FINANCIAL REPORT

First half year 2016/17

Pilot.
Passion.
Partnership.

Content

Foreword CEO

Dear Shareholders!

The second quarter of 2016/17, hence also the course of the 2016/17 business year to date were characterised by a sustainably high dynamic in the civil aviation industry, and the resulting remits for FACC AG. This led in the second quarter of 2016/17 to an increase in revenue of 23.6% vis-a-vis the prior-year quarter. The associated challenges with respect to delivery reliability and quality were pursued with the highest priority and successfully mastered.

In close cooperation with our customers and business partners, the consistent realisation of additional measures towards fulfilling our common commercial aims continued to be pushed forward.

Not only the series launches of our new projects, above all those for the Airbus A350 XWB, will sustainably positively influence FACC AG's development, the long-term demands for other families of aircraft, such as Boeing 787 or Airbus A320, also confirm our vision of a sales target of one billion euros for the 2020/21 business year.

In the case of all of these efforts I, as Chairman of the Board of FACC AG, would like to personally intensify the focus also on the expectation of our additional stakeholders and together with Ales Starek, the new CFO of FACC AG, also continuously and above all sustainably improve the Group's earnings and financial strength in the coming periods.

The earnings development (EBIT) in the second quarter of 2016/17 developed nearly within the framework of expectations. Costs for short-term personnel measures – such as the increase in leased staff – led in the second quarter to a temporary adverse impact on earnings. Also included in the results are one-time costs of 1.4 million euros associated with legal reconditioning and investigations of the "Fake President Incident".

For the second half-year period I also anticipate a stabile development of the business performance. The order levels and prognoses correspond to management's expectations. In addition to a two-figure growth in revenue also over the year, our attention continues to be oriented towards achieving our earnings targets, which are to be satisfied in line with our stakeholders' expectations.

Robert Machtlinger
CEO

facc Pilot

Selected Group Key Performance Indicators

in mill. EUR	H1 2015/16	H1 2016/17
Revenue	270.1	**329.8**
EBITDA	18.8	**19.4**
EBITDA as percentage of revenue	7.0%	**5.9%**
EBIT	6.0	**4.6**
EBIT as percentage of revenue	2.2%	**1.4%**
Net profit after taxes adjusted for the change in the fair-values of derivative financial instruments	0.5	**-3.1**
Net profit after taxes adjusted for the change in the fair-values of derivative financial instruments as percentage of revenue	0.2%	**-0.9%**
REASEARCH AND DEVELOPMENT COSTS		
Capitalised development costs	13.5	**6.8**
Reasearch and development costs expensed	10.2	**10.2**
Total as percentage of revenue	8.8%	**5.1%**
Cash flow from operations	-14.0	**-22.8**
Cash flow from investing activities	-24.9	**-15.6**
Total employees (end of period)	2,987	**3,341**

in mill. EUR	29/2/2016	31/8/2016
Net working capital	160.0	**209.3**
Net debt	171.9	**218.8**
Equity	304.4	**311.8**
Equity ratio	43.5%	**43.7%**
Total amount of the consolidated statement of financial position	699.2	**713.8**

Business environment

Global markets

The world regions grew different in the first two quarters. The countries of the euro area, the USA and Japan saw a moderate growth, whereas some emerging markets such as Russia and Brazil showed slightly recessionary tendencies. The gross domestic product (GDP) in the euro region grew marginally due to seasonal influences. Although the monetary policy of the European Central Bank continues to be loose, growth remains limited. In the first quarter of 2016, the GDP of the USA increased by 2.0%. Because of the strong dollar, most of the momentum came from external trade. Consumption, too, provided some stimulus. The growth rate in China, being 6.7%, remained within the goal set by the government.

Sources: EUROSTAT, EIU, NBSC

The aerospace industry

The global demand for passenger flights has continued to develop on a stable level although there are regional differences. In August, the increase in revenue passenger kilometers (RPK) was 4.6% compared to the period of the previous year which corresponds to the general outlook specified in longterm plans.
From today's perspective, the industry forecast stating the need of approx. 32,000 new airliners has been confirmed.

The biggest growth was seen in the Middle East with 9.9% and in the Asia Pacific region with 7.8%.

August 2016 (% year-on-year)	World share	RPK
Total	100.0%	4.6%
Africa	2.2%	1.0%
Asia Pacific	31.5%	7.8%
Europe	26.7%	2.7%
Latin America	5.4%	3.2%
Middle East	9.4%	9.9%
North America	24.7%	1.5%

In the first half-year (March – August 2016), Airbus and Boeing delivered 658 planes. The orders on hand have stabilized on a good level, the book-to-bill ratio has changed a little, reaching a proportion of 1:1 at the end of the first half-year.

After the first six months of the year 2016, there were 13,250 orders in the order book. This is a calculated workload of 7 to 8 years.

