to the A320 family).

Positioning

We are well positioned to benefit from the current commercial aerospace original equipment "super-cycle" given our high exposure to the commercial aerospace market (accounting for approximately 99% of total revenues in the financial year ended February 28, 2014). We benefit from such "super-cycle" due to the fact that we have gained a considerable production share with respect to all modern commercial aircraft programs. We expect that the current and upcoming production ramp-up for these programs will have a positive impact on our business. Within the commercial aerospace segment, we are considered a leader in the composites segment, a segment expected to outgrow the overall market with a CAGR of 12.0% over the period from 2013-2018 (*Source: Roland Berger*). Due to its favorable characteristics, including lower weight (up to 20% weight reduction) increased fuel efficiency (up to 20%), longer durability (decreasing maintenance and repair cycles), improved technical performance, noise reduction (up to 60%), reduced CO_2 emissions (up to 30%) and lower overall costs, the aerospace industry has experienced a significant increase in the use of composite components for aircraft over the past 30 years. While composites for old generation aircraft represent a limited percentage of total weight (e.g., 3% for the Boeing 767), they represent 50% in new generation aircraft types such as the A350XWB and the Boeing 787 Dreamliner (*Source: Roland Berger*). With over 25 years of experience in developing composite products, we consider ourselves to be one of the industry's pioneers in terms of development and innovation and one of the most experienced tier-1 suppliers of composites to the commercial aerospace industry. As of the end of the 2013 calendar year, we were a leading tier-1 suppliers of composite aerostructures and nacelles to commercial aircraft manufacturers, with a 3-4% market share in a very fragmented market (*Source: Roland Berger*).

Additionally, in the period 2013-2032 58% of the new commercial airplanes demand is represented by emerging markets (*Source*: *Boeing*). We believe we are well positioned to capture the higher growth expected in these countries and, in particular, China and Middle East due to the support of our global supply chain that allows us to benefit from local manufacturing requirements and support our customers in offset agreements.

Single-Source Supplier with Diversified Portfolio and High-Quality Backlog Providing Long-Term Revenue Visibility

Diversification

We have a high level of diversification by program, customer and product, and we act as a single-source supplier during the entire lifecycle of an aircraft program for almost all of our customers. We are present on all key current and next generation aircraft platforms. Current generation programs include narrow-bodies, such as Boeing 737 and Airbus A320 as well as wide-bodies, such as Boeing 777, Airbus A330, and Airbus A380. Next generation programs include narrow-bodies, such as Airbus A320NEO, Boeing 737MAX, Bombardier C-Series and COMAC 919 as well as wide-bodies, such as Boeing 787 Dreamliner and Airbus A350XWB.

We have longstanding relationships with all major global aircraft manufacturers, including Airbus, Boeing, Bombardier, Embraer, COMAC and Sukhoi, which collectively represent the totality of the global commercial market for aircraft manufacturing and the majority of the global regional market. We believe our relationship with Airbus and Boeing, dating back more than 22 years and 24 years, respectively, is a strong sign of our standing as a trusted supplier of choice and pioneer of composites. Further, by leveraging on our reputation and strong research, development and engineering capabilities, we were able to steadily increase our work-share both on existing and new platforms. Our broad customer base extends to leading aircraft engine manufacturers such as Rolls-Royce and United Technologies (Pratt & Whitney). For the financial year ended February 28, 2014, our largest customers were Airbus with 31.8% of our revenues, Boeing with 21.4%, Bombardier with 8.4%, Goodrich Corporation (and affiliated companies, "**Goodrich**") with 8.0% and Rolls-Royce with 5.4%.

In emerging markets, we have built up customer relationships with COMAC in China and Sukhoi in Russia among other local manufacturers.

We produce composite products and systems for more than 120 different projects. Our products are all tailored to specific customer requirements, and we use cutting edge technology for light-weight composite solutions.

Based on our diverse customer base and our participation in all latest generation aircraft models and programs, we are able to balance the risks related to any particular aircraft development program or customer and to generate technological and know-how related synergies in connection with our experience in working concurrently with different customers in different markets.

Order Backlog

We have secured a significant order backlog, amounting to approximately USD 4.2 billion or 7.7 years' worth of our annual revenue as of February 28, 2014. We believe that we have a high quality backlog as we have a good mix of current and next generation programs with no single program accounting for more than 26% of our backlog.

Our diversification, our position as a single-source supplier and our high level of order backlog provide us with long-term revenue visibility and stability.

Global Technological Leadership Driven by Strong Focus on Research and Development

Technological Leadership

Over the last 20 years, we have grown from a manufacturer of composites parts to a company that deals with both the design and production of complex sub-systems for aircraft aerostructures, engines and interiors in the commercial and regional aerospace industry. We believe we are one of the few tier-1 suppliers capable of delivering complete and tailor-made composite aerostructures, engine and nacelle components and cabin interiors as turnkey solutions, which are ready to be seamlessly integrated into our customers' products. We cover the entire value chain from the research and development of innovative, leading-edge technologies, to design engineering, to customized manufacturing and large-scale serial manufacturing of composite components for aerostructures, engines & nacelles and cabin interiors for commercial aircraft.

Currently, we are one of the world's largest manufacturers of composite components for aerostructures and nacelles and a leading manufacturer for interior panels and luggage bins/hat racks in the interiors segment in terms of revenue (*Source: CPMIL, Roland Berger*). In particular, we believe we are a leading global supplier of a large number of components such as wingtops and winglets, stabilizers, spoilers, flaps, and interior panels among others. Additionally, during the last ten years, we have acquired the expertise needed to compete on a global level as a producer of engine and nacelles components.

As of February 28, 2014, components produced by us were assembled on 36% of Airbus and Boeing wide-body aircraft in service, on 32% of Airbus and Boeing narrow-body aircraft in service and on 32% of business jets and regional jets in service (*Source: Company information*). The success of this strategy has been demonstrated by a steady increase in work orders, both on current generation and next generation platforms. For example, in relation to the A321 program, we have more than doubled our work share from the A321 Classic to the A321NEO.

Research and Development

Our technological and engineering leadership is founded on our research and development capabilities and protected by our portfolio of intellectual property ("**IP**"). We have made significant investments in research and development and new programs, with more than EUR 140 million invested over the last three years (including customer funded research and development ("**R&D**")). As of February 28, 2014, approximately 20% of our employees operated in R&D, engineering and quality control.

We believe that our R&D department, composed of over 500 engineers and experts globally dedicated to research in composite materials, manufacturing processes and technologies, is a clear competitive advantage. Our sizable and geographically diverse engineering capabilities provide us with a strong platform to capture opportunities to work with our customers globally. Our focus on R&D has allowed us to design and develop innovative materials and proprietary manufacturing processes and tools wholly in-house. For example, we are able to seamlessly integrate composites, non-composites and systems (e.g., metal parts, lights and wire harnesses) to optimize product performance while at the same time achieving weight and cost reductions. To support our R&D efforts, we have recently opened a new state-of-the-art technology center in Austria, with approximately 10,000 square meters ("**sqm**") for engineering and development work of which 4,000 sqm are available for testing as well as laboratory and R&D activities. In addition, we have engineering centers globally and close to our customers, including in Seattle, Montreal, Germany and Slovakia.

Most key technologies developed by us are protected by various patents in the jurisdictions we deem most relevant. We currently hold a portfolio of over 240 patents. As a result of our product innovation strategy, we received various technology awards. In the past two years, such awards included: Austrian Technology Front Runner Award from the Austrian Ministry of Research and Development (2013); Technology Innovation Award for the development of a full composite airplane wing structure (2013) and Frost Sullivan Interior Award for the development of the "Best 150 Seater Aircraft Interior" (2012).

Operational Excellence and Extensive Supply Chain Networks Leading To Efficiency Improvements

Operations

We operate and maintain technologically advanced and highly efficient facilities in Austria, the center of our product development and manufacturing know-how. Our facilities are well equipped and operate on a high technological standard with state-of-the-art technologies and equipment, which enables us to keep up with modern technological developments. We have a highly skilled workforce developed through our industry recognized in-house training programs. With these facilities, we are able to manufacture complex products tailored to each respective customer's needs, therefore giving us a competitive advantage over the standardized, mass production oriented products of some competitors.

We continuously invest in the development of our production facilities focusing on automation and operational excellence programs. Over the last three years, we have invested over EUR 60 million in our production facilities, allowing us to increase our output by more than 60% over the same period. The introduction of automated processes has allowed us to reduce labor costs up to 60% on certain projects, and we are in the process of analyzing automation opportunities following our contemplated increase in production volumes. Over the last 12 months, due to our increasing focus on operations, we were able to reduce our direct production costs by approximately 10%. We are well known in the aerospace industry for our track record of delivering our products and services on time and on specification, thus making us one of the best performing suppliers to our customers. We believe that our state-of-the-art facilities with high levels of automation have provided us with a competitive advantage and are likely to continue to improve our competitiveness and cost structure significantly.

Supply Chain

We have established an efficient global supply-chain network. Our cooperation with Mubadala Development Company PJSC and affiliated companies ("**Mubadala**") in Abu Dhabi, Tata Advanced Materials Limited ("**TAML**") in India, Asian Composites Manufacturing Sdn Bhd ("**ACM**") in Malaysia, Boeing Tianjin Composites Co., Ltd. ("**BTC**") and Fesher Aviation Component Co., Ltd. ("**Fesher**") in China provides us with opportunities to support our key customers in fulfilling their obligations to relocate economic activities from their "home" countries to the respective end-customers' "home" country, so-called "offset" obligations, and to take advantage of cost-competitive manufacturing opportunities at the same time. In this regard, we have set up significant production capacity by partnering with local

companies as part of our global supply chain strategy. We work closely with our international supply chain partners by providing them with sub-assembly contracts for our products, supporting them on a wide range of coordinated business processes from the design, planning, construction and certification of a manufacturing facility to employee training and support in the manufacturing start-up phase. Additionally, we provide support in managing these facilities by having over 130 FACC employees based at the premises of our partners.

As an important result of our international supply chain partnership arrangements, we have developed a global cost-competitive footprint for developing and manufacturing our products while reducing the need for substantial expenditures to establish our own manufacturing facilities in those locations. As such, our partnership arrangements have enabled us to establish a "capital light" global supply chain that provides us with additional manufacturing capacity at a low risk.

Proven Track Record Delivered by an Experienced Management Team

We believe that our management team is among the most experienced and successful among composite suppliers in the commercial aerospace industry. The chief executive officer of the Company, Mr. Stephan, is recognized as a pioneer in the composite industry and has more than 30 years of experience in the design, development and manufacturing of composite components as well as the integration of composites and non-composites for a broad range of technologically advanced applications. The chief operating officer of the Company, Mr. Machtlinger, has over 25 years of experience in the aerostructure business. Additionally, the majority of our senior management team, including FACC's board members, division heads as well as FACC's director of procurement also have more than ten years of relevant experience in the aerospace industry and each has been working for our Group for more than ten years.

We believe that our seasoned management team has been a key driver of both our exceptional operating and financial track record. The track record of our management team is further demonstrated by the strong development of the Company over the past few years (26.3% revenues CAGR between the financial year ended February 28, 2011 and the financial year ended February 28, 2014) as well as by the build-up of our approximately six years of strong order backlog.

STRATEGY

Our continuous strategic focus is to strengthen our position as a leading independent and global tier-1 supplier of a wide range of composite components and larger assemblies for primary aerostructures, engines & nacelles and cabin interiors to the commercial aerospace industry. Our current focus is on the nearly completed ramp-up of the Boeing 787 Dreamliner and the development of components for Airbus' A350XWB, Boeing's next generation wide bodies 787-10 and 777-8X-9X as well as Airbus' and Boeing's next generation single aisle aircraft, which we expect will drive our growth in all three divisions for the next 20 years.

The key elements to implement our growth strategy are:

Leverage our Product Innovation Capabilities to Increase Work-Share on Existing and New Platforms

Our organization has a strong focus on research and development. Our research, development and engineering team is composed of over 500 people and we spent approximately EUR 100 million over the last three years in research and development projects. Most of our research, development and engineering projects involve close cooperation with our key customers and are designed to meet each customers' specific needs with respect to the optimization of existing or developing aircraft programs. We expect that our main customers will continue to further outsource comprehensive design, development and manufacturing projects for current and future aircraft programs, resulting in demand for the delivery of complete assemblies and systems by tier-1 suppliers. Our strategy is to leverage our proprietary research, development and engineering platforms, and focus on technological innovation and development relating to primary structures and systems such as wing box structures and control surfaces on wing and empennage including flaps and flap track fairings, ailerons, spoilers and winglets. We intend to further expand our platform for liquid molding techniques, textile technologies, as well as material development in combination with engineering and product development projects for our customers. We believe that such technological innovation and development will reinforce our position as one of the leading global tier-1 suppliers to the commercial aerospace industry and will allow us to increase our work-share on both existing and new platforms.

Expand International Cost-Competitive Supply Network

As our key customers increasingly demand global turnkey solutions, including lifecycle management of aircraft programs as well as sharing of development risks and market risks from a single point of contact, we are strategically focusing on further expanding our global supply chain. We believe that a balanced sourcing mix between our existing development, engineering and production locations in Austria, outsourced production to strategic supply chain partners and FACC-developed cost-competitive production facilities in emerging markets such as Abu Dhabi, Russia, India and China will lead to increased business volumes with our existing key customers, will further expand our customer base and will help us optimize our cost base. Our engagement in emerging markets further strengthens our relationship with OEM's by allowing us to act as their global supply chain manager responsible for setting up local production facilities. These facilities are located near our OEM customers (e.g., China) in order to develop and manufacture future products close to the OEM's final assembly line. Such state of the art facilities will further support our vision of establishing low cost production sites that can be used for the cost-effective fabrication of certain products for western OEM customers. This strategy will also allow us to efficiently fulfill the offset obligations of our western clients.

Optimize Cost Management and Implement Profitability Enhancement Programs

We seek to reduce direct production costs, to reduce fixed costs and to optimize our internal processes. Our profitability enhancement program includes measures to increase the utilization of already installed capacity, reduce costs through an increase in quality, delivery performance and productivity, and a push of product maturity to avoid the cost of non-conformity. Specifically, we aim to reduce labor costs and production costs primarily by increasing productivity and operation optimization. We believe that our internal cost management initiatives, in combination with our strategy to increase and optimize cost-competitive outsourcing of production, will help increase our future profitability. Additionally, a key component of our cost reduction strategy is linked to the increase of automation. Automation is used, for example, for the production of cells on assembly lines, thereby significantly reducing cost of labor. The replacement of certain labor intensive work steps with automated technology is key to FACC's production strategy. We have recently installed automated composite fabrication equipment, robotic assisted assembly and inspection machines, new nondestructive technologies (thermo optical inspection) or high speed CNC machines (five achses computer controlled trim and routing machines) in our Austrian facilities. We plan to further develop such automation, with a focus on robotic assisted surface preparation and application.

To ensure compliance with our stringent quality standards with respect to outsourced manufacturing processes, employees of our outsourcing partners receive training at our Austrian plants, as well as on-site support at our supply chain partners' plants by experienced FACC employees.

Pursue Selected Add-On Acquisitions

We plan to expand our business by both pursuing acquisitions of work-packages from our competitors and actively participating in the consolidation of the industry through add-on acquisitions.

We plan to continue acquiring work-packages from our competitors as our cost structure and supply chain allows us to manufacture components more cost-effectively and qualitatively better than our competitors.

Additionally, we believe that the expected further consolidation of tier-1 suppliers in the commercial aerospace industry will offer significant opportunities for us in the future. We expect to play an active role in the consolidation process, and are targeting companies or assets with technologies and products complementary to our current business activities and which offer access to a more comprehensive scope of assemblies and systems and/or to a broader international geographic footprint. We have a particular focus on acquisition opportunities in the United States as well as investment opportunities in Asia, the Middle East and Russia to position ourselves in closer geographic proximity to our existing and potential customers, to help our key global customers to satisfy their offset obligations in Asia and the Middle East and to secure a sustainable cost-competitive manufacturing base. The proceeds from the Offering will help support this strategy.

BUSINESS DIVISIONS AND PRODUCTS

We manufacture a broad range of complex and technologically advanced composite components and assemblies, including turnkey solutions for aerostructures, engines & nacelles as well as cabin interiors in

the commercial aerospace industry. We supply our products to all major aircraft programs as described in more detail in "—Customers—Supplies to Major Aircraft Programs".

We operate three business divisions: the Aerosturctures Division, the Engines & Nacelles Division and the Interiors Division. The product portfolio of our Aerostructures Division includes composite components and assemblies for exterior aircraft aerostructures, such as wing movables, wing panels and major fairings (for more details, see "—Aerostructures Division"). The product portfolio of our Engines & Nacelles Division includes composite components and assemblies for commercial aircraft engines and nacelles (for more details, see "—Engines & Nacelles Division"). The product portfolio of our Interiors Division includes linings, storages and monuments (including galleys, wardrobes and lavatories) (for more details, see "—Interiors Division").

The following table shows the revenue breakdown by division for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand Revenue breakdown by division	Financial year ended February 28/29,					
	2012 (adjusted)		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)
Aerostructures Division	172,924[(1)]	48.6%	219,886	50.6%	305,423	55.8%
Engines & Nacelles Division	76,866[(1)]	21.6%	96,308	22.2%	101,092	18.5%
Interiors Division	105,834[(1)]	29.8%	118,421	27.2%	140,867	25.7%
Total	**355,624**	**100.0%**	**434,615**	**100.0%**	**547,382**	**100.0%**

(1) Figures are shown as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting".

(*Source: Audited Consolidated Financial Statements, Company information*)

The following table shows our revenue from production and from engineering services for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand Revenue breakdown by products and services	Financial year ended February 28/29,					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)
Products	287,699	80.9%	339,663	78.2%	416,150	76.0%
Engineering services	67,925	19.1%	94,952	21.8%	131,233	24.0%
Total	**355,624**	**100.0%**	**434,615**	**100.0%**	**547,382**	**100.0%**

(*Source: Audited Consolidated Financial Statements, Company information*)

The following table shows the EBITDA breakdown by division for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand EBITDA breakdown by division	Financial year ended February 28/29,					
	2012 (adjusted)		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)
Aerostructures Division	23,847[(1)]	60.0%	33,250	64.0%	49,539	82.6%
Engines & Nacelles Division	2,435[(1)]	6.1%	6,596	12.7%	256	0.4%
Interiors Division	13,474[(1)]	33.9%	12,081	23.3%	10,178	17.0%
Total	**39,755**	**100.0%**	**51,927**	**100.0%**	**59,973**	**100.0%**

(1) Figures are shown as set forth in the 2013 Audited Consolidated Financial Statements and have been adjusted to reflect the new operating segments. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting".

(*Source: Audited Consolidated Financial Statements, Company information*)

For a description of the reasons for the increases and decreases in revenue, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Period-to-Period Analysis of the Results of Operations for the Financial Years Ended February 29, 2012, February 28, 2013 and February 28, 2014—Revenue".

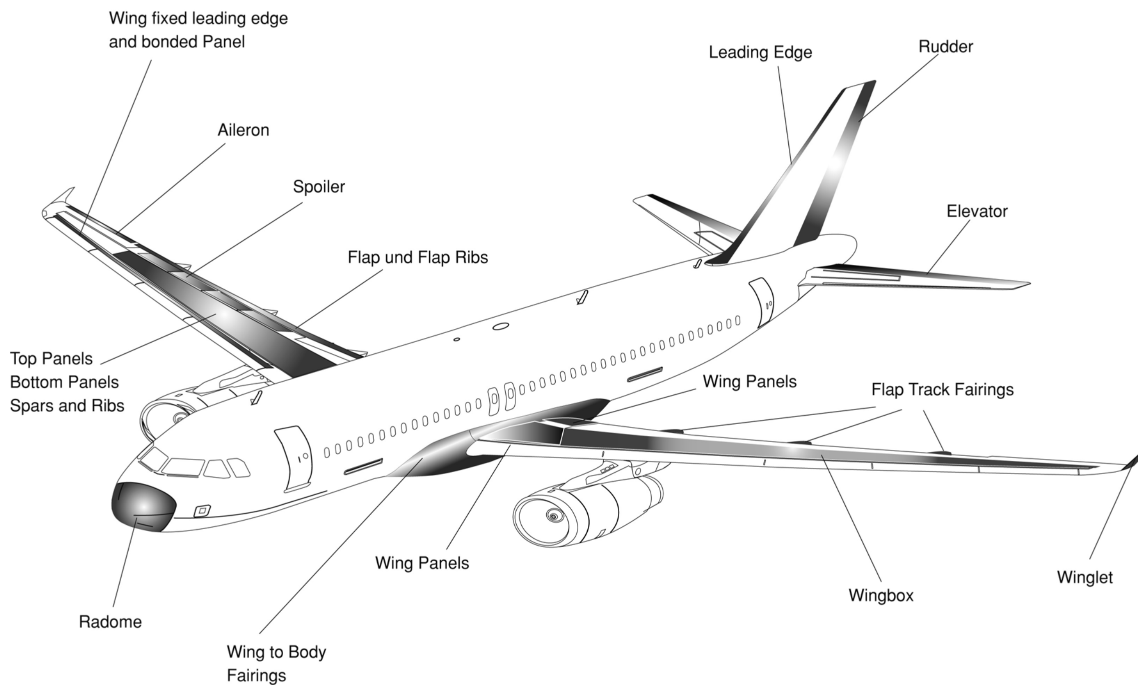
Aerostructures Division

Our Aerostructures Division focuses on the development, production and sale of composite components for control surfaces, fairings and wing components for all commercial airplanes. The business activities in this division involve quality production, special processes and tailored equipment.

Our current customer base of the Aerostructures Division comprises most of the world's largest aircraft manufacturers, including Airbus, Boeing, Bombardier, Dassault and Sukhoi. Our products are used in all modern commercial aircraft, including the A320 family, A330, A380, A350, B737, B747, B757, B767, B777, B787, Bombardier C-Series, Embraer next generation E2 jets, COMAC C919, Sukhoi SSJ-100 as well as various business jets such as Bombardier Challenger 350, Global 5000, Global 7000/8000, Gulfstream 350, 450, 550, 650, Dassault F900, F2000 and F7X.

For a description of the utilization of production capacities of our supply chain partners for aerostructures products, see "—International Composite Components Supply Chain Partners".

The following illustration shows our aerostructures products supplied to commercial aircraft:



(*Source: Company information*)

The following table describes our main aerostructures products supplied to commercial aircraft:

Product	Description
Ailerons	Ailerons are part of the flight control surfaces and are needed to stabilize the roll effect on an aircraft. Ailerons are hinged control surfaces attached to the trailing edge of the wing of a fixed-wing aircraft and used to control the aircraft in roll.
Bonded panels	Bonded panels are wing panels connecting the upper and the bottom part of a wing.
Bottom panels	Bottom panels are wing panels located in the bottom part of a wing.
Elevators	Elevators are part of the flight control surfaces and are needed to horizontally stabilize the aircraft (climb, cruise or descend). An elevator is mounted on the trailing edge of the horizontal stabilizer on each side of the fin on the tail. They move up and down together. The elevators may be the only pitch control surface present (and are then called a stabilizer), or may be hinged to a fixed or adjustable surface called a tail-plane or horizontal stabilizer.

Product	Description
Flaps	Flaps are mounted on the trailing edge on the inboard section of each wing near the wing roots. They are deflected down to increase the effective curvature of the wing. Flaps raise the maximum lift coefficient of the aircraft and therefore reduce its stalling speed. They are used during low speed, high angle of flight including take-off and descent for landing.
Flap ribs	Flap ribs are integral parts from the flap system and are the load carrying elements between the upper and lower skin of a flap. Various ribs are used in span wise direction to give the flap the aerodynamic shape and to distribute carry stress. The flap skin panels are mechanically attached to the ribs.
Flap track fairings	Flap track fairings are mounted to the lower side of the wing and consist of a fixed portion (mounted to the lower wing structure) and a moveable portion that is mounted to the wing flap. The fairings have two main functions. Firstly, to provide an aerodynamically shaped fairing to reduce drag once the aircraft is air-born and secondly, to protect the flap actuating system from rain wind or any kind of impact (bird strike). Some fairings are holding provisions for aircraft systems, such as oil coolers, electrical back-up systems such as ram air turbines or fuel jettison systems.
Leading edges	Leading edges are aerodynamically shaped components that are mounted to the forward edge of the vertical fin of an aircraft.
Radomes	Radomes are structural, weatherproof enclosures that protect a radar antenna. They are constructed of material that minimally attenuates the electromagnetic signal transmitted or received by the antenna. Radomes protect the antenna surfaces from the environment (for example, wind, rain, ice, sand, and ultraviolet rays) and/or cover antenna electronic equipment.
Ribs	Ribs are forming elements of the structure of a wing.
Rudders	Rudders are part of the flight control surfaces and are needed to stabilize the roll effect on an aircraft. The rudder is typically mounted on the trailing edge of the fin in part of the empennage.
Spars	Spars are main structural components of a wing, running spanwise to the fuselage, used to carry the weight of the wings whilst on the ground.
Spoilers	Spoilers are devices intended to reduce lift in an aircraft. Spoilers are movable components on the top surface of a wing which can be extended upwards into the airflow and spoil it. Spoilers are sometimes used when descending from cruise altitudes to assist the aircraft in descending to lower altitudes without picking up speed.
Top panels	Top panels are wing panels located on the upper part of a wing.
Wing fixed leading edges	Wing fixed leading edges are aerodynamically shaped components that are mounted to the forward edge of the main wing of an aircraft. The adjacent panel and the upper and lower panel to the D-nose shaped components are sometimes part of the leading package too.
Winglets	Winglet devices are usually intended to improve the efficiency of fixed-wing aircraft by reducing the aircraft's drag through altering the airflow near the wingtips. Wingtip devices can also improve aircraft handling characteristics and enhance safety for following aircraft.

Product	Description
Wing panels	Wing panels are made out of carbon/glass fiber sandwich constructions that are mechanically attached to the wing substructure. The panels provide the aerodynamic shape of the upper and/or lower wing skin.
Wing-to-body fairings	The wing-to-body fairings cover the wing to fuselage join and are aerodynamically shaped to reduce drag. The fairings further protect systems that are installed behind the fairing, such as hydraulic pipes, air-condition systems, wires or any other equipment from wind, rain, sand or bird strikes. The service doors in fairings provide access to systems for service or inspection purpose.

(*Source: Company information*)

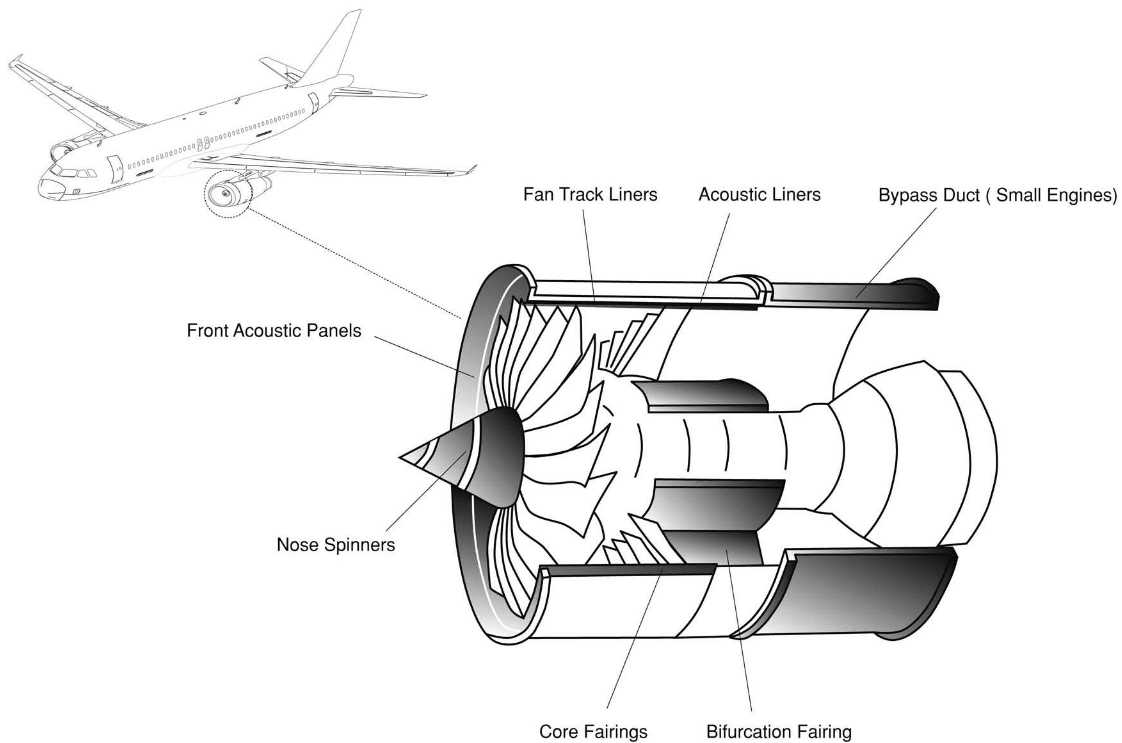
Engines & Nacelles Division

Our Engines & Nacelles Division focuses on the development, production and sale of composite components and assemblies for civil aircraft engines and nacelles.

Our current customers of the Engines & Nacelles Division include Airbus, Goodrich, Alenia and Triumph-Vought for nacelle, and Rolls-Royce and Pratt & Whitney for engines, which are among the largest manufacturers in this industry, respectively.

For a description of the utilization of production capacities of our supply chain partners for Engines & Nacelles Division products, see "—International Composite Components Supply Chain Partners".

The following illustration shows our engine products supplied to commercial aircraft:



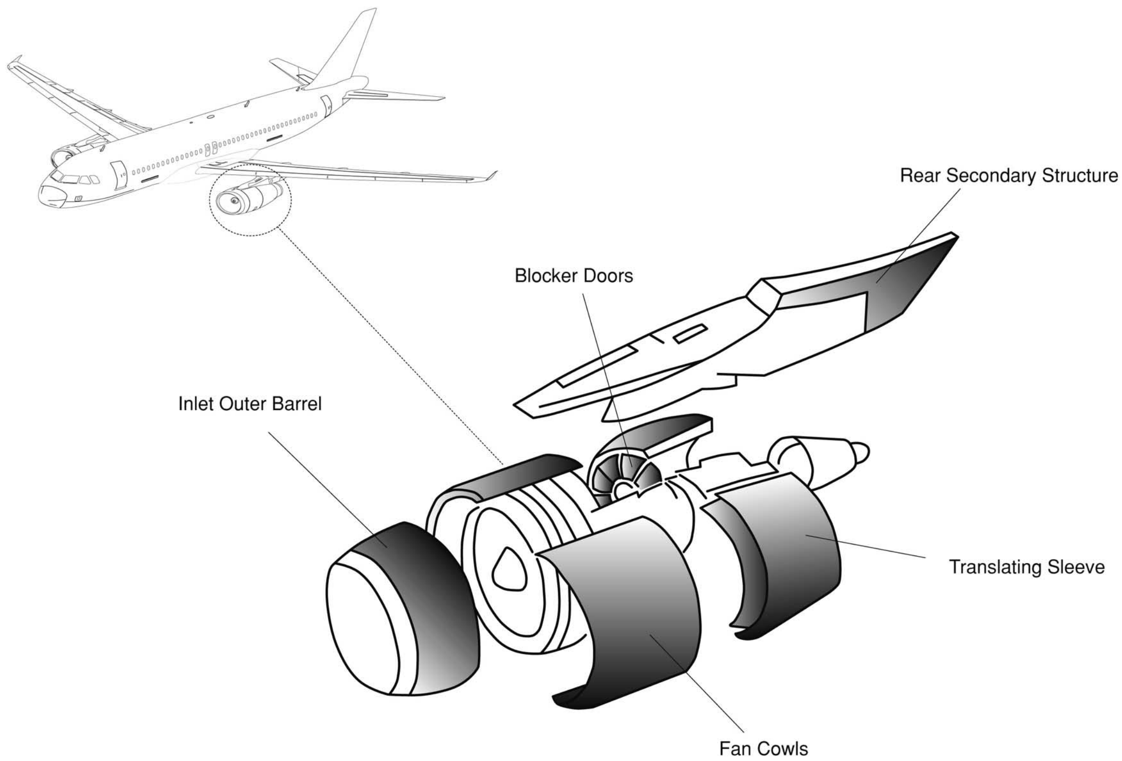
(*Source: Company information*)

The following table describes our engine products supplied to commercial aircraft:

Product	Description
Acoustic liners	Acoustic liners are the inner linings of the engine nacelle designed to attenuate noise.
Bifurcation fairings . .	Bifurcation fairings are the aerodynamic fairings of the engine bifurcations.
Bypass ducts	Bypass ducts are the large structural aerodynamic/acoustic fairings of the outer bypass airflow, commonly used on small corporate/business jet aircraft engines.
Core fairings	Core fairings are the inner fairings of the engine nacelle.
Fan track liners	Fan track liners are the inner linings of the engine nacelle covering the fan.
Front acoustic panels	Front acoustic panels are the front parts of the engine nacelle designed to attenuate noise.
Nose spinners	Nose spinners are the rotating center aerodynamic fairings of the engine intake mounted on the fan hub.
Annulus fillers	Annulus fillers are the aerodynamic, rotating fairings, located between the individual fan blades.

(*Source: Company information*)

The following illustration shows our nacelle products supplied to commercial aircraft:



(*Source: Company information*)

The following table describes our nacelle products supplied to commercial aircraft:

Product	Description
Blocker doors	Blocker doors are the hinged doors mounted on the inner surface of a translating sleeve and linked to the inner fixed structure of the nacelle.
Fan cowls	Fan cowls are large half-shell type fairings surrounding the engine in the area of the fan case. When opened, they provide access to the engine for maintenance.
Inlet outer barrels . . .	Inlet outer barrels are the outer fairings of the aerodynamic inlet of the engine, permanently mounted and not moveable.
Rear secondary structure or pylon fairings	Rear secondary structure or pylon fairings are the structures, including fairings of the secondary structure installed on the pylon which links the engine to the wing. Located in the rear part of the engine nacelle.
Translating sleeves . .	Translating sleeves are the moveable outer parts of a typical translating-cowl-type thrust reverser, acting as a means for breaking the aircraft on ground.

(*Source: Company information*)

Interiors Division

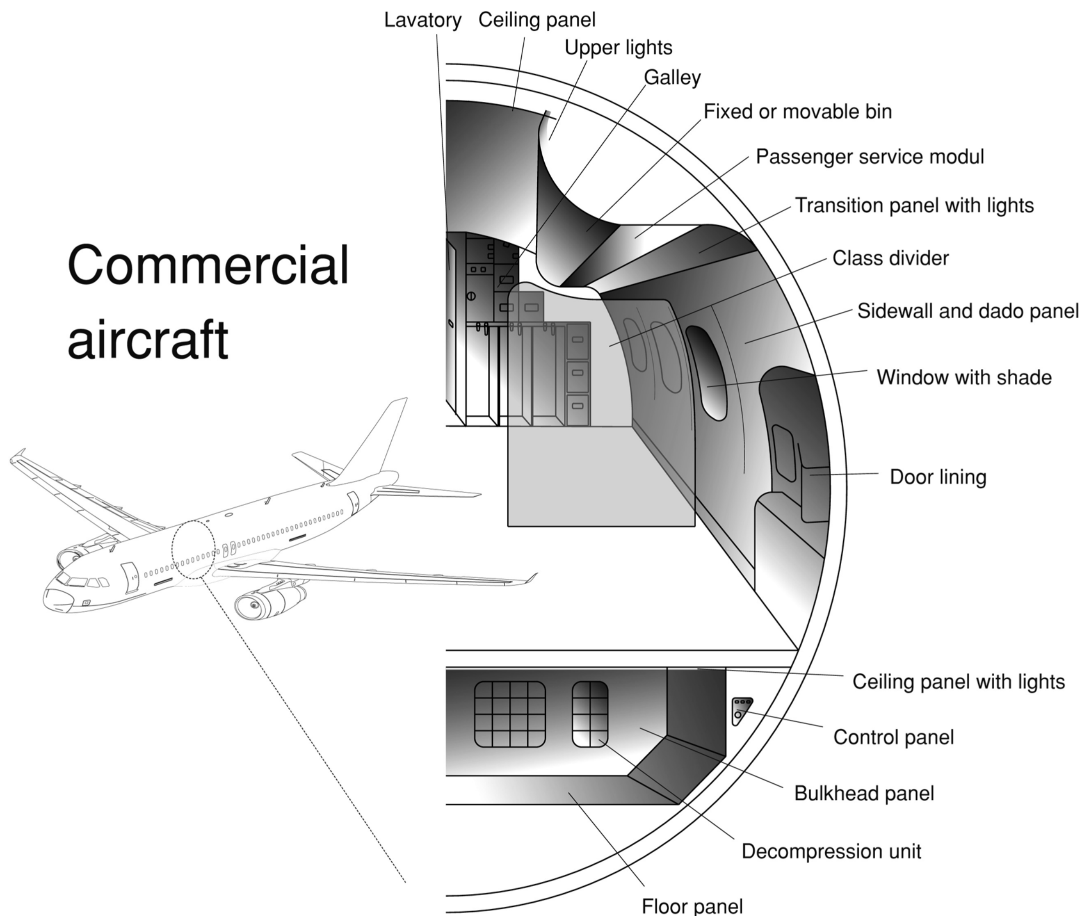
Our Interiors Division focuses on the development, production and sale of cabin interiors components and complete cabin interiors for commercial aircraft, business jets, freighters and helicopters.

We also provide services in relation to cabin interiors designs, reconfiguration, certification and aircraft conversion, such as conversion of passenger aircraft for freighter use. We mainly supply our products to aircraft manufacturers such as Airbus, Boeing, Bombardier, Embraer, Sukhoi and COMAC, as well as other tier-1 suppliers such as Eurocopter Group S.A.S ("**Eurocopter**"), Diehl and Alenia. All products are manufactured with light weight composite materials and meet the visual and esthetical requirements of our customers.

Each aircraft program requires many different cabin configurations. For example, for each A380 aircraft, we provide approximately 150 overhead storage bins with customized configurations to meet the airline customer's aircraft specification. This requires a flexible design and manufacturing process.

For a description of utilization of production capacities of our supply chain partners for cabin interiors products, see "—International Composite Components Supply Chain Partners".

The following illustration and table show our cabin interiors products by category supplied to commercial aircraft:

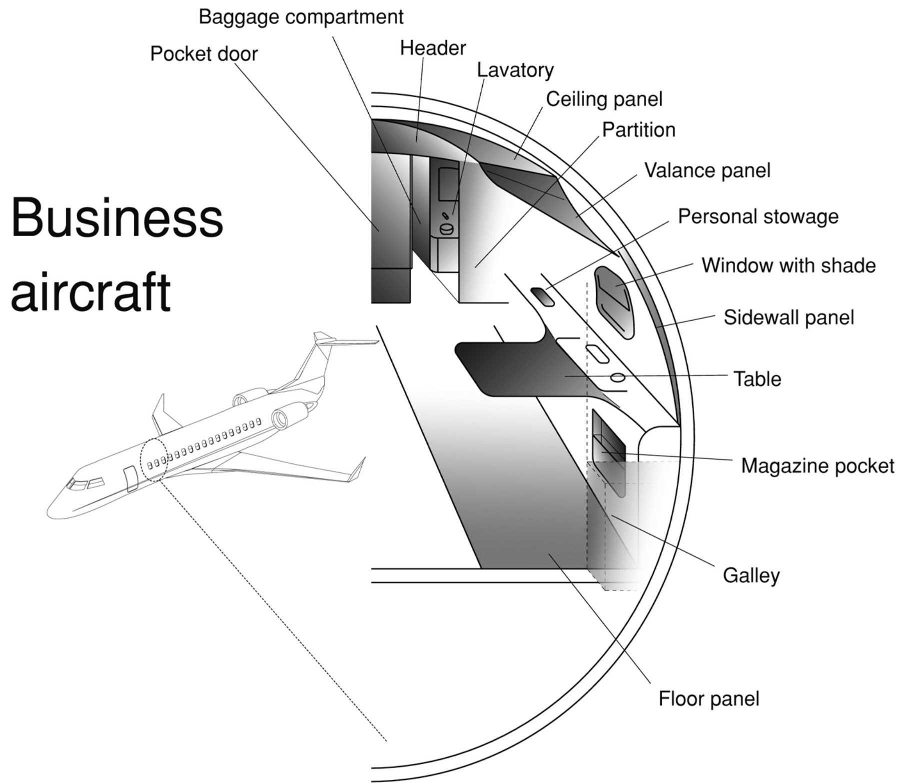


(*Source: Company information*)

Product Category	Products
Cockpit linings	Cockpit linings are the ceiling panels, sidewall panels, and floor panels.
Entrance area and aft area linings	Entrance areas and aft area linings are the door linings, ceiling panels, upper lights.
Main cabins	Main cabins include ceiling panels, sidewall and dado panels, floor panel, upper lights, fixed or moveable bins, passenger service modules, transition panels with lights, class dividers, windows with shades.
Monuments	Monuments include lavatories and galleys.
Cargo compartment linings	Cargo compartment linings are the ceiling panels with lights, control panels, bulkhead panels, decompression units and floor panels.

(*Source: Company information*)

The following illustration and table show our cabin interiors products by category supplied to business jets:



(*Source: Company information*)

Product Category	Products
Cockpit linings	Cockpit linings are the ceiling panels, sidewall panels, floor panels.
Entrance area and aft area linings	Entrance area and aft area linings include pocket doors, baggage compartments, headers, partitions, ceiling panels.
Main cabins	Main cabins include ceiling panels, sidewall panels, valance panels, personal stowages, windows with shades, tables, magazine pockets, floor panels, header, partitions, pocket doors.
Monuments	Monuments include lavatories and galleys.

(*Source: Company information*)

We also provide business jet customers with high-end cabin interiors surfaced with luxurious materials such as exotic wood veneers, carbon fiber, leathers, fabrics and carpets.

CUSTOMERS AND PROGRAMS

As an independent tier-1 supplier to the aerospace industry, we have a broad and balanced customer portfolio. We have longstanding relationships of more than 20 years with each of the major global aircraft manufacturers, Airbus and Boeing. We also have longstanding relationships with other leading aircraft manufacturers such as Bombardier (since 1999), Embraer (since 2006), COMAC (since 2004), Sukhoi (since 2009) and Dassault (since 2011). Collectively these companies represent all of the major players in the global commercial aircraft manufacturing industry. Additionally, our broad customer base includes leading aircraft engine manufacturers such as Rolls-Royce (for more than ten years) and Pratt & Whitney (since 2002).

The largest portion of our revenue comes from supply contracts with Airbus and Boeing. The following table shows our revenue from our key customers by sales for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR million Revenue breakdown by customer[1]	Financial year ended February 28/29,					
	2012		2013		2014	
	Amount	% of total	Amount	% of total	Amount	% of total
	(unaudited, unless otherwise indicated)	(unaudited)	(unaudited, unless otherwise indicated)	(unaudited)	(unaudited, unless otherwise indicated)	(unaudited)
Airbus	130.1	36.6%	128.7	29.6%	174.1	31.8%
Boeing[2]	59.4	16.7%	68.9	15.9%	117.2	21.4%
Bombardier	29.1	8.2%	64.2	14.8%	45.9	8.4%
Goodrich	21.9	6.2%	30.6	7.0%	43.7	8.0%
Rolls-Royce	22.8	6.4%	25.9	6.0%	29.4	5.4%
Alenia Aermacchi	8.4	2.4%	9.1	2.1%	19.2	3.5%
Shanghai Aircraft Manufacturing	3.2	0.9%	10.3	2.4%	18.3	3.3%
Spirit	10.0	2.8%	13.3	3.0%	16.0	2.9%
Diehl	10.7	3.0%	13.7	3.2%	15.7	2.9%
Embraer	3.4	1.0%	6.3	1.4%	10.5	1.9%
Others	56.6	15.8%	63.6	14.6%	57.4	10.5%
Total (audited)	**355.6**	**100.0%**	**434.6**	**100.0%**	**547.4**	**100.0%**

(1) Includes direct sales attributable to respective customer only.

(2) Comprises of Boeing and Aviation Partner Boeing.

(*Source: Company information, Audited Consolidated Financial Statements*)

Relationships with Airbus and Boeing

The relationship with Airbus dates back to 1989 when we first delivered overhead and ceiling panels for the A320 aircraft program. Our first delivery to Boeing was in 1987 when we produced maintenance doors for their 757 aircraft program and bulkhead panels for their 737 aircraft program. For further details about our products currently supplied to Airbus and Boeing aircraft programs, see "—Business Divisions and Products".

The contracts with our two largest customers, Airbus and Boeing, generally cover the lifecycle of their respective aircraft programs, ranging from 15 to 25 years. For example, our major supply contract with Boeing for the 787 Dreamliner program covers the delivery of equipment for 1270 aircraft based on today's delivery forecast for this program. While orders under the contracts with aircraft manufacturers are typically legally binding, our customers have no obligation to purchase components from the Group for any replacement of programs that is a new generation program.

A fixed price per item for the supplied components and assemblies is typically agreed for a defined period of time or for a certain quantity, subject to adjustments to reflect market developments after the expiration of such period or delivery of such fixed quantity.

We typically grant Airbus and Boeing a license to use our background intellectual property ("**IP**") relating to the respective aircraft program in connection with the manufacturing of their products. In some instances, our customers Airbus and Boeing also grant licenses to us for the use of their background IP to provide our services under the respective customer contracts. In addition, while the customer's foreground IP remains its property, we are typically granted an irrevocable right to use all jointly developed foreground IP (including the right to sub-license) except in relation to competing aircraft programs.

Supplies to Major Aircraft Programs

We supply our products to all major aircraft programs comprising the following:

Airbus

A318, A319, A320 and A321: These are single-aisle aircraft programs for short-and medium-haul routes. Depending on the model, these aircraft can carry up to 220 passengers. Airbus announced on December 1, 2010 its plan to put new engines on its single-aisle family. Airbus plans to deliver A319NEO, A320NEO, A321NEO by the end of 2015. NEO will replace the current generation single-aisle aircraft by 2018. Products that we currently deliver to the A320 family will also be used on the A320NEO aircraft. The A321 flap contracts awarded to us in 2012 are now in the ramp-up phase and are expected to significantly increase our revenue from the A320 family.

A330 and A340: These are long range twin-engine (A330) and four-engine (A340) aircraft carrying up to 475 passengers. The A340 aircraft was removed from Airbus' product line-up in 2012, is no longer generating any revenue for us (except from spare parts deliveries) and is not included in our order backlog.

A350XWB: It is a long-range, mid-sized, wide-body aircraft. The A350XWB will be the first Airbus aircraft with both fuselage and wing structures made primarily of carbon fiber-reinforced plastic which is to account for 52% of total weight thus lowering the operating costs. It will carry up to 400 passengers. First delivery of the aircraft is planned in the fourth quarter of 2014. The A350XWB-900 and −1000 will compete primarily with the Boeing 787 and 777 families.

A380: It is a double-deck, wide-body, four-engine airliner and is considered the largest passenger airliner in the world. The standard settings can carry over 525 passengers.

Boeing

737: It is a short-to-medium-range airplane. It can carry up to 225 passengers. Boeing announced in July 2011 that it will cease the development of a brand new concept airplane and instead re-engine the larger models of its 737 line-up, calling them 737MAX-7, 737MAX-8 and 737MAX-9.

787 Dreamliner: It is a long range, mid-sized, wide-body, twin-engine aircraft. Composite materials account for approximately 50% of weight per aircraft. Boeing considers it as its most fuel-efficient aircraft. It can carry up to 330 passengers.

777: It is a twin-engine wide-body aircraft which can carry up to 550 passengers. At the Dubai Airshow 2013, Boeing launched the 777 X, which uses the current generation 777 fuselage with a composite wing. The aircraft will carry more passengers and has a longer range than its predecessor.

767: It is a mid-sized, wide-body twin-engine aircraft. It can carry up to 375 passengers.

757: It is a mid-sized twin-engine short-to-medium-range aircraft carrying up to 289 passengers.

747: It is a wide-body commercial aircraft. The airliner can carry up to 550 passengers and belongs to the world's most recognizable aircraft.

Bombardier

C-Series: It is a family of narrow-body, twin-engine jet airliners for short- and medium-haul routes. It can carry up to 160 passengers.

Challenger 300: It is a mid-sized jet capable of traversing trans-continental distances and carrying up to eight passengers. Beginning in 2014, it will be replaced by the Challenger 350.

Global Express: It is an ultra-long range corporate high speed jet capable of traversing trans-continental distances. It can carry up to 19 passengers. New developments of the Global 7000 and 8000 aircraft were launched in 2012, which will enter into service in 2018. These are ultra-long range corporate jets capable of distances up to 13,520 km.

Learjet 70/75: It is a light/super-light jet which can carry up to nine passengers.

Dassault

Falcon 900: It is a small, fuel-efficient intercontinental jet carrying up to eight passengers.

Falcon 2000: It is a large twin-engine business jet which can carry up to 14 passengers.

Falcon 7X: It is a large-cabin, long range business jet which can carry up to 14 passengers.

Embraer

E-Jet E2: It is a family of narrow-body, medium-range, twin-engine jet airliners. It can carry up to 144 passengers. Embraer E-Jets E2 are scheduled for first deliveries in 2018.

Legacy 450/500: The Legacy 450 and 500 are mid-sized jets carrying up to eight and ten passengers, respectively. First delivery of the Legacy 450 and 500 is planned for 2015 and 2014, respectively.

Phenom 100/300: It is a very light jet carrying four passengers in normal configuration. The Phenom 100 can be modified to carry up to seven passengers. The first jet was delivered in 2008. The larger Phenom 300, a light jet, can carry up to nine passengers.

Lineage 1000: It is a super large business jet with comfortable seating for 19 passengers.

Gulfstream

G350/450: It is a large-cabin mid-range business jet which can carry up to eight passengers.

G550: It is a large-cabin ultra-long range business jet which can carry up to eight passengers.

G650: It is an ultra-large-cabin and ultra-high speed business jet carrying up to eight passengers.

COMAC

C919: It is a narrow-body medium range aircraft which will be the largest commercial aircraft designed and built in China. The aircraft can carry up to 168 passengers. The first delivery is planned for 2017 or 2018.

ARJ-21: It is a medium and short range aircraft capable of carrying up to 90 passengers. It is the first aircraft fully developed in China. First delivery of the aircraft is planned for mid-2014.

Eurocopter

EC 135: It is a twin-engine commercial helicopter which can carry up to seven passengers.

EC 145: It is a twin-engine helicopter capable of carrying eight passengers.

Sukhoi

Superjet 100: It is a new aircraft family of short range aircraft capable of carrying up to 98 passengers.

The following table summarizes our aerostructures, engines & nacelles as well as cabin interiors products supplied by us to a variety of customers. It shows whether the mentioned products are supplied on the basis of contracts with fixed quantity, with a range of duration between five and ten years or with a duration equal to the lifecycle of the aircraft program. Please note however, that the information provided in the following table is not indicative of future deliveries or revenue of the Group. For order backlog information, see "—Order Backlog".

Customer/aircraft program	Fixed quantity	Type of contract: Contract duration 5 to 10 years	Type of contract: Lifecycle of the program/cabin[1]
Airbus			
A380	**Cabin Interiors:** cargo door linings	**Engines & Nacelles:** nose spinners, fan track liners, bifurcation fairings	**Engines & Nacelles:** pylon fairings, inlet outer barrels **Cabin Interiors:** overhead storage bins **Aerostructures:** flap track fairings, upper wing panels, flap details, antenna parts
A350XWB	**Aerostructures:** spoilers		**Aerostructures:** wingtip & winglets **Engines & Nacelles:** translating sleeves, blocker doors, fan case liners **Cabin Interiors:** overhead storage bins, passenger door linings, smoke detection cavities/covers
A330		**Engines & Nacelles:** spinners, fan track liners, bifurcation fairings	**Engines & Nacelles:** blocker doors, thrust reverser fairing panels **Aerostructures:** flap track fairings, spoilers, connecting angels
A318/A319/A320/A321 A319NEO, A320NEO, A321NEO	**Aerostructures:** wing-to-body fairings, antenna parts, connecting angles	**Cabin Interiors:** rear panels of the lavatories	**Engines & Nacelles:** fan cowls, inlet parts **Cabin Interiors:** overhead storage bins, cove light panels, ceiling panels **Aerostructures:** outboard flaps
Boeing			
787 Dreamliner	**Aerostructures:** wing fixed leading edge panels	**Engines & Nacelles:** nose spinners, fan track liners, bifurcation fairings	**Engines & Nacelles:** translating sleeves, blocker doors **Aerostructures:** spoilers
777		**Aerostructures:** wing fixed leading edges	
767	**Aerostructures:** wing fixed leading edges, bonded panels, pylon fairings		

Customer/aircraft program	Fixed quantity	Type of contract: Contract duration 5 to 10 years	Type of contract: Lifecycle of the program/cabin[1]
757			**Aerostructures:** winglets
747		**Aerostructures:** wing panels, aft pressure bulkhead system attachments, elevators	
737	**Cabin Interiors:** cabin refurbishments		**Aerostructures:** winglets, wing fixed leading edges, split scimitar winglets
Bombardier			
C-Series	**Aerostructures:** wing-to-body-fairings		
Challenger 350			**Aerostructures:** wing-to-body fairings **Cabin Interiors:** main cabin floor panels, all cabin components (excluding seats)
Global 7000/8000			**Cabin Interiors:** cabin mechanisms **Aerostructures:** wing-to-body-fairings
Global Express		**Engines & Nacelles:** bypass ducts	
Learjet 70/75			**Cabin Interiors:** fully equipped cabin linings and cabinets
COMAC			
C919			**Cabin Interiors:** main cabins, entrance and aft areas, cockpit linings **Aerostructures:** spoilers, winglets
ARJ-21			**Cabin Interiors:** full cabin interiors including monuments

Customer/aircraft program	Fixed quantity	Type of contract: Contract duration 5 to 10 years	Type of contract: Lifecycle of the program/cabin[(1)]
Sukhoi/Alenia Superjet 100	**Aerostructures:** spoilers, flaps, ailerons, rudders, elevators, pylon fairings **Cabin Interiors:** full cabin interiors except passenger service units and galleys, baggage compartments		
Embraer E-Jets E2			**Aerostructures:** spoilers, ailerons, wingtips
Legacy 450/500			**Cabin Interiors:** full cabin interiors
Phenom 100/300		**Engines & Nacelles:** bypass ducts	**Cabin Interiors:** cockpit linings, cabin linings, baggage compartment linings, table mechanisms and cup holders
Lineage 1000			**Cabin Interiors:** cabin linings, baggage compartment linings
Dassault Falcon 900			**Aerostructures:** winglets
Falcon 2000			**Aerostructures:** winglets
Falcon 7X			**Engines & Nacelles:** bypass ducts
Gulfstream G350/450		**Engines & Nacelles:** fan cowls, bypass ducts	
G650			**Engines & Nacelles:** bypass ducts
Eurocopter EC 135		**Cabin Interiors:** cabin linings, including passenger and cockpit areas	
EC 145		**Cabin Interiors:** cabin linings, including passenger and cockpit areas	

(1) For cabin interiors lifecycle of the cabin.

(*Source: Company information*)

Our customers have not terminated any business relationships with us or canceled any contract with us during the past three financial years.

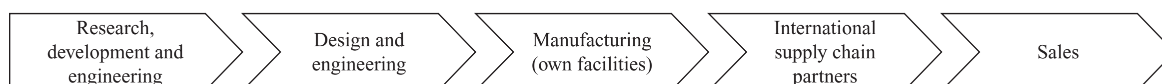
Awards

Some of our customers, as well as independent institutions, offer awards recognizing innovation and product quality. We have received various awards in recent years, including the following:

Year	Award
2013	Austrian Technology Front Runner Award from the Austrian Ministry of Research and Development
2013	Technology Innovation Award for the development of a full composite airplane wing structure
2013	2013 JEC European Innovation Award in the Aeronautics Category
2012	Frost Sullivan Interior Award for the development of the "Best 150 Seater Aircraft Interior"
2010	Supplier of the Year Award by Embraer for cabin interiors of the Phenom 100 and 300
2009	Supplier Excellence Award for top performance by Diehl for cabin interiors for A380 Supplier of the Year—Development Program Award by Embraer for cabin interiors for Phenom 300 and Legacy 450/500
2008	Silver Medal Supplier Award for the development and manufacture of the COMAC ARJ-21 passenger cabin granted by the Chinese aircraft manufacturer Aviation Industry Corporation of China ("**AVIC**") I Commercial Aircraft Co., Ltd. (now COMAC) Prize for Research Award by the Austrian Research Promotion Agency

BUSINESS MODEL

Our business model is based on the steps illustrated by the following chart:



RESEARCH, DEVELOPMENT AND ENGINEERING

To strengthen our position as a leading tier-1 supplier, we rely heavily on innovation. We conduct research and development activities on materials, manufacturing processes, process automation and technologies. For example, reducing weight and engine noise through the use of fiber composites allows various fuel-efficient solutions for our customers and improves their final product. As a result of our continuous innovation, we have registered or applied for approximately 240 patents pertaining to approximately 30 patent families.

The following table shows our research, development and engineering expenditures for the financial years ended February 28/29, 2012, 2013 and 2014:

	Financial year ended February 28/29,		
	2012	2013	2014
	(unaudited)	(unaudited)	(unaudited)
Research, development and engineering (in EUR '000)	42,705	55,843	55,556
% of total revenue	12.0	12.8	10.2

(*Source: Company information*)

Our Research, Development and Engineering Department

Our research, development and engineering division is divided into (1) a research and development department which is responsible for principal basic research; (2) an engineering department which is responsible for product development, including design, stress analysis, MRB (Material Review Board) analysis, tooling, testing, quality control and industrial engineering; and (3) sub-departments for internal

and customer funded engineering programs. Our research, development and engineering team has grown continuously over the last few years.

Our engineering projects are carried out in our plants in Ried, St. Martin, Reichersberg and in our engineering offices in Vienna (Austria), Bratislava (Slovakia), Shanghai (China), Seattle (USA), Steinebach (Germany), Pune (India), Québec (Canada) and Wichita (USA).

Our five plants in Austria offer the necessary equipment for our research, development and engineering projects, whilst four of them are also used for our ongoing manufacturing process. As a result, certain machineries and tools used for the manufacturing process, including autoclaves, ovens, automated tape layers, hot drape forming machines, milling machines, computer controlled prepreg cutters, ultrasonic inspection equipment, x-ray chambers and similar equipment, can be shared amongst our research, development and engineering departments. Braiding activities are conducted in cooperation with EADS Innovation Works Munich, a technical center within the Airbus group.

Members of our engineering teams are highly educated, with most of them holding a diploma or a master's degree in engineering. We have built up intense aerospace engineering know-how over the past 25 years. Our engineering teams develop customized turnkey solutions, and in many cases our engineering specialists are co-located at our customers' offices for such development work.

Research and Development

In 2013, we opened a new test facility with 4,000 sqm floor space, providing a wide range of testing capabilities for our 38 highly educated and experienced laboratory and test engineers. This facility is equipped for material testing, chemical analyses, sub-component and component testing as well as more complex, full scale static, dynamic or life cycle fatigue tests for major primary and secondary aerostructures, engine and nacelle systems or interior systems. The facility is further equipped to perform aircraft interior specific burn and toxic testing.

Our principal research and development team consists of 14 skilled engineers at our plant in Ried and test center in St. Martin. We conduct research in materials, processes and technologies on a regular basis to improve the quality of our products. We also develop new application solutions to satisfy specific requirements of our customers. Our research and development focuses primarily on material and process development, development of prototypes, automated fabrication, new inspection technology, as well as next generation composite structures.

The principal areas of research by our research and development department include liquid molding and prepreg technologies as well as automation. Liquid molding technologies consist of textile technologies (i.e., weaving, stitching, sewing, tailored fiber placement, 2.5D braiding and radial braiding), injection molding technologies (i.e., injection, infusion, resin transfer molding, Resin Film Infusion (RFI), Vacuum Assisted Resin Transfer Molding (VARTM), Bulk Resin Infusion (BRI), Vacuum Resin Infusion (VARI) and MARI), optimization of current materials and development of new material. Prepreg technologies include automation of manufacturing processes (tape layer, fiber placement and hot trap forming) and development of materials.

Current research and development efforts are particularly focused on injection molding technologies, textile technologies, automation of manufacturing processes and development of materials.

Most of our research and development projects are linked to either national or international public funding schemes which refund approximately 50% of our development costs. While national funding is usually provided by FFG Research Promotion Agency (the Austrian Research Promotion Agency), Christian Doppler Research Association and the National Funding Institution for Applied Industrial Research in Austria, international funding is provided by the European Commission or through bilateral governmental contracts. The range of refunding of the development costs depends on the funding program of the authority, that grants the funding and ranges from 20% to 70% of the development costs. The qualification for applications as well as the conditions attached to the grant are defined as milestones and deliverables. The period of the grant ranges from one to six years. The grants are one-off grants which are paid in installments according to a milestone schedule attached to the terms of the grant. As of the date of this Prospectus all conditions for the grants have been met by the Group. The grants are not subject to change of ownership and have not been affected by the acquisition of the FACC Group through FACC International Company Limited, Hong Kong (the "**Selling Shareholder**").

The following table shows the grants received by the FACC Group for the financial years ended February 28/29, 2012, 2013 and 2014:

Amounts in EUR thousand Grants received	Financial year ended February 28/29,		
	2012	2013	2014
	(unaudited)	(unaudited)	(unaudited)
Total grants received	4,508	1,460	13,061
Recognized as liability	0	0	(2,359)
Grants released	1,754	1,164	3,516
Total (recognized as income)	6,262	2,624	14,218

(*Source: Company information*)

We have a partnership arrangement with PCCL (Polymer Competence Centre Leoben GmbH in Austria), the Austrian Aerospace Network, in connection with two COMET K1 projects. COMET K1 is an Austrian initiative to strengthen the co-operation between scientific institutes and commercial enterprises to carry on industrial research. An example of a project relating to this Austrian initiative is the development of nano-modified materials for the aerospace industry. We have also participated in the Austrian aerospace program 'Take Off' conducted by the Austrian Research Promotion Agency.

We demonstrate our research-to-business approach by directly applying new materials and technologies developed in the course of our research projects to new products for our customers. For example, the resin transfer molding-technology for highly integrated components has been developed through a funded research and development project and used for the application of the spoiler of the Airbus A330/A340. The center hinge fitting of this spoiler now consists of carbon fiber composite which is manufactured under the resin transfer molding technology. Several other similarly funded programs such as the translating sleeve for the Boeing 787 Dreamliner, have broadened our product offerings to aircraft programs. We believe that our ongoing research and development efforts, which include the focus on injection molding technologies, textile technologies, automation of manufacturing processes, development of materials and new product concepts, add value to our customers and are in line with our customers' needs.

Our partners in our research and development projects include scientific institutions such as universities, including the Technical University of Vienna, the University of Leoben, the Washington State University and the Technical University of Munich as well as companies from different industrial sectors including aerospace, automotive and transportation. While typically individually developed background or foreground IP remains the ownership of the developing partner, the ownership of jointly developed foreground IP is allocated among the partners according to their contribution to the development.

In cooperation with Techno-Z Ried Technologiezentrum GmbH (Austria) we set up a joint engineering and test center in our R&D facility in St. Martin in 2013. The joint engineering and test center has been established in the form of the joint venture company CoLT Prüf und Test GmbH with FACC Operations (91%) and Techno-Z Ried Technologiezentrum GmbH (9%) as shareholders. FACC Operations contributed in kind the independent business division "material and component testing" as part of the share capital.

DESIGN AND ENGINEERING

Our engineering department conducts a significant number of engineering and product development projects and provides tooling services to our customers. The engineering projects aim at utilizing the technologies, processes and materials that have been developed by our research and development department.

Furthermore, our engineering department provides turnkey product development solutions. Such turnkey solutions include concept design studies, detail design engineering and stress testing, manufacturing and process engineering, industrial engineering, certification testing and documentation as well as the preparation of maintenance and services documentation. These projects are carried out in compliance with the applicable European Aviation Safety Agency ("**EASA**") requirements.

With our experienced tooling and manufacturing department, we are able to develop and manufacture tools for our manufacturing plants and, in collaboration with our engineering department, to develop specific design and related manufacturing processes for efficient long-term production. Value stream design methods are used from an early stage to facilitate tailored industrial processes for each product. In line with our competitive strategies, we are continuously improving our production, equipment and tooling

capabilities. With this know-how, we are able to develop and execute turn-key solutions in-house, resulting in highly efficient manufacturing sites. We also handle development projects in cooperation with our international customers regarding the replacement of their existing composite components together with the required tooling.

Due to our significant engineering capabilities and our ability to meet our customers' specific needs, many OEMs have invited us to participate in the development of new aircraft programs. For example, for the Airbus A380, Airbus A350XWB and Boeing 787 Dreamliner and Bombardier C-Series aircraft programs, we have been responsible for the development and manufacturing of aerostructures as well as engine and nacelle products, such as translating sleeves, flap track fairings and wing to body fairings. We have also been responsible for the part design, structural analysis and assessment of components and materials. Our engineering expertise is achieved through the application of R&D developments, the application of our patents and the continuous product improvement which enables us to achieve parts evolution from one platform product to the other. Our long history in part design and production has led to continuous performance improvements as well as weight reduction of our products. We also offer part testing and qualification programs as part of turnkey packages, which make us attractive to our OEM customers as a single point of contact for new product development and manufacturing.

To complement our engineering tasks, all manufacturing tools, test tools and equipment for our engineering products are designed by our tooling and manufacturing department. Moreover, our engineering department cooperates with our customers and certification authorities to perform certification tests.

MANUFACTURING (OWN FACILITIES)

Manufacturing Facilities

Our key manufacturing facilities are all located in Austria. The following is an overview of our manufacturing facilities as of the date of this Prospectus:

Plant	Location	Products manufactured	Opened (year)	Property	Size (sqm.)	Number of employees
I	Ried	Components for the aerostructures	1988	Owned	19,700	over 800
II	Ort	Cabin interiors components	1999	Leased	12,000	over 650
III	Ort	Components for the aerostructures	2003	Leased	7,300	over 250
IV	Reichersberg	Components and systems for engine and nacelle	2007	Building rights agreement	21,000	over 480
V	St. Martin	Test Center	2013	Leased	9,600	approximately 500

(*Source: Company information*)

For further details regarding our manufacturing sites, see "—Land and Buildings".

Most of our products are highly customized based on customers' requirements and specification. Further, the manufacturing of the same product for different aircraft programs also differs. Therefore, each of our plants can be reconfigured to adapt to the manufacturing of products for different aircraft programs and customers' requirements. It is thus very difficult to assess overall utilization, design and actual production capacity accurately and exact information on our manufacturing capacity and utilization is unavailable.

The calculation of capacity and utilization of our plants is based on various factors, such as plant equipment and machinery, aircraft program, products and product mix, delivery schedules and customer requirements. We assess manufacturing capacity on the basis of equipment loads for a particular program mix. In order to assess the overall equipment efficiency and consequently the utilization and excess capacity of our plants, we compare the currently installed capacity with our maximum possible capacity. Our manufacturing efficiency is measured by single working step, by component and by worker. These calculations are frequently assessed internally in quarterly audits as well as by our customers in capacity contingency process audits. Customer audits take place regularly two to three times per year when a new aircraft program commences or changes to an existing program are introduced. As at the date of this Prospectus, we have not failed any of our customers' audits as confirmed by the Management. Further, the Group did not fail to meet customer orders due to insufficient manufacturing capacity in any of the Group's manufacturing plants during the past three financial years.

During the past three financial years, we had stable utilization and spare capacity levels. However, in Plant IV, which was built primarily for the Airbus A350XWB and Boeing 787 Dreamliner aircraft programs, we experienced unusually high levels of spare capacity due to the delay in the development of the Boeing 787 Dreamliner program which has led to a shift in the production schedule. Historically, factors contributing to the fluctuating utilization of our plants were primarily due to delays in the OEM's aircraft programs, changes in customer demand and a significant shortfall in orders for business jets, as well as the integration of new programs. Although we have spare capacity in each of our plants, any significant increase in capacity could only be achieved through an investment in machinery and equipment (for example, autoclaves, CNC machines and ultrasonic inspection).

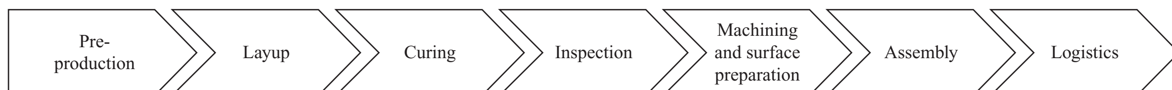
We have made significant investments in the past years in our facilities and equipment and are well positioned to accommodate current and future growth. Further investments will be made on a case by case basis to the extent necessary as a result of new OEM contracts or program rate developments after 2018.

With the investments made in the past two years, a key component of our cost reduction strategy has been linked to an increase of automation. As part of this automation strategy, we have switched cell production onto assembly lines. The replacement of certain labor intensive processes with automated technology is key to FACC's production strategy. We have also recently installed automated composite fabrication equipment, robotic assisted assembly and inspection machines, new nondestructive technologies (thermo optical inspection) or high speed CNC machines (five achses computer controlled trim and routing machines) in our Austrian facilities. We plan to further develop such automation, with a focus on robotic assisted surface preparation and application.

Manufacturing Process

Composite components for our aerostructures and engine and nacelle products are manufactured by applying autoclave as well as oven and press curing methods, making use of prepreg, mainly carbon, glass and aramid fiber prepregs.

In general, composite products are manufactured in a six-step process. The following chart illustrates the manufacturing process for our products:



Pre-production

A pre-production step is used to prepare different materials like honeycomb cores and prepreg for the lay-up process. The cutting of the prepreg is conducted by conveyorised computer controlled prepreg cutters.

Layup

The layup of the individual prepreg layers and honeycombs on the curing tools is performed in a climate controlled cleanroom area. For complex components the layers are manually processed using laser projectors to display the right position on the layup tool. For new applications such as the Airbus A350XWB, automated fiber placements are employed for the layup process. This increases efficiency by accelerating the manufacturing process and optimizing material utilization. Engines & Nacelles Division components are manufactured using specialized processes to obtain acoustical surfaces. Most of these processes are protected by patents.

Curing

The components are cured by applying autoclave, oven or press curing technologies.

Inspection

All components are fully inspected by using various testing methods, for example, ultrasonic inspection (c-scan) and x-ray inspection or CMM (coordinate measuring machine).

