

Unaudited Interim Financial Statements

**Airbus Group Finance B.V.**

Leiden, The Netherlands

Six-Month Period ended June 30, 2016

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### UNAUDITED INTERIM REPORT OF THE BOARD OF MANAGING DIRECTORS

The board of Managing Directors herewith submits the Unaudited Interim Financial Statements of Airbus Group Finance B.V. ("**Company**"), for the six-month period ended June 30, 2016.

#### ACTIVITIES

The Company's main activity is to finance companies by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and any other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

#### EMTN Programme:

The EMTN Programme is a contractual framework which allows Airbus Group to raise debt from the capital markets through dealers by successive issues of notes governed by the same terms. Each issue, however, may bear a different maturity (due one month to thirty years) and interest coupon.

Activities of the Company have commenced in February 2003, when the first tranche of €1 billion, of a €3 billion EMTN Programme, was raised for Airbus Group SE. In September 2003, the Company has issued its second Eurobond transaction for €500 million under its EMTN Programme, maturing in September 2018. In August 2009, the Company has issued another, third, Eurobond transaction for €1 billion under this Programme, maturing in August 2016. During the year 2014, a fourth Eurobond transaction, for €1 billion, maturing April 2024 and a fifth Eurobond transaction, for €500 million, maturing October 2029 were additionally issued by the Company.

In October 2014, the Company increased the size of its EMTN Programme from €3 billion to €5 billion.

In May 2016, the Company has issued two Eurobond transactions for €600 million (maturing May 2026) and €900 million (maturing May 2031) under its EMTN Programme.

#### Commercial Paper Programme (Euro):

In addition to the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004. The Commercial Paper Programme currently has a size of €3 billion. As of June 30, 2016, the Company had placed Commercial Papers in the market for a value of €80 million.

#### US-Bond:

On April 17, 2013, the Company has issued a bond in the US institutional market for an amount of US\$1 billion, corresponding to €756 million, with a ten year maturity.

#### Commercial Paper Programme (US\$):

The Company launched a US\$ 2 billion Commercial Paper Programme in mid May 2015. On April 19, 2016 the Company updated and simultaneously increased its Programme from US\$2 billion to US\$3 billion. At June 30, 2016 an amount of US\$465 million was outstanding for the US\$ Commercial Paper Programme.

#### RISKS

As of June 30, 2016 the risks and uncertainties facing the Company do not materially differ, and are not expected to materially differ for the remaining six-month period of the financial year, from those described in the notes to the Annual Financial Statements of the Company for the year ended on December 31, 2015.

**RESULT FOR THE PERIOD**

The Company's result for the six-month period ended June 30, 2016 amounts to a profit of €93 thousand.

**STATEMENT**

The board of Managing Directors hereby declares that, to the best of its knowledge:

- the Unaudited Interim Financial Statements for the six-month period ended June 30, 2016 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the Unaudited Interim Report of the Board of Managing Directors gives a true and fair view of the position as per the reporting date, and of the development and performance during the first half of the 2016 financial year of the Company as well as the expected course of events.

**BOARD OF MANAGING DIRECTORS**

Mr. J.B. Pons, Director

\_\_\_\_\_ signed by J.B. Pons \_\_\_\_\_

Mr. C. Masson, Director

\_\_\_\_\_ signed by C. Masson \_\_\_\_\_

Mr. C.C. Kohl, Director

\_\_\_\_\_ signed by C.C. Kohl \_\_\_\_\_

Leiden, July 22, 2016

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**

(After appropriation of the result of the period)

In €thousand	<i>Note</i>	<b>30/06/2016</b>	<b>31/12/2015</b>
<i>Assets</i>			
<b>Non-Current Assets</b>			
Long-term Loans Receivable	3	4.364.060	2.904.188
Positive Fair Value Derivative Instruments	4	45.142	50.904
		<b>4.409.202</b>	<b>2.955.092</b>
<b>Current Assets</b>			
Short-term Loans Receivable	5	2.098.834	1.504.506
Positive Fair Value Derivative Instruments	4	3.894	18.792
Accrued Interest Receivable	6	82.588	50.278
Cash and Cash Equivalents	7	4.937	4.461
		<b>2.190.253</b>	<b>1.578.037</b>
<b>Total Assets</b>		<b>6.599.455</b>	<b>4.533.129</b>
<i>Equity and Liabilities</i>			
<b>Equity attributable to equity holders of the parent</b>			
Issued Capital	8	300	300
Other Reserves	8	(2)	(2)
Cash Flow Hedge Reserve	9	33.856	38.178
Retained Earnings		4.882	4.389
		<b>39.036</b>	<b>42.865</b>
<b>Non-Current Liabilities</b>			
Non-Current Interest Bearing Liabilities	10	4.364.059	2.904.188
Deferred Taxes Payable	11	11.286	12.726
		<b>4.375.345</b>	<b>2.916.914</b>
<b>Current Liabilities</b>			
Short-term Loans Payable	12	2.102.730	1.523.307
Accrued Interest Payable	13	82.344	50.043
		<b>2.185.074</b>	<b>1.573.350</b>
<b>Total Equity and Liabilities</b>		<b>6.599.455</b>	<b>4.533.129</b>