Sources: IATA, ASCEND

Current business situation

Exchange rate information

As the cash flows of FACC AG are generated by operations conducted in foreign currency, mainly US dollars, there is always a foreign exchange risk. Therefore, to the extent that the group does not use financial instruments for hedging its present and future net foreign currency exposure, any profit and future cash flows will be affected by changes in the euro to US dollar exchange rates. The group's hedging strategies are geared to controlling and minimizing the influence of currency fluctuations on these profits and/or future cash flows. FACC AG pursues the objective to hedge expected cash flows in USD (from sales revenues and purchase of raw materials) for the specified time periods in the following way: for the current business year 100% hedging, for the next business year about 50% hedging and the second year after about 20% hedging.

Financial year	2016/17	2017/18	2018/19
Average rate of currency hedging (USD/EUR)	1.225	1.160	1.160
Hedging in %	100%	appr. 60%	appr. 16%

SALES AND EARNINGS PERFORMANCE

in mill. EUR	Q2 2015/16	**Q2 2016/17**	Change	H1 2015/16	**H1 2016/17**	Change
Revenues	133.4	**164.9**	23.6%	270.1	**329.8**	22.1%
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	4.8	**2.0**	-58.3%	6.0	**4.6**	-23.9%
Amortisation and depreciation	6.4	**7.4**	15.6%	12.8	**14.8**	15.6%
Investments for the period	11.7	**8.4**	-28.2%	24.9	**15.6**	-38.2%

In the first six months of 2016/17, sales revenues amounted to 329.8 mill. EUR (reference period 2015/16: 270.1 mill. EUR). The 22.1% rise in sales revenues was a consequence of the significant increase in product sales of 22.8% or 56.5 mill. EUR to 303.7 mill. EUR. Main drivers are the Airbus A320 family, the Airbus A350 XWB, the Bombardier C series, as well as the Embraer E2 jet.
In the first half of 2016/17, development revenues rose by 3.4 mill. EUR to 26.1 mill. EUR.

In addition to the OEM business that is predictable on a long-term basis, FACC AG has also intensified its efforts to exploit and develop the maintenance and repair market for civil aircraft (MRO business). This arrangement has already yielded considerable orders. In the second quarter, FACC was ordered to retrofit 110 A320 aircraft cabins, as well as up to 12 first-class cabins of the A330. Additionally, development orders with airlines regarding aerodynamic improvements are in the stage of final preparation. In this context, the licence as "Design Organisation Holder" obtained by FACC is important.

Depreciation and amortization amount to 14.8 mill. EUR (reference period 2015/16: 12.8 mill. EUR). The rise is as scheduled, resulting from the investment activities in previous years.

All segments have reached the growth from development activities of previous years. The activities around the significant ramp-up to serial production of the A350 XWB, in particular, took center stage. This involved also a substantial increase in the number and qualification of employees in all segments – the FACC workforce was increased by 354 FTE in the reference period.

In the first half of 2016/17, the earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT) amounted to 4.6 mill. EUR (reference period 2015/16: 6.0 mill. EUR).
The result of the current period under review includes non-recurring expenses of 1.4 mill. EUR that are associated with the "Fake President Incident".

SEGMENT REPORTING

Aerostructures

in mill. EUR	Q2 2015/16	**Q2 2016/17**	Change	H1 2015/16	**H1 2016/17**	Change
Revenues	62.8	**72.4**	15.2%	129.5	**146.6**	13.2%
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	6.9	**7.5**	8.2 %	15.0	**14.2**	-5.4%
Amortisation and depreciation	2.7	**3.6**	32.5 %	5.4	**7.3**	36.8%
Investments for the period	7.9	**3.3**	-58.5 %	15.8	**6.3**	-60.6%

In the first half of 2016/17, the turnover of the AEROSTRUCTURES segment was 146.6 mill. EUR (reference period 2015/16: 129.5 mill. EUR). The turnover resulting from product deliveries was increased by 15.1% to 133.7 mill. EUR. The increase was mainly supported by the product ranges Airbus A350 and A321, as well as the Bombardier C series and Global 7000/8000.

In the first half of 2016/17, the earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT) of the AEROSTRUCTURES segment amounted to 14.2 mill. EUR (reference period 2015/16: 15.0 mill. EUR).

Engines & Nacelles

in mill. EUR	Q2 2015/16	Q2 2016/17	Change	H1 2015/16	H1 2016/17	Change
Revenues	29.8	**36.6**	22.9%	54.5	**68.7**	26.0%
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	-1.5	**0.0**	–	-4.8	**-3.7**	-23.7%
Amortisation and depreciation	1.3	**1.2**	-3.9%	2.6	**2.4**	-6.6%
Investments for the period	1.1	**1.5**	41.2%	1.9	**3.4**	76.8%

In the first half of 2016/17, the turnover of the ENGINES & NACELLES segment was 68.7 mill. EUR (reference period 2015/16: 54.5 mill. EUR). The turnover from product deliveries increased significantly by 27.7% to 65.7 mill. EUR. This increase was mainly effected by the Airbus A350 product range as well as by growing sales in the field of Engine Composites.