Machining and Surface Preparation

The components are prepared for the final assembly step using 5-axis milling machines (high speed CNC equipment) to achieve the final shape followed by surface preparation and painting.

Final Assembly

Metallic, rubber or plastic parts are assembled on assembly jigs applying various standard fasteners. The components or assemblies are inspected and shipped to the customer in a ready-to-install condition.

In comparison to aerostructures products, cabin interiors products face a wider range of customer configurations which increases the complexity of the planning and logistics in the manufacturing process. Because every airline uses different cabin interiors layouts and colors, special application technologies and paint application processes are used to provide customized and ready-to-install cabin interiors.

Together with an exclusive Austrian supply-chain partner we have developed technologies for the manufacturing of business jet cabin interiors modules and systems which feature customized wood veneer and carbon fiber design finishes.

Logistics

Transportation of our products to customers located in Europe is arranged by truck while the transportation to overseas customers is primarily conducted by sea freight via major sea ports such as Rotterdam. For urgent deliveries, transportation by air freight via major airports such as Frankfurt (Germany) is arranged.

INTERNATIONAL COMPOSITE COMPONENTS SUPPLY CHAIN PARTNERS

As contracts with our OEM customers are mainly denominated in USD, our Group generates almost all its revenue in USD. In order to increase our natural hedging position for our sales contracts, which are mainly denominated in USD, and at the same time benefit from lower manufacturing costs, we have entered into USD denominated supply chain partnerships with manufacturers in countries such as Abu Dhabi, China, India and Malaysia. Through these international supply chain partnerships, we gain access to additional manufacturing capacity without respective investment requirements related to stand-alone facilities. The arrangements have also increased our USD exposure on manufacturing costs, while at the same time reducing our EUR exposure on manufacturing costs by cutting down the manufacturing of the same components in our Austrian production plants. An increase in USD exposure, and the corresponding decrease in EUR exposure through the subcontracts with our international supply chain partners, contributes to our Group's natural hedging strategy. For further information on our currency hedging transactions, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management—Foreign Currency Risk". For further information on our manufacturing facilities, please see "—Manufacturing own facilities". Most of the subcontracts with our international supply chain partners contain the same terms and conditions regarding price adjustments as the contracts that we concluded with our customers, thereby allowing us to pass on the risk of price adjustments to our supply chain partners.

When our OEM customers sell aircraft to their airline end-customers in emerging markets such as the Middle East, China and India, our OEM customers are often required to, as a certain percentage of the contract value, directly or indirectly, reallocate economic activities from their home countries to countries of their airline end-customer. This arrangement is often referred to as their offset obligations.

Offset obligations can be achieved through co-production arrangements, licensed offshore production, purchase of components, technology transfer, technical assistance, or through other forms of assistance provided by our OEM customers to their airline end-customers and/or the countries in which such end-customers are located. As our OEM customers have been outsourcing more and more manufacturing steps to us, the supply contracts between ourselves and our OEM customers include provisions which require us to support such offset obligations by, for example, allocating certain manufacturing activities to countries in which the airline end-customers are located. We can fulfill our OEM customers' offset obligations by subcontracting part of the manufacturing processes to our international supply chain partners. However, we do not know our OEM customers' specific offset obligations vis-a-vis their end-customers or the countries in which their end-customers are located as we do not have access to the respective agreements between our OEM customers and their end customers. We note that non-compliance with the offset obligations by an OEM customer may have significantly adverse effects and

competitive disadvantages on its chances to obtain follow-up business from its end customers, which would indirectly affect our Group's business prospects.

In order to ensure compliance with our OEM customers' strict product quality requirements, our quality management team periodically conducts audits of our international supply chain partners. Such audits take place periodically in accordance with auditing plans taking into consideration our experience in cooperating with the respective partner as well as the respective aircraft program and type of manufactured component. We support our international supply chain partners through planning, construction and certification of manufacturing facilities, employee training, manufacturing start-up, specification of production equipment, on-site assembly and qualification testing. For more information on the qualification requirements of our OEM customers towards our international supply chain partners, see "—Sales".

We have established supply chain partnerships with Mubadala/Strata in Abu Dhabi, TAML in India, BTC and Fesher in China and ACM in Malaysia. Furthermore, our Group is currently in negotiations with a Russian aerostructure supplier to establish a composite supply chain for our products in Russia regarding the manufacturing and supply of aerostructures to Russian OEMs.

The following table shows our purchases from our supply chain partners in connection with the sub-contracting of the manufacturing of components during the past three financial years:

Amounts in EUR thousand Supplier	Financial year ended February 28/29,		
	2012	2013	2014
	(unaudited)	(unaudited)	(unaudited)
ACM	4,777	5,193	6,037
BTC	3,140	3,433	3,749
TAML	2,224	2,030	2,611
Mubadala (Strata)	10,238	16,743	31,605
Total	**20,379**	**27,399**	**44,002**

(*Source: Company information*)

Mubadala (Abu Dhabi)

In 2008, we entered into contracts with Mubadala (Abu Dhabi, United Arab Emirates) to establish a supply partnership with a term of 15 years between us and Strata, a wholly-owned subsidiary of Mubadala, relating to the manufacture and supply of aerospace components. Mubadala is a sovereign wealth fund of the government of Abu Dhabi.

As part of this supply partnership and pursuant to a service agreement between the Company and Aerospace Holding Company LLC dated December 1, 2008, we advised Mubadala in the planning, construction and certification of its composite manufacturing facility, STRATA, in Abu Dhabi for the manufacturing of wing components. We have supported the qualification of equipment and processes and provided staff training and technical support during the manufacturing start-up phase. We also oversee the quality control on an ongoing basis.

We sub-contracted the manufacturing of spoilers and flap track fairings for Airbus A330/A340 and A380 aircraft to the facility of Mubadala on the basis of procurement agreements each of a duration covering the lifecycle of the respective aircraft program. First purchases from Mubadala were made in the financial year ended February 28, 2011.

After 2013, further projects of Airbus and potentially projects of other aircraft manufacturers have been off-loaded to STRATA. By shifting the manufacturing of these products, we are freeing up capacity in our Austrian facilities that are needed to support future business development and further growth.

TAML (India)

In 2009, we entered into contracts with TAML to establish a supply partnership under which we sub-contract to TAML the manufacturing of various components, mainly for our Rolls-Royce programs. The current sub-contracting arrangement lasts until year end 2015 with an option to extend the contract beyond 2016.

TAML established a new manufacturing facility in the Jigani industrial area, Bangalore, India, to which we have sub-contracted the manufacturing of engine components, including for Rolls-Royce engine types

BR710, BR715, BR725, Tay600, Trent 500, Trent 700, Trent 800, Trent 900, Trent 100, Tent XWB and RB211, since the beginning of 2010. It is also contemplated that in the short- to mid-term, TAML will manufacture other components, such as blocker doors and other composite components for the nacelle, on a sub-contracting basis. First purchases from TAML were made in the financial year ended February 28, 2011.

BTC (China)

In 2002, we started cooperating with BTC, a Chinese manufacturer of composite components located in Tianjin, China. Founded in 1998, BTC is a company which is 12% owned by AVIC and 88% owned by Boeing. As a subsidiary of Boeing, BTC manufactures its products principally for Boeing.

We entered into a series of cooperation agreements with BTC for sub-contracting the manufacturing of composite components of wing structure for Boeing aircraft. Current projects include the supply of bottom panels for the Boeing 767 and leading edges for the Boeing 777. As part of the supply partnership we provided BTC with employee training and related technical know-how.

Fesher (China)

Together with Fesher we are in the process of setting up a new plant in Zhenjiang to fabricate composite structural and interior components for international and Chinese civil aircraft programs. The new plant is in close proximity to the Zhenjiang port which gives us access to international sea routs and there is a high speed train connection to Shanghai. This infrastructure enables us to deliver products directly from China to customers located all over the world. In order to further increase the relationship with Fesher, we have the option to acquire up to 20% shares of Fesher. The option may be exercised in several steps between 2014 and 2019.

ACM (Malaysia)

In 2002, we started cooperating with ACM, a joint venture company based in Bukit Kayu Hitam, Kedah, Malaysia, owned equally by Boeing and Hexcel Corporation. It specializes in the manufacturing of flat and contoured composite components and assemblies for primary and secondary structures for the aerospace industry.

We entered into a series of cooperation agreements with ACM for sub-contracting the manufacturing of wing and engine components for the Boeing 777 and various components for business jets. Current projects include, for example, the supply of thrust reverser parts for Boeing 777, thrust reverser struts and fairings for Boeing 767, as well as leading edges for both Boeing 767 and Boeing 777. As part of the supply partnership we provided ACM with employee training and related technical know-how.

SALES

Our sales and marketing activities are undertaken by our business divisions. Each division has its own dedicated sales team. Business development is managed by the vice presidents heading our divisions, together with the Company's CEO. Due to the small number of global suppliers in the aerospace industry and the even smaller number of OEMs and tier-1 suppliers, our marketing activities are focused on our existing customers which include most of the leading aircraft and engine manufacturers.

Our sales activities are generally based on personal contacts between members of our sales teams and representatives of our customers. We communicate with our customers on a regular basis to exchange market information, discuss quarterly product development strategies and exchange information relating to technology, research and development and the latest aircraft developments. We work closely with a variety of our customers' internal departments including engineering, procurement and program offices, starting from the beginning of new aircraft programs and in certain instances have personnel located at customers' premises.

We market our products globally. Traditional marketing activities such as advertising are limited. Due to our longstanding relationships with our customers, they frequently invite us to present our technological capabilities at the beginning of and during the development phase of new aircraft programs.

We have established a global brand name in the aerospace industry. The name FACC has been successfully registered as word mark and as a logo in various countries worldwide. We believe that the high brand awareness is based on our acknowledged research, development and engineering know-how as well as our

superior product performance in terms of quality and customization capabilities. The relationships with our customers are built on our strong research and development capabilities, track record performance, long-term industry cooperation, and the fact that we are accredited by the respective aircraft manufacturers, as well as, by official authorities.

We are a member of various aerospace supplier councils of the major OEMs, including the Airbus Supplier Council, the European Supplier Council of Boeing Commercial Airplane Group and the Rolls-Royce Supplier Council. Such councils, comprising the respective OEM together with its major aerostructures suppliers, convene on a regular basis. Our industry network, together with our well-established position as a global tier-1 supplier of a wide range of composite components and assemblies, have led to our regular involvement in all major commercial aircraft programs, without substantial marketing efforts and costs (other than those relating to research and development). In addition to our weekly and monthly contacts with our customers referred to above, we are on their shortlists of bidders. We are therefore approached by our customers every time a supply contract is awarded for a new program or an existing supplier is exchanged in a current program. Through constant interaction, we aim to understand our customers' requirements better. This enables us to predict their needs and address their demands at an early stage.

CONTRACTS

Pricing

We generally obtain our sales contracts by participating in the bidding processes held by OEMs. In addition to our technological know-how, product quality, risk assessment, track record performance, industry reputation, and commitment to global sourcing, the pricing of our products is a key element of our ability to secure sales contracts from our customers. The pricing strategy for our products is based on a global analysis and assessment of our competitors' costs and pricing as well as the OEMs' pricing targets for their end-products. In determining a competitive bidding price, we consider the estimated costs for raw materials, tool design, product design, development and manufacturing, packaging, transportation, and after-sales support services as well as reasonable profit margins. Typically, our supply agreements with our major customers are fixed price contracts over a defined period of time following which certain price adjustments may be agreed and fixed for a new period. Modifications to the products that are requested by our customers after initial product introduction are negotiated on a case per case basis. The related cost adjustments are calculated based on the changes in the scope of work. Adjustments to pre-agreed prices become effective with the introduction of a modification.

As the OEM bidding processes are fairly transparent, contractual premiums are paid only if a customer realizes added value through special performance with respect to factors such as reduction of product weight and lead times.

Our strategy is to provide more value-added products through higher product integration, provide leading technology to increase the overall performance of the products and offer premium after-sale services. With this strategy, we seek to secure long-term sales contracts with stable pricing terms.

Warranty

The majority of our agreements include a four-year warranty. Warranties cover such factors as material defects, non-conformance to specifications and defects in material, process of manufacture and workmanship.

A reserve has been established to provide for the estimated future cost of warranties on our delivered products. Management periodically reviews the reserves and adjustments are made accordingly. A provision for warranty on products delivered is made on the basis of identified warranty issues. The Group's provision for warranty expenses as of February 28/29, 2012, 2013 and 2014 was EUR 4.2 million, EUR 4.2 million and EUR 1.6 million, respectively. No amounts were utilized during the financial year ended February 29, 2012. The amounts utilized during the financial years ended February 28, 2013 and 2014 amounted to EUR 0.3 million and EUR 0.1 million, respectively.

RAW MATERIALS AND SUPPLIERS

Purchasing and Procurement

Purchasing is a strategic task within the supply chain. Our purchasing team is divided by type of raw material.

Our procurement department is responsible for ensuring material availability for large-scale serial manufacturing at each of our manufacturing sites and maintains close contact with our internal manufacturing planning and manufacturing departments. Our procurement department is also responsible for coordinating transportation and exchange of information in connection with product deliveries from our supply chain partners to our customers.

In 2006, we established a web-based electronic procurement platform through which our suppliers can monitor the inventory level of our raw materials, components and tools. This monitoring platform further grants our suppliers access to data such as forecasted raw material need and open orders, which helps increase the efficiency of our procurement process though lower purchasing process costs, reduced lead times and reduced stock levels.

Inventory Management

We have established inventory management procedures and control policies in accordance with EN 9100 requirements enabling us to ensure that the materials we use for the production of aerospace products are properly handled and managed across the entire process chain. Incoming raw materials are subject to inspections by our quality control department. In addition, we also maintain inventory records and have developed procedures to keep track of inventory movements relating to the purchase and transfer of raw materials to our manufacturing sites. We have established a material resource management system based upon SAP. By marking each material and recording each movement, such system gives control over all received material, all transactions between stock and production, evidence of progress in production and, finally, transfer of all completed parts to the dispatch area. A physical stocktaking is carried out annually.

Our inventory turnover days for the financial years ended February 28/29, 2012, 2013 and 2014 were 52.12, 54.34 and 60.26, respectively. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Inventory Analysis".

Raw Materials

We process a broad spectrum of raw materials. Global markets exist for our main raw materials, which include approximately 20 commodities such as prepreg fabrics, adhesive films, honeycombs and fasteners. For each of these commodities, we make most of our purchases from three to five selected suppliers, thereby avoiding single supplier risks. As we purchase most of our raw materials from suppliers on a global basis, our management believes that we have limited exposure to supply shortfalls. For information on the risks associated with interruptions in deliveries of raw materials, please see "Risk Factors—Risks Related to our Business—Interruptions in deliveries of components or raw materials, or increased prices for components or raw materials used in our products could delay production and/or materially adversely affect our profitability". Currently, we have approximately 300 active suppliers, with many of which we have existing framework agreements in place.

We depend on the ability of our suppliers to provide materials and components that meet industry standards as well as our customers' technical specifications, quality standards and delivery schedules. In some cases, customer requirements for certain raw materials have resulted in a limited supplier base. However, it is our intention to continuously work with customers to eliminate single-source requirements in order to provide us additional flexibility.

As part of our purchasing strategy we intend to stabilize the annual costs of raw materials. Despite increasing market prices for raw materials during the past ten years we have managed to maintain our annual raw material costs at a stable level through increased purchase quantities and the resulting enhanced bargaining power. Our supply chain team continuously performs worldwide bench-marking to enhance our cost competitiveness. Through supply chain development, supply chain re-structuring as well as material changes (changing from exotic materials to standard materials) we have been able to reduce our procurement costs thereby compensating raw material cost increases.

We enter into long-term supply contracts with our suppliers to secure competitive pricing. Our exposure to rising raw material prices is mitigated by raw materials purchase contracts which are either based on fixed pricing or on reduced rates which are available to us for certain materials through Boeing's or Airbus' high volume purchase contracts. Some of our customers agree to link the price of our raw materials to a certain index and consequently we are able to pass on any increase in raw materials prices to them. Furthermore, we seek to negotiate risk sharing contracts under which our suppliers assume certain risks that we face in our relationship with our customers. Such risk sharing provisions typically relate to the currency of the

contract (i.e., USD), continuous cost improvement or the absorption of costs with respect to minor changes to the product specifications.

Supply Chain Network

Part of our procurement strategy is to enter into long-term partnerships with suppliers and to establish cost efficient manufacturing partnerships. We have international supply partners for the manufacturing of composite parts. Our suppliers must meet several criteria and an analysis of various factors allows us to choose the best suppliers for our needs. These factors include whether the supplier is a leader among its peers with respect to low total cost, has demonstrated continuous cost improvements, agrees to risk sharing participation, would constitute a U.S. dollar hedge for us, has demonstrated first time and sustainable quality performance, has shown technological leadership, and whether it has a global footprint. It is also important to us that our suppliers work according to international standards, as well as end-customer specifications and our specifications. Accordingly, due to specific customer requirements as well as the current market environment, we are dependent on single-source suppliers. To manage such dependence we set world-wide cost benchmarks, once a competitive supply chain is developed and we enter into long-term agreements with such suppliers. Nevertheless, special contract terms are used in our contracts allowing us to re-assign work packages in the case that our expectations are not met. See also "Risk Factors—Risks Related to our Business—Interruptions in deliveries of components or raw materials, or increased prices for components or raw materials used in our products could delay production and/or materially adversely affect our profitability".

According to our standard form co-operation contracts, we have the right to place additional orders for certain goods at the same terms and conditions as agreed for the initially ordered quantity of such goods. We are entitled to adjust quantities of orders or cancel the co-operation contract or any individual order if, for example, our customer ceases to manufacture the respective aircraft or cancels its contract with us. Most co-operation contracts have a term of one to three and a half years, unless the contracts are extended by mutual agreement. Typically, payments for deliveries under such cooperation contracts are made in USD.

The following tables show our top five suppliers in terms of annual cost volume for the financial years ended February 28/29, 2012, 2013 and 2014:

Financial Year Ended February 29, 2012

Top five suppliers[(1)]	% of total raw material cost
Cytec Engineered Materials Inc.	6.9
List components & furniture GmbH	4.7
STRATA Manufacturing PJSC	3.9
Hexcel Corporation	3.1
Honeywell International Inc.	2.6

(1) Each an independent third party.

(*Source: Company information*)

Financial Year Ended February 28, 2013

Top five suppliers[(1)]	% of total raw material cost
Cytec Engineered Materials Inc.	5.5
STRATA Manufacturing PSJC	5.3
List components & furniture GmbH	4.2
Hexcel Corporation	3.4
Honeywell International Inc.	2.6

(1) Each an independent third party.

(*Source: Company information*)

Financial Year Ended February 28, 2014

Top five suppliers[1]	% of total raw material cost
STRATA Manufacturing PSJC	7.5
Cytec Engineered Materials Inc.	4.6
List components & furniture GmbH	4.4
Hexcel Corporation	3.0
Euro Composites S.A.	2.4

(1) Each an independent third party.

(*Source: Company information*)

Hedging

Natural Hedging

As it is common in the aerospace industry, a significant portion of raw materials is purchased in USD (natural hedging). For the financial year ended February 28, 2014, we purchased a significant portion of our raw materials in USD. We have also entered into supply chain partnerships outside of Europe in order to mitigate the exposure to USD to EUR exchange rate volatility, since our partners outside of Europe can be paid in USD.

Financial Hedging

While almost all of our sales are in USD, a significant portion of our total costs is in currencies other than USD, in particular EUR. Therefore, a significant adverse fluctuation in exchange rates, especially in the USD to EUR exchange rate would have a material adverse effect on our business, results of operations and financial condition. We therefore enter into derivative financial instruments in order to protect us against fluctuations in USD to EUR exchange rate. They include currency option contracts and currency forward contracts. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management—Foreign Currency Risk" for a discussion of the Group's financial hedging arrangements.

QUALITY CONTROL SYSTEM AUDITING AND QUALIFICATION

Our OEM customers require a qualification of our facilities and production processes relating to specific products. In order to obtain such qualifications, we have established internal guidelines and requirements applying to such processes. Additionally, our OEM customers perform qualifications tests which we have to pass prior to being awarded a supply contract for a specific product. Such qualification tests relate among others to engineering, manufacturing, process monitoring and training. In most instances, our OEM customers perform such tests in person in our plants and in some cases we are required to do a first part qualification with all results being delivered to the customer. FACC has obtained all customer qualifications required for the manufacturing and supply of our products.

As of February 28, 2014, our quality department consisted of 280 employees, including one quality director (responsible for quality certificates, quality management and quality handbook) and three quality managers (responsible for operational quality control). They exclusively supervise the overall quality control of our operations. Our quality director has quality management experience within FACC of more than ten years. Also, each of our quality managers has more than five years of experience in quality management. The staff of our quality management department receives internal as well as external training from customers and authorities.

There are no product returns or recalls or incidents relating to the quality of the products which may have, or have had, a material adverse effect on our financial position or results of operations during the past three financial years.

INTELLECTUAL PROPERTY

As of February 28, 2014, we have registered over twenty trademarks and registered or applied for approximately 240 patents pertaining to approximately 30 patent families in relevant jurisdictions. The name "FACC" has been registered as a word mark and as a figurative mark in various countries worldwide.

In some instances, our customers have licensed (or have sub-licensed) the use of their own (or third parties') intellectual property rights (i.e., background IP) to us so that we can perform our contractual obligations in relation to product manufacturing and provision of services. This background IP always remains the property of our customers (or the third parties who have licensed the rights to our customers).

Some of the intellectual property rights (i.e., foreground IP) are individually or jointly developed by the parties to a contract. Foreground IP remains either the property of our customer or our property. Jointly developed foreground IP remains the property of our customer but we are granted an irrevocable right to use the jointly developed foreground IP (including the right to sub-license), except in relation to competing aircraft programs. Further, if the foreground IP is not owned by us, our customers usually grant us a license to use such foreground IP (including a right to sub-license) solely for the purpose of performing our contractual obligations.

In order to avoid infringement of the background and foreground IP, we have established an internal firewall system to secure the use of intellectual property. Our employees have only limited access to any sensitive intellectual property or data. The system is audited internally, by our customers and by aerospace authorities (for example, EASA). It has further been tested and audited in accordance with US ITAR regulations.

There have been no legal or arbitration proceedings, (including any such proceedings which are pending or threatened of which we are aware) relating to the infringement of third party rights or foreground and background IP rights which may have, or have had, a material adverse effect on our financial position or results of operations during the past three financial years.

EMPLOYEES

The table below shows the breakdown of our worldwide employees by region as of February 29, 2012, February 28, 2013 and February 28, 2014:

Employment breakdown by region	As of February 28/29,		
	2012	2013	2014
	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)	(unaudited, unless otherwise indicated)
Austria	1,916	2,228	2,675
Slovakia	60	84	105
India	0	0	51
U.S.	7	25	51
Canada	35	41	44
Germany	0	0	29
China	0	5	11
Total (audited)	**2,018**	**2,383**	**2,966**

(*Source: Company information, Audited Consolidated Financial Statements*)

The following table shows the breakdown of our employees by department in Austria as of February 29, 2012, February 28, 2013 and February 28, 2014:

Employment breakdown by department	As of February 28/29,		
	2012	2013	2014
	(unaudited)	(unaudited)	(unaudited)
Manufacturing, workers	1,227	1,392	1,649
Research, development and engineering, industrial engineering (plant and equipment)	250	316	424
Quality management	205	235	280
Procurement	64	76	90
Operation and planning, production management, program management	62	80	80
Finance, administration, IT and human resources	41	51	59
Plant and division management	26	32	46
Trainees	38	43	44
Members of Management Board	3	3	3
Total	**1,916**	**2,228**	**2,675**

(*Source: Company information*)

We employ a centralized recruiting process run by our human resources department. Recruitment is typically done in the country in which the company experiences increased labor demands; however, we also recruit on a larger, worldwide scale to attract engineering and development specialists. Our recruitment process involves screening all new employees to ensure that national, international and customer IP requirements are met.

In order to comply with legal requirements and customer expectations regarding staff training and qualification, we have established an internal training program which enables us to qualify our staff to fulfill the requirements existing in the aerospace industry. Several training sessions are mandatory whereas certain training units are only mandatory if special experience is needed. Qualification matrices are established and SAP controlled.

In accordance with Austrian law, FACC's employees have established two separate workers' councils, one for workers and one for salaried employees. While salaried employees conduct commercial office jobs regulated by the Austrian Salaried Employee Act (*Angestelltengesetz*), workers perform manual activities and are not covered by the Austrian Salaried Employee Act. Management has entered into various agreements with the workers' council relating to working time, extra shifts and compensation. In the past, FACC's workers' council has agreed to all flexible working schedules proposed by the management. FACC has not experienced any labor strikes, work stoppages or manufacturing slowdowns which may have, or have had, a material adverse effect on its financial position or results of operations during the past three financial years.

For those employees who joined us on or after December 31, 2002, we are required, under Austrian law, to pay a monthly contribution of 1.5% of their remuneration to a staff provident fund. We are also obliged to pay one-off termination benefits to employees upon their resignation or retirement. The termination benefits depend on the number of years of service and the remuneration at the time of severance or retirement and the relevant amount will be equivalent to two to twelve months' salaries. In the financial years ended February 28/29, 2012, 2013 and 2014, the Group made payments for termination benefits of aggregate EUR 0.4 million, EUR 0.1 million and EUR 0.2 million, respectively. As of February 28, 2014 the Group's provision for termination benefits amounted to EUR 4.5 million.

Based on collective agreements, FACC is obliged to pay employees anniversary bonuses equivalent to their one month's salary or wage (excluding fringe benefits and bonuses) when completing 25 years of service.

Members of the Management Board may be granted bonuses based on the achievement of certain individually agreed objectives. Depending on the achievement of these objectives the bonus may be up to 200% of the annual salary. In the financial year ended February 28, 2014, an aggregate amount of EUR 0.8 million was granted to members of the Management Board.

We have a bonus plan to incentivize the achievement of pre-set Company-wide goals. It promotes the adherence to key objectives, seeks to ensure that shareholder expectations are met and that the management team is appropriately incentivized. The bonus plan seeks to motivate management to make

long-term contributions for the planned development of the Company. The implementation of FACC's long-term business plan is essential.

In the financial year ended February 28, 2014, our accruals for non-current employee benefits (including pension provisions, provisions for termination benefits, provisions for anniversary bonuses and provisions for early retirement benefits) amounted to EUR 7.6 million. Under the position "other liabilities and deferred income", we further recorded employee provisions amounting to EUR 17.7 million which relate mainly to accrued vacations, pro-rata vacation pay and Christmas bonus payments to employees.

During the past three financial years, the Group was in compliance in all material respects with applicable labor laws and regulations related to our business in all jurisdictions where we have operations.

INFORMATION TECHNOLOGY

Our IT department consists of three divisions, namely an SAP group, a technical group, and an engineering services group. For all commercial activities, we use a number of software programs, such as various modules of SAP R/3, CATIA V4 (25 seats) / V5 (91 seats), Unigraphics NX4 (47 seats), MSC Nastran and MSC Patran (together 25 seats and annually 3,586 tokens), which also support our extensive research, development and engineering activities.

SAP Group

We employ business development software, in particular SAP R/3, for our resource planning activities. A variety of SAP modules are used to cover all major business processes such as financial, human resources, materials management, quality control, manufacturing planning, sales and distribution, supply chain management and product lifecycle management. Furthermore, a few other modules are applied for online purchasing and recruiting. The six employees in the SAP group are responsible for development and improvement of our business processes.

Technical Group

The technical group comprises a workforce of five full-time and one part-time employees responsible for tasks such as computer aided design (CAD) maintenance of computer aided manufacturing (CAM) workstations, server, network (local area network (LAN) wide area network (WAN)) and personal computers, telephone, software installation, data security and user support. The technical group is supported by external service providers such as Hewlett-Packard Company ("**Hewlett Packard**"), Infotech EDV-Systeme GmbH and X-Tention Informationstechnologie GmbH. Our computer hardware is mainly supplied by Hewlett Packard, while the network infrastructure and communication equipment are provided by Cisco Systems, Inc. Our computer hardware is leased from Hewlett Packard and renewed within a range of 36 months to 60 months.

Engineering Services Group

The engineering services group works closely with our engineering department and provides specialized IT-services in the fields of Unigraphics NX4 support, CATIA V4/V5 support and SAP product lifecycle management (PLM) support, data transfer and technical documentation. Further, this engineering group is responsible for the constant development of and the reliability and availability of our IT network.

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

Our manufacturing operations are subject to various health, safety and environmental laws and regulations, including those related to pollution, air emissions and the protection of human health and the environment. We routinely assess compliance and continuously monitor our obligations with respect to these requirements. In order to ensure compliance with applicable health, safety and environmental laws and regulations, various trained employees of FACC have been appointed to supervise compliance with the relevant provisions and conduct frequent audits. In particular, all purchased materials and working stations are being reviewed and assessed regarding their impact on workers' health and safety. A safety manager supported by the industrial engineering team of the Group conducts annual internal safety audits of each plant and semi-annually a task force is convened for monitoring compliance. Further, certain appointed members of our industrial engineering team are responsible for ensuring compliance of our operations with all relevant environmental laws. Finally, Austrian local authorities perform frequent (at least annual) audits of our plants and operations. In the past, enquiries in connection with regional labor inspections in

Austria concerning our health and safety procedures have been properly addressed and satisfactorily answered. Based upon these assessments and other available information, we believe that our manufacturing facilities are in compliance with all applicable existing environmental laws and regulations to a material extent and we do not currently expect the costs of such compliance to have a material adverse effect on our financial performance.

There were no enquiries by regional labor inspection authorities in Austria concerning health and safety procedures and thus no penalties imposed on the Group in this regard during the past three financial years.

During the past three financial years, the Group was in compliance in all material respects with applicable health, safety and environmental laws and regulations related to our business in all jurisdictions where we have operations.

INSURANCE

We have obtained insurance for our operations that we believe is substantially in line with that of similar companies in the industry and which exceeds legal requirements to carry insurance against certain risks. Since 2006 we have worked with RVM Raiffeisen-Versicherungsmakler GmbH as broker to maintain a comprehensive insurance program through a portfolio of leading insurers worldwide to address our potential risks regarding damages, business losses, liabilities and financial risks.

We maintain a third party liability policy in respect of losses incurred by third parties up to EUR 10 million per incident per annum. A master property damage and business interruption policy covers annual losses up to EUR 355 million for property damage and up to EUR 536 million for business interruption. An aerospace product liability policy for aerostructures, engine nacelle and cabin interiors covers losses up to EUR 250 million. A cargo policy covers losses incurred during the storage and transportation of goods up to EUR 2 million per event. We also hold policies covering liability for death or injury to employees, liability risks in connection with our leased vehicles, contamination and other environmental risks and directors' and officers' liability.

Our insurance program is in full effect, with all due premiums paid. For the financial years ended February 28/29, 2012, 2013 and 2014, we paid insurance premiums of EUR 0.9 million, EUR 1.1 million and EUR 1.2 million, respectively. We have not made any claim exceeding EUR 0.3 million under these insurance policies during the past three financial years.

We believe that our insurance covers every reasonably insurable risk. However, it does not cover every potential risk associated with our business, as it is not possible for companies within the industry to obtain meaningful coverage at reasonable rates for certain risks, including certain types of environmental hazards. Management considers that our insurance coverage is adequate and in line with industry practice.

LAND AND BUILDINGS

Central Administration and Engineering Offices and Plant I (Ried, Austria)

Our headquarters, comprising central administration and engineering offices, and plant I are located in Ried, Austria. Plant I focuses on the manufacturing of aircraft structural components and systems as well as engine composites. Our headquarters and plant I are situated in premises and on land which is owned by FACC Operations. The land has a total area of 33,197 sqm and is encumbered with pre-emptive rights, servitudes and mortgages. The premises has expanded since it was constructed in 1987 and now occupies an area of 19,700 sqm, divided into 1,550 sqm of office space, 16,690 sqm of manufacturing space and 1,460 sqm of storage space. We also rented two lots (7,371 sqm in total) as parking space with a remaining rental term of three years and an option to extend the contract annually.

Plant II (Ort, Austria)

Our second plant (plant II) is located in Ort, Austria, and focuses on the manufacturing and assembly of cabin interiors products. Plant II is situated on a 24,532 sqm piece of land which we have leased under a sale and lease back agreement with Raiffeisen-IMPULS-Projekt Ort GmbH. We are currently extending the 12,000 sqm existing facility with an additional 4,500 sqm assembly area leased from Raiffeisen-IMPULS-Projekt Ort GmbH. Construction work for the facility extension is expected to be finished in August 2014.

Plant III (Ort, Austria)

Our third plant (plant III) is also located in Ort, Austria, and focuses on the manufacturing and assembly of aircraft structural components and systems, including A380 flap track fairings. Plant III, which is situated on a 12,233 sqm piece of land, has been leased by FACC Operations from Raiffeisen-IMPULS-Projekt Ort GmbH. The facility was constructed in 2004 and has a size of 7,300 sqm, including 255 sqm of office and 1,335 sqm of clean room space.

In 2007, part of the land was leased to a third party under a lease and lease back structure. The lessee constructed buildings occupying 11,000 sqm, including a new 2,000 sqm logistics and manufacturing building which directly connects plant II and plant III. We have leased these premises under an operational rental contract which expires in 2020 and which cannot be terminated by us prior to such time. The contract provides an option for further extension of the lease beyond 2020 or a potential acquisition of the building by us. Construction of the logistics and manufacturing building was completed in 2007.

Plant IV (Reichersberg, Austria)

Our fourth plant (plant IV) is located in Reichersberg, Austria, and focuses on the manufacturing and assembly of structural components and systems for aircraft engines. It commenced operations in July 2007. Plant IV is situated on a 92,828 sqm piece of land owned by Oberösterreichische Technologie- und Marketinggesellschaft m.b.H. ("**TMG**"). We have been granted the right until 2056 to construct and use a building on this site. Although pursuant to such right we would have to transfer the ownership of the constructed building to TMG upon expiration of the right in 2056, we have secured a pre-emptive right in relation to the land owned by TMG pursuant to the rules of Austrian statutory law entitling us to purchase the land, in case of a contemplated sale by the owner to a third party, at the same price such third party offered to pay. The exercise of the pre-emptive right over the land would also secure our ownership of the building. The plant IV premises has a size of 21,000 sqm, including approximately 1,000 sqm of office space. The construction costs amounted to EUR 27.9 million. Plant IV provides for additional space for further manufacturing programs and capacity, which enables us to participate to a greater extent in the design and development of new aircraft programs.

The existing land reserve of approximately 45,000 sqm owned by us allows us to double our manufacturing capacity, if needed.

Plant V (St. Martin, Austria)

Our fifth and newest plant (plant V), located in St. Martin im Innkreis, Austria, is our technology and test center to serve as our primary site for researching new materials and developing new methods, technologies and production processes. Plant V is situated on a 50,500 sqm piece of land owned by UniCredit Leasing (Austria) GmbH) and conveniently located in the immediate vicinity of the existing plants II and III. The plant premises itself has a floor space of 9,600 sqm, for its 500 employees. The construction costs amounted to an investment of approximately EUR 22 million.

Engineering Offices

We operate an engineering office at the Vienna airport. Additionally, we have two separate engineering offices in Ried and Ort. All three offices, with an aggregate size of approximately 1,500 sqm, are rented by us with an unlimited contract term providing for the right of termination subject to a six month notice period.

Our Slovak subsidiary, FACC Slovakia, an engineering company, rents office space and parking space in Bratislava (Slovakia). FACC Slovakia provides engineering services to the Group. Its main tasks include development, design and engineering of aerostructures as well as interiors products.

Our Seattle subsidiary, FACC Solutions Seattle, an engineering company, rents office space and parking space in downtown Seattle. FACC Solutions Seattle provides engineering services for Boeing products. Its main tasks include design and stress engineering of aerostructures products, mainly wing components and liaison engineering support.

Our ITS Germany and India subsidiaries are engineering companies that rent office space and parking space in Steinebach, Germany, and Pune, India. ITS Germany and India provide engineering services to the Group. Their main tasks include tool design for aerostructures, nacelles and interiors products.

Customer Support and Service Offices

Our subsidiaries in North America, FACC US, a customer support company, and FACC Canada, a service company, rent office space in Wichita (USA) and Montreal (Canada), respectively. FACC US and FACC Canada also provide engineering services. FACC US provides final assembly and on-site support for Boeing. FACC Canada provides final assembly and on-site support for Bombardier.

MATERIAL LITIGATION AND ADMINISTRATIVE PROCEEDINGS

During the previous twelve months, we have not been a party to any governmental, legal or arbitration proceedings (including pending or threatened of which we are aware) which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

REGULATORY ENVIRONMENT

AIRCRAFT INDUSTRY

The commercial aircraft component industry is highly regulated by the Federal Aviation Administration ("**FAA**") in the United States, the Joint Aviation Authority ("**JAA**") in Europe and other agencies throughout the world.

Our production facilities as well as our products are required to be certified by regulators, and, in some cases, by individual OEMs, to engineer, manufacture and service parts and components used in specific aircraft models.

Civil aviation regulation in the European Union, under the oversight of the EASA, sets out various standards and requirements for the commercial aircraft component industry, which is responsible for adopting rules applicable to products, persons and organization as well as ensuring compliance with these rules by regular inspections. There is a broad regulatory framework that has the goal of ensuring a high level of safety and environmental protection. It includes technical standards regarding the airworthiness of individual aircraft parts and components, such as the strength and flight qualities of specific structures; requirements and a certification process for the education and training of employees, which perform production and maintenance tasks, and standards to be met by organizations in the commercial aircraft component industry. Companies designing, manufacturing or conducting maintenance for products, parts and appliances of aircraft can obtain an organization approval certificate issued by the relevant national authorities, which certifies that their products are in compliance with the European regulatory standards. Organizations which have obtained an organization approval certificate are, for example, obliged to maintain a quality system which enables them to ensure that each product, produced by itself or supplied by outside parties conforms to the applicable design data and to maintain a condition that allows safe operations. This includes the installation of appropriate control procedures as regards the manufacturing process, incoming materials, vendor and subcontractor assessment and personnel competence and qualification. On an organizational level it is moreover required to appoint a person accountable to the aviation authorities, to ensure that the quality management staff has the necessary authority to perform its tasks and to ensure full and effective cooperation within the organization in dealing with matters of airworthiness. The EASA is authorized to inspect and audit certified organizations, to renew or, if the requirements under which the certificate was issued are no longer fulfilled, to amend, suspend or revoke the organization approval certificates.

We must also satisfy the requirements of our customers, including OEMs, which are subject to FAA regulation in the United States. We are therefore required to provide these OEM customers with products and services that comply with the government regulations applicable to commercial flight operations. In addition, the FAA requires that various maintenance routines be performed on aircraft components. We currently satisfy or exceed these maintenance standards in our repair and overhaul services.

We are subject to European and US laws and regulations governing international trade and exports, including the International Traffic in Arms Regulations, administered by the US Department of State, and the Export Administration Regulations, administered by the US Department of Commerce. Collaborative agreements that we may have with foreign persons, including manufacturers and suppliers, are also subject to US export control laws. In addition, we are subject to trade sanctions against embargoed countries, administered by the Office of Foreign Assets Control within the US Department of the Treasury. European regulations distinguish the export control of dual-use goods and of military use goods. Dual-use goods are subject to the European Commission "Dual-Use" Regulation No. 428/2009, military goods per Austrian foreign trade law and the relevant regulating bodies are the Austrian Ministry of Economy as well as the European Commission. These regulations also apply to partners acting as manufacturers or suppliers to FACC. According to the European regulations, the export or re-export within the EU is allowed without any restrictions. Additionally, exports to USA, Canada, Japan, Australia, New Zealand, Switzerland and Norway are not subject to such restrictions.

As a result of embargos or sanctions of the United Nations, Organization for Security and Co-operation in Europe (OSCE) and the EU, the trading with approximately 20 countries, including Afghanistan, Armenia, Azerbaijan, Lebanon, Liberia, Somalia, Uzbekistan, China, Iraq and Iran, is restricted. We have not traded with any of these countries, except China. FACC Operations has existing contractual relationships with BTC in China, which is one of our international supply chain partners. Under this supply partnership FACC Operations places orders with BTC which are subject to approval by Austrian export control authorities prior to delivery. FACC Operations has issued compliance guidelines setting forth the

internal procedures to be followed to prevent a violation of embargos or sanctions applicable to the Group. Such internal guidelines provide that prior to any delivery of a product internal notice to the quality management has to be given. In case of orders by BTC the quality management department is seeking export approval from the Austrian export authorities. Upon receipt of the governmental export approval the quality management department releases the shipping of the product. The Director of Quality Management is responsible internally to ensure compliance with the relevant export laws.

Certificates

We hold the following certificates from three different authorities.

European Association of Aerospace Industries (EN/AS9100 standard): In accordance with international standards and as required by OEMs such as Airbus, Boeing or Rolls-Royce, we have implemented our Advanced Quality System, which conforms to the EN/AS9100 standard. EN/AS9100 are quality requirements enacted by the International Aerospace Quality Group (IAQG) for design, development, manufacturing, installation and maintenance. This system was certified by the competent certified registration body in Austria and is also described in our internal quality management handbook. Such certificate usually expires after three years. In order to re-qualify for the certificate annual audits of our systems by a certified registration body during and at the end of the three-year period have to be passed. The certificate granted to us expires in May 2015.

Austrian Civil Aviation Authority (EASA approval): We have been further licensed by the Austrian Civil Aviation Authority as a manufacturing organization in accordance with EASA (European Aviation Safety Agency) part 21 subpart G and as a maintenance organization in accordance with EASA part 145. Both EASA approvals, Production Organization Approval ("**POA**") and Maintenance Organization Approval ("**MOA**"), are requirements of OEMs for manufacturers of aircraft and major components to act as their suppliers. Both approvals have been granted for an indefinite period of time and have no expiry date. The MOA approval has been obtained from the Austrian Civil Aviation Authority in the 1990s and was transferred into a MOA granted by the EASA in 2004. The POA approval has been obtained from the JAA in 2001 and was transferred into a POA granted by the EASA in 2004. The POA approval was important for us in connection with winning the winglet contract for Boeing and delivering our products directly to the end-customer. The MOA approval was of particular importance to us in winning the 737 winglet repair contract for Boeing.

*Performance Review Institute ("**PRI**") (Nadcap program):* The PRI, a not-for-profit organization developing performance standards and administrating quality assurance, accreditation, and certification programs for the industry, has certified our Nadcap-process (an integral part of the supplier management system of most of the world's aerospace manufacturers) for composites, non-destructive testing and chemical processing. The certificates usually expire after six to 18 months. In order to re-qualify for the certificate audits by the PRI at the end of the certification period have to be passed. Our certificates for composites expire on April 30, 2016, the certificates for chemical processing on April 30, 2015 and the certificates for non-destructive testing on October 31, 2014. PRI's Nadcap program aims a developing a base of high quality suppliers to the aerospace industry using a cost-effective and industry managed accreditation process.

Our Group has obtained all licenses, permits and certificates necessary to conduct our operation from the relevant government bodies in the jurisdictions where our Group operates. In order to ensure compliance with all laws and regulations relating to our business our quality control department undertakes quarterly internal audits of our operations. Further, the Austrian Civil Aviation Authority is conducting frequent (usually six times per year) audits of our Austrian plants as well as of our international supply chain partners for certifying our compliance with applicable laws and regulations. During the past three financial years, our Group had complied in all material respects with the laws and regulations relating to our business in all jurisdictions where we have operations. Our overseas operations in the US and Canada are audited by the local authorities responsible for auditing our relevant customer, where our on-site operations are located. Compliance with the relevant laws and regulations is monitored internally, and the Group does not individually track the administrative internal costs relating thereto.

MANUFACTURING

Austrian Trade Act

Trade licenses

The provision of services by FACC Operations requires specific trade licenses under the Austrian Trade Code (*Gewerbeordnung*). FACC Operations has obtained trade licenses for their business activities in accordance with the Austrian Trade Code for (i) aircraft engineering (*Luftfahrzeugmechaniker, eingeschränkt auf die Entwicklung, Herstellung und Wartung von Bauteilen der Flugzeugstruktur und des Innenraumes von Flugzeugen in Gemischtbauweise und Kunststoffbauweise*), (ii) advertising agency (*Werbeagentur*), and (iii) processing of synthetic material (*Kunststoffverarbeitung*).

Plant permits

Any permanent production site dedicated to support a business activity that is by its very nature capable of disturbing or endangering neighbors or neighbors' property is subject to a plant-permit procedure to be conducted at the local trade authority according to section 74 of the Austrian Trade Act (*Gewerbeordnung*). Once the permit is granted, such plant will be reviewed periodically by the trade authority. According to appendix 3, no 4.1c of the Austrian Trade Act, the production of polymers falls within the scope of rules regarding the "Integrated Pollution Prevention and Control" ("**IPPC**") that came into force in 2000. The facility operator has to inform the trade authority within one year after the publication of "Best Available Techniques" conclusions relating to the main activities of an IPPC-facility whether the conditions affecting its IPPC-facility has changed. Where required, measures necessary for the adaption to the condition of the facility have to be taken. Nonetheless, the local trade authority may also impose further adaptations of a plant if justified by environmental or security reasons and new "Best Available Techniques". Plants operated by FACC Operations are considered as IPPC plants. Respective plant permits obtained by FACC Operations cover the activities actually performed by FACC Operations.

With regard to the prevention of accidents, IPPC rules require that information of dangerous substances used at the site, a description of the plant's surroundings and of events that could trigger severe accidents, as well as a list of names and contact details of responsible persons are provided to the local trade authority. Furthermore, the Industrial Accidents Regulation Nr. 354/2002 as amended, requires the person responsible for the plant to draft a security concept or report—depending on the kind of dangerous substances used—which is regularly audited. Finally, modifications of the site with potential significant effects on humans or the environment can make necessary additional permissions.

Austrian Waste Management Act

Composite component production requires compliance with the provisions of the Austrian Waste Management Act (*Abfallwirtschaftsgesetz)*. Depending on the specific classification of the material collected as non-dangerous or dangerous waste according to the Waste Classification Regulation, the person responsible for the production site must seek the governors permission for the collection and management of waste and appoint a dedicated managing director for waste management. Furthermore, to ensure compliance with the Austrian Waste Management Act, production sites with more than 100 employees must appoint a special representative. Tasks of internal waste management include exact recording of the waste used or produced, registration under www.edm.gv.at, notifying and, if applicable, seeking permission for import and export of waste.

Austrian Water Act

The use of open or ground water is subject to a permit by the local water authority according to section 9 and 10 of the Austrian Water Act (*Wasserrechtsgesetz)*. Also the discharge of solid, fluid or gaseous material into water, influencing water through altering its temperature or affecting ground water through percolation of materials is subject to a permit by the water authority (section 32 Austrian Water Act). The authority sets the maximum amount for the concentration of contaminants according to Best Available Techniques that will be allowed to be discharged (section 33b Austrian Water Act).

Water permits under the Austrian Water Act are always limited in time. However, water permits can be extended. Applications for such extension can be submitted to the competent water authority five years to six months prior to the expiration of the permit. The applicant has a right for such extension unless the use of water is not state of the art or contradicts public interest.

REACH Regulation

Regarding the registration, evaluation, authorization and restriction of chemicals, the EU passed regulation (EC) No 1907/2006 (so called "**REACH Regulation**"), addressing the production and use of chemical substances. Its main provisions prescribe that companies that manufacture or import chemical substances (either on their own, in preparations or in products) in quantities of and above one ton per year have to register such chemical substances with the European Chemicals Agency ("**ECHA**"). For the registration a technical dossier and/or a chemical safety report has to be submitted to the ECHA.

Replacing the former EC patchwork legislation for chemical substances, REACH has abandoned the classification on whether substances are already "existing" or "new" in the market, but has set a first deadline for the registration of certain "existing", so-called "phase-in substances" on November 30, 2010 and a second and third deadline for remaining substances on May 31, 2013 and May 31, 2018, respectively. For substances of very high concern, i.e., substances with substantial danger to health and environment, authorization is required for their use and sale by the EU Commission.

VOC—Installations—Regulation

Emissions of volatile organic compounds ("**VOC**"), which can be found in solvents used in the production of composite components, into the environment are regulated by the VOC—Installations—Regulation. Operators of such installations are obliged to monitor VOC-emissions and demonstrate compliance to the satisfaction of the authority. If an operator fails to comply with the provisions of the VOC—Installations—Regulation, it has to inform the authority thereof immediately and ensure that compliance is restored within the shortest possible time. If non-compliance causes immediate danger to human health the authority is entitled to suspend the operation of the activity.

Contamination of Production Sites

The register of suspected contaminated sites (*Verdachtsflächenkataster*) shows the registered contaminated deposits and locations, which are suspected to include a significant danger to the environment. The contaminated site register (*Altlastenatlas*) shows the origin and extent of contamination of soil, ground and surface water of contaminated real estate in Austria. If a site is being considered contaminated, possibly examination of the contamination and remediation measures might be taken by the competent authority.

General Environmental Liability

According to the Federal Environmental Liability Act (*Bundes-Umwelthaftungsgesetz*) and the Environmental Liability Act of the Austrian province of Upper Austria (*Oö. Umwelthaftungsgesetz*), persons who, in course of their business activities, cause damage to soil, are liable—irrespective of fault—for the costs of preventing and removing the damage. Damage to water, protected species or habitats gives rise to state prevention and remediation claims if the activity has not been licensed beforehand, or an accident occurred which is deemed not to be covered by the regular permit. Furthermore, under certain circumstances also the owner of a property or the successor may be held liable.

SHAREHOLDER STRUCTURE

OVERVIEW

The following table shows the percentage of Existing Shares owned by the Company's existing shareholder immediately prior to the Offering and upon completion of the Offering, both without exercise of the Greenshoe Option and assuming full exercise of the Greenshoe Option (in each case assuming the mid-point of the Price Range):

	Shareholding					
	Prior to the Offering		Upon completion of the Offering (no exercise of the Greenshoe Option)		Upon completion of the Offering (assuming full exercise of the Greenshoe Option)	
Name of shareholder	(No. of shares)	(As a %)	(No. of shares)	(As a %)	(No. of shares)	(As a %)
FACC International Company Limited, Hong Kong	30,000,000	100.0%	25,392,345	55.5%	23,352,632	51.0%
Free float	0	0%	20,397,129	44.5%	22,436,842	49.0%
Total	**30,000,000**	**100.0%**	**45,789,474**	**100.0%**	**45,789,474**	**100.0%**

(Source: Company information)

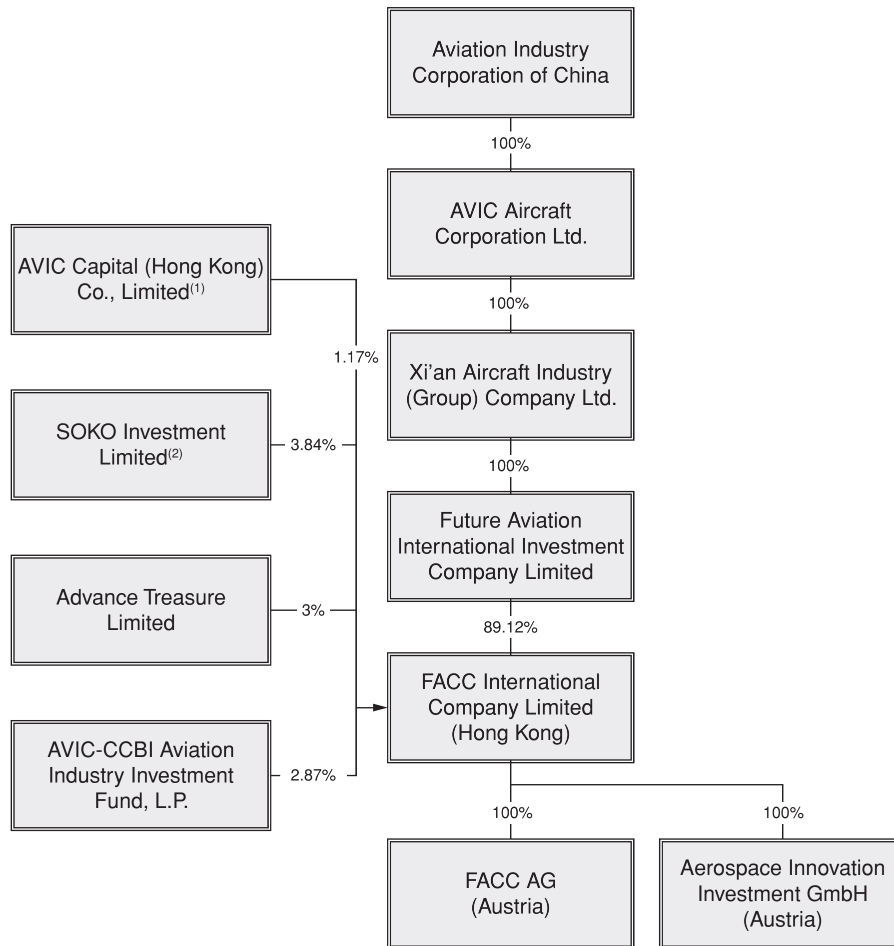
DIRECT SHAREHOLDER

Prior to the Offering, the Company is directly controlled by the Selling Shareholder holding 100% of the Company's share capital and voting rights.

Following the successful completion of the Offering, the Selling Shareholder will hold 55.5% of our share capital if the Greenshoe Option is not exercised, or 51% if the Greenshoe Option is exercised in full. As a result, as long as it holds the majority of our shares, the Selling Shareholder will have the ability to significantly influence and ultimately determine the outcome of most decisions to be taken by vote at the Shareholders' Meeting, including the election, appointment or removal of members of the Supervisory Board, approval of the annual financial statements, distribution of dividends, authorization to carry out capital increases or any other decision that requires approval of our shareholders. The Selling Shareholder will also be able to control or significantly influence the outcome of any vote on a proposed amendment to the Articles of Association, capital increase or decrease, merger proposal, any proposed substantial sale of assets or other major corporate transactions. There are currently no specific measures in place to ensure that such control is not abused. For information on the risks arising out of this shareholder structure, please see "Risk Factors—Risks Related to the Shareholder Structure, the Shares, the Offering and Admission to Trading—Sales of shares held by the Selling Shareholder could have an adverse effect on the price of our shares".

INDIRECT SHAREHOLDERS

The ultimate controlling shareholder of the Selling Shareholder is Aviation Industry Corporation of China (AVIC) which indirectly holds 92.11% of the Selling Shareholder's shares. The following chart shows the chain of Aviation Industry Corporation of China's indirect control over the Selling Shareholder:



(1) Aviation Industry Corporation of China holds 41.68% shares in AVIC Capital (Hong Kong) Co. Limited which corresponds to a 0.49% indirect shareholding in FACC International Company Limited (Hong Kong).

(2) Aviation Industry Corporation of China indirectly holds 65.178% shares in SOKO Investment Limited which corresponds to a 2.5% indirect shareholding in FACC International Company Limited (Hong Kong).

(Source: Company information)

After the Offering, we will continue to benefit from the long-standing strategic relationship with AVIC. The large commercial aircraft (LCA) market, with a size of approximately USD 89 billion in 2013, is one of the most important markets for the aircraft and aircraft composite industry with demand for large commercial aircraft expected to be largely driven by customers from the Asia-Pacific region (in particular China and India) (*Source: Teal and Airbus*). Based on our continuing strategic relationship with AVIC following the completion of the Offering, we maintain a strong local footprint in this important region which enables us to directly benefit from the expected market growth, in particular in China.

TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

The following legal relationships existed between FACC Group Companies and related parties in the financial years ended February 28/29, 2012, 2013 and 2014 and from March 1, 2014 until and including the date of this Prospectus. Related parties pursuant to IAS 24 include those entities with whom the Company forms an affiliated group or in which it holds an interest that enables it to exercise a significant influence over the business policy of the associated company, as well as the principal shareholders in the Company, including their affiliates.

In addition, related parties also include the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

BUSINESS RELATIONSHIPS WITH RELATED PARTIES

From March 1, 2014 until and including the date of this Prospectus

FACC Group and Fesher are parties to a service agreement relating to a new facility. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 0.4 million and recognized receivables in the amount of EUR 11.6 million.

In connection with development and engineering services for Shanghai Aircraft Manufacturing Co., Ltd. relating to a new aircraft program, FACC Group generated revenue in the amount of EUR 1.8 million and recognized receivables in the amount of EUR 15.7 million.

FACC Group and Future Aviation International Investment Co., Ltd. (previously FACC Holding Company Limited) are parties to a service agreement relating to a new facility. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 0 million and recognized receivables in the amount of EUR 2.8 million.

FACC Group and the Selling Shareholder are parties to a service agreement in relation to which FACC Group generated revenue in the amount of EUR 0 million and recognized receivables in the amount of EUR 0.9 million.

Financial year ending February 28, 2014

FACC Group and Fesher are parties to a service agreement relating to a new facility. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 1.2 million and recognized receivables in the amount of EUR 11.4 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014.

In connection with development and engineering services for Shanghai Aircraft Manufacturing Co., Ltd. relating to a new aircraft program, FACC Group generated revenue in the amount of EUR 15.5 million and recognized receivables in the amount of EUR 14.2 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014.

FACC Group and Future Aviation International Investment Co., Ltd. (previously FACC Holding Company Limited) are parties to a service agreement relating to a new facility. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 2.8 million and recognized receivables in the amount of EUR 2.8 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014.

FACC Group and the Selling Shareholder are parties to a service agreement in relation to which FACC Group generated revenue in the amount of EUR 0.9 million and recognized receivables in the amount of EUR 0.9 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2014.

Financial year ending February 28, 2013

FACC Group and Fesher are parties to a service agreement relating to a new facility. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 0.5 million and recognized receivables in the amount of EUR 11.2 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2013.

In connection with development and engineering services for Shanghai Aircraft Manufacturing Co., Ltd. relating to a new aircraft program, FACC Group generated revenue in the amount of EUR 10.3 million.

In connection with development and engineering services for COMAC Shanghai Aircraft relating to a new aircraft program, FACC Group generated revenue in the amount of EUR 2.8 million and recognized receivables in the amount of EUR 4.5 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2013.

FACC Group and the Selling Shareholder are parties to a service agreement in relation to which FACC Group generated revenue in the amount of EUR 0.7 million and recognized receivables in the amount of EUR 0.7 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 28, 2013.

Financial year ending February 29, 2012

FACC Group and Fesher are parties to a service agreement relating to engineering services and relevant manufacturing tools in connection with a project involving the manufacturing of interior components of a Chinese civil aircraft. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 11.0 million. Due to the long-term nature of this receivable, FACC Group discounted this amount and recorded only revenue of EUR 10.6 million. The disposal of book values of related capitalized tools in the amount of approximately EUR 2 million and related capitalized development costs in the amount of approximately EUR 5.1 million are included in costs of materials and purchased services. Pursuant to the contract concluded with Fesher, all potential profits and risks with respect to the project are transferred to the purchaser of the components. The transfer of the potential profits, risks and trade receivables under the contract have been confirmed by such purchaser.

In connection with development and engineering services for Shanghai Aircraft Manufacturing Co., Ltd. relating to a new aircraft program, FACC Group generated revenue in the amount of EUR 3.2 million.

FACC Group and Future Aviation International Investment Co., Ltd. are parties to a service agreement relating to support services on the Chinese aerospace market. In connection with such service agreement, FACC Group generated revenue in the amount of EUR 1.1 million. In addition, FACC Group generated revenue in the amount of EUR 5.3 million relating to an IP fee in connection with its cooperation with Fesher. FACC Group recognized receivables in the amount of EUR 6.4 million as reflected in the Audited Consolidated Financial Statements for the financial year ending February 29, 2012.

FACC Group and the Selling Shareholder are parties to a service agreement in relation to which FACC Group generated revenue in the amount of EUR 0.5 million.

RELATIONSHIP WITH MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Regarding the relationships between Group Companies and members of the Management Board and the Supervisory Board as well as regarding their respective compensation, please see "Corporate Bodies, Management and Corporate Governance—Certain Additional Information about the Board Members and Senior Managers".

GENERAL INFORMATION ON THE COMPANY

LEGAL AND COMMERCIAL NAME, FINANCIAL YEAR, REGISTERED OFFICE

The Company is a stock corporation established under Austrian law for an indefinite period of time. The Company's legal name is "FACC AG". Its registered seat is Ried im Innkreis, Austria, and its business address is Fischerstraße 9, 4910 Ried im Innkreis, Austria. The Company was incorporated in 2009.

The Company may be reached at its business address as well as by phone (+43 59 616-0) or by e-mail under office@facc.com. The Company is registered in the Companies Register under registration number FN 336290 w.

The Company's financial year commences on March 1 and ends on the last day of February.

The Company's as well as the Group's commercial name is "FACC".

HISTORY OF THE GROUP

Our operating subsidiary FACC Operations was initially part of Fischer GmbH ("**Fischer**"), an Austrian ski manufacturer, which began exploring new applications for its composite components developed for its sporting goods products in the 1980s. In the late 1980s, FACC Operations had evolved to become a supplier for the development and production of major components and integrated system solutions for the aerospace industry.

Our Group's key milestones are as follows:

1987	Our first production site (plant I in Ried, Austria) set up by Fischer started operations.
1989	Our main operating subsidiary FACC Operations was established as a limited liability company in Austria on November 6, 1989.
1999	FACC Operations was converted from a limited liability company to a stock corporation on November 26, 1999.
2000	Our second production site (plant II in Ort, Austria) was completed.
2001	FACC Operations established its engineering branch in Vienna.
2005	Our third production site (plant III in Ort, Austria) was completed.
2006	In June, FACC Slovakia, an engineering subsidiary of FACC Operations, was established in Bratislava, Slovakia.
	In August, FACC Canada and FACC US were established as subsidiaries of FACC Operations to provide final stage assembly and customer on-site support in Montreal, Canada and Wichita, US, respectively.
2007	Our fourth production site (plant IV in Reichersberg, Austria) was completed.
2009	AVIC indirectly acquired controlling interests in FACC Operations through subsidiaries of Xi'an Aircraft Industry (Group) Company Ltd. For further information, see "—History of the Company".
2011	In August, FACC (Shanghai) Co., Ltd. was established as a subsidiary of FACC Operations to provide on-site services for COMAC ARJ-21 and COMAC C919 interior programs and all related technical supports for Chinese customers (COMAC).
2013	FACC Operations acquired all shares in ITS GmbH (Germany) and in ITS digitech Pvt. Ltd. (India).
	FACC Operations acquired a 91% shareholding in the Austrian joint venture company CoLT Prüf und Test GmbH (previously etc Prüf und Test GmbH).
2014	FACC Operations was converted from a stock corporation to a limited liability company on May 17, 2014.

AVH was merged up-stream into the Company. For further information, see "Corporate Reorganization".

HISTORY OF THE COMPANY

The Company was established as a limited liability company in Austria on November 21, 2009. It was established as a shelf company by a law firm and since December 3, 2009 has been 100% directly owned by the Selling Shareholder. Upon acquisition, the Selling Shareholder changed the legal name of the Company to Aerospace Innovation Investment GmbH. The Company became a direct wholly-owned subsidiary of the Selling Shareholder.

2009	On December 3, 2009, the Company acquired 100% of the share capital of the former Salinen Holding GmbH (now: Aero Vision Holding GmbH ("**AVH**")). At that time, AVH held 48.125% of FACC Operations' shares. The Company further acquired 43.1% of FACC Operations' shares from ACC Kooperationen und Beteiligungen GmbH ("**ACC**").
2010	With effect as of January 14, 2010, FACC Operations increased its share capital from EUR 40,000,000 to EUR 80,000,000 by issuing 20,000,000 shares for a subscription price of EUR 2.00 per share. The full share capital increase was subscribed by the Company. As a result, the Company held approximately 71.6% and AVH approximately 24.1% of the shares of FACC Operations. The remaining shares in FACC Operations were held by Stephan GmbH and ACC.
2011	Stephan GmbH transferred its 1.8% shareholding in FACC Operations to AVH and ACC its 2.5% shareholding in FACC Operations to AVH with the result that the Company held approximately 71.6% of the shares in FACC Operations, while AVH held the remaining 28.4%.
2014	In preparation of the Offering, in 2014, the Company was converted into a stock corporation (*Aktiengesellschaft*) and the Company's legal name was changed from Aerospace Innovation Investment GmbH to FACC AG. AVH was merged up-stream into the Company.

For further information on the recent corporate reorganization, see "Corporate Reorganization" below.

CORPORATE REORGANIZATION

As part of its restructuring and strategic repositioning in preparation for this Offering, the Group structure was streamlined in 2014 in order to achieve a clearer, less complex and market-friendly group structure.

The reorganization included several steps. With the effective date of February 28, 2014, AVH was merged up-stream into the Company on May 20, 2014. As a result of the merger, AVH ceased to exist. The Company was converted from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*) and, concurrently, renamed FACC AG on May 21, 2014. The former FACC AG (now: FACC Operations) was converted from a stock corporation (*Aktiengesellschaft*) to a limited liability company (*Gesellschaft mit beschränkter Haftung*) and renamed FACC Operations GmbH on May 17, 2014. Further, the Company transferred all assets and liabilities in connection with the administration of the Company to a newly established wholly owned subsidiary of the Selling Shareholder.

Up-Stream Merger of AVH into the Company

Prior to the up-stream merger, the Company was the sole shareholder of AVH and further held 71.6% of the shares in the former FACC AG (now: FACC Operations GmbH), while the remaining 28.4% of the shares were held by AVH. AVH was a holding company with the minimum share capital of EUR 35,000. On May 20, 2014 AVH, as transferor company, was merged into the Company as transferee company and the effective date is February 28, 2014.

The merger agreement was signed on May 6, 2014. On the same day, the shareholders' meetings of AVH and the Company approved the merger agreement. The merger became effective upon registration in the Austrian Companies Register (*Firmenbuch*) on May 20, 2014. All assets and liabilities of AVH were transferred to the Company by way of universal succession and AVH ceased to exist without going into liquidation. As a result of the merger, the Company became the sole shareholder of the former FACC AG (now: FACC Operations GmbH).

Conversion of the Company to an Austrian stock corporation (*Aktiengesellschaft*)

As a further step in the preparation for the Offering, the Shareholders' Meeting of the Company on May 6, 2014 resolved on the conversion of the Company to a stock corporation (*Aktiengesellschaft*). As the minimum share capital of an Austrian stock corporation is EUR 70,000, the Company first increased the share capital from EUR 35,000 to EUR 30,000,000 through conversion of free capital reserves to equity. The newly appointed members of the management board and the supervisory board of the stock corporation are the same persons as in FACC Operations. In the conversion report (*Umwandlungsbericht*) dated May 6, 2014, the Selling Shareholder confirmed the conversion. In addition, the members of the management board and the supervisory board of the stock corporation as well as the external, court-appointed conversion auditor audited the conversion and reports were furnished with regard to each audit. The conversion report and the audit reports were filed with, and are accessible at, the Austrian Companies Register (*Firmenbuch*). The conversion became effective upon registration in the Austrian Companies Register (*Firmenbuch*) on May 21, 2014.

In the same Shareholders' Meeting, the legal name of the former Aerospace Innovation Investment GmbH was changed to FACC AG.

Conversion of the former FACC AG (now: FACC Operations GmbH) to an Austrian Limited Liability Company (*Gesellschaft mit beschränkter Haftung*)

The shareholders' meeting of the former FACC AG (now: FACC Operations GmbH) on May 6, 2014 resolved on the conversion to a limited liability company (*Gesellschaft mit beschränkter Haftung*) including appointment of the managing directors and the members of the supervisory board of the former FACC AG (now: FACC Operations GmbH). The conversion became effective upon registration in the Austrian Companies Register (*Firmenbuch*) on May 17, 2014.

In the same shareholders' meeting, the legal name of the former FACC AG was changed to FACC Operations GmbH.

Establishment of a new Subsidiary of the Selling Shareholder

Subsequent to the conversion and changing of the legal name of the Company from Aerospace Innovation Investment GmbH to FACC AG, the Selling Shareholder established a wholly owned subsidiary with the minimum share capital of EUR 35,000 and the legal name Aerospace Innovation Investment GmbH. The assets and liabilities in connection with the past and present administration of the Company were carved out and transferred to the new subsidiary on an arm's length basis. The Selling Shareholder as guarantor accepted liability in connection with the carved out assets. As a result of such carve-out, the Company continues to exist as a holding company.

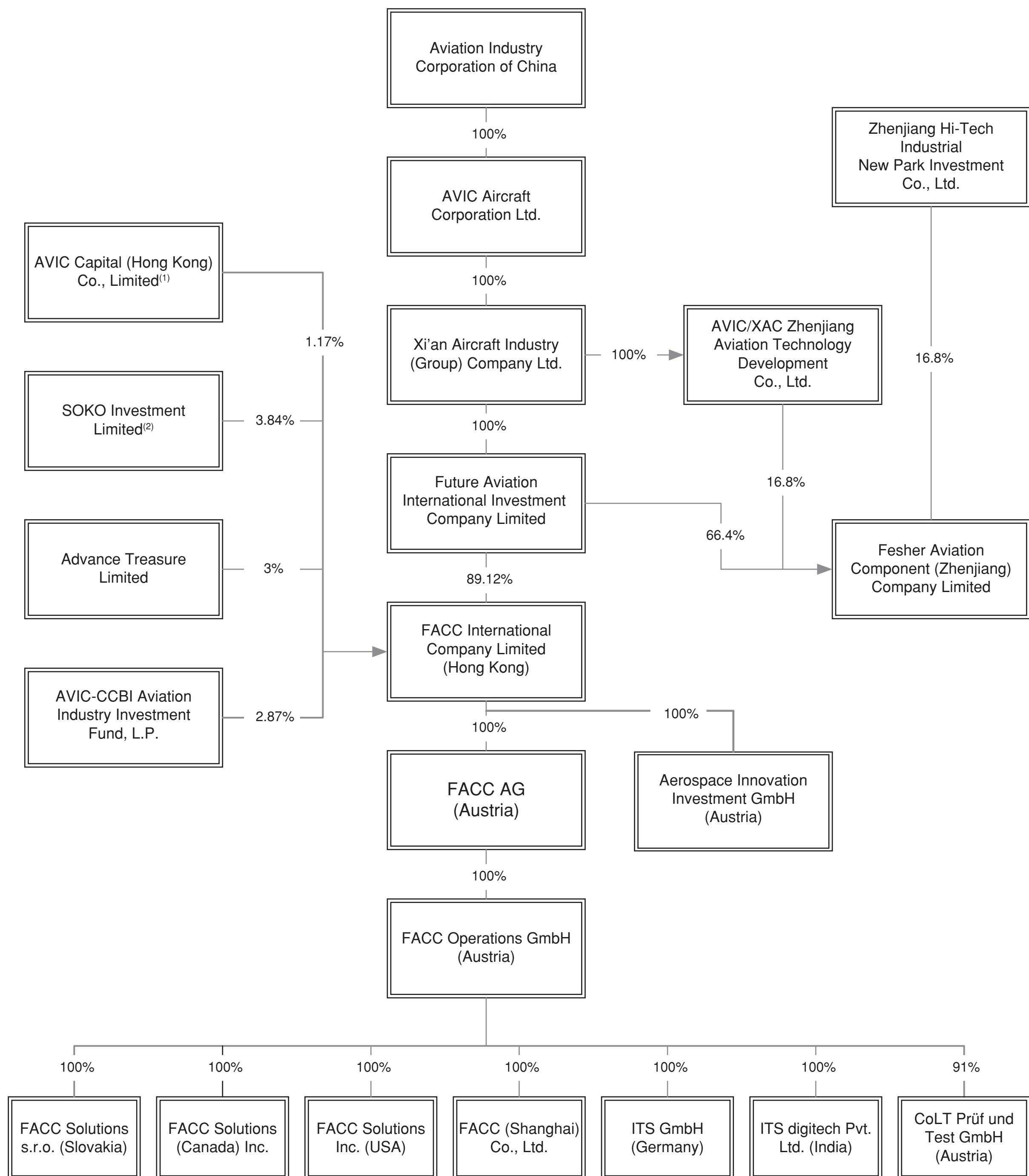
RELATIONSHIP BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE COMPANY

As an Austrian stock corporation, the Company has a two-tier corporate structure, consisting of the Management Board and the Supervisory Board. The Management Board is responsible for the daily management, while the Supervisory Board has a supervisory function without being involved in the daily management of the Company.