## Airbus Group Finance B.V.

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### UNAUDITED INCOME STATEMENTS

In €thousand	<i>Note</i>	<b>January 1 - June 30, 2016</b>	<b>January 1 - June 30, 2015</b>
<b>Financial Result</b>			
<b><i>Interest Result</i></b>			
Interest income	<i>14</i>	70.504	68.409
Interest expenses	<i>15</i>	(69.993)	(67.914)
		<hr/> <b>511</b>	<hr/> <b>495</b>
Foreign Exchange Result		(8)	18
<b>Total Financial Result</b>		<hr/> <b>503</b>	<hr/> <b>512</b>
General Administrative Expenses		(10)	(3)
<b>Profit for the period attributable to Equity Holders of the Parent</b>		<hr/> <b>493</b>	<hr/> <b>509</b>

### UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In €thousand	<b>January 1 - June 30, 2016</b>	<b>January 1 - June 30, 2015</b>
<b>Profit for the period</b>	493	509
<b>Other Comprehensive Income (Loss)</b>		
Losses from Cash-Flow Hedges (net of deferred taxes)	(4.322)	(6.805)
<b>Total Comprehensive Income (Loss) for the period attributable to Equity Holders of the Parent</b>	<hr/> <b>(3.829)</b>	<hr/> <b>(6.296)</b>

UNAUDITED STATEMENTS OF CASH-FLOWS

In €thousand	<i>Note</i>	January 1 - June 30, 2016	January 1 - June 30, 2015
Profit for the Period		493	509
Add back interest income		(70.504)	(68.409)
Add back interest expense		69.993	67.914
Amortization Recharged Bond Issue Costs		(1.646)	(1.419)
Amortization Bond Issue Costs/Interest Discount		1.639	1.369
		<u>(25)</u>	<u>(36)</u>
Interest received		38.194	38.215
Interest paid		(37.693)	(37.673)
<b>Cash provided by operating activities</b>		<b>476</b>	<b>506</b>
Funding Long-term Loans Receivable		(1.476.519)	-
Funding Short-term Loans Receivable		(593.822)	(491.514)
<b>Cash used for investing activities</b>		<b>(2.070.341)</b>	<b>(491.514)</b>
Issuance Non-Current Interest Bearing Liabilities		1.476.519	-
Issuance Short-term Loans Payable		593.822	491.514
<b>Cash provided by financing activities</b>		<b>2.070.341</b>	<b>491.514</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>476</b>	<b>506</b>
Cash and Cash equivalents at start of Period		4.461	3.559
<b>Cash and Cash equivalents at end of Period</b>	7	<b><u>4.937</u></b>	<b><u>4.065</u></b>