In the first half of 2016/17, the earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT) in the ENGINES & NACELLES segment amounted to -3.7 mill. EUR (reference period 2015/16: -4.8 mill. EUR). The stabilization of the new projects proceeding as scheduled and the implemented efficiency enhancement in the division resulted in the current result improvement in relation to the turnover. For the first time, the measures already mentioned yielded a slightly positive result in the second quarter of 2016/17.

Interiors

in mill. EUR	Q2 2015/16	Q2 2016/17	Change	H1 2015/16	H1 2016/17	Change
Revenues	40.8	**55.9**	37.1%	86.1	**114.6**	33.1%
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	-0.6	**-5.5**	–	-4.1	**-5.9**	43.4%
Amortisation and depreciation	2.4	**2.6**	6.8%	4.8	**5.0**	4.1%
Investments for the period	2.8	**3.5**	25.0%	7.1	**5.8**	-18.3%

In the first half of 2016/17, the turnover of the INTERIORS segment was 114.6 mill. EUR (reference period 2015/16: 86.1 mill. EUR). The turnover from product deliveries increased significantly by 30.8% to 104.4 mill. EUR.

From today's perspective, the business jet programs of the INTERIORS segment will see a temporary decline - from the customer's point of view - of new orders for the financial year 2016/17. After mid-2017, incoming orders are expected to rise again. The effect on the overall turnover of FACC AG is less than 3 percent and will be compensated within the devision by additional needs in the field of commercial aircraft.

In the first half of 2016/17, the earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT) of the INTERIORS segment amounted to -5.9 mill. EUR (reference period 2015/16: -4.1 mill. EUR).

To ensure that the substantial rise in the A350 component volume can be handled and to be prepared for the scheduled implementation of the coming ramping-up of the production rate for the A320, FACC has increased its permanent staff in the INTERIORS segment, on the one hand, and has hired temporary workers to increase the workforce on short notice, on the other hand. This means resultant expenses in the first half of 2016/17 of more than 6.9 mill. EUR.

INVESTMENTS

Investments made in the first half-year of 2016/17 amounted to 15.6 mill. EUR (reference period 2015/16: 24.9 mill. EUR). The capitalized development costs included in the investments came to 6.8 mill. EUR (reference period 2015/16: 13.5 mill. EUR). In the field of property, plant and equipment purchased there was a decline from 11.1 mill. EUR to 8.7 mill. EUR.

FINANCIAL POSITION

The intangible assets at the end of the period under review amount to 166.7 mill. EUR (29 February 2016: 166.1 mill. EUR). The change is mainly attributed to additions from development projects associated with the new cabin for Airbus A350 and A320, the Embraer Legacy and Embraer E-Jet 190.

The inventories at the end of the period under review amount to 131.8 mill. EUR (29 February 2016: 107.8 mill. EUR). The change is mainly caused by the rise in product sales and relates to manufacturing projects generating a rising turnover.

Receivables from construction contracts remained constant at 28.5 mill. EUR compared to the reporting date 2015/16 (29 February 2016: 28.6 mill. EUR).

Receivables from affiliated companies were reduced by 12.0 mill. EUR to 7.0 mill. EUR at the end of the period under review. Essentially, this was due to payments received for services rendered during the establishment of a production unit in China as well as for development services for the ARJ21 program.

The share capital of the company is 45.8 mill. EUR and is paid up. It is subdivided into 45,790,000 no-par shares of EUR 1, each.

The trade payables amounting to 71.1 mill. EUR (29 February 2016: 72.7 mill. EUR) developed in line with the course of business.

Current other financial liabilities amount to 55.6 mill. EUR (29 February 2016: 21.6 mill. EUR). The change is primarily related to the change in working capital.

EMPLOYEES

As at 31 August 2016, staff numbers amounted to 3,341 employees (+354 FTE), compared to 2,987 employees on 31 August 2016.

To ensure that various ramp-ups to series production as well as further increases in production rates can be handled on short notice, both the permanent staff was increased and 315 (FTE) temporary workers were hired.

Risk report

FACC is to some extent confronted with unforeseeable situations in its daily business, which can have potential negative effects. In order to be prepared to meet situations of this kind FACC has established a risk management system encompassing the areas of management, finance, project management, customers, purchasing and suppliers together with production and product quality. In the scope of this risk management process both potential and real risks that have actually been encountered are being continuously monitored and evaluated by the operative units and reported to the Executive Board twice a year in the course of the management reviews.

Unusual events are reported at once to the Vice-President, who is responsible for deciding whether an immediate notification to the Executive Board is required. The Executive Board then informs the Supervisory Board about any such issues in its meetings.
This measure ensures that any significant risks are recognized at an early stage and those measures for countering or limiting the risks can be introduced at once. According to an assessment of the Executive Board the potential risks that can be recognized at present are both reasonable and manageable risks and thus do not represent an existential threat to the company. Effective internal risk

control systems that provide reliable results have been introduced to support the timely recognition and evaluation of all risks. Software tools for carrying out failure mode and effect system analyses (FMEA) are well integrated and provide significant support to the process of risk minimization during product development as also at a later period in the course of running production by giving full account to preventive action.