For further information on the Management Board and Supervisory Board, see "Corporate Bodies, Management and Corporate Governance—Management Board" and "Corporate Bodies, Management and Corporate Governance—Supervisory Board".

CORPORATE STRUCTURE

The following chart shows the corporate structure immediately prior to the Offering:



(1) Aviation Industry Corporation of China holds 41.68% shares in AVIC Capital (Hong Kong) Co. Limited which corresponds to a 0.49% indirect shareholding in FACC International Company Limited (Hong Kong).

(2) Aviation Industry Corporation of China indirectly holds 65.178% shares in SOKO Investment Limited which corresponds to a 2.5% indirect shareholding in FACC International Company Limited (Hong Kong).

(*Source: Company information*)

The Company is the holding company of the FACC Group. The following table provides further information on the Company's significant subsidiaries as of the date of this Prospectus:

	Name of company	Date of incorporation	Principal business	Shareholding information
1.	FACC Operations	November 6, 1989	Production company owning patents and real estate	100% directly owned by us
2.	FACC Slovakia	February 18, 2006	Engineering company	100% indirectly owned by us
3.	FACC Canada	May 31, 2006	Final assembly and on-site customer support and engineering company	100% indirectly owned by us
4.	FACC US	July 7, 2006	Final assembly and onsite customer support and engineering company	100% indirectly owned by us
5.	FACC (Shanghai) Co., Ltd.	August 10, 2011	Engineering company	100% indirectly owned by us
6.	ITS GmbH (Germany)	September 17, 2007	Engineering company	100% indirectly owned by us
7.	ITS digitech Pvt. Ltd. (India)	May 20, 2011	Engineering company	100% indirectly owned by us
8.	CoLT Prüf und Test GmbH (Austria)	August 20, 2013	Material and component testing company	91% indirectly owned by us

(*Source: Company information*)

AUDITORS

PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Hafenstraße 2a, 4020 Linz Austria, certified public auditors and members of the Austrian Chamber of Chartered Accountants (*Kammer der Wirtschaftstreuhänder*), audited the consolidated financial statements of the Company which were prepared in accordance with IFRS, as adopted in the EU for the financial years ended February 29, 2012, February 28, 2013 and February 28, 2014, and issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*).

NOTICES, DEPOSITORY, PAYING AGENT

Pursuant to the Stock Corporation Act, notices must be published in the official gazette (*Amtsblatt zur Wiener Zeitung*).

Oesterreichische Kontrollbank Aktiengesellschaft, Am Hof 4, 1010 Vienna, Austria, will be the depositary bank (*Verwahrstelle*). Erste Group Bank AG, Graben 21, 1010 Vienna, Austria, will be the paying agent (*Zahlstelle*). The depository (*Hinterlegungsstelle*) may be any credit institution that has its registered seat in a member state of the EEA or in a country that is a full member of the Organization for Economic Co-operation and Development (OECD).

SPECIALIST/MARKET MAKER

As of the date of this Prospectus, Erste Group Bank AG acts as specialist and market maker for the shares in accordance with the rules of the Vienna Stock Exchange and the Prime Market segment.

INFORMATION ON THE SHARE CAPITAL OF THE COMPANY, APPLICABLE REGULATIONS AND DESCRIPTION OF THE ARTICLES OF ASSOCIATION

The following summary provides information on the material terms of the Company's share capital as set out in the Articles of Association as amended by resolution of the Shareholders' Meeting adopted on May 6, 2014 as well as certain relevant provisions of the Stock Corporation Act. This description is only a summary and does not include all information contained in the Articles of Association. The Company encourages a full review of the Articles of Association and further information, which is available on the Company's website (www.facc.com). Information displayed on the Company's website is not incorporated by reference into this Prospectus.

SHARE CAPITAL

Registered Share Capital

As of the date of this Prospectus and prior to the Offering, the issued and fully paid-in share capital of the Company amounts to EUR 30,000,000 divided into 30,000,000 ordinary no-par value bearer shares. The calculated notional value of each existing share amounts to EUR 1.00. Each existing share confers one vote at the Shareholders' Meeting.

Form and Certification of the Shares

Form and contents of the share certificates are determined by the Management Board and require approval from the Supervisory Board. The Articles of Association exclude the shareholders' right to request the issuance of individual share certificates. Shares will be certificated in one or, if applicable, several global certificates and deposited with a central securities depository pursuant to section 1 paragraph 3 of the Austrian Securities Deposit Act (*Depotgesetz*) or a comparable foreign institution.

Capital Increases in Connection with the Offering

By resolution of the Shareholders' Meeting dated May 6, 2014, our share capital of EUR 35,000 was increased by EUR 29,965,000 to EUR 30,000,000 by converting EUR 29,965,000 of free capital reserves to equity in accordance with the Austrian Capital Adjustment Act (*Kapitalberichtigungsgesetz*). The Selling Shareholder, as sole shareholder of the Company, was entitled by law to all new shares. As a result of the conversion of the Company to a stock corporation resolved by the Shareholders' Meeting on the same day, the share capital of the limited liability company upon registration of the conversion with the Austrian Companies Register (*Firmenbuch*) has become the share capital of the stock corporation with the Selling Shareholder holding 30,000,000 no-par value bearer shares of the Company. The calculated notional value of each Existing Offer Share amounts to EUR 1.00.

The capital increase against contribution in cash to create New Shares, which is expected to be approved by an extraordinary Shareholders' Meeting of the Company to be held on June 23, 2014 and to be registered with the Austrian Companies Register (*Firmenbuch*) on June 25, 2014, will result in an increase of the Company's nominal share capital

- if the Offer Price is EUR 11.00, of up to EUR 13,636,364 by issuing up to 13,636,364 New Shares, or
- if the Offer Price is EUR 8.00, of up to EUR 18,750,000 by issuing up to 18,750,000 New Shares, or
- if the Offer Price is between EUR 8.00 and EUR 11.00, of up to the corresponding amount between EUR 13,636,364 and EUR 18,750,000 by issuing up to the corresponding number between 13,363,364 and 18,750,000 New Shares.

Once the capital increase in connection with the Offering will be registered, and assuming that all New Shares will be issued, the Company's share capital will amount to EUR 43,636,364, if the Offer Price is EUR 11.00, or EUR 48,750,000, if the Offer Price is EUR 8.00, or the coresponding amount between EUR 43,636,364 and EUR 48,750,000, if the Offer Price is between EUR 8.00 and EUR 11.00. The Company's share capital will be divided into minimum 43,636,364 no-par value bearer shares, if the Offer Price is EUR 11.00, or maximum 48,750,000 no-par value bearer shares, if the Offer Price is EUR 8.00, or the corresponding number between 43,636,364 and 48,750,000 no-par value bearer shares, if the Offer Price is between EUR 8.00 and EUR 11.00.

The same extraordinary Shareholders' Meeting which is expected to be held on June 23, 2014 will resolve to:

(i) authorize the Management Board, subject to the approval of the Supervisory Board, to effect a conditional capital increase of up to a nominal value of EUR 3,000,000 in order to grant stock options to employees, executives and members of the Management Board of the Company and its subsidiaries ("**Authorized Conditional Capital**") within five years following the registration of the Authorized Conditional Capital with the Austrian Companies Register (*Firmenbuch*);

(ii) authorize the Management Board, subject to the approval of the Supervisory Board, to increase the Company's nominal share capital

- if the Offer Price is EUR 11.00, by up to EUR 18,800,000 by issuing up to 18,800,000 new no-par value bearer shares, or
- if the Offer Price is EUR 8.00, by up to EUR 21,300,000 by issuing up to 21,300,000 new no-par value bearer shares, or
- if the Offer Price is between EUR 8.00 and EUR 11.00, by up to the corresponding amount between EUR 18,800,000 and EUR 21,300,000 by issuing up to the corresponding number between 18,800,000 and 21,300,000 of new no-par value bearer shares,

against contribution in cash or in kind with or without subscription rights ("Authorized Capital"), within five years following the registration of the Authorized Capital with the Austrian Companies Register (*Firmenbuch*);

(iii) authorize to effect a conditional capital increase of up to a nominal value of EUR 15,000,000 to grant conversion or subscription rights to holders of convertible bonds or to prepare a merger of undertakings ("**Conditional Capital**").

Conversion and Option Rights

As of the date of this Prospectus, there are no conversion or option rights in respect of the Company's shares.

APPLICABLE PROVISIONS UNDER AUSTRIAN LAW

The following summary provides information on certain relevant provisions of the Stock Corporation Act. The summary of relevant provisions under Austrian law set forth hereunder is for general information only. It does not purport to be a comprehensive and complete description of all the topics discussed below.

General Regulations on Earnings Appropriation and Dividend Payments

During the first five months of each financial year, the Management Board must prepare annual financial statements for the previous financial year, including the notes thereto and the management report. After the financial statements have been audited, the Management Board must present them, along with a proposal for the distribution of any net profit, to the Supervisory Board. The Supervisory Board must provide the Management Board with a statement on the annual financial statements within two months of their presentation. The Supervisory Board must also file a report to the Shareholders' Meeting.

Pursuant to the Austrian Commercial Code (*Unternehmensgesetzbuch*) and the Austrian Stock Corporation Act (*Aktiengesetz*), we may only pay dividends out of distributable profits. Distributable profits are based on accumulated profits, as shown in our unconsolidated financial statements in accordance with the Commercial Code, after allocations have been made to reserves, including retained earnings. Distributable profits can also be based on retained earnings from previous financial years. The Management Board decides on the allocation of reserves, in particular retained earnings.

On the basis of the Management Board's proposal and the Supervisory Board's report, the Shareholders' Meeting resolves whether dividends will be paid for any financial year and the amount and timing of any such dividend payment. The Shareholders' Meeting, in its resolution, is bound to the annual financial statements as prepared by the Management Board and approved by the Supervisory Board. In case the Supervisory Board does not approve the annual financial statements as prepared by the Management Board or if the Management Board and the Supervisory Board so decide, the Shareholders' Meeting is competent for approving the annual financial statements. It is, however, not bound to the Management Board's proposal for the distribution of the net profit. Pursuant to the Articles of Association, the

Shareholders' Meeting may also resolve not to distribute all or parts of the net profit among the shareholders.

Unless otherwise decided by the Shareholders' Meeting, dividends are due three weeks after the Shareholders' Meeting which resolved on the dividends. Dividends that have not been collected by the shareholder within three years after becoming due are deemed forfeited and accrue to our free reserve.

Liquidation Rights

In case of the liquidation of the Company, any assets remaining after discharge of liabilities and repayment of supplementary capital will be distributed to the shareholders on a pro rata basis. Pursuant to statutory law, a majority of at least 75% of the share capital present or represented at the Shareholders' Meeting is required to pass a resolution regarding the liquidation of the Company.

General Provisions Concerning Changes in Share Capital

Pursuant to the provisions of the Stock Corporation Act, an increase of our share capital is permitted in particular by way of a resolution of the Shareholders' Meeting:

- to issue new shares against contributions in cash or in kind adopted by the Shareholders' Meeting (ordinary capital increase (*ordentliche Kapitalerhöhung*) pursuant to section 149 et seq. of the Stock Corporation Act);
- authorizing the Management Board, on the basis of the Articles of Association and subject to approval of the Supervisory Board, to issue new shares up to a specified amount not exceeding 50% of the issued share capital at the time of authorization within a specified period, which may not exceed five years (authorized capital (*genehmigtes Kapital*) pursuant to section 169 et seq. of the Stock Corporation Act);
- authorizing the issuance of new shares up to a specified amount for specific purposes, such as granting stock options to employees, executives and members of the Management Board and the Supervisory Board or of an affiliated company not exceeding 10% of the issued share capital at the time of authorization, to prepare a merger, or in order to grant conversion rights or subscription rights to holders of convertible bonds not exceeding 50% of the issued share capital at the time of authorization (conditional capital (*bedingtes Kapital*) pursuant to section 159 et seq. of the Stock Corporation Act);
- authorizing the Management Board, subject to the approval of the Supervisory Board, to effect a conditional capital increase in order to grant stock options to employees, executives and members of the Management Board up to a certain amount not exceeding 10% of the issued share capital at the time of authorization (authorized conditional capital (*genehmigtes bedingtes Kapital*) pursuant to section 159 paragraph 3 of the Stock Corporation Act); or
- authorizing the conversion of free reserves or profit carried forward into share capital (capital adjustment (*Kapitalberichtigung*) pursuant to the Austrian Capital Adjustment Act (*Kapitalberichtigungsgesetz*) (the "**Capital Adjustment Act**")).

Resolutions of the Shareholders' Meeting regarding an ordinary increase of our share capital require a simple majority of the share capital represented in the respective Shareholders' Meeting, except when subscription rights of existing shareholders are excluded, in which case a majority of at least 75% of the share capital represented at the time of the resolution is required. Resolutions of the Shareholders' Meeting regarding authorized or conditional capital or authorized conditional capital require a majority of at least 75% of the share capital represented in the respective Shareholders' Meeting.

Except in the case of certain capital reductions effected by repurchase of own shares by us, a resolution to decrease the share capital requires a majority of at least 75% of the share capital represented in the respective Shareholders' Meeting (section 175 paragraph 1 of the Stock Corporation Act).

General Provisions Concerning Subscription Rights

Pursuant to section 153 paragraph 1 of the Stock Corporation Act, existing shareholders of the Company are entitled to subscribe for and to be allocated such number of new shares to allow them to maintain their existing participation in our share capital. The subscription rights (*Bezugsrechte*) of existing shareholders are therefore proportionate to the number of shares held by them prior to the offering of new shares. Similarly, section 174 paragraph 4 of the Stock Corporation Act provides for subscription rights of existing shareholders of the Company in relation to securities convertible into shares, securities with warrants to

purchase shares, securities with profit participation or participation certificates to allow them to maintain their existing participation in our share capital.

Shareholders may waive or choose not to exercise their subscription rights. Furthermore, subscription rights may fully or partially be excluded by resolution of the Shareholders' Meeting (section 153 paragraph 3 of the Stock Corporation Act). If subscription rights are to be excluded, a majority of at least 75% of the share capital present or represented at the Shareholders' Meeting must approve the respective resolution. In addition, the proposal to exclude subscription rights must be announced prior to the respective Shareholders' Meeting. Furthermore, resolutions excluding subscription rights must be based on a written report by the Management Board justifying such exclusion.

A shareholders' resolution in respect of authorized capital may either directly exclude subscription rights or authorize the Management Board to exclude subscription rights with a majority of 75% of the share capital present or represented at the respective Shareholders' Meeting. If the Management Board is authorized to exclude subscription rights, the Management Board's resolution to exclude subscription rights requires approval by the Supervisory Board, as well as an additional reasoned statement justifying the exclusion. If shares are issued out of conditional capital, existing shareholders are not entitled to subscription rights.

Existing shareholders are entitled to exercise their rights within a specified subscription period (*Bezugsfrist*), which must last for at least two weeks. When issuing new shares, the Management Board must publish a notice in the official gazette (*Amtsblatt zur Wiener Zeitung*) specifying the beginning and the duration of the subscription period, as well as the subscription price. Shareholders may transfer their subscription rights during the subscription period. If subscription rights are not exercised during the subscription period, they will be deemed forfeited.

Subscription rights are not considered excluded if new shares are initially subscribed for by a credit institution which undertakes to offer the new shares to existing shareholders in proportion to their subscription rights (intermediate subscription right, *mittelbares Bezugsrecht*).

Authorization to Purchase and Sell Treasury Shares

Pursuant to the Stock Corporation Act, a stock corporation may generally only trade (i.e., purchase and sell) its shares in the following limited circumstances:

- upon prior authorization by the shareholders' meeting, for a period not exceeding 30 months and limited to a total of 10% of the overall share capital, if the shares are listed on a regulated market (such as the Official Market), or if the shares are intended to be offered to the company's employees, members of its management board or supervisory board or employees of certain affiliated companies; the resolution must determine a minimum and a maximum consideration, provided that the company keeps sufficient reserves;
- if the shares are acquired without payment of consideration or if the stock corporation is acting as agent on a commission basis;
- to prevent substantial, immediately threatening damage to the stock corporation (subject to the limitation of 10% of the overall share capital), provided the stock corporation keeps sufficient reserves;
- by way of a universal legal succession (e.g., succession by merger);
- for the purpose of indemnifying minority shareholders, if required by law, provided that the stock corporation keeps sufficient reserves;
- as part of a redemption of shares in accordance with the rules for capital decreases approved by the shareholders' meeting; or
- if the stock corporation is a credit institution authorized by the shareholders' meeting to purchase treasury shares for the purpose of trading in securities.

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The summary of the Articles of Association set forth hereunder is for general information only. It does not purport to be a comprehensive and complete description of all items of the Articles of Association.

The current version of the Articles of Association has been in effect since May 21, 2014, the date on which the resolutions of the Shareholders' Meeting of May 6, 2014 were registered in the Austrian Companies

Register (*Firmenbuch*). The current version of the Articles of Association is available on the Company's website in the official German version. Unless otherwise indicated, information displayed on the Company's website is not incorporated by reference in this Prospectus.

Corporate Purpose

Pursuant to section 2 of the Articles of Association, the Company's corporate purpose is

a) the research, development, production, sales and consulting in the aerospace industry;

b) the acquisition, ownership and administration of participations in companies of all kinds, in particular in companies engaged in the aerospace technology;

c) the management of shares held by the Company in companies in which the Company holds a direct or indirect shareholding (holding company);

d) the acquisition, ownership, use and administration of movable and immovable assets;

e) the establishment and operation of subsidiaries and branches in Austria and abroad;

f) the operational advising, business organization and other organizational services and consulting of companies held by the Company; and

g) the management and representation of companies held by the Company.

Shareholders' Meeting

Shareholders' Meetings are to be called by the Management Board or the Supervisory Board. A shareholder or a group of shareholders holding at least 5% of the share capital during the last three months before the application until the resolution is passed may also demand the convention of a Shareholders' Meeting. The Shareholders' Meeting must take place at the seat of the Company or at any place where an Austrian notary public is officially resident.

The Company must publish an invitation notice of the respective Shareholders' Meeting. The minimum period between publication of the invitation notice and the date of the respective Shareholders' Meeting is 28 days for an ordinary Shareholders' Meeting or 21 days for any other Shareholders' Meeting.

For participating in the Shareholders' Meeting and for shares to be eligible for voting, the Company must receive proof that the shares are held on the record date (which is the end of the 10th day prior to the date of the respective Shareholders' Meeting). Proof of ownership shall be provided by means of confirmation from the Company that the shares are held in custody by the custodian bank. Any credit institution that has its registered seat in a member state of the EEA or a country that is a full member of the Organization of Economic Co-operation and Development (OECD) may act as depository. The Company must have received such proof of ownership at the address as specified in the notice announcing the respective Shareholders' Meeting at least three business days prior to the respective Shareholders' Meeting unless another day is specified in the invitation notice.

Shareholders may appoint authorized agents to represent them at Shareholders' Meetings by providing the Company with a written power of attorney.

At least one Shareholders' Meeting must be held each financial year (ordinary Shareholders' Meeting). According to section 25.3 of the Articles of Association, the ordinary Shareholders' Meeting must take place within the first eight months of each financial year. For further information, see "Applicable Provisions under Austrian Law—General Regulations on Earnings Appropriation and Dividend Payments".

Shareholders' Rights

Voting Rights and Majority Requirements

Each Share entitles its holder to participate, ask questions and cast one vote at the Shareholders' Meeting. There is no minimum attendance quorum at the Shareholders' Meeting. Resolutions of the Shareholders' Meeting are passed by a simple majority of the votes cast or, in matters that require a majority of the share capital, by a simple majority of the share capital present, unless stock corporation law requires a higher majority.

Under mandatory Austrian law, a majority of the votes as well as a majority of at least 75% of the share capital present or represented at a Shareholders' Meeting is required, among other things, for resolutions on:

- changing the business objectives;
- increasing the share capital if subscription rights are to be excluded;
- creating authorized capital or conditional capital;
- decreasing share capital;
- excluding subscription rights of existing shareholders when issuing convertible bonds, profit participating bonds and participation rights;
- dissolving the Company or continuing the dissolved Company;
- converting the Company into a limited liability company (*Gesellschaft mit beschränkter Haftung*);
- approving a merger or a spin-off;
- transferring all or a majority of the assets of the Company;
- approving profit pools or agreements on the operation of the business;
- effecting a post-formation acquisition (*Nachgründung*); and
- selling treasury shares other than by means of a stock exchange or a public offer.

A majority of 90% of the entire share capital is required for:

- an up-stream merger pursuant to the Austrian Transformation Act (*Umwandlungsgesetz*), with certain exceptions;
- a spin-off disproportionate to shareholdings pursuant to the Austrian Spin-Off Act (*Spaltungsgesetz*); or
- a squeeze-out pursuant to the Austrian Act on the Squeeze-out of Minority Shareholders (*Gesellschafter-Ausschlussgesetz*).

A shareholder or a group of shareholders holding at least one third of the share capital present or represented at the Shareholders' Meeting can elect a person to the Supervisory Board provided that the same Shareholders' Meeting has to elect at least three members of the Supervisory Board.

A shareholder or a group of shareholders holding at least 10% of the share capital may, in particular:

- request special audits of activities with respect to the management of the Company, if these activities took place within the previous two years;
- veto the appointment of a special auditor and request a court to appoint another special auditor;
- request an adjournment of the Shareholders' Meeting if the shareholders requiring such adjournment have found the annual financial statements to be incorrect;
- request a court to recall a member of the Supervisory Board for cause; and
- request the assertion of damage claims by the Company against members of the Management Board or the Supervisory Board or certain other parties, if the claim is not obviously unfounded.

A shareholder or a group of shareholders holding at least 5% of the share capital may, in particular:

- request that a Shareholders' Meeting be convened or, if the Management Board and the Supervisory Board do not comply with such request to convene a Shareholders' Meeting or, upon court approval, convene a Shareholders' Meeting themselves;
- request that an item is put on the agenda of the Shareholders' Meeting;
- request the assertion of damage claims of the Company against members of the Management Board or the Supervisory Board or certain other parties, if a special report reveals facts that may entitle to such damage claims;
- request court appointment of another auditor of the financial statements for cause;

- appeal a shareholders' resolution, if such resolution provides for amortization, accumulated depreciation, reserves and accruals exceeding the limit set by law or by the Articles of Association;
- apply for the appointment or removal of liquidators for cause; and
- request the audit of the annual financial statements during liquidation.

A shareholder or a group of shareholders holding at least 1% of the share capital may communicate to the Company proposals for resolutions with respect to any items on the agenda of the Shareholders' Meeting and request that these proposals are made public on the Company's website.

Dividend Rights

According to the Articles of Association, each shareholder is entitled to receive dividends, if and to the extent the annual Shareholders' Meeting resolves to distribute dividends. It may also exclude the distribution of dividends entirely or partly. Profits will be distributed to the shareholders in proportion to their share in the share capital. Dividends not collected by shareholders within three years after becoming due are deemed forfeited and accrue to the free capital reserves of the Company. For further information, see "Applicable Provisions under Austrian Law—General Regulations on Earnings Appropriation and Dividend Payments".

Liquidation Proceeds

In the event of the Company's dissolution, any assets remaining after repayment of the outstanding debts and supplementary capital will be distributed pro-rata to the shareholders. The Company's dissolution requires a majority of at least 75% of the share capital present or represented at a Shareholders' Meeting. For further information, see "Applicable Provisions under Austrian Law—Liquidation Rights".

Change or Impairment of Shareholders' Rights

The Austrian Stock Corporation Act (*Aktiengesetz*) contains provisions that protect the rights of individual shareholders. As a rule, shareholders must be treated equally under equal circumstances, unless the shareholders concerned agree otherwise. Furthermore, measures affecting shareholders' rights, such as capital increases and the exclusion of subscription rights, generally require a shareholders' resolution.

The Articles of Association do not provide for more stringent conditions for the exercise of shareholders' rights than those provided by the Austrian Stock Corporation Act. In addition, the Articles of Association do not allow changes to, or restriction on, shareholders' rights under less stringent conditions than those provided by the Austrian Stock Corporation Act.

Neither Austrian law nor the Articles of Association restrict the right of non-resident or foreign holders of the shares to hold or vote the shares.

Disclosure Obligations

There are no provisions in the Articles of Association governing the threshold above which share ownership must be disclosed. For further information, see "Regulation of the Austrian Securities Market—Notification and Disclosure of Shareholdings".

Redemption of Shares and Treasury Shares

Shares may be redeemed in the course of a decrease of the Company's share capital resolved by the Shareholders' Meeting or by the Company purchasing its own shares. A capital decrease requires a shareholders' resolution with a majority of at least 75% of the share capital present or represented at the Shareholders' Meeting.

The Company's shares can be converted into a different class of shares (e.g., non-voting preferred shares), but only with the consent of the respective holder or, if the conversion negatively affects other shareholders whose shares are not converted, the consent of such shareholders.

Pursuant to section 65(1) of the Austrian Stock Corporation Act, the Company may acquire its own shares only under the circumstances set forth above. For further information, see "Applicable Provisions under Austrian Law—Authorization to Purchase and Sell Treasury Shares".

CORPORATE BODIES, MANAGEMENT AND CORPORATE GOVERNANCE

OVERVIEW

In accordance with Austrian law, we have a two-tier management and oversight structure comprising of the Management Board and the Supervisory Board. The Management Board is responsible for the executive management and represents the Company vis-à-vis third parties. The Supervisory Board is responsible for supervising the management and internal controls of the Company. Members of the Management Board are appointed by the Supervisory Board. Members of the Supervisory Board are elected or appointed by the Shareholders' Meeting. Under Austrian co-determination rules, a stock corporation's works council has the right to delegate one works council representative to the Supervisory Board for every two shareholders' representatives at the Supervisory Board. Our corporate bodies are bound in particular by the Articles of Association, the rules of procedure for the Management Board (*Geschäftsordnung für den Vorstand*), the rules of procedure for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) (each as adopted by the Supervisory Board) and the Austrian Corporate Governance Code (the "**ACGC**").

The Company's registered office is located at Ried im Innkreis, Austria. The telephone number is +43 59 616-0.

The members of the Management Board and of the Supervisory Board may be contacted at our business address Fischerstraße 9, 4910 Ried im Innkreis, Austria.

The following is a summary of the most important provisions of our corporate legal framework.

MANAGEMENT BOARD

Appointment, Duties and Procedures of the Management Board

In accordance with the provisions of the Austrian Stock Corporation Act, the members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. Under applicable law, members of the Management Board may be re-elected. However, the re-election of a member of the Management Board will enter into effect only if the re-election is confirmed by the chairperson of the Supervisory Board in writing.

The Supervisory Board may revoke the appointment of members of the Management Board prior to the expiration of their term for cause, such as gross negligence or deliberate breach of duties. The shareholders themselves are generally not entitled to appoint or dismiss members of the Management Board.

The Management Board is responsible for managing our business and representing us in transactions with third parties. The Management Board is bound by Austrian law, the Articles of Association and its rules of procedure as adopted by the Supervisory Board.

As a rule, the Management Board is not obliged to comply with orders or directives from the shareholders or the Supervisory Board. However, pursuant to the Stock Corporation Act and the Management Board's rules of procedure, as resolved by the Supervisory Board, the Management Board requires prior approval by the Supervisory Board to engage in certain transactions and measures, including:

a) Election and revocation of members of the management boards of Group Companies;

b) Internal Rules of Procedure for the Management Board and allocation of responsibilities between the members of the Management Board;

c) Election and revocation of members of the supervisory boards of the Group Companies, including election and revocation of the chairman and vice-chairmen;

d) Exercise of voting rights in a subsidiary, including but not limited to instructions (*Weisungen*) of the Company directed to the management board of a subsidiary;

e) Granting of statutory power of attorney (*Prokura*);

f) Approval of the consolidated and non-consolidated financial statements, the consolidated and non-consolidated annual report and the resolution on the report to be provided to the Shareholders' Meeting according to section 96 of the Austrian Stock Corporation Act (*Aktiengesetz*);

g) Approval of the annual budget of the Company and the Group;

h) General business and accounting policies;

i) Interim plans and strategic objectives, annual operating plans and annual investment plans;

j) Feasibility study reports on acquisitions, disposals, participations and investments with a value exceeding EUR 1,000,000, which are outside the annual budget;

k) Any investment, disposal or project outside the annual budget with a value in excess of EUR 5,000,000;

l) Acquisition, closing and disposal of assets outside the annual budget with a value exceeding EUR 5,000,000;

m) Acquisition, closing and disposal of participations, undertakings and businesses;

n) Establishment and closing of branch offices (*Zweigniederlassungen*);

o) Establishment and closing of business lines and specific production processes;

p) Acquisition, disposal or encumbrance of real estate outside the annual budget;

q) Conclusion of rent, tenancy and lease contracts outside the annual budget provided that the annual cost exceeds an amount of EUR 200,000 in each particular case;

r) Taking loans and credits—excluding export credits within the scope of the guarantee system of the Oesterreichische Kontrollbank AG and similar institutions—or any other kind of borrowing or indebtedness by the Company, provided that such loan, credit, other borrowing or indebtedness (i) exceeds an amount of EUR 5,000,000 individually or (ii) exceeds an amount of EUR 10,000,000 in the aggregate in one business year, to the extent that such financial measures were not approved within the budget; this rule does not apply to restructuring of existing credit lines or parts thereof;

s) Issuance of bonds, notes, loan notes, or similar financial instruments, including, but not limited to, instruments within the meaning of section 174 of the Austrian Stock Corporation Act;

t) Contracts with third party advisors outside the annual budget with a value exceeding EUR 500,000;

u) Contracts with third party advisors and banks regarding the issuance of shares or instruments within the meaning of clause (r) above by the Company;

v) Annual budget for the compensation of employees, as well as the annual budget for the compensation of management of the Company and its subsidiaries;

w) Granting loans, guarantees and credits exceeding in each particular case an amount of EUR 40,000 or an amount of EUR 80,000 in the aggregate in one business year, provided that the grating of these loans or credits is not part of the Company's regular business the annual budget;

x) Conclusion of contracts with members of the Supervisory Board by which they commit themselves—outside of their duties as Supervisory Board members—to render services to the Company or a subsidiary (section 228(3) of the Austrian Commercial Code (*Unternehmensgesetzbuch*)) for a not insignificant consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest;

y) Taking over of an executive position (section 80 of the Austrian Stock Corporation Act (*Aktiengesetz*)) in the Company within two years after signing the auditor's certificate by the auditor, the auditor of the Group, the auditor of a material affiliated company, or by the accountant signing the auditor's certificate or any person working for him who had a material function in the auditing process, unless prohibited by section 271c of the Austrian Commercial Code (*Unternehmensgesetzbuch*);

z) Taking an action that is unusual or extraordinary for the Company or that puts the Company at significant risk or can have material adverse consequences for the Company or instruments in the meaning of clause (r) above issued by the Company.

If the Management Board fails to obtain such approval, it may be held liable for any resulting damage to us. The transactions, however, are generally effective and binding with respect to third parties acting in good faith (other than members of the Supervisory Board).

The Management Board adopts its resolutions by simple majority vote. In case of a tie, the chairperson of the Management Board will cast the deciding vote.

The Management Board is required to report to the Supervisory Board at least annually on strategy and business policy, as well as on the future development of our assets, financial and earnings position based on

a forecast and fundamental questions of future business policy (annual report; *Jahresbericht*). In addition, the Management Board shall report to the Supervisory Board at least quarterly on the progress of business activities and on the results of our business forecast (quarterly report; *Quartalsbericht*). Upon request by the Supervisory Board, the Management Board is required to report to the Supervisory Board on any other matter concerning the Company.

We may be represented by two members of the Management Board acting jointly or by one member of the Management Board together with an authorized signatory holding a general power of attorney (*Prokurist*). Currently, the Management Board consists of three members and the Company has two authorized signatories holding a general power of attorney (*Prokuristen*).

Shareholders and other persons are not entitled to issue instructions to the Management Board nor may they use their influence to cause a member of the Management Board to act to the detriment of us or our shareholders. A controlling shareholder may not cause us to act to its own or the other shareholders' detriment. An individual shareholder or any other person who, by exercising its influence on us, causes a member of the Management Board to act to the detriment of us or our shareholders is liable to us for the resulting damages. In addition, the members of the Management Board are jointly and severally liable if any of their actions violates their duties.

As a rule, shareholders cannot directly claim damages from the members of the Management Board when these have violated their obligations with respect to us. Except for insolvency and tort claims, only we have the right to claim damages from members of the Management Board. However, we may waive this right or may agree to settle such a claim if at least five years have passed since the claim came into existence, the Shareholders' Meeting has agreed to such waiver or settlement by simple majority of the votes cast and no group of shareholders holding together at least 20%, in special cases 5%, of the share capital objects and enters such objection into the minutes of the Shareholders' Meeting.

Members of the Management Board

The following overview provides information on the members of the Management Board, the terms of their appointment and their current responsibilities:

Name	Position	Year first appointed in FACC Operations	Year first appointed in the Company	Appointment in the Company expires
Walter A. Stephan	CEO	1989	2014	2019
Robert Machtlinger	COO	2011	2014	2019
Minfen Gu	Member of the Management Board	2011	2014	2019

(Source: Company information)

Walter A. Stephan

Walter A. Stephan, born in 1954 in Austria, obtained a master degree in plastic engineering (*Kunststofftechnik*) from the Montanuniversitaet in Leoben, Austria. After his studies, he started his career as an engineer for fundamental research with the Sport AG group, which was the holding company for various sporting goods companies including Fischer Ski. Following his promotion to head of the R&D department in 1980, he started the composite aerospace activities in 1981. In 1989, he became the managing director of the then newly established FISCHER Advanced Composite Components Gesellschaft m.b.H. (now: FACC Operations GmbH). When FISCHER Advanced Composite Components Gesellschaft m.b.H. was converted to a stock corporation in 1999, Mr. Stephan became a member of the management board. In his capacity as a member of the management of FACC Operations since 1989, he has been responsible, among other things, for negotiating international partnership agreements with long-term partners of FACC Operations. In 2007, he took the lead in the restructuring of FACC Operations which, in 2009, resulted in the acquisition of the controlling interests in FACC Operations by AVIC. He further ensured that under the new ownership structure the licenses of FACC Operations were continued.

Upon conversion of the Company to a stock corporation in 2014, Mr. Stephan has been appointed as chairman of the Management Board of the Company and has taken the position of the chief executive officer (CEO) of the Company.

In addition to his functions in the FACC Group, Mr. Stephan, in particular, has been a member of the supervisory boards of Polymer Competence Center Leoben GmbH and Techno-Z Ried Technologiezentrum GmbH and has been the president of the Austrian Aeronautics Industries Group (AAI), an association for the promotion of the Austrian aerospace industry interests. From 2011 until 2014, Mr. Stephan was a director of FACC International Company Limited in Hong Kong.

Robert Machtlinger

Robert Machtlinger, born in 1967 in Austria, joined FACC in 1988. Initially, he was engaged in engineering tasks including part and tool design for aerospace products, manufacturing engineering, planning and production coordination for prototype parts as well as certification support with the FAA. In 1990, he moved to international program management, sales and marketing. From 1998 until 2000, he was responsible for FACC's business development including interiors, aerostructures and engine nacelles. In 2000, he was assigned the position of Vice President Aerostructures and seven years later he became the Executive Vice President Aerostructures. Mr. Machtlinger has been a member of the Management Board of the Company since 2014 and is the chief operating officer (COO) of the Company. Since 2011, Mr. Machtlinger has also been a member of the management of FACC Operations.

Before joining FACC, Mr. Machtlinger gained experience in engineering and business administration comprising design engineering for special equipment, manufacturing engineering and international program management at Fischer Ski & Tennis. From his professional background, he is specifically educated in CAD, CAD/CAM engineering, design engineering and manufacturing engineering & business practices.

Minfen Gu

Minfen Gu, born in 1965 in China, has been a member of the Management Board of the Company since 2014 and a member of the management of FACC Operations since 2011.

From 1981 to 1988, she studied biology and food science & technology in China and from 1993 to 1999 business administration in Germany. Following her studies, she started her career as auditor at Ernst & Young Wirtschaftsprüfungs- und Steuerberatungs GmbH (former Arthur Andersen) in Frankfurt am Main, Germany. She also worked as head of controlling for the Asia-Pacific region for the business unit Performance Polymers of Evonik Degussa (China) Co., Ltd. in Shanghai/China.

Management Board Compensation

The new management service agreements of Mr. Walter A. Stephan, Mr. Robert Machtlinger and Ms. Minfen Gu have been concluded on the level of the Company for a term of five years and their effectiveness is conditional upon the closing of the Offering.

SUPERVISORY BOARD

Election, Duties and Procedures of the Supervisory Board

Pursuant to C-Rule 52a of the ACGC, the Supervisory Board of an Austrian stock market listed company may consist of between three and ten members (without employees' representatives). The Articles of Association specify that we shall have between three and ten Supervisory Board members (excluding employees' representatives).

The members of the Supervisory Board are elected by the Shareholders' Meeting. Furthermore, in accordance with Austrian labor law, our works council is entitled (but not obligated) to appoint one employee representative to the Supervisory Board for every two members elected by the Shareholders' Meeting. Unlike the members elected by the Shareholders' Meeting, the members delegated by the works council are employees of the Company. Currently, the Supervisory Board consists of eight members elected by the Shareholders' Meeting and four members delegated by the works council.

In the Articles of Association, a right to delegate members to the Supervisory Board may be granted to certain shareholders (identified by name in the Articles of Association). The total number of delegated members shall not exceed one third of the Supervisory Board members appointed by the shareholders. According to section 11.2 of the Articles of Association, the Selling Shareholder has the right to delegate one third of all members of the Supervisory Board as long as the Selling Shareholder is a shareholder of

the Company with a shareholding corresponding to at least 25% of the Company's share capital from time to time.

According to Rule C-54 of the ACGC, the members of the Supervisory Board elected by the Shareholders' Meeting or delegated by shareholders of corporations with a free float of more than 20%, shall include at least one independent member who is not a shareholder with a stake of more than 10% or who represents such a shareholder's interest. In the case of corporations with a free float over 50%, at least two members of the Supervisory Board must meet these criteria. Currently, two members of the Supervisory Board serve as independent members in the meaning of Rule C-54 of the ACGC.

The Supervisory Board supervises the Management Board and monitors our management but is not authorized to make management decisions. Supervision is exercised by review, discussion and approval, as required, of reports prepared by the Management Board. In addition, the Supervisory Board may request reports on specific matters relating to us. The Supervisory Board is responsible for appointing and removing members of the Management Board and is authorized to represent us in transactions with members of the Management Board. Furthermore, certain material decisions of the Management Board require the prior consent of the Supervisory Board pursuant to Austrian law or in accordance with the Articles of Association or the rules of procedure for the Management Board.

The Supervisory Board elects a chairperson and at least one deputy chairperson from among its members. The Supervisory Board determines its own rules of procedure. The meetings of the Supervisory Board shall be held whenever necessary for the fulfillment of the Supervisory Board's duties. The Supervisory Board meets at least quarterly. The Supervisory Board has a quorum if at least five members are present. In the event of a tie, the chairperson of the Supervisory Board casts the deciding vote.

Unless a shorter term is determined by the Shareholders' Meeting, a Supervisory Board's term of office ends with the fourth ordinary Shareholders' Meeting following such member's election, with the financial year in which the respective member was elected not being counted. Pursuant to the Articles of Association, a Supervisory Board member may be re-elected. A person who already holds eight seats in supervisory boards of other listed companies or who already holds ten seats in other corporations, in each case with an appointment as chairperson being counted double, may not be elected as a member of the Supervisory Board.

The Shareholders' Meeting may, by resolution requiring a majority of at least 75% of the votes cast, revoke the appointment of a Supervisory Board member prior to the end of such member's term of office. However, if a Supervisory Board member has been delegated by the Selling Shareholder, such member can be removed by the Selling Shareholder, by court upon request of a shareholder or a group of shareholders holding at least 10% of the share capital if an important reason related to such delegated member exists or by the Shareholders' Meeting by a simple majority of the votes cast if the Selling Shareholder is no longer entitled to delegate members to the Supervisory Board. Further, if a Supervisory Board member has been delegated by a works council, such member can be removed only by the works council.

Members of the Supervisory Board

Currently the Supervisory Board consists of eight members elected by the Selling Shareholder and four members delegated by the Company's works council. The terms of appointment of the elected Supervisory Board members will end with the Shareholders' Meeting expected to be held on June 23, 2014. Thereafter, the members of the Supervisory Board will be appointed until the end of the ordinary Shareholders'

Meeting resolving on the discharge from liability for the third full business year following the election of the members of the Supervisory Board.

Name	Position	Year first appointed in FACC Operations	Year first appointed in the Company	Expected appointment expires on
Members elected by the Shareholders' Meeting				
Ruguang Geng	Chairman	2009	2009	Ordinary Shareholders' Meeting in 2018
Jun Tang	Deputy Chairman	2011	2011	Ordinary Shareholders' Meeting in 2018
Yongsheng Wang	Member	2011	2014	Ordinary Shareholders' Meeting in 2018
Xiangkai Meng	Member	2009	2009	Extraordinary Shareholders' Meeting in 2014
Yanzheng Lei	Member	2014	2014	Ordinary Shareholders' Meeting in 2018
Huimin Zhao	Member	2013	2014	Extraordinary Shareholders' Meeting in 2014
Weixi Gong	(Independent) Member	2013	2014	Ordinary Shareholders' Meeting in 2018
Gregory B. Peters	(Independent) Member	2009	2014	Ordinary Shareholders' Meeting in 2018
Members delegated by the Company's works council				
Ulrike Reiter	Member	2007	2014	n/a
Barbara Huber	Member	2013	2014	n/a
Peter Krohe	Member	2013	2014	n/a
Johann Redhammer	Member	2013	2014	n/a

(Source: Company information)

The terms of appointment of the elected Supervisory Board members will end with the extraordinary Shareholders' Meeting expected to be held on June 23, 2014. In the extraordinary Shareholders' Meeting Mr. Ruguang Geng, Mr. Jun Tang, Mr. Yongsheng Wang, Mr. Yanzheng Lei and Mr. Weixi Gong will be re-elected as members of the Supervisory Board of the Company. Further, Mr. Xuejun Wang and Mr. Chunsheng Yang will be appointed as new members of the Supervisory Board. Mr. Ruguang Geng will take the position as chairman of the Supervisory Board and Mr. Jun Tang as deputy chairman. Their terms of appointment will end with the ordinary Shareholders' Meeting resolving on the discharge from liability for the third full business year following the election of the members of the Supervisory Board on or about May, 2018.

Ruguang Geng

Ruguang Geng, born in China in 1957, has been appointed as chairman of the Supervisory Board of the Company and as chairman of the supervisory board of FACC Operations in 2009. Mr. Geng received a bachelor degree in 1982 on aircraft design from Beijing University of Aeronautics and Astronautics. In 2008, he obtained an EMBA degree from the HEC International Business School, France, and a PhD from the Beijing University of Aeronautics and Astronautics in 2009. Mr. Geng has been the executive vice president of Aviation Industry Corporation of China since 2008. From 2003 onwards Mr. Geng was a vice general manager and as from 2001 an assistant general manager of China Aviation Industry First Group Corporation. From 1995 to 2001, he was the deputy chief of the Airplane Bureau of China National Aviation Industry Corporation. From 1984 to 1988, he worked as director in the Ministry of Aviation Industry. From 1982 to 1984, he worked as aircraft designer in the Shenyang Institute of Aircraft Design.

Jun Tang

Jun Tang, born in China in 1960, has been the deputy chairman of the Supervisory Board of the Company since 2011 and the deputy chairman of the supervisory board of FACC Operations since 2011. He started his career as a senior engineer at Xi'an Aircraft Industry (Group) Company Ltd. He obtained a PhD degree in management on science and engineering from the Northwestern Polytechnical University in Xi'an China. Mr. Tang is the CEO of AVIC Aircraft Corporation Ltd.

Yongsheng Wang

Yongsheng Wang, born in China in 1963, was appointed as member of the Supervisory Board of the Company and the supervisory board of FACC Operations in 2014. He received a bachelor degree in 1985 on electric engineering from the Northwestern Polytechnical University. In 1988, he received a masters degree of electromagnetic technology. In 2010, he obtained an EMBA degree from the HEC International

Business School, France. Mr. Wang has been the Vice President of AVIC Aircraft Corporation Ltd. since 2008. From 2007 onwards, Mr. Wang was a director general and as from 2003 a deputy director general of China Aviation Industry Second Group Corporation. From 2001 to 2003, he was the executive vice president of China Aviation Economic and Technology Research Center. From 1988 to 2001, he worked at the China Institute of Aeronautic Systems Engineering (CIASE), successively director of airborne system division, director general of airborne system engineering department, director general of aircraft system engineering department as well as vice chief engineer.

Xiangkai Meng

Xiangkai Meng, born in China in 1961, was first appointed as member of the Supervisory Board of the Company in 2009 and in the same year as member of the supervisory board of FACC Operations. Before that, Mr. Meng served as deputy chairman of the Supervisory Board of the Company from 2009 until 2011. He obtained a masters degree in Foreign Trade at the Beihang University in Beijing China before he started his career as a senior engineer at Xi'an Aircraft Industry (Group) Company Ltd. Mr. Meng is currently the chairman of China Aviation Industry General Aviation Co., Ltd.

Yanzheng Lei

Yanzheng Lei, born in China in 1965, has been a member of the Supervisory Board of the Company and the supervisory board of FACC Operations since 2014. He holds a masters degree in management engineering from the Northwestern Polytechnical University in Xi'an China. He started his career as an engineer at Xi'an Aircraft Industry (Group) Company Ltd. Mr. Lei is the vice president of Xi'an Aircraft Industry (Group) Company Ltd.

Huimin Zhao

Huimin Zhao, born in China in 1971, has been a member of the Supervisory Board of the Company since 2014 and a member of the supervisory board of FACC Operations since 2013. He studied chemistry and chemical macromolecule material at Xi'an JiaoTong University. In 2007, Mr. Zhao obtained a masters degree in industry engineering from the Northwestern Polytechnical University. After his studies, he started his career as deputy director general of production department at Xi'an Aircraft Industry (Group) Company Ltd. Mr. Zhao Huimin is the CEO of Fesher Aviation Component (Zhenjiang) Company Ltd.

Weixi Gong

Weixi Gong, born in China in 1962, has been a member of the Supervisory Board of the Company since 2014 and a member of the supervisory board of FACC Operations since 2013. He studied at the Beihang University in Beijing, China, and obtained a bachelors degree in international relationship and a masters degree in international studies from the Diplomatic Academy of Vienna. In 1994, he obtained a PhD in numerical analysis and computer application from the University of Technology in Vienna, Austria. After his studies, he started his career in AVIC Shenyang Aircraft Design. Currently, Mr. Gong is a senior coordinator of the United Nations Industrial Development Organization, Vienna.

Gregory Benet Peters

Gregory Benet Peters, born in the United States of America in 1947, was appointed as member of the Supervisory Board of the Company in 2014 and as member of the supervisory board of FACC Operations in 2009. Mr. Peters has gained manufacturing industry experience during the 17 years he spent working for General Electric, with the last 6 years working in the aircraft engine business, and 23 years working for Goodrich in the aerospace business. His professional qualifications comprise manufacturing engineering leadership and operations and general management leadership roles. He is the president of a $2 billion division.

Xuejun Wang

Xuejun Wang, born in China in 1972, will be appointed a member of the Supervisory Board of the Company and a member of the supervisory board of FACC Operations on or about June 23, 2014. He studied international finance at the Renmin University in China. Mr. Wang holds a masters degree in business administration from Tsinghua University. He started his career as investment manager of China National Aero-Technology Import & Export Corporation (CATIC). Mr. Wang is the vice director of AVIC.

Chunsheng Yang

Chunsheng Yang, born in China in 1955, will be appointed as member of the Supervisory Board of the Company and member of the supervisory board of FACC Operations on or about June 23, 2014. He studied in Northern Jiaotong University in China and National University of Singapore for MBA. After his university studies, he tought as a teacher in university before he joined China National Aero-Technology Import & Export Corporation (CATIC) as the manager in 1988. Mr. Yang is now a senior consultant of AVIC International Aero-Development International Corporation.

Ulrike Reiter

Ulrike Reiter, born in Austria in 1960, has been working for FACC since 2001. Since 2007, she has been a member of the works council for salaried employees (*Angestellten*), where she holds the position of the chairwoman. Ms. Reiter completed an apprenticeship as retail salesperson and is qualified in general care nursing.

Barbara Huber

Barbara Huber, born in Austria in 1965, has been working for FACC since 2005. Since 2013, she has been a member of the works council for workers (*Arbeiter*), where she holds the position of the chairwoman. Ms. Huber finished the school of home economics in Ried im Innkreis and started a professional education as hairdresser prior joining FACC.

Johann Redhammer

Johann Redhammer, born in Austria in 1985, has been working for FACC since 2011. Since 2013, Mr. Redhammer has been the first deputy chairman of the works council for workers (*Arbeiter*). He completed apprenticeships as a technician for agricultural technology and as skilled agricultural worker.

Peter Krohe

Peter Krohe, born in Germany in 1955, has been working for FACC since 2007. In 2013, Mr. Krohe was elected the second deputy chairman of the works council for workers (*Arbeiter*). He finished school for vehicle technology and graduated in political science.

Current Supervisory Board Committees

Pursuant to the Austrian Stock Corporation Act, the Supervisory Board may establish one or more committees from among its members in order to prepare its discussions and resolutions or to supervise the execution of its resolutions. Supervisory Board members appointed as employee representatives are entitled to a seat in each Supervisory Board committee, except in the case of meetings and votes concerning the relationship between us and the Management Board members, unless such resolutions concern the appointment or revocation of Management Board members or the granting of share options.

The committees consist of at least three members. In case a committee only consists of two elected members and one employee representative, the committee is only considered to have a quorum if both elected members are present. Unless the Supervisory Board issues rules of procedures for its committees, the rules of procedure for the Supervisory Board apply to the committees mutatis mutandis.

Since securities of us have been listed on a regulated market, we are required by Austrian law to establish an audit committee ("**Audit Committee**"), which must convene at least two meetings in each financial year. In accordance with Rules C-41 and C-43 of the ACGC, the Supervisory Board shall further establish a nomination committee and a remuneration committee ("**Personnel and Compensation Committee**").

Audit Committee

The Audit Committee reports to the Supervisory Board and prepares the proposal for the election of the auditor by the Shareholders' Meeting. In addition, the Audit Committee is responsible for the monitoring of accounting, the effectiveness of the internal control system, the audit of the annual (consolidated and non-consolidated) financial statements, the examination and monitoring of the auditor's independence and the preparation of the approval of the annual financial statements and the management report, the recommendation for the distribution of profit and the corporate governance report.

One member of the Audit Committee must be a financial expert with special knowledge and practical experience in finance, accounting and reporting. Persons who were members of the Management Board, executives or auditors of the Company or persons having certified our consolidated financial statements within the last three years may not be appointed as a financial expert or chairperson of the Audit Committee.

The Supervisory Board has established such Audit Committee. Its current members are Mr. Yanzheng Lei, Mr. Yongsheng Wang, Mr. Weixi Gong and Ms. Barbara Huber. The Audit Committee must meet at least twice a year.

Personnel and Compensation Committee

The Personnel and Compensation Committee is responsible for planning the selection of members of the Supervisory Board and shall recommend nominations to the Supervisory Board, which shall be presented to the Shareholders' Meeting for approval. The Personnel and Compensation Committee shall define a set of requirements for the appointment of members to the Management Board in accordance with the strategic focus and position of the Company and prepare decisions for the Supervisory Board based on a defined appointment process and succession planning. In its function as a remuneration committee, the Personnel and Compensation Committee shall deal with issues related to the compensation of the members of the Management Board and the contents of employment contracts with the members of the Management Board. The chairperson of the Supervisory Board or, in the case of his absence, the deputy chairperson shall serve as the chairperson of the Personnel and Compensation Committee.

Its current members are Mr. Ruguang Geng (chairperson), Mr. Jun Tang, Mr. Yanzheng Lei, Mr. Yongsheng Wang and Mr. Weixi Gong.

Strategy Committee

The Strategy Committee advises the Supervisory Board in strategic business matters, both long term and short term planning, and supervises the execution of strategy and planning. In doing so, the Strategy Committee assists the Management Board to focus continuously on higher added value services and to align the organization to meet changed needs.

Its current members are Mr. Jun Tang (chairperson), Mr. Yanzheng Lei, Mr. Yongsheng Wang and Mr. Weixi Gong and Ms. Ulrike Reiter.

Supervisory Board Compensation

The compensation of the Supervisory Board will be determined by the ordinary Shareholders' Meeting resolving on the annual accounts for the financial year ending February 28, 2015.

Duty of Loyalty and Duty of Care

Members of the Management Board and Supervisory Board owe a duty of loyalty and care to the Company. In carrying out their duties, members of the Management Board and Supervisory Board must exercise the standard of care of a prudent and diligent business person. Both boards are required to take into account a broad range of considerations when making their decisions, including our interests and those of our shareholders, employees, creditors and the public.

Under Austrian law on stock corporations, shareholders and other parties are prohibited from giving instructions to the Management Board or the Supervisory Board and from using their influence to cause a member of the Management Board or Supervisory Board to act in a way that is harmful to us or our shareholders.

A controlling shareholder may not cause us to take measures disadvantageous to us or our shareholders. An individual shareholder or any other person exerting influence which causes a member of the Management Board or the Supervisory Board to act in a way that is unfavorable to us or our shareholders may be liable for damages to us and the shareholders. Board members who have neglected their duties by taking such actions may be jointly and severally liable for damages to us.

In general, only we, and not an individual shareholder, have a direct recourse against the members of the Management Board and the Supervisory Board. We may waive the right to a recourse or settle the claim only if (i) five or more years have passed since the alleged breach of duty, (ii) our shareholders approve the waiver or settlement at a Shareholders' Meeting by simple majority of the votes cast, and (iii) shareholders

opposing such a shareholders' resolution do not hold, in the aggregate, 5% or more of the Company's share capital.

CERTAIN ADDITIONAL INFORMATION ABOUT THE BOARD MEMBERS AND SENIOR MANAGERS

Activities Performed outside of the Group

The following table sets forth the names of the companies and partnerships in which a member of the current Management Board or Supervisory Board (including Mr. Xuejun Wang, Mr. Chunsheng Yang and Mr. Hans Peter Richter, each of whom will be elected as members of the Supervisory Board of the Company by the Shareholders' Meeting expected to be held on June 23, 2014) currently holds a position as a member of the administration, management or supervisory board or partner, as the case may be, outside the Company. The table does not include activities in companies which are fully consolidated in the Company's Annual Consolidated Financial Statements.

Name	Name of Company	Function
Management Board		
Walter A. Stephan	Polymer Competence Center Leoben GmbH	Member of the supervisory board
	Techno-Z Ried Technologiezentrum GmbH	Chairman of the supervisory board
	REALWERT Liegenschaftsvermietungsgesellschaft mbH & Co Projekt Wischerstraße KG.	Limited partner
	Stephan GmbH	Managing director
	AAI—Austrian Aeronautics Industries Group Interessensgemeinschaft der österreichischen Luftfahrtzulieferindustrie	CEO
Robert Machtlinger	n/a	n/a
Minfen Gu	n/a	n/a
Supervisory Board		
Ruguang Geng	Aviation Industry Corporation of China	Executive vice president
Jun Tang	AVIC Aircraft Corporation Ltd.	CEO
Yongsheng Wang	AVIC Aircraft Corporation Ltd.	Vice president
Xiangkai Meng	China Aviation Industry General Aviation Co., Ltd. (CAIGA)	CEO
Yanzheng Lei	Xi'an Aircraft Industry (Group) Company Ltd.	Vice president
Huimin Zhao	Fesher Aviation Component (Zhenjiang) Company Ltd.	CEO
Weixi Gong	n/a	n/a
Gregory Benet Peters	n/a	n/a
Xuejun Wang	AVIC Capital Operation Department	Vice director
Chunsheng Yang	AVIC International Aero-Development International Corporation	Senior consultant
Ulrike Reiter	n/a	n/a
Barbara Huber	n/a	n/a
Peter Krohe	n/a	n/a
Johann Redhammer	n/a	n/a

(Source: Company information, Austrian Companies Register (Firmenbuch))

Conduct of Board Members

Within the five years prior to the date of this Prospectus, no member of the Management Board or Supervisory Board:

- has been convicted in relation to fraudulent offences;
- has been associated with bankruptcies, receiverships or liquidations of the companies or partnerships referred to in connection with his or her name in "—Corporate Bodies, Management and Corporate

Governance—Management Board—Members of the Management Board" and "—Corporate Bodies, Management and Corporate Governance—Supervisory Board—Members of the Supervisory Board";

- has been officially and publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Shares held by Senior Managers and Board Members

As at the date of this Prospectus, no shares were held by senior managers or members of the Management Board or Supervisory Board.

Conflicts of Interest

With the exception of Mr. Peters, who is a member of the Supervisory Board of the Company and has also been working for Goodrich in the aerospace business which is one of the largest customers of FACC, no potential conflict of interest exists with respect to any member of the Management Board or Supervisory Board between his or her duties to the Company and his or her private interests or other duties. There are no family ties between the members of the Management Board and the Supervisory Board and the senior managers.

Neither the Company nor any of its subsidiaries has granted a loan to any members of the Supervisory Board or the Management Board.

Other Legal Relationships with the Group

No legal relationships exist between the members of the Management Board or the Supervisory Board and the Company or any of the Group Companies other than their respective appointments as board members and the relating agreements.

CORPORATE GOVERNANCE

The ACGC creates a body of rules and regulations for responsible management and guidance of companies in Austria. Its objective is to create sustained and long-term value and to increase transparency for all shareholders. It is based on international standards of good corporate governance as defined in the OECD rules on corporate governance and includes relevant provisions of the Stock Corporation Act, the Stock Exchange Act as well as the Capital Markets Act. The text of the ACGC is available at http://www.corporate-governance.at in German and English. The ACGC was published by the Austrian Working Group on Corporate Governance, a group of private organizations and individuals in 2002, and was most recently amended in July 2012.

The ACGC primarily applies to Austrian stock-market-listed companies that undertake to adhere to its principles. In addition, the Vienna Stock Exchange requires compliance with the ACGC under provisions applicable for companies whose shares are traded in its prime market segment.

The ACGC is based on statutory provisions of Austrian corporate law, securities law and capital markets law ("Legal Requirements", "L-Rules"). In addition, the ACGC contains rules considered to be part of common international practice, such as the principles set out in the OECD Principles of Corporate Governance and the recommendations of the European Commission. Non-compliance with these rules must be explained ("Comply or Explain", "C-Rules").

The ACGC also contains rules that are voluntary and do not require explanation in case of deviations ("Recommendations", "R-Rules"). The principal rules and recommendations of the ACGC include:

- equal treatment of shareholders under equal circumstances;
- the management board's information and reporting duties should be determined by the supervisory board;
- remuneration for members of the management board should consider the scope of activities, responsibility and personal performance as well as the achievement of targets, the size and economic situation of the company and comprise fixed and business performance related components (based on

long-term indicators); the individual remuneration for each member of the management board should be reported in the annual financial statements;

- stock option plans for members of the management board should be approved by the shareholders meeting and be based on objective parameters defined in advance; subsequent changes to the parameters are not permitted; the number and distribution of options granted, the exercise price and the respective estimated values at the time they are issued and upon exercise shall be reported in the annual financial statements;
- conflicts of interests of members of the management board and the supervisory board should be disclosed in the annual financial statements;
- a majority of the members of the supervisory board should be independent of the company and its management and the supervisory board should define the criteria that constitute independence;
- supervisory board committees should be established, in particular a remuneration committee (for remuneration and other issues with management board members) and a nomination committee (for succession planning in the management board); the remuneration committee and the nomination committee may be identical;
- supervisory board members may not assume any functions on the boards of other enterprises that are competitors of the company;
- the number of members of the supervisory board (excluding employees' representatives) should be ten or less; supervisory board members should not sit on the supervisory boards of more than eight other listed companies (the function as a chairperson counts twice);
- annual and quarterly financial statements (drawn up according to internationally recognized accounting standards) should be published in a timely manner (within four and two months, respectively) and must remain publicly accessible for at least five years;
- communication structures should be established to meet information needs of shareholders in a timely and adequate manner, in particular by using the internet; dates essential for shareholders should be communicated sufficiently in advance; consolidated financial statements and interim reports should be published on the company's website in German and English;
- any director's dealings should be disclosed on the company's website directly or by referring to the website of the FMA;
- the independent auditors should make regular assessments of the company's risk management; and
- an annual report regarding compliance with the ACGC should be included in the annual financial statements posted on the respective company's website.

The Company currently complies, and intends to comply after listing of the shares, in full with all "L-Rules" of the ACGC. The Company deviates from the following C-Rules of the ACGC and explains these deviations as follows:

Rule 41 ("*The supervisory board shall set up a nomination committee. In cases of supervisory boards with no more than six members (including employees' representatives), the function may be exercised by all members jointly. The nomination committee submits proposals to the supervisory board for filling mandates that become free on the management board and deals with issues relating to successor planning.*"): The Company has a combined nomination and remuneration committee (Personnel and Compensation Committee). The functions of the nomination committee will be performed by the Personnel and Compensation Committee on a permanent basis.

VIENNA STOCK EXCHANGE

The information relating to the Vienna Stock Exchange set out below is derived from information obtained from the Vienna Stock Exchange, in particular from the website of the Vienna Stock Exchange (http://www.wienerborse.at), the Vienna Stock Exchange monthly statistics of February 2014 (http://www.wienerborse.at/prices_statistics/statistics/monthly/monatsst atistik.html) and the FMA's 2012 annual report (http://www.fma.gv.at). The website of the Vienna Stock Exchange (http://www.wienerborse.at) contains further information about the Vienna Stock Exchange as well as a range of special services, such as quotations and ad hoc information about the companies listed on the Vienna Stock Exchange. The information contained on the Vienna Stock Exchange website and in the FMA's 2012 annual report is not part of or incorporated by reference into this Prospectus.

ORGANIZATION AND MARKET SEGMENTS

The Vienna Stock Exchange, founded in 1771, is operated by an independent, privately owned stock corporation, Wiener Börse AG (Vienna Stock Exchange), based on a license under the Stock Exchange Act issued by the Federal Ministry of Finance. Members of the Vienna Stock Exchange include banks, foreign investment firms and other firms trading in securities, derivatives and money market instruments, registered either within or outside of the European Economic Area ("**EEA**"). In addition to the securities exchange, the Vienna Stock Exchange also operates a commodities exchange. The FMA is the supervisory authority of the Vienna Stock Exchange. As the market and stock exchange supervisory authority, the FMA is responsible for the supervision of the reporting requirements for reportable instruments in accordance with the Austrian Securities Supervision Act (*Wertpapieraufsichtsgesetz 2007*, Federal Law Gazette No I 2007/60 as amended, the "**Securities Supervision Act**") the supervision of market participants and the clarification and investigation of infringements against the ban on insider trading and the ban on market manipulation, the monitoring of securities analyses concerning the issue and dissemination of recommendations in Austria, the regularity and fairness of securities trading, the clarification and investigation of price manipulation, the stock exchange supervision in compliance with the Stock Exchange Act (*Börsegesetz* 1989, Federal Law Gazette 1989/555 as amended, the "**Stock Exchange Act**") and the monitoring of issuers and shareholders with respect to their duties of publication.

According to the Stock Exchange Act, for listing purposes the Austrian securities market consists of two statutory markets: the first-tier market (*Amtlicher Handel*; the "**Official Market**") and the second-tier market (*Geregelter Freiverkehr*; the "**Second Regulated Market**"). The Official Market and the Second Regulated Market have been registered as "regulated markets" pursuant to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC as amended ("**MiFID**").

As of February 28, 2014, shares of 70 companies have been listed on the Official Market and Second Regulated Market, the two most important (regulated) markets of the Vienna Stock Exchange. As of February 28, 2014, the market capitalization of all companies listed on the Official Market and Second Regulated Market amounted to approximately EUR 88.7 billion (*Source: Vienna Stock Exchange, monthly statistics of February 2014*).

The unregulated third market (the "**Third Market**") that existed prior to the Austrian Securities Supervision Act coming into force is operated by the Vienna Stock Exchange since November 1, 2007, in the form of a multilateral trading facility within the meaning of the Securities Supervision Act and the MiFID. A multilateral trading facility is not a regulated market under the Stock Exchange Act and the MiFID. It is a trading facility operated on the basis of a license from the FMA in accordance with the provisions of the Securities Supervision Act. However, on the basis of a special approval by the FMA in accordance with the Stock Exchange Act, the stock exchange company of a regulated market, such as the Vienna Stock Exchange, is entitled to also operate a multilateral trading facility. Participation takes place on the basis of the operator's own general terms and conditions of business, the "Rules for the Operation of the Third Market". The criminal offense of "misuse of insider information" and the administrative offense of "market manipulation" are also applicable to multilateral trading facilities.

In December 2004, the U.S. Securities and Exchange Commission granted the Vienna Stock Exchange the status of a "Designated Offshore Securities Market" in accordance with the U.S. Securities Act of 1933, as amended.

By meeting the statutory criteria, securities are admitted to listing on the Vienna Stock Exchange and are divided into various trading segments. To be traded in a specific segment, certain non-statutory criteria must be met by the issuer of the securities, in addition to the statutory listing criteria as provided by the Stock Exchange Act. Compliance with these additional listing criteria is undertaken on a contractual basis between the relevant issuer and the Vienna Stock Exchange. The equity market is divided into the segments "prime market", "mid-market" and "standard market".

Subject to admission to trading of the New Shares and the Existing Shares on the Official Market, the New Shares and the Existing Shares will be included for trading in the prime market segment. The prime market segment represents the market segment of the Vienna Stock Exchange that comprises stocks of those companies that agree to fulfill more stringent reporting, quality and disclosure requirements, apart from meeting the legal criteria for the admission to listing on the Official Market or Second Regulated Market of the Vienna Stock Exchange as set out in the Stock Exchange Act. The admission criteria and ongoing obligations are specified in "the prime market rules" which can be retrieved from the website of the Vienna Stock Exchange (currently under http://en.wienerborse.at/marketplace_products/segmentation/equitymarket/).

To provide additional liquidity, stocks traded in the prime market segment must be serviced by a trading participant who assumes the function of a specialist and has agreed to enter firm quotes into the trading system on a permanent basis. The trading platform for the prime market is the Xetra® trading system with the trading procedure "continuous trading" in conjunction with several auctions (opening auction, intraday auction, closing auction). In the prime segment of the Vienna Stock Exchange, additional liquidity providers other than the designated specialists are encouraged to act as market makers in stocks already serviced by at least one specialist in order to increase the liquidity of the stock. The specialists' and the market makers' commitments must meet certain minimum requirements set up by the Vienna Stock Exchange.

As of February 28, 2014, out of the 37 companies listed on the prime market, only 20 companies are included in the Austrian Traded Index ("**ATX**") (*Source: Vienna Stock Exchange*). The ATX tracks the price trends of the most actively traded (and, thus, most liquid) and highly capitalized stocks in terms of free float on the prime market segment. This index is also available as a total return ("**ATX TR**") or net total return index ("**ATX NTR**"). The base date of the ATX is January 2, 1991 and ATX is denominated in euro. The ATX is calculated, disseminated and licensed by the Vienna Stock Exchange on a real-time basis. The "ATX Prime" index contains all shares presently traded in the prime market segment.

The mid-market segment comprises shares that are admitted to listing on the Official Market or the Second Regulated Market or shares that are traded on the Third Market and that do not meet all listing criteria required for trading in the prime market, but meet certain non-statutory listing criteria in addition to those set out in the Stock Exchange Act. Shares listed on the mid-market are either traded continuously (mid-market continuous) or once a day (mid-market Auction).

The standard market segment contains all shares admitted to listing on the Official Market or Second Regulated Market that are neither listed in the prime market nor in the mid-market. It is divided into two sub segments: standard market continuous and standard market auction. Shares listed on the standard market continuous are traded continuously, whereas shares listed on the standard market auction are traded only once a day in an auction.

TRADING AND SETTLEMENT

Officially listed securities are traded both on and outside of the Vienna Stock Exchange.

Shares and other equity securities listed on the Vienna Stock Exchange are quoted in euro per share. The electronic trading system used by the Vienna Stock Exchange is Xetra® (Exchange Electronic Trading), the same trading system used by the Frankfurt Stock Exchange. The settlement system uses automated netting procedures and daily mark-to-market evaluation of collateral requirements to further reduce transfer costs.