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**

In €thousand	<b>Issued Capital</b>	<b>Other Reserves</b>	<b>Cash Flow Hedge Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance at January 1, 2014</b>	<b>300</b>	<b>(2)</b>	<b>45.162</b>	<b>2.712</b>	<b>48.172</b>
Movement effective portion of Interest Rate Swaps Airbus Group SE (Total income for the period recognized directly in equity)			5.728		5.728
Profit for the Period				380	380
<b>Total income for the Period</b>			<b>5.728</b>	<b>380</b>	<b>6.108</b>
<b>Balance at June 30, 2014</b>	<b>300</b>	<b>(2)</b>	<b>50.890</b>	<b>3.092</b>	<b>54.280</b>
<b>Balance at January 1, 2015</b>	<b>300</b>	<b>(2)</b>	<b>49.058</b>	<b>3.425</b>	<b>52.781</b>
Movement effective portion of Interest Rate Swaps Airbus Group SE (Total loss for the period recognized directly in equity)			(6.805)		(6.805)
Profit for the Period				509	509
<b>Total income (loss) for the Period</b>			<b>(6.805)</b>	<b>509</b>	<b>(6.296)</b>
<b>Balance at June 30, 2015</b>	<b>300</b>	<b>(2)</b>	<b>42.253</b>	<b>3.934</b>	<b>46.485</b>
<b>Balance at January 1, 2016</b>	<b>300</b>	<b>(2)</b>	<b>38.178</b>	<b>4.389</b>	<b>42.865</b>
Movement effective portion of Interest Rate Swaps Airbus Group SE (Total loss for the period recognized directly in equity)			(4.322)		(4.322)
Profit for the Period				493	493
<b>Total income (loss) for the Period</b>			<b>(4.322)</b>	<b>493</b>	<b>(3.829)</b>
<b>Balance at June 30, 2016</b>	<b>300</b>	<b>(2)</b>	<b>33.856</b>	<b>4.882</b>	<b>39.036</b>



**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016**

**1. GENERAL**

***General Information***

Airbus Group Finance B.V. ("**Company**"), incorporated on December 2, 2002 and legally seated (*statutaire zetel*) in Amsterdam (registered office at Mendelweg 30, 2333 CS, Leiden, The Netherlands), is 100% owned by **Airbus Group SE**.

The Company's main activity is to finance companies by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

The Company's Unaudited Interim financial statements were authorized for issue by the board of managing directors on July 22, 2016.

This Unaudited Interim financial information for the six-month period ended June 30, 2016 was neither audited nor reviewed.

**2. ACCOUNTING PRINCIPLES**

Except as described below, the accounting principles applied are consistent with those of the Company's annual financial statements for the year ended December 31, 2015, as described in those annual financial statements.

***Basis of Preparation***

These Unaudited Interim financial statements for the six-month period ended June 30, 2016 have been prepared in accordance with IAS 34, "Unaudited Interim financial reporting", for Unaudited Interim financial reporting under IFRS, as adopted by the European Union (EU), and in compliance with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code as far as applicable. All financial information presented in Euro has been rounded to the nearest thousand, unless otherwise stated in the notes.

***Judgements and estimation uncertainty***

The preparation of the Unaudited Interim financial statements in conformity with the Company's accounting policies requires the use of judgement and estimates. Actual results could differ from those estimates. Changes in such estimates and assumptions may affect amounts reported in future periods. The key area requiring application of judgement and estimation is the determination of the fair value of derivatives. Since those instruments are not traded in an active market, the Company uses valuation techniques to determine their fair values. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

***Financial Assets***

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or the financial asset has been transferred and the transfer qualifies for derecognition under IAS 39.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

Long-term and short-term loans receivable and accrued interest receivable are classified as loans and receivables, which are initially recognized on the settlement date at cost, being the fair value of the consideration given and including acquisition charges. Subsequently they are carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated and recognized in the Income Statement taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the Income Statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

***Cash and Cash Equivalents***

Cash and Cash Equivalents consist of cash in bank and in the Intercompany Account with Airbus Group SE (cash pooling), which is available on a daily basis.

***Financial Liabilities***

Non-current interest bearing liabilities, short-term loans payable and accrued interest payable are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with any difference between proceeds (net of transaction costs) and redemption amount being recognized in the Income Statement over the period to maturity. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the amortisation process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

***Derivative Financial Instruments***

The Company uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized and are subsequently measured at fair value in the Statement of Financial Position with changes in fair values recognized either directly in Other Comprehensive Income or in the Income Statement.

***Deferred Taxes***

Deferred tax assets and liabilities reflect lower or higher future tax consequences that result in certain assets and liabilities from temporary valuation differences between the financial statement carrying amounts and their respective tax bases as well as from net operating losses and tax credit carry forwards. Deferred tax

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

assets and liabilities are measured using enacted or substantively enacted tax rates by the reporting date of 25% to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the new rates are enacted or substantively enacted.

As deferred tax assets anticipate potential future tax benefits, they are recorded in the financial statements of the Company only when the likelihood that the tax benefits will be realized is probable. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

***Current Taxes***

The Company is part of the fiscal unity headed by Airbus Group SE and consequently the Company's taxable results are included in the tax position of Airbus Group SE. No income tax has been allocated to the Company as the fiscal unity is in a tax loss position.