In the first six months of 2016/17 no significant change occurred in the overall risk situation faced by the company. In the context of detailed risk reporting reference is made to the full explanatory text given in Item 3 of the Company Annex provided in the Annual Financial Report 2015/16.

Outlook

The products developed over the past few years are moving increasingly into the series production phases. The sales volumes for the A350 projects are to see a phased increase over the next few years and will thus become a significant driving factor for the overall business development. In addition to the series start-up for the A350 the forecasts see a further growth in requirement for both the B787 and the A320 over the next two years. After the handover of the first C-Series aircraft to Swiss Air and the increased demand this will bring with it, sustained operative growth will result in the subsequent periods ahead.

As a result of the balanced and modern FACC product and customer portfolio, the company will be in position to profit from the general growth expected in virtually all aircraft families. The development work for the major projects of the past ten to twelve years, in particular for the A380, A350 and B787, has already been concluded. The focus now lies with the continuous further development and industrialization of these projects.

The investments made by the FACC group in the past in the new projects A350 XWB, B787, Legacy 450/500, Bombardier CL 350 and Global 7000/8000 are thus now showing a sustainable effect. As a system supplier FACC is set to benefit significantly as these projects move into full serial production and this will not only mean increased turnover, but also high capacity utilization of all production facilities.

The return on all the FACC group development costs can be achieved in line with the plan from the perspective that we have today. As a result of this achievement the “FACC Vision 2020”, under the terms of which constant growth is to be implemented, is also realistic from the position today. FACC continues to make the assumption in the planning for business year 2016/17 that turnover growth will be in the two figure percentage area.

The turnover from development services will no longer be reaching the levels of 2012 and 2013 in the near future. As already mentioned neither Airbus nor Boeing will launch any major new projects on the market over the short term. Instead of this continuous improvements will be required on existing aircraft types, which will involve less risk in terms of technical requirements and will most likely also be more manageable in terms of the financial expenditure involved.
Despite this background it has nevertheless been possible for us to acquire development and consultancy contracts in the course of the second quarter. These involve orders for the development of the passenger cabin of a 70 seater turboprop aircraft, research contracts for space flight components and also orders for the further development of materials and processes for the production of composite components for implementation in very high unit numbers.

In the scope of the “FACC Vision 2020”, further improvements in efficiency and the strengthening of the earnings potential have been launched, the “Operational Excellence Projects”. These projects aim at increasing the level of automation, boosting productivity and cutting back on product process costs together with the outsourcing of production for simple composite parts as a means of increasing profit margins. These projects are beginning to show effect and increasing automation levels will again be a focal issue for the business year 2016/17 – with the clear aim of further increasing the efficiency of FACC. An overall productivity increase of from 7 to 10% (depending on the product mix) continues to be the unchanged target all these activities are aiming at.


facc Passion

Consolidated Statement of Financial Positions

	29/2/2016 EUR'000	31/8/2016 EUR'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	166,067	**166,678**
Property, plant and equipment	168,748	**168,924**
Other non-current financial assets	451	**469**
Non-current receivables	30,232	**28,447**
Deferred taxes	241	**–**
	365,739	**364,519**
CURRENT ASSETS		
Inventories	107,823	**131,829**
Trade receiveables	106,384	**126,031**
Receivables from construction contracts	28,633	**28,497**
Other receiveables and deferred income	15,337	**18,364**
Receivables from related companies	19,060	**7,044**
Derivative financial instruments	–	**–**
Cash and cash equivalents	56,215	**37,535**
	333,451	**349,300**
TOTAL ASSETS	699,190	**713,818**
EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	45,790	**45,790**
Capital reserve	221,459	**221,459**
Currency translation reserve	-250	**-230**
Revenue reserves	–	**–**
Other reserves	-13,476	**-6,460**
Retained earnings	50,842	**51,231**
	304,365	**311,790**
Non-controlling interests	17	**17**
TOTAL EQUITY	304,381	**311,806**
LIABILITIES		
NON-CURRENT LIABILITIES		
Promissory note loans	42,000	**42,000**
Bonds	89,242	**89,329**
Other financial liabilities	75,213	**69,427**
Derivative financial instruments	–	**–**
Investment grants	12,385	**12,744**
Employee benefit obligations	10,759	**11,066**
Deferred taxes	–	**1,954**
	229,600	**226,520**
CURRENT LIABILITIES		
Trade payables	72,679	**71,111**
Other liabilities and deferred income	25,526	**24,310**
Other financial liabilities	21,634	**55,592**
Promissory note loans	–	**–**
Derivative financial instruments	33,476	**14,319**
Other provisions	10,393	**8,235**
Investment grants	904	**904**
Income tax liabilities	171	**41**
Liabilities to related companies	425	**981**
	165,209	**175,492**
TOTAL LIABILITIES	394,808	**402,012**
TOTAL EQUITY AND LIABILITIES	699,190	**713,818**