The settlement of transactions concluded on the Vienna Stock Exchange takes place outside the stock exchange. The Vienna Stock Exchange has appointed CCP Austria Abwicklungsstelle für Börsegeschäfte GmbH ("**CCP Austria**") to act as clearing agency pursuant to section 26 (3) of the Stock Exchange Act and to ensure the clearing and settlement of eligible exchange transactions. CCP Austria acts as the responsible central counterparty for the clearing and risk management of all trades concluded on the Vienna Stock Exchange and assumes the fulfillment and default risk involved with the clearing and settlement of securities and derivatives transactions. In case of non-delivery, the default of delivery

mechanisms set out in the Rules for the Clearing and Settlement of Exchange Trades by CCP Austria (separation procedure, covering procedure and cash settlement) apply. Settlement terms of OTC transactions depend on the parties' agreement.

Trading can be suspended by the Vienna Stock Exchange if orderly stock exchange trading is temporarily endangered or if its suspension is necessary in order to protect the public interest. The electronic system provides for automatic volatility interruptions and market order interruptions during auctions and for automatic volatility interruptions during continuous trading.

SUPERVISION OF MARKET PARTICIPANTS

As the market and stock exchange supervisory authority, the FMA is responsible, in particular, for supervision of the reporting requirements for reportable instruments in accordance with the Securities Supervision Act, the supervision of market participants and the clarification and investigation of infringements against the ban on insider trading and the ban on market manipulation, the monitoring of securities analyses concerning the issue and dissemination of recommendations in Austria, the regularity and fairness of securities trading, the clarification and investigation of price manipulation, stock exchange supervision in compliance with the Stock Exchange Act and the monitoring of issuers and shareholders with respect to their duties of publication, in particular, ad hoc disclosure obligations. The FMA is also responsible for the licensing of multilateral trading facilities, including the approval thereof, for stock exchange companies.

The FMA is further responsible for supervising the lawfulness of resolutions adopted by the executive bodies of the stock exchange operator, i.e., the Vienna Stock Exchange. For that purpose, it makes use of the so-called stock exchange commissioners (*Börsekommissäre* pursuant to section 46 of the Stock Exchange Act). The stock exchange commissioner and his deputies are appointed by the Minister of Finance, but act on behalf of the FMA and are bound by the instructions of the FMA, as the competent supervisory authority. The stock exchange commissioners (at present one stock exchange commissioner and two deputies) are to be invited to all shareholders' meetings, supervisory board meetings, all meetings of supervisory board committees with decision making power and meetings of the management board which decide on the admission of a member of the stock exchange, the suspension of stock exchange membership, the exclusion of stock exchange membership or the admission or withdrawal of admission to listing of negotiable instruments to the different types of trading. The stock exchange commissioners have the right to speak at any time if so requested. All minutes of the meetings of the bodies of the stock exchange operating company to which the stock exchange commissioners are invited shall be sent to the stock exchange commissioners without delay. The stock exchange commissioners and their deputies have the right to visit trading sessions any time they wish. The stock exchange commissioner reviews all resolutions and decisions of the Vienna Stock Exchange and is entitled to object to any resolutions and decisions he considers to be in violation of applicable law. Any such objection by the stock exchange commissioner postpones the date as of which the resolution shall take effect until the FMA reaches a decision on the matter.

REGULATION OF THE AUSTRIAN SECURITIES MARKET

The summary of Austrian securities markets regulation set forth below is for general information only and contains certain significant issues of Austrian securities law and regulation. The summary does not purport to be a comprehensive description of all the topics discussed below.

NOTIFICATION AND DISCLOSURE OF SHAREHOLDINGS

The following provisions of the Stock Exchange Act on the disclosure of major shareholdings generally apply in relation to issuers of securities listed on a regulated market (as defined in the Stock Exchange Act) in the EEA, and whose home member state is Austria and, as far as notifications to the Vienna Stock Exchange are required, only to issuers of securities listed on the Official Market or the Second Regulated Market.

Any natural person or legal entity (irrespective of whether domestic or foreign) whose voting rights in an issuer whose home member state, according to section 81a, paragraph 1, no. 7 of the Stock Exchange Act, is Austria, and whose shares are listed on the Official Market or the Second Regulated Market, reaches, exceeds or falls below 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90% through acquisition or sale of shares, must give written notification to the issuer, the stock exchange and the FMA. The articles of association of a listed company can also lower the reporting threshold to 3%. This also applies to the thresholds stated by such issuer in its articles of association pursuant to section 27, paragraph 1, no. 1 of the Austrian Takeover Act (*Übernahmegesetz,* Federal Law Gazette I No. 1998/127 as amended; the "**Takeover Act**"). The same applies among other things in relation to shares that are subject to option and trust arrangements and to banks that exercise voting rights on behalf of their depositaries by virtue of special voting proxies.

In addition, the disclosure requirements also apply to any person who directly or indirectly reaches, exceeds or falls below the just mentioned thresholds by holding certain financial or comparable instruments such as option rights, convertible bonds, futures or contracts for difference or certain swaps. In each case, rules on the aggregation of various positions in voting rights and financial instruments need to be observed.

Notification must be made without undue delay, but no later than two trading days after noting, or having the possibility to note that the relevant thresholds have been reached, exceeded or are no longer met. The notification has to state among other things the number of voting rights after such an acquisition or sale of shares, if applicable, the chain of controlling companies through which the voting rights are actually exercised, the date on which the respective thresholds have been reached or exceeded and the name of the shareholder as well as the name of the person who is authorized to exercise the respective voting rights. In case of financial instruments, the type of financial instrument as well as the expiration date/maturity, the exercise/conversion period/date as well as the number of shares and of voting rights that may be acquired if the instrument is exercised/converted must be disclosed.

Listed issuers are required to publish any such event and information without undue delay after being notified thereof, but in any case within two trading days of such notification. Listed issuers are also obligated to publish any changes in the share capital and the total number of voting rights at the end of the calendar month in which the respective change occurred. Publications must be made through one of the EU-wide electronic information dissemination systems of Reuters, Bloomberg or Dow Jones Newswire (section 11 of the FMA's Disclosure and Reporting Regulation, *Veröffentlichungs- und Meldeverordnung der FMA*, Federal Law Gazette II No. 2005/109 as amended, the "**VMV**").

In case the disclosure requirements are not complied with, voting rights may be temporarily suspended and administrative fines of up to EUR 150,000 may be imposed.

The following provisions of the Stock Exchange Act on the disclosure of directors' dealings apply in relation to issuers having Austria as their home member state according to section 81a, paragraph 1, no. 7 of the Stock Exchange Act whose shares are listed on the Official Market or on the Second Regulated Market.

Persons who undertake managerial responsibilities and, where applicable, persons closely associated with them, must publish without delay and notify the FMA within five working days of the existence of any transactions conducted on their own account relating to shares and securities equivalent to shares issued by the issuer or its affiliated companies, or to derivatives relating to such financial instruments (so-called directors' dealings). The form, content and type of disclosure of directors' dealings notifications are

regulated by the VMV. Such notification requirement does not apply if the aggregated value of such person's transactions does not reach EUR 5,000 per calendar year. Persons undertaking managerial responsibilities are in particular members of the management board and the supervisory board of a stock corporation. The same rules apply to persons who have a close relationship with persons undertaking managerial responsibilities, for example spouses, dependent children as well as any other family members who have lived in the same household for at least one year. Persons who have such close relationships are, in addition, legal entities, fiduciary institutions or partnerships which are managed by such a person or which are directly or indirectly controlled by such a person, or which have been established for the benefit of such a person or whose business interests, to a large extent, are similar to those of such a person. Violations of directors' dealings constitute an administrative offence and may be fined by the FMA in an amount of up to EUR 60,000.

In addition to the above notification and disclosure obligations under the Stock Exchange Act, the acquisition of shares or other methods of obtaining control of a company within the meaning of the Austrian Cartel Act (*Kartellgesetz 2005*, Federal Law Gazette I No. 2005/61 as amended) may, under certain circumstances, be subject to the approval of the Austrian Cartel Court (*Kartellgericht*).

INSIDER TRADING AND AD HOC INFORMATION

The Stock Exchange Act prohibits the abuse of inside information in Austria or abroad with regard to financial instruments admitted to trading on a regulated market in Austria or for which an application for admission to such regulated market has been made. Austrian law further prohibits the abuse of inside information committed in Austria with regard to financial instruments admitted to trading on a regulated market in another EEA member state or for which an application for admission to such regulated market has been made. Furthermore, such prohibitions also apply to financial instruments not admitted to a regulated market provided that such financial instruments depend on the value of a financial instrument that is admitted to a regulated market or for which an application for admission to such regulated market has been made.

For the purposes of the abuse of inside information described in this section, the term "regulated market" also includes unregulated markets in the form of multilateral trading facilities (e.g., the Third Market of the Vienna Stock Exchange).

"Inside information" is defined in section 48a, No. 1 of the Stock Exchange Act as detailed information not known to the public which, directly or indirectly, concerns one or more issuers of financial instruments, or one or more financial instruments, and which would, if it were publicly known, significantly affect the market price of such financial instruments or of derivatives linked to them, because a reasonable investor would likely use such information as part of the basis for his investment decision.

According to section 48b, paragraph 4 of the Stock Exchange Act, an "insider" is any person who has access to inside information either due to his position as a member of the administrative, managing or supervisory body of an issuer or otherwise due to his profession, occupation, responsibilities or shareholding in the issuer (so called primary insider (*Primärinsider*)). Any person who gains access to inside information by way of a criminal offence is also an insider. If an insider is a legal rather than a natural person, those persons who participate in the resolution on the execution of the relevant transaction shall be deemed insiders. Furthermore, any person who does not qualify as an insider will nevertheless be responsible under the insider trading rules if such person knows or, but for gross negligence, should have known that such information qualifies as inside information and makes use of such information in a penalized way.

Any insider who uses inside information with the intent to gain a pecuniary benefit for himself or a third party by buying or selling financial instruments or by offering or recommending such instruments to third parties for acquisition or disposal, or who makes such information accessible to a third party without having any need to do so, is subject to a criminal penalty of up to three years' imprisonment. If the benefit gained exceeds EUR 50,000, the penalty is between six months' and five years' imprisonment. If this criminal offence is committed by a person who is not an insider, but has inside information which has been made available to him or otherwise become known to him (so-called secondary insider (*Sekundärinsider*)), such secondary insider is subject to a criminal penalty of up to one year's imprisonment or a financial penalty of up to 360 daily rates. If the benefit gained exceeds EUR 50,000, the penalty is up to three years' imprisonment.

Pursuant to the Stock Exchange Act, every issuer is obligated to:

- inform its employees and other persons providing services to it about the prohibition on the abuse of inside information;
- issue internal directives for the communication of information within the relevant company and monitor compliance; and
- take organizational measures to prevent the abuse of inside information or its disclosure to third parties.

Evidence of adherence to these obligations, which must be provided by delivering the company's internal compliance directive, is a prerequisite for admission to the Official Market and the Second Regulated Market.

The Issuers' Compliance Regulation (*Emittenten-Compliance-Verordnung 2007,* Federal Law Gazette II No. 2007/213 as amended) enacted by the FMA regulates such measures in further detail (e.g., permanent and ad hoc confidentiality areas and blocking periods regarding trading in financial instruments). Also, it does not only cover inside information as defined above, but expands its scope of application to so called compliance-relevant information (*Compliance-relevant Information*). "Compliance-relevant information" is defined as an inside information or any other confidential and price-sensitive information (which may not yet be qualified as inside information). Confidential and price-sensitive information comprises all information not publicly known which would, if it were known to a reasonable investor who regularly trades related financial instrument on the respective market, be considered as relevant by such investor when making his investment decision.

The Issuers' Compliance Regulation *inter alia* requires each issuer whose securities are admitted to trading on the Official Market or the Second Regulated Market to issue a compliance directive (*Compliance-Richtlinie*). Furthermore, issuers are obligated to provide an annual operational report (*Tätigkeitsbericht*), as defined in the Issuers' Compliance Regulation, within five months of the end of an issuer's financial year to its supervisory board as well as to the FMA. Issuers are further required to establish a register of persons working for them who have access to compliance-relevant information, whether on a regular or on an occasional basis. Issuers are required to regularly update this register and submit it to the FMA, whenever requested.

Furthermore, the Stock Exchange Act requires any company, the shares of which are admitted to trading on the Official Market or the Second Regulated Market, to disclose to the public without delay any inside information that directly concerns such company (so-called ad-hoc information). This obligation does not apply to issuers whose shares are not admitted to trading on a regulated market or who have not applied for admission to trading on a regulated market in the EEA. Material changes to published inside information must also be published and identified as such. Publication must be made through one of the EU-wide electronic information dissemination systems (Reuters, Bloomberg or Dow Jones Newswire). Issuers may delay the public disclosure of inside information in order not to prejudice their legitimate interests, provided that (i) such omission would not be likely to mislead the public and (ii) the issuer is able to ensure confidentiality of such information. The issuer is obligated to inform the FMA without delay of its decision to delay public disclosure of inside information.

To ensure confidentiality of compliance-relevant information, an issuer must control access to such information. In particular, an issuer must (i) establish effective arrangements to deny access to such information to persons, other than those who require it for the exercise of their functions within the relevant company; (ii) take the necessary measures to ensure that any person with access to such information acknowledges the legal and regulatory duties entailed and is aware of the sanctions attaching to the misuse or improper dissemination of such information and (iii) have in place measures which allow immediate public disclosure in case the issuer was not able to ensure the confidentiality of the relevant information.

Violations of these rules constitute an administrative offence and may be fined by the FMA in the amount of up to EUR 60,000.

MARKET MANIPULATION

Market manipulation refers to transactions or trade orders (i) which give, or may give, false or misleading signals regarding the supply of, demand for, or the price of financial instruments, or (ii) which influence, by a person, or persons acting in collaboration, the price of one or several financial instruments so as to reach an abnormal or artificial level, unless, with respect to both (i) and (ii), the person who entered into the

transactions or placed the trade orders has legitimate reasons for doing so and these transactions or trade orders conform to accepted market practices on the regulated market concerned.

Market manipulation also comprises transactions or trade orders which employ fictitious devices or any other form of deception or contrivance. Finally, market manipulation includes dissemination of information through the media, including the internet, or by any other means, which gives, or may give, false or misleading signals with respect to the financial instruments, among other things by the dissemination of rumors and false or misleading news, of the person who disseminated this information knew, or should have known, that the information was false or misleading.

Market manipulation is subject to an administrative fine of up to EUR 150,000, which may be imposed by the FMA, whereby even the attempt is punishable. Additionally, any pecuniary advantage attained by such transaction or trade order is to be declared forfeited by the FMA.

On October 20, 2011, the European Commission adopted proposals for a regulation (the "**MAR**") on insider dealing and market manipulation, and for a directive on criminal sanctions for insider dealing and market manipulation which were amended on July 25, 2012 to prohibit also the manipulation of benchmarks, such as LIBOR and EURIBOR, and make such manipulation a criminal offence. The proposals include, amongst others, an increase in the scope of the market abuse regime, substantially increased administrative fines, the sanctioning of attempted market manipulation and whistleblower regulations. On September 10, 2013, the European Parliament resolved on the legislative resolution MAR proposal. As of the date of this Prospectus, these proposals are still under review and have not yet become effective.

TAKEOVER ACT

The Takeover Act primarily applies to public offers for the acquisition of shares of stock corporations registered in Austria, the shares of which are admitted to the Official Market or Second Regulated Market. The primary purpose of the Takeover Act is to ensure that all shareholders of a company the shares of which are being acquired are treated equally and that the shareholders receive a fair compensation for their shares in case of a change of control.

The Takeover Act provides that any public offer for the acquisition of shares of an Austrian company listed on an exchange in Austria has to be prepared in accordance with the formal requirements of the Takeover Act and be submitted to the Takeover Commission (*Übernahmekommission*) prior to its publication. Generally, a bidder must not disclose his intention to launch a public offer until he has notified the Takeover Commission thereof. If, however, rumors of the bidder's intention lead to significant changes in the price of the target company's shares prior to notification of the Takeover Commission, a bidder is required to publish his intention to bid for the shares of the target company immediately and must submit the offering documents to the Takeover Commission within ten trading days following publication.

The Takeover Act distinguishes between voluntary offers, mandatory offers and voluntary offers to gain control. Any person who acquires a controlling interest in a target company must notify this to the Takeover Commission without undue delay and must prepare an offer ("mandatory offer") to purchase the remaining shares in the target company and must submit the offer document to the Takeover Commission within 20 trading days of acquiring the controlling interest. Furthermore, every voluntary offer aiming at acquiring a controlling influence is statutorily under the condition precedent that the bidder acquires more than 50% of the outstanding shares with permanent voting power ("voluntary offer to acquire control").

Important parts of the Takeover Act are based on a formal concept of control. Within the meaning of the Takeover Act, an interest is "controlling" if it confers more than 30% of the voting rights in the target company. Acquisitions of less than 30% of the voting rights do not trigger a mandatory offer under a safe harbor exemption. If the threshold of 30% is not exceeded, but a secured blocking minority (26%) is exceeded, only 26% of the voting rights can be exercised unless the Takeover Commission explicitly revokes the suspension of voting rights. In this event, the Takeover Commission becomes involved only upon request and, instead of suspending voting rights, can also establish conditions and obligations. In the event of a "passive" acquisition of control (i.e., where an investor acquires a controlling interest without own effort, e.g., because the hitherto controlling shareholder sells its shares or a shareholders' agreement is terminated), there is no requirement to launch a mandatory offer if the acquirer of a controlling interest could not reasonably expect the acquisition of control at the time of acquiring the participation. However, such shareholder may only exercise 26% of his voting rights unless the Takeover Commission, upon

request, revokes the suspension of voting rights. Otherwise, the same provisions as outlined above apply (e.g., suspension of voting rights).

Under the "creeping-in" rule, the extension of an existing controlling interest shall also trigger a mandatory offer if a person with a controlling interest who does not have a majority of the voting rights of a listed company acquires an additional 2% or more of the voting rights within a period of twelve months. The "creeping-in" rule, accordingly, only applies to a shareholding between 30% and 50%.

The articles of association of a stock corporation can, *inter alia*, stipulate that during the takeover process certain restrictions on transfer and voting rights with respect to shares of the target company are not applicable ("break through"). The acquirer of an interest of at least 75% of the share capital of a stock corporation can call a shareholders' meeting within six months of a takeover process. If, in such a shareholders' meeting, a vote is taken on changes to the articles of association (in particular, the abolition of transfer restrictions, voting right restrictions and delegation rights) or the recall or election of members of the supervisory board, restrictions on voting rights do not apply.

As a rule, the price for a voluntary public offer can be freely determined. The price for a mandatory offer and a voluntary offer to gain control (i) must be at least equal to the average stock exchange price weighted according to the respective trading volume during the preceding six months before the day on which the intent to bid was announced and (ii) must be at least equal to the highest share price that the bidder or a legal entity acting jointly with the bidder has paid or agreed to pay during the last twelve months before publication of the offer. Under certain circumstances, an appropriate price is to be set for a mandatory offer.

The Takeover Act requires offer documents to be examined by an independent expert, either a qualified auditor or bank, before these offer documents are filed with the Takeover Commission and the target company. The management of the target company must issue a statement on the offer which is also subject to mandatory examination by an independent expert. Any offers providing for a higher consideration or competing offers must follow the same rules. From publication of a bidder's intention to submit a public offer, the management board and the supervisory board of the target company generally may not undertake measures to jeopardize the offer. The bidder and the parties acting in concert must refrain from selling any shares in the target company and from purchasing target shares for a higher consideration than offered in the offer. Violation of any legal provision may result in the obligation to pay the difference between the price such shares have been purchased and/or sold at and the price offered in the bid to all shareholders who have accepted such bid, in the suspension of voting rights and in fines imposed by the Takeover Commission.

The acceptance period for an offer may not be less than two weeks and not more than ten weeks, calculated in each case from the date of publication of the offer documents. In certain instances, such as in the case of a mandatory offer, there is a follow-up period of three months after publication of the results of the offer within which the offer can be accepted.

The Takeover Commission monitors adherence to the Takeover Act and is authorized to penalize violations of takeover law. In addition to other civil and administrative sanctions, violations of provisions of the Takeover Act can result in the suspension of voting rights of the violator's shares and, in the case of serious violations, suspension of other shareholder rights. The Takeover Commission can also officially introduce proceedings and does not itself have a supervisory authority.

SQUEEZE-OUT OF MINORITY SHAREHOLDERS

Pursuant to the Austrian Act on the Squeeze-out of Minority Shareholders (*Gesellschafter-Ausschlussgesetz*, Federal Law Gazette I, No. 2006/75, as amended), a majority shareholder holding no less than 90% of the entire (voting and non-voting) share capital of a corporation may squeeze out the remaining shareholders at an equitable price. The squeeze-out right is general and is not limited to a preceding takeover offer. The minority shareholders are not entitled to block the squeeze-out but have the right of separate judicial review of the fairness of the compensation paid for their minority stake. If a squeeze-out follows a takeover offer, the consideration offered in the takeover bid is presumed to be fair where, through the acceptance of the offer, the bidder has acquired shares representing no less than 90% of the share capital entitled to vote in the target company.

SHORT SELLING

On March 24, 2012, Regulation (EU) No 236/2012 of the European Parliament and the Council of March 14, 2012 on short selling and certain aspects of credit default swaps was published. The short selling regulation applies since November 1, 2012. According to the regulation, short selling may (subject to certain exemptions) be temporarily banned or restricted either by national regulators or by the new European Securities and Market Authority ("ESMA"). It provides a coordinated European framework on short selling that aims at greater transparency, increases the powers for regulators and addresses the specific risks of naked short selling by requiring that to enter a short sale, an investor must have borrowed the instruments concerned, entered into an agreement to borrow them, or have an arrangement with a third party to locate and reserve them for lending so that they are delivered by the settlement date.

In addition, the FMA has issued guidelines on short selling transactions founding the suspicion of manipulative market behavior. Pursuant to the Stock Exchange Act, any person professionally engaged in arranging transactions must submit a notification of suspicious transactions involving inside trading or market manipulation to the FMA if such person is registered or has its head office or branch in Austria. The FMA has specified that the notification duty is triggered if any person or entity enters into a holding of net short positions representing at least 0.25% of an issuer's outstanding share capital listed in Austria. OTC transactions in such shares and transactions taking place outside Austria are also included.

On September 15, 2010, the European Commission adopted a proposal for a regulation on short selling and certain aspects of credit default swaps according to which, amongst other things, short selling may temporarily be banned or restricted either by national regulators or by the new European Securities and Market Authority. On March 24, 2012, Regulation (EU) No 236/2012 of the European Parliament and the Council of March 14, 2012 on short selling and certain aspects of credit default swaps was published and entered into force on March 25, 2012. It shall apply from November 1, 2012.

CONTROL OF ACCOUNTING ACT

On July 1, 2013, the Austrian Control of Accounting Act (*Rechnungslegungs-Kontrollgesetz*, Federal Law Gazette I, No. 21/2013, as amended; RL-KG) has entered into force. It aims to ensure that financial information (annual reports as well as interim financial information) as well as certain other information published by entities having securities admitted to trading on a regulated market in Austria are compliant with national and international accounting standards. To this end, either the Austrian Financial Reporting Enforcement Panel (*Österreichische Prüfstelle für Rechnungslegung*), acting for the FMA, or the FMA directly, may conduct audits either on a random basis or if indications exist that accounting standards have been infringed. The FMA will issue a decree on any inaccuracies detected in the course of such audit which can be appealed before the independent Austrian Constitutional Court (*Verfassungsgerichtshof*) and the independent Austrian Administrative Court (*Verwaltungsgerichtshof*). From January 1, 2014 on, such appeal must be made at the newly established independent Federal Administrative Court (*Bundesverwaltungsgericht*); the decisions of the independent Federal Administrative Court (*Bundesverwaltungsgericht*) are in certain cases subject to appeal before the independent Austrian Constitutional Court (*Verfassungsgerichtshof*) or the independent Austrian Administrative Court (*Verwaltungsgerichtshof*). In addition, inaccuracies detected may also be made public if the public interest to be informed overrides the respective entity's interest of keeping the findings confidential. The RL-KG applies to published information relating to financial years ending after December 30, 2013.

TAXATION

AUSTRIAN TAXATION CONSIDERATIONS

This section on taxation contains a brief summary of the Company's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Offer Shares in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential shareholders. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Offer Shares consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Offer Shares.

The Company does not assume any responsibility for withholding tax at source.

General Remarks

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability, Austria's right to tax may be restricted by double taxation treaties.

Income Tax and Corporate Income Tax

Taxation of Dividends

Dividends distributed by an Austrian corporation are generally subject to a withholding tax (*Kapitalertragsteuer*), levied at a rate of 25%.

For holders of the Offer Shares who are subject to unlimited income tax liability, this 25% withholding tax is a final tax (*Endbesteuerung*), i.e., no income tax is levied over and above the amount withheld. Furthermore, the dividends do not have to be included in the holder's income tax return. However—upon application—the option exists to tax dividend income subject to the tax rate of 25% at the lower progressive income tax rate. Expenses incurred by the holder in connection with the Offer Shares (including interest expenses) may not be deducted for income tax purposes.

For holders of the Offer Shares who are subject to unlimited corporate income tax liability, dividends derived from a participation in an Austrian corporation are exempt from corporate income tax. This is also the case for Offer Shares that are attributable to an Austrian permanent establishment (*Betriebsstätte*) of a corporation resident in an EU member state if it has one of the legal forms listed in the EU-Parent Subsidiary Directive (2011/96/EC). Any tax withheld is credited against the corporate income tax assessed; any excess amount may be reclaimed. Apart from interest expenses, no expenses incurred by the holder in connection with the Offer Shares may be deducted for corporate income tax purposes.

Private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz* Federal Law Gazette No. 694/1993 "**Austrian Private Foundations Act**") are subject to special provisions that exempt dividends from corporate income tax. Any tax withheld is credited against the corporate income tax assessed; excess amounts may be reclaimed.

For holders of the Offer Shares who are subject to limited (corporate) income tax liability, the 25% withholding tax on dividend payments is a final tax, subject however to applicable double taxation treaties.

Many of these treaties generally reduce Austria's right to tax, in which case any balance will be refunded by the Austrian tax authorities upon request. In this respect, a holder of the Offer Shares will generally have to provide a certificate of residence issued by the tax authorities of its country of residence. Claims for refund of the Austrian withholding tax can be made by using the forms ZS-RD 1 (in German) or ZS-RE 1 (in English). In addition, corporations resident in the EU as well as in the EEA (the latter only if there exists an agreement on comprehensive mutual administrative and enforcement assistance) may claim a refund of Austrian withholding tax levied on dividend distributions made by Austrian corporations to the extent that such Austrian withholding tax does not lead to a tax credit in the country of residence of the dividend recipient under the applicable double taxation treaty.

Taxation of Capital Gains

For holders of the Offer Shares who are subject to unlimited income tax liability, holding the Offer Shares as non-business assets (*Privatvermögen*), capital gains realized upon a sale are subject to Austrian income tax. In the case of capital gains with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically income that is paid by an Austrian custodian agent (*depotführende Stelle*) or by an Austrian paying agent (*auszahlende Stelle*) provided the non-Austrian custodian agent is a non-Austrian branch or group company of such paying agent and processes the payment in cooperation with the paying agent is subject to a final withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld. In the case of income from capital gains without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases, the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate.

For holders of the Offer Shares who are subject to unlimited income tax liability, holding the Offer Shares as business assets (*Betriebsvermögen*), capital gains realized upon a sale are subject to Austrian income tax. In the case of capital gains with an Austrian nexus (as described above), the income is subject to a withholding tax of 25%. The capital gains must always be included in the income tax return, and are taxed at a flat income tax rate of 25%, with any withholding tax being credited. In addition, the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate.

For holders of the Offer Shares who are subject to unlimited corporate income tax liability, capital gains realized upon the sale of the Offer Shares are taxed at the normal corporate income tax rate of 25%.

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sections 13(3) and (6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz* Federal Law Gazette No. 401/1988) and holding the Offer Shares as a non-business asset are subject to interim taxation at a rate of 25% on income from realized increases in value of the Offer Shares. Interim tax does not become due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In the case of capital gains with an Austrian nexus (as described above), the income is, in general, subject to a withholding tax of 25%, which can be credited against the tax due. Under the conditions set forth in section 94(12) of the Austrian Income Tax Act (*Einkommensteuergesetz*, Federal Law Gazette No. 400/1988, the "**Austrian Income Tax Act**"), no withholding tax is levied.

For holders of the Offer Shares who are subject to limited (corporate) income tax liability, capital gains realized upon a sale are generally only taxable if the holder has, at any point in time during the five years prior to the sale, held a participation of at least 1% or, alternatively, if the Offer Shares are attributable to an Austrian permanent establishment. Except in the case of a permanent establishment, most Austrian double taxation treaties provide for an exemption of these capital gains.

Note that in all of these cases, the withdrawal of the Offer Shares from a bank deposit (*Depotentnahme*) and circumstances leading to a loss of Austria's taxation right regarding the Offer Shares *vis-à-vis* other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. section 27(6)(1) of the Austrian Income Tax Act) upon which capital gains are realized.

Tax Treatment of the Discount on the Subscription and Offer Price on Shares for Employees

Any benefit derived from the delivery of shares for no consideration or for a consideration which is below the shares' fair market value to an employee resident in Austria ("**Resident Employee**") constitutes taxable employment income. Such benefit becomes taxable at the time beneficial ownership in the shares is transferred to the Resident Employee. In the case of third party income, the respective Austrian employer may be obliged to withhold payroll tax (*Lohnsteuer*) on such employment income under specific circumstances at the Resident Employee's marginal income tax rate of at most 50%.

Austrian tax law provides for a beneficial tax regime for the granting of shares in the employer company (or a group company thereof) for no consideration or for a consideration that is below the shares' fair market value. Such tax relief only applies to shares that are granted to either all or at least to specific groups of employees. In addition, the shares granted have to constitute a direct participation in the mentioned entities. The tax relief is available for benefits of up to EUR 1,460 per year and employee. Any benefit exceeding such threshold has to be taxed as employment income at the individual Resident Employee's marginal income tax rate. Furthermore, the tax relief only applies if the shares are held by the Resident Employee for a period of five consecutive years. In addition, the shares acquired are to be deposited with an Austrian or an EU/EEA resident credit institution. Alternatively, the shares can be deposited with a legal entity designated as trustee by the employer and the workers' representation. Any sale or other transfer with or without consideration prior to expiry of the five years' holding period will lead to a recapture of the tax-exempt benefit from the delivery of shares. Within such five year holding period, the Resident Employee is obliged to submit to its respective employer an excerpt of his/her stock account evidencing that the shares granted have not been sold until March 31st each year. Furthermore, there is a notification obligation of the Resident Employee vis-à-vis its respective employer in case of a transfer of the shares. The notification obligation as well as the recapture of the tax-exempt benefit does not apply in the case of a share transfer on the occasion of or after termination of the employment.

As to the tax treatment of dividends and capital gains derived by a Resident Employee after having gained beneficial ownership in the shares, please see above.

Tax Cooperation Agreements Austria/Switzerland and Austria/Liechtenstein

On January 1, 2013, the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. A similar treaty between the Republic of Austria and the Principality of Liechtenstein has been applicable since January 1, 2014. These treaties provide that a Swiss, or as the case may be Liechtenstein, paying agent has to withhold a tax amounting to 25%, on, *inter alia*, dividends and capital gains from assets booked with an account or deposit of such Swiss, or as the case may be Liechtenstein, paying agent or managed by a Swiss, or as the case may be Liechtenstein, paying agent, if the relevant holder of such assets (i.e., generally individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. For Austrian income tax purposes, the withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorizing the Swiss, or as the case may be Liechtenstein, paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Inheritance and Gift Tax

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to a foundation entry tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Entry Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in the event of a transfer *mortis causa* of financial assets within the meaning of sections 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to the special tax rate of 25%. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases. Since January 1, 2014, special provisions apply to entities falling under the scope of the tax treaty between Austria and Liechtenstein.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation. In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of

five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Entry Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Offer Shares may trigger income tax at the level of the transferor pursuant to section 27(6)(1) of the Austrian Income Tax Act (see above).

Capital Contribution Tax

The issuance of equity by an Austrian corporation as defined in the Austrian Capital Transfer Tax Act (*Kapitalverkehrsteuergesetz*) is subject to capital contribution tax (*Gesellschaftsteuer*) amounting to 1% of the consideration. Such tax is levied on the issuing company.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING BY US (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following discussion summarizes the U.S. federal income tax consequences generally applicable to the acquisition, ownership and disposition of the Offer Shares. It applies only to U.S. Holders (as defined below) that acquire and hold the Offer Shares pursuant to this Offering and hold the Offer Shares as capital assets (generally, property held for investment purposes). This section does not apply to holders subject to special rules, including brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, tax-exempt organizations (including private foundations), insurance companies, banks, thrifts and other financial institutions, real estate investment trusts, regulated investment companies, persons liable for alternative minimum tax, persons that hold an interest in an entity that holds the Offer Shares, persons that will own, or will have owned, directly, indirectly or constructively 10% or more (by vote or value) of the Company's voting shares for U.S. federal income tax purposes, persons that hold the Offer Shares as part of a hedging, integration, conversion or constructive sale transaction or a straddle, persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar, certain former citizens or long-term residents of the United States, or entities classified as partnerships for U.S. federal income tax purposes.

This discussion does not purport to be a complete analysis of all the potential U.S. federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances. Further, it does not address any aspect of U.S. state, local or non-U.S. taxation, U.S. federal estate or gift taxation or the 3.8% tax imposed on certain net investment income. Each prospective investor should consult its tax adviser as to the U.S. federal, state, local, non-U.S. and any other tax consequences of the acquisition, ownership and disposition of the Offer Shares. This discussion is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, U.S. Treasury Regulations, Internal Revenue Service ("**IRS**") rulings, the Treaty (as defined below) and published court decisions, all as in effect as of the date hereof, and any of which may be repealed, revoked or modified (possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below. This summary is applicable to U.S. Holders who are residents of the United States for purposes of the Convention Between the United States of America and the Republic Austria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Treaty**") whose Offer Shares are not, for purposes of the Treaty, effectively connected with a permanent establishment in Austria and who otherwise qualify for the full benefits of the Treaty.

A "**U.S. Holder**" is a beneficial owner of the Offer Shares that, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States or any State thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust (A) if a U.S. court can exercise primary

supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (B) that has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

If an entity or arrangement that is treated as a partnership for U.S. federal tax income tax purposes holds the Offer Shares, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and on the activities of the partnership. Partnerships that hold the Offer Shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of the Offer Shares.

Distributions on the Offer Shares

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, the gross amount of any distribution received by a U.S. Holder with respect to the Offer Shares (including any amounts withheld to pay Austrian or other non-U.S. withholding taxes) will be included in the gross income of the U.S. Holder as a dividend to the extent attributable to the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles. The Company does not intend to calculate its earnings and profits in accordance with U.S. federal income tax principles. Accordingly, U.S. Holders should expect that a distribution generally will be treated as a dividend for U.S. federal income tax purposes.

A distribution on the Offer Shares generally will be foreign-source income for U.S. foreign tax credit purposes, and should generally constitute "passive category income." A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any Austrian or other non-U.S. withholding taxes imposed on dividends received on the Offer Shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign income tax withheld may instead deduct the taxes withheld, but only for a year in which the holder elects to do so for all creditable foreign income taxes. The foreign tax credit rules are complex, and U.S. Holders are urged to consult their tax advisers regarding the availability of the foreign tax credit based on their particular circumstances.

Provided that the Company is not a PFIC, it should be considered a "qualified foreign corporation," and therefore distributions, if any, to non-corporate U.S. Holders that are treated as dividends may be eligible for a reduced rate of tax for qualified dividends. As discussed below, the Company does not believe that it was a PFIC for its most recent taxable year and does not believe that it will be treated as a PFIC in the current taxable year or in the foreseeable future. Distributions on the Offer Shares generally will not be eligible for the dividends received deduction generally available to U.S. Holders that are corporations on dividends from a U.S. issuer.

For purposes of applying the rules discussed above, the amount of any dividend paid in euros (including amounts withheld to pay Austria or other non-U.S. withholding taxes) will equal the U.S. dollar value of the euros received calculated by reference to the exchange rate in effect on the date the dividend is received by the U.S. Holder, regardless of whether the euros are converted into U.S. dollars. A U.S. Holder will have a tax basis in the euros equal to their U.S. dollar value on the date of receipt. If the euros received are converted into U.S. dollars on the date of receipt, the U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the distribution. If the euros received are not converted into U.S. dollars on the date of receipt, a U.S. Holder may recognize foreign currency gain or loss on a subsequent conversion or other disposition of the euros. In general, such gain or loss will be treated as U.S. source ordinary income or loss for foreign tax credit purposes.

Sale, Exchange or Other Taxable Disposition

Subject to the PFIC rules discussed below, in general, a U.S. Holder will recognize gain or loss on the sale, exchange or other taxable disposition of the Offer Shares in an amount equal to the difference, if any, between the amount realized for the Offer Shares and the U.S. Holder's adjusted tax basis in the Offer Shares exchanged therefor. Subject to the PFIC discussion below, gain or loss on the sale, exchange or other taxable disposition of the Offer Shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Offer Shares for more than one year. Net long-term capital gains of non-corporate U.S. Holders may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code. Any capital gain or loss recognized by a U.S. Holder generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes.

If a U.S. Holder receives euro (or other currency other than U.S. dollars) upon a sale, exchange or other taxable disposition of the Offer Shares, such U.S. Holder generally will realize an amount equal to the U.S. dollar value of the euro (or other non-U.S. currency) received at the spot rate on the date of disposition (or, in the case of cash basis and electing accrual basis taxpayers, at the spot rate on the settlement date). A U.S. Holder will have a tax basis in the currency received equal to the U.S. dollar value of the currency on the settlement date. Any currency gain or loss realized on the settlement date or recognized on the subsequent sale, conversion or other disposition of the euro (or other non-U.S. currency) for a different U.S. dollar amount generally will be U.S. source ordinary income or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be considered a PFIC for any taxable year in which (1) 75% or more of its gross income is "passive income" under the PFIC rules or (2) 50% or more of the average quarterly value of its assets produce (or are held for the production of) "passive income." For this purpose, "passive income" generally includes interest, dividends, rents, royalties and certain gains. Moreover, for purposes of determining if the non-U.S. corporation is a PFIC, if the non-U.S. corporation owns, directly or indirectly, at least 25%, by value, of the shares of another corporation, it will be treated as if it holds directly its proportionate share of the assets and receives directly its proportionate share of the income of such other corporation.

The Company does not believe that it was a PFIC for its most recent taxable year and does not believe that it will be treated as a PFIC in the current taxable year or in the foreseeable future. However, the determination as to whether the Company is a PFIC for any taxable year can only be made on an annual basis after the end of such taxable year, is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and will depend on the composition of the income, assets and operations of the Company from time to time. Because of the above described uncertainties, there can be no assurance that the IRS will not challenge the determination by the Company concerning its PFIC status, that a court will not sustain such challenge, or that it will not be a PFIC for any taxable year.

If the Company is classified as a PFIC in any year a U.S. Holder owns the Offer Shares, certain adverse tax consequences could apply to such U.S. Holder. Certain elections may be available (including a mark-to-market election) to U.S. Holders that may mitigate some of the adverse consequences resulting from the Company's treatment as a PFIC. U.S. Holders should consult their tax advisers regarding the application of PFIC rules to their investments in the Offer Shares and whether to make an election or protective election.

Information Reporting

Certain U.S. Holders are required to report information relating to an interest in the Offer Shares, subject to exceptions (including an exception for Offer Shares held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with such holder's tax return for each year in which such holder held an interest in the Offer Shares. U.S. Holders should consult their tax advisers regarding information reporting requirements relating to their ownership of the Offer Shares.

UNDERWRITING

GENERAL

On the date of this Prospectus, the Company, the Selling Shareholder and the Underwriters are expected to enter into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

The Offering consists of a public offering of the Offer Shares in Austria and private placements of the Offer Shares in certain jurisdictions outside Austria. The Offering Period will commence on June 4, 2014 and is expected to end on June 23, 2014. In the United States, the Offer Shares will be offered for sale by the Underwriters to QIBs in reliance on Rule 144A under the Securities Act. Outside the United States, the Offer Shares will be offered and sold to professional and institutional investors in reliance on Regulation S under the Securities Act. Any offer and sale of the Offer Shares in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended.

The Offer Price for each Offer Share has been determined jointly by the Company, the Selling Shareholder and the Joint Global Coordinators.

Under the terms of the Underwriting Agreement, and subject to certain conditions, each Underwriter will be obliged to acquire a maximum number of Offer Shares set forth below opposite the Underwriter's name (in each case assuming the low end of the Price Range):

Underwriters	Maximum number of Offer Shares to be acquired[(1)]	Percentage of underwritten Offer Shares
J.P. Morgan Securities plc	8,121,750	34.0%
Morgan Stanley Bank AG	8,121,750	34.0%
Erste Group Bank AG	5,255,250	22.0%
UBS Limited	2,388,750	10.0%
Total	**23,887,500**	**100.0%**

(*Source: Company information*)

(1) Assuming full exercise of the Greenshoe Option and placement of all Offer Shares.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments, and may offer or sell such Offer Shares or other investments other than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any Offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps with investors) in which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

UNDERWRITING AGREEMENT

In the Underwriting Agreement, the Underwriters are expected, subject to pricing, to agree to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering. The Underwriters will agree to remit to the Company the Offer Price of the New Shares, at the time the Offer Shares are delivered, which is expected to be on June 27, 2014. The Underwriters will further agree to acquire up to 5,801,653 Existing Offer Shares (as well as 2,171,591 Over-Allotment Shares with regard to possible Over-Allotments) from the Selling Shareholder and to sell such shares as part of the Offering. The Underwriters will agree to remit the purchase price of the Existing Offer Shares and Over-Allotment Shares, if any, sold in the Offering to the Selling Shareholder at the time such shares are delivered.

The obligations of the Underwriters are subject to various conditions, including, among other things, the delivery of customary opinions by advisors, the delivery of officers' certificates and the absence of a material adverse change. The Underwriters have provided and may in the future provide services to the

Company and the Selling Shareholder in the ordinary course of business and may extend credit to and have regular business dealings with the Company and the Selling Shareholder in their capacity as financial institutions. (For a more detailed description of the interests of the Underwriters in the Offering, see "Relationships with the Underwriters" below).

COMMISSION

The Underwriters will offer the Offer Shares at the Offer Price. The Company (for the New Shares offered from the capital increase) and the Selling Shareholder (for the Existing Shares offered from its own holdings other than in connection with potential Over-Allotments) will pay the Underwriters a base commission of 2.5% of their respective gross proceeds from the Offering. In addition to this base commission, the Company and the Selling Shareholder may pay the Joint Global Coordinators an additional discretionary fee (with regard to the Company of up to 1.25%) of their respective gross proceeds from the Offering (including potential Over-Allotments). The decision to pay any discretionary fee and its amount are within the sole discretion of the Company and the Selling Shareholder. The Company will also reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. In addition, the Selling Shareholder will pay the Underwriters a commission of 2.5% of the Offer Price for each Over-Allotment Share purchased upon exercise of the Greenshoe Option.

STABILIZATION

To cover potential Over-Allotments, the Selling Shareholder will make available up to 2,171,591 additional Existing Shares to the Underwriters free of charge through a stock lending arrangement. Also, the Selling Shareholder has granted the Underwriters an option to acquire the borrowed shares from the Selling Shareholder at the Offer Price, less agreed commissions (Greenshoe Option). This Greenshoe Option will terminate 30 calendar days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange.

TERMINATION/INDEMNIFICATION

The Underwriting Agreement will provide that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the shares have been allotted and listed, up to delivery and settlement. Grounds for termination include, in particular, the occurrence of a material adverse change.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to any fees already paid and costs incurred by an investor in connection with the Offering will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Company and the Selling Shareholder will agree in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

RELATIONSHIPS WITH THE UNDERWRITERS

In connection with the Offering and the admission to trading of the Existing Shares and the New Shares, the Underwriters have formed a contractual relationship with the Company and the Selling Shareholder.

The Underwriters act for the Company and the Selling Shareholder in the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriters will receive a commission, see "—Commission".

The Underwriters, severally, engage in investment, consulting and financial transactions with FACC Group from time to time in the ordinary course of their businesses and may continue to do so in the future.

All investment, consulting and financial transactions with the Underwriters are conducted on an arm's length basis.

LOCK-UP

In the Underwriting Agreement, the Company will agree with each Underwriter that, to the extent legally permissible, for a period of 180 days following the first day of trading of the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014) and without the prior written consent of the Joint Global Coordinators, such consent not unreasonably to be withheld, the Company or, in respect of (a) and (b) below, its Management Board or Supervisory Board will not, and the Selling Shareholder will not vote its shares so as to cause the Company to:

(a) exercise an authorization pursuant to its Articles of Association to increase its capital;

(b) submit a proposal for a capital increase to any meeting of the shareholders for resolution;

(c) offer, pledge, allot, issue (unless being required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, whether any such transaction described above is to be settled by delivery of shares in its capital or such other securities, in cash or otherwise (other than for the purpose of issuing ordinary shares or options for ordinary shares to directors or employees of the Company or any of the subsidiaries of the Company under a customary directors' and/or employees' stock option plan).

In the Underwriting Agreement, the Selling Shareholder will undertake for a period of 360 days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014), and without the prior written consent of the Joint Global Coordinators, such consent not unreasonably to be withheld, not to:

(a) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any securities convertible into or exercisable or exchangeable for shares of the Company,

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise,

(c) make any demand for or exercise any right with respect to, the registration under U.S. securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company, or

(d) propose any increase in the nominal share capital of the Company, vote in favor of such a proposed increase or otherwise support any capital increase proposed with respect to the Company.

These restrictions shall not apply to transfers of shares if the receiving party agrees to be bound, in turn, by them.

Further, each member of the Management Board will undertake in writing towards the Underwriters with regards to his entire shareholding in the Company from the initial public offering bonus the identical restrictions as the Selling Shareholder for a period of 360 days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange (currently expected to take place on June 25, 2014).

SELLING RESTRICTIONS

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold, or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration requirements of the U.S. securities laws and in compliance with all other applicable U.S. legal regulations.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. For additional information on selling restrictions, see "Transfer and Selling Restrictions".

STATEMENT PURSUANT TO COMMISSION REGULATION (EC) NO 809/2004 OF APRIL 29, 2004 AND PURSUANT TO SECTION 8 PARAGRAPH 1 CAPITAL MARKETS ACT

FACC AG, with its corporate seat at Fischerstraße 9, 4910 Ried im Innkreis, Austria, is responsible for this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Ried im Innkreis, June 3, 2014

FACC AG as Issuer (*als Emittentin*)

Dipl.-Ing. Walter Stephan Chairman of the Management Board of FACC AG	Robert Machtlinger Member of the Management Board of FACC AG	Diplom-Kauffrau Minfen Gu Member of the Management Board of FACC AG

FINANCIAL INFORMATION

Until May 21, 2014, the Company was organized as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with the legal name Aerospace Innovation Investment GmbH. In preparation of the Offering, on May 21, 2014, the Company was converted into a stock corporation (*Aktiengesellschaft*) and the Company's legal name was changed from Aerospace Innovation Investment GmbH to FACC AG. Consequently, the following Audited Consolidated Financial Statements pertain to Aerospace Innovation Investment GmbH including its consolidated subsidiaries.

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Aerospace Innovation Investment GmbH, Ried im Innkreis

Consolidated Financial Statements

as at

28 February 2014

I CONSOLIDATED FINANCIAL STATEMENTS OF AEROSPACE INNOVATION INVESTMENT GMBH

(a) Consolidated Statement of Financial Position

	Note	Balance as at 1 March 2012 (adjusted)	Balance as at 28 February 2013 (adjusted)	Balance as at 28 February 2014
		EUR'000	EUR'000	EUR'000
ASSETS				
Non-current assets				
Intangible assets	5	100,117	103,713	126,307
Property, plant and equipment	6	72,552	91,530	129,862
Other non-current financial assets	7	1,347	1,538	1,730
Non-current receivables	9	16,141	20,878	16,676
		190,157	**217,659**	**274,575**
Current assets				
Inventories	8	44,763	56,365	81,049
Trade receivables	9	63,978	97,165	100,111
Receivables from construction contracts	9	11,964	28,198	25,144
Other receivables and deferred items	9	8,355	5,906	19,027
Receivables from affiliated companies	9	6,400	802	14,812
Derivative financial instruments	14	2,851	4,760	3,590
Cash and cash equivalents	10	19,292	36,958	51,012
		157,603	**230,154**	**294,745**
Total assets		**347,760**	**447,813**	**569,320**
EQUITY				
Equity attributable to equity holders of the parent				
Share capital	11	35	35	35
Capital reserve	11	144,006	144,006	125,006
Currency translation reserve	11	(74)	(75)	(127)
Other reserves(*)	11	67	(609)	(1,434)
Retained earnings		34,416	55,188	101,353
		178,450	**198,545**	**224,833**
Non-controlling interests		—	—	(5)
Total equity		**178,450**	**198,545**	**224,828**
LIABILITIES				
Non-current liabilities				
Promissory note loans	12	—	45,000	45,000
Bonds	12	—	—	88,893
Other financial liabilities	13	17,275	18,187	57,028
Derivative financial instruments	14	7,625	11,734	9,953
Investment grants	15	11,765	10,538	9,776
Employee benefit obligations(*)	16	5,479	6,886	7,581
Deferred taxes(*)	30	11,658	12,852	20,128
		53,802	**105,197**	**238,359**
Current liabilities				
Trade payables	17	35,467	55,453	55,694
Other liabilities and deferred income	18	14,370	18,073	23,553
Other financial liabilities	13	35,973	49,921	10,817
Bonds		20,000	—	—
Derivative financial instruments	14	—	688	—
Other provisions	19	7,560	13,896	10,476
Investment grants	15	1,170	1,233	838
Income tax liabilities		968	4,807	4,755
		115,508	**144,071**	**106,133**
Total liabilities		**169,310**	**249,268**	**344,492**
Total equity and liabilities		**347,760**	**447,813**	**569,320**

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The Notes on pages F-8 to F-53 are an integral part of these consolidated financial statements.

(b) Consolidated Statement of Comprehensive Income

	Note	2012/2013 (adjusted)	2013/2014
		EUR'000	EUR'000
Revenue	4	434,615	547,382
Changes in inventories	20	5,523	(8,186)
Own work capitalised	21	4,741	9,758
Cost of materials and purchased services	22	(257,105)	(308,959)
Staff costs	23	(110,519)	(142,572)
Depreciation and amortisation	25	(17,214)	(18,042)
Other operating income and expenses	26	(25,327)	(37,450)
Earnings before interest, taxes and fair value measurement of derivative financial instruments		**34,714**	**41,931**
Finance costs	27	(2,722)	(7,494)
Interest income from financial instruments	28	26	281
Fair value measurement of derivative financial instruments	29	(4,969)	1,781
Profit before taxes		**27,049**	**36,499**
Income taxes	30	(6,277)	(7,639)
Profit after taxes		**20,772**	**28,860**
Items subsequently reclassified to profit or loss			
Currency translation differences from consolidation		(1)	(52)
Fair value measurement of securities (net of tax)		14	10
Cash flow hedges (net of tax)	11	(50)	(625)
Items subsequently not reclassified to profit or loss			
Revaluation effects of pensions and termination benefits (net of tax)(*)	16	(640)	(210)
Other comprehensive income for the year(*)		**(677)**	**(877)**
Total comprehensive income for the year(*)		**20,095**	**27,983**
Profit after taxes attributable to:			
Equity holders of the parent		20,772	28,880
Non-controlling equity holders		—	(20)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		20,095	28,003
Non-controlling equity holders		—	(20)

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The Notes on pages F-8 to F-53 are an integral part of these consolidated financial statements.

(c) Consolidated Statement of Changes in Equity

For the fiscal year ended 28 February 2013

	Share capital	Capital reserve	Currency translation reserve	Other reserves: Available-for-sale securities	Other reserves: Hedging reserve	Other reserves: Reserve IAS 19	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2012 (as reported)	**35**	**144,006**	**(74)**	**(69)**	**675**	**—**	**34,416**	**178,989**	—	**178,989**
Effects from the adjustment of accounting policies (Note 2(a))	—	—	—	—	—	(539)	—	(539)	—	(539)
Balance as at 1 March 2012 (adjusted)	**35**	**144,006**	**(74)**	**(69)**	**675**	**(539)**	**34,416**	**178,450**	—	**178,450**
Profit after taxes	—	—	—	—	—	—	20,772	**20,772**	—	**20,772**
Other comprehensive income										
Currency translation differences from consolidation	—	—	(1)	—	—	—	—	**(1)**	—	**(1)**
Fair value measurement of securities (net of tax)	—	—	—	14	—	—	—	**14**	—	**14**
Revaluation effects of pension and termination benefits (net of tax)(*)	—	—	—	—	—	(640)	—	**(640)**	—	**(640)**
Cash flow hedges (net of tax)	—	—	—	—	(50)	—	—	**(50)**	—	**(50)**
Total other comprehensive income	—	—	**(1)**	**14**	**(50)**	(640)	—	**(677)**	—	**(677)**
Total comprehensive income	—	—	**(1)**	**14**	**(50)**	**(640)**	**20,772**	**20,095**	—	**20,095**
Balance as at 28 February 2013 (adjusted)	**35**	**144,006**	**(75)**	**(55)**	**625**	**(1,179)**	**55,188**	**198,545**	—	**198,545**

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The Notes on pages F-8 to F-53 are an integral part of these consolidated financial statements.

For the fiscal year ended 28 February 2014

	Share capital	Capital reserve	Currency translation reserve	Other reserves: Available-for-sale securities	Other reserves: Hedging reserve	Other reserves: Reserve IAS 19	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2013 (adjusted)	**35**	**144,006**	**(75)**	**(55)**	**625**	**(1,179)**	**55,188**	**198,545**	**—**	**198,545**
Profit after taxes	—	—	—	—	—	—	28,880	**28,880**	(20)	**28,860**
Other comprehensive income										
Currency translation differences from consolidation	—	—	(52)	—	—	—	—	**(52)**	—	**(52)**
Fair value measurement of securities (net of tax)	—	—	—	10	—	—	—	**10**	—	**10**
Revaluation effects of pension and termination benefits (net of tax)(*)	—	—	—	—	—	(210)	—	**(210)**	—	**(210)**
Cash flow hedges (net of tax)	—	—	—	—	(625)	—	—	**(625)**	—	**(625)**
Total other comprehensive income	—	—	**(52)**	**10**	**(625)**	**(210)**	—	**(877)**	—	**(877)**
Total comprehensive income(*)	—	—	**(52)**	**10**	**(625)**	**(210)**	**28,880**	**28,003**	**(20)**	**27,983**
Reclassification from capital reserve to retained earnings	—	(19,000)	—	—	—	—	19,000	—	—	—
Dividends paid	—	—	—	—	—	—	(1,700)	**(1,700)**	—	**(1,700)**
Initial consolidation of subsidiaries	—	—	—	—	—	—	—	—	15	**15**
Other changes	—	—	—	—	—	—	(15)	**(15)**	—	**(15)**
Balance as at 28 February 2014	**35**	**125,006**	**(127)**	**(45)**	**—**	**(1,389)**	**101,353**	**224,833**	**(5)**	**224,828**

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The Notes on pages F-8 to F-53 are an integral part of these consolidated financial statements.

(d) Consolidated Statement of Cash Flows

	2012/2013 (adjusted)	2013/2014
	EUR'000	EUR'000
Operating activities		
Earnings before interest, taxes and fair value measurement of derivative financial instruments	34,714	41,931
Fair value measurement of derivative financial instruments(1)	(4,969)	1,781
	29,745	43,712
Plus/minus		
Release of / accrual of investment grants	(1,164)	1,587
Depreciation and amortisation	17,214	18,042
Losses/(gains) on disposal of non-current assets	848	17,568
Changes in financial instruments(1)	2,887	(1,376)
Change in non-current receivables	(4,737)	4,202
Change in employee benefit obligations, non-current(*)	1,407	695
Revaluation effects of pensions and termination benefits(*)	(853)	(280)
	45,347	84,150
Changes in net current assets		
Change in inventories	(11,602)	(24,683)
Changes in receivables and deferred items	(41,372)	(25,989)
Change in trade payables	19,985	241
Change in current provisions	6,270	(3,420)
Change in other current liabilities	2,685	6,663
Cash generated from operations	21,313	36,962
Interest received	25	281
Tax paid	(193)	(166)
Net cash generated from operating activities	21,145	37,077
Investment activities		
Purchase of non-current financial assets	(173)	(173)
Acquisition of subsidiaries, net of cash acquired	—	391
Purchase of property, plant and equipment	(30,464)	(58,848)
Purchase of intangible assets	(3,405)	(6,056)
Payments for addition to development costs	(6,575)	(36,374)
Net cash used in investing activities	(40,617)	(101,060)
Financing activities		
Proceeds from financial loans and bonds	63,378	132,568
Repayments of financial loans and bonds	(23,518)	(45,337)
Payments of interest on financial loans and bonds	(2,722)	(7,494)
Payment of dividend	—	(1,700)
Net cash generated from/(used in) financing activities	37,138	78,037
Net change in cash and cash equivalents	17,666	14,054
Cash and cash equivalents at the beginning of the period	19,292	36,958
Cash and cash equivalents at the end of the period	36,958	51,012

(1) Includes changes in financial instruments not considered part of net current assets, i.e. mainly derivatives.

(*) Adjustment of prior year values pursuant to IAS 8.19 b) reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The Notes on pages F-8 to F-53 are an integral part of these consolidated financial statements.

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

In the following the notes are presented for the two reporting periods ended 28 February 2013 and 28 February 2014.

(a) Parent company

Aerospace Innovation Investment GmbH ("AIIG"), domiciled in Vienna, was founded on 16 November 2009, after the former owners of FACC AG and Xi'an Aircraft Industry (Group) Company Ltd. ("XAC") had signed an agreement dated 3 October 2009 on XAC's (seated in Xian (China)) acquisition of the majority share in FACC AG. XAC—majority-owned company by Aviation Industry Corporation of China ("AVIC"), seated in Beijing—is specialised in the development and production of structural components for large and medium-sized aircraft. The AVIC Group covers the entire value chain of the aviation industry from the development and production to the distribution of aircraft, including their financing. Although the majority of the shares in AIIG are held by XAC, shares are also held indirectly by other holding companies headquartered in Hong Kong.

AIIG's corporate purpose is the carrying out of the function of a holding company; the management of own assets, including but not limited to the acquisition; possession and management of participating interests in other entities and domestic and foreign companies, the management of AIIG group companies and the rendering of services for those companies (group services) as well as taking on management tasks.

On 3 December 2009, AIIG acquired 100% of the shares in Salinen Holding GmbH, which at that time in turn held 48.125% of the shares in FACC AG. Upon completion of this transaction, Salinen Holding GmbH was renamed to Aero Vision Holding GmbH ("AVH") and the company's corporate seat was moved to Ried (Upper Austria). On that same day, AIIG acquired 43.125% of the shares in FACC AG then held by ACC Kooperationen und Beteiligungen GmbH ("ACC") seated in Linz. Upon completion of these two transactions, AIIG—directly and indirectly via AVH—held more than 91.25% of the shares in FACC AG.

FACC AG, headquartered in Ried im Innkreis, is a company incorporated in Austria for the development, production and servicing of aircraft components. The company was founded in 1989. The principal activities of the FACC AG Group are the manufacturing of structural components, such as engine cowlings, wing claddings or control surfaces, as well as interiors for modern commercial aircraft. The components are manufactured using mainly composites. In the components made of such composites, the FACC subgroup also integrates metallic components of titanium, high-alloy steel and other metals, and supplies these components to the aircraft final assembly lines ready for fitting.

For the remaining 8.75% of the shares in FACC AG, two separate option agreements were also entered into on 3 December 2009 with the former owners. By way of these option agreements XAC via its Austrian holding companies (AIIG and AVH) economically acquired these stakes at the acquisition date by taking over the risks and rewards pertaining to these shares.

Shortly after the closing of the corporate acquisition, XAC decided to increase the capital of FACC AG from EUR 40 million to EUR 80 million to provide additional funding for the planned economic development of this company. After execution of the capital increase the holding companies AIIG and AVH held 95.625%, ACC held 2.5%, and Stephan GmbH (headquartered in Salzburg) held 1.875% of the shares in FACC AG.

As the final step in the reorganisation, based on the two separate option agreements dated 23 February 2011, AVH acquired the remaining shares (in total 4.375%) in FACC AG held by ACC and Stephan GmbH. Upon completion of this reorganisation, the two holding companies held 100% of the shares in FACC AG.

On 28 September 2012, the Company's corporate seat was transferred from Vienna to Ried im Innkreis.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented.

(a) Basis of preparation

The consolidated financial statements as at 28 February 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of Section 245a of the Austrian Commercial Code (UGB).

The consolidated financial statements have been prepared under the historical cost convention, with the exception of financial assets and financial liabilities (including derivative instruments) that were measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(b).

For the purpose of clarity, amounts are rounded and—where stated—reported in euro thousand.

New and amended standards that have been applied for the first time in the fiscal year

The following new and amended standards and interpretations have been adopted for the first time for the fiscal year 2013/14 and have a material impact on the Group:

Amendment to IAS 1, "Presentation of Financial Statements". The amendment relates to the presentation of other comprehensive income. The material amendment is that entities are required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income.

IAS 19, 'Employee benefits', was amended in June 2011. The impact will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Actuarial gains or losses ("corridor approach") are no longer recognised with a time delay; these revaluation effects are instead directly recognised in other comprehensive income. The impact of the amendments with regard to figures arising from the elimination of the "corridor approach" is set out in Note 16. The Group does not hold any plan assets.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

Standards, interpretations and amendments to published standards which are not yet effective and have not been applied by the Group in preparing these consolidated financial statements

A number of new standards and amendments to standards and interpretations will be effective in subsequent fiscal years. Such standards were not applied in preparing these consolidated financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39, 'Financial instruments: Recognition and measurement', that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group intends to adopt IFRS 9 no later than the accounting period beginning after 1 January 2015. Furthermore, the Group will analyse the additional phases of IFRS 9 as soon as it is adopted by the IASB.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The impact of the standard is likely to be immaterial, because no change in the consolidated group is expected. The Group intends to adopt IFRS 10 no later than in the following fiscal year.

IFRS 12, 'Disclosure of interests in other entities', includes the revised disclosure requirements of IAS 27 or IFRS 10, IAS 31 or IFRS 11 and IAS 28 in one single standard. The impact of the standard is likely to be immaterial. The Group intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 36 "Impairment of assets": Disclosure on the recoverable amount for non-financial assets. This amendment removed the obligation to provide specific information on the recoverable amount of cash generating units. Such information was previously required under IAS 36 and is now covered by IFRS 13. This amendment will only become effective in the following fiscal year.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Use of assumptions and estimates

Assumptions and estimates were made in the preparation of the consolidated financial statements which had an effect on the amount of the reported assets, liabilities, income and expenses. These may lead to significant adjustments to assets and liabilities in subsequent fiscal years.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may not necessarily be equal to the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(i) Employee benefit obligations

Employee benefit obligations comprise primarily pension obligations and provisions for termination benefits. Employee benefit obligations are calculated based on the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with the same currency and a term corresponding to the estimated term of benefit obligations.

Management appointed independent actuaries to carry out a full valuation to determine the expected employee benefit obligations that are required to be disclosed and accounted for in the accounts in accordance with the IFRS requirements.

The actuaries use assumptions and estimates and evaluate and update these assumptions at least on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods. The discount rate is a potential volatile parameter. Reference is made to Note 16.

(ii) Deferred taxes

Change in taxable profits, within the planning period specified for the accounting and measurement of deferred taxes, may result in changes to the deferred taxes recognised for losses carried forward. The unrecognised deferred taxes for losses carried forward amount to EUR 82k (28 February 2013) and EUR 277k (28 February 2014).

Should the estimated taxable profits change by +/− 10%, this would affect the assessment of losses carried forward only slightly. The tax loss may be carried forward indefinitely. Reference is made to Note 30 "Income taxes".

(iii) Scheduled amortisation of development costs

The calculation for amortisation of capitalised development costs is based on the number of shipsets to be supplied. This number of shipsets is an assumption based on a defined assessment procedure (refer to Note 2(d)(ii) "Research and development costs"). Increasing the estimated number of shipsets by 10% would result in a decrease in amortisation of EUR 271,000 (28 February 2013) and EUR 312,000 (28 February 2014). Decreasing the estimated number of shipsets by 10% would result in an increase in amortisation of EUR 331,000 (28 February 2013) and EUR 383,000 (28 February 2014).

(iv) Receivables from construction contracts

Under IAS 11, a construction contract is a contract specifically negotiated for the construction (development) of an asset. Contract costs are recognised as expenses in the period in which they are incurred. As the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Based on this assessment, partial profit realisation is not applied by management.

(v) Impairment assessment of delivery rights, development costs and goodwill

Assumptions are required in the assessment of impairment, particularly when assessing: (1) whether an event has occurred that may indicate that the respective assets may not be recoverable; (2) whether the carrying amount of an asset can be achieved by the recoverable amount based on the present value of future cash flows; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Should the discount rate change by + 50 basis points at the end of the reporting period, an impairment adjustment is not required with regard to delivery rights and development costs. As discount rate, the Group uses the weighted average cost of capital (WACC), which was 8.54% as at 28 February 2014 and 8.78% as at 28 February 2013.

A change in the EUR/USD exchange rate by 10 cents (+ or −) would not result in the need to recognise impairment.

Impairment of goodwill: Reference is made to the information presented in Note 5.

(vi) Useful lives of property, plant and equipment

The useful life of the Group's property, plant and equipment is defined as the period over which it is expected to be available for use by the Group. The estimation of the useful life is a matter of judgement based on management's experience. Periodic reviews by management could result in a change in depreciable lives and therefore depreciation expense in future periods. In the tooling asset class, useful life was amended from 6 to 8 years in the fiscal year 2013/14; for further information see Section (e).

(vii) Derivative financial instruments

All derivatives are recognised at their fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivatives and whether they are designated and qualify for hedge accounting under IAS 39. Where derivative financial instruments entered into by the Group qualify for cash flow hedge accounting, the movement in their fair value is recorded under the caption of hedging reserve in equity. Where derivative financial instruments entered into by the Group do not qualify for hedge accounting, or hedge accounting is not applied, the movement in their fair value is recorded in the consolidated statement of comprehensive income. The sensitivity analysis with regard to derivative financial instruments is presented in Note 3(2)(a) below.

(c) Consolidation

The financial statements of subsidiaries included in the consolidated financial statements were prepared as at the end of the reporting period applicable throughout the Group, i.e. as at 28 February 2013 and 28 February 2014, and in accordance with IFRS as adopted by the EU.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are de-consolidated as at the date that control ceases. The consolidated statement of comprehensive income includes revenue and expenses up to the date of de-consolidation.

Under the full consolidation, all group companies are included in the consolidated financial statements.

(i) Consolidated group

The consolidated group is determined according to the principles of IAS 27 in conjunction with SIC 12.

Domestic and foreign subsidiaries of the Group are as follows:

Company	Place of incorporation	Issued and fully paid share capital	Interest held	Principal activities
Aero Vision Holding GmbH	Ried im Innkreis	EUR 35,000	100.0000%	Participation in and management of entities
FACC AG	Ried im Innkreis	EUR 80,000,000	71.5625%	Development & production of aircraft complements
FACC Solutions (Canada) Inc.	Montreal / Canada	CAD 10,000	100.0000%	Customer service
FACC Solutions Inc.	Wichita, Kansas / USA	USD 10,000	100.0000%	Customer service
FACC Solutions s.r.o.	Bratislava / Slovakia	EUR 6,639	100.0000%	Design & Engineering
FACC (Shanghai) Co., Ltd	Shanghai / China	RMB 2,000,000	100.0000%	Design & Engineering
ITS GmbH	Steinebach / Germany	EUR 25,000	100.0000%	Design & Engineering
ITS digitech Pvt. Ltd.	Bhau Patil marg / India	INR 800,000	100.0000%	Design & Engineering
etc Prüf- und Test GmbH (now CoLT Prüf und Test GmbH)	St. Martin / Austria	EUR 35,000	91.0000%	Design & Engineering

(ii) Changes in the consolidated group

During the 2013/14 reporting period, two new subsidiaries—ITS GmbH and ITS digitech Pvt. Ltd.—were acquired. At the same time, the subsidiary etc Prüf- und Test GmbH (now CoLT Prüf und Test GmbH) was founded. The newly acquired or founded subsidiaries were subsequently added to the scope of consolidation of the Group.

For further information on the acquisitions see Note 33.

(iii) Consolidation methods

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of the subsidiary is the fair values of the assets transferred, equity instruments issued and the liabilities assumed or incurred at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly through profit or loss.

Inter-company transactions, balances, and material unrealised income and expenses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros ("EUR"), which is Aerospace Innovation Investment GmbH's functional currency and the Group's presentation currency.

With regard to the currency translation of financial statements of subsidiaries presented in foreign currencies, the rates as at the end of the reporting period were applied to items in the consolidated statement of financial position, and average rates for the reporting period were applied to items in the consolidated statement of comprehensive income. Differences in these currency translations are recognised in other comprehensive income.

Exchange rate differences arising from the translation of transactions and monetary items in the consolidated statement of financial position denominated in foreign currencies are recognised in profit or loss at the rates applicable at the time of the transaction or valuation. Foreign currency translation in relation to foreign currency derivatives is set out in Section (q).

The exchange rates used in the currency translation are as follows:

	Year-end rate 28 February 2013	Average rate
1 EUR / CAD FY 2012/13	1.3380	1.2873
1 EUR / USD FY 2012/13	1.3097	1.2890
1 EUR / RMB FY 2012/13	8.1720	8.1147

	Year-end rate 28 February 2014	Average rate
1 EUR / CAD FY 2013/14	1.5330	1.3957
1 EUR / USD FY 2013/14	1.3757	1.3332
1 EUR / RMB FY 2013/14	8.4882	8.1601

(d) Intangible assets

(i) Software and delivery rights

Purchased intangible assets are measured at acquisition cost in the consolidated statement of financial position, and are generally amortised on a straight-line basis over their respective useful life (3 to 10 years). Delivery rights are amortised on the basis of the shipsets supplied or outstanding.

(ii) Research and development costs

An intangible asset arising from development is to be only recognised when all of the following criteria are met:

a) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset in order to use or sell it;

c) The ability to use or sell the intangible asset;

d) It can be demonstrated how the intangible asset will generate probable future economic benefits. Proof that, among other things, a market exists for the products of the intangible asset or the intangible asset as such or, if it is intended for internal use, the benefit of the intangible asset;

e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The expenditure attributable to the intangible asset during its development can be reliably measured.

