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 6 to 46 are an integral part of these consolidated financial statements.

(b) Consolidated Statement of Comprehensive Income

	Note	2010/2011 EUR'000	2011/2012 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

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(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 6 to 46 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 6 to 46 are an integral part of these consolidated financial statements.

(d) Consolidated Statement of Cash Flows

	2010/2011 EUR'000	2011/2012 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 6 to 46 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	Residual term years 3-5	Residual term 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