Consolidated Statement of Comprehensive Income

	Q2 2015/16 EUR'000	Q2 2016/17 EUR'000	H1 2015/16 EUR'000	H1 2016/17 EUR'000
REVENUE	133,389	**164,880**	270,069	**329,821**
Changes in inventories	-3,549	**4,085**	3,108	**13,917**
Own work capitalised	4,210	**2,562**	10,209	**5,239**
Cost of materials and purchased services	-81,755	**-109,381**	-172,125	**-217,571**
Staff costs	-35,107	**-40,146**	-76,337	**-84,278**
Depreciation and amortisation	-6,442	**-7,443**	-12,782	**-14,779**
Other operating income and expenses	-5,921	**-12,551**	-16,108	**-27,755**
Earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT)	4,825	**2,005**	6,034	**4,594**
Finance costs	-3,884	**-3,297**	-6,400	**-7,600**
Interest income from financial instruments	137	**120**	313	**129**
Fair-value measurement of derivative financial instruments	1,558	**1,811**	2,959	**3,521**
Profit before taxes	2,636	**640**	2,906	**643**
Income taxes	-206	**-504**	549	**-254**
Profit before taxes	2,430	**136**	3,455	**389**
ITEMS SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Currency translation differences from consolidation	92	**-12**	-53	**20**
Fair-value measurement of securities (net of tax)	-8	**10**	-11	**14**
Cash flow hedges (net of tax)	7,478	**1,679**	5,456	**6,822**
ITEMS SUBSEQUENTLY NOT RECLASSIFIED TO PROFIT OR LOSS				
Revaluation effects of pensions and termination benefits (net of tax)	6	**-53**	12	**180**
Other comprehensive income	7,568	**1,624**	5,404	**7,035**
Total comprehensive income	9,998	**1,760**	8,859	**7,424**
PROFIT AFTER TAXES ATTRIBUTABLE TO:				
Equity holders of the parent[1)]	2,430	**136**	3,453	**388**
Non-controlling equity holders	0	**0**	2	**0**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	9,998	**1,760**	8,857	**7,424**
Non-controlling equity holders	0	**0**	2	**0**
[1)]Earnings per share with regard to profit after taxes attributable to the equity holders of the parent during the year (in EUR per share)	0.06	**0**	0.08	**0,01**

Consolidated Statement of Cash Flows

	1/3/2015–31/8/2015 EUR'000	**1/3/2016–31/8/2016 EUR'000**
OPERATING ACTIVITIES		
Earnings before interest, taxes and fair-value measurement of derivative financial instruments (EBIT)	6,034	**4,594**
Fair-value measurement of derivative financial instruments	2,959	**3,521**
	8,993	**8,114**
Plus/minus		
Release of/accrual of investment grants	518	**375**
Depreciation and amortisation	12,782	**14,779**
Losses/(gains) on disposal of non-current assets	–	**–**
Change in financial instruments	-24,574	**-19,157**
Cash flow Hedge	7,275	**9,096**
Change in non-current receivables	4,367	**1,784**
Revaluation effects of pensions and termination benefits	16	**239**
Change in employee benefit obligations, non-current	413	**307**
Effects from deconsolidation	-2,334	**–**
FX-differences from Cash and Cash equivalents	-122	**1,097**
	7,334	**16,635**
Change in net current assets		
Change in inventories	-15,992	**-24,006**
Change in receivables and deferred items	6,299	**-10,523**
Change in trade payables	-8,472	**-1,568**
Change in current provisions	-1,379	**-2,158**
Change in other current liabilities	-1,789	**-1,167**
Cash generated from operations	-13,999	**-22,787**
Interest received	313	**129**
Tax paid	-2	**-2**
Net cash generated from operating activities	-13,688	**-22,660**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-11,073	**-8,695**
Purchase of intangible assets	-292	**-106**
Payment for addition to development costs	-13,507	**-6,781**
Net cash generated from investing activities	-24,873	**-15,581**
FINANCING ACTIVITIES		
Proceeds from financial loans and bonds	3,935	**33,021**
Repayments of financial loans and bonds	-5,778	**-4,762**
Payments of interest on financial loans and bonds	-6,400	**-7,600**
Cash proceed from capital contribution	–	**–**
Dividends paid	–	**–**
Net cash generated from/(used in) financing activities	-8,244	**20,659**
Net change in cash and cash equivalents	-46,805	**-17,583**
Cash and cash equivalents at the beginning of the period	110,955	**56,215**
Effects from deconsolidation	-8	**–**
FX-differences from Cash and Cash equivalents	122	**-1,097**
Cash and cash equivalents at the end of the period	64,265	**37,535**

Consolidated Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	Available-for-sale securities	Hedging reserve	Reserve IAS 19
				OTHER RESERVES		
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2016	45,790	221,459	-250	-27	-9,727	-3,722
Profit after taxes	–	–	–	–	–	–
Other comprehensive income						
Currency translation differences from consolidation	–	–	20	–	–	–
Fair-value measurement of securities (net of tax)	–	–	–	14	–	–
Revaluation effects of pension and termination benefits (net of tax)	–	–	–	–	–	180
Cash flow hedges (net of tax)	–	–	–	–	6,822	–
Total other comprehensive income	–	–	20	14	6,822	180
Total comprehensive income	–	–	20	14	6,822	180
Balance as at 31 August 2016	45,790	221,459	-230	-14	-2,905	-3,542