***Interest income***

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

***Hedge Accounting***

For the purposes of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging instrument and changes in the fair value of the hedged asset or liability attributable to the hedged risk are simultaneously recognized in the Income Statement.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as Other Comprehensive Income within a separate component of the Shareholders' Equity ("Cash Flow Hedge Reserve"), net of applicable deferred taxes and the ineffective portion is recognized in the Income Statement. When the cash flows that the derivative is hedging materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative recognized as Other Comprehensive Income is simultaneously transferred to the corresponding income or expense line item.

The fair value of interest rate swap contracts is determined by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the swap. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting.

***Cash flow statement***

The Company presents its Cash Flow Statement using the indirect method.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**3. LONG-TERM LOANS RECEIVABLE**

In €thousand	30/06/2016	31/12/2015
Long-term Loans to Airbus Group SE	<u>4.364.060</u>	<u>2.904.188</u>

On September 11, 2003, the Company entered into a loan agreement with effect of September 25, 2003, with Airbus Group SE, to make a loan available for the principal amount of €500 million reduced by a discount of €5,06 million. This loan originally bore interest at a rate of 5,54% per annum, payable yearly in arrears each September 25. On February 2, 2006, the Company has changed the interest terms of the loan agreement with effect of December 27, 2005. The amended loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 1,85% per annum from December 27, 2005 onwards. Interest shall be payable quarterly in arrears each March 25, June 25, September 25 and December 25 commencing March 25, 2006 until and including September 25, 2018.

This loan to Airbus Group SE is repayable on September 25, 2018. The fair market value approximates to the fair market value of the "5,500% Eurobond €500 million" (note 10) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 4).

On April 17, 2013, the Company entered into a loan agreement with effect of April 17, 2013, with Airbus Group SE, to make a loan available for the principal amount of US\$1 billion, reduced by a discount of US\$ 7,02 million. The loan shall bear interest at a rate of 2,72% per annum, payable semi-annually in arrears on each April 17 and October 17.

This loan to Airbus Group SE is repayable on April 17, 2023. The fair market value approximates to the fair market value of the "2,700% US institutional market bond US\$1 billion" (note 10).

On April 2, 2014, the Company entered into a loan agreement with effect of April 2, 2014, with Airbus Group SE, to make a loan available for the principal amount of €1 billion, reduced by a discount of €4,92 million. The loan shall bear interest at a rate of 2,395% per annum, payable yearly in arrears on each April 2. This loan to Airbus Group SE is repayable on April 2, 2024. The fair market value approximates to the fair market value of the "2,375% Eurobond €1 billion" (note 10).

On October 29, 2014, the Company entered into a loan agreement with effect of October 29, 2014, with Airbus Group SE, to make a loan available for the principal amount of €500 million, reduced by a discount of €6,245 million. The loan shall bear interest at a rate of 2,145% per annum, payable annually in arrears on each October 29.

This loan to Airbus Group SE is repayable on October 29, 2029. The fair market value approximates to the fair market value of the "2,125% Eurobond €500 million" (note 10).

On May 13, 2016, the Company entered into two new loan agreements with Airbus Group SE with effect of May 13, 2016.

The first one loan, repayable on May 13, 2026, with a principal amount of €600 million, is reduced by a discount of €6,282 million and shall bear interest at a rate of 0,905% per annum. The fair market value approximates to the fair market value of the "0,875% Eurobond €600 million" (note 10).

The second loan, repayable on May 13, 2031, with a principal amount of €900 million is reduced by a discount of €17,199 million and shall bear interest at a rate of 1,405 % per annum.

The fair market value approximates to the fair market value of the "1,375% Eurobond €900 million" (note 10).

The interest for both loans is payable yearly in arrears on each May 13.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**4. POSITIVE FAIR-VALUE DERIVATIVE INSTRUMENTS**

In €thousand	30/06/2016	31/12/2015
Interest Rate Swap Airbus Group SE, €500 million, 5,500% (maturing 25/09/2018)	45.142	50.904
Interest Rate Swap Airbus Group SE, €1 billion, 4,625% (maturing 12/08/2016)	3.894	18.792
	<b>49.036</b>	<b>69.696</b>

These amounts represent the fair market value, less accrued interest, at June 30, 2016 of:

- the Interest Rate Swap for which the Company has entered into with Airbus Group SE with effect of December 27, 2005. The notional amount of the swap is €500 million, expiring on September 25, 2018. The Interest Rate Swap is designated as a cash flow hedge and its purpose is to swap the variable interest in connection with the €500 million loan to Airbus Group SE (see note 3), into a fixed interest rate of 5,50% per annum.