The Group capitalises the development costs in accordance with IAS 38, based on project-related costs. All eligible development costs for each project are capitalised. The capitalised development costs are treated as "construction in process". Amortisation starts when series production is ready, based on shipsets supplied, with reference to the sales framework, as determined by the management. The sales framework is determined based on the Airline Monitor (= market forecast by third parties), as used throughout the aviation industry, and current customer forecasts. This sales framework is re-assessed at the end of each reporting period. Depending on the status of the project (new project or ongoing project with residual terms) the planning horizon of the sales framework is a maximum of 20 years. This amortisation method ensures that changes in the order volume have a direct effect on the development costs. The costs of research projects are recognised as an expense as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed as and when incurred.

(iii) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (cash-generating units), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production costs, less scheduled depreciation and write-downs.

The production costs of property, plant and equipment comprise direct costs and reasonable parts of the overhead costs.

Property, plant and equipment subject to depreciation are depreciated on a straight-line basis over the estimated useful life of the respective asset. Depreciation is charged over the following useful lives assumed unchanged across all years presented:

	Useful life in years	
	from	**to**
Buildings	10	50
Leasehold improvements*	10	20
Technical equipment and machinery	4	8
Fixtures and fittings	3	10
Vehicles	5	8

* or over the lease terms, whichever is shorter

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income and expenses" in the consolidated statement of comprehensive income.

In the "tooling" (technical equipment and machinery) asset class, useful life was amended from 6 to 8 years on the basis of experience. The change in the estimated useful life resulted in a depreciation value of EUR 1,724,148 in the "tooling" asset class. If a useful life of 6 years had been retained, the resulting depreciation would have been at EUR 2,600,804.

(f) Assets from rental and leasing contracts

The Group leases assets as a lessee. Leases in which all significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. In the same amount, a leasing liability is recognised under non-current liabilities. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(g) Other non-current financial assets

This item comprises securities, re-insurances and investments. Regular purchases and sales of financial assets are recognised on the settlement date.

All securities are classified as "available for sale", and are initially measured at cost at the time of acquisition and subsequently carried at fair value. The changes in value are recognised in other comprehensive income, and in case of impairment or when the security is sold through profit or loss. The fair value of the securities is based on the share price at the end of the reporting period.

(h) Impairment of intangible assets (goodwill, development costs, software and delivery rights) and property, plant and equipment

The Group assesses at the end of each reporting period whether there is objective evidence that assets are impaired. If such evidence exists, the Group establishes the value in use or fair value less costs to sell of the specific asset. If this value is below the carrying amount determined for this asset, it is written down to that amount.

Goodwill is not subject to scheduled amortisation but is tested annually for impairment.

The calculated impairment loss is recognised through profit or loss. If the reasons for impairment cease to exist, the impairment loss (except for goodwill) is reversed through profit or loss up to the amortised original acquisition or production cost.

Capitalised development costs not yet subject to annual amortisation are tested for impairment annually.

With regard to determining the recoverability of capitalised development costs, the significant parameters to determine the values in use on the basis of the discounted cash flow method were the following: a company-typical weighted average cost of capital, the planned costs and returns per shipset (based on external data (Airline Monitor)), and product-specific learning curve effects. The planning period with regard to the future cash flows depends on the terms and conditions of the respective customer contract. In this context, a specific period, a specific quantity of deliveries or the term of such a "Life of program" contract can be of importance. The contractual term of a "Life of program" is derived from estimated aircraft deliveries based on external data (Airline Monitor). The maximum duration for cash flow projections is limited to 20 years.

Capitalised delivery rights are tested for impairment annually, based on a projection of future cash flows with regard to contracted revenue derived from the sales price calculation. The projected cash flows are discounted by using the weighted average cost of capital. The duration of the cash flow projection depends on the term of the relevant customer contract.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value at the end of the reporting period.

Cost includes all costs incurred in bringing the asset to the condition required and moving it to the specific location. The production costs include all direct costs and also reasonable parts of the production-related overheads, based on normal operating capacity. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they occur. The costs per unit are determined according to the moving average price method.

The net realisable value is the estimated selling price for the assets, less expected future costs of completion and sale, determined on the basis of experience. Price reductions in the replacement costs are generally considered when determining the net realisable value.

(j) Receivables and other assets

Trade receivables, other receivables and other assets are initially recognised at fair value and subsequently carried at amortised cost, less any valuation adjustments (in case of impairment). Foreign currency receivables are valued at the year-end exchange rate.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash (cash in hand), cheques received and deposits held at call with financial institutions with original maturities of three months or less. This is in accordance with the definition of cash and cash equivalents in the consolidated statement of cash flows.

(l) Employee benefits

(i) Pension obligations

Based on an individual commitment, the Group is obligated to pay a pension to an executive employee when he retires. This defined benefit obligation is measured by a qualified and independent actuary at the end of each reporting period.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses ("revaluation effects") arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(ii) Defined benefit obligations

For all executives, the Group pays monthly contributions into an industry-wide pension fund. These contributions are invested in an employee account, and paid out or passed on to the employee as an entitlement upon retirement. The Group is exclusively obligated to make those contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(iii) Termination benefit obligations

Statutory provisions require the Group to pay a one-off termination benefit to an employee whose employment commenced on 31 December 2002 when employment is terminated by the Group or when an employee retires. This termination benefit depends on the number of years of

service and the remuneration at the time of severance or retirement and amounts to between two to twelve monthly salaries. A provision is made for this obligation.

This provision is calculated in accordance with IAS 19 using the projected unit credit method. The present value of future payments is accumulated according to actuarial calculations over the estimated period of employment of the employees. The calculation is done at the end of the respective reporting period, based on the expert opinion of an actuary.

Actuarial gains and losses ("revaluation effects") arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(iv) Defined contribution plans (staff provision fund; *Mitarbeitervorsorgekasse*)

For all employee/employer relationships which started in Austria after 31 December 2002, the Group makes a monthly contribution of 1.53% of the remuneration to a corporate staff provision fund, which deposits the contributions into an account of the employee. The amount is paid out to the employee or the employee is entitled to this amount upon termination of employment. The Group is exclusively obligated to pay those contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(v) Other non-current employee obligations

Based on collective agreements, the Group is obligated to pay employees anniversary bonuses equivalent to one month's salary or wage (excluding fringe benefits and bonuses) upon completion of 25 years of service. A provision was made for this obligation.

This provision is measured according to the methods and assumptions applied for the measurement of termination benefit obligations.

(m) Other provisions

Other provisions are recorded if the Group has a present legal or constructive obligation towards a third party as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are recorded at the value determined according to best estimates made at the time the consolidated financial statements are prepared. A provision is not recognised if the amount cannot be reasonably assessed (in exceptional cases).

(n) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Pursuant to Section 9 of the Austrian Corporate Income Tax Act (KStG), a group and tax compensation agreement dated 13/15 February 2012 was entered into between Aerospace Innovation Investment GmbH as group parent and Aero Vision Holding GmbH as well as FACC AG as group members. This agreement is effective for the first time in fiscal year 2012. The group and tax compensation agreement was lodged with the competent tax authority by group tax application dated 27 February 2012. If both the group parent as well as the group member generate revenue, the positive tax compensation to be paid by the group member amounts to 25% of the calculated tax income. If a group premium is generated due to the losses of the group parent or the group member (irrespective of the loss having arisen prior to or during the existence of the group of companies), this premium is allocated according to the "costs-by-cause" principle. The positive tax compensation to be paid and the negative tax compensation to be received by the group member is calculated on the basis of the prorated tax charge/group premium plus any minimum tax that would have to be paid if no group had been set up (and that has to be paid by the group parent if the group of companies still exists).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements prepared in accordance with the IFRSs. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the

transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities where there is an intention to settle the balances on a net basis.

(o) Borrowings

The Group's borrowings are initially measured at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method.

(p) Trade and other payables

Trade and other payables are initially measured at fair value or at cost and are subsequently measured at amortised cost.

(q) Derivative financial instruments

The Group uses derivative financial instruments to hedge risk exposures with regard to foreign currency and interest rate risks. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are carried at amortised cost at the end of the subsequent reporting periods. Changes in fair value are recognised based on whether certain qualifying criteria under IAS 39 are satisfied in order to apply hedge accounting.

Cash flow hedge:

Derivatives designated as hedging instruments to hedge against the variability of cash flows attributable to highly probable forecast transactions may qualify as cash flow hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group mainly enters into forward foreign exchange contracts to hedge the foreign currency risk associated with certain forecast foreign currency revenue. The effective portion of changes in the fair value of these derivatives is recognised in other comprehensive income and recognised in the hedging reserve (currency hedges) as part of other reserves. Gains and losses relating to the ineffective portion are immediately recognised through profit or loss.

Amounts accumulated in the hedging reserve are reclassified to the consolidated statement of comprehensive income in the period when the hedged item affects profit or loss (for example, when the forecast revenue transaction takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Derivatives not qualified for hedge accounting:

As regards derivatives that do not qualify for cash flow hedge accounting under IAS 39 (such as structured currency options and interest rate swaps, or where the rules of hedge accounting are not applied), changes in fair value are recognised through profit or loss under "Fair value measurement of derivative financial instruments" or—if they relate to recognised foreign currency trade receivables and payables—in "Other operating income and expenses". Interest income and expenses resulting from interest rate derivatives are included within the line item "Interest income from financial instruments" in the consolidated statement of comprehensive income.

(r) Foreign currency measurement

Foreign currency translation of receivables, cash and cash equivalents and payables is carried out at the rate prevailing at the end of the reporting period. Gains and losses are recognised in profit or loss.

(s) Public grants

Investment grants are shown within liabilities under "Investment grants" and are released over the useful life of the underlying investment. General grants, i.e. those which are not directly linked to a specific investment, are released over the period to which they relate within "Other operating income and expenses" in the consolidated statement of comprehensive income.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or to be received for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating inter-group sales.

The Group generates revenue by sale of goods (shipsets) to its customers. Sales of goods within the underlying supply agreements are recognised when the Group or a group company has delivered the products to the customer after any risks have been transferred to the customer according to the agreed terms and conditions.

In addition, the Group also earns revenue from provision of engineering and the rendering of services to third parties relating to producing shipsets. These services include: selling technology and research results, as well as carrying out training programmes for third parties. This revenue is recognised over the period of service rendered to the relevant third party.

The Group's revenue is partly generated by construction contracts. The recognition of this revenue is explained under Note 2(b)(iv).

3 Financial risk management

1) Principles of financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. It is the Group's policy to basically not enter into derivative transactions for speculative purposes.

Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Group's industry-specific risk lies in the changes in manufacturers' aircraft delivery plans to the end customers. The risk arising from the changes in future aircraft deliveries has an effect on the future revenue of the Group, since the deliveries of components manufactured by the Group follow this trend. The risk may lie in a reduction or the postponement of aircraft deliveries. This has the effect that the development costs cannot be recovered over the calculated period. This risk is counteracted through diversification within the sector, on the one hand, by maintaining supply agreements with both market dominating commercial aircraft suppliers and, on the other hand, by entering into supply agreements with the business jet sector in addition to the wide-body passenger aircraft. There is also geographic diversification through conclusion of supply agreements with the American/European markets and also in the Asian region. The Group is also a development partner for improvements to existing aircraft types, generating supply agreements for refurbishment of such aircraft.

2) Financial risk factors

a) Market risk

This includes especially the exchange and interest rate risks, as explained in more detail below. Apart from the two risk groups described below, there are no other significant price risks.

Foreign exchange risk—The Group is exposed to foreign exchange risk arising from revenue generated mainly in USD and cost of materials to be paid in USD. Consequently, the USD/EUR exchange rate affects the Group's profit or future cash flows, but is limited by the extent to which the Group uses financial instruments to hedge its current and future net foreign currency position. The Group treasury's hedging strategies are designed to control and minimise the influence of exchange rate fluctuations on profit or future cash flows. The management board approves the strategies and reports to the supervisory board on a regular basis. This is an ongoing process. The goal is to minimise the inherent risk in market fluctuations by pursuing the right strategy.

The Group treasury's risk management policy is to hedge anticipated USD cash flows (arising from revenue and purchases of raw materials) for the subsequent 12 to 15 months by forward foreign exchange contracts. These USD cash flows qualify as 'highly probable' forecast transactions with regard to hedge accounting purposes; the Group therefore applies hedge accounting for the forward foreign exchange contracts in accordance with the rules of hedge accounting.

The Group also enters into currency option contracts (zero-cost option contracts) by buying pairs of USD put options and selling European USD call options at twice the volume of the put options purchased. The European USD call options sold by the Group partly have knock-in features defining a threshold with regard to the appreciation of the USD. This threshold has to be exceeded before the counter-party is entitled to exercise the call option at maturity. To a certain extent, the Group may thus benefit from a revaluation of the USD and is also protected from a devaluation of the USD.

These currency option contracts do not qualify for hedge accounting under IAS 39. The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying value amount, which is their fair value.

A change in exchange rates against all currencies as at 28 February 2013 and 28 February 2014 would basically impact the Group only with regard to the USD currency, on the one hand due to the effects from the measurement at the end of the reporting period of the USD items in the consolidated financial statements, and on the other hand due to the effect from the change in fair values of the derivative financial instruments in connection with currency hedges.

A change in the EUR/USD exchange rate as at 28 February 2013 and 28 February 2014 by +5% (average exchange rate at the end of the reporting period: 1.3097 and 1.3757, respectively) would result in a decrease in profit (after taxes) and equity by EUR 3,301,000 and EUR 4,437,000 due to the measurement at the end of the reporting period, as well as an increase in total comprehensive income and equity by EUR 5,036,000 and EUR 2,250,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

A change in the EUR/USD exchange rate as at 28 February 2013 and 28 February 2014 by −5% (average exchange rate at the end of the reporting period: 1.3097 and 1.3757, respectively) would

result in an increase of the profit (after taxes) and equity by EUR 3,649,000 and EUR 4,903,000 due to the measurement at the end of the reporting period, as well as a decrease in total comprehensive income and equity by EUR 6,695,000 and EUR 4,288,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

Interest rate risk—Risks from interest rate changes arise mainly exclusively from non-current borrowings. A list of all the significant interest-bearing liabilities and the residual terms, together with information on existing interest rate swap transactions, is included in Notes (12), (13) and (14).

In the context of whether an item bears fixed or variable interest rates, the Group assesses the risk of interest rate changes in the light of changes in cash flows of future interest payments. In close cooperation with market specialists from the banking sector, Group treasury routinely checks for every interest-bearing item whether a hedging instrument should be used. Strategies are presented to and approved by the management board.

If the market interest rate level had been higher / lower by 50 basis points as at 28 February 2013 and 28 February 2014, the profit (after taxes) and equity would have been lowered / increased by EUR 286,000 and EUR 48,000. The calculation was based on the financial assets and liabilities bearing variable interest rates.

b) Liquidity risk

It is a key element of the Group's business policy to, at all times, ensure adequate availability of cash and cash equivalents as liquidity reserve to be able to meet current and future obligations. This is assured by the reported total amount of cash and cash equivalents and extensive unused credit facilities (EUR 20,640,000 as at 28 February 2013 and EUR 72,000,000 as at 28 February 2014). Working capital is constantly monitored and reported to the management board. Timely financing is a top priority in financing considerations. Surplus cash and cash equivalents are invested in non-speculative, highly liquid financial instruments as required. These include mainly money market certificates, call money, securities and other money market papers that generally mature in less than three months. Refer to Note 3(5) for a maturity analysis of the financial assets and liabilities.

c) Credit risk

The Group operates within the airline industry and has two key customers. Consequently, the Group faces a concentration of credit risk in respect to the limited number of aircraft manufacturers.

Non-compliance by contractual partners is a credit risk to the Group. The Group has introduced guidelines to limit credit risks. Products and services are sold to customers with a history of appropriate creditworthiness taking into account the financial situation, past experience as well as other factors. The creditworthiness of new customers is assessed with regard to the default risk. The creditworthiness of existing customers is also regularly monitored. Claims against customers are insured against default should they exceed certain limits. Credit risks also arise from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions. Such transactions are only carried out with reputable and creditworthy banks and financial institutions.

The maximum credit risk is limited to the carrying amount of each financial asset in the consolidated statement of financial position.

No significant receivables had to be written off during the relevant fiscal years.

3) Contract volumes of derivative financial instruments and associated fair values

The notional amounts of certain types of derivative financial instruments serve as a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit risk or price risk. Depending on the individual conditions, the derivative financial instruments have a favourable (assets) or unfavourable (liabilities) effect as a result of fluctuations in market interest rates or foreign exchange rates. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can be subject to considerable temporal fluctuation.

The contract volume of the foreign currency derivatives is shown below, broken down according to maturity:

	Residual term			
	up to 1 year	1 to 5 years	more than 5 years	Total
	USD'000	USD'000	USD'000	USD'000
Balance as at 28 February 2013				
Currency hedging agreements				
Forward foreign exchange contracts—USD	205,000	—	—	205,000
Structured currency options[1]	—	—	—	—
Balance as at 28 February 2014				
Currency hedging agreements				
Forward foreign exchange contracts—USD	155,000	—	—	155,000
Structured currency options[1]	—	—	—	—

(1) Incl. USD put and call options as described above.

With regard to payments from cash flow hedges, the contractual due dates, i.e. the time when the underlying transactions are recognised through profit or loss, essentially correspond to the maturity of the above currency hedging agreements.

The contract volumes of the derivative financial instruments for interest rate hedging are as follows:

	Residual term			
	up to 1 year	1 to 5 years	more than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2013				
Interest rate swaps	—	20,000	—	20,000
Balance as at 28 February 2014				
Interest rate swaps	—	20,000	—	20,000

The fair values of derivative financial instruments for foreign currency and interest rate hedging are as follows:

	Volume	Volume	Fair value
	USD'000	EUR'000	EUR'000
Balance as at 28 February 2013			
Forward foreign exchange contracts—USD	205,000	—	4,072
Structured currency options—USD	—	—	—
Interest rate swaps	—	20,000	(11,734)
Balance as at 28 February 2014			
Forward foreign exchange contracts—USD	155,000	—	3,590
Structured currency options—USD	—	—	—
Interest rate swaps	—	20,000	(9,953)

4) Carrying amounts and fair values of financial instruments

Original financial instruments mainly include other non-current financial assets, trade receivables, bank balances, bonds, financial liabilities and trade payables.

Purchases and disposals of all the financial instruments are reported as at the completion date.

At the time of acquisition, the financial instruments are generally measured at cost corresponding to the acquisition-date fair value. Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of the ownership.

The current and non-current financial assets and liabilities are classified or categorised in accordance with IAS 39 as follows:

	Category IAS 39[1]	Carrying amount as at 28 February 2013	Fair value as at 28 February 2013	Carrying amount as at 28 February 2014	Fair value as at 28 February 2014
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Measurement at (amortised) cost					
Non-current receivables	LaR	20,878	20,878	16,676	16,676
Trade receivables	LaR	97,165	97,165	100,111	100,111
Receivables from construction contracts	LaR	28,198	28,198	25,144	25,144
Receivables from affiliated companies	LaR	802	802	14,812	14,812
Cash and cash equivalents	LaR	36,958	36,958	51,012	51,012
Measurement at fair value					
Book-entry securities (not listed)	AfS	1,167	1,167	1,346	1,346
Securities (listed)	AfS	371	371	384	384
Derivates with positive fair value (interest rate swaps)	AtFVtP&L	—	—	—	—
Derivates with positive fair value (forward foreign exchange contracts)	—	4,760	4,760	3,590	3,590
Derivates with positive fair value (structured currency options)	AtFVtP&L	—	—	—	—
Total financial assets		190,299	190,299	213,075	213,075

(1) LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

	Category IAS 39[1]	Carrying amount as at 28 February 2013	Fair value as at 28 February 2013	Carrying amount as at 28 February 2014	Fair value as at 28 February 2014
		EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES					
Measurement at (amortised) cost					
Promissory note loans	FLAC	45,000	45,000	45,000	45,000
Bonds	FLAC	—	—	88,893	92,691
Bank borrowings	FLAC	68,108	67,641	67,845	67,845
Trade payables	FLAC	55,453	55,453	55,694	55,694
Measurement at fair value					
Derivates with negative fair value (interest rate swaps)	AtFVtP&L	11,734	11,734	9,953	9,953
Derivates with negative fair value (forward foreign exchange contracts)	—	688	688	—	—
Derivates with negative fair value (structured currency options)	AtFVtP&L	—	—	—	—
Total financial liabilities		180,983	180,516	267,385	271,183

(1) LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

The fair value of a financial instrument is the price at which a party would take over the rights and/or duties under this financial instrument from another party. The fair values were determined based on the

market information available at the end of the reporting period and the measurement methods described below. The fair values of financial instruments reported in the financial statements may differ from the values to be realised on the market at a future date due to varying factors.

Trade receivables, other receivables and cash and cash equivalents generally have short residual terms. For this reason, their carrying amounts at the end of the reporting period approximate their fair values. If no market prices are available, the fair value of non-current financial assets corresponds to present values of the associated payments, allowing for the current market parameters in each case.

The fair value of available-for-sale securities was estimated based on their quoted market price at the end of the reporting period.

Trade payables and other current financial liabilities generally have short residual terms; the carrying amounts therefore approximate the fair values.

The fair value of bonds approximates their market value at the end of the reporting period. For variable-interest loans, the carrying amount is the fair value. For fix-interest bank borrowings (including promissory note loans), the fair value was calculated by discounting the cash flows using the market interest rate.

The fair value of the financial instruments on the assets and the liabilities sides is the estimated amount the Group would have to pay or would receive if the transactions were settled on 28 February 2013 and 28 February 2014.

With regard to financial instruments measured at fair value, a differentiation is to be made according to the following three categories.

- Level 1: The fair values are determined based on quoted prices in active markets for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that corresponds to the greatest possible extent to market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

The allocation of the financial instruments measured at fair value to the three measurement categories at the end of the reporting period is as follows:

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2013				
Assets				
Non-current assets				
Non-current financial assets	371	1,167	—	1,538
Derivative financial instruments	—	—	—	—
Current assets				
Derivative financial instruments	—	4,759	—	4,759
Liabilities				
Non-current liabilities				
Derivative financial instruments	—	11,734	—	11,734
Current liabilities				
Derivative financial instruments	—	688	—	688

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2014				
Assets				
Non-current assets				
Non-current financial assets	384	1,346	—	1,730
Derivative financial instruments	—	—	—	—
Current assets				
Derivative financial instruments	—	3,590	—	3,590
Liabilities				
Non-current liabilities				
Derivative financial instruments	—	9,953	—	9,953
Current liabilities				
Derivative financial instruments	—	—	—	—

5) Residual terms and cash flow analysis of financial liabilities

The residual terms of the financial liabilities are as follows:

	Category IAS 39[(1)]	Carrying amount as at 28 February 2013		Residual term		
			year 1	year 2	years 3 - 5	in more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Promissory note loans	FLAC	45,000	—	—	11,000	34,000
Bank borrowings	FLAC	68,108	49,921	3,634	9,377	5,176
Trade payables	FLAC	55,451	55,451	—	—	—
Measurement at fair value						
Derivates with negative fair value (interest rate swaps)	AtFVtP&L	11,734	—	—	11,734	—
Derivates with negative fair value (forward foreign exchange contracts)	—	688	688	—	—	—
Derivates with negative fair value (structured currency options)	AtFVtP&L	—	—	—	—	—
Total financial liabilities		180,981	106,060	3,634	32,111	39,176

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

	Category IAS 39[1]	Carrying amount as at 28 February 2014	Residual term			
			year 1	year 2	years 3 - 5	in more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Bonds	FLAC	88,893	—	—	—	88,893
Promissory note loans	FLAC	45,000	—	3,000	8,000	34,000
Bank borrowings	FLAC	67,845	10,817	5,223	22,680	29,125
Trade payables	FLAC	55,694	55,694	—	—	—
Measurement at fair value						
Derivates with negative fair value (interest rate swaps)	AtFVtP&L	9,953	—	—	9,953	—
Derivates with negative fair value (forward foreign exchange contracts)	—	—	—	—	—	—
Derivates with negative fair value (structured currency options)	AtFVtP&L	—	—	—	—	—
Total financial liabilities		267,385	66,511	8,223	40,633	152,018

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 28 February 2013:

	Category IAS 39[1]	Carrying amount as at 28 February 2013	Fiscal year 2013/14			Fiscal years 2014/15 to 2017/18			Fiscal year 2018/19 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Promissory note loans	FLAC	45,000	(626)	(567)	—	(2,470)	(2,114)	(11,000)	(901)	(715)	(34,000)
Bank borrowings	FLAC	68,108	(79)	(332)	(49,921)	(209)	(413)	(13,011)	—	(76)	(5,176)
Trade payables	FLAC	55,453	—	—	(55,453)	—	—	—	—	—	—
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)[2]	AtFVtP&L	11,734	—	—	—	—	—	—	—	—	—
Derivatives with negative fair value (forward foreign exchange contracts)[3]	—	688	—	—	(688)	—	—	—	—	—	—
Derivatives with negative fair value (structured currency options)[3]	AtFVtP&L	—	—	—	—	—	—	—	—	—	—
Total financial liabilities		180,983	(705)	(899)	(106,062)	(2,679)	(2,527)	(24,011)	(901)	(791)	(39,176)

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the high volatility of the current interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 28 February 2014:

	Category IAS 39[1]	Carrying amount as at 28 February 2014	Fiscal year 2014/15			Fiscal years 2015/16 to 2018/19			Fiscal year 2019/20 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Promissory note loans	FLAC	45,000	(626)	(569)	—	(2,049)	(1,952)	(11,000)	(216)	(166)	(34,000)
Bonds	FLAC	88,893	(3,600)	—	—	(14,400)	—	—	(4,760)	—	(90,000)
Bank borrowings	FLAC	67,845	(198)	(936)	(10,817)	(567)	(3,425)	(27,903)		(9,539)	(29,125)
Trade payables	FLAC	55,694	—	—	(55,694)	—	—	—	—	—	—
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)[2]	AtFVtP&L	9,953	—	—	—	—	—	—	—	—	—
Derivatives with negative fair value (forward foreign exchange contracts)[3]	—	—	—	—	—	—	—	—	—	—	—
Derivatives with negative fair value (structured currency options)[3]	AtFVtP&L	—	—	—	—	—	—	—	—	—	—
Total financial liabilities		267,385	(4,424)	(1,505)	(66,511)	(17,016)	(5,377)	(38,903)	(4,976)	(9,705)	(153,125)

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the partially high volatility of the interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The Group has access to the following credit facilities:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Total credit facilities agreed	50,640	72,000

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Total credit facilities unused	20,640	72,000

6) Net result from financial instruments

The net result from the Group's financial instruments according to classes or measurement categories pursuant to IAS 39 comprises net gains and losses, total interest income and expenses and impairment losses, and is as follows:

	For the fiscal year ended 28 February 2013				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	43	—	(727)	—	(684)
Financial assets available for sale	—	(19)	—	—	(19)
Financial assets measured at fair value through profit or loss	(770)	(4,969)	—	—	(5,739)
Financial assets measured at amortised cost	(2,000)	—	—	—	(2,000)
Total	(2,727)	(4,988)	(727)	—	(8,442)

	For the fiscal year ended 28 February 2014				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	67	—	887	—	954
Financial assets available for sale	—	(13)	—	—	(13)
Financial assets measured at fair value through profit or loss	(2,104)	1,781	—	—	(323)
Financial assets measured at amortised cost	(4,847)	—	—	—	(4,847)
Total	(6,884)	1,768	887	—	(4,229)

The changes of the provision made with regard to impaired loans and receivables are shown under "Other operating income and expenses". The subsequent measurement at fair value of the financial assets available for sale is shown in other comprehensive income under "Fair value measurement of securities". The remaining components of the net result are mainly included in "Finance costs", "Interest income from financial instruments" and in "Fair value measurement of derivative financial instruments".

4 Segment reporting

For the fiscal year ended 28 February 2013	Aerostructures	Segments Engines & Nacelles	Interiors	Total
		EUR'000	EUR'000	EUR'000
Information on profitability				
Revenue	219,886	96,308	118,421	434,615
Earnings before interest, taxes and fair value measurement of derivative financial instruments	25,810	375	8,527	34,713
Depreciation and amortisation	7,439	6,221	3,554	17,214
Earnings before interest, taxes and fair value measurement of derivative financial instruments and depreciation and amortisation	33,250	6,596	12,081	51,927
Information on assets				
Assets	213,179	117,817	116,817	447,813
Capital expenditure in the fiscal year	21,190	5,933	13,547	40,670

For the fiscal year ended 28 February 2014	Aerostructures	Segments Engines & Nacelles	Interiors	Total
		EUR'000	EUR'000	EUR'000
Information on profitability				
Revenue	305,423	101,092	140,867	547,382
Earnings before interest, taxes and fair value measurement of derivative financial instruments	41,117	(5,468)	6,271	41,931
Depreciation and amortisation	8,421	5,714	3,907	18,042
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortisation	49,539	256	10,178	59,973
Information on assets				
Assets	282,485	134,290	152,544	569,320
Capital expenditure in the fiscal year	61,667	8,137	31,256	101,060

The Group manufactures components for the aviation industry, mainly for civil aircraft and helicopters. The product range includes "structural components" (claddings for body and control surfaces, engine cowlings and composite parts for engines, wing parts and wingtips) as well as components for the interiors of aircraft (such as baggage compartments, interiors, service units, etc.).

Segment reporting is consistent with the internal management and reporting of FACC. Due to the product's different applications, three operating segments were created. The "FACC Aerostructures" segment covers development, manufacture and sales of structural components, the "FACC Interiors" segment handles the development, manufacture and sales of interiors, and the "FACC Engines & Nacelles" segment is responsible for the manufacture and sales of engine components. After conclusion of the customer agreements and order processing, the individual orders are manufactured in the four plants. Apart from these three operating segments, the Company as a whole includes the central services of finances and controlling, personnel, quality management, purchasing and IT (including engineering services). In the form of a matrix organisation, these central services support the operating segments in the completion of their tasks.

The business area managers report to the management board ("chief operating decision maker") in separate monthly management review meetings in the course of which the current order position, revenue, profit contributions of individual projects, schedules and milestones, project and development risks, calculation and compilation of offers, required capital expenditure and other operating topics of importance are discussed and—if necessary—followed up by immediate decisions.

The segmented assets as well as expenses and income are assigned to the three segments by means of a defined procedure. As a rule, services between the segments are exchanged at transfer prices that are charged at arm's length. The entire segment revenue represents external revenue from third parties.

Internal reporting within the segments is essentially based on information on profitability. In the course of segment accounting, the profitability is calculated on project level by way of direct costing and then

aggregated into segments. Expenses and income that cannot be directly assigned on project level are attributed to the segments using defined criteria.

Apart from depreciation and amortisation, there was no other significant non-cash effective expenditure in the individual segments.

The segment assets comprise that part of the current and non-current assets used in the operating activities of the segment. This includes primarily intangible assets, property, plant and equipment, cash and cash equivalents, inventories and trade receivables. Debt was not assigned to segments, since this is not considered in internal control and reporting either.

Revenue

Value as at 28 February 2013	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	794	120,206	70,544	151,871	91,200	434,615

Value as at 28 February 2014	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	1,373	184,224	51,084	200,809	109,892	547,382

As regards revenue, segmentation into geographical areas is based on the customer's corporate seat. The majority of segment assets are located in Austria.

For the fiscal year ended 28 February 2013, the Group generated revenue from two external customers which both exceeded 10% of the total revenue; this excess amounted to EUR 116,028,000 and EUR 43,124,000, respectively.

For the fiscal year ended 28 February 2014, the Group generated revenue from two external customers which both exceeded 10% of the total revenue; this excess amounted to EUR 160,586,000 and EUR 59,908,000, respectively.

Revenue from external customers is derived from the production of shipsets as well as from providing engineering and other services in connection with the production of shipsets. Revenue is broken down as follows:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Production	339,663	416,150
Engineering and services	94,952	131,233
Total revenue	434,615	547,382

5 Intangible assets

For the two fiscal years ended 28 February 2013 and 28 February 2014	Goodwill	Software	Delivery rights	Development costs	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs						
Balance as at 29 February 2012	17,203	11,515	28,214	86,479	—	143,411
Additions	—	3,284	162	6,575	—	10,021
Disposals	—	(5)	—	(912)	—	(917)
Balance as at 28 February 2013	170203	14,794	28,376	92,142	—	152,515
Additions	—	2,982	3,073	36,374	1	42,430
From initial consolidation	1,392	60	(1)	—	—	1,451
Reclassification to current assets	—	—	(6,117)	(10,407)	—	(16,524)
Disposals	—	(47)	—	—	—	(47)
Balance as at 28 February 2014	18,595	17,789	25,331	118,109	1	179,825
Accumulated scheduled amortisation and write-downs						
Balance as at 29 February 2012	—	8,541	10,577	24,176	—	43,294
Scheduled amortisation	—	1,565	1,035	2,977	—	5,577
Write-downs	—	—	—	—	—	—
Disposals	—	(5)	—	(64)	—	(69)
Balance as at 28 February 2013	—	10,101	11,612	27,089	—	48,802
Scheduled amortisation	—	2,181	1,400	3,437	—	7,018
Write-downs	—	—	—	—	—	—
Reclassification to current assets	—	—	—	(2,271)	—	(2,271)
Disposals	—	(31)	—	—	—	(31)
Balance as at 28 February 2014	—	12,251	13,012	28,255	—	53,518
Carrying amounts as at 28 February 2013	17,203	4,693	16,764	65,053	—	103,713
Carrying amounts as at 28 February 2014	18,595	5,538	12,319	89,854	1	126,307

Delivery rights are considerations paid for acquiring the right to supply certain aircraft components to the customer.

Research expenses of EUR 2,642,000 (28 February 2013) and EUR 3,437,000 (28 February 2014), respectively, were recognised through profit or loss.

With respect to additions to goodwill, reference is made to Note 33 “Business combinations”.

The reclassification to current assets (inventories) relates to the sale of a development project (see Note 20).

Impairment tests for goodwill

The following is a summary of goodwill allocation by segments:

2013/14	Opening	Addition	Disposal	Impairment	Closing
Structures	14,623	1,322	—	—	15,945
Interiors	2,580	70	—	—	2,650
Total	**17,203**	**1,392**	**—**	**—**	**18,595**

The recoverable amount of a CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on the five-year plan approved by management. Cash flows beyond this five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate of the business in which the CGU operates.

Assumptions used for the value-in-use calculations in 2013/14:

	Structures	Interiors
Gross margin[1]	18%	13%
Growth rate[2]	1.5%	1.5%
Discount rate[3]	8.76%	8.76%

(1) Budgeted gross margin.

(2) Weighted average growth rate used to extrapolate cash flows beyond the planning period.

(3) Pre-tax discount rate applied to the cash flows.

Assumptions used for the value-in-use calculations in 2012/13:

	Structures	Interiors
Gross margin[1]	15%	6%
Growth rate[2]	1.5%	1.5%
Discount rate[3]	8.63%	8.63%

(1) Budgeted gross margin.

(2) Weighted average growth rate used to extrapolate cash flows beyond the planning period.

(3) Pre-tax discount rate applied to the cash flows.

These assumptions have been used for the analysis of each CGU within the operating segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

6 Property, plant and equipment

For the two fiscal years ended 28 February 2013 and 28 February 2014	Land and buildings	Technical equipment	Factory and office equipment	Construction in process	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs					
Balance as at 29 February 2012	57,678	92,286	14,133	6,390	170,487
Additions	3,295	9,474	1,789	16,091	30,649
Transfers	—	2,258	—	(2,258)	—
Disposals	—	(1,426)	(513)	—	(1,939)
Balance as at 28 February 2013	**60,973**	**102,592**	**15,409**	**20,223**	**199,197**
Additions	22,086	15,662	5,086	16,014	58,848
From initial consolidation	—	(271)	25	—	(246)
Transfers	23	13,416	229	(13,668)	—
Reclassification to current assets	—	(3,730)	—	—	(3,730)
Disposals	(54)	(8,672)	(1,548)	—	(10,274)
Balance as at 28 February 2014	**83,028**	**118,997**	**19,201**	**22,569**	**243,795**
Accumulated depreciation					
Balance as at 29 February 2012	14,280	72,825	10,830	—	97,935
Accumulated depreciation	1,720	8,543	1,374	—	11,637
Disposals	—	(1,422)	(483)	—	(1,905)
Balance as at 28 February 2013	**16,001**	**79,946**	**11,721**	**—**	**107,668**
Accumulated depreciation	2,021	7,496	1,507	—	11,023
Disposals	—	(4.206)	(551)	—	(4,757)
Balance as at 28 February 2014	**18,021**	**83,236**	**12,677**	**—**	**113,934**
Carrying amounts as at 28 February 2013	**44,972**	**22,646**	**3,688**	**20,223**	**91,530**
Carrying amounts as at 28 February 2014	**65,007**	**35,761**	**6,524**	**22,569**	**129,862**

Certain land and buildings serve as collateral for bank borrowings (see Note 13 "Financial liabilities"). The Group holds only freehold land.

Group finance lease agreements are related to land and buildings at acquisition costs in the amount of EUR 22,010,818. This means a depreciation expense for this fiscal year amounting to EUR 179,118, resulting in a net book value of the assets of EUR 21,831,700.

7 Other non-current financial liabilities

	Securities	Book-entry securities	Total
	EUR'000	EUR'000	EUR'000
Fair value as at 1 March 2012	352	995	1,347
Additions	—	172	172
Unrealised changes in fair value	19	—	19
Fair value as at 28 February 2013	371	1,167	1,538
Additions	—	179	179
Unrealised changes in fair value	13	—	13
Fair value as at 28 February 2014	384	1,346	1,730

Securities (listed)

Securities available for sale serve as coverage of pension provisions in accordance with the provisions of Sections 14 and 116 of the Austrian Income Tax Act (EStG). The carrying amount corresponds to the market value as at the respective end of the reporting period (28 February 2013 and 28 February 2014).

Book-entry securities (unlisted)

Book-entry securities relate to the cash surrender values of the pension re-insurance for the Group's pension obligations, which are valued at the cash surrender value at the end of the reporting period as confirmed by the insurance company. This value approximates the cash inflows to be expected if the insurance policy is cancelled at the end of the reporting period, which reflects the best possible value determination available at the end of the reporting period. Furthermore, the Group holds shares in Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis.

	Share	Carrying amount as at 28 February 2013	Carrying amount as at 28 February 2014
		EUR'000	EUR'000
Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis	3.14%	44	44
Pension re-insurance		1,123	1,302
Stand		1,167	1,346

All non-current financial assets are denominated in EUR.

8 Inventories

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Raw materials and consumables	31,964	47,320
Unfinished goods	22,519	29,051
Finished goods	1,882	4,678
Balance (net of valuation adjustments)	56,365	81,049

Based on a detailed inventory analysis, valuation adjustments of inventories were made for slow-moving inventory and due to lower net selling prices in the amount of EUR 3,743,000 (28 February 2013) and EUR 4,830,000 (28 February 2014). The valuation adjustments of inventories in the amount of

EUR 330,000 (28 February 2013) and EUR 1,087,000 (28 February 2014) were recognised through profit or loss.

9 Trade receivables, receivables from construction contracts, other receivables and deferred items, receivables from affiliated companies and non-current receivables

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Trade receivables	97,165	100,111
Receivables from construction contracts (= costs incurred)	28,198	25,144
	125,363	125,255
Receivables from customers	4,984	16,784
Other receivables	922	2,243
Accruals and deferrals	802	14,812
Receivables from affiliated companies	132,071	159,094

The AIIG Group applies the zero profit method to account for construction contracts in accordance with IAS 11, as the outcome of a construction contract can frequently not be estimated reliably due to the individual specifications of such contracts. Contract revenue is therefore recognised only to the extent of contract costs incurred being likely to be recoverable from the customer. In the fiscal year 2013/14, construction costs incurred (= contract revenue) in the amount of EUR 52,723k were recognised.

At the end of the reporting period, the following construction contracts recognised under assets as amounts to be received from the customer are as follows:

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Total costs incurred	28,198	25,144
Less partial settlement	—	—
Receivables from construction contracts	28,198	25,144

One project, which had originally been classified as a construction contract, was reclassified as an intangible asset pursuant to IAS 38 (capitalised development costs) as a result of a contract amendment in the fiscal year 2013/14. An amount of EUR 20,350,113 was reclassified.

Receivables from construction contracts in progress correspond to the carrying amount of receivables from construction contracts reported in the consolidated statement of financial position, since no partial settlements were carried out. Retained amounts for partial settlements do not exist either.

Prepayments made by customers in connection with construction contracts, which are not yet offset by services rendered, were recognised as trade payables showing a carrying amount of EUR 3,113k (previous year: EUR 485k).

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Trade receivables	127,264	126,639
Less valuation adjustments for trade receivables	(1,901)	(1,384)
Trade receivables and receivables from construction contracts	125,363	125,255
Other receivables	4,984	16,784
Accruals and deferrals	922	2,243
Receivables from affiliated companies	802	14,812
Balance	132,071	159,094

The majority of the Group's revenue is based on payment terms between 30 and 120 days calculated from date of invoice.

As at 28 February 2013 and 28 February 2014, trade receivables of EUR 10,975,000 and EUR 33,688,000 were past due but not impaired. These receivables relate to a number of independent customers for whom

there is no recent history of default. At the end of the reporting period, there are no indications that the debtors will not meet their obligations.

Trade receivables	Total	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	more than 120 days
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2013	10,975	6,750	381	794	83	2,967
Balance as at 28 February 2014	33,688	17,436	1,702	2,010	796	11,744

In connection with the trade receivables from four customers, the Group has a cession agreement without recourse with a financial institution. The ceded amount reduces the Group's trade receivables.

Movements in the valuation adjustments of trade receivables have developed as follows:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Valuation adjustment of trade receivables at the beginning of the period	1,259	1,901
Utilisation	(85)	0
(Reversal) / addition	727	(517)
Valuation adjustment of trade receivables at the end of the period	1,901	1,384

The valuation adjustments of trade receivables comprise many individual items of which no single item is considered significant on its own.

Other receivables include:

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Credit balance with tax authority	3,914	13,958
Other	1,070	2,826
Balance	4,984	16,784

Other receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables. The increase in the credit balance with tax authority mainly results from research promotion loans.

All receivables and other assets have residual terms of less than one year.

Receivables from affiliated companies include:

The Group shows receivables from the direct holding company of FACC International Co., Ltd. as well as another associate (Future Aviation International Investment Co. Ltd. (formerly FACC Holding Company Limited)) under receivables from affiliated companiesin the consolidated statement of financial position. In addition, a receivable from Fesher Aviation Component (Zhenjiang) Co. Ltd. is included.

These companies are holding companies which are not included in the consolidated group of the AIIG Group since they are superordinated companies.

These receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables.

All receivables have residual terms of less than one year.

Non-current receivables include:

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Non-current trade receivables	15,737	8,913
Prepayments	5,141	7,763
Balance	20,878	16,676

With the exception of a receivable from the customer Goodrich Aerospace, Chula Vista, USA, with a notional amount of EUR 3,820,945.11 (which corresponds to a present value of EUR 3,705,551.11) and an annual redemption plan (starting on 15 January 2015 and ending on 15 January 2019), and another receivable with a notional amount of EUR 5,883,593.75 (which corresponds to a present value of EUR 5,206,674.48) and a long-term redemption plan that depends on units delivered per year starting on 1 March 2014 and ending on the date when 1,108 units will have been delivered, all trade receivables and receivables from affiliated companies—as in the previous year—have residual terms of less than one year.

The carrying amounts of the Group's trade receivables and other receivables are denominated in the following currencies:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
GBP	613	319
USD	121,281	109,563
EUR	10,177	49,212
	132,071	159,094

10 Cash and cash equivalents

Carrying amount	As at 28 February 2013	As at 28 February 2014
	EUR'000	EUR'000
Bank balances	35,549	49,599
Cash in hand	10	17
Cheques received	1,399	1,396
Balance	36,958	51,012

11 Equity and capital management

(a) Share capital

The share capital amounts to EUR 35,000 and is fully paid in. FACC International Company Limited, Hong Kong, is the sole shareholder of Aerospace Innovation Investment GmbH.

(b) Capital reserve

The unappropriated capital reserve results from

- A capital injection (grandparent contribution) in the amount of EUR 136,000,000 from Xi'an Aircraft Industry (Group) Company Limited and
- From a capital injection carried out via Aerospace Innovation Investment GmbH (grandparent contribution) of FACC International Company Limited to Aero Vision Holding GmbH in the amount of EUR 8,006,250 given for the acquisition of the shares held by ACC Kooperationen und Beteiligungen GmbH (now ACC Kooperationen und Beteiligungen GmbH in Liquidation) and Stephan GmbH in FACC AG.
- In the fiscal year, a capital reserve in the amount of EUR 19,000,000 was reclassified to retained earnings.

(c) Reserves for cash flow hedges

The reserves for cash flow hedges result from changes in the fair value of currency hedging instruments that have to be recognised directly in equity pursuant to IAS 39 (cash flow hedges). The effective portion of the changes in the fair value was entered in the hedging reserve with no effect on profit/loss. These changes in equity are presented net of taxes in other comprehensive income. The non-effective portion of the changes in the fair value in the amount of EUR nil (28 February 2013) and EUR nil (28 February 2014) was recognised in profit or loss. The fair value of currency hedging instruments is reclassified through profit or loss from the hedging reserve to the consolidated statement of comprehensive income when the underlying hedged items affect profit or loss.

Changes in the fair value of forward foreign exchange contracts used for hedge accounting purposes are as follows:

	EUR'000
Balance as at 1 March 2012	**675**
Reclassification to the consolidated statement of comprehensive income, net	(50)
Change in fair values of hedging instruments, net	625
Balance as at 28 February 2013	**625**
Reclassification to the consolidated statement of comprehensive income, net	(540)
Other changes—recognised through profit or loss	(85)
Change in fair values of hedging instruments, net	—
Balance as at 28 February 2014	**—**

(d) Revaluation effects of pensions and termination benefits

Actuarial gains and losses associated with pension and termination obligations for previous years as well as the current fiscal year are recognised in equity as other reserves for revaluation effects of pensions and termination benefits.

(e) Dividends

In the reporting period, a dividend was paid in the amount of EUR 1,700,000.00 (previous year: EUR nil) to the shareholders.

In the 2014/2015 reporting period, the shareholders will likely decide to distribute a dividend in the amount of EUR 19,000,000.00.

(f) Capital management

It is the goal of capital management to maintain a strong capital base to meet the specific corporate risks (growth and development risk) by creating a balanced capital structure. Management considers capital to be only the equity as shown in the consolidated statement of financial position in accordance with IFRSs. The target is to achieve an equity ratio of at least 30%. As at the end of the reporting period, the equity ratio (i.e. the ratio of equity to total assets) was 44% (28 February 2013) and 40% (28 February 2014).

12 Bonds and promissory note loans

The following table shows the bonds and promissory note loans issued by the Group:

	Nominal value	Carrying amount as at 28 February 2013	Carrying amount as at 28 February 2014
	EUR'000	EUR'000	EUR'000
Promissory note loan 2012 to 2015	3,000	3,000	3,000
Promissory note loan 2012 to 2017	8,000	8,000	8,000
Promissory note loan 2012 to 2019	34,000	34,000	34,000
FACC bond 2013-20 (ISIN AT0000A10J83)	90,000	—	88,893
Balance	135,000	45,000	133,893

In connection with the promissory note loans 2012 to 2015, 2012 to 2017 and 2012 to 2019, a covenant was agreed upon under which FACC AG, in its capacity as the issuer of the promissory note (borrower), is obligated to meet a specific equity ratio. If this ratio is not met, the promissory note loans may fall due. At the end of the reporting period, i.e. 28 February 2014, there was no breach of the covenant by FACC AG.

With respect to the bond 2013 to 2020, FACC AG as the issuer gave assurances regarding a certain amount of dividend in relation to the net income for the year and in relation to a certain equity ratio.

If these assurances are not met, the bond may fall due.

13 Financial liabilities

	Balance as at 28 February 2013		
	non-current	current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit AG, ERP A380	2,143	1,071	3,214
UniCredit BA, Kontrollbank export loan	—	30,000	30,000
RLB OÖ / Oberbank, research promotion loan	—	—	—
RLB OÖ / Oberbank, loan with AWS guaranty	3,555	395	3,950
RLB OÖ / Oberbank, loan with security transfer	5,209	801	6,010
Investkredit AG, ERP loan	4,100	—	4,100
UniCredit BA, ERP loan with AWS guaranty	3,180	—	3,180
RLB OÖ EUR	—	7,808	7,808
RLB OÖ GBP	—	1,400	1,400
RLB cash advance	—	6,600	6,600
Accrual, interest and expenses	—	1,783	1,783
Other	—	63	63
Balance	18,187	49,921	68,108

The interest rates of the financial liabilities vary from 0.5% to 3.7%.

	Balance as at 28 February 2014		
	non-current	current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit AG, ERP A380	962	1,071	2,033
RLB OÖ / Oberbank, loan with AWS guaranty	3,160	395	3,555
RLB OÖ / Oberbank, loan with security transfer	5,062	632	5,694
Investkredit AG, ERP loan	3,464	1,367	4,831
UniCredit BA, ERP loan with AWS guaranty	3,035	—	3,035
OB FFG loan	1,738	—	1,738
Erste ERP loan	6,598	—	6,598
RLB ERP loan	5,938	—	5,938
Leasing UniCredit Plant 5	20,019	433	20,452
Leasing Raiffeisen Impuls Plant 2	7,052	82	7,134
Accrual, interest and expenses	—	5,298	5,298
Other	—	1,539	1,539
Balance	57,028	10,817	67,845

The interest rates of the financial liabilities vary from 0.5% to 3.7%.

Certain bank borrowings are secured by liens on Company properties, by AWS (Austrian Credit Agency) guarantees, federal guarantees for loans within the framework of support agreements by the *Forschungsförderungsgesellschaft* (Austrian Research Promotion Agency) and transfers of titles on machines by way of security. The export loan under the *Austrian Kontrollbank's* procedure is secured by export receivables in the amount of 120% of the framework made available. Certain conditions must be complied with in order to claim the favourable interest rates on research promotion loans. The collaterals for certain bank borrowings in connection with land and buildings amounted to EUR 22,519,000 as at 28 February 2013 and 28 February 2014.

Interest rate risks and the contractually defined interest rate adjustment dates related to financial liabilities at the end of the reporting period are as follows:

Carrying amount	2012/13	2013/14
	EUR'000	EUR'000
6 months or less	55,830	10,789
6 to 12 months	27,500	55,085
Balance	83,330	65,874

The carrying amounts and fair values of non-current financial liabilities bearing fixed interests are:

	2012/13 carrying amount	2012/13 fair value	2013/14 carrying amount	2013/14 fair value
	EUR'000	EUR'000	EUR'000	EUR'000
Investkredit AG, ERP loan	3,214	3,084	2,033	2,033
Investkredit AG, ERP loan (increase of loan 2013/14)	4,100	3,934	4,831	4,831
BACA ERP loan	3,180	3,009	3,035	3,035
Oberbank FFG loan (new loan 2013/14)	—	—	1,738	1,738
Erste Bank ERP loan (new loan 2013/14)	—	—	6,598	6,598
RLB ERP loan (new loan 2013/14)	—	—	5,938	5,938
Promissory note loan 5Y 18/07/2017	2,500	2,500	2,500	2,500
Promissory note loan 7Y 18/07/2019	15,000	15,000	15,000	15,000
Bond 2013-20 (new bond 2013/14)	—	—	88,893	92,691
Stand	27,994	27,527	130,566	134,364

The carrying amounts of current borrowings approximate the fair value, since the impacts of discounts are immaterial. The fair values of non-current borrowings bearing fixed interest are based on discounted cash flows calculated according to the market interest rates.

Finance lease liabilities

Finance lease liabilities—minimum lease payments

	2012/13	2013/14
	EUR'000	EUR'000
No later than 1 year	—	978
Later than 1 year and no later than 5 years	—	3,855
Later than 5 years	—	22,270
Future finance charges on finance lease liabilities	—	(6,651)
Present value of finance lease liabilities	—	20,452

The present value of finance lease liabilities is as follows:

	2012/13	2013/14
	EUR'000	EUR'000
No later than 1 year	—	960
Later than 1 year and no later than 5 years	—	3,567
Later than 5 years	—	15,925
	—	20,452

14 Derivative financial instruments

The notional amounts of derivative financial instruments are as follows:

Forward foreign exchange contracts	Balance as at 28 February 2013	Balance as at 28 February 2014
	USD'000	USD'000
Forward foreign exchange contracts	205,000	155,000
Structured currency options	—	—
Total current	**205,000**	**155,000**

Interest rate swaps	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Interest rate swaps	20,000	20,000
Total	**20,000**	**20,000**
Less non-current portion		
Interest rate swaps	20,000	20,000
	—	—
Current portion	—	—

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the residual term exceeds 12 months. If the residual term is less than 12 months, it is classified as a current asset or liability.

A positive fair value is shown on the assets side under the item "Derivative financial instruments". A negative fair value is reported under the item "Derivative financial instruments" on the liabilities side.

The maximum credit risk exposure at the end of the reporting period corresponds to the fair value of the derivative assets recognised in the consolidated statement of financial position.

(a) Forward foreign exchange contracts and structured currency options

Forward foreign exchange and currency option contracts were concluded to hedge against the foreign exchange risk. The forward foreign exchange contracts that qualify for hedge accounting are shown as cash flow hedge in accordance with IAS 39. Forward foreign exchange and structured currency option contracts not shown as cash flow hedges are shown as stand-alone derivatives.

The hedged transactions denominated in foreign currency are expected to occur during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts are recognised in the consolidated statement of comprehensive income in the period or periods during which the hedged forecast transaction affects the consolidated statement of comprehensive income. This is generally within 12 months from the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of fixed assets.

(b) Interest rate swaps

To hedge against the interest rate risk of the interest-bearing financial liabilities, interest rate swap contracts were concluded which are entered in the consolidated statement of financial position as a stand-alone derivative; not as hedge accounting in accordance with IAS 39.

15 Investment grants

Non-current and current investment grants amount to EUR 11,771,000 (28 February 2013) and EUR 10,614,000 (28 February 2014). As a rule, the significant part of the investment grants is subject to conditions defined by the granting authority that have to be fulfilled for a period of 3-5 years upon acceptance of the final settlement. This essentially entails a minimum number of employees that must be retained, as well as the obligation not to move the supported assets from the project location or sell them. The other investment grants relate to subsidies for development projects and are released over the term of the projects.

16 Employee benefit obligations

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Obligations recognised in the consolidated statement of financial position for		
Pension obligations (a)[(*)]	1,885	2,114
Provision for termination benefits (b)[(*)]	4,164	4,598
Provision for anniversary bonuses (c)	766	838
Provision for early retirement benefits	71	31
	6,886	7,581
Expenses shown in the consolidated statement of comprehensive income		
Pension obligations	352	229
Termination benefits	917	384
Anniversary bonuses	155	72
Early retirement benefits	(16)	(40)
	1,408	645

(a) Pension obligations

The amounts recognised in the consolidated statement of financial position are as follows:

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Present value of the pension obligations as at 1 March[(*)]	1,534	1,885
Service costs	124	142
Interest expense	61	61
Revaluation effects[(*)]	166	26
Reversal due to retirement of beneficiaries	—	—
Present value of the pension obligations at the end of the period (DBO)[(*)]	1,885	2,114

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Service costs	124	142
Interest expense	62	61
Revaluation effects (recognised in other comprehensive income, net of deferred taxes)[(*)]	166	26
Past service cost	—	—
Total	**351**	**229**

As the corridor approach has been eliminated, the recognised provision for pensions as at 28 February 2013 and 28 February 2014 increased by EUR 166k and EUR 26k, respectively. The revaluation effects (actuarial gains/losses) mentioned in the table above were recognised net of deferred taxes in other comprehensive income.

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

The principal actuarial assumptions used were as follows:

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Interest rate	3.25%	3.30%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	none	none
Pensionable age—men	60 years	60 years
Mortality rate (Note)	AVÖ 2008-P	AVÖ 2008-P

Note:

Assumptions regarding future mortality rates are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions are based on the post-retirement mortality tables in Austria (published by the Austrian Actuarial Association).

All expenses associated with pensions are shown under "Staff costs" in the consolidated statement of comprehensive income.

(b) Provision for termination benefits

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Present value of provision for termination benefit obligations as at the beginning of the period(*)	3,239	4,146
Other termination benefits	0	50
Service cost	203	249
Interest expense	130	135
Revaluation effects (recognised in other comprehensive income, net of deferred taxes)(*)	701	253
Termination benefits paid	(127)	(235)
Present value of provision for termination benefit obligations at the end of the period (DBO)(*)	4,146	4,548

The calculations as at 28 February 2013 and 28 February 2014 are based on the following assumptions:

	Balance as at 28 February 2013	Balance as at 28 February 2014
Interest rate	3.25%	3.30%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	12.10%	12.60%
Staff turnover—workers	12.30%	12.30%
Pensionable age—women	60 years	60 years
Pensionable age—men	65 years	65 years
Mortality rate	AVÖ 2008-P	AVÖ 2008-P

The statutory transitional provisions regarding the pensionable age were taken into account.

As the corridor approach has been eliminated, the recognised provision for pensions as at 28 February 2013 and 28 February 2014 increased by EUR 701k and EUR 253k, respectively. The revaluation effects (actuarial gains/losses) mentioned in the table above were recognised net of deferred taxes in other comprehensive income.

All expenses associated with termination benefits with the exception of the revaluation effects are shown under "Staff costs" in the consolidated statement of comprehensive income.

(*) Adjustment of prior year values pursuant to IAS 8.19 b), reference to notes to the consolidated financial statements, Note 2(a) adjustment pursuant to IAS 8 on the basis of the application of IAS 19 in the version as of 16 June 2011.

(c) Provisions for anniversary bonuses

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Present value of provision for anniversary bonuses as at the beginning of the period	566	710
Service costs	89	120
Interest expense	23	23
Actuarial gain/loss for the period	59	(47)
Anniversary bonuses paid	(27)	(19)
Present value of provision for anniversary bonuses at the end of the period	710	787
Non-wage labour costs	56	51
Recognised provision for anniversary bonuses	**766**	**838**

All expenses associated with anniversary bonuses are shown under the item "Staff costs" in the consolidated statement of comprehensive income.

Defined contribution plans (pension fund)

Contributions in the amount of EUR 91,000 (28 February 2013) and EUR 97,000 (28 February 2014) were made to the multi-employer pension fund for the respective fiscal years.

Defined contribution plans (staff provision fund—new Austrian severance payment scheme, *"Abfertigung 'neu'"*)

Contributions in the amount of EUR 1,003,700 (28 February 2013) and EUR 1,276,800 (28 February 2014) were made to the staff provision fund in the respective fiscal years.

17 Trade payables

The age analysis of trade payables as at 28 February 2013 and 28 February 2014 is as follows:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Within 90 days	55,334	55,639
Over 90 days and within 360 days	119	55
	55,453	55,694

18 Other liabilities and deferred income

	Carrying amount as at 28 February 2013	Carrying amount as at 28 February 2014
	EUR'000	EUR'000
Social security payables	2,528	2,987
Other liabilities	2,824	1,546
Liabilities towards employees	12,602	17,709
Accruals and deferrals	119	1,311
Balance	18,073	23,553

19 Other provisions

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2012	50	4,193	3,317	7,560
Utilisation	(50)	(254)	(1,881)	(2,185)
Reversal	—	(1,528)	(835)	(2,363)
New provisions	82	1,773	9,029	10,884
Balance as at 28 February 2013	82	4,184	9,630	13,896
Of which current	82	4,184	9,630	13,896
Of which non-current	—	—	—	—

In addition to specific obligations, provisions for warranties include a best estimate of possible warranty obligations in the amount of EUR 2,630,000 (previous year: EUR 2,219,000). Management assesses the related provision for future warranty claims on the basis of historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The Group generally offers a warranty period of four years for its products.

Other provisions include a provision for follow-up costs in relation to several development projects in the amount of EUR 4,224,000 as well as a provision for outstanding travel expenses in the amount of EUR 290,000 and a provision for the repayment of funds granted by FFG in the amount of EUR 1,346,000.

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2013	82	4,184	9,630	13,896
Utilisation	(82)	(74)	(8,055)	(8,211)
Reversal	—	(4,141)	(683)	(4,824)
New provisions	107	1,657	7,851	9,615
Balance as at 28 February 2014	107	1,626	8,743	10,476
Of which current	107	1,626	8,743	10,476
Of which non-current	—	—	—	—

The best estimate of possible warranty obligations in the amount of EUR 2,630,000 from the previous year was subjected to a review that is carried out periodically. Such review revealed that the trends assumed in previous years regarding the development of Group warranties did not prevail. Provisions were thus only made for specific obligations.

Other provisions include a provision for follow-up costs in the amount of EUR 3,431,000 for various development projects, a provision for outstanding travel expenses in the amount of EUR 119,000, a provision for additional electricity costs in the amount of EUR 144,000 and a provision for legal disputes in the amount of EUR 621,000.

20 Changes in inventories

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Finished goods	(546)	(14,718)
Unfinished goods	6,069	6,532
Total	5,523	(8,186)

A development project was settled as a result of a contract amendment in the fiscal year 2013/14. Previously, the development project had been recognised pursuant to IAS 38 as capitalised development costs and delivery right in intangible assets or, pursuant to IAS 16, as property, plant and equipment (tooling). Prior to the settlement, a reclassification (see statement of fixed assets) to inventory and, as a result, a recognition of the disposal as part of changes in inventories was made.

21 Own work capitalised

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Capitalisation of development costs	4,509	9,557
Other	232	201
Balance	4,741	9,758

22 Cost of materials and purchased services

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Cost of materials	224,449	285,276
Cost of purchased services	32,656	23,683
Total	257,105	308,959

23 Staff costs

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Wages and salaries	84,586	110,051
Expenses for statutory social contributions and benefits	22,311	27,536
Expenses for termination benefits and contributions to staff provision funds	1,366	2,061
Expenses for pensions	269	288
Other social expenses	1,988	2,636
Total (including remuneration of the management board)	110,520	142,572

Expenses for termination benefits and contributions to staff provision funds include contributions to staff provision funds in the amount of EUR 1,003,700 (28 February 2013) and EUR 1,276,800 (28 February 2014).

The number of staff employed by the Group is 2,966 persons (1,687 workers and 1,279 employees) as at 28 February 2014 compared to 2,383 persons (1,397 workers and 986 employees) as at 28 February 2013.

24 Remuneration of management in key positions

The remuneration of each member of the supervisory and management board for the period ended 28 February 2013 is set out below:

Name	Fee	Salary	Discretionary bonus	Termination benefits	Employer's contribution to retirement scheme	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Supervisory board						
Geng Ruguang	6	—	—	—	—	6
Meng Xiangkai	5	—	—	—	—	5
Huang Hang	5	—	—	—	—	5
Yi Xiaosu (until 20 April 2013)	5	—	—	—	—	5
Peters Greg	3	—	—	—	—	3
Tang Jun	7	—	—	—	—	7
Wang Yongsheng	7	—	—	—	—	7
Xu Chunlin	3	—	—	—	—	3
Gong Weixi (since 20 April 2013)	—	—	—	—	—	—
Management board						
Stephan Walter DI	—	251	187	—	186	624
Gu Minfen Dipl.-Kauffr.	—	225	139	—	—	364
Machtlinger Robert	—	186	139	—	4	329
	41	662	465	—	190	1,358

The remuneration of each member of the supervisory and management board for the period ended 28 February 2014 is set out below:

Name	Fee	Salary	Discretionary bonus	Termination benefits	Employer's contribution to retirement scheme	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Supervisory board						
Geng Ruguang	11	—	—	—	—	11
Meng Xiangkai	8	—	—	—	—	8
Huang Hang	6	—	—	—	—	6
Yi Xiaosu (until 20 April 2013)	2	—	—	—	—	2
Peters Greg	5	—	—	—	—	5
Tang Jun	7	—	—	—	—	7
Wang Yongsheng	4	—	—	—	—	4
Xu Chunlin (until 21 February 2014)	7	—	—	—	—	7
Gong Weixi (since 20 April 2013)	5	—	—	—	—	5
Zhao Huimin (since 19 June 2013)	3	—	—	—	—	3
Management board						
Stephan Walter DI	—	254	325	198	495	1,272
Gu Minfen Dipl.-Kauffr.	—	225	243	18	—	486
Machtlinger Robert	—	239	250	58	5	552
	58	718	818	274	500	2,368

In this fiscal year, additional termination benefits amounting to EUR 274,530 were promised to the members of the management board.

25 Amortisation and depreciation

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Of intangible assets	5,577	7,018
Of property, plant and equipment	11,637	11,024
Total	17,214	18,042

26 Other operating income and expenses

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Maintenance, servicing and third-party repairs	5,009	7,091
Shipping costs	5,935	8,486
Material testing and certification costs, technical support	2,390	3,726
Rents, leases and building rights costs	3,920	5,103
Travel expenses	4,051	4,108
Allowances, grants and other income	(8,582)	(21,023)
Miscellaneous expenses	12,604	29,989
Total	25,327	37,450

Miscellaneous expenses include, among other things, exchange rate differences in the amount of EUR 11,154,616, storage costs in the amount of EUR 3,171,920 as well as insurances in the amount of EUR 1,159,987.

The expenses for the Group auditor relating to the relevant fiscal years are as follows:

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Audit of the consolidated financial statements and the financial statements	96	104
Other consultancy services	21	45
Tax consulting services	18	24
Total	135	173

Other services comprise services in connection with government agreements and government grants as well as similar agreed-upon procedures and accounting advice.

27 Finance costs

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Interest and bank charges	2,630	4,874
Interest expense—bonds	92	2,620
Total	2,722	7,494

28 Interest income from financial instruments

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Bank interest	13	271
Income from interest rate swaps	—	—
Income from securities	13	10
Total	26	281

29 Fair value measurement of derivative financial instruments

The recognition of changes in the fair values of derivative financial instruments in the consolidated statement of comprehensive income is as follows:

	Volume	Volume	Fair value	Recognised in "Fair value measurement of derivative financial instruments"	Recognised in "Cash flow hedges (net of tax)"	Recognised in "Other operating income and expenses"
	USD'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2013						
Forward foreign exchange contracts—USD	205,000	—	4,072	—	67	(2,149)
Structured currency options—USD	—	—	—	(688)	—	—
Interest rate swaps	—	20,000	(11,734)	(4,282)	—	—
Balance as at 28 February 2014						
Forward foreign exchange contracts—USD	155,000	—	3,590	—	(720)	238
Structured currency options—USD	—	—	—	—	—	—
Interest rate swaps	—	20,000	(9,953)	1,781	—	—

30 Income taxes

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Corporate income tax, current	4,857	166
Foreign withholding tax	12	—
Deferred taxes	1,418	7,525
	6,287	7,691
Tax expenses, previous years	(10)	(52)
Total	6,277	7,639

The income tax on the Group's profit before taxes differs from the calculated income tax expense that would arise if the results of the fiscal years were subjected to a tax rate of 25%. This is broken down as follows:

	For the fiscal year ended 28 February 2013	For the fiscal year ended 28 February 2014
	EUR'000	EUR'000
Profit before taxes	27,047	36,499
Calculated income tax expense 25%	6,762	9,125
Tax effects from:		
Deviating foreign tax rates	—	(56)
Tax free income	(22)	(1,630)
Expenses not deductible for tax purposes	36	337
Utilisation of previously unrecognised tax losses	(81)	—
Tax losses for which no deferred income tax asset was recognised	—	553
Other effects/valuation adjustments—deferred taxes	(522)	87
Capitalised deferred taxes	478	(578)
Impairment of goodwill	(375)	(375)
Adjustment in respect of prior years	(10)	(51)
Minimum corporate income tax and withholding taxes	11	8
Recognised income tax expense	6,277	7,418

The deferred taxes changed as follows:

	Balance as at 1 March 2012 (adjusted)	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 28 February 2013 (adjusted)
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred taxes				
Financial assets	3	—	(5)	(2)
Other receivables and assets	52	24	—	76
Investment grants	1,640	(93)	—	1,547
Obligations towards employees	196	51	—	247
Derivative financial instruments	(712)	(321)	17	(1,016)
Provisions	578	696	210	1,664
Liabilities	(112)	(247)	—	(359)
Tax-loss carryforwards	1,800	(1,800)	—	—
Intangible assets (development costs)	(15,576)	(680)	—	(16,256)
Property, plant and equipment	(91)	236	—	145
Inventories	105	(105)	—	—
Trade receivables (mainly differences from USD valuation)	265	587	—	852
Other	14	237	—	251
	(11,658)	(1,415)	222	(12,851)

	Balance as at 1 March 2013 (adjusted)	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 28 February 2014
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred taxes				
Financial assets	(2)	(49)	(3)	(54)
Other receivables and assets	76	57	—	132
Investment grants	1,547	(772)	—	774
Obligations towards employees	247	483	—	730
Derivative financial instruments	(1,016)	(60)	180	(896)
Provisions	1,664	(1,338)	73	399
Liabilities	(359)	7.006	—	6,647
Tax-loss carryforwards	—	358	—	358
Intangible assets (development costs)	(16,256)	(6,229)	—	(22,485)
Property, plant and equipment	144	(6,702)	—	(6,558)
Bonds	—	(274)	—	(274)
Trade receivables (mainly differences from USD valuation)	852	(86)	—	766
Other	251	82	—	333
	(12,852)	(7,254)	250	(20,128)

Deferred income tax assets and liabilities are offset and recognised in the consolidated statement of financial position as an asset or a liability when there is a legally enforceable right to offset current income tax assets against current tax income liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

As at 28 February 2013 and 28 February 2014, deferred income tax liabilities in the amount of EUR 13,245,000 and EUR 12,852,000 (adjusted) and EUR 19,908,000 are shown in the consolidated statement of financial position, respectively.

Within the next 12 months, deferred income tax assets in the amount of EUR 2,895,000 and EUR 2,908,000 are expected to be realised and deferred income tax liabilities amounting to EUR 2,572,000 and EUR 4,861,000 are expected to be settled as at 28 February 2013 and 28 February 2014, respectively.

Deferred income tax assets on loss carryforwards are recognised to the extent that their utilisation seems likely. The Group assesses the probability based on available planning data.