	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2016	50,842	304.365	17	304.382
Profit after taxes	388	388	–	389
Other comprehensive income				
Currency translation differences from consolidation	–	20	–	20
Fair-value measurement of securities (net of tax)	–	14	–	14
Revaluation effects of pension and termination benefits (net of tax)	–	180	–	180
Cash flow hedges (net of tax)	–	6,822	–	6,822
Total other comprehensive income	–	7,035	–	7,035
Total comprehensive income	388	7,424	–	7,424
Balance as at 31 August 2016	51,230	311,789	17	311,806

Consolidated Statement of Changes in Equity

					OTHER RESERVES	
	Share capital	Capital reserve	Currency translation reserve	Available-for-sale securities	Hedging reserve	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2015	45,790	220,535	-170	-14	-19,779	-4,221
Profit after taxes	–	–	–	–	–	–
Other comprehensive income						
Currency translation differences from consolidation	–	–	-53	–	–	–
Fair-value measurement of securities (net of tax)	–	–	–	-11	–	–
Revaluation effects of pension and termination benefits (net of tax)	–	–	–	–	–	12
Cash flow hedges (net of tax)	–	–	–	–	-5,456	–
Total other comprehensive income	–	–	-53	-11	-5,456	12
Total comprehensive income	–	–	-53	-11	-5,456	12
Subsequent changes in IPO costs	–	1,089	–	–	–	–
Balance as at 31 August 2015	45,790	221,624	-223	-25	-14,323	-4,209

	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2015	72,759	314,900	8	314,908
Profit after taxes	3,453	3,453	2	3,455
Other comprehensive income				
Currency translation differences from consolidation	–	-53	–	-53
Fair-value measurement of securities (net of tax)	–	-11	–	-11
Revaluation effects of pension and termination benefits (net of tax)	–	12	–	12
Cash flow hedges (net of tax)	–	5,456	–	5,456
Total other comprehensive income	–	5,404	–	5,404
Total comprehensive income	3,453	8,857	2	8,859
Subsequent changes in IPO costs	–	1,089	–	1,089
Balance as at 31 August 2015	76,212	324,846	10	324,856

facc Partnership

Selected Comments on the Company Interim Financial Statement as of 31 August 2016

GENERAL INFORMATION

The FACC group with company headquarters in Ried is an Austrian corporation specializing in the development, production and maintenance of aerospace components. The group was founded in 1989.
Its main areas of activity include the manufacturing of structural components such as parts of fan cowls, wing panels or control surfaces, and the production of interiors of modern commercial aircrafts. The components are largely made from composites. The group also incorporates metal components made from titanium, high-alloy steels and other metals into the composite components and delivers them ready-to-install to aircraft final assembly lines.

The scope of consolidation of FACC AG as of 31 August 2016 has not changed compared to the scope of consolidation of the financial statement as of 29 February 2016.

ACCOUNTING AND VALUATION METHODS

The present interim financial statement as of 31 August 2016 has been prepared in accordance with the International Accounting Standard 34 (IAS 34). The accounting and valuation methods were applied unchanged to the financial statement as of 29 February 2016. There are no new or modified standards applied to the present interim report 2016/17 which had a significant impact on the group.
For further information on the accounting and valuation methods, please refer to the consolidated financial statement as of 29 February 2016 on which this interim statement is based. The attached explanatory notes are limited to key selected comments. For further explanatory notes, please refer to the consolidated financial statement as of 29 February 2016 on which this interim statement is based. Preparation of the interim statement in accordance with the generally accepted accounting and valuation methods requires the application of estimates and assumptions which influence the amount and the disclosure of recognized assets and liabilities, and disclosed contingent assets and liabilities on the reporting date, as well as recognized income and expenses during the reporting period. Although these estimates are based on current transactions to the best of our knowledge, actual values may deviate from them. The interim financial statement and attached notes are given in thousands of Euros (KEUR). When adding up rounded amounts and percentages, differences may occur due to the use of automatic calculation aids.

SEGMENT REPORTING

Segment reporting is carried out in line with the internal management and reporting of FACC. Due to the different intended uses of the products, three operative divisions were created. The division “FACC AEROSTRUCTURES“ is responsible for the development, production and sale of structural components, ”FACC INTERIORS“ for the development, production and sale of interiors, and “FACC ENGINES & NACELLES“ for the production and sale of engine components.

All operative divisions are managed by vice presidents. Upon conclusion of customer contracts and order processing, each order is manufactured in one of the four plants. In addition to the three operative segments, the company also includes the central services Finance and Controlling, Human Resources, Quality Assurance, Purchasing and IT (including engineering services). The central services support the operative divisions in the fulfilment of their tasks in line with a matrix organisation.