- the Interest Rate Swap for which the Company has entered into with Airbus Group SE with effect of September 18, 2009. The notional amount of the swap is €1 billion, expiring on August 12, 2016. The Interest Rate Swap is designated as a fair value hedge and its purpose is to swap the fixed interest of 4,625% per annum in connection with the €1 billion Eurobond (see note 12), into a variable interest rate of EURIBOR three (3) months with a spread of 1,565% per annum from September 18, 2009 onwards.

The effective portion of the movement of the fair value of the €1 billion interest rate swap, for a negative amount of €4,9 million (January-June 2015: negative €4,2 million), as well as the offsetting portion of the movement of the €1 billion loan, for a positive amount of €4,9 million (positive €4,2 million), were completely recognized in the Income Statement.

The fair values of the interest rate swaps were determined by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the swap.

The effective portion of the movement of the fair value of the €500 million interest rate swap in the period January-June 2016, for a negative amount of €4,3 million (January-June 2015: negative amount of €6,8 million), was completely recognized in Other Comprehensive Income, net of deferred taxes.

**5. SHORT-TERM LOANS RECEIVABLE**

In €thousand	30/06/2016	31/12/2015
Short-term EMTN-Loan to Airbus Group SE	999.883	999.377
Short-term Euro-Loans to Airbus Group SE	680.271	-
Short-term US\$-Loans to Airbus Group SE	418.680	505.129
	<b>2.098.834</b>	<b>1.504.506</b>

On August 7, 2009, the Company entered into a loan agreement with effect of August 12, 2009, with Airbus Group SE, to make a loan available for the principal amount of €1 billion, reduced by a discount of €7,01

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

million. This loan originally bore interest at a rate of 4,645% per annum, payable yearly in arrears each August 12. On September 29, 2009, the Company has changed the interest terms of the loan agreement with effect of September 18, 2009. For an interim period commencing September 18, 2009 up to November 12, 2009 the interest rate was amended to 2,169% per annum. From November 12, 2009 onwards the loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 1,585% per annum. Interest shall be payable quarterly in arrears each February 12, May 12, August 12 and November 12 commencing November 12, 2009 until and including August 12, 2016.

This loan to Airbus Group SE is repayable on August 12, 2016. The fair market value approximates to the fair market value of the "4,625% Eurobond €1 billion" (note 12) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 4).

The funds received short term through the Euro and US\$-Commercial Paper Programmes, having a maturity period of up to six months, were lent through to Airbus Group SE mirroring the conditions applicable to the money raised (see note 12).

**6. ACCRUED INTEREST RECEIVABLE**

In €thousand	30/06/2016	31/12/2015
Interest Rate Swaps Airbus Group SE	60.082	23.147
Long-term Loans to Airbus Group SE	22.506	27.131
	<b>82.588</b>	<b>50.278</b>

**7. CASH AND CASH EQUIVALENTS**

In €thousand	30/06/2016	31/12/2015
Intercompany Accounts Airbus Group SE	<b>4.937</b>	<b>4.461</b>

**8. EQUITY**

The Company has an authorised share capital of 1,500,000 shares of €1 each. As of June 30, 2016, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of €1 each. The Other Reserves include capital tax paid in relation to a capital increase.

The Company complies with the capital requirements under applicable law and its articles of association. The main activity of the Company is to refinance Airbus Group entities. The Company manages its capital with the interest rate spread applied on the loans provided to Airbus Group SE. The interest rates are based on market conditions.