The Group did not recognise deferred income tax assets of EUR 82k as at 28 February 2013 and of EUR 82k as at 28 February 2014 in respect of losses amounting to EUR 327k and EUR 1,114k that can be carried forward against future taxable income in the country of origin of the subsidiary involved.

	For the fiscal year ended 28 February 2013			For the fiscal year ended 28 February 2014		
	Gross	Tax	Net	Gross	Tax	Net
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Fair value measurement of securities	19	(5)	14	13	(3)	10
Cash flow hedge	(67)	17	(50)	(732)	183	(549)
Total	(48)	12	(36)	(719)	180	(539)

31 Commitments to acquire assets

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
Property, plant and equipment		
Authorised but without contractual obligation	65,516	37,345
Contractual obligation, not yet incurred	24,486	11,025
	90,002	48,370

32 Rental and leasing commitments

The total of future accumulated minimum lease payments from operating leases in connection with property, plant and equipment amount to:

	Balance as at 28 February 2013	Balance as at 28 February 2014
	EUR'000	EUR'000
No later than 1 year	3,066	3,894
No later than 1 year and no later than 5 years	7,431	10,016
No later than 5 years	4,973	6,698
Total	15,471	20,608

33 Business combinations

On 1 September 2013, the Group acquired 100% of the shares in ITS GmbH, Germany, as well as 100% of the shares in ITS digitech Pvt. Ltd., India, for a purchase price of EUR nil and EUR 14k, respectively.

The acquired companies render engineering services. The main reason for this acquisition was the expansion of engineering capacities. The Group is expected to be able to improve its cost structure in the field of engineering services as a result of this acquisition.

The following table summarises the purchase price paid for the acquisition, the value of assets identified and the liabilities assumed at the acquisition date.

Purchase price (1 September 2013)	ITS GmbH, Germany	ITS digitech Pvt. Ltd., India
	EUR'000	EUR'000
Payment made	—	14
Total consideration paid	**—**	**14**
Amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	403	1
Property, plant and equipment	6	14
Intangible assets	10	71
Trade and other receivables	741	216
Trade payables	(216)	(124)
Other liabilities	(936)	(131)
Bank borrowings	(1,400)	—
Net assets	**(1,392)**	**47**
Goodwill	**1,392**	**(33)**

Since 1 September 2013, ITS GmbH and ITS digitech Pvt. Ltd. contributed revenue in the amount of EUR 255k to the revenue recognised in the consolidated statement of comprehensive income of the Group.

The goodwill which arose from the acquisition of ITS GmbH, Germany, was allocated on a prorated basis to the "Structures" segment in the amount of EUR 1,322k and to the "Interiors" segment in the amount of EUR 70k. An impairment test was performed at the level of these segments and did not result in any need to recognise impairment.

The difference on the liabilities side resulting from the initial consolidation of ITS digitech Pvt. Ltd. in the amount of EUR 33k was released to profit and loss.

34 Related-party transactions

The group companies entered into and executed several transactions with associates of the consolidated group as part of ordinary business operations. The transactions were fully consolidated.

Related-party transactions outside of the consolidated group for the period 1 March 2012 to 28 February 2013

With the related company Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 10,349,987 (previous year: EUR 3,243,423).

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd. revenue was generated in the amount of EUR 462,406 (previous year: EUR 11,000,000). Receivables in the amount of EUR 11,183,459 (previous year: EUR 11,000,000) are shown in the consolidated statement of financial position.

With the related company Future Aviation International Investment Co. Ltd. (formerly FACC Holding Company, Limited) revenue was generated in the amount of EUR nil (previous year: EUR 3,400,000). Receivables in the amount of EUR nil (previous year: EUR 3,400,000) are shown in the consolidated statement of financial position.

With the related company Comac Shanghai Aircraft revenue was generated in the amount of EUR 2,838,346 (previous year: EUR 500,000). Receivables in the amount of EUR 4,511,278 (previous year: EUR nil) are shown in the consolidated statement of financial position.

With the related company FACC International Company Limited revenue was generated in the amount of EUR 690,000 (previous year: EUR 500,000). Receivables in the amount of EUR 690,000 (previous year: EUR nil) are shown in the consolidated statement of financial position.

Related-party transactions outside of the consolidated group for the period 1 March 2013 to 28 February 2014

With the related company Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 15,503,388 (previous year: EUR 10,349,987). Receivables in the amount of EUR 14,201,326 (previous year: EUR 6,709,362) are shown in the consolidated statement of financial position.

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd. revenue was generated in the amount of EUR 1,218,457 (previous year: EUR 462,406). Receivables in the amount of EUR 11,371,955 (previous year: EUR 11,183,459) are shown in the consolidated statement of financial position.

With the related company Future Aviation International Investment Co. Ltd. revenue was generated in the amount of EUR 2,800,000 (previous year: EUR nil). Receivables in the amount of EUR 2,800,000 (previous year: EUR nil) are shown in the consolidated statement of financial position.

With the related company Comac Shanghai Aircraft revenue was generated in the amount of EUR nil (previous year: EUR 2,838,346). Receivables in the amount of EUR nil (previous year: EUR 4,511,278) are shown in the consolidated statement of financial position.

With the related company FACC International Company Limited revenue was generated in the amount of EUR 900,000 (previous year: EUR 690,000). Receivables in the amount of EUR 900,000 (previous year: EUR 690,000) are shown in the consolidated statement of financial position.

35 Events after the reporting period

In the 2014/2015 reporting period, the shareholders will presumably decide to distribute dividends in the amount of EUR 19,000,000.

36 Management board and supervisory board

- Mr Yongsheng Wang and
- Mr Chunlin Xu

Were the sole managing directors and sole representatives of the Company in the reporting period.

Mr Yongsheng Wang announced his resignation as managing director on 21 March 2013. Mr Chunlin Xu was appointed new managing director of AIIG on 21 March 2013. Mr Chunlin Xu was removed with effect of 7 March 2014 and Mr Yongsheng Wang was again appointed sole managing director.

A supervisory board was appointed for the Company. This supervisory board consists of three members. These members are:

- Ruguang Geng, Ried im Innkreis, chairman
- Jun Tang, Ried im Innkreis, deputy chairman
- Hang Huang, Ried im Innkreis

Ried im Innkreis, 30 April 2014

The Management Board:

signed:

Yongsheng Wang

We draw attention to the fact that the auditor's report relates to a full set of annual consolidated financial statements within the meaning of Section 245a of the Austrian Commercial Code (UGB) including the management report. The management report is not included in this document. We furthermore draw your attention to the fact that this is an English translation of the binding German language auditor's report which auditor's report is based on Section 274 of the Austrian Commercial Code (UGB).

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Aerospace Innovation Investment GmbH, Ried im Innkreis, for the fiscal year from 1 March 2013 to 28 February 2014. These consolidated financial statements comprise the consolidated balance sheet as of 28 February 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 28 February 2014, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 28 February 2014 and of its financial performance and its cash flows for the fiscal year from 1 March 2013 to 28 February 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Linz, 30 April 2014

PwC Oberösterreich
Wirtschaftsprüfung und
Steuerberatung GmbH

signed:

Friedrich Baumgartner
Austrian Certified Public Accountant

Disclosure, publication and duplication of the Consolidated Financial Statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Aerospace Innovation Investment GmbH, Ried im Innkreis

Consolidated Financial Statements

as at

28 February 2013

I CONSOLIDATED FINANCIAL STATEMENTS OF AEROSPACE INNOVATION INVESTMENT GMBH

(a) Consolidated Statement of Financial Position

	Note	Balance as at 29 February 2012	Balance as at 28 February 2013
		EUR'000	EUR'000
ASSETS			
Non-current assets			
Intangible assets	5	100,117	103,713
Property, plant and equipment	6	72,552	91,530
Other non-current financial assets	7	1,347	1,538
Non-current receivables	9	16,141	20,878
		190,157	**217,659**
Current assets			
Inventories	8	44,763	56,365
Trade receivables	9	63,978	97,165
Receivables from construction contracts	9	11,964	28,198
Other receivables and deferred items	9	8,355	5,906
I/C receivables	9	6,400	802
Derivative financial instruments	14	2,851	4,760
Cash and cash equivalents	10	19,292	36,958
		157,603	**230,154**
Total assets		**347,760**	**447,813**
EQUITY			
Share capital	11	35	35
Capital reserve	11	144,006	144,006
Currency translation reserve		−74	−75
Revenue reserves	11	−15	−15
Other reserves	11	606	570
Retained earnings		34,431	55,203
Total equity		**178,989**	**199,724**
LIABILITIES			
Non-current liabilities			
Promissory note loans	12	0	45,000
Other financial liabilities	13	17,275	18,187
Derivative financial instruments	14	7,625	11,734
Investment grants	15	11,765	10,538
Employee benefit obligations	16	4,760	5,314
Deferred taxes	31	11,838	13,245
		53,263	**104,018**
Current liabilities			
Trade payables	17	35,467	55,453
Other liabilities and deferred income	18	14,370	18,073
Bonds	12	20,000	0
Other financial liabilities	13	35,973	49,921
Derivative financial instruments	14	0	688
Other provisions	19	7,560	13,896
Investment grants	15	1,170	1,233
Income tax liabilities	20	968	4,807
		115,508	**144,071**
Total liabilities		**168,771**	**248,089**
Total equity and liabilities		**347,760**	**447,813**

The Notes on pages F-62 to F-104 are an integral part of these consolidated financial statements.

(b) Consolidated Statement of Comprehensive Income

	Note	2011/2012	2012/2013
		EUR'000	EUR'000
Revenue	4	355,624	434,615
Changes in inventories	21	1,542	5,523
Own work capitalised	22	4,995	4,741
Cost of materials and purchased services	23	−210,133	−257,105
Staff costs	24	−91,799	−110,519
Depreciation and amortisation	26	−16,364	−17,214
Other operating income and expenses	27	−20,474	−25,327
Earnings before interest, taxes and fair value measurement of derivative financial instruments		**23,391**	**34,714**
Finance costs	28	−1,763	−2,722
Interest income from financial instruments	29	220	26
Fair value measurement of derivative financial instruments	30	−9,229	−4,969
Profit before taxes		**12,619**	**27,049**
Income taxes	31	−2,160	−6,277
Profit after taxes		**10,459**	**20,772**
Currency translation differences from consolidation		5	−1
Fair value measurement of securities (net of tax)		0	14
Cash flow hedges (net of tax)	11	−621	−50
Other comprehensive income for the year		**−616**	**−37**
Total comprehensive income for the year		**9,843**	**20,735**
Attributable to:			
Equity holders of the parent		9,843	20,735

The Notes on pages F-62 to F-104 are an integral part of these consolidated financial statements.

(c) Consolidated Statement of Changes in Equity

For the fiscal year ended 29 February 2012

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	Available-for-sale securities	Hedging reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2011	**35**	**144,006**	**−79**	**−15**	**−69**	**1,296**	**23,972**	**169,146**
Total comprehensive income								
Profit after taxes	0	0	0	0	0	0	10,459	10,459
Other comprehensive income								
Currency translation differences from consolidation	0	0	5	0	0	0	0	5
Cash flow hedges (net of tax)	0	0	0	0	0	−621	0	−621
Total other comprehensive income	**0**	**0**	**5**	**0**	**0**	**−621**	**0**	**−616**
Total comprehensive income	**0**	**0**	**5**	**0**	**0**	**−621**	**10,459**	**9,843**
Balance as at 29 February 2012	**35**	**144,006**	**−74**	**−15**	**−69**	**675**	**34,431**	**178,989**

The Notes on pages F-62 to F-104 are an integral part of these consolidated financial statements.

For the fiscal year ended 28 February 2013

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	Available-for-sale securities	Hedging reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2012	**35**	**144,006**	**−74**	**−15**	**−69**	**675**	**34,431**	**178,989**
Total comprehensive income								
Profit after taxes	0	0	0	0	0	0	20,772	20,772
Other comprehensive income								
Currency translation differences from consolidation	0	0	−1	0	0	0	0	−1
Fair value measurement of securities (net of tax)	0	0	0	0	14	0	0	14
Cash flow hedges (net of tax)	0	0	0	0	0	−50	0	−50
Total other comprehensive income	**0**	**0**	**−1**	**0**	**14**	**−50**	**0**	**−37**
Total comprehensive income	**0**	**0**	**−1**	**0**	**14**	**−50**	**20,772**	**20,735**
Balance as at 28 February 2013	**35**	**144,006**	**−75**	**−15**	**−55**	**625**	**55,203**	**199,724**

The Notes on pages F-62 to F-104 are an integral part of these consolidated financial statements.

(d) Consolidated Statement of Cash Flows

	2011/2012	2012/2013
	EUR'000	EUR'000
Operating activities		
Earnings before interest, taxes and fair value measurement of derivative financial instruments	23,391	34,714
Fair value measurement of derivative financial instruments	−9,229	−4,969
	14,162	29,745
Plus/minus		
Release of investment grants	−1,754	−1,164
Depreciation and amortisation	16,364	17,214
Losses/(gains) on disposal of non-current assets	7,063	848
Changes in financial instruments[(1)]	8,854	2,887
Change in non-current receivables	−16,141	−4,737
Change in employee benefit obligations, non-current	250	554
	28,798	45,347
Changes in net current assets		
Change in inventories	−7,362	−11,602
Changes in receivables and deferred items	−20,731	−41,372
Change in trade payables	11,946	19,985
Change in current provisions	3,016	6,270
Change in other current liabilities	549	2,685
Cash generated from operations	16,216	21,313
Interest received	219	25
Tax paid	−85	−193
Net cash generated from operating activities	16,350	21,145
Investment activities		
Purchase of non-current financial assets	−124	−173
Purchase of property, plant and equipment	−10,745	−30,464
Purchase of intangible assets	−3,273	−3,405
Payments for addition to development costs	−12,259	−6,575
Net cash used in investing activities	−26,401	−40,617
Financing activities		
Proceeds from financial loans	32,116	63,378
Repayments of financial loans and bonds	−19,281	−23,518
Payments of interest on financial loans and bonds	−1,763	−2,722
Net cash generated from/(used in) financing activities	11,072	37,138
Net change in cash and cash equivalents	1,021	17,666
Cash and cash equivalents at the beginning of the period	18,271	19,292
Cash and cash equivalents at the end of the period	19,292	36,958

(1) Includes changes in financial instruments not considered part of net current assets, i.e. mainly derivatives.

The Notes on pages F-62 to F-104 are an integral part of these consolidated financial statements.

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

In the following the notes are presented for the two reporting periods ended 29 February 2012 and 28 February 2013.

(a) Company history and reorganisation

Aerospace Innovation Investment GmbH ("AIIG"), domiciled in Vienna, was founded on 16 November 2009, after the former owners of FACC AG and Xi'an Aircraft Industry (Group) Company Ltd. ("XAC") had signed an agreement dated 3 October 2009 on XAC's (seated in Xian (China)) acquisition of the majority shares in FACC AG. XAC—majority-owned company by Aviation Industry Corporation of China ("AVIC"), seated in Beijing—is specialised in the development and production of structural components for large and medium-sized aircraft. The AVIC Group covers the entire value chain of the aviation industry from the development and production to the distribution of aircraft, including their financing. Although the majority of the shares in AIIG are held by XAC, shares are also held indirectly by other holding companies headquartered in Hong Kong.

AIIG's corporate purpose is the carrying out of the function of a holding company; the management of own assets, including but not limited to the acquisition; possession and management of participating interests in other entities and domestic and foreign companies, the management of AIIG group companies and the rendering of services for those companies (group services) as well as taking on management tasks.

On 3 December 2009, AIIG acquired 100% of the shares in Salinen Holding GmbH, which at that time in turn held 48.125% of the shares in FACC AG. Upon completion of this transaction, Salinen Holding GmbH was renamed to Aero Vision Holding GmbH ("AVH") and the company's corporate seat was moved to Ried (Upper Austria). On that same day, AIIG acquired 43.125% of the shares in FACC AG then held by ACC Kooperationen und Beteiligungen GmbH ("ACC") seated in Linz. Upon completion of these two transactions, AIIG—directly and indirectly via AVH—held more than 91.25% of the shares in FACC AG.

FACC AG, headquartered in Ried im Innkreis, is a company incorporated in Austria for the development, production and servicing of aircraft components. The company was founded in 1989. The principal activities of the FACC AG Group are the manufacturing of structural components, such as engine cowlings or wing claddings or control surfaces, as well as interiors for modern commercial aircraft. The components are manufactured using mainly composites. In the components made of such composites, the FACC subgroup also integrates metallic components of titanium, high-alloy steel and other metals, and supplies these components to the aircraft final assembly lines ready for fitting.

For the remaining 8.75% shares in FACC AG, two separate option agreements were also entered into on 3 December 2009 with the former owners. By way of these option agreements XAC via its Austrian holding companies (AIIG and AVH) economically acquired these stakes at the acquisition date by taking over the risks and rewards pertaining to these shares.

Shortly after the closing of the corporate acquisition, XAC decided to increase the capital of FACC AG from EUR 40 million to EUR 80 million to provide additional funding for the planned economic development of this company. After execution of the capital increase the holding companies AIIG and AVH held 95.625%, ACC held 2.5%, and Stephan GmbH (headquartered in Salzburg) held 1.875% of the shares in FACC AG.

As the final step in the reorganisation, based on the two separate option agreements dated 23 February 2011, AVH acquired the remaining shares (in total 4.375%) in FACC AG held by ACC and Stephan GmbH. Upon completion of this reorganisation, the two holding companies held 100% of the shares in FACC AG.

On 23 April 2012, Dr. Bernhard Matzner was granted single power of attorney (*Einzelprokura*) for the entire business of AIIG effective as of the date of registration in the Austrian commercial register. Since 3 May 2012, Dr. Matzner represents the Company independently.

On 28 September 2012, the Company's corporate seat was transferred from Vienna to Ried im Innkreis.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented.

(a) Basis of preparation

The consolidated financial statements as at 28 February 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of Section 245a of the Austrian Commercial Code (UGB).

By decision of 31 January 2011, Aerospace Innovation Investment GmbH's request to change the fiscal year was accepted. Since then, the new end of the reporting period has been 28 (29) February; the reporting period thus covers the period from 1 March to 28 (29) February. The first altered end of the reporting period therefore was 28 February 2011 and related to a short fiscal year of two months (1 January 2011 to 28 February 2011).

These consolidated financial statements cover the period from 1 March 2012 to 28 February 2013 (previous year: 1 March 2011 to 29 February 2012).

The consolidated financial statements have been prepared under the historical cost convention, with the exception of financial assets and financial liabilities (including derivative instruments) that were measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(b).

For the purpose of clarity, amounts are rounded and—where stated—reported in euro thousand.

There are no new and/or amended standards and interpretations effective for the first time for fiscal year 2012/13 that would be expected to have a material impact on the Group.

The following standards and amendments to existing standards have already been published but are not yet subject to mandatory application, and have not been adopted early by the AIIG Group.

Amendment to IAS 1, "Presentation of Financial Statements". The amendment relates to the presentation of other comprehensive income. The material amendment is that entities are required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income. The Group has not yet assessed the full impact of the amendments and will apply the amended standard in the accounting period beginning on or after 1 March 2013.

IAS 19, 'Employee benefits', was amended in June 2011. The impact will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The amendment, which is applied by the Group for the first time in fiscal year 2013/14, will result in the recognition of actuarial gains and losses with regard to pension and termination benefit obligations in other comprehensive income.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39, 'Financial instruments: Recognition and measurement', that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, and has not yet assessed the full impact of the amendements.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has not yet assessed the full impact of IFRS 10 and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosure of interests in other entities', includes the revised disclosure requirements of IAS 27 or IFRS 10, IAS 31 or IFRS 11 and IAS 28 in one single standard. The Group has not yet assessed the full impact of IFRS 12 and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013, and thus has yet to assess the full impact of the amendments.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Use of assumptions and estimates

Assumptions and estimates were made in the preparation of the consolidated financial statements which had an effect on the amount of the reported assets, liabilities, income and expenses. These may lead to significant adjustments to assets and liabilities in subsequent fiscal years.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may not necessarily be equal to the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(i) Employee benefit obligations

Employee benefit obligations comprise primarily pension obligations and provisions for termination benefits. Employee benefit obligations are calculated based on the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with the same currency and a term corresponding to the estimated term of benefit obligations.

Management appointed independent actuaries to carry out a full valuation of these plans to determine the employee benefit obligations that are required to be disclosed and accounted for in the accounts in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the plans and evaluate and update these assumptions at least on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods. The discount rate is a potential volatile parameter.

(ii) Deferred taxes

Change in taxable profits, within the planning period specified for the accounting and measurement of deferred taxes, may result in changes to the deferred taxes recognised for losses carried forward. The unrecognised deferred taxes for losses carried forward amount to EUR 83,000 (29 February 2012) and EUR 82,000 (28 February 2013).

Should the estimated taxable profits change by +/− 10%, this would affect the losses carried forward only slightly. The tax loss may be carried forward indefinitely. Reference is made to Note 31 "Income taxes".

(iii) Scheduled amortisation of development costs

The calculation for amortisation of capitalised development costs is based on the number of shipsets to be supplied. This number of shipsets is an assumption based on a defined assessment procedure (refer to Note 2(d)(ii) "Research and development costs"). Increasing the estimated number of shipsets by 10% would result in a decrease in amortisation of EUR 232,000 (29 February 2012) and EUR 271,000 (28 February 2013). Decreasing the estimated number of shipsets by 10% would result in an increase in amortisation of EUR 283,000 (29 February 2012) and EUR 331,000 (28 February 2013).

(iv) Impairment assessment of delivery rights and development costs

Assumptions are required in the assessment of impairment, particularly when assessing: (1) whether an event has occurred that may indicate that the respective assets may not be recoverable; (2) whether the carrying amount of an asset can be achieved by the recoverable amount based on the present value of future cash flows; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Should the discount rate change by + 50 basis points at the end of the reporting period, an impairment adjustment is not required. As discount rate, the Group uses the weighted average cost of capital (WACC), which was 8.78% as at 28 February 2013 and 8.63% as at 29 February 2012.

(v) Useful lives of property, plant and equipment

The useful life of the Group's property, plant and equipment is defined as the period over which it is expected to be available for use by the Group. The estimation of the useful life is a matter of judgement based on management's experience. Periodic reviews by management could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vi) Derivative financial instruments

All derivatives are recognised at their fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivatives and whether they are designated and qualify for hedge accounting under IAS 39. Where derivative financial instruments entered into by the Group qualify for cash flow hedge accounting, the movement in their fair value is recorded under the caption of hedging reserve in equity. Where derivative financial instruments entered into by the Group do not qualify for hedge accounting, or hedge accounting is not applied, the movement in their fair value is recorded in the consolidated statement of comprehensive income. The sensitivity analysis with regard to derivative financial instruments is presented in Note 3(2)(a) below.

(vii) Receivables from construction contracts

Under IAS 11, a construction contract is a contract specifically negotiated for the construction of an asset. Contract costs are recognised as expenses in the period in which they are incurred. As the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Based on this assessment, partial profit realisation is not applied by management.

(c) Consolidation

The financial statements of subsidiaries included in the consolidated financial statements were prepared as at the end of the reporting period applicable throughout the Group, i.e. as at 29 February 2012 and 28 February 2013, and in accordance with IFRS as adopted by the EU.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are de-consolidated as at the date that control ceases. The consolidated statement of comprehensive income includes revenue and expenses up to the date of de-consolidation.

Under the full consolidation, all group companies are included in the consolidated financial statements.

(i) Consolidated group

The consolidated group is determined according to the principles of IAS 27 in conjunction with SIC 12.

Domestic and foreign subsidiaries of the Group are as follows:

Company	Place of incorporation	Issued and fully paid share capital	Interest held	Principal activities
Aero Vision Holding GmbH . .	Ried im Innkreis	EUR 35,000	100.0000%	Participation in and administration of companies
FACC AG	Ried im Innkreis	EUR 80,000,000	71.5625%	Development & production of aircraft components
FACC Solutions (Canada) Inc. .	Montreal / Canada	CAD 10,000	100.0000%	Customer services
FACC Solutions Inc.	Wichita, Kansas / USA	USD 10,000	100.0000%	Customer services
FACC Solutions s.r.o.	Bratislava / Slovakia	EUR 6,639	100.0000%	Design & Engineering
FACC (Shanghai) Co., Ltd . . .	Shanghai / China	RMB 1,000,000	100.0000%	Design & Engineering

(ii) Changes in the consolidated group

In the reporting period 2011/12, the Group established a new subsidiary in Shanghai/China. The newly established subsidiary FACC (Shanghai) Co., Ltd. was accordingly included within the consolidated group. In the reporting period 2012/13, no changes in the consolidated group occurred.

(iii) Consolidation methods

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of the subsidiary is the fair values of the assets transferred, equity instruments issued and the liabilities assumed or incurred at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly through profit or loss.

Inter-company transactions, balances, and unrealised material income and expenses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro ("EUR"), which is Aerospace Innovation Investment GmbH's functional currency and the Group's presentation currency.

With regard to the currency translation of financial statements of subsidiaries presented in foreign currencies, the rates as at the end of the reporting period were applied to items in the consolidated statement of financial position, and average rates for the reporting period were applied to items in the consolidated statement of comprehensive income. Differences in these currency translations are recognised in other comprehensive income.

Exchange rate differences arising from the translation of transactions and monetary items in the consolidated statement of financial position denominated in foreign currencies are recognised in profit or loss at the rates applicable at the time of the transaction or valuation. Foreign currency translation in relation to foreign currency derivatives is set out in Note (q).

The exchange rates used in the currency translation are as follows:

	Year-end rate 29 February 2012	Average rate
1 EUR / CAD FY 2011/12	1.3363	1.3715
1 EUR / USD FY 2011/12	1.3426	1.3847
1 EUR / RMB FY 2011/12	8.4608	8.8911

	Year-end rate 28 February 2013	Average rate
1 EUR / CAD FY 2012/13	1.3380	1.2873
1 EUR / USD FY 2012/13	1.3097	1.2890
1 EUR / RMB FY 2012/13	8.1720	8.1147

(d) Intangible assets

(i) Software and delivery rights

Purchased intangible assets are measured at acquisition cost in the consolidated statement of financial position, and are generally amortised on a straight-line basis over their respective useful life (3 to 10 years). Delivery rights are amortised on the basis of the shipsets supplied or outstanding.

(ii) Research and development costs

An intangible asset arising from development is to be only recognised when all of the following criteria are met:

a) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset in order to use or sell it;

c) The ability to use or sell the intangible asset;

d) It can be demonstrated how the intangible asset will generate probable future economic benefits. Proof that, among other things, a market exists for the products of the intangible asset or the intangible asset as such or, if it is intended for internal use, the benefit of the intangible asset;

e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The expenditure attributable to the intangible asset during its development can be reliably measured.

The Group capitalises the development costs in accordance with IAS 38, based on project-related costs. All eligible development costs for each project are capitalised. The capitalised development costs are treated as "construction in process". Amortisation starts when series production is ready, based on shipsets supplied, with reference to the sales framework, as determined by the management in consultation with the management board. The sales framework is determined based on the Airline Monitor (= market forecast by third parties), as used throughout the aviation industry, and current customer forecasts. This sales framework is re-assessed at the end of each reporting period. This amortisation method ensures that changes in the order volume

have a direct effect on the development costs. The costs of research projects are recognised as an expense as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed as and when incurred.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production costs, less scheduled depreciation and write-downs.

The production costs of property, plant and equipment comprise direct costs and reasonable parts of the overhead costs.

Property, plant and equipment subject to depreciation are depreciated on a straight-line basis over the estimated useful life of the respective asset. Depreciation is charged over the following useful lives assumed unchanged across all years presented:

	Useful life in years	
	from	**to**
Buildings	10	50
Leasehold improvements*	10	20
Technical equipment and machinery	4	8
Fixtures and fittings	3	10
Vehicles	5	8

* or over the lease terms, whichever is shorter

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income and expenses" in the consolidated statement of comprehensive income.

(f) Assets from rental and leasing contracts

The Group leases assets as a lessee. Leases in which all significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Other non-current financial assets

This item comprises securities, re-insurances and investments. Regular purchases and sales of financial assets are recognised on the settlement date.

All securities are classified as "available for sale", and are initially measured at cost at the time of acquisition and subsequently carried at fair value. The changes in value are recognised in other comprehensive income, and in case of impairment or when the security is sold through profit or loss. The fair value of the securities is based on the share price at the end of the reporting period.

(h) Impairment of intangible assets and property, plant and equipment

The Group assesses at the end of each reporting period whether there is objective evidence that assets are impaired. If such evidence exists, the Group establishes the value in use or fair value less costs to sell of the specific asset. If this value is below the carrying amount determined for this asset, it is written down to that amount.

The calculated impairment loss is recognised through profit or loss. If the reasons for impairment cease to exist, the impairment loss is reversed through profit or loss up to the amortised original acquisition or production cost.

Capitalised development costs not yet subject to annual amortisation are tested for impairment annually.

With regard to determining the recoverability of capitalised development costs, the significant parameters to determine the values in use on the basis of the discounted cash flow method were the following: a company-typical weighted average cost of capital, the planned costs and returns per shipset (based on external data (Airline Monitor)), and product-specific learning curve effects. The planning period with regard to the future cash flows depends on the terms and conditions of the respective customer contract. In this context, a specific period, a specific quantity of deliveries or the term of such a "Life of program" contract can be of importance. The contractual term of a "Life of program" is derived from estimated aircraft deliveries based on external data (Airline Monitor). The maximum duration for cash flow projections is limited to 20 years.

Capitalised delivery rights are tested for impairment annually, based on a projection of future cash flows with regard to contracted revenue derived from the sales price calculation. The projected cash flows are discounted by using the weighted average cost of capital. The duration of the cash flow projection depends on the term of the relevant customer contract.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value at the end of the reporting period.

Cost includes all costs incurred in bringing the asset to the condition required and moving it to the specific location. The production costs include all direct costs and also reasonable parts of the production-related overheads, based on normal operating capacity. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they occur. The costs per unit are determined according to the moving average price method.

The net realisable value is the estimated selling price for the assets, less expected future costs of completion and sale, determined on the basis of experience. Price reductions in the replacement costs are generally considered when determining the net realisable value.

(j) Receivables and other assets

Trade receivables, other receivables and other assets are initially recognised at fair value and subsequently carried at amortised cost, less any valuation adjustments (in case of impairment). Foreign currency receivables are valued at the year-end exchange rate.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash (cash in hand), cheques received and deposits held at call with financial institutions with original maturities of three months or less. This is in accordance with the definition of cash and cash equivalents in the consolidated statement of cash flows.

(l) Employee benefits

(i) Pension obligations

Based on an individual commitment, the Group is obligated to pay a pension to an executive employee when he retires. This defined benefit obligation is measured by a qualified and independent actuary at the end of each reporting period.

This provision is determined in accordance with IAS 19 using the projected unit credit method. The present value of future obligations, determined on the basis of realistic assumptions, builds up according to an actuarial calculation over the period in the course of which the beneficiary acquires rights under this obligation. The expert opinion of an actuary is obtained to calculate the amount of the required provision on the specific end of the reporting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised, unless the cumulative unrecognised gain or loss of the previous reporting period exceeds 10% of the present value of the pension obligation or exceeds 10% of the scheme assets or liabilities (known as the corridor approach). If this is the case, these actuarial gains and losses are recognised through profit or loss and written off over the remaining years of service.

(ii) Defined contribution plans

For all executives, the Group pays monthly contributions into an industry-wide pension fund. These contributions are invested in an employee account, and paid out or passed on to the employee as an entitlement upon retirement. The Group is exclusively obligated to make those contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(iii) Termination benefit obligations

Statutory provisions require the Group to pay a one-off termination benefit to an employee whose employment commenced on 31 December 2002 when employment is terminated by the Group or when an employee retires. This termination benefit depends on the number of years of service and the remuneration at the time of severance or retirement and amount to between two to twelve monthly salaries. Provision is made for this obligation.

This provision is calculated in accordance with IAS 19 using the projected unit credit method. The present value of future payments is accumulated according to actuarial calculations over the estimated period of employment of the employees. The calculation is done at the end of the respective reporting period, based on the expert opinion of an actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised, unless the cumulative unrecognised gain or loss of the previous reporting period exceeds 10% of the present value of the obligation or 10% of the scheme assets or liabilities (known as the corridor approach). If this is the case, the actuarial gains and losses are recognised through profit or loss and written off over the employee's remaining years of service.

(iv) Defined contribution plans (staff provision fund; *Mitarbeitervorsorgekasse*)

For all employee/employer relationships which started in Austria after 31 December 2002, the Group makes a monthly contribution of 1.53% of the remuneration to a corporate staff provision fund, which deposits the contributions into an account of the employee. The amount is paid out to the employee or the employee is entitled to this amount upon termination of employment. The Group is exclusively obligated to pay those contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(v) Other non-current employee obligations

Based on collective agreements, the Group is obligated to pay employees anniversary bonuses equivalent to one month's salary or wage (excluding fringe benefits and bonuses) upon completion of 25 years of service. A provision was made for this obligation.

This provision is measured according to the methods and assumptions—exclusive of the corridor approach—applied for the provision of termination benefit obligations.

(m) Other provisions

Other provisions are recorded if the Group has a present legal or constructive obligation towards a third party as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are recorded at the value determined according to best estimates made at the time the consolidated financial statements are prepared. A provision is not recognised if the amount cannot be reasonably assessed.

(n) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Pursuant to Section 9 of the Austrian Corporate Income Tax Act (KStG), a group and tax compensation agreement dated 13/15 February 2012 was entered into between Aerospace Innovation Investment GmbH as group parent and Aero Vision Holding GmbH as well as FACC AG as group members. This agreement is effective for the first time in fiscal year 2012. The group and tax compensation agreement was lodged

with the competent tax authority by group tax application dated 27 February 2012. If both the group parent as well as the group member generate revenue, the positive tax compensation to be paid by the group member amounts to 25% of the calculated tax income. If a group premium is generated due to the losses of the group parent or the group member (irrespective of the loss having arisen prior to or during the existence of the group of companies), this premium is allocated according to the "costs-by-cause" principle. The positive tax compensation to be paid and the negative tax compensation to be received by the group member is calculated on the basis of the prorated tax charge/group premium plus any minimum tax that would have to be paid if no group had been set up (and that has to be paid by the group parent if the group of companies still exists).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements prepared in accordance with the IFRSs. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities where there is an intention to settle the balances on a net basis.

(o) Borrowings

The Group's borrowings are initially measured at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using effective interest method.

(p) Trade and other payables

Trade and other payables are initially measured at fair value or at cost and are subsequently measured at amortised cost.

(q) Derivative financial instruments

The Group uses derivative financial instruments to hedge risk exposures with regard to foreign currency and interest rate risks. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are carried at amortised cost at the end of the subsequent reporting periods. Changes in fair value are recognised based on whether certain qualifying criteria under IAS 39 are satisfied in order to apply hedge accounting.

Cash flow hedge:

Derivatives designated as hedging instruments to hedge against the variability of cash flows attributable to highly probable forecast transactions may qualify as cash flow hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group mainly enters into forward foreign exchange contracts to hedge the foreign currency risk associated with certain forecast foreign currency revenue. The effective portion of changes in the fair value of these derivatives is recognised in other comprehensive income and recognised in the hedging reserve. Gains and losses relating to this ineffective portion are immediately recognised through profit or loss.

Amounts accumulated in the hedging reserve are reclassified to the consolidated statement of comprehensive income in the period when the hedged item affects profit or loss (for example, when the forecast revenue transaction takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Derivatives not qualified for hedge accounting:

As regards derivatives that do not qualify for cash flow hedge accounting under IAS 39 (such as structured currency options and interest rate swaps), changes in fair value are recognised through profit or loss under "Fair value measurement of derivative financial instruments" or—if they relate to recognised foreign currency trade receivables and payables—in "Other operating income and expenses". Interest income and expenses resulting from interest rate derivatives are included within the line item "Interest income from financial instruments" in the consolidated statement of comprehensive income.

(r) Foreign currency measurement

Foreign currency translation of receivables, cash and cash equivalents and payables is carried out at the rate prevailing at the end of the reporting period. Gains and losses are recognised in profit or loss.

(s) Investment grants

Investment grants are shown within liabilities under "Investment grants" and are released over the useful life of the underlying investment. General grants, i.e. those which are not directly linked to a specific investment, are released over the period to which they relate within "Other operating income and expenses" in the consolidated statement of comprehensive income.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or to be received as consideration for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating inter-group sales.

The Group generates revenue by sale of goods (shipsets) to its customers. Sales of goods within the underlying supply agreements are recognised when the Group or a group company has delivered the products to the customer after any risks have been transferred to the customer according to the agreed terms and conditions.

In addition, the Group also earns revenue from provision of engineering and the rendering of services to third parties relating to producing shipsets. These services include: selling technology and research results, as well as carrying out training programmes for third parties. This revenue is recognised over the period of service rendered to the relevant third party.

The Group's revenue is partly generated by construction contracts. The recognition of this revenue is explained under Note 2(b)(vii).

3 Financial risk management

1) Principles of financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. It is the Group's policy is basically not to enter into derivative transactions for speculative purposes.

Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Group's industry-specific risk lies in the changes in manufacturers' aircraft delivery plans to the end customers. The risk arising from the changes in future aircraft deliveries has an effect on the future revenue of the Group, since the deliveries of components manufactured by the Group follow this trend. The risk may lie in a reduction or the postponement of aircraft deliveries. This has the effect that the development costs cannot be recovered over the calculated period. This risk is counteracted through diversification within the sector, on the one hand, by maintaining supply agreements with both market dominating commercial aircraft suppliers and, on the other hand, by entering into supply agreements with the business jet sector in addition to the wide-body passenger aircraft. There is also geographic diversification through conclusion of supply agreements with the American/European markets and also in the Asian region. The Group is also a development partner for improvements to existing aircraft types, generating supply agreements for refurbishment of such aircraft.

2) Financial risk factors

a) Market risk

This includes especially the exchange and interest rate risks, as explained in more detail below. Apart from the two risk groups described below, there are no other significant price risks.

Foreign exchange risk—The Group is exposed to foreign exchange risk arising from revenue generated mainly in USD and cost of materials to be paid in USD. Consequently, the USD/EUR exchange rate affects the Group's profit or future cash flows, but is limited by the extent to which the Group uses financial instruments to hedge its current and future net foreign currency position. The Group treasury's hedging strategies are designed to control and minimise the influence of exchange rate fluctuations on profit or future cash flows. The management board approves the strategies and reports to the supervisory board on a regular basis. This is an ongoing process. The goal is to minimise the inherent risk in market fluctuations by pursuing the right strategy.

The Group treasury's risk management policy is to hedge anticipated USD cash flows (arising from revenue and purchases of raw materials) for the subsequent 12 to 15 months by forward foreign exchange contracts. These USD cash flows qualify as 'highly probable' forecast transactions with regard to hedge accounting purposes; the Group therefore applies hedge accounting for the forward foreign exchange contracts.

The Group also enters into currency option contracts (zero-cost option contracts) by buying pairs of USD put options and selling European USD call options at twice the volume of the put options purchased. The European USD call options sold by the Group partly have knock-in features defining a threshold with regard to the appreciation of the USD. This threshold has to be exceeded before the counter-party is entitled to exercise the call option at maturity. To a certain extent, the Group may thus benefit from a revaluation of the USD and is also protected from a devaluation of the USD.

These currency option contracts do not qualify for hedge accounting under IAS 39. The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying value amount, which is their fair value.

A change in exchange rates against all currencies as at 29 February 2012 and 28 February 2013 would basically impact the Group only with regard to the USD currency, on the one hand due to the effects from the measurement at the end of the reporting period of the USD items in the

consolidated financial statements, and on the other hand due to the effect from the change in fair values of the derivative financial instruments in connection with currency hedges.

A change in the EUR/USD exchange rate as at 29 February 2012 and 28 February 2013 by +5% (average exchange rate at the end of the reporting period: 1.3426 and 1.3097, respectively) would result in a decrease in profit (after taxes) and equity by EUR 2,190,000 and EUR 3,301,000 due to the measurement at the end of the reporting period, as well as an increase in total comprehensive income and equity by EUR 2,566,000 and EUR 5,036,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

A change in the EUR/USD exchange rate as at 29 February 2012 and 28 February 2013 by −5% (average exchange rate as at the end of the reporting period: 1.3426 and 1.3097, respectively) would result in an increase of the profit (after taxes) and equity by EUR 2,420,000 and EUR 3,649,000 due to the measurement at the end of the reporting period, as well as a decrease in total comprehensive income and equity by EUR 4,135,000 and EUR 6,695,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

Interest rate risk—Risks from interest rate changes arise mainly exclusively from non-current borrowings. A list of all the significant interest-bearing liabilities and the residual terms, together with information on existing interest rate swap transactions, is included in Notes (12), (13) and (14).

In the context of whether an item bears fixed or variable interest rates, the Group assesses the risk of interest rate changes in the light of changes in cash flows of future interest payments. In close cooperation with market specialists from the banking sector, Group treasury routinely checks for every interest-bearing item whether a hedging instrument should be used. Strategies are presented to and approved by the management board.

If the market interest rate level had been higher / lower by 50 basis points as at 29 February 2012 and 28 February 2013 the profit (after taxes) and equity would have been lowered / increased by EUR 226,000 and EUR 286,000, respectively. The calculation was based on the financial assets and liabilities bearing variable interest rates.

b) Liquidity risk

It is a key element of the Group's business policy to, at all times, ensure adequate availability of cash and cash equivalents as liquidity reserve to be able to meet current and future obligations. This is assured by the reported total amount of cash and cash equivalents and extensive unused credit facilities (EUR 14,632,000 as at 29 February 2012 and EUR 20,640,000 as at 28 February 2013). Working capital is constantly monitored and reported to the management board. Timely financing is a top priority in financing considerations. Surplus cash and cash equivalents are invested in non-speculative, highly liquid financial instruments as required. These include mainly money market certificates, call money, securities and other money market papers that generally mature in less than three months. Refer to Note 3(5) for a maturity analysis of the financial assets and liabilities.

c) Credit risk

The Group operates within the airline industry and has two key customers. Consequently, the Group faces a concentration of credit risk in respect to the limited number of aircraft manufacturers.

Non-compliance by contractual partners is a credit risk to the Group. The Group has introduced guidelines to limit credit risks. Products and services are sold to customers with a history of appropriate creditworthiness taking into account the financial situation, past experience as well as other factors. The creditworthiness of new customers is assessed with regard to the default risk. The creditworthiness of existing customers is also regularly monitored. Claims against customers are insured against default should they exceed certain limits. Credit risks also arise from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions. Cash transactions and derivative financial transactions are only carried out with reputable and creditworthy banks and financial institutions.

The maximum credit risk is limited to the carrying amount of each financial asset in the consolidated statement of financial position.

No significant receivables had to be written off during the relevant fiscal years.

3) Contract volumes of derivative financial instruments and associated fair values

The notional amounts of certain types of derivative financial instruments serve as a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit risk or price risk. Depending on the individual conditions, the derivative financial instruments have a favourable (assets) or unfavourable (liabilities) effect as a result of fluctuations in market interest rates or foreign exchange rates. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can be subject to considerable temporal fluctuation.

The contract volume of the foreign currency derivatives is shown below, broken down according to maturity:

	Residual term			
	up to 1 year	**1 to 5 years**	**more than 5 years**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Balance as at 29 February 2012				
Currency hedging agreements				
Forward foreign exchange contracts—USD	81,000	0	0	81,000
Structured currency options[(1)]	120,000	0	0	120,000
Balance as at 28 February 2013				
Currency hedging agreements				
Forward foreign exchange contracts—USD	205,000	0	0	205,000
Structured currency options[(1)]	0	0	0	0

(1) Incl. USD put and call options as described above.

With regard to payments from cash flow hedges, the contractual due dates, i.e. the time when the underlying transactions are recognised through profit or loss, essentially correspond to the maturity of the above currency hedging agreements.

The contract volumes of the derivative financial instruments for interest rate hedging are as follows:

	Residual term			
	up to 1 year	**1 to 5 years**	**more than 5 years**	**Total**
Balance as at 29 February 2012				
Interest rate swaps	20,000	20,000	0	40,000
Balance as at 28 February 2013				
Interest rate swaps	0	20,000	0	20,000

The fair values of derivative financial instruments for foreign currency and interest rate hedging are as follows:

	Volume	**Volume**	**Fair Value**
	USD'000	**EUR'000**	**EUR'000**
Balance as at 29 February 2012			
Forward foreign exchange contracts—USD	81,000	0	1,990
Structured currency options—USD	120,000	0	688
Interest rate swaps	0	40,000	(7,452)
Balance as at 28 February 2013			
Forward foreign exchange contracts—USD	205,000	0	4,072
Structured currency options—USD	0	0	0
Interest rate swaps	0	20,000	(11,734)

4) Carrying amounts and fair values of financial instruments

Original financial instruments mainly include other non-current financial assets, trade receivables, bank balances, bonds, financial liabilities and trade payables.

Purchases and disposals of all the financial instruments are reported as at the completion date.

At the time of acquisition, the financial instruments are generally measured at cost corresponding to the acquisition-date fair value. Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of the ownership.

The current and non-current financial assets and liabilities are classified or categorised in accordance with IAS 39 as follows:

	Category IAS 39(1)	Carrying amount as at 29 February 2012	Fair value as at 29 February 2012	Carrying amount as at 28 February 2013	Fair value as at 28 February 2013
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Measurement at (amortised) cost					
Non-current receivables	LaR	16,141	16,141	20,878	20,878
Trade receivables	LaR	63,978	63,978	97,165	97,165
Receivables from services not yet invoiced	LaR	11,964	11,964	28,198	28,198
I/C receivables	LaR	6,400	6,400	802	802
Cash and cash equivalents	LaR	19,292	19,292	36,958	36,958
Measurement at fair value					
Book-entry securities (not listed)	AfS	995	995	1,167	1,167
Securities (listed)	AfS	352	352	371	371
Derivatives with positive fair value (interest rate swaps)	AtFVtP&L	173	173	0	0
Derivatives with positive fair value (forward foreign exchange contracts)	—	1,990	1,990	4,760	4,760
Derivatives with positive fair value (structured currency options)	AtFVtP&L	688	688	0	0
Total financial assets		121,972	121,972	190,299	190,299

	Category IAS 39(1)	Carrying amount as at 29 February 2012	Fair value as at 29 February 2012	Carrying amount as at 28 February 2013	Fair value as at 28 February 2013
		EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES					
Measurement at (amortised) cost					
Bonds / promissory note loans	FLAC	20,000	20,000	45,000	43,385
Bank borrowings	FLAC	53,248	53,936	68,108	68,697
Trade payables	FLAC	35,467	35,467	55,453	55,453
Measurement at fair value					
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	7,625	7,625	11,734	11,734
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	688	688
Total financial liabilities		116,340	117,028	180,982	179,957

(1) LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

The fair value of a financial instrument is the price at which a party would take over the rights and/or duties under this financial instrument from another party. The fair values were determined based on the market information available at the end of the reporting period and the measurement methods described below. The fair values of financial instruments reported in the financial statements may differ from the values to be realised at a future date due to varying factors.

Trade receivables, other receivables and cash and cash equivalents generally have short residual terms. For this reason, their carrying amounts at the end of the reporting period approximate their fair values. If no market prices are available, the fair value of non-current financial assets corresponds to present values of the associated payments, allowing for the current market parameters in each case.

The fair value of available-for-sale securities was estimated based on their quoted market price at the end of the reporting period.

Trade payables and other current financial liabilities generally have short residual terms; the carrying amounts therefore approximate the fair values.

The fair value of bonds approximates their carrying value at the end of the reporting period. For variable-interest loans, the carrying amount is the fair value. For non-current bank borrowings (including promissory note loans), the fair value was calculated by discounting the cash flows using the market interest rate.

The fair value of the financial instruments on the assets and the liabilities sides is the estimated amount the Group would have to pay or would receive if the transactions were settled on 29 February 2012 and 28 February 2013.

With regard to financial instruments measured at fair value, a differentiation is to be made according to the following three categories.

- Level 1: The fair values are determined based on quoted prices in active markets for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that corresponds to the greatest possible extent to market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

The allocation of the financial instruments measured at fair value to the three measurement categories at the end of the reporting period is as follows:

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 29 February 2012				
Assets				
Non-current assets				
Non-current financial assets	352	995	0	1,347
Derivative financial instruments	0	0	0	0
Current assets				
Derivative financial instruments	0	2,851	0	2,851
Liabilities				
Non-current liabilities				
Derivative financial instruments	0	7,625	0	7,625
Current liabilities				
Derivative financial instruments	0	0	0	0

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2013				
Assets				
Non-current assets				
Non-current financial assets	371	1,167	0	1,538
Derivative financial instruments	0	0	0	0
Current assets				
Derivative financial instruments	0	4,760	0	4,760
Liabilities				
Non-current liabilities				
Derivative financial instruments	0	11,734	0	11,734
Current liabilities				
Derivative financial instruments	0	688	0	688

5) Residual terms and cash flow analysis of financial liabilities

The residual terms of the financial liabilities are as follows:

	Category IAS 39[1]	Carrying amount as at 29 February 2012	year 1	Residual term year 2	years 3 - 5	in more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Bonds	FLAC	20,000	20,000	0	0	0
Bank borrowings	FLAC	53,248	35,973	2,268	9,831	5,176
Trade payables	FLAC	35,467	35,467	0	0	0
Measurement at fair value						
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	7,625	0	0	7,625	0
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0
Total financial liabilities		116,340	91,440	2,268	17,456	5,176

	Category IAS 39[1]	Carrying amount as at 28 February 2013	year 1	Residual term year 2	years 3 - 5	in more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Promissory note loans	FLAC	45,000	0	0	11,000	34,000
Bank borrowings	FLAC	68,108	49,921	3,634	9,377	5,176
Trade payables	FLAC	55,453	55,453	0	0	0
Measurement at fair value						
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	11,734	0	0	11,734	0
Derivatives with negative fair value (forward foreign exchange contracts)	—	688	688	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0
Total financial liabilities		180,983	106,062	3,634	32,111	39,176

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 29 February 2012:

	Category IAS 39[1]	Carrying amount as at 29 February 2012	Fiscal year 2012/13			Fiscal year 2013/14 to 2016/17			Fiscal year 2017/18 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Bonds	FLAC	20,000	−825	0	−20,000	0	0	0	0	0	0
Bank borrowings	FLAC	53,248	−88	−581	−35,973	−183	−733	−12,098	0	−271	−5,177
Trade payables	FLAC	35,467	0	0	−35,467	0	0	0	0	0	0
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	7,625	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0	0	0	0	0	0
Total financial liabilities		116,340	−913	−581	−91,440	−183	−733	−12,098	0	−271	−5,177

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the high volatility of the current interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 28 February 2013:

	Category IAS 39[1]	Carrying amount as at 28 February 2013	Fiscal year 2013/14			Fiscal year 2014/15 to 2017/18			Fiscal year 2018/19 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Promissory note loans	FLAC	45,000	−626	−567	0	−2,470	−2,114	−11,000	−901	−715	−34,000
Bank borrowings	FLAC	68,108	−79	−332	−49,921	−209	−413	−13,011	0	−76	−5,176
Trade payables	FLAC	55,453	0	0	−55,453	0	0	0	0	0	0
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	11,734	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (forward foreign exchange contracts)	—	688	0	0	−688	0	0	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0	0	0	0	0	0
Total financial liabilities		180,983	−705	−899	−106,062	−2,679	−2,527	−24,011	−901	−791	−39,176

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the high volatility of the current interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The Group has access to the following credit facilities:

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Total credit facilities agreed		
RLB OÖ	8,000	14,600
UniCredit Bank Austria	3,000	3,000
Oberbank	3,040	3,040
KRR export credit facility	30,000	30,000
Total	44,040	50,640

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Credit facilities unused		
RLB OÖ	5,592	14,600
UniCredit Bank Austria	3,000	3,000
Oberbank	3,040	3,040
KRR export credit facility (working capital financing facility)	3,000	0
Total	14,632	20,640

6) Net result from financial instruments

The net result from the Group's financial instruments according to classes or measurement categories pursuant to IAS 39 comprises net gains and losses, total interest income and expenses and impairment losses, and is as follows:

	For the fiscal year ended 29 February 2012				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	49	0	(372)	0	(323)
Financial assets available for sale	0	0	0	0	0
Financial assets measured at fair value through profit or loss	190	9,229	0	0	(9,039)
Financial liabilities measured at amortised cost	(2,323)	0	0	0	(2,323)
Total	(2,084)	9,229	(372)	0	(11,685)

	For the fiscal year ended 28 February 2013				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	43	0	(727)	0	(684)
Financial assets available for sale	0	(19)	0	0	(19)
Financial assets measured at fair value through profit or loss	(770)	(4,969)	0	0	(5,739)
Financial liabilities measured at amortised cost	(2,000)	0	0	0	(2,000)
Total	(2,727)	(4,988)	(727)	0	(8,442)

The changes of the provision made with regard to impaired loans and receivables are shown under "Other operating income and expenses". The subsequent measurement at fair value of the financial assets available for sale is shown in other comprehensive income under "Fair value measurement of securities". The remaining components of the net result are mainly included in "Finance costs", "Interest income from financial instruments" and in "Fair value measurement of derivative financial instruments".

4 Segment reporting

For the fiscal year ended 29 February 2012	Structures	Segments Engines & Nacelles	Interiors	Total
		EUR'000	EUR'000	EUR'000
Information on profitability				
Revenue	172,924	76,866	105,834	355,624
Earnings before interest, taxes and fair value measurement of derivative financial instruments	17,219	−3,096	9,268	23,391
Depreciation and amortisation	6,628	5,530	4,206	16,364
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortisation	23,847	2,435	13,474	39,755
Information on assets				
Assets	150,676	107,911	89,173	347,760
Capital expenditure in the fiscal year	13,950	4,587	7,599	26,135

For the fiscal year ended 28 February 2013	Structures	Segments Engines & Nacelles	Interiors	Total
		EUR'000	EUR'000	EUR'000
Information on profitability				
Revenue	219,886	96,308	118,421	434,615
Earnings before interest, taxes and fair value measurement of derivative financial instruments	25,810	375	8,527	34,713
Depreciation and amortisation	7,439	6,221	3,554	17.214
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortisation	33,250	6,596	12,081	51,927
Information on assets				
Assets	213,179	117,817	116,817	447,813
Capital expenditure in the fiscal year	21,190	5,933	13,547	40,670

The Group manufactures components for the aviation industry, mainly for civil aircraft and helicopters. The product range includes "structural components" (claddings for body and control surfaces, engine cowlings and composite parts for engines, wing parts and wingtips) as well as components for the interiors of aircraft (such as baggage compartments, interiors, service units, etc.).

Segment reporting is consistent with the internal management and reporting of FACC. Due to the product's different applications, three operating segments were created. The "FACC Structures" segment covers development, manufacture and sales of structural components, the "FACC Interiors" segment handles the development, manufacture and sales of interiors, and the "FACC Engines & Nacelles" segment is responsible for the manufacture and sales of engine components. All operating segments are headed by business area managers (vice presidents). After conclusion of the customer agreements and order processing, the individual orders are manufactured in the four plants. Apart from these three operating segments, the Company as whole includes the central services of finances and controlling, personnel, quality management, purchasing and IT (including engineering services). In the form of a matrix organisation, these central services support the operating segments in the completion of their tasks.

The business area managers report to the management board ("chief operating decision maker") in separate monthly management review meetings in the course of which the current order position, revenue, profit contributions of individual projects, schedules and milestones, project and development risks, calculation and compilation of offers, required capital expenditure and other operating topics of importance are discussed and—if necessary—followed up by immediate decisions.

The segmented assets as well as expenses and income are assigned to the three segments by means of a defined procedure. As a rule, services between the segments are exchanged at arm's length basis. The entire segment revenue represents external revenue from third parties.

Internal reporting within the segments is essentially based on information on profitability. In the course of segment accounting, the profitability is calculated on project level by way of direct costing and then

aggregated into segments. Expenses and income that cannot be directly assigned on project level are attributed to the segments using defined criteria.

Apart from the depreciation, amortisation and impairment, there were no other significant non-cash effective expenditure in the individual segments.

The segment assets comprise that part of the current and non-current assets used in the operating activities of the segment. This includes primarily intangible assets, property, plant and equipment, cash and cash equivalents, inventories and trade receivables. Debt was not assigned to segments, since this is not reported in internal control and reporting either.

Revenue

Value as at 29 February 2012	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	1,401	91,973	29,727	151,699	80,824	355,624

Value as at 28 February 2013	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	794	120,206	70,544	151,871	91,200	434,615

As regards revenue, segmentation into geographical areas is based on the customer's corporate seat. The majority of segment assets are located in Austria.

For the fiscal year ended 29 February 2012, the Group generated revenue from two external customers which both exceeded more than 10% of the total revenue amounting to EUR 118,445,000 and EUR 40,963,000, respectively.

For the fiscal year ended 28 February 2013, the Group generated revenue from two external customers which both exceeded more than 10% of the total revenue amounting to EUR 116,028,000 and EUR 43,124,000, respectively.

Revenue from external customers is derived from the production of shipsets as well as from providing engineering and other services in connection with the production of shipsets. Revenue is broken down as follows:

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Production	287,699	339,663
Engineering and services (Note a)	67,925	94,952
Total revenue	355,624	434,615

Note a:

In the fiscal year ended 29 February 2012, revenue in the amount of EUR 11,000,000 was recognised for engineering services and relevant manufacturing tools in connection with an interior project relating to a Chinese civil aircraft. Revenue recognition is based on a contract concluded with Fesher Aviation Component (Zhenjiang) Co., Ltd. under which all prospects and risks regarding to the project are transferred to the purchaser. Transfer of prospects and risks and trade receivables incurred in the course of the contract were confirmed by the purchaser. Any additional engineering services ordered in future periods will be rendered under an extra service agreement. Discounted revenue in the amount of EUR 10,601,695 due to the aforementioned business transaction is reported in the consolidated financial statements. The carrying amounts at the time of disposal of production tools (EUR 1,980,000) and of capitalised development costs (EUR 5,052,000) are included in "Cost of materials and purchased services".

5 Intangible assets

For the two fiscal years ended 29 February 2012 and 28 February 2013	Goodwill	Software	Delivery rights	Development costs	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs					
Balance as at 28 February 2011	17,203	8,729	31,600	79,326	136,858
Additions	0	2,786	487	12,259	15,532
Disposals	0	0	−3,873	−5,106	−8,979
Balance as at 29 February 2012	17,203	11,515	28,214	86,479	143,411
Additions	0	3,284	162	6,575	10,021
Disposals	0	−5	0	−912	−917
Balance as at 28 February 2013	17,203	14,794	28,376	92,142	152,515
Accumulated scheduled amortisation and write-downs					
Balance as at 28 February 2011	0	7,549	13,387	21,683	42,619
Scheduled amortisation	0	992	1,063	2,547	4,602
Write-down	0	0	0	0	0
Disposals	0	0	−3,873	−54	−3,927
Balance as at 29 February 2012	0	8,541	10,577	24,176	43,294
Scheduled amortisation	0	1,565	1,035	2,977	5,577
Write-down	0	0	0	0	0
Disposals	0	−5	0	−64	−69
Balance as at 28 February 2013	0	10,101	11,612	27,089	48,802
Carrying amounts as at 29 February 2012	17,203	2,974	17,637	62,303	100,117
Carrying amounts as at 28 February 2013	17,203	4,693	16,764	65,053	103,713

Delivery rights are considerations paid for acquiring the right to supply certain aircraft components to the customer.

Research expenses of EUR 2,482,000 (29 February 2012) und EUR 2,642,000 (28 February 2013) were recognised through profit or loss.

6 Property, plant and equipment

For the two fiscal years ended 29 February 2012 and 28 February 2013	Land and buildings	Technical equipment	Factory and office equipment	Prepayments, construction in process	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs					
Balance as at 28 February 2011	56,615	88,712	12,710	4,107	162,144
Additions	1,063	3,571	1,543	4,427	10,604
Transfers	0	2,127	17	−2,144	0
Disposals	0	−2,124	−137	0	−2,261
Balance as at 29 February 2012	57,678	92,286	14,133	6,390	170,487
Additions	3,295	9,474	1,789	16,091	30,649
Transfers	0	2,258	0	−2,258	0
Disposals	0	−1,426	−513	0	−1,939
Balance as at 28 February 2013	60,973	102,592	15,409	20,223	199,197
Accumulated depreciation					
Balance as at 28 February 2011	12,658	63,942	9,825	0	86,425
Scheduled depreciation	1,622	8,996	1,140	0	11,759
Disposals	0	−113	−136	0	−249
Balance as at 29 February 2012	14,280	72,825	10,830	0	97,935
Scheduled depreciation	1,720	8,543	1,374	0	11,637
Disposals	0	−1,422	−483	0	−1,905
Balance as at 28 February 2013	16,000	79,946	11,721	0	107,668
Carrying amounts as at 28 February 2011	43,957	24,770	2,885	4,107	75,719
Carrying amounts as at 29 February 2012	43,398	19,460	3,304	6,390	72,552
Carrying amounts as at 28 February 2013	44,973	22,646	3,688	20,223	91,530

Certain properties and buildings serve as collateral for bank borrowings (see Note 13 "Financial liabilities"). The Group holds only freehold land.

7 Other non-current financial liabilities

	Securities	Book-entry securities	Total
	EUR'000	EUR'000	EUR'000
Fair value as at 28 February 2011	352	870	1,222
Additions	0	125	125
Unrealised changes in fair value	0	0	0
Fair value as at 29 February 2012	352	995	1,347
Additions	0	172	172
Unrealised changes in fair value	19	0	19
Fair value as at 28 February 2013	371	1,167	1,538

Securities (listed)

Securities available for sale serve as coverage of pension provisions in accordance with the provisions of Sections 14 and 116 of the Austrian Income Tax Act (EStG). The carrying amount corresponds to the market value as at the respective end of the reporting period (29 February 2012 and 28 February 2013).

	Carrying amount as at 29 February 2012	Carrying amount as at 28 February 2013
	EUR'000	EUR'000
Kepler Vorsorge Mixfonds	112	125
A 3 shares	240	246
Balance	352	371

Book-entry securities (unlisted)

Book-entry securities relate to the cash surrender values of the pension re-insurance for the Group's pension obligations, which are valued at the cash surrender value at the end of the reporting period as confirmed by the insurance company. This value approximates the cash inflows to be expected if the insurance policy was cancelled at the end of the reporting period, which reflects the best possible value determination available at the end of the reporting period. Furthermore, the Group holds shares in the Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis.

	Share	Carrying amount as at 29 February 2012	Carrying amount as at 28 February 2013
		EUR'000	EUR'000
Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis	3.14%	44	44
Pension re-insurance		951	1,123
Balance		995	1,167

All non-current financial assets are denominated in EUR.

8 Inventories

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Raw materials and consumables	25,885	31,964
Unfinished goods and services not yet invoiced	16,449	22,519
Finished goods	2,429	1,882
Balance (net of valuation adjustments)	44,763	56,365

Based on a detailed inventory analysis, valuation adjustments of inventories were made for slow-moving inventory and due to lower net selling prices in the amount of EUR 4,073,000 (29 February 2012) and EUR 3,743,000 (28 February 2013). The valuation adjustments of inventories in the amount of EUR 785,000 as at 29 February 2012 and EUR 330,000 as at 28 February 2013 were recognised through profit or loss.

9 Trade receivables, receivables from construction contracts, other receivables and deferred items, I/C receivables and non-current receivables

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Trade receivables	63,978	97,165
Receivables from construction contracts (= cost incurred)	11,964	28,198
Receivables from customers	75,942	125,363
Other receivables	7,418	4,984
Accruals and deferrals	937	922
I/C receivables	6,400	802
Balance	90,697	132,071

The AIIG Group applies the zero profit method to account for construction contracts in accordance with IAS 11, as the outcome of a construction contract can frequently not be estimated reliably due to the specific specifications of such contracts. Contract revenue is therefore recognised only to the extent of contract costs incurred being likely to be recoverable from the customer.

At the end of the reporting period, the following construction contracts recognised under assets as amounts to be received from the customer are as follows:

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Receivables from construction contracts	11,964	28,198
Balance	11,964	28,198

The contract revenue of EUR 16,234,374 (previous year: EUR 5,693k) recognised in connection with construction contracts in the current fiscal year corresponds to the contract costs incurred.

Construction contracts in progress

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Receivables from construction contracts	11,964	28,198
Less partial settlement	0	0
Balance	11,964	28,198

Construction contracts in progress correspond to the carrying amount of receivables from construction contracts reported in the consolidated statement of financial position, since no partial settlements were carried out. Retained amounts for partial settlements do not exist either.

Prepayments made by customers in connection with construction contracts, which are not yet offset by services rendered, were recognised as trade payables showing a carrying amount of EUR 485,577 (previous year: EUR 1,952k).

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Trade receivables	77,201	127,264
Less valuation adjustments for trade receivables	−1,259	−1,901
Trade receivables, net	75,942	125,363
Other receivables	7,418	4,984
Accruals and deferrals	937	922
I/C receivables	6,400	802
Balance	90,697	132,071

The majority of the Group's revenue is based on payment terms between 30 and 120 days calculated from date of invoice. The ageing analysis of the trade receivables based on the invoice date is as follows:

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Up to 3 months	69,044	112,068
3 to 6 months	6,559	12,449
Over 6 months	339	846
	75,942	125,363

As at 29 February 2012 and 28 February 2013, trade receivables of EUR 5,841,000 and EUR 10,975,000 were past due but not impaired. These receivables relate to a number of independent customers for whom there is no recent history of default. At the end of the reporting period, there are no indications that the debtors will not meet their obligations.

Trade receivables	Total	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	more than 120 days
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 29 February 2012	5,841	997	1,434	1,298	—	2,112
Balance as at 28 February 2013	10,975	6,750	381	794	83	2,967

In connection with the trade receivables from two customers, the Group has a cession agreement without recourse with a financial institution. The ceded amount reduces the Group's trade receivables.

Movements in the valuation adjustments of trade receivables have developed as follows:

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Valuation adjustment of trade receivables at the beginning of the period	971	1,259
Utilisation	(84)	(85)
(Reversal) / addition	372	727
Valuation adjustment of trade receivables at the beginning of the period		
Utilisation	1,259	1,901

The valuation adjustments of trade receivables comprise of many individual items of which no single item is considered significant on its own.

Other receivables include:

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Credit balance with tax authority	6,418	3,914
Other	1,000	1,070
Balance	7,418	4,984

Other receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables.

All receivables and other assets have residual terms of less than one year.

I/C receivables include:

The Group shows receivables from other associates (Future Aviation International Investment Co., Ltd, formerly FACC Holding Company, Limited) under I/C receivables in the consolidated statement of financial position. This company is a holding company which is not included in the consolidated group of the AIIG Group, since it is a superordinated company.

These receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables.

All receivables have residual terms of less than one year.

Non-current receivables include:

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Non-current trade receivables	11,000	15,737
Prepayments	5,141	5,141
Balance	16,141	20,878

All receivables shown under non-current receivables have residual terms of more than one year and include a receivable in the amount of EUR 11,000,000 due at the end of 2014 as well as another receivable in the amount of EUR 4,736,842 due at the beginning of 2019.

The carrying amounts of the Group's trade receivables and other receivables are denominated in the following currencies:

	Carrying amount as at 29 February 2012	Carrying amount as at 28 February 2013
	EUR'000	EUR'000
GBP	476	613
USD	72,299	121,281
EUR	17,922	10,177
	90,697	132,071

10 Cash and cash equivalents

Carrying amount	As at 29 February 2012	As at 28 February 2013
	EUR'000	EUR'000
Bank balances	17,497	35,549
Cash in hand	19	10
Cheques received	1,776	1,399
Balance	19,292	36,958

11 Equity and capital management

(a) Share capital

The share capital amounts to EUR 35,000 and is fully paid in. FACC International Company Limited, Hong Kong, is the sole shareholder of Aerospace Innovation Investment GmbH.

(b) Capital reserve

The unappropriated capital reserve results from

- A capital injection (grandparent contribution) in the amount of EUR 136,000,000 from Xi'an Aircraft Industry (Group) Company Limited and
- From a capital injection carried out via Aerospace Innovation Investment GmbH (grandparent contribution) of FACC International Company Limited to Aero Vision Holding GmbH in the amount of EUR 8,006,250 given for the acquisition of the shares held by ACC Kooperationen und Beteiligungen GmbH (now ACC Kooperationen und Beteiligungen GmbH in Liquidation) and Stephan GmbH in FACC AG.

(c) Reserves for cash flow hedges

The reserves for cash flow hedges result from changes in the fair value of currency hedging instruments that have to be recognised directly in equity pursuant to IAS 39. The effective portion of the changes in the fair value was entered in the hedging reserve with no effect on profit/loss. These changes in equity are presented net of taxes in other comprehensive income. The non-effective portion of the changes in the fair value in the amount of EUR nil (29 February 2012) and EUR nil (28 February 2013) was recognised in profit or loss. The fair value of currency hedging instruments is reclassified through profit or loss from the hedging reserve to the consolidated statement of comprehensive income when the underlying hedged items affect profit or loss.

Changes in the fair value of forward foreign exchange contracts used for hedge accounting purposes are as follows:

	EUR'000
Balance as at 1 March 2011	**1,211**
Reclassification to the consolidated statement of comprehensive income, net	−1,211
Change in fair values of hedging instruments, net	590
Balance as at 29 February 2012	**590**
Reclassification to the consolidated statement of comprehensive income, net	−590
Change in fair values of hedging instruments, net	540
Balance as at 28 February 2013	540

(d) Dividends

No dividends were paid or proposed by the Company in the reporting period.

(e) Capital management

It is the goal of capital management to maintain a strong capital base to meet the specific corporate risks (growth and development risk) by creating a balanced capital structure. Management considers capital to be only the equity as shown in the consolidated statement of financial position in accordance with IFRSs. As at the end of the reporting period, the equity ratio (i.e. the ratio of equity to total assets) was 51.5% (29 February 2012) and 44.6% (28 February 2013).

12 Bonds and promissory note loans

The following table shows the bonds and promissory note loans issued by the Group:

	Nominal value	Carrying amount as at 29 February 2012	Carrying amount as at 28 February 2013
	EUR'000	EUR'000	EUR'000
4.125% FACC bond, 2005 to 2012	20,000	20,000	0
Promissory note loan 2012 to2015	3,000	0	3,000
Promissory note loan 2012 to2017	8,000	0	8,000
Promissory note loan 2012 to2019	34,000	0	34,000
Balance	65,000	20,000	45,000

The bond 2005 to 2012 was placed at the Third Market on the Vienna Stock Exchange.