	Divisions			
1/3/2016 – 31/8/2016	Aero-structures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	Total EUR'000
Information on profitability				
Revenue	**146,574**	**68,665**	**114,582**	**329,821**
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	**14,161**	**-3,695**	**-5,873**	**4,594**
Depreciation and amortisation	**7,336**	**2,448**	**4,996**	**14,779**
Earnings before interest, taxes and fair-value measurement of derivative financial instruments and depreciation and amortisation	**21,497**	**-1,247**	**-877**	**19,373**
Information on assets				
Assets	**328,484**	**156,164**	**229,170**	**713,818**
Capital expenditure in the fiscal year	**6,323**	**3,446**	**5.811**	**15,580**

	Divisions			
1/3/2015 – 31/8/2015	Aero-structures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	Total EUR'000
Information on profitability				
Revenue	129,528	54,481	86,061	270,069
Earnings before interest, taxes and fair-value measurement of derivative financial instruments	14,976	-4,845	-4,097	6,034
Depreciation and amortisation	5,362	2,619	4,800	12,782
Earnings before interest, taxes and fair-value measurement of derivative financial instruments and depreciation and amortisation	20,396	-2,202	742	18,936
Information on assets				
Assets	340,020	145,527	202,783	688,331
Capital expenditure in the fiscal year	15,850	1,923	7,100	24,873

SEASONAL INFLUENCES

Our operational results fluctuate as our sales revenues vary from quarter to quarter. Assignment of total revenue of a given financial year to a particular quarter largely correlates with the production activities of our aerospace clients. This is the reason why we generate lower revenues during quarters in which our clients are closed for vacation. Moreover, invoices for larger development projects (tools and development services) may impact quarterly revenue, which is generally the case in the fourth quarter. We receive most of our customers' orders in December, which leads to a higher revenue in January and thus in our fourth quarter. Airlines also have an impact on seasonal effects as the number of ordered aircrafts depends on the seasonal volume of passengers. In the past, our results varied from quarter to quarter and thus affected our working capital and financial position. These effects are also expected in the future.

FINANCIAL INSTRUMENTS

Information on the fair value of financial instruments as required by IAS 34.16 A(j) is given below.
The fair-values of derivative financial instruments for foreign exchange hedging and interest rate hedging are as follows:

	Volume USD'000	Volume EUR'000	Fair-Value EUR'000
Balance as of 29/2/2016			
Forward foreign exchange contracts - USD	335,000	–	-28,378
Interest rate swaps	–	20,000	-5,098
Balance as of 31/8/2016			
Forward foreign exchange contracts - USD	**315,000**	**–**	**-12,741**
Interest rate swaps	**–**	**20,000**	**-1,577**

Short-term and long-term financial assets and liabilities can be broken down according to the categories of IAS 39 as follows:

	Category IAS 39[1])	Carrying amount as of 29 February 2016 EUR'000	Fair-value as of 29 February 2016 EUR'000	Carrying amount as of 31 August 2016 EUR'000	Fair-value as of 31 August 2016 EUR'000
ASSETS					
Measurement at (amortised) cost					
Non-current receivables	LaR	30,232	30,232	**28,448**	**28,448**
Trade receivables	LaR	106,383	106,383	**126,031**	**126,031**
Receivables from construction contracts	LaR	28,633	28,633	**28,497**	**28,497**
Receivables from affiliated companies	LaR	19,060	19,060	**7,044**	**7,044**
Cash and cash equivalents	LaR	56,215	56,215	**37,535**	**37,535**
Measurement at fair-value					
Book-entry securities (not listed)	AfS	44	44	**44**	**44**
Securities (listed)	AfS	407	407	**426**	**426**
Derivates with positive fair-value (interest rate swaps)	AtFVtP&L	–	–	**–**	**–**
Derivates with positive fair-value (forward foreign exchange contracts)	–	–	–	**–**	**–**
Derivates with positive fair-value (structured currency options)	AtFVtP&L	–	–	**–**	**–**
Total financial assets		240,974	240,974	**228,025**	**228,025**

	Category IAS 39[1])	Carrying amount as of 29 February 2016 EUR'000	Fair-value as of 29 February 2016 EUR'000	Carrying amount as of 31 August 2016 EUR'000	Fair-value as of 31 August 2016 EUR'000
LIABILITIES					
Measurement at (amortised) cost					
Promissory note loans	FLAC	42,000	42,000	**42,000**	**42,000**
Bonds	FLAC	89,242	90,220	**89,329**	**92,847**
Bank borrowings	FLAC	96,848	96,848	**125,019**	**125,019**
Trade payables	FLAC	72,679	72,679	**71,111**	**71,111**
Payables to related companies (Group financing)		425	425	**981**	**981**
Measurement at fair-value					
Derivates with negative fair-value (interest rate swaps)	AtFVtP&L	5,098	5,098	**1,577**	**1,577**
Derivates with negative fair-value (forward foreign exchange contracts)	–	28,378	28,378	**12,742**	**12,742**
Derivates with negative fair-value (structured currency options)	AtFVtP&L	–	–	**–**	**–**
Total financial liabilities		334,670	335,648	**342,759**	**346,277**

[1] LaR Loans and Receivables
AfS Available for SalE
AtFVtP&L At Fair-Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

BUSINESS TRANSACTIONS WITH RELATED COMPANIES AND PARTIES OUTSIDE THE SCOPE OF CONSOLIDATION FOR THE PERIOD 1 MARCH 2016 UNTIL 31 AUGUST 2016

Revenues of KEUR 1,366 were generated from sales to the related company Shanghai Aircraft Manufacturing Co., Ltd. (compared to KEUR 470 during the same period of the previous year).