**9. CASH FLOW HEDGE RESERVE**

This amount represents the change in fair value in the reporting year of the Interest Rate Swaps (see note 4), for the effective part of the cash flow hedge, net of deferred taxes.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**10. NON-CURRENT INTEREST BEARING LIABILITIES**

In €thousand	30/06/2016	31/12/2015
- 5,500% Eurobond Airbus Group Finance B.V., 25/09/2018, fair value €62.810 thousand (prior year: €71.710 thousand)	499.246	499.078
- 2,700% US\$-bond Airbus Group Finance B.V., 17/04/2023, fair value €24.320 thousand (prior year: €897.750 thousand)	897.419	914.926
- 2,375% Eurobond Airbus Group Finance B.V., 02/04/2024, fair value €1.143.640 thousand (prior year: €1.084.530 thousand)	996.186	995.940
- 2,125% Eurobond Airbus Group Finance B.V., 29/10/2029 fair value €76.520 thousand (prior year: €16.545 thousand)	494.451	494.244
- 0,875% Eurobond Airbus Group Finance B.V., 13/05/2026 fair value €609.624 thousand	593.802	-
- 1,375% Eurobond Airbus Group Finance B.V., 13/05/2031 fair value €21.555 thousand	882.955	-
	<b>4.364.059</b>	<b>2.904.188</b>

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €500 million with value date September 25, 2003. The bond has an original maturity of fifteen years and carries a yearly coupon of 5,500%. The bond matures on September 25, 2018.

The Company has issued an inaugural bond transaction in the US institutional market of US\$1 billion with value date April 17, 2013. The bond has an original maturity of ten years and carries a yearly coupon of 2,700%. The bond matures on April 17, 2023.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €1 billion with value date April 2, 2014. The bond has an original maturity of ten years and carries a yearly coupon of 2,375%. The bond matures on April 2, 2024.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €500 million with value date October 29, 2014. The bond has an original maturity of fifteen years and carries a yearly coupon of 2,125%. The bond matures on October 29, 2029.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €600 million with value date May 13, 2016. The bond has an original maturity of ten years and carries a yearly coupon of 0,875%. The bond matures on May 13, 2026.

Also, the Company has issued a Eurobond benchmark transaction under the EMTN Programme of €900 million with value date May 13, 2016. The bond has an original maturity of fifteen years and carries a yearly coupon of 1,375%. The bond matures on May 13, 2031.

The issued bonds are covered by a guarantee from Airbus Group SE, the parent company. The disclosed fair values of the bonds were determined using market quotations at reporting date.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**11. DEFERRED TAXES PAYABLE**

The deferred tax liability relates to the temporary difference between the valuation of the derivative financial instruments for financial statements purposes and their respective tax basis. Deferred taxes are recognized as income tax benefit or expense, except for changes in fair value of derivative instruments designated as cash flow hedges which are recorded net of tax in the revaluation reserve. In the six-month period ended June 30, 2016, a positive amount of €1,4 million has been recognized in Other Comprehensive Income (January-June 2015: positive €2,3 million).

**12. SHORT-TERM LOANS PAYABLE**

In €thousand	30/06/2016	31/12/2015
- 4,625% Eurobond Airbus Group Finance B.V., 12/08/2016 fair value €1.005.000 thousand (prior year: €1.027.620 thousand)	1.003.779	1.018.178
- Short-term Loans from Euro-Commercial Paper Programme	681.051	-
- Short-term Loans from US\$-Commercial Paper Programme	417.900	505.129
	<b>2.102.730</b>	<b>1.523.307</b>

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of €1 billion with value date August 12, 2009. The bond has an original maturity of seven years and carries a yearly coupon of 4,625%. The bond matures on August 12, 2016. Changes in the fair value of the liability attributable to the hedged interest rate risk in the amount of €14,9 million negative (January-June 2015: €14,2 million negative) are recognized in the Income Statement (see Note 4).

The funds received short term through the Euro and US\$-Commercial Paper Programmes, having a maturity period of up to six months, were lent through to Airbus Group SE mirroring the conditions applicable to the money raised (see note 5).

**13. ACCRUED INTEREST PAYABLE**

In €thousand	30/06/2016	31/12/2015
5,500% Eurobond Airbus Group Finance B.V., 25/09/2018	21.038	7.363
4,625% Eurobond Airbus Group Finance B.V., 12/08/2016	40.943	17.944
2,700% US\$-bond Airbus Group Finance B.V., 17/04/2023	4.999	5.098
2,375% Eurobond Airbus Group Finance B.V., 02/04/2024	5.856	17.780
2,125% Eurobond Airbus Group Finance B.V., 29/10/2029	7.142	1.858
0,875% Eurobond Airbus Group Finance B.V., 13/05/2026	705	-
1,375% Eurobond Airbus Group Finance B.V., 13/05/2031	1.661	-
	<b>82.344</b>	<b>50.043</b>