The bond 2005 to 2012 is subject to covenants under which the Group is required to meet certain ratios of net debt to equity and net debt to EBITDA. If the Group exceeds these ratios, the bond may fall due. At the end of the reporting period, i.e. 29 February 2012, there was no breach of covenants by the Group (this is not of relevance as at 28 February 2013).

In connection with the promissory note loans 2012 to 2015, 2012 to 2017 and 2012 to 2019, a covenant was agreed upon under which the Group is obligated to meet a specific equity ratio. If this ratio is exceeded, the promissory note loans may fall due. At the end of the reporting period, i.e. 28 February 2013, there was no breach of the covenant by the Group.

13 Financial liabilities

	Balance as at 29 February 2012		
	Non-current	Current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit Bank AG, ERP A380	3,215	1,071	4,286
UniCredit BA, Kontrollbank export credit	0	27,000	27,000
ERSTE Bank, research promotion loan	0	0	0
RLB OÖ, research promotion loan	0	0	0
RLB OÖ, ERP loan, Plant IV	0	1,000	1,000
RLB OÖ / Oberbank, research promotion loan	0	847	847
RLB OÖ / Oberbank, credit with AWS guaranty	3,950	0	3,950
RLB OÖ / Oberbank, credit with security transfer	6,010	0	6,010
Investkredit AG, ERP credit	4,100	0	4,100
RLB OÖ EUR	0	2,408	2,408
RZB USD	0	1	1
Sparkasse OÖ EUR	0	3,000	3,000
Sparkasse USD	0	3	3
Accrual, interest and expenses	0	643	643
Other	0	0	0
Balance	17,275	35,973	53,248

The interest rates of the financial liabilities vary from 1.5% to 3.0%.

	Balance as at 28 February 2013		
	Non-current	Current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit AG, ERP A380	2,143	1,071	3,214
UniCredit BA, Kontrollbank export credit	0	30,000	30,000
ERSTE Bank, research promotion loan	0	0	0
RLB OÖ, research promotion loan	0	0	0
RLB OÖ, ERP credit, Plant IV	0	0	0
RLB OÖ / Oberbank, research promotion loan	0	0	0
RLB OÖ / Oberbank, credit with AWS guaranty	3,555	395	3,950
RLB OÖ / Oberbank, credit with security transfer	5,209	801	6,010
Investkredit AG, ERP credit	4,100	0	4,100
UniCredit BA, ERP credit with AWS guaranty	3,180	0	3,180
RLB OÖ EUR	0	7,808	7,808
RLB OÖ GBP	0	1,400	1,400
RLB cash advance	0	6,600	6,600
Accrual, interest and expenses	0	1,783	1,783
Other	0	63	63
Balance	18,187	49,921	68,108

The interest rates of the financial liabilities vary from 0.5% to 3.7%.

Certain bank borrowings are secured by liens on Company properties, by AWS (Austrian Credit Agency) guarantees, federal guarantees for loans within the framework of support agreements by the *Forschungsförderungsgesellschaft* (Austrian Research Promotion Agency) and transfers of titles on machines by way of security. The export loan under the *Austrian Kontrollbank's* procedure is secured by export receivables in the amount of 120% of the framework made available. Certain conditions must be complied with in order to claim the favourable interest rates on research promotion loans. The collaterals for certain bank borrowings in connection with properties and buildings amounted to EUR 22,519,000 as at 29 February 2012 and 28 February 2013.

Interest rate risks and the contractually defined interest rate adjustment dates related to financial liabilities at the end of the reporting period are as follows:

Carrying amount	2011/12	2012/13
	EUR'000	EUR'000
6 months or less	42,754	55,830
6 to 12 months	0	27,500
Balance	42,754	8,330

The carrying amounts and fair values of non-current financial liabilities bearing fixed interests are as follows:

	2011/12 carrying amount	2011/12 fair value	2012/13 carrying amount	2012/13 fair value
	EUR'000		EUR'000	
Investkredit AG, ERP A380	4,286	5,140	3,214	4,140
Investkredit AG, ERP credit	4,100	3,934	4,100	3,934
BACA ERP credit (new credit 2012/13)	0	0	3,180	3,009
Borrower's note 5J 18.07.2017 (new borrower's note 2012/13)	0	0	2,500	2,269
Borrower's note 7J 18.07.2019 (new borrower's note 2012/13)	0	0	15,000	13,616
Balance	8,386	9,074	27,994	26,969

The carrying amounts of current borrowings approximate the fair value, since the impacts of discounts are immaterial. The fair values of non-current borrowings bearing fixed interest are based on discounted cash flows calculated according to the market interest rates.

14 Derivative financial instruments

The notional amounts of derivative financial instruments are as follows:

Forward foreign exchange contracts	Balance as at 29 February 2012	Balance as at 28 February 2013
	USD'000	USD'000
Forward foreign exchange contracts	81,000	205,000
Structured currency options	120,000	0
Total current	**201,000**	**205,000**

Interest rate swaps	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Interest rate swaps	40,000	20,000
Total	**40,000**	**20,000**
Less non-current portion		
Interest rate swaps	20,000	20,000
	20,000	0
Current portion	20,000	0

The full fair value of a financial derivative instrument is classified as a non-current asset or liability if the residual term exceeds 12 months. If the residual term is less than 12 months, it is classified as a current asset or liability.

A positive fair value is shown on the assets side under the item "Derivative financial instruments". A negative fair value is reported under the item "Derivative financial instruments" on the liabilities side.

The maximum credit risk exposure at the end of the reporting period corresponds to the fair value of the derivative assets recognised in the consolidated statement of financial position.

(a) Forward foreign exchange contracts and structured currency options

Forward foreign exchange and currency option contracts were concluded to hedge against the foreign exchange risk. The forward foreign exchange contracts that qualify for hedge accounting are shown as cash flow hedge in accordance with IAS 39. Foreign exchange and structured currency option contracts not shown as cash flow hedges are shown as stand-alone derivatives.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts are recognised in the consolidated statement of comprehensive income in the period or periods during which the hedged forecast transaction affects the consolidated statement of comprehensive income. This is generally within 12 months from the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of fixed assets.

(b) Interest rate swaps

To hedge against the interest rate risk of the interest-bearing financial liabilities, interest rate swap contracts were concluded which are entered in consolidated statement of financial position as a stand-alone derivative; not as hedge accounting in accordance with IAS 39.

As at 29 February 2012, the fixed interest rates vary from 4.1% to 3.0%.

As at 28 February 2013, the fixed interest rates vary from 2.7% to 0%.

15 Investment grants

Non-current and current investment grants amount to EUR 12,935,000 (29 February 2012) and EUR 11,771,000 (28 February 2013). As a rule, the significant part of the investment grants is subject to conditions defined by the granting authority that have to be fulfilled for a period of 3-5 years upon acceptance of the final settlement. This essentially entails a minimum number of employees that must be retained, as well as the obligation not to move the supported assets from the project location or sell them. The other investment grants relate to subsidies for development projects and are released over the term of the projects.

16 Employee benefit obligations

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Obligations recognised in the consolidated statement of financial position for		
Pension obligations (a)	1,434	1,619
Provision for termination benefits (b)	2,628	2,858
Provision for anniversary bonuses (c)	611	766
Provision for early retirement benefits	87	71
	4,760	5,314
Expenses shown in the consolidated statement of comprehensive income		
Pension obligations	171	185
Termination benefits (exclusive of contributions to the staff provision fund)	−72	230.02
Anniversary bonus	129	155
Early retirement benefits	20	−16
	248	554

(a) Pension obligations

The amounts recognised in the consolidated statement of financial position are as follows:

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Present value of the pension obligations as at 1 March	1,233	1,534
Service costs	109	124
Interest expense	62	61
Actuarial gain/loss of the period	130	166
Reversal due to retirement of beneficiaries	0	0
Present value of the pension obligations at the end of the period		
Cumulative actuarial gain/loss	1,534	1,885
Liability recognised in the consolidated statement of financial position at the end of the fiscal year	(100)	(266)
	1,434	**1,619**

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Service costs	109	124
Interest expense	62	61
Past service costs	0	0
Total	**171**	**185**

The principal actuarial assumptions used were as follows:

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Interest rate	4%	3.25%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	none	none
Pensionable age—men	60 years	60 years
Mortality rate (Note)	AVÖ 2008-P	AVÖ 2008-P

Note:

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions are based on the post-retirement mortality tables in Austria (published by the Austrian Actuarial Association).

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Recognised pension obligation	1,434	1,619

All expenses associated with pensions are shown under "Staff costs" in the consolidated statement of comprehensive income.

(b) Provisions for termination benefits

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Present value of provision for termination benefit obligations as at the beginning of the period	2,622	3,239
Service costs	174	203
Interest expense	131	130
Actuarial gain/loss of the period	697	701
Termination benefits paid	(385)	(127)
Present value of provision for termination benefit obligations at the end of the period	3,239	4,146
Cumulative actuarial gain/loss	(619)	(1,306)
Provisions for termination benefits	**2,620**	**2,840**

The calculations as at 29 February 2012 and 28 February 20113 are based on the following assumptions:

	Balance as at 29 February 2012	Balance as at 28 February 2013
Interest rate	4.00%	3.25%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	12.40%	12.10%
Staff turnover—workers	14.60%	12.30%
Pensionable age—women	60 years	60 years
Pensionable age—men	65 years	65 years
Mortality rate	AVÖ 2008-P	AVÖ 2008-P

The statutory transitional provisions regarding the pensionable age were taken into account.

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Recognised termination benefit obligations	2,628	2,858

All expenses associated with termination benefits were shown under "Staff costs" in the consolidated statement of comprehensive income.

(c) Provisions for anniversary bonuses

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Present value of provision for anniversary bonuses as at the beginning of the period	447	566
Service costs	64	89
Interest expense	22	23
Actuarial gain/loss for the period	58	59
Anniversary bonuses paid	(25)	(27)
Present value of provision for anniversary bonuses at the end of the period	566	710
Non-wage labour costs	45	56
Recognised provision for anniversary bonuses	**611**	**766**

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Recognised anniversary bonus obligations	611	766
Fair value of the plan assets	0	0

All expenses associated with anniversary bonuses were shown under the item "Staff costs" in the consolidated statement of comprehensive income.

Defined contribution plans

Contributions in the amount of EUR 54,000 (29 February 2012) and EUR 91,000 (28 February 2013) were made to the multi-employer pension fund in the respective fiscal years.

Defined contribution plans (staff provision fund—new Austrian severance payment scheme, *"Abfertigung 'neu'"*)

Contributions in the amount of EUR 799,000 (29 February 2012) and EUR 1,003,700 (28 February 2013) were made to the staff provision fund in the respective fiscal years.

17 Trade payables

The age analysis of trade payables as at 29 February 2012 and 28 February 2013 is as follows:

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Within 90 days	35,346	55,334
Over 90 days and within 360 days	121	119
	35,467	55,453

18 Other liabilities and deferred income

	Carrying amount as at 29 February 2012	Carrying amount as at 28 February 2013
	EUR'000	EUR'000
Social security payables	2,029	2,528
Other liabilities	414	2,824
Liabilities towards employees	11,796	12,602
Accruals and deferrals	131	119
Balance	14,370	18,073

Deferrals with regard to profit sharing in the amount of EUR 2,174,500.01 (previous year: EUR 1,627k) have been reported under other liabilities (liabilities to employees) since fiscal year 2012/13. The figures of the previous year have been adjusted accordingly.

19 Other provisions

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2011	28	3,574	2,294	5,896
Utilisation	−28	0	−1,085	−1,113
Reversal	0	−1,599	−488	−2,087
New provisions	50	2,218	2,596	4,864
Balance as at 29 February 2012	50	4,193	3,317	7,560
of which current	50	4,193	3,317	7,560
of which non-current	0	0	0	0

In addition to specific obligations, provisions for warranties include a best estimate of possible warranty obligations in the amount of EUR 2,219,000 (previous year: EUR 1,573,000). Management assesses the related provision for future warranty claims on the basis of historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The Group generally offers a warranty period of four years for its products.

Other provisions include a provision for follow-up costs (material and transportation) in the amount of EUR 908,000 regarding the completion of a development project, a provision for outstanding travel expenses in the amount of EUR 225,000, and a provision for a settlement payment to a municipality in the amount of EUR 130,000.

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2012	50	4,193	3,317	7,560
Utilisation	−50	−254	−1,881	−2,185
Reversal	0	−1,528	−835	−2,363
New provisions	82	1,773	9,029	10,884
Balance as at 28 February 2013	82	4,184	9,630	13,896
of which current	82	4,184	9,630	13,896
of which non-current	0	0	0	0

In addition to specific obligations, provisions for warranties include a best estimate of possible warranty obligations in the amount of EUR 2,630,000 (previous year: EUR 2,219,000). Management assesses the related provision for future warranty claims on the basis of historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The Group generally offers a warranty period of four years for its products.

Other provisions include a provision for follow-up costs (material and transportation) in the amount of EUR 4,224,000 for various development projects, a provision for outstanding travel expenses in the amount of EUR 290,000 and a provision for the repayment of funds granted by FFG in the amount of EUR 1,346,000.

20 Income tax liabilities

This item contains the corporate income tax liability of the Group for the assessment year 2012. With regard to group taxation refer to Note 2(n).

21 Changes in inventories

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Finished products	218	(546)
Semi-finished products	1,324	6,069
Total	1,542	5,523

22 Own work capitalised

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Capitalisation of development costs	4,701	4,509
Other	294	232
Total	4,995	4,741

23 Cost of materials and purchased services

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Cost of materials	188,811	224,449
Cost of purchased services	21,322	32,656
Total	210,133	257,105

To ensure a better overview of the Company's results of operations, external engineering costs in the amount of EUR 27,479,270.59 (previous year: EUR 22,470k) were reclassified from "Other operating expenses" to "Cost of purchased services" in fiscal year 2012/13. The previous year figures have been adjusted accordingly.

24 Staff costs

	EUR'000	EUR'000
Wages and salaries	70,370	84,585
Expenses for statutory social contributions and benefits	18,609	22,311
Expenses for termination benefits and contributions to staff provision funds	1,114	1,366
Expenses for pensions	167	269
Other social expenses	1,539	1,988
Total (including remuneration of the management board)	91,799	110,520

Expenses for termination benefits and contributions to staff provision funds include contributions to staff provision funds in the amount of EUR 799,000 (29 February 2012) and EUR 1,003,700 (28 February 2013).

The number of staff employed by the Group is 2,383 persons (1,397 workers and 986 employees) as at 28 February 2013 compared to 2,018 persons (1,229 workers and 789 employees) as at 29 February 2012.

25 Remuneration of the members of the management board

Without prejudice to Section 266 (7) UGB, the disclosure of this information is omitted. No loans or advances were granted to the members of the management board.

26 Depreciation and amortisation

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Of intangible assets	4,602	5,577
Of property, plant and equipment	11,762	11,637
Total	16,364	17,214

27 Other operating income and expenses

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Maintenance, servicing and third-party repairs	3,985	5,009
Shipping costs	5,356	5,935
Material testing and certification costs, technical support	1,825	2,390
Rents, leases and building rights costs	3,715	3,920
Travel expenses	3,551	4,051
Allowances, grants and other income	−7,532	−8,582
Miscellaneous expenses	9,573	12,604
Total	20,473	25,327

To ensure a better overview of the Company's results of operations, external engineering costs in the amount of EUR 27,479,270.59 (previous year: EUR 22,470k) were reclassified from "Other operating expenses" to "Cost of purchased services" in fiscal year 2012/13. The previous year figures have been adjusted accordingly.

The expenses for the Group auditor relating to the relevant fiscal years are as follows:

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Audit of the financial statements and the consolidated financial statements	96	96
Other services	9	21
Tax consulting services	15	18
Total	120	135

Other services comprise services in connection with government agreements and government grants as well as similar agreed-upon procedures and accounting advice.

28 Finance costs

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Interest and bank charges	841	2,630
Interest expense—bonds	922	92
Total	1,763	2,722

29 Interest income from financial instruments

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Bank interest	17	13
Income from interest rate swaps	190	0
Income from securities	13	13
Total	220	26

30 Fair value measurement of derivative financial instruments

The recognition of changes in the fair values of derivative financial instruments in the consolidated statement of comprehensive income is as follows:

	Volume	Volume	Fair Value	Recognised in "Fair value measurement of derivative financial instruments"	Recognised in "Cash flow hedges (net of tax)"	Recognised in "Other operating income and expenses"
	USD'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 29 February 2012						
Forward foreign exchange contracts—USD	81,000	0	1,990	0	−621	1,203
Structured currency options—USD	120,000	0	688	−2,911	0	0
Interest rate swaps	0	40,000	−7,452	−6,318	0	0
Balance as at 28 February 2013						
Forward foreign exchange contracts—USD	205,000	0	4,072	0	−50	−2,149
Structured currency options—USD	0	0	0	−688	0	0
Interest rate swaps	0	20,000	−11,734	−4,282	0	0

31 Income taxes

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Corporate income tax, current	83	4,857
Foreign withholding tax	0	12
Deferred taxes	2,074	1,418
	2,157	6,287
Tax expenses, previous years	3	−10
Total	2,160	6,277

The income tax on the Group's profit before taxes differs from the calculated income tax expense that would arise if the results of the fiscal years were subjected to a tax rate of 25%. This is broken down as follows:

	For the fiscal year ended 29 February 2012	For the fiscal year ended 28 February 2013
	EUR'000	EUR'000
Profit before taxes	12,619	27,047
Calculated income tax expense 25%	3,155	6,762
Tax reductions:		
Research promotion	−514	0
Tax allowance for training (*Bildungsfreibetrag*)	−4	−8
Learning subsidy *(Bildungsprämie)*	−3	0
Other tax free grants	−3	0
Use of tax loss carryforwards	−20	−81
Effects of foreign tax rates	−20	0
Capitalised deferred taxes	−478	478
Amortisation of goodwill	0	−375
Apprenticeship training premium (*Lehrlingsausbildungsprämie*)	0	−14
Tax increases:		
Non-deductible expenses	43	36
Remuneration for supervisory board members	5	0
Other valuation adjustments—deferred taxes	0	−511
Income taxes, previous years	0	−10
Recognised income tax expense	2,160	6,277

The deferred taxes changed as follows:

	Balance as at 1 March 2011	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 29 February 2012
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred tax assets				
Financial assets	3	0	0	3
Other receivables and assets	40	12	0	52
Investment grants	1,895	−255	0	1,640
Obligations towards employees	260	−64	0	196
Derivative financial instruments	−1,367	448	207	−712
Provisions	405	173	0	578
Liabilities	−329	217	0	−112
Tax loss carryforwards	3,895	−2,095	0	1,800
Intangible assets (development costs)	−14,411	−1,165	0	−15,576
Property, plant and equipment	−338	247	0	−91
Inventories	145	−40	0	105
Trade receivables (mainly differences from USD valuation)	−154	419	0	265
Other	−15	29	0	14
	−9,971	−2,074	207	−11,838

	Balance as at 1 March 2012	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 28 February 2013
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred tax assets				
Financial assets	3	0	−5	−2
Other receivables and assets	52	24	0	76
Investment grants	1,40	−93	0	1,547
Obligations towards employees	196	51	0	247
Derivative financial instruments	−712	−321	17	−1,016
Provisions	578	696	0	1,274
Liabilities	−112	−247	0	−359
Tax loss carryforwards	1,800	−1,800	0	0
Intangible assets (development costs)	−15,576	−680	0	−16,256
Property, plant and equipment	−91	236	0	144
Inventories	105	−105	0	0
Trade receivables (mainly differences from USD valuation)	265	587	0	852
Other	14	234	0	248
	−11,838	−1,419	12	−13,245

Deferred income tax assets and liabilities are offset and recognised in the consolidated statement of financial position as an asset or a liability when there is a legally enforceable right to offset current income tax assets against current tax income liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

As at 29 February 2012 and 28 February 2013, deferred income tax liabilities in the amount of EUR 11,838,000 and EUR 13,245,000 are shown in the consolidated statement of financial position.

Within the next 12 months, deferred income tax assets in the amount of EUR 3,184,000 and EUR 2,895,000 are expected to be realised and deferred income tax liabilities amounting to EUR 2,004,000 and EUR 2,572,000 are expected to be settled as at 29 February 2012 and 28 February 2013, respectively.

Deferred income tax assets on loss carryforwards are recognised to the extent that their utilisation seems likely. The Group assesses the probability based on available planning data.

The Group's unutilised tax losses can be carried forward indefinitely, and the amounts are as follows:

Balance as at 29 February 2012	Base	Tax effect
	EUR'000	EUR'000
Losses carried forward	330	83
Total	330	83

Balance as at 28 February 2013	Base	Tax effect
	EUR'000	EUR'000
Losses carried forward	327	82
Total	327	82

Tax effects on other comprehensive income

	For the fiscal year ended 29 February 2012			For the fiscal year ended 28 February 2013		
	Gross	Tax	Net	Gross	Tax	Net
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Fair value measurement of securities	0	0	0	19	−5	14
Cash flow hedge	−828	207	−621	−67	17	−50
Total	−828	207	−621	−48	12	−36

32 Commitments to acquire assets

	Balance as at 29 February 2012	Balance as at 28 February 2013
	EUR'000	EUR'000
Property, plant and equipment		
Authorised but without contractual obligation	30,174	65,516
Contractual obligation, not yet incurred	20,485	24,486
	50,659	90,002

33 Rental and leasing commitments

The total of future accumulated minimum lease payments from operating leases in connection with property, plant and equipment amount to:

	29 February 2012	28 February 2013
	EUR'000	EUR'000
No later than 1 year	2,748	3,066
Later than 1 year and no later than 5 years	7,443	7,431
Later than 5 years	6,236	4,973
Total	16,427	15,471

34 Related-party transactions

The group companies entered into and executed several transactions with associates of the consolidated group as part of ordinary business operations. These transactions were fully consolidated.

Related-party transactions for the period 1 March 2011 to 29 February 2012

With the related company Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 3,243,422.55 (previous year: EUR 1,883,000).

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd. revenue was generated in the amount of EUR 11,000,000 (previous year EUR nil). Receivables in the amount of EUR 11,000,000 (previous year: EUR nil) are shown in the consolidated statement of financial position. Reference is also made to Note 4 "Segment information".

With the related company Future Aviation International Investment Co., Ltd. (formerly FACC Holding Company, Limited) revenue was generated in the amount of EUR 6,900,000 (previous year: EUR 12,000,000). Receivables in the amount of EUR 3,400,000 (previous year: EUR nil) are shown in the consolidated statement of financial position.

Related-party transactions for the period 1 March 2012 to 28 February 2013

With the related company Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 10,349,986.76 (previous year: EUR 3,243,422.55).

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd. revenue was generated in the amount of EUR 462,406.03 (previous year EUR 11,000,000). Receivables in the amount of EUR 11,183,458.65 (previous year: EUR 11,000,000) are shown in the consolidated statement of financial position.

With the related company Future Aviation International Investment Co., Ltd. (formerly FACC Holding Company, Limited) revenue was generated in the amount of EUR 6,900,000 (previous year: EUR 6,900,000). Receivables in the amount of EUR 690,000 (previous year: EUR 3,400,000) are shown in the consolidated statement of financial position.

With the related company Comac Shanghai Aircraft revenue was generated in the amount of EUR 2,838,345.87 (previous year: EUR 500,000). Receivables in the amount of EUR 4,511,278.20 (previous year: EUR nil) are shown in the consolidated statement of financial position.

With the related company FACC International Company Limited revenue was generated in the amount of EUR 690,000 (previous year: EUR 500,000). Receivables in the amount of EUR 690,000 (previous year: EUR nil) are shown in the consolidated statement of financial position.

35 Events after the reporting period

No significant events occurred after the reporting period.

36 Management board and supervisory board

- Yongsheng Wang (since 14 July 2011)
- Yongsheng Wang resigned as managing director on 21 March 2013. Chunlin Xu was appointed new managing
- director of AIIG on 21 March 2013

were the sole managing directors and sole representatives of the Company in the reporting period.

A supervisory board was appointed for the Company. The supervisory board consists of three members. These members are:

- Ruguang Geng, Ried im Innkreis, chairman
- Jun Tang, Ried im Innkreis, deputy chairman
- Hang Huang, Ried im Innkreis

Ried im Innkreis, 6 June 2013

The Management Board:

signed:

Chunlin Xu

We draw attention to the fact that the auditor's report relates to a full set of annual consolidated financial statements within the meaning of Section 245a of the Austrian Commercial Code (UGB) including the management report. The management report is not included in this document. We furthermore draw your attention to the fact that this is an English translation of the binding German language auditor's report which auditor's report is based on Section 274 of the Austrian Commercial Code (UGB).

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Aerospace Innovation Investment GmbH, Ried im Innkreis, for the fiscal year from 1 March 2012 to 28 February 2013. These consolidated financial statements comprise the consolidated balance sheet as of 28 February 2013, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 28 February 2013, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 28 February 2013 and of its financial performance and its cash flows for the fiscal year from 1 March 2012 to 28 February 2013 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Linz, 6 June 2013

PwC Oberösterreich
Wirtschaftsprüfung und
Steuerberatung GmbH

signed:

Aslan Milla
Austrian Certified Public Accountant

Disclosure, publication and duplication of the Consolidated Financial Statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Aerospace Innovation Investment GmbH, Vienna

Consolidated Financial Statements

as at

29 February 2012

I CONSOLIDATED FINANCIAL STATEMENTS OF AEROSPACE INNOVATION INVESTMENT GMBH

(a) Consolidated Statement of Financial Position

	Note	Balance as at 28 February 2011	Balance as at 29 February 2012
		EUR'000	EUR'000
ASSETS			
Non-current assets			
Intangible assets	5	94,239	100,117
Property, plant and equipment	6	75,719	72,552
Non-current financial assets	7	1,222	1,347
Derivative financial instruments	14	133	0
Non-current receivables	9	0	16,141
		171,313	**190,157**
Current assets			
Inventories	8	37,401	44,763
Trade receivables	9	63,501	75,942
Other receivables and deferred items	9	6,241	8,355
I/C receivables	9	0	6,400
Derivative financial instruments	14	5,337	2,851
Cash and cash equivalents	10	18,271	19,292
		130,751	**157,603**
Total assets		**302,064**	**347,760**
EQUITY			
Share capital	11	35	35
Capital reserve	11	144,006	144,006
Currency translation reserve		−79	−74
Revenue reserves	11	−15	−15
Other reserves	11	1,227	606
Retained earnings		23,972	34,431
Total equity		**169,146**	**178,989**
LIABILITIES			
Non-current liabilities			
Bonds	12	20,000	0
Financial liabilities	13	16,093	17,275
Derivative financial instruments	14	1,390	7,625
Investment grants	15	13,804	11,765
Employee benefit obligations	16	4,512	4,760
Deferred taxes	31	9,972	11,838
		65,771	**53,263**
Current liabilities			
Trade payables	17	23,520	35,467
Other liabilities and deferred income	18	10,167	12,742
Bonds	12	15,000	20,000
Financial liabilities	13	9,321	35,973
Other provisions	19	7,287	9,188
Investment grants	15	885	1,170
Income tax liabilities	20	967	968
		67,147	**115,508**
Total liabilities		**132,918**	**168,771**
Total equity and liabilities		**302,064**	**347,760**
Net current assets		63,603	42,095
Total assets less current liabilities		234,916	232,252

The Notes on pages F-113 to F-153 are an integral part of these consolidated financial statements.

(b) Consolidated Statement of Comprehensive Income

	Note	2010/2011	2011/2012
		EUR'000	EUR'000
Revenue	4	266,744	355,624
Changes in inventories	21	4,975	1,542
Own work capitalised	22	2,974	4,995
Cost of materials and purchased services	23	−142,604	−197,481
Staff costs	24	−75,293	−91,799
Depreciation and amortisation	26	−17,252	−16,364
Other operating income and expenses	27	−18,562	−33,126
Earnings before interest, taxes and fair value measurement of derivative financial instruments		**20,982**	**23,391**
Finance costs	28	−2,192	−1,763
Interest income from financial instruments	29	413	220
Fair value measurement of derivative financial instruments	30	3,659	−9,229
Profit before taxes		**22,862**	**12,619**
Income taxes	31	−76	−2,160
Profit after taxes		**22,786**	**10,459**
Currency translation differences from consolidation		−37	5
Fair value measurement of securities (net of tax)		−4	0
Cash flow hedges (net of tax)	11	7,859	−621
Other comprehensive income/(loss) for the year		**7,818**	**−616**
Total comprehensive income for the year		**30,604**	**9,843**
Attributable to:			
Equity holders of the parent		30,604	9,843

The Notes on pages F-113 to F-153 are an integral part of these consolidated financial statements.

(c) Consolidated Statement of Changes in Equity

For the fiscal year ended 28 February 2011

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	Available-for-sale securities	Hedging reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2010	**18**	**136,000**	**−42**	**−15**	**−65**	**−6,563**	**1,185**	**130,518**
Total comprehensive income								
Retained earnings	0	0	0	0	0	0	22,787	22,787
Other comprehensive income								
Currency translation differences from consolidation	0	0	−37	0	0	0	0	−37
Fair value measurement of securities (net of tax)	0	0	0	0	−4	0	0	−4
Cash flow hedges (net of tax)	0	0	0	0	0	7,859	0	7,859
Total other comprehensive income	**0**	**0**	**−37**	**0**	**−4**	**7,859**	**0**	**7,818**
Total comprehensive income	**0**	**0**	**−37**	**0**	**−4**	**7,859**	**22,787**	**30,605**
Transaction with owners								
Payment of share capital	17	0	0	0	0	0	0	17
Payment of capital reserve	0	8,006	0	0	0	0	0	8,006
Total transactions with owners	**17**	**8,006**	**0**	**0**	**0**	**0**	**0**	**8,023**
Balance as at 28 February 2011	**35**	**144,006**	**−79**	**−15**	**−69**	**1,296**	**23,972**	**169,146**

The Notes on pages F-113 to F-153 are an integral part of these consolidated financial statements.

For the fiscal year ended 29 February 2012

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	Available-for-sale securities	Hedging reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2011	**35**	**144,006**	**−79**	**−15**	**−69**	**1,296**	**23,972**	**169,146**
Total comprehensive income								
Retained earnings	0	0	0	0	0	0	10,459	10,459
Other comprehensive income								
Currency translation differences from consolidation	0	0	5	0	0	0	0	5
Cash flow hedges (net of tax)	0	0	0	0	0	−621	0	−621
Total other comprehensive income	**0**	**0**	**5**	**0**	**0**	**−621**	**0**	**−616**
Total comprehensive income	**0**	**0**	**5**	**0**	**0**	**−621**	**10,459**	**9,843**
Balance as at 29 February 2012	**35**	**144,006**	**−74**	**−15**	**−69**	**675**	**34,431**	**178,989**

The Notes on pages F-113 to F-153 are an integral part of these consolidated financial statements.

(d) Consolidated Statement of Cash Flows

	2010/2011	2011/2012
	EUR'000	EUR'000
Operating activities		
Earnings before interest, taxes and fair value measurement of derivative financial instruments	20,982	23,391
Fair value measurement of derivative financial instruments	3,659	−9,229
	24,641	14,162
Plus/minus		
Release of investment grants	−1,059	−1,754
Depreciation and amortisation	17,252	16,364
Losses/(gains) on disposal of non-current assets	18	7,063
Change in financial instruments[1]	−5,248	8,854
Change in non-current receivables	0	−16,141
Employee benefit obligations, non-current	−133	250
	35,471	28,798
Changes in net current assets		
Change in inventories	−7,972	−7,362
Change in trade receivables, other receivables and deferred items	−20,740	−20,731
Change in trade payables	2,779	11,946
Change in current provisions	156	3,016
Change in other current liabilities	−14,007	549
Cash generated from/(used in) operations	−4,313	16,216
Interest received	413	219
Tax paid	−193	−85
Net cash generated from/(used in) operating activities	−4,093	16,350
Investing activities		
Purchase of financial assets	−180	−124
Payments to minority shareholders	−8,006	0
Purchase of property, plant and equipment	−3,690	−10,745
Proceeds from the disposal of non-current assets (other than financial assets)	0	0
Purchase of intangible assets	−9,558	−3,273
Payments for addition to development costs	−4,353	−12,259
Net cash used in investing activities	−25,787	−26,401
Financing activities		
Proceeds from financial loans and bonds	4,053	32,116
Repayments of financial loans and bonds	−5,648	−19,281
Payments of interest on financial loans and bonds	−1,937	−1,763
Proceeds from investment grants	325	0
Issue of equity	18	0
Proceeds from grandparent contribution	8,006	0
Payment/repayment of hybrid capital	0	0
Net cash generated from/(used in) financing activities	4,817	11,072
Net change in cash and cash equivalents	−25,063	1,021
Cash and cash equivalents at the beginning of the period	43,334	18,271
Cash and cash equivalents at the end of the period	18,271	19,292

(1) Includes changes in financial instruments not considered part of net current assets, i.e. mainly derivatives.

The Notes on pages F-113 to F-153 are an integral part of these consolidated financial statements.

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

In the following the notes are presented for the two reporting periods ended 28 February 2011 and 29 February 2012.

(a) Company history and reorganisation

Aerospace Innovation Investment GmbH ("AIIG"), domiciled in Vienna, was founded on 16 November 2009, after the former owners of FACC AG and Xi'an Aircraft Industry (Group) Company Ltd. ("XAC") had signed an agreement dated 3 October 2009 on XAC's (seated in Xian (China)) acquisition of the majority shares in FACC AG. XAC—majority-owned company by Aviation Industry Corporation of China ("AVIC"), seated in Beijing—is specialised in the development and production of structural components for large and medium-sized aircraft. The AVIC Group covers the entire value chain of the aviation industry from the development and production to the distribution of aircraft, including their financing. Although the majority of the shares in AIIG are held by XAC, shares are also held indirectly by other holding companies headquartered in Hong Kong.

AIIG's corporate purpose is the carrying out of the function of a holding company; the management of own assets, including but not limited to the acquisition; possession and management of participating interests in other entities and domestic and foreign companies, the management of AIIG group companies and the rendering of services for those companies (group services) as well as taking on management tasks.

On 3 December 2009, AIIG acquired 100% of the shares in Salinen Holding GmbH, which at that time in turn held 48.125% of the shares in FACC AG. Upon completion of this transaction, Salinen Holding GmbH was renamed to Aero Vision Holding GmbH ("AVH") and the company's corporate seat was moved to Ried (Upper Austria). On that same day, AIIG acquired 43.125% of the shares in FACC AG then held by ACC Kooperationen und Beteiligungen GmbH ("ACC") seated in Linz. Upon completion of these two transactions, AIIG—directly and indirectly via AVH—held more than 91.25% of the shares in FACC AG.

FACC AG, headquartered in Ried im Innkreis, is a company incorporated in Austria for the development, production and servicing of aircraft components. The company was founded in 1989. The principal activities of the FACC AG Group are the manufacturing of structural components, such as engine cowlings or wing claddings or control surfaces, as well as interiors for modern commercial aircraft. The components are manufactured using mainly composites. In the components made of such composites, the FACC subgroup also integrates metallic components of titanium, high-alloy steel and other metals, and supplies these components to the aircraft final assembly lines ready for fitting.

For the remaining 8.75% shares in FACC AG, two separate option agreements were also entered into on 3 December 2009 with the former owners. By way of these option agreements XAC via its Austrian holding companies (AIIG and AVH) economically acquired these stakes at the acquisition date by taking over the risks and rewards pertaining to these shares.

Shortly after the closing of the corporate acquisition, XAC decided to increase the capital of FACC AG from EUR 40 million to EUR 80 million to provide additional funding for the planned economic development of this company. After execution of the capital increase the holding companies AIIG and AVH held 95.625%, ACC held 2.5%, and Stephan GmbH (headquartered in Salzburg) held 1.875% of the shares in FACC AG.

As the final step in the reorganisation, based on the two separate option agreements dated 23 February 2011, AVH acquired the remaining shares (in total 4.375%) in FACC AG held by ACC and Stephan GmbH. Upon completion of this reorganisation, the two holding companies held 100% of the shares in FACC AG.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented.

(a) Basis of preparation

The consolidated financial statements as at 28 February 2011 and 29 February 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of Section 245a of the Austrian Commercial Code (UGB).

By decision of 31 January 2011, Aerospace Innovation Investment GmbH's request to change the fiscal year was accepted. Since then, the new end of the reporting period has been 28 (29) February; the reporting period thus covers the period from 1 March to 28 (29) February. The first altered end of the reporting period therefore was 28 February 2011 and related to a short fiscal year of two months (1 January 2011 to 28 February 2011).

These consolidated financial statements cover the period from 1 March 2011 to 29 February 2012. In order to improve the comparability of the financial performance, the previous fiscal year is presented on the basis of 12 months (1 March 2010 to 28 February 2011).

The consolidated financial statements have been prepared under the historical cost convention, with the exception of financial assets and financial liabilities (including derivative instruments) that were measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(b).

For the purpose of clarity, amounts are rounded and—where stated—reported in euro thousand.

The following standards and amendments to existing standards have already been published and are mandatory for the AIIG Group's accounting periods beginning on or after 1 March 2011. However, the AIIG Group does not early adopt them:

IAS 19, 'Employee benefits', was amended in June 2011. The impact will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has not yet assessed the full impact of the amendments.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39, 'Financial instruments: Recognition and measurement', that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group has not yet assessed the full impact of IFRS 9 and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has not yet assessed the full impact of IFRS 10 and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosure of interests in other entities', includes the revised disclosure requirements of IAS 27 or IFRS 10, IAS 31 or IFRS 11 and IAS 28 in one single standard. The Group has not yet assessed the full impact of IFRS 12 and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements

for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group has not yet assessed the full impact of IFRS 13 and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Use of assumptions and estimates

Assumptions and estimates were made in the preparation of the consolidated financial statements which had an effect on the amount of the reported assets, liabilities, income and expenses. These may lead to significant adjustments to assets and liabilities in subsequent fiscal years.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may not necessarily be equal to the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(i) Employee benefit obligations

Employee benefit obligations comprise primarily pension obligations and provisions for termination benefits. Employee benefit obligations are calculated based on the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with the same currency and a term corresponding to the estimated term of benefit obligations.

Management appointed independent actuaries to carry out a full valuation of these plans to determine the employee benefit obligations that are required to be disclosed and accounted for in the accounts in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the plans and evaluate and update these assumptions at least on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

Should the interest rate assumption change by 10% from management's estimate, the present value of the employee benefit obligations would not change significantly from the estimates.

(ii) Deferred taxes

Change in taxable profits, within the planning period specified for the accounting and measurement of deferred taxes, may result in changes to the deferred taxes recognised for losses carried forward. The unrecognised deferred taxes for losses carried forward amount to EUR 200,000 (28 February 2011) and EUR 83,000 (29 February 2012).

Should the estimated taxable profits change by +/- 10%, this would affect the losses carried forward only slightly. The tax loss may be carried forward indefinitely. Reference is made to Note 31 "Income taxes".

(iii) Development costs

The calculation for amortisation of capitalised development costs is based on the number of shipsets to be supplied. This number of shipsets is an assumption based on a defined assessment procedure (refer to Note 2(d)(ii) "Research and development costs"). Increasing the estimated number of shipsets by 10% would result in a decrease in amortisation of EUR 267,000 (28 February 2011) and EUR 232,000 (29 February 2012). Decreasing the estimated number of shipsets by 10% would result in an increase in amortisation of EUR 326,000 (28 February 2011) and EUR 283,000 (29 February 2012).

(iv) Impairment assessment of delivery rights and development costs

Assumptions are required in the assessment of impairment, particularly when assessing: (1) whether an event has occurred that may indicate that the respective assets may not be recoverable; (2) whether the carrying amount of an asset can be achieved by the recoverable amount based on the present value of future cash flows; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Should the discount rate change by +/- 50 basis points at the end of the reporting period, an impairment adjustment is not required. As discount rate, the Group uses the weighted average cost of capital (WACC), which was 8.63% as at 29 February 2012 and 8.76% as at 28 February 2011.

(v) Useful lives of property, plant and equipment

The useful life of the Group's property, plant and equipment is defined as the period over which it is expected to be available for use by the Group. The estimation of the useful life is a matter of judgement based on management's experience. Periodic reviews by management could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vi) Derivative financial instruments

All derivatives are recognised at their fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivatives and whether they are designated and qualify for hedge accounting under IAS 39. Where derivative financial instruments entered into by the Group qualify for cash flow hedge accounting, the movement in their fair value is recorded under the caption of hedging reserve in equity. Where derivative financial instruments entered into by the Group do not qualify for hedge accounting, or hedge accounting is not applied, the movement in their fair value is recorded in the consolidated statement of comprehensive income. The sensitivity analysis with regard to derivative financial instruments is presented in Note 3(2)(a) below.

(c) Consolidation

The financial statements of subsidiaries included in the consolidated financial statements were prepared as at the end of the reporting period applicable throughout the Group, i.e. as at 28 February 2011 and 29 February 2012, and in accordance with IFRS as adopted by the EU.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are de-consolidated as at the date that control ceases. The consolidated statement of comprehensive income includes revenue and expenses up to the date of de-consolidation.

Under the full consolidation, all group companies are included in the consolidated financial statements.

(i) Consolidated group

The consolidated group is determined according to the principles of IAS 27 in conjunction with SIC 12.

Domestic and foreign subsidiaries of the Group are as follows:

Company	Place of incorporation	Issued and fully paid share capital	Interest held	Principal activities
Aero Vision Holding GmbH	Ried im Innkreis	EUR 35,000	100.0000%	Participation in and administration of companies
FACC AG	Ried im Innkreis	EUR 80,000,000	71.5625%	Development & production of aircraft components
FACC Solutions (Canada) Inc.	Montreal / Canada	CAD 10,000	100.0000%	Customer services
FACC Solutions Inc. . . .	Wichita, Kansas / USA	USD 10,000	100.0000%	Customer services
FACC Solutions s.r.o. .	Bratislava / Slovakia	EUR 6,639	100.0000%	Design & Engineering
FACC Shanghai	Shanghai / China	RMB 1,000,000	100.0000%	Design & Engineering

(ii) Changes in the consolidated group

In the reporting period 2011/12, the Group established a new subsidiary in Shanghai/China. The newly established subsidiary FACC Shanghai was accordingly included within the consolidated group.

(iii) Consolidation methods

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of the subsidiary is the fair values of the assets transferred, equity instruments issued and the liabilities assumed or incurred at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly through profit or loss.

Inter-company transactions, balances, and unrealised material income and expenses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro ("EUR"), which is Aerospace Innovation Investment GmbH's functional currency and the Group's presentation currency.

With regard to currency translation, the rates as at the end of the reporting period were applied to items in the consolidated statement of financial position, and average rates for the reporting period were applied to items in the consolidated statement of comprehensive income. Differences in these currency translations are recognised in other comprehensive income.

Exchange rate differences arising from the translation of transactions and items in the consolidated statement of financial position denominated in foreign currencies are recognised in profit or loss at the rates applicable at the time of the transaction or valuation. Foreign currency translation in relation to foreign currency derivatives is set out in Note (q).

The exchange rates used in the currency translation are as follows:

	Year-end rate 28 February 2011	Average rate
1 EUR / CAD FY 2010/11	1.3480	1.3458
1 EUR / USD FY 2010/11	1.3809	1.3188

	Year-end rate 29 February 2012	Average rate
1 EUR / CAD FY 2011/12	1.3363	1.3715
1 EUR / USD FY 2011/12	1.3426	1.3847
1 EUR / RMB FY 2011/12	8.4608	8.8911

(d) Intangible assets

(i) Software and delivery rights

Purchased intangible assets are measured at acquisition cost in the consolidated statement of financial position, and are generally amortised on a straight-line basis over their respective useful life (3 to 10 years). Delivery rights are amortised on the basis of the shipsets supplied or outstanding.

(ii) Research and development costs

An intangible asset arising from development is to be only recognised when all of the following criteria are met:

a) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset in order to use or sell it;

c) The ability to use or sell the intangible asset;

d) It can be demonstrated how the intangible asset will generate probable future economic benefits. Proof that, among other things, a market exists for the products of the intangible asset or the intangible asset as such or, if it is intended for internal use, the benefit of the intangible asset;

e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The expenditure attributable to the intangible asset during its development can be reliably measured.

The Group capitalises the development costs in accordance with IAS 38, based on project-related costs. All eligible development costs for each project are capitalised. The capitalised development costs are treated as "construction in process". Amortisation starts when series production is ready, based on shipsets supplied, with reference to the sales framework, as determined by the management in consultation with the management board. The sales framework is determined based on the Airline Monitor (= market forecast by third parties), as used throughout the aviation industry, and current customer forecasts. This sales framework is re-assessed at the end of each reporting period. This amortisation method ensures that changes in the order volume have a direct effect on the development costs. The costs of research projects are recognised as an expense as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed as and when incurred.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production costs, less scheduled depreciation and write-downs.

The production costs of property, plant and equipment comprise direct costs and reasonable parts of the overhead costs.

Property, plant and equipment subject to depreciation are depreciated on a straight-line basis over the estimated useful life of the respective asset. Depreciation is charged over the following useful lives assumed unchanged across all years presented:

	Useful life in years	
	from	**to**
Buildings	10	50
Leasehold improvements*	10	20
Technical equipment and machinery	4	8
Fixtures and fittings	3	10
Vehicles	5	8

* or over the lease terms, whichever is shorter

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income and expenses" in the consolidated statement of comprehensive income.

(f) Assets from rental and leasing contracts

The Group leases assets as a lessee. Leases in which all significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Non-current financial assets

This item comprises securities, re-insurances and investments. Regular purchases and sales of financial assets are recognised on the settlement date.

All securities are classified as "available for sale", and are initially measured at cost at the time of acquisition and subsequently carried at fair value. The changes in value are recognised in other comprehensive income, and in case of impairment or when the security is sold through profit or loss. The fair value of the securities is based on the share price at the end of the reporting period.

Investments are measured at cost and re-insurances at the cash surrender value.

(h) Impairment of intangible assets and property, plant and equipment

The Group assesses at the end of each reporting period whether there is objective evidence that assets are impaired. If such evidence exists, the Group establishes the value in use or fair value less costs to sell of the specific asset. If this value is below the carrying amount determined for this asset, it is written down to that amount.

The calculated impairment loss is recognised through profit or loss. If the reasons for impairment cease to exist, the impairment loss is reversed through profit or loss up to the amortised original acquisition or production cost.

Capitalised development costs not yet subject to annual amortisation are tested for impairment annually.

With regard to determining the recoverability of capitalised development costs, the significant parameters to determine the values in use on the basis of the discounted cash flow method were the following: a company-typical weighted average cost of capital, the planned costs and returns per shipset (based on external data (Airline Monitor)), and product-specific learning curve effects. The planning period with regard to the future cash flows depends on the terms and conditions of the respective customer contract. In this context, a specific period, a specific quantity of deliveries or the term of such a "Life of program"

contract can be of importance. The contractual term of a "Life of program" is derived from estimated aircraft deliveries based on external data (Airline Monitor). The maximum duration for cash flow projections is limited to 20 years.

Capitalised delivery rights are tested for impairment annually, based on a projection of future cash flows with regard to contracted revenue derived from the sales price calculation. The projected cash flows are discounted by using the weighted average cost of capital. The duration of the cash flow projection depends on the term of the relevant customer contract.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value at the end of the reporting period.

Cost includes all costs incurred in bringing the asset to the condition required and moving it to the specific location. The production costs include all direct costs and also reasonable parts of the production-related overheads, based on normal operating capacity. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they occur. The costs per unit are determined according to the moving average price method.

The net realisable value is the estimated selling price for the assets, less expected future costs of completion and sale, determined on the basis of experience. Price reductions in the replacement costs are generally considered when determining the net realisable value.

(j) Receivables and other assets

Trade receivables, other receivables and other assets are initially recognised at fair value and subsequently carried at amortised cost, less any valuation adjustments (in case of impairment). Foreign currency receivables are valued at the year-end exchange rate.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash (cash in hand), cheques received and deposits held at call with financial institutions with original maturities of three months or less. This is in accordance with the definition of cash and cash equivalents in the consolidated statement of cash flows.

(l) Employee benefits

(i) Pension obligations

Based on an individual commitment, the Group is obligated to pay a pension to an executive employee when he retires. This defined benefit obligation is measured by a qualified and independent actuary at the end of each reporting period.

This provision is determined in accordance with IAS 19 using the projected unit credit method. The present value of future obligations, determined on the basis of realistic assumptions, builds up according to an actuarial calculation over the period in the course of which the beneficiary acquires rights under this obligation. The expert opinion of an actuary is obtained to calculate the amount of the required provision on the specific end of the reporting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised, unless the cumulative unrecognised gain or loss of the previous reporting period exceeds 10% of the present value of the pension obligation or exceeds 10% of the scheme assets or liabilities (known as the corridor approach). If this is the case, these actuarial gains and losses are recognised through profit or loss and written off over the remaining years of service.

(ii) Defined contribution plans

For all executives, the Group pays monthly contributions into an industry-wide pension fund. These contributions are invested in an employee account, and paid out or passed on to the employee as an entitlement upon retirement. The Group is exclusively obligated to make those

contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(iii) Termination benefit obligations

Statutory provisions require the Group to pay a one-off termination benefit when employment is terminated by the Group or when an employee retires. This termination benefit depends on the number of years of service and the remuneration at the time of severance or retirement and amount to between two to twelve monthly salaries. Provision is made for this obligation.

This provision is calculated in accordance with IAS 19 using the projected unit credit method. The present value of future payments is accumulated according to actuarial calculations over the estimated period of employment of the employees. The calculation is done at the end of the respective reporting period, based on the expert opinion of an actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised, unless the cumulative unrecognised gain or loss of the previous reporting period exceeds 10% of the present value of the obligation or 10% of the scheme assets or liabilities (known as the corridor approach). If this is the case, the actuarial gains and losses are recognised through profit or loss and written off over the employee's remaining years of service.

(iv) Defined contribution plans (staff provision fund; *Mitarbeitervorsorgekasse*)

For all employee/employer relationships which started in Austria after 31 December 2002, the Group makes a monthly contribution of 1.53% of the remuneration to a corporate staff provision fund, which deposits the contributions into an account of the employee. The amount is paid out to the employee or the employee is entitled to this amount upon termination of employment. The Group is exclusively obligated to pay those contributions that were recorded as expenditure in the same reporting period in which they were incurred (defined contribution obligation).

(v) Other non-current employee obligations

Based on collective agreements, the Group is obligated to pay employees anniversary bonuses equivalent to one month's salary or wage (excluding fringe benefits and bonuses) upon completion of 25 years of service. A provision was made for this obligation.

This provision is measured according to the methods and assumptions—exclusive of the corridor approach—applied for the provision of termination benefit obligations.

(m) Other provisions

Other provisions are recorded if the Group has a present legal or constructive obligation towards a third party as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are recorded at the value determined according to best estimates made at the time the consolidated financial statements are prepared. A provision is not recognised if the amount cannot be reasonably assessed.

(n) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements prepared in accordance with the IFRSs. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial

recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities where there is an intention to settle the balances on a net basis.

(o) Borrowings

The Group's borrowings are initially measured at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using effective interest method.

(p) Trade and other payables

Trade and other payables are measured at the repayment amount.

(q) Derivative financial instruments

The Group uses derivative financial instruments to hedge risk exposures with regard to foreign currency and interest rate risks. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are carried at amortised cost at the end of the subsequent reporting periods. Changes in fair value are recognised based on whether certain qualifying criteria under IAS 39 are satisfied in order to apply hedge accounting.

Cash flow hedge:

Derivatives designated as hedging instruments to hedge against the variability of cash flows attributable to highly probable forecast transactions may qualify as cash flow hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group mainly enters into forward foreign exchange contracts to hedge the foreign currency risk associated with certain forecast foreign currency revenue. The effective portion of changes in the fair value of these derivatives is recognised in other comprehensive income and recognised in the hedging reserve. Gains and losses relating to this ineffective portion are immediately recognised through profit or loss.

Amounts accumulated in the hedging reserve are reclassified to the consolidated statement of comprehensive income in the period when the hedged item affects profit or loss (for example, when the forecast revenue transaction takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Derivatives not qualified for hedge accounting:

As regards derivatives that do not qualify for cash flow hedge accounting under IAS 39 (such as structured currency options and interest rate swaps), changes in fair value are recognised through profit or loss under "Fair value measurement of derivative financial instruments" or—if they relate to recognised foreign currency trade receivables and payables—in "Other operating income and expenses". Interest income and expenses resulting from interest rate derivatives are included within the line item "Interest income from financial instruments" in the consolidated statement of comprehensive income.

(r) Foreign currency measurement

Foreign currency translation of receivables, cash and cash equivalents and payables is carried out at the rate prevailing at the end of the reporting period. Gains and losses are recognised in profit or loss.

(s) Investment grants

Investment grants are shown within liabilities under "Investment grants" and are released over the useful life of the underlying investment. General grants, i.e. those which are not directly linked to a specific investment, are released over the period to which they relate within "Other operating income and expenses" in the consolidated statement of comprehensive income.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or to be received as consideration for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating inter-group sales.

The Group generates revenue by sale of goods (shipsets) to its customers. Sales of goods within the underlying supply agreements are recognised when the Group or a group company has delivered the products to the customer after any risks have been transferred to the customer according to the agreed terms and conditions.

In addition, the Group also earns revenue from provision of engineering and the rendering of services to third parties relating to producing shipsets. These services include: selling technology and research results, as well as carrying out training programmes for third parties. This revenue is recognised over the period of service rendered to the relevant third party.

Under IAS 11, a construction contract is a contract specifically negotiated for the construction of an asset. Contract costs are recognised as expenses in the period in which they are incurred. As the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

3 Financial risk management

1) Principles of financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. It is the Group's policy is basically not to enter into derivative transactions for speculative purposes.

Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Group's industry-specific risk lays in the changes in manufacturers' aircraft delivery plans to the end customers. The risk arising from the changes in future aircraft deliveries has an effect on the future revenue of the Group, since the deliveries of components manufactured by the Group follow this trend. The risk may lie in a reduction or the postponement of aircraft deliveries. This has the effect that the development costs cannot be recovered over the calculated period. This risk is counteracted through diversification within the sector, on the one hand, by maintaining supply agreements with both market dominating commercial aircraft suppliers and, on the other hand, by entering into supply agreements with the business jet sector in addition to the wide-body passenger aircraft. There is also geographic diversification through conclusion of supply agreements with the American/European markets and also in the Asian region. The Group is also a development partner for improvements to existing aircraft types, generating supply agreements for refurbishment of such aircraft.

2) Financial risk factors

a) Market risk

This includes especially the exchange and interest rate risks, as explained in more detail below. Apart from the two risk groups described below, there are no other significant price risks.

Foreign exchange risk—The Group is exposed to foreign exchange risk arising from revenue generated mainly in USDs and cost of materials to be paid in USDs. Consequently, the USD/EUR exchange rate affects the Group's profit or future cash flows, but is limited by the extent to which the Group uses financial instruments to hedge its current and future net foreign currency position. The Group treasury's hedging strategies are designed to control and minimise the influence of exchange rate fluctuations on profit or future cash flows. The management board approves the strategies and reports to the supervisory board on a regular basis. This is an ongoing process. The goal is to minimise the inherent risk in market fluctuations by pursuing the right strategy.

The Group treasury's risk management policy is to hedge anticipated USD cash flows (arising from revenue and purchases of raw materials) for the subsequent 12 to 15 months by forward foreign exchange contracts. These USD cash flows qualify as 'highly probable' forecast transactions with regard to hedge accounting purposes; the Group therefore applies hedge accounting for the forward foreign exchange contracts.

The Group also enters into currency option contracts (zero-cost option contracts) by buying pairs of USD put options and selling European USD call options at twice the volume of the put options purchased. The European USD call options sold by the Group partly have knock-in features defining a threshold with regard to the appreciation of the USD. This threshold has to be exceeded before the counter-party is entitled to exercise the call option at maturity. To a certain extent, the Group may thus benefit from a revaluation of the USD and is also protected from a devaluation of the USD.

These currency option contracts do not qualify for hedge accounting under IAS 39. The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying value amount, which is their fair value.

A change in exchange rates against all currencies as at 28 February 2011 and 29 February 2012 would basically impact the Group only with regard to the USD currency, on the one hand due to the effects from the measurement at the end of the reporting period of the USD items in the consolidated financial statements, and on the other hand due to the effect from the change in fair values of the derivative financial instruments in connection with currency hedges.

A change of +5% in the EUR/USD exchange rate as at 28 February 2011 and 28 February 2012 (average exchange rate at the end of the reporting period: 1.3809 and 1.3426, respectively) would result in a decrease in profit (after taxes) and equity by EUR 1,208,000 and EUR 2,190,000 due to the measurement at the end of the reporting period, as well as an increase in profit (after taxes) and equity by EUR 3,241,000 and EUR 2,566,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

A change of −5% in the EUR/USD exchange rate as at 28 February 2011 and 29 February 2012 (average exchange rate at the end of the reporting period: 1.3809 and 1.3426, respectively) would result in an increase in profit (after taxes) and equity by EUR 1,335,000 and EUR 2,420,000 due

to the measurement at the end of the reporting period, as well as a decrease in profit (after taxes) and equity by 4,269,000 and EUR 4,135,000 due to the change in fair values of derivative financial instruments in connection with currency hedges.

Interest rate risk—Risks from interest rate changes arise mainly exclusively from non-current borrowings. A list of all the significant interest-bearing liabilities and the residual terms, together with information on existing interest rate swap transactions, is included in Notes (12), (13) and (14).

In the context of whether an item bears fixed or variable interest rates, the Group assesses the risk of interest rate changes in the light of changes in cash flows of future interest payments. In close cooperation with market specialists from the banking sector, Group treasury routinely checks for every interest-bearing item whether a hedging instrument should be used. Strategies are presented to and approved by the management board.

If the market interest rate level had been higher / lower by 50 basis points as at 28 February 2011 and 29 February 2012, respectively, the profit (after taxes) and equity would have been lowered / increased by EUR 89,000 and EUR 226,000, respectively. The calculation was based on the financial assets and liabilities bearing variable interest rates.

b) Liquidity risk

It is a key element of the Group's business policy to, at all times, ensure adequate availability of cash and cash equivalents as liquidity reserve to be able to meet current and future obligations. This is assured by the reported total amount of cash and cash equivalents and extensive unused credit facilities (EUR 30,195,000 as at 28 February 2011 and EUR 14,632,000 as at 29 February 2012). Working capital is constantly monitored and reported to the management board. Timely financing is a top priority in financing considerations. Surplus cash and cash equivalents are invested in non-speculative, highly liquid financial instruments as required. These include mainly money market certificates, call money, securities and other money market papers that generally mature in less than three months. Refer to Note 3(5) for a maturity analysis of the financial assets and liabilities.

c) Credit risk

The Group operates within the airline industry and has two key customers. Consequently, the Group faces a concentration of credit risk in respect to the limited number of aircraft manufacturers.

Non-compliance by contractual partners is a credit risk to the Group. The Group has introduced guidelines to limit credit risks. Products and services are sold to customers with a history of appropriate creditworthiness taking into account the financial situation, past experience as well as other factors. The creditworthiness of new customers is assessed with regard to the default risk. The creditworthiness of existing customers is also regularly monitored. Claims against customers are insured against default should they exceed certain limits. Credit risks also arise from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions. Cash transactions and derivative financial transactions are only carried out with reputable and creditworthy banks and financial institutions.

The maximum credit risk is limited to the carrying amount of each financial asset in the consolidated statement of financial position.

No significant receivables had to be written off during the relevant fiscal years.

3) Contract volumes of derivative financial instruments and associated fair values

The notional amounts of certain types of derivative financial instruments serve as a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit risk or price risk. Depending on the individual conditions, the derivative financial instruments have a favourable (assets) or unfavourable (liabilities) effect as a result of fluctuations in market interest rates or foreign exchange rates. The aggregate contractual or notional amount of derivative financial instruments

on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can be subject to considerable temporal fluctuation.

The contract volume of the foreign currency derivatives is shown below, broken down according to maturity:

	Residual term			
	up to 1 year	1 to 5 years	more than 5 years	Total
	USD'000	USD'000	USD'000	USD'000
Balance as at 28 February 2011				
Currency hedging agreements				
Forward foreign exchange contracts—USD	71,500	0	0	71,500
Structured currency options[(1)]	240,000	0	0	240,000
Balance as at 29 February 2012				
Currency hedging agreements				
Forward foreign exchange contracts—USD	81,000	0	0	81,000
Structured currency options[(1)]	120,000	0	0	120,000

(1) Including USD put and call options as described above.

With regard to payments from cash flow hedges, the contractual due dates, i.e. the time when the underlying transactions are recognised through profit or loss, essentially correspond to the maturity of the above currency hedging agreements.

The contract volumes of the derivative financial instruments for interest rate hedging are as follows:

	Residual term			
	up to 1 year	1 to 5 years	more than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2011				
Interest rate swap contracts	15,000	20,000	20,000	55,000
Balance as at 29 February 2012				
Interest rate swap contracts	20,000	20,000	0	40,000

The fair values of derivative financial instruments for foreign currency and interest rate hedging are as follows:

	Volume	Volume	Fair Value
	USD'000	EUR'000	EUR'000
Balance as at 28 February 2011			
Forward foreign exchange contracts—USD	71,500	0	1,615
Structured currency options—USD	240,000	0	3,599
Interest rate swaps	0	55,000	−1,134
Balance as at 29 February 2012			
Forward foreign exchange contracts—USD	81,000	0	1,990
Structured currency options—USD	120,000	0	688
Interest rate swaps	0	40,000	−7,452

4) Carrying amounts and fair values of financial instruments

Original financial instruments mainly include financial assets, trade receivables, bank balances, bonds, financial liabilities and trade payables, and are shown in the consolidated statement of financial position.

Purchases and disposals of all the financial instruments are reported as at the completion date.

The financial instruments are generally measured at cost at the time of acquisition. Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of the ownership.

The current and non-current financial assets and liabilities are classified or categorised in accordance with IAS 39 as follows:

	Category IAS 39[1]	Carrying amount as at 28 February 2011	Fair value as at 28 February 2011	Carrying amount as at 29 February 2012	Fair value as at 29 February 2012
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Measurement at (amortised) cost					
Non-current receivables	LaR	0	0	16,141	16,141
Trade receivables	LaR	63,074	63,074	75,627	75,627
I/C receivables	LaR	0	0	6,714	6,714
Cash and cash equivalents	LaR	18,271	18,271	19,292	19,292
Measurement at fair value					
Other securities (unlisted)	AfS	870	870	995	995
Securities (listed)	AfS	353	353	352	352
Derivatives with positive fair value (interest rate swaps)	AtFVtP&L	256	256	173	173
Derivatives with positive fair value (forward foreign exchange contracts)	—	1,615	1,615	1,990	1,990
Derivatives with positive fair value (structured currency options)	AtFVtP&L	3,599	3,599	688	688
Total financial assets		88,038	88,038	121,972	121,972

(1) LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

	Category IAS 39[1]	Carrying amount as at 28 February 2011	Fair Value as at 28 February 2011	Carrying amount as at 29 February 2012	Fair Value as at 29 February 2012
		EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES					
Measurement at (amortised) cost					
Bonds	FLAC	35,000	35,000	20,000	20,000
Bank borrowings	FLAC	25,414	25,414	53,248	53,248
Trade payables	FLAC	23,521	23,521	35,467	35,467
Other financial liabilities	FLAC	0	0	0	0
Measurement at fair value					
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	1,390	1,390	7,625	7,625
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0
Total financial liabilities		85,325	85,325	116,340	116,340

(1) LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

The fair value of a financial instrument is the price at which a party would take over the rights and/or duties under this financial instrument from another party. The fair values were determined based on the market information available at the end of the reporting period and the measurement methods described below. The fair values of financial instruments reported in the financial statements may differ from the values to be realised at a future date due to varying factors.

The trade receivables, other receivables and cash and cash equivalents generally have short residual terms. For this reason, their carrying amounts at the end of the reporting period approximate their fair values. If no market prices are available, the fair value of non-current financial assets corresponds to present values of the associated payments, allowing for the current market parameters in each case.

The fair value of available-for-sale securities and book-entry securities was estimated based on their quoted market price at the end of the reporting period.

Trade payables and other financial liabilities generally have short residual terms; the carrying amounts therefore approximate the fair values.

The fair value of bonds approximates their carrying value at the end of the reporting period. For variable-interest loans, the carrying amount is the fair value. For non-current bank borrowings, the carrying amount approximates the fair value.

The fair value of the financial instruments on the assets and the liabilities sides is the estimated amount the Group would have to pay or would receive if the transactions were settled on 28 February 2011 and 29 February 2012.

With regard to financial instruments measured at fair value, a differentiation is to be made according to the following three categories.

- Level 1: The fair values are determined based on quoted prices in active markets for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that corresponds to the greatest possible extent to market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

The allocation of the financial instruments measured at fair value to the three measurement categories at the end of the reporting period is as follows:

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2011				
Assets				
Non-current assets				
Non-current financial assets	352	870	0	1,222
Derivative financial instruments	0	133	0	133
Current assets				
Derivative financial instruments	0	5,337	0	5,337
Liabilities				
Non-current liabilities				
Derivative financial instruments	0	1,390	0	1,390
Current liabilities				
Derivative financial instruments	0	0	0	0

	Level 1	Level 2	Level 3	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 29 February 2012				
Assets				
Non-current assets				
Non-current financial assets	352	995	0	1,347
Derivative financial instruments	0	0	0	0
Current assets				
Derivative financial instruments	0	2,851	0	2,851
Liabilities				
Non-current liabilities				
Derivative financial instruments	0	7,625	0	7,625
Current liabilities				
Derivative financial instruments	0	0	0	0

5) Residual terms and cash flow analysis of the financial liabilities

The residual terms of the financial liabilities are as follows:

	Category IAS 39[1]	Carrying amount as at 28 February 2011	year 1	Residual term year 2	years 3 - 5	in more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Bonds	FLAC	35,000	15,000	20,000	0	0
Bank borrowings	FLAC	25,414	9,321	2,918	6,802	6,373
Trade payables	FLAC	23,520	23,520	0	0	0
Measurement at fair value						
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	1,390	0	0	0	1,390
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0
Total financial liabilities		85,324	47,841	22,918	6,802	7,763

	Category IAS 39[1]	Carrying amount as at 29 February 2012	year 1	Residual term year 2	years 3 - 5	more than 5 years
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES						
Measurement at (amortised) cost						
Bonds	FLAC	20,000	20,000	0	0	0
Bank borrowings	FLAC	53,248	35,973	2,268	9,831	5,176
Trade payables	FLAC	35,467	35,467	0	0	0
Measurement at fair value						
Derivatives with negative fair value (interest rate swaps)	AtFVtP&L	7,625	0	0	7,625	0
Derivatives with negative fair value (forward foreign exchange contracts)	—	0	0	0	0	0
Derivatives with negative fair value (structured currency options)	AtFVtP&L	0	0	0	0	0
Total financial liabilities		116,340	91,440	2,268	17,456	5,176

(1) FLAC — Financial Liabilities at Amortised Cost
AtFVtP&L — At Fair Value through Profit and Loss

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 28 February 2011:

	Category IAS 39[1]	Carrying amount as at 28 February 2011	Fiscal year 2011/12			Fiscal year 2012/13 to 2015/16			Fiscal year 2016/17 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Bonds	FLAC	35,000	−1,650	0	−15,000	−825	0	−20,000	0	0	0
Bank borrowings	FLAC	25,414	−112	−288	−9,321	−145	−875	−9,720	0	−427	−6,373
Trade payables	FLAC	23,521	0	0	−23,521	0	0	0	0	0	0
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)[2]	AtFVtP&L	1,390	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (forward foreign exchange contracts)[3]	—	0	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (structured currency options)[3]	AtFVtP&L	0	0	0	0	0	0	0	0	0	0
Total financial liabilities		85,325	−1,762	−288	−47,842	−970	−875	−29,720	0	−427	−6,373

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the high volatility of the current interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The following contractually agreed payment obligations (interest payments and redemptions) arise in the subsequent years from the financial liabilities as at 29 February 2012:

	Category IAS 39[1]	Carrying amount as at 29 February 2012	Fiscal year 2012/13			Fiscal year 2013/14 to 2016/17			Fiscal year 2017/18 ff.		
			Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption	Fixed interest	Variable interest	Redemption
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES											
Measurement at (amortised) cost											
Bonds	FLAC	20,000	−825	0	−20,000	0	0	0	0	0	0
Bank borrowings	FLAC	53,248	−88	−581	−35,973	−183	−733	−12,098	0	−271	−5,177
Trade payables	FLAC	35,467	0	0	−35,467	0	0	0	0	0	0
Measurement at fair value											
Derivatives with negative fair value (interest rate swaps)[2]	AtFVtP&L	7,625	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (forward foreign exchange contracts)[3]	—	0	0	0	0	0	0	0	0	0	0
Derivatives with negative fair value (structured currency options)[3]	AtFVtP&L	0	0	0	0	0	0	0	0	0	0
Total financial liabilities		116,340	−913	−581	−91,440	−183	−733	−12,098	0	−271	−5,177

(1) FLAC Financial Liabilities at Amortised Cost
AtFVtP&L At Fair Value through Profit and Loss

(2) Due to the high volatility of the current interest rate environment, a reasonable presentation of the interest payments based on an assessment of the interest rate development up to the maturity of the interest derivative (in 2016) cannot be presented. Therefore, no presentation is given for the following fiscal years.

(3) Due to the high volatility of the currency market (EUR/USD), a reasonable presentation of future cash flows from foreign currency derivatives under the fictitious assumption of settlement at the maturity date cannot be presented. Therefore, no presentation is given for the following fiscal year.

The interest payments were calculated based on the last interest rates as determined on or before the end of the reporting period. Planned figures for future new liabilities are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity interval.