Revenues of KEUR 373 were generated from sales to the related company Fesher Aviation Component (Zhenjiang) Co., Ldt. (compared to KEUR 1,097 during the same period of the previous year).

Costs amounting to KEUR 434 were passed on to the related company FACC International Co., Ltd. (compared to KEUR -424 during the same period of the previous year).

EVENTS AFTER THE INTERIM REPORTING DATE

No significant events occurred after the interim reporting date.

WAIVER OF AUDIT REVIEW / AUDIT

The present interim financial statement has not been audited or reviewed.

DECLARATION BY THE LEGAL REPRESENTATIVES

We confirm, to the best of our knowledge, that the abridged interim financial statement as of 31 August 2016, which was prepared in accordance with the applicable accounting standards, reflects the asset, financial and profit situation of the group as accurately as possible.
We also confirm that the half-year management report reflects, as accurately as possible, the asset, financial and profit situation of the group as regards significant events during the first six months of the financial year and their impact on the abridged interim financial statement, substantial risks and uncertainties in the remaining six months of the financial year and important transactions with related companies and parties to be disclosed.

Ried im Innkreis, 20. October 2016

Robert Machtlinger CEO	Ales Starek Member of the Executive Board	Wang Yongsheng Member of the Executive Board

Basic information about the FACC share

Securities ID number (ISIN)	AT00000FACC2
Currency	EUR
Stock Exchange	Vienna (XETRA)
Market segment	Prime Market (official trading)
First day of trading	25 June, 2014
Issue price	EUR 9.5
Paying agent	Erste Group
Indices	ATX GP, ATX IGS, ATX Prime, WBI
Share class	ordinary shares
Ticker symbol	FACC
Reuters symbol	FACC.VI
Bloomberg symbol	FACC AV
Number of shares issued	45,790,000

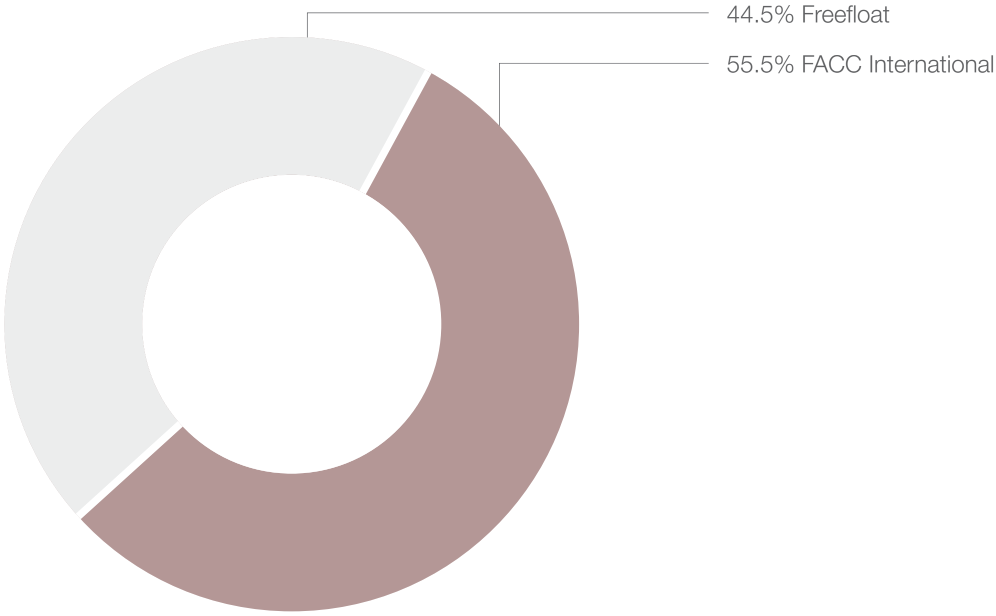
Key share data

		H1 2015/16	H1 2016/17
Trading volume	shares	20,470,196	**11,388,446**
Average daily trading volume	shares	124,062	**68,605**
Monetary turnover	mill. EUR	150.3	**57.3**
Highest closing price over the year	EUR	8.663	**7.153**
Lowest closing price over the year	EUR	6.30	**3.99**
Closing price	EUR	6.35	**5.24**
Performance year-to-date	%	-13.70	**-26.6**
Market capitalisation	mill. EUR	290.8	**240.4**

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

The share capital of FACC AG is EUR 45,790,000 and is in 45,790,000 shares. The Aviation Industry Corporation of China (AVIC) holds 55.5% of the voting rights in FACC AG through FACC International. The remaining 44.5% of the shares are in free float in diversified holdings of international and Austrian investors. FACC AG itself held no own shares at the end of the reporting period.

Shareholder structure



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