**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**14. INTEREST INCOME**

In €thousand	<b>January 1 - June 30, 2016</b>	<b>January 1 - June 30, 2015</b>
Long-term Loans to Airbus Group SE	42.941	43.091
Interest Rate Swaps Airbus Group SE	25.550	23.829
Amortization of Loan Discount	1.646	1.419
Short-term Loans to Airbus Group SE	362	70
Intercompany Accounts Airbus Group SE	5	-
	<b>70.504</b>	<b>68.409</b>

**15. INTEREST EXPENSES**

In €thousand	<b>January 1 - June 30, 2016</b>	<b>January 1 - June 30, 2015</b>
5,500% Eurobond Airbus Group Finance B.V., 25/09/2018	(13.675)	(13.637)
4,625% Eurobond Airbus Group Finance B.V., 12/08/2016	(22.999)	(22.935)
2,700% US\$-bond Airbus Group Finance B.V., 17/04/2023	(11.842)	(12.873)
2,375% Eurobond Airbus Group Finance B.V., 02/04/2024	(11.826)	(11.761)
2,125% Eurobond Airbus Group Finance B.V., 29/10/2029	(5.283)	(5.269)
0,875% Eurobond Airbus Group Finance B.V., 13/05/2026	(705)	-
1,375% Eurobond Airbus Group Finance B.V., 13/05/2031	(1.661)	-
Amortization of Bond Issue Costs	(1.639)	(1.369)
Short-term Loans from Commercial Paper Programme	(363)	(70)
	<b>(69.993)</b>	<b>(67.914)</b>

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies discussed below. Considering the variability of their value-determining factors and the volume of financial instruments, the fair values presented herein may not be indicative of the amounts that the Group could realise in a current market environment.

**Fair value hierarchy** - Financial assets and liabilities measured at fair value comprise derivative financial instruments for hedge relations. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

The following table presents the carrying amounts and fair values of financial instruments as of June 30, 2016:

In €million	<b>Book Value</b>	<b>Fair Value</b>
<b>Assets</b>		
Long-term Loans Receivable	4.364	4.693
Short-term Loans Receivable	2.099	2.183
Derivative Financial Instruments	49	49
Cash and Cash equivalents	5	5
<b>Total</b>	<b>6.517</b>	<b>6.930</b>
<b>Liabilities</b>		
Non-Current Interest Bearing Liabilities	(4.364)	(5.825)
Short-term Loans Payable	(2.103)	(1.099)
<b>Total</b>	<b>(6.467)</b>	<b>(6.924)</b>

The following table provides the fair value hierarchy of the Company's assets and liabilities as of June 30, 2016 and December 31, 2015:

In Euro thousand	30 June 2016			31 December 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value						
Non-derivative financial assets	0	6.881	6.881	0	4.589	4.589
Derivative financial instruments	0	49	49	0	70	70
<b>Total</b>	<b>0</b>	<b>6.930</b>	<b>6.930</b>	<b>0</b>	<b>4.659</b>	<b>4.659</b>
Financial liabilities measured at fair value						0
Non-derivative financial liabilities	(5.825)	(1.099)	(6.924)	(4.148)	(505)	(4.653)
<b>Total</b>	<b>(5.825)</b>	<b>(1.099)</b>	<b>(6.924)</b>	<b>(4.148)</b>	<b>(505)</b>	<b>(4.653)</b>

The Company determines Level 2 fair values for derivative financial instruments for hedge relations using recognised valuation techniques such as option pricing models and discounted cash flow models. The valuation is based on market data such as currency rates, interest rates and credit spreads as well as price and rate volatilities obtained from recognised vendors of market data.

**17. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS**

The Company employed no personnel in the period ended June 30, 2016 (June 30, 2015: 0).

**18. DIRECTORS**

None of the Company's directors received remuneration.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 (CONTINUED)**

**19. COMMITMENTS AND CONTINGENT LIABILITIES**

There are no commitments or contingent liabilities on the reporting date.

**20. RELATED PARTIES**

Airbus Group SE is a related party, as it holds 100% of the shares of Airbus Group Finance B.V. The transactions and outstanding balances relating to Airbus Group SE are detailed in the notes. We refer to the comments to long-term and short-term loan receivables, accrued interest receivables, cash and cash equivalents, equity, fair value derivative instruments and interest income.

**21. SUBSEQUENT EVENTS**

There are no subsequent events to be reported.