The Group has access to the following credit facilities:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Total credit facilities agreed		
RLB OÖ	6,000	8,000
UniCredit Bank Austria	3,000	3,000
Oberbank	3,040	3,040
KRR export credit facility	22,000	30,000
Total	34,040	44,040

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Credit facilities unused		
RLB OÖ	2,155	5,592
UniCredit Bank Austria	3,000	3,000
Oberbank	3,040	3,040
KRR export credit facility (working capital financing facility)	22,000	3,000
Total	30,195	14,632

6) Net result from financial instruments

The net result from the Group's financial instruments according to classes or measurement categories pursuant to IAS 39 comprises net gains and losses, total interest income and expenses and impairment losses, and is as follows:

	For the fiscal year ended 28 February 2011				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	106	0	187	0	293
Financial assets available for sale	0	−5	0	0	−5
Financial assets measured at fair value through profit or loss	318	4,920	0	0	5,238
Financial liabilities measured at amortised cost	2,308	0	0	0	−2,308
Total	1,884	4,915	187	0	3,218

	For the fiscal year ended 29 February 2012				
		from subsequent measurement			
	from interest	at fair value	change in value	from disposal	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Loans and receivables	49	0	−288	0	−239
Financial assets available for sale	0	0	0	0	0
Financial assets measured at fair value through profit or loss	190	9,229	0	0	−9,039
Financial liabilities measured at amortised cost	−2,323	0	0	0	−2,323
Total	−2,084	9,229	−288	0	−11,601

The changes of the provision made with regard to impaired loans and receivables are shown under "Other operating income and expenses". The subsequent measurement at fair value of the financial assets available for sale is shown in other comprehensive income under "Fair value measurement of securities". The remaining components of the net result are mainly included in "Finance costs", "Interest income from financial instruments" and in "Fair value measurement of derivative financial instruments".

4 Segment reporting

For the fiscal year ended 28 February 2011	Segments		
	FACC Structures	FACC Interiors	Total
	EUR'000	EUR'000	EUR'000
Information on profitability			
Revenue	186,350	80,394	266,744
Earnings before interest, taxes and fair value measurement of derivative financial instruments	19,989	992	20,982
Depreciation and amortisation	11,823	5,429	17,252
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortisation	31,812	6,421	38,234
Information on assets			
Assets	222,293	79,771	302,064
Capital expenditure in the fiscal year	13,838	3,764	17,601

For the fiscal year ended 29 February 2012	Segments		
	FACC Structures	FACC Interiors	Total
	EUR'000	EUR'000	EUR'000
Information on profitability			
Revenue	247,775	107,849	355,624
Earnings before interest, taxes and fair value measurement of derivative financial instruments	14,128	9,263	23,391
Depreciation and amortisation	12,153	4,211	16,364
Earnings before interest, taxes, fair value measurement of derivative financial instruments, depreciation and amortisation	26,282	13,474	39,755
Information on assets			
Assets	257,890	89,870	347,760
Capital expenditure in the fiscal year	18,592	7,547	26,139

The Group manufactures components for the aviation industry, mainly for civil aircraft and helicopters. The product range includes "structural components" (claddings for body and control surfaces, engine cowlings and composite parts for engines, wing parts and wingtips) as well as components for the interiors of aircraft (such as baggage compartments, interiors, service units, etc.).

Segment reporting is consistent with the internal management and reporting of the Group. Due to the product's different applications, two operating segments were created. The "FACC Structures" segment covers development, manufacture and sales of structural components, and the "FACC Interiors" segment handles the development, manufacture and sales of interiors. Both operating segments are headed by business area managers (vice presidents). After conclusion of the customer agreements and order processing, the individual orders are manufactured in the four plants. Apart from these two operating segments, the Company as whole includes the central services of finances and controlling, personnel, quality management, purchasing and IT (including engineering services). In the form of a matrix organisation, these central services support the operating segments in the completion of their tasks.

The business area managers report to the management board in separate monthly management review meetings in the course of which the current order position, revenue, profit contributions of individual projects, schedules and milestones, project and development risks, calculation and compilation of offers, required capital expenditure and other operating topics of importance are discussed and—if necessary—followed up by immediate decisions. The members of the management board are the main decision makers (chief operating decision maker) in the Company, which—as collegiate body—make the final decisions on the allocation of resources to the operating segments and evaluate the performance of the segments.

The segmented assets as well as expenses and income are assigned to the two segments by means of a defined procedure. As a rule, services between the segments are exchanged at arm's length basis. The entire segment revenue represents external revenue from third parties.

Internal reporting within the segments is essentially based on information on profitability. In the course of segment accounting, the profitability is calculated on project level by way of direct costing and then

aggregated into segments. Expenses and income that cannot be directly assigned on project level are attributed to the segments using defined criteria.

Apart from scheduled depreciation / amortisation and write-downs, there was no other significant non-cash effective expenditure in the individual segments.

The segment assets comprise that part of the current and non-current assets used in the operating activities of the segment. This includes primarily intangible assets, property, plant and equipment, cash and cash equivalents, inventories and trade receivables. Debt was not assigned to segments, since this is not reported in internal control and reporting either.

Revenue

Values as at 28 February 2011	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	1,376	56,089	18,366	118,947	71,966	266,744

Value as at 29 February 2012	Austria	USA	Canada	Germany	Other countries	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	1,401	91,973	29,727	151,699	80,824	355,624

As regards revenue, segmentation into geographical areas is based on the customer's corporate seat. The majority of segment assets are located in Austria.

For the fiscal year ended 28 February 2011, the Group generated revenue from two external customers which both exceeded 10% of the total revenue amounting to EUR 91,551,000 and EUR 33,841,000, respectively.

For the fiscal year ended 29 February 2012, the Group generated revenue from two external customers which both exceeded more than 10% of the total revenue amounting to EUR 118,445,000 and EUR 40,963,000, respectively.

Revenue from external customers is derived from the production of shipsets as well as from providing engineering and other services in connection with the production of shipsets. Revenue is broken down as follows:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Production	207,071	287,699
Engineering and services (Note a)	59,673	67,925
Total revenue	266,744	355,624

Note a:

Engineering and services revenue for the fiscal year ended 28 February 2011 included a fee received from FACC Holding Company, Limited, which was immediately recognised as this amount was non-refundable in all circumstances.

In the fiscal year ended 29 February 2012, revenue in the amount of EUR 11,000,000 was recognised for engineering services and relevant manufacturing tools in connection with an interior project relating to a Chinese civil aircraft. Revenue recognition is based on a contract concluded with Fesher Aviation Component (Zhenjiang) Co., Ltd. under which all prospects and risks regarding to the project are transferred to the purchaser. Transfer of prospects and risks and trade receivables incurred in the course of the contract were confirmed by the purchaser. Any additional engineering services ordered in future periods will be rendered under an extra service agreement. Discounted revenue in the amount of EUR 10,601,695 due to the aforementioned business transaction is reported in the consolidated financial statements. The carrying amounts at the time of disposal of production tools (EUR 1,980,000) and of capitalised development costs (EUR 5,052,000) are included in "Cost of materials and purchased services".

5 Intangible assets

For the two fiscal years ended 28 February 2011 and 29 February 2012	Goodwill	Software	Delivery rights	Development costs	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs					
Balance as at 1 March 2010	17,203	7,710	23,061	74,973	122,947
Additions	0	1,019	8,539	4,353	13,911
Disposals	0	0	0	0	0
Balance as at 28 February 2011	17,203	8,729	31,600	79,326	136,858
Additions	0	2,786	487	12,259	15,532
Disposals	0	0	−3,873	−5,106	−8,979
Balance as at 29 February 2012	17,203	11,515	28,214	86,479	143,411
Accumulated scheduled amortisation and write-downs					
Balance as at 1 March 2010	0	6,910	12,535	18,748	38,193
Scheduled amortisation	0	639	852	2,935	4,426
Write-down	0	0	0	0	0
Disposals	0	0	0	0	0
Balance as at 28 February 2011	0	7,549	13,387	21,683	42,619
Scheduled amortisation	0	992	1,063	2,547	4,602
Write-down	0	0	0	0	0
Disposals	0	0	−3,873	−54	−3,927
Balance as at 29 February 2012	0	8,541	10,577	24,176	43,294
Carrying amounts as at 28 February 2011	17,203	1,180	18,213	57,643	94,239
Carrying amounts as at 29 February 2012	17,203	2,974	17,637	62,303	100,117

Delivery rights are considerations paid for acquiring the right to supply certain aircraft components to the customer.

Research expenses of EUR 1,292,000 (28 February 2011) and EUR 2,482,000 (29 February 2012) were recognised through profit or loss.

6 Property, plant and equipment

For the two fiscal years ended 28 February 2011 and 29 February 2012	Land and buildings	Technical equipment	Factory and office equipment	Prepayments, construction in process	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition costs					
Balance as at 1 March 2010	56,475	87,996	12,703	2,156	159,330
Additions	140	1,068	510	1,971	3,689
Transfers	0	20	0	−20	0
Disposals	0	−372	−503	0	−875
Balance as at 28 February 2011	56,615	88,712	12,710	4,107	162,144
Additions	1,063	3,571	1,543	4,427	10,604
Transfers	0	2,127	17	−2,144	0
Disposals	0	−2,124	−137	0	−2,261
Balance as at 29 February 2012	57,678	92,286	14,133	6,390	170,487
Accumulated depreciation					
Balance as at 1 March 2010	11,062	54,154	9,238	0	74,454
Scheduled depreciation	1,596	10,158	1,073	0	12,827
Disposals	0	−370	−486	0	−856
Balance as at 28 February 2011	12,658	63,942	9,825	0	86,425
Scheduled depreciation	1,622	8,996	1,144	0	11,762
Disposals	0	−113	−139	0	−252
Balance as at 29 February 2012	14,280	72,825	10,830	0	97,935
Carrying amounts as at 1 March 2010	45,413	33,842	3,465	2,156	84,875
Carrying amounts as at 28 February 2011	43,957	24,770	2,885	4,107	75,719
Carrying amounts as at 29 February 2012	43,398	19,460	3,304	6,390	72,552

Certain properties and buildings serve as collateral for bank borrowings (see Note 13 "Financial liabilities"). The Group holds only freehold land.

7 Non-current financial assets

	Available for sale investments	Other securities	Total
	EUR'000	EUR'000	EUR'000
Fair value as at 1 March 2010	357	691	1,048
Additions	0	179	179
Unrealised changes in fair value	−5	0	−5
Fair value as at 28 February 2011	352	870	1,222
Additions		125	125
Unrealised changes in fair value	0	0	0
Fair value as at 29 February 2012	352	995	1,347

Available-for-sale securities (listed)

Securities available for sale serve as coverage of pension provisions in accordance with the provisions of Sections 14 and 116 of the Austrian Income Tax Act (EStG). The carrying amount corresponds to the market value as at the respective end of the reporting period (28 February 2011 and 29 February 2012).

	Carrying amount as at 28. February 2011	Carrying amount as at 29 February 2012
	EUR'000	EUR'000
Kepler Vorsorge Mixfonds	115	112
A 3 shares	237	240
Balance	352	352

Book-entry securities (unlisted)

Book-entry securities relate to the cash surrender values of the pension re-insurance for the Group's pension obligations, which are valued at the cash surrender value at the end of the reporting period as confirmed by the insurance company. This value approximates the cash inflows to be expected if the insurance policy was cancelled at the end of the reporting period, which reflects the best possible value determination available at the end of the reporting period. Furthermore, the Group holds shares in the Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis.

	Share	Carrying amount as at 28 February 2011	Carrying amount as at 29 February 2012
		EUR'000	EUR'000
Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis	3.14%	44	44
Pension re-insurance		826	951
Balance		870	995

All non-current financial assets are denominated in Euros.

8 Inventories

Carrying amount	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Raw materials and consumables	20,064	25,885
Unfinished goods and services not yet invoiced	15,125	16,449
Finished goods	2,212	2,429
Balance (net of valuation adjustments)	37,401	44,763

Based on a detailed inventory analysis, valuation adjustments of inventories were made for slow-moving inventory and due to lower net selling prices in the amount of EUR 4,858,000 (28 February 2011) and EUR 4,073,000 (29 February 2012). The valuation adjustments of inventories in the amount of EUR 372,000 as at 28 February 2011 and EUR 785,000 as at 29 February 2012 were recognised through profit or loss.

9 Trade receivables, other receivables and deferred items, I/C receivables and non-current receivables

Carrying amount	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Trade receivables	57,230	63,978
Receivables from construction contracts (= cost incurred)	6,271	11,964
Receivables from customers	63,501	75,942
Other receivables	5,490	7,418
Accruals and deferrals	750	937
I/C receivables	0	6,400
Balance	69,741	90,697

	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Trade receivables	64,472	77,201
Less valuation adjustments of trade receivables	−971	−1,259
Trade receivables—net	63,501	75,942
Other receivables	5,490	7,418
Accruals and deferrals	750	937
I/C receivables	0	6,400
Balance	69,741	90,697

The majority of the Group's revenue is based on payment terms between 30 and 120 days calculated from date of invoice. The ageing analysis of the trade receivables based on the invoice date is as follows:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Up to 3 months	57,030	69,044
3 to 6 months	5,978	6,559
Over 6 months	493	339
	63,501	75,942

As at 28 February 2011 and 29 February 2012, trade receivables of EUR 6,643,000 and EUR 5,841,000 were past due but not impaired. These receivables relate to a number of independent customers for whom there is no recent history of default. At the end of the reporting period, there are no indications that the debtors will not meet their obligations.

Trade receivables	Total	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	more than 120 days
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2011	6,643	1,985	2,410	1,196	429	623
Balance as at 29 February 2012	5,841	997	1,434	1,298	0	2,112

In connection with the trade receivables from one customer, the Group has a cession agreement without recourse with a financial institution. The ceded amount reduces the Group's trade receivables.

Movements in the valuation adjustments of trade receivables have developed as follows:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Valuation adjustment of trade receivables at the beginning of the period	1,158	971
Utilisation	−29	−84
(Reversal) / addition	−158	372
Valuation adjustment of trade receivables at the end of the period	971	1,259

The valuation adjustments of trade receivables comprise of many individual items of which no single item is considered significant on its own.

Other receivables include:

Carrying amount	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Credit balance with tax authority	4,171	6,418
Other	1,320	1,000
Balance	5,491	7,418

Other receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables.

All receivables and other assets have residual terms of less than one year.

I/C receivables include:

The Group shows receivables from other associates (Future Aviation International Investment Co., Ltd, formerly FACC Holding Company, Limited) under I/C receivables in the consolidated statement of financial position. This company is a holding company which is not included in the consolidated group of the AIIG Group, since it is a superordinated company.

These receivables do not show significant amounts of overdue receivables. Furthermore, no valuation adjustments in a significant amount were made for these receivables.

All receivables have residual terms of less than one year.

Non-current receivables include:

Carrying amount	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Non-current trade receivables	0	11,000
Prepayments	0	5,141
Balance	0	16,141

All receivables shown under non-current receivables have residual terms of more than one year.

The carrying amounts of the Group's trade receivables and other receivables are denominated in the following currencies:

	Carrying amount as at 28 February 2011	Carrying amount as at 29 February 2012
	EUR'000	EUR'000
GBP	284	476
USD	58,767	72,299
EUR	10,690	17,922
	69,741	90,697

10 Cash and cash equivalents

Carrying amount	As at 28 February 2011	As at 29 February 2012
	EUR'000	EUR'000
Bank balances	15,546	17,497
Cash in hand	19	19
Cheques received	2,706	1,776
Balance	18,271	19,292

11 Equity and capital management

(a) Share capital

The share capital amounts to EUR 35,000 and is fully paid in. FACC International Company Limited, Hong Kong, is the sole shareholder of Aerospace Innovation Investment GmbH.

(b) Capital reserve

The unappropriated capital reserve results from

- A capital injection (grandparent contribution) in the amount of EUR 136,000,000 from Xi'an Aircraft Industry (Group) Company Limited and
- From a capital injection carried out via Aerospace Innovation Investment GmbH (grandparent contribution) of FACC International Company Limited to Aero Vision Holding GmbH in the amount of EUR 8,006,250 given for the acquisition of the shares held by ACC Kooperationen und Beteiligungen GmbH and Stephan GmbH in FACC AG.

(c) Reserves for currency hedges (cash flow hedges)

The reserves for cash flow hedges result from changes in the fair value of currency hedging instruments that have to be recognised directly in equity pursuant to IAS 39. The effective portion of the changes in the fair value was entered in the hedging reserve with no effect on profit/loss. These changes in equity are presented net of taxes in other comprehensive income. The non-effective portion of the changes in the fair value in the amount of EUR nil (28 February 2011) and EUR nil (29 February 2012) was recognised in profit or loss. The fair value of currency hedging instruments is reclassified through profit or loss from the hedging reserve to the consolidated statement of comprehensive income when the underlying hedged items affect profit or loss.

	EUR'000
Balance as at 1 March 2010	**−6,563**
Reclassification to the consolidated statement of comprehensive income, net	6,563
Change in fair values of hedging instruments, net	1,211
Balance as at 28 February 2011	**1,211**
Reclassification to the consolidated statement of comprehensive income, net	−1,211
Change in fair values of hedging instruments, net	590
Balance as at 29 February 2012	**590**

(d) Dividends

No dividends were paid or proposed by the Company in the reporting period.

(e) Capital management

It is the goal of capital management to maintain a strong capital base to meet the specific corporate risks (growth and development risk) by creating a balanced capital structure. Management considers capital to be only the equity as shown in the consolidated statement of financial position in accordance with IFRSs. As at the end of the reporting period, the equity ratio (i.e. the ratio of equity to total assets) was 56.0% (28 February 2011) and 51.5% (29 February 2012).

12 Bonds

The following table shows the bonds issued by the Group:

	Nominal value	Carrying amount as at 28 February 2011	Carrying amount as at 29 February 2012
	EUR'000	EUR'000	EUR'000
5.5% FACC bond, 2004 to 2011	15,000	15,000	0
4.125% FACC bond, 2005 to 2012	20,000	20,000	20,000
Balance	35,000	35,000	20,000

The two bonds were placed at the Third Market on the Vienna Stock Exchange.

Both bonds are subject to covenant clauses under which the Group is required to meet certain ratios of net debt to equity and net debt to EBITDA. If the Group exceeds these ratios, the bonds may fall due. At the end of the reporting period, i.e. 28 February 2011 and 29 February 2012, there was no breach of covenants by the Group.

13 Financial liabilities

	Balance as at 28 February 2011		
	Non-current	Current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit Bank AG, ERP A380	4,287	1,071	5,358
ERSTE Bank, research promotion loan	0	1,030	1,030
RLB OÖ, research promotion loan	0	333	333
RLB OÖ, ERP loan, Plant IV	1,000	1,000	2,000
RLB OÖ / Oberbank, research promotion loan	846	847	1,693
RLB OÖ / Oberbank, credit with AWS guaranty	3,950	0	3,950
RLB OÖ / Oberbank, credit with security transfer	6,010	0	6,010
RLB OÖ USD	0	3,846	3,846
Sparkasse OÖ EUR	0	2	2
Accrual, interest and expenses	0	725	725
Other	0	467	467
Balance	16,093	9,321	25,414

The interest rates of the financial liabilities vary from 1.5% to 2.84%.

	Balance as at 29 February 2012		
	Non-current	Current	Total
	EUR'000	EUR'000	EUR'000
Bank borrowings			
Investkredit Bank AG, ERP A380	3,215	1,071	4,286
UniCredit BA, Kontrollbank export credit	0	27,000	27,000
ERSTE Bank, research promotion loan	0	0	0
RLB OÖ, research promotion loan	0	0	0
RLB OÖ, ERP loan, Plant IV	0	1,000	1,000
RLB OÖ / Oberbank, research promotion loan	0	847	847
RLB OÖ / Oberbank, credit with AWS guaranty	3,950	0	3,950
RLB OÖ / Oberbank, credit with security transfer	6,010	0	6,010
Investkredit Bank AG, ERP loan	4,100	0	4,100
RLB OÖ EUR	0	2,408	2,408
RZB USD	0	1	1
Sparkasse OÖ EUR	0	3,000	3,000
Sparkasse USD	0	3	3
Accrual, interest and expenses	0	643	643
Other	0	0	0
Balance	17,275	35,973	53,248

The interest rates of the financial liabilities vary from 1.5% to 3.0%.

Certain bank borrowings are secured by liens on Company properties, by AWS (Austrian Credit Agency) guarantees, federal guarantees for loans within the framework of support agreements by the *Forschungsförderungsgesellschaft* (Austrian Research Promotion Agency) and transfers of titles on machines by way of security. The export loan under the *Austrian Kontrollbank's* procedure is secured by export receivables in the amount of 120% of the framework made available. Certain conditions must be complied with in order to claim the favourable interest rates on research promotion loans. The collaterals for certain bank borrowings in connection with properties and buildings amounted to EUR 22,519,000 as at 28 February 2011 and 29 February 2012.

14 Derivative financial instruments

The notional amounts of derivative financial instruments are as follows:

Forward foreign exchange contracts	Balance as at 28. February 2011	Balance as at 29 February 2012
	USD'000	USD'000
Forward foreign exchange contracts	71,500	81,000
Structured currency options	240,000	120,000
Total current	**311,500**	**201,000**

Interest rate swaps	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Interest rate swaps	55,000	40,000
Total	**55,000**	**40,000**
Less non-current portion		
Interest rate swaps	40,000	20,000
	40,000	20,000
Current portion	15,000	20,000

The full fair value of a financial derivative instrument is classified as a non-current asset or liability if the residual term exceeds 12 months. If the residual term is less than 12 months, it is classified as a current asset or liability.

A positive fair value is shown on the assets side under the item "Derivative financial instruments". A negative fair value is reported under the item "Derivative financial instruments" on the liabilities side.

The maximum credit risk exposure at the end of the reporting period corresponds to the fair value of the derivative assets recognised in the consolidated statement of financial position.

(a) Forward foreign exchange contracts and structured currency options

Forward foreign exchange and currency option contracts were concluded to hedge against the foreign exchange risk. The forward foreign exchange contracts that qualify for hedge accounting are shown as cash flow hedge in accordance with IAS 39. Foreign exchange and structured currency option contracts not shown as cash flow hedges are shown as stand-alone derivatives.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts are recognised in the consolidated statement of comprehensive income in the period or periods during which the hedged forecast transaction affects the consolidated statement of comprehensive income. This is generally within 12 months from the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of fixed assets, in which case recognition is over the lifetime of the asset (five to ten years).

(b) Interest rate swaps

To hedge against the interest rate risk of the interest-bearing financial liabilities, interest rate swap contracts were concluded which are entered in consolidated statement of financial position as a stand-alone derivative; not as hedge accounting in accordance with IAS 39.

As at 28 February 2011, the fixed interest rates vary from 5.5% to 2.3%.

As at 29 February 2012, the fixed interest rates vary from 4.1% to 3.0%.

15 Investment grants

Non-current and current investment grants amount to EUR 14,689,000 (28 February 2011) and EUR 12,935,000 (29 February 2012). As a rule, the significant part of the investment grants is subject to conditions defined by the granting authority that have to be fulfilled for a period of 3-5 years upon acceptance of the final settlement. This essentially entails a minimum number of employees that must be retained, as well as the obligation not to move the supported assets from the project location or sell them. The other investment grants relate to subsidies for development projects and are released over the term of the projects.

16 Employee benefit obligations

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Obligations recognised in the consolidated statement of financial position for		
Pension obligations (a)	1,263	1,434
Provision for termination benefits (b)	2,700	2,628
Provision for anniversary bonuses (c)	482	611
Provision for early retirement benefits	67	87
	4,512	4,760
Expenses shown in the consolidated statement of comprehensive income		
Pension obligations	166	171
Termination benefits	−301	−72
Anniversary bonus	25	129
Early retirement benefits	−24	20
	−134	248

(a) Pension obligations

The amounts recognised in the consolidated statement of financial position are as follows:

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Present value of the pension obligations as at 1 March	1,154	1,233
Service costs	112	109
Interest expense	55	62
Actuarial gain/loss of the period	−88	130
Reversal due to retirement of beneficiaries	0	0
Present value of the pension obligations at the end of the period	1,233	1,534
Cumulative actuarial gain/loss	30	−100
Liability recognised in the consolidated statement of financial position at the end of the fiscal year	**1,263**	**1,434**

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Service costs	112	109
Interest expense	55	62
Past service costs	0	0
Total	**167**	**171**

The principal actuarial assumptions used were as follows:

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Interest rate	5%	4%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	none	none
Pensionable age—men	60 years	60 years
Mortality rate (Note)	AVÖ 2008-P	AVÖ 2008-P

Note:

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions are based on the post-retirement mortality tables in Austria (published by the Austrian Actuarial Association).

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Recognised pension obligation	1,263	1,434
Fair value of the plan assets	0	0

All expenses associated with pensions are shown under "Staff costs" in the consolidated statement of comprehensive income.

(b) Provisions for termination benefits

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Present value of provision for termination benefit obligations as at the beginning of the period	2,832	2,622
Service costs	−14	174
Interest expense	125	131
Actuarial gain/loss of the period	91	697
Termination benefits paid	−413	−385
Present value of provision for termination benefit obligations at the end of the period	2,622	3,239
Cumulative actuarial gain/loss	78	−619
Provisions for termination benefits	**2,700**	**2,620**

The calculations as at 28 February 2011 and 29 February 2012 are based on the following assumptions:

	Balance as at 28 February 2011	Balance as at 29 February 2012
Interest rate	5.00%	4.00%
Pension and salary increases	2.00%	2.00%
Staff turnover—employees	15.90%	12.40%
Staff turnover—workers	12.80%	14.60%
Pensionable age—women	60 years	60 years
Pensionable age—men	65 years	65 years
Mortality rate	AVÖ 2008-P	AVÖ 2008-P

The statutory transitional provisions regarding the pensionable age were taken into account.

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Recognised termination benefit obligations	2,700	2,628
Fair value of the plan assets	0	0

All expenses associated with termination benefits were shown under "Staff costs" in the consolidated statement of comprehensive income.

(c) Provisions for anniversary bonuses

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Present value of provision for anniversary bonuses as at the beginning of the period	424	447
Service costs	62	64
Interest expense	20	22
Actuarial gain/loss for the period	−40	58
Anniversary bonuses paid	−19	−25
Present value of provision for anniversary bonuses at the end of the period	447	566
Non-wage labour costs	35	45
Recognised provision for anniversary bonuses	**482**	**611**

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Recognised anniversary bonus obligations	482	611
Fair value of the plan assets	0	0

All expenses associated with anniversary bonuses were shown under the item "Staff costs" in the consolidated statement of comprehensive income.

Defined contribution plans

Contributions in the amount of EUR 62,000 (28 February 2011) and EUR 54,000 (29 February 2012) were made to the multi-employer pension fund in the respective fiscal years.

Defined contribution plans (staff provision fund)

Contributions in the amount of EUR 630,000 (28 February 2011) and EUR 799,000 (29 February 2012) were made to the staff provision fund in the respective fiscal years.

17 Trade payables

The age analysis of trade payables as at 28 February 2011 and 29 February 2012 is as follows:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Within 90 days	23,403	35,346
Over 90 days and within 360 days	117	121
	23,520	35,467

18 Other liabilities and deferred income

	Carrying amount as at 28 February 2011	Carrying amount as at 29 February 2012
	EUR'000	EUR'000
Social security payables	1,646	2,029
Other liabilities	264	414
Liabilities towards employees	8,099	10,168
Accruals and deferrals	158	131
Balance	10,167	12,742

19 Other provisions

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2010	1,048	3,232	3,411	7,691
Utilisation	−1,048	−1,034	−1,601	−3,683
Reversal	0	−293	−945	−1,238
New provisions	1,419	1,669	1,429	4,517
Balance as at 28 February 2011	1,419	3,574	2,294	7,287
of which current	1,419	3,574	2,294	7,287
of which non-current	0	0	0	0

The provisions for employees mainly relate to profit-sharing.

In addition to specific obligations, provisions for warranties include a best estimate of possible warranty obligations in the amount of EUR 1,573,000 (previous year: EUR 1,623,000). Management assesses the related provision for future warranty claims on the basis of historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The Group generally offers a warranty period of four years for its products.

Other provisions include a provision for follow-up costs in the amount of EUR 231,000 regarding the completion of a development project, a provision for outstanding travel expenses in the amount of EUR 207,000, and a provision for a settlement payment to a consulting firm in the amount of EUR 137,000.

	Employees	Warranties	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2011	1,419	3,574	2,294	7,287
Utilisation	−1,419	0	−1,085	−2,504
Reversal	0	−1,599	−488	−2,087
New provisions	1,678	2,218	2,596	6,492
Balance as at 29 February 2012	1,678	4,193	3,317	9,188
Of which current	1,678	4,193	3,317	9,188
Of which non-current	0	0	0	0

The provisions for employees mainly relate to a profit-sharing.

In addition to specific obligations, provisions for warranties include a best estimate of possible warranty obligations in the amount of EUR 2,219,000 (previous year: EUR 1,573,000). Management assesses the related provision for future warranty claims on the basis of historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The Group generally offers a warranty period of four years for its products.

Other provisions include a provision for follow-up costs (material and transportation) in the amount of EUR 908,000 for the completion of a development project, a provision for outstanding travel expenses in the amount of EUR 225,000 and a provision for a settlement payment to a municipal authority in the amount of EUR 130,000.

20 Income tax liability

This item contains the corporate income tax liability of the Group for the assessment years 2011 and 2012.

21 Changes in inventories

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Finished products	967	218
Semi-finished products	4,008	1,324
Total	4,975	1,542

22 Own work capitalised

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Capitalisation of development costs	2,931	4,701
Other	43	294
Total	2,974	4,995

23 Cost of materials and purchased services

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Cost of materials	136,889	191,248
Cost of purchased services	5,715	6,233
Total	142,604	197,481

24 Staff costs

	For the year ended 28 February 2011	For the year ended 29 February 2012
	EUR'000	EUR'000
Wages and salaries	57,371	70,370
Expenses for statutory social contributions and benefits	15,391	18,609
Expenses for termination benefits and contributions to staff provision funds	1,025	1,114
Expenses for pensions	321	167
Other social expenses	1,185	1,539
Total (including remuneration of the management board)	75,293	91,799

Expenses for termination benefits and contributions to staff provision funds include contributions to staff provision funds in the amount of EUR 630,000 (28 February 2011) and EUR 799,000 (29 February 2012).

25 Remuneration of the members of the management board

Without prejudice to Section 266 (7) UGB, the disclosure of this information is omitted. No loans or advances were granted to the members of the management board.

26 Depreciation and amortisation

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Of intangible assets	4,426	4,602
Of property, plant and equipment	12,826	11,762
Total	17,252	16,364

27 Other operating income and expenses

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Maintenance, servicing and third-party repairs	3,627	3,985
Shipping costs	3,967	5,356
Material testing and certification costs, technical support	1,338	1,825
External engineering work	2,840	12,652
Rents, leases and building rights costs	3,349	3,715
Travel expenses	2,671	3,551
Allowances, grants and other income	−8,089	−7,532
Miscellaneous expenses	8,859	9,574
Total	18,562	33,126

The expenses for the Group auditor relating to the relevant fiscal years are as follows:

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Audit of the financial statements and the consolidated financial statements	58	96
Other services	75	9
Tax consulting services	5	15
Total	138	120

Other services comprise services in connection with government agreements and government grants as well as similar agreed-upon procedures and accounting advice.

28 Finance costs

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Interest and bank charges	1,182	841
Interest expense—bonds	1,010	922
Total	2,192	1,763

29 Interest income from financial instruments

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Bank interest	82	17
Income from interest rate swaps	318	190
Income from securities	13	13
Total	413	220

30 Fair value measurement of derivative financial instruments

The recognition of changes in the fair values of derivative financial instruments in the consolidated statement of comprehensive income is as follows:

	Volume	Volume	Fair Value	Recognised in "Fair value measurement of derivative financial instruments"	Recognised in "Cash flow hedges (net of tax)"	Recognised in "Other operating income and expenses"
	USD'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 28 February 2011						
Forward foreign exchange contracts—USD	71,500	0	1,615	0	5,403	1,261
Structured currency options—USD	240,000	0	3,599	4,200	0	0
Interest rate swaps	0	55,000	−1,134	−541	0	0
Balance as at 29 February 2012						
Forward foreign exchange contracts—USD	81,000	0	1,990	0	−828	1,203
Structured currency options—USD	120,000	0	688	−2,911	0	0
Interest rate swaps	0	40,000	−7,452	−6,318	0	0

31 Income taxes

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Corporate income tax, current	1,073	83
Foreign withholding tax	0	0
Deferred taxes	−997	2,074
	76	2,157
Tax expenses, previous years	0	3
Total	76	2,160

The income tax on the Group's profit before taxes differs from the calculated income tax expense that would arise if the results of the fiscal years were subjected to a tax rate of 25%. This is broken down as follows:

	For the fiscal year ended 28 February 2011	For the fiscal year ended 29 February 2012
	EUR'000	EUR'000
Profit before taxes	22,863	12,619
Calculated income tax expense 25%	5,715	3,155
Tax reductions:		
Research promotion	−550	−514
Tax allowance for training (*Bildungsfreibetrag*)	−81	−4
Learning subsidy *(Bildungsprämie)*	−5	−3
Other tax free grants	−304	−3
Use of tax loss carryforwards	−3,438	−20
Effects of foreign tax rates	−78	−20
Capitalised deferred taxes	0	−478
Tax increases:		
Non-capitalised deferred taxes on losses carried forward	−1,273	0
Non-deductible expenses	86	43
Remuneration for supervisory board members	4	5
Recognised income tax expense	76	2,160

The deferred taxes changed as follows:

	Balance as at 1 March 2010	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 28 February 2011
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred tax assets				
Financial assets	2	0	1	3
Other receivables and assets	46	−6	0	40
Investment grants	1,893	2	0	1,895
Obligations towards employees	280	−20	0	260
Derivative financial instruments	1,561	−1,578	−1,350	−1,367
Provisions	293	112	0	405
Liabilities	73	−402	0	−329
Tax loss carryforwards	2,450	1,445	0	3,895
	6,598	−447	−1,349	4,802
Deferred tax liabilities				
Intangible assets (development costs)	14,056	355	0	14,411
Property, plant and equipment	601	−262	0	338
Inventories	0	−145	0	−145
Trade receivables (mainly differences from USD valuation)	224	−70	0	154
Other	68	−53	0	15
	14,949	−175	0	14,773

	Balance as at 1 March 2011	Changes in the consolidated statement of comprehensive income	Changes in other comprehensive income	Balance as at 29 February 2012
	EUR'000	EUR'000	EUR'000	EUR'000
Deferred tax assets				
Financial assets	3	0	0	3
Other receivables and assets	40	12	0	52
Investment grants	1,895	−255	0	1,640
Obligations towards employees	260	−64	0	196
Derivative financial instruments	−1,367	448	207	−712
Provisions	405	173	0	578
Liabilities	−329	217	0	−112
Tax losses carried forward	3,895	−2,095	0	1,800
	4,802	−1,564	207	3,445
Deferred tax liabilities				
Intangible assets (development costs)	14,411	1,165	0	15,576
Property, plant and equipment	338	−247	0	91
Inventories	−145	40	0	−105
Trade receivables (mainly differences from USD valuation)	154	−419	0	−265
Others	15	−29	0	−14
	14,773	510	0	15,283

Deferred income tax assets and liabilities are offset and recognised in the consolidated statement of financial position as an asset or a liability when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

As at 28 February 2011 and 29 February 2012, deferred income tax liabilities in the amount of EUR 9,972,000 and EUR 11,838,000 are shown in the consolidated statement of financial position.

Within the next 12 months, deferred income tax assets in the amount of EUR 4,647,000 and EUR 3,184,000 are expected to be realised and deferred income tax liabilities amounting to EUR 2,628,000 and EUR 2,004,000 are expected to be settled as at 28 February 2011 and 29 February 2012, respectively.

Deferred income tax assets on loss carryforwards are recognised to the extent that their utilisation seems likely. The Group assesses the probability based on available planning data.

The Group's unutilised tax losses can be carried forward indefinitely, and the amounts are as follows:

Balance as at 28 February 2011	Base	Tax effect
	EUR'000	EUR'000
Losses carried forward	800	200
Total	800	200

Balance as at 29 February 2012	Base	Tax effect
	EUR'000	EUR'000
Losses carried forward	330	83
Total	330	83

Tax effects on other comprehensive income

	For the fiscal year ended 28 February 2011			For the fiscal year ended 29 February 2012		
	Gross	Tax	Net	Gross	Tax	Net
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Fair value measurement of securities	−5	1	−4	0	0	0
Cash flow hedge	10,477	−2,619	7,859	−828	207	−621
Total	10,472	−2,618	7,855	−828	207	−621

32 Commitments to acquire assets

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
Property, plant and equipment		
Authorised but without contractual obligation	38,978	30,174
Contractual obligation, not yet incurred	2,068	20,485
	41,046	50,659

33 Rental and leasing commitments

The total of future accumulated minimum lease payments from operating leases in connection with property, plant and equipment amount to:

	Balance as at 28 February 2011	Balance as at 29 February 2012
	EUR'000	EUR'000
No later than 1 year	2,306	2,748
Later than 1 year and no later than 5 years	5,702	7,443
Later than 5 years	7,041	6,236
Total	15,049	16,427

34 Pending or potential legal disputes

At present, there are no pending or potential legal disputes.

35 Related-party transactions

The Group companies entered into and executed several transactions with associates of the consolidated group as part of ordinary business operations. These transactions were fully consolidated.

Related-party transactions for the period 1 March 2010 to 28 February 2011

The holding company Aero Vision Holding GmbH purchased an aggregate of 4.375% shares in FACC AG from the minority shareholders. Upon the completion of the reorganisation on 23 February 2011, the holding companies Aerospace Innovation Investment GmbH and Aero Vision Holding GmbH held 100% of the shares in FACC AG.

With the related company SAMC Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 1,883,000 (previous year: EUR 1,935,000).

With the related company Future Aviation International Investment Co., Ltd. (formerly FACC Holding Company, Limited) revenue was generated in the amount of EUR 12,000,000 (previous year: EUR nil).

Related-party transactions for the period 1 March 2011 to 29 February 2012

With the related company SAMC Shanghai Aircraft Manufacturing Co., Ltd. revenue was generated in the amount of EUR 3,243,422.55 (previous year: EUR 1,883,000).

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd. revenue was generated in the amount of EUR 11,000,000 (previous year EUR nil). Receivables in the amount of EUR 11,000,000 (previous year: EUR nil) are shown in the consolidated statement of financial position. Reference is also made to Note 4 "Segment information".

With the related company Future Aviation International Investment Co., Ltd. (formerly FACC Holding Company, Limited) revenue was generated in the amount of EUR 6,900,000 (previous year: EUR 12,000,000). Receivables in the amount of EUR 3,400,000 (previous year: EUR nil) are shown in the consolidated statement of financial position.

36 Events after the reporting period

No significant events occurred after the reporting period.

37 Management board and supervisory board

- Jian Meng (until 14 July 2011)
- Yongsheng Wang (since 14 July 2011)

were the sole managing directors and sole representatives of the Company in the reporting period.

A supervisory board was appointed for the Company. The supervisory board consists of three members. These members are:

- Ruguang Geng, Vienna, chairman
- Jun Tang, Vienna, deputy chairman
- Hang Huang, Vienna

Vienna, 19 June 2012

The Management Board:

signed:

Yongsheng Wang

We draw attention to the fact that the auditor's report relates to a full set of annual consolidated financial statements within the meaning of Section 245a of the Austrian Commercial Code (UGB) including the management report. The management report is not included in this document. We furthermore draw your attention to the fact that this is an English translation of the binding German language auditor's report which auditor's report is based on Section 274 of the Austrian Commercial Code (UGB).

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Aerospace Innovation Investment GmbH, Vienna, for the fiscal year from 1 March 2011 to 29 February 2012. These consolidated financial statements comprise the consolidated balance sheet as of 29 February 2012, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 29 February 2012, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 29 February 2012 and of its financial performance and its cash flows for the fiscal year from 1 March 2011 to 29 February 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Linz, 19 June 2012

PwC Oberösterreich
Wirtschaftsprüfung und
Steuerberatung GmbH

signed:

Aslan Milla
Austrian Certified Public Accountant

Disclosure, publication and duplication of the Consolidated Financial Statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are defined in "Technical Glossary".

ACM	Asian Composites Manufacturing Sdn Bhd, a manufacturer of flat and contoured primary and secondary structure composite bond assemblies and sub-assemblies for the aerospace industry, an independent third party.
Aerostructures Division	One of the three divisions of the Group.
AIIG	Aerospace Innovation Investment GmbH, a holding company registered in Austria with limited liability on November 21, 2009, a wholly-owned subsidiary of the Selling Shareholder, which was converted to a stock corporation with effect as of February 28, 2014.
Airbus	Airbus S.A.S. and affiliated companies, one of the world's largest aircraft manufacturers, an independent third party.
Airline Monitor	The Airline Monitor.
Alenia	Alenia Aeronautica S.p.A, a manufacturer of military aircraft and supplier of aerostructures for military and commercial aircraft, and affiliated companies, including Alenia Aermacchi S.p.A, a company designing and producing training aircraft for military pilots, an independent third party.
Articles of Association	The Company's articles of association, as adopted on May 21, 2014, and as amended from time to time, a summary of which is contained in this Prospectus in the section "Information On The Share Capital Of The Company, Applicable Regulations And Description Of The Articles Of Association".
ATK	Alliant Techsystems Inc. and affiliated companies, a weapon and space systems company engaged in, *inter alia*, the manufacturing and supply of aircraft structures to military and commercial aircraft programs, an independent third party.
AVH	Aero Vision Holding GmbH, a holding company registered in Austria with limited liability on October 30, 2007 (previously named Salinen Holding GmbH), a wholly-owned subsidiary of the Company, which was merged into the Company on May 20, 2014.
AVIC	Aviation Industry Corporation of China, a Chinese state-owned company established in China, active in the commercial and military aircraft industry and the ultimate controlling shareholder of the Company.
AWS	Austria Wirtschaftsservice GmbH, Austria's national promotional bank, an independent third party, which *inter alia* awards loans at favorable conditions or provides guarantees to Austrian companies.
B/E Aerospace	B/E Aerospace, Inc., one of the world's largest providers of interior products and solutions for the commercial, business jet and military aircraft industry, an independent third party.
Boeing	The Boeing Company and its affiliated companies including Aviation Partners Boeing, one of the world's largest aerospace and defense corporations, an independent third party.

Bombardier	Bombardier Inc. and affiliated companies, a manufacturer of regional aircraft, business jets and rail transportation equipment, an independent third party.
BRIC	Brazil, Russia, India and China.
BTC	Boeing Tianjin Composites Co., Ltd. (previously named BHA Aero Composite Parts Co., Ltd.), a company between Boeing (holding 88% of the outstanding shares in BTC) and AVIC (holding 12% of the outstanding shares in BTC, an independent third party). BTC is a producer of composite materials for secondary aerostructures and cabin interiors for commercial aircraft.
CAGR	Compound Annual Growth Rate.
Cessna	Cessna Aircraft Company, a manufacturer of light and midsize business jets, utility turboprops and single engine aircraft, an independent third party.
CFRP	Industry Experts: Carbon Fibers & Carbon Reinforced Plastics.
China	The People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan.
Cisco	Cisco Systems, Inc., a provider of networking solutions and communications technology, an independent third party.
Co-Bookrunner	UBS Limited.
Code	The Internal Revenue Code of 1986, as amended.
COMAC	Commercial Aircraft Corporation of China Ltd., a state-owned company, which was jointly invested by the State-owned Assets Supervision and Administration Commission of the State Council, Shanghai Guosheng (Group) Co., Ltd., AVIC, China Aluminum Corporation, Baosteel Group Corporation Limited, and Sinochem Group, one of the largest Chinese commercial aircraft manufacturers, an independent third party.
Company	FACC AG (previously named Aerospace Innovation Investment GmbH), an Austrian stock corporation, registered in Austria as a limited liability company on November 21, 2009 and converted to a stock corporation on May 21, 2014.
CPMIL	Counterpoint Market Intelligence.
Dassault	Dassault Aviation S.A., a manufacturer of military aircraft and business jets, an independent third party.
Diehl	Diehl Aircabin GmbH and affiliated companies, a developer and manufacturer of cabin and system elements for the aerospace industry, an independent third party.
DTC	Depository Trust Company, a U.S. clearing system.
EADS	European Aeronautic, Defense and Space Company and affiliated companies, a large pan-European aerospace corporation and sole shareholder of Airbus, an independent third party.
EASA	European Aviation Safety Agency.
EBIT	Earnings before interest, taxes and fair value measurement of derivative financial instruments.

EBITDA	Earnings before interest, taxes and fair value measurement of derivative financial instruments, depreciation and amortization.
EIU	The Economist Intelligence Unit.
Embraer	Empresa Brasileira de Aeronáutica, S.A. and affiliated companies, an aerospace company engaged in the manufacturing of commercial and military aircraft as well as business jets, an independent third party.
Engines & Nacelles Division	One of the three Divisions of the Group.
ERP-Fund	An Austrian public fund, which supports various industry branches by granting loans at favorable conditions, an independent third party.
EU	European Union.
EUR	Euro, the lawful currency of the relevant member states of the EU that have adopted the euro as their currency.
Eurocopter	Eurocopter Group S.A.S, engaged in the manufacturing and servicing of helicopters, an independent third party.
FAA	Federal Aviation Administration in the United States.
FACC Canada	FACC Solutions (Canada) Inc., FACC's wholly-owned subsidiary in Canada providing final assembly and on-site support for Bombardier.
FACC, FACC Group, our Group, we or us	FACC AG and its consolidated subsidiaries.
FACC Operations	FACC Operations GmbH (previously named FACC AG), an Austrian limited liability company, registered in Austria first as limited liability company on November 6, 1989, converted to a stock corporation on November 26, 1999 (previously named Fischer Advanced Composite Components AG) and again converted to a limited liability company on May 17, 2014. It is the main operating entity of our Group.
FACC Slovakia	FACC Solutions s.r.o., FACC's wholly-owned engineering subsidiary in Slovakia.
FACC US	FACC Solutions Inc., FACC's wholly-owned subsidiary in the US providing final assembly and on-site support for Boeing.
FFG Research Promotion Agency	Österreichische Forschungsförderungsgesellschaft mbH, a wholly-owned company by the Republic of Austria promoting research and development projects in Austria by *inter alia* awarding subsidies for credit costs or collateral in the form of guarantees or bails. FFG Research Promotion Agency is an independent third party.
Fischer	Fischer GmbH, Austrian ski manufacturer and founder and former owner of FACC, an independent third party.
GDP	Gross domestic product.
General Electric	General Electric Company and affiliated companies, a diversified infrastructure, finance and media company including the providing of commercial and military aircraft engines and components as well as avionics, electric power, and mechanical systems for aircraft, an independent third party.
GKN	GKN plc and affiliated companies, a global engineering company and tier-1 supplier to the aerospace and automotive industry, an independent third party.

Goodrich	Goodrich Corporation and affiliated companies, a global supplier of systems and services to the aerospace and defense industry, an independent third party.
Greenshoe Option	The Selling Shareholder has granted the Underwriters an option to acquire the borrowed shares from the Selling Shareholder at the Offer Price, less agreed commissions. This Greenshoe Option will terminate 30 calendar days after the first day of trading in the Existing Shares and New Shares on the Vienna Stock Exchange.
Gulfstream	Gulfstream Aerospace Corporation, a manufacturer of business jets, an independent third party.
Hewlett Packard	Hewlett-Packard Company, an independent third party.
Honeywell	Honeywell International, Inc., a major conglomerate company that produces a variety of consumer products, engineering services and aerospace systems, an independent third party.
IAS	Acronym for "International Accounting Standards".
ICF	ICF International.
IFRS	Acronym for "International Financial Reporting Standards". IFRS are principles-based international accounting standards, interpretations and the framework adopted by the International Accounting Standards Board (IASB) as adopted by the European Union.
Independent third party	Person(s) or company/companies and their respective ultimate beneficial owner(s), which, to the best of Management's knowledge, information and belief, having made all reasonable enquiries, are independent of the Company and its connected person(s).
Infotech	Infotech EDV-Systeme GmbH, an Austrian company with limited liability and an IT-service provider, an independent third party.
Interiors Division	The Group's business division for cabin interiors, one of the Group's three divisions.
IP	Intellectual property.
IRS	U.S. Treasury Regulations, Internal Revenue Service.
IT	Information technology.
JAA	The Joint Aviation Authority in Europe.
Joint Global Coordinators	J.P. Morgan, Morgan Stanley and Erste Group.
Joint Bookrunners	J.P. Morgan, Morgan Stanley and Erste Group.
LCA	Large commercial aircraft.
List Components	List components & furniture GmbH, manufacturer of aircraft interior components, an independent third party.
Mubadala	Mubadala Development Company PJSC and affiliated companies, a sovereign wealth fund of the Government of Abu Dhabi, parent of Aerospace Holding Company LLC who is our Abu Dhabi supply chain partner, an independent third party.
OEM	Original equipment manufacturer, including aircraft manufacturers and engine manufacturers.

Offer Price	The final Offer Price will be determined by the Company and the Selling Shareholder in consultation with the Joint Global Coordinators on the basis of a book-building process on or about June 23, 2014.
Offer Shares	The New Shares, Existing Offer Shares and Over-Allotment Shares.
Offering	The Offering comprises (i) a public offering to retail and institutional investors in the Republic of Austria, (ii) within the United States of America, to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, and (iii) outside of the United States, to certain other eligible institutional investors in reliance on Regulation S under the Securities Act.
OSCE	Organization for Security and Co-operation in Europe.
Over-Allotment Shares	Up to 2,171,591 additional no-par value bearer shares from the holdings of the Selling Shareholder.
PCCL	Polymer Competence Center Leoben GmbH in Austria, an independent third party.
PFIC	Passive foreign investment company.
Pratt & Whitney	Pratt & Whitney, a large commercial and military aircraft engine manufacturer, an independent third party.
Premium Aerotec	Premium Aerotec GmbH, a subsidiary of EADS and supplier of aerostructures and manufacturing systems for the commercial and military industry, an independent third party.
PRI	Performance Review Institute, a non-profit Organization developing performance standards and administrating quality assurance, accreditation, and certification programs.
Price Range	The price range has been set at EUR 8.00 to EUR 11.00 per Offer Share.
Regulation S	Regulation S under the US Securities Act.
Roland Berger	Roland Berger Strategy Consultants GmbH, an independent third party.
Roland Berger Report	A report of the aircraft composites industry provided by Roland Berger.
Rolls-Royce	Rolls-Royce Group plc and affiliated companies, a large producer of aircraft engines with major businesses in the marine and energy sectors, an independent third party.
Selling Shareholder	FACC International Company Limited, Hong Kong.
Shanghai Aircraft Manufacturing	Shanghai Aircraft Manufacturing Company Co., Ltd., manufacturer of commercial aircraft parts, a subsidiary of COMAC, an independent third party.
Snecma	Société Nationale d'Étude et de Construction de Moteurs d'Aviation, a manufacturer of engines for commercial and military aircraft, and for space vehicles, an independent third party.
Spirit Aerosystems	Spirit Aerosystems Holding Inc. and affiliated companies, a large aerostructures manufacturer, an independent third party.
Sqm	Square meter.
Stabilizing Manager	J.P. Morgan Securities plc.

Term	Definition
Stock Exchange	The Vienna Stock Exchange.
STRATA	Mubadala's composites aerostructures manufacturing facility located in the city of Al Ain, United Arab Emirates an independent third party.
Sukhoi	Sukhoi Company JSC and affiliated companies, a manufacturer of commercial and military aircraft, an affiliated company of UAC and independent third party.
TAML	Tata Advanced Materials Limited, a subsidiary of the Tata Group, engaged in the manufacturing of composite products for aerospace, armor, transportation and infrastructure equipment, an independent third party.
Tata Group	A private Indian multinational conglomerate company headquartered in Mumbai, India, with investments in chemicals, steel, automobiles, information technology, communication, power, tea and hospitality, an independent third party.
Teal	Teal Group Corporation.
Thales	Thales S.A., a provider of information systems for defense and security, aerospace and transportation, including the supply of onboard and ground systems to the commercial aerospace industry, an independent third party.
Third Market	The unregulated third market that existed prior to the Securities Supervision Act coming into force; operated by the Vienna Stock Exchange since November 1, 2007, in the form of a multilateral trading facility within the meaning of the Securities Supervision Act and the MiFID.
TMG	Oberösterreichische Technologie- und Marketinggesellschaft m.b.H., an Austrian company majority owned by the province of Upper Austria. TMG *inter alia* provides real estate advisory services to companies in their establishment and operational expansion (including site search and development of land). TMG is an independent third party.
Treaty	The Convention Between the United States of America and Austria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion.
Triumph-Vought	Triumph Aerostructures—Vought Aircraft Division and affiliated companies, a global manufacturer of aerostructures for commercial, military and business jet aircraft, an independent third party.
UAC	United Aircraft Corporation, a conglomerate of the main Russian aircraft manufacturers.
UN	The United Nations.
Underwriters	The Joint Global Coordinators and the Co-Bookrunners.
Underwriting Agreement	The underwriting agreement entered into by the Company, the Selling Shareholder and the Underwriters on the date of this Prospectus, pursuant to which the obligations of the Underwriters are subject to the fulfillment of conditions precedent and other customary conditions.

U.S. Holder	A beneficial owner of the Offer Shares that, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States or any State thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust (A) if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (B) that has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.
United States or U.S.	The United States, as defined in Regulation S.
US Securities Act	The United States Securities Act of 1933 (as amended).
USD	United States dollar, the lawful currency of the United States.
Vienna Stock Exchange	The Austrian stock exchange located in Vienna, operated by Wiener Börse AG.
X-Tention	X-Tention Informationstechnologie GmbH, an Austrian company with limited liability and an IT-service provider, an independent third party.
Zodiac	C&D Zodiac Inc. and affiliated companies an aerospace company focused on producing cabin interiors, aircraft systems and safety systems for aircraft, an independent third party.

TECHNICAL GLOSSARY

This glossary contains certain technical terms used in this Prospectus. Such terms and their meanings may not correspond to standard industry definitions or usage.

Advanced quality system	Quality management system in accordance with international standards and as required by OEMs such as Airbus, Boeing, Rolls-Royce and Pratt & Whitney.
Aileron	Ailerons are part of the flight control surfaces and are needed to stabilize the roll effect on an airplane. Ailerons are hinged control surfaces attached to the trailing edge of the wing of a fixed-wing aircraft. Ailerons are used to control the aircraft in roll. Ailerons are one of our Aerostructures Division products.
Airliner	Aircraft operated by commercial airlines for passenger transport or cargo.
APU	Auxiliary power unit.
Audited Consolidated Financial Information	The audited consolidated financial statements of the Company as of and for the financial years ending February 28, 2014, February 28, 2013 and February 29, 2012, comprising in each case of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, the development of Group equity and the notes.
Autoclave	An oven in the form of a heated pressure vessel for curing composite components.
Background IP	Pre-existing or independently developed intellectual property rights brought to or made available by a contractual party for the purpose and the performance of the respective contract.
Bifurcation fairing	Fairing surrounding the low pressure compressor and acting as an inner bypass duct of the engine. Bifurcation fairings are also referred to as compressor fairings and are one of our Engines & Nacelles Division products.
Blocker door	Hinged doors mounted on the inner surface of a translating sleeve and linked to the inner fixed structure of the nacelle. Blocker doors are one of our Engines & Nacelles Division products.
Bonded panel	Wing panel connecting either to the upper or the bottom surface of the wing. Bonded panels are one of our Aerostructures Division products.
Bottom panel	Wing panel located in the bottom part of a wing. Bottom panels are one of our Aerostructures Division products.
Braiding	Intertwining three or more strands of flexible material such as textile fibers, wire, etc. to form a complex structure or pattern.
BRI	Acronym for "Bulk Resin Infusion". A manufacturing process whereby a vacuum draws resin into a dry fiber laminate in a one-sided mold. A rigid or flexible film membrane is placed over the top and sealed around the mold periphery. BRI refers to resin being used to infuse the mold at a relatively higher flow rate than in conventional systems.
Build-to-print	A process whereby the manufacturing of various components is outsourced to a third-party company; the respective components are made according to a blueprint provided by the customer. These components are usually non-standardized units.
Business jet	Business jets are aircraft which are usually designed for transporting groups of up to 19 individuals. Such aircraft are often designed for transporting small groups of business people for commercial reasons.

Bypass duct	A large structural aerodynamic/acoustic fairing of the outer bypass airflow, commonly used on small corporate/business jet engines. Bypass ducts are one of our Engines & Nacelles Division products.
CAD	Acronym for "Computer Aided Design", the use of computer technology for the process of design and design-documentation.
CAM	Acronym for "Computer Aided Manufacturing". The use of computer software to control machine tools and related machinery in the manufacturing of work pieces.
Cargo compartment lining	Includes ceilings, side walls, partitions and decompression panels. Cargo compartment linings are one of our Interiors Division products.
CATIA V4/V5	Acronym for "Computer Aided Three-Dimensional Interactive Application Version 4 / Version 5", CAD software suite used in the aerospace industry.
CCP Austria	CCP Austria Abwicklungsstelle für Börsegeschäfte GmbH.
CNC	Acronym for "Computer Numerical Controlled", a control system in which numerical values corresponding to desired tool or control positions are generated by a computer.
Cockpit lining	Includes ceilings, side walls and floor panels as well as side storages. Cockpit linings are one of our Interiors Division products.
COMET K1	A competence center program managed by the Austrian Research Promotion Agency, funded by the Austrian Ministry for Transport, Innovation and Technology and the Austrian Ministry of Economic Affairs and Labor. The aim of the program is to reinforce the cooperation between science and business.
Commercial aircraft	Aircraft which are usually used to carry passengers or cargo for a commercial reason, as distinguished from military aircraft and business jet.
Commercial derivative	In fields of commercial aircraft, alternations to an existing product resulting in a new product line. A commercial derivative reduces the development risk, benefiting from its economy of scale and proven solutions.
Composite	Carbon- and glass-fiber-reinforced plastic.
Composite component	Composite components are a combination of two or more materials where a reinforcing element is combined with fillers and composite binders.
Elevator	Elevators are part of the flight control surfaces and are needed to horizontally stabilize the aircraft (climb, cruise or descend). An elevator is mounted on the trailing edge of the horizontal stabilizer on each side of the fin on the tail. The elevators may be the only pitch control surface present (and are then called a stabilizer), or may be hinged to a fixed or adjustable surface called a tail-plane or horizontal stabilizer. Elevators are one of our Aerostructures Division products.
Empennage	An aircraft's tail group, including the rudder, vertical fin, stabilizers and elevators.

EN 9100 . . . . A quality management standard adapted to the aerospace industry with emphasis placed on areas deemed to have the greatest impact on safety, reliability and regulatory compliance for aerospace products. The EN 9100 standard is based on the ISO 9001:2000 standard including specific requirements to support the unique quality and reliability needs of the aerospace industry, including the following:
establishment and documentation of a configuration management process;
emphasis on planning for in-process verification;
plan for design-and-development activities and interim control points during the design process;
information on areas of design-and-development verification documentation and validating testing and results;
additional expectations for identifying and maintaining suppliers;
communication requirements, including clarifying engineering requirements to managing test specimens and right of access to suppliers' facilities;
conduct of receiving inspection, inspection at the supplier's facility or formal delegation of product acceptance to the supplier;
responsibility of supplier for managing its suppliers and sub-tier suppliers according to EN 9100

Entrance and aft area lining . . . . Includes door linings, door frames as well as ceilings. Entrance and aft area linings are one of our Interiors Division products.

Fairing . . . . A fairing is a structure whose primary function is to produce a smooth outline and reduce drag.

Fan cowl . . . . Large half-shell type fairing surrounding the engine in the area of the fan case. When opened it provides access to the engine for maintenance. Fan cowls are one of our Engines & Nacelles Division products.

Fan track liner . . . . Inner lining of the nacelle covering the fan, including acoustic panels, abradable liners and ice impact panels. Fan track liners are one of our Engines & Nacelles Division products.

Fastener . . . . A fastener is a hardware device that mechanically affixes two or more parts together. Fasteners used in the manufacturing of aircraft and aircraft components comprise, *inter alia*, bolts, nuts, and rivets.

Filler . . . . Fillers are particles added to material (plastics, composite material, concrete) to lower the consumption of more expensive binder material or to better some properties of the mixed material.

Flap rib . . . . Flap ribs are integral parts/details from the flap system and are the load caring elements between the upper- and lower skin of a flap. Various ribs are used in span-wise direction to give the flap the aerodynamic shape and to distribute/carry stress. The flap skin panels are mechanically attached to the ribs. Flap ribs are one of our Aerostructures Division products.

Flap . . . . Flaps are mounted on the trailing edge of each wing on the inboard section of each wing (near the wing roots). They are deflected down to increase the effective curvature of the wing. Flaps raise the maximum lift coefficient of the aircraft and therefore reduce its stalling speed. They are used during low speed, high angle of flight including take-off and descent for landing. Flaps are one of our Aerostructures Division products.

Flap track fairing	A flap track fairing is mounted to the lower side of the wing and is made out of a fixed portion (mounted to the lower wing structure) and a moveable portion that is mounted to the wing flap. The fairing has two main functions. Firstly, to provide an aerodynamically shaped fairing to reduce drag once the aircraft is air-born and secondly, to protect the flap actuating system from rain wind or any kind of impact (bird strike). Some fairings are holding provision for aircraft systems, such as oil coolers, electrical back-up systems (ram air turbines) or fuel jettison systems. Flap track fairings are one of our Aerostructures Division products.
FMEA	Acronym for "Failure Mode and Effects Analysis", a software tool with the objective to systematically identify and quantify the product and/or process risks in the development phase.
Foreground IP	IP rights which are individually or jointly developed by the parties to a contract.
Freighter lining	Freighter linings include ceilings and side walls. Freighter linings are one of our Interiors Division products.
Fuselage	An aircraft's central body section that holds the crew, passengers or cargo.
Hexavalent chromium	Hexavalent chromium is a form of the metallic element chromium. Chromium compounds, such as hexavalent chromium, are widely used in electroplating and stainless steel production as well as in leather tanning, and textile manufacturing.
Honeycomb	Honeycomb is a lightweight core material that offers versatility in cell size, density, temperature and other properties. It also provides a unique structure made from a wide variety of web materials including thermoplastic, fiberglass, carbon and aluminum and is ideal for high volume manufacturing.
Inlet outer barrel	Outer fairing of the aerodynamic inlet of the engine which is permanently mounted and not moveable. Inlet outer barrels are one of our Engines & Nacelles Division products.
ISO 9001:2000	A quality management standard that specifies requirements for a quality management system where an organization needs to demonstrate its ability to consistently provide products that meet customer and applicable regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.
Leading edge	A part of an aircraft wing that first contacts the air. Leading edges are one of our Aerostructures Division products.
Main cabin	The main cabin includes ceilings, window panels, floor panels, overhead storages, as well as partitions. Main cabins are one of our Interiors Division products.
MAR	On October 20, 2011, the European Commission adopted proposals for a regulation, the MAR, on insider dealing and market manipulation, and for a directive on criminal sanctions for insider dealing and market manipulation which were amended on July 25, 2012 to prohibit also the manipulation of benchmarks, such as LIBOR and EURIBOR, and make such manipulation a criminal offence.
Metal part	CNC precision machined and sheet metal parts and assemblies used within the aerospace industry.

Milling machine	A milling machine is a tool used to machine solid materials. It can perform a vast number of operations, from simple (e.g., slot and keyway cutting, planning, drilling) to complex (e.g., contouring, die sinking).
MOA	Acronym for "Maintenance Organization Approval", a license issued by the Austrian Aviation authority in accordance with EASA part 145.
Monument	Monuments include galleys, wardrobes as well as lavatories. Monuments are one of our Interiors Division products.
MRB	Acronym for "Material Review Board", a division of our product development department.
MSC Nastran/MSC Patran	Software programs for the static analysis and dimensioning of our products from a stress perspective.
Nacelle	Nacelle is a cover housing (separate from the fuselage) that holds engines, fuel, or equipment on an aircraft.
Nose spinner	Rotating center aerodynamic fairing of the engine intake mounted on the fan hub. Nose spinners are one of our Engines & Nacelles Division products.
Offset obligation	A stipulation made between a supplier and a company which requires the supplier to purchase a certain amount of goods from that company's country in exchange for a contract.
POA	Acronym for "Production Organization Approval", a license issued by the Austrian Aviation authority in accordance with EASA part 21 subpart G.
Potting compound	Potting compounds are pourable insulating resins (epoxies, silicones, urethanes and hybrids) to be cast into cavities containing electronic components to insulate, protect, and hold them in place thus protecting components from shock and vibration.
Pound	A unit of mass.
Prepreg fabric	Prepreg fabric has become accepted as the generic name for a generation of materials manufactured from high performance fibers pre-impregnated with a suitable resin matrix. Prepreg fabrics are used to manufacture components, aerostructures and tooling by means of heat and pressure.
Primary structure	Structures comprising the main framework of an aircraft including any structural part whose failure will seriously impair the aircraft's safety such as wings and fuselage.
Pylon fairing	Fairings of the secondary structure installed on the pylon which links the engine to the wing. Pylon fairings are one of our Engines & Nacelles Division products.
Radome	A structural, weatherproof enclosure that protects a radar antenna. The radome is constructed of material that minimally attenuates the electromagnetic signal transmitted or received by the antenna. Radomes protect the antenna surfaces from the environment (for example, wind, rain, ice, sand, and ultraviolet rays) and/or conceal antenna electronic equipment from public view. Radomes are one of our Aerostructures Division products.
Regional jet	Regional jets are a range of short to medium-haul aircraft.
Resin	Resin is a natural or synthetic compound which begins in a viscous state and hardens with treatment. Numerous polymerized synthetics or chemically modified natural resins including thermoplastic can in particular be used for molding processes.

Resin transfer molding . . . . A manufacturing process for making composites by using a two-sided mold set that forms both surfaces of the panel. The lower side is a rigid mold. The upper side can be a rigid or flexible mold. The two sides fit together to produce a mold cavity. The distinguishing feature of resin transfer molding is that the reinforcement materials are placed into this cavity and the mold set is closed prior to the introduction of resin. Resin transfer molding includes numerous varieties which differ in the mechanics of how the resin is introduced to the reinforcement materials in the mold cavity.

RFI . . . . Acronym for "Resin Film Infusion", a manufacturing process where dry fabrics are laid up interleaved with layers of semi-solid resin film supplied on a release paper. The lay-up is vacuum bagged to remove air through the dry fabrics, and then heated to allow the resin to first melt and flow into the air-free fabrics, and then after a certain time, to cure. RFI is particularly used in connection with large and flat aerospace components such as aircraft wings.

Rib . . . . Forming element of the structure of a wing. Ribs are one of our Aerostructures Division products.

Rudder . . . . Rudders are part of the flight control surfaces and are needed to stabilize the roll effect on an airplane. The rudder is typically mounted on the trailing edge of the fin, part of the empennage. Rudders are one of our Aerostructures Division products.

SAP . . . . Business development software including enterprise resource planning systems and product lifecycle management software developed by SAP AG, a German stock corporation.

Secondary structure . . . . Structures including any structural part whose failure will not seriously impair safety as it would be the case for primary structures.

Shipset . . . . A complete set of components for one aircraft.

Spar . . . . Main structural components of a wing, running spanwise to the fuselage, used to carry the weight of the wings whilst on the ground. Spars are one of our Aerostructures Division products.

Spoiler . . . . A spoiler is a device intended to reduce lift in an aircraft. Spoilers are movable components on the top surface of a wing which can be extended upward into the airflow and spoil it. Spoilers are sometimes used when descending from cruise altitudes to assist the aircraft in descending to lower altitudes without picking up speed. Spoilers are one of our Aerostructures Division products.

Tier-1 supplier . . . . In the context of the aerospace sector a direct supplier of an OEM.

Tier-2 supplier . . . . In the context of the aerospace sector a manufacturer of build-to-print aircraft and engine components according to specifications as provided by OEMs or tier-1 suppliers.

Top panel . . . . Wing panels located on the upper part of a wing. Top panels are one of our Aerostructures Division products.

Translating sleeve . . . . The moveable outer part of a typical translating-cowl-type thrust reverser, acting as a means for breaking the aircraft on ground. Translating sleeves are one of our Engines & Nacelles Division products.

Turnkey solution . . . . Ready for immediate use, generally used in the sale or supply of goods or services. We are offering turnkey solutions to our customers by acting as general contractor to them with respect to the products and services provided by our international supply chain partners. In providing to our supply chain partners our services including ready-to-operate production equipment, on-site assembly, performance and qualification testing we facilitate the delivery of such turnkey solutions.

Unigraphics NX4	An integrated computer-aided design, manufacturing and engineering analysis software.
VARI	Acronym for "Vacuum Resin Infusion", a composites manufacturing process whereby vacuum is used to pull the resin in from outside the mold.
VARTM	Acronym for "Vacuum Assisted Resin Transfer Molding", a resin transfer molding composites manufacturing process whereby a vacuum pulls resin in from a feed tube to distribute it evenly into the preform.
VMV	The *Veröffentlichungs- und Meldeverordnung der FMA*.
Volatile organic compounds	Organic chemical compounds which have significant vapor pressures and which can affect the environment and human health.
Web assemblies	Assemblies of fibrous material.
Wedges	A wedge is a triangular shaped tool that can be used to separate two objects or portions of an object, lift an object, or hold an object in place.
Wing box	One of the most flight critical primary structure components of an aircraft. The wing box is the strongest structural area of the aircraft, and suffers the most frequent stresses. A wing box is made out of rear- and front spares, ribs, upper and lower skins as well as service panels that provide access to inner side of the wing box. Skin panels are reinforced with stringers to further increase the stiffness of the panel.
Wing fixed leading edge	Wing fixed leading edges are aerodynamically shaped components that are mounted to the forward edge of the main wing of aircraft. The adjacent panel and the upper and lower panel to the D-nose shaped components are sometimes part of the leading package too. Wing fixed leading edges are one of our Aerostructures Division products.
Wing panel	Composite wing panels are made out of carbon/glass fiber sandwich constructions that are mechanically attached to the wing substructure. The panels provide the aerodynamic shape of the upper and or lower wing skin and are exposed to environment conditions such as high- and low temperature, rain, hail, sand and UV light. Wing panels are one of our Aerostructures Division products.
Wingtip/winglet	Winglet devices are usually intended to improve the efficiency of fixed-wing aircraft by reducing the aircraft's drag through altering the airflow near the wingtips. Wingtip devices can also improve aircraft handling characteristics and enhance safety for following aircraft. Winglets and wingtips are two of our Aerostructures Division products.
Wing-to-body fairing	The wing-to-body fairing covers the wing to fuselage join and is aerodynamically shaped to reduce drag. The fairing further protects systems that are installed behind the fairing, such as hydraulic pipes, air-condition systems, wires or any other equipment from wind, rain, sand or bird strikes once the aircraft is air-borne. The service doors in fairings provide access to systems for service or inspection purposes. Wing-to-body fairings are one of our Aerostructures Division products.

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