

Year 2015 Report

Unaudited Condensed IFRS Consolidated Financial Information of Airbus Group SE for the year ended 31 December 2015

Unaudited Condensed IFRS Consolidated Income Statements	2
Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income	3
Unaudited Condensed IFRS Consolidated Statements of Financial Position.....	4
Unaudited Condensed IFRS Consolidated Statements of Cash Flows	5
Unaudited Condensed IFRS Consolidated Statements of Changes in Equity	6
Notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 31 December 2015	7
1. The Company.....	7
2. Accounting policies	7
3. Acquisitions and disposals	7
4. Segment information.....	9
5. Revenues, gross margin and profit before finance result and income taxes	11
6. Finance result	12
7. Income taxes.....	12
8. Earnings per share	12
9. Intangible assets and property, plant and equipment.....	13
10. Investments accounted for under the equity method	13
11. Other investments and long-term financial assets.....	13
12. Inventories	13
13. Other financial assets	14
14. Other assets.....	14
15. Securities	14
16. Assets and disposal groups classified as held for sale	14
17. Total equity	15
18. Provisions	15
19. Financing liabilities	16
20. Other financial liabilities	16
21. Other liabilities.....	17
22. Cash flows	17
23. Related party transactions	17
24. Litigation and claims.....	18
25. Number of employees	20
26. Subsequent events.....	20

Unaudited Condensed IFRS Consolidated Income Statements

	Note	1 January - 31 December 2015		1 January - 31 December 2014		Deviation
		M €	%	M €	%	M €
Revenues	5	64,450	100	60,713	100	3,737
Cost of sales		-55,599	-86	-51,776	-85	-3,823
Gross margin	5	8,851	14	8,937	15	-86
Selling, administrative and other expenses		-2,873	-5	-2,780	-4	-93
Research and development expenses		-3,460	-5	-3,391	-6	-69
Other income		474	1	330	1	144
Share of profit from investments under the equity method and other income from investments		1,070	1	895	1	175
Profit before finance result and income taxes	5	4,062	6	3,991	7	71
Interest income		183	0	142	0	41
Interest expense		-551	-1	-462	-1	-89
Other financial result		-319	0	-458	-1	139
Finance result	6	-687	-1	-778	-2	91
Income taxes	7	-677	-1	-863	-1	186
Profit for the period		2,698	4	2,350	4	348
Attributable to:						
Equity owners of the parent (Net income)		2,696	4	2,343	4	353
Non-controlling interests		2	0	7	0	-5
Earnings per share						
	8	€		€		€
Basic		3.43		2.99		0.44
Diluted		3.42		2.99		0.43

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 31 December 2015	1 January - 31 December 2014
Profit for the period	2,698	2,350
Items that will not be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	761	-2,034
Actuarial gains or losses on defined benefit plans for investments accounted for using the equity method	-36	-131
Tax on items that will not be reclassified to profit or loss	-235	577
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	222	244
Net change in fair value of cash flow hedges	-4,699	-6,390
Net change in fair value of available-for-sale financial assets	368	71
Changes in other comprehensive income from investments accounted for using the equity method	-142	-22
Tax on items that will be reclassified to profit or loss	1,112	1,961
Other comprehensive income, net of tax	-2,649	-5,724
Total comprehensive income of the period	49	-3,374
Attributable to:		
Equity owners of the parent	76	-3,362
Non-controlling interests	-27	-12

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	Note	31 December 2015		31 December 2014		Deviation	
		M €	%	M €	%	M €	%
Assets							
Non-current assets							
Intangible assets	9	12,555	12	12,758	13	-203	-2
Property, plant and equipment	9	17,193	16	16,388	17	805	5
Investments accounted for under the equity method	10	1,326	1	3,391	4	-2,065	-61
Other investments and long-term financial assets	11	2,492	2	1,769	2	723	41
Non-current other financial assets	13	1,096	1	586	1	510	87
Non-current other assets	14	2,166	2	1,822	2	344	19
Deferred tax assets	7	6,759	7	5,717	6	1,042	18
Non-current securities	15	9,851	9	5,989	6	3,862	64
		53,438	50	48,420	51	5,018	10
Current assets							
Inventories	12	29,051	27	25,355	26	3,696	15
Trade receivables		7,877	7	6,798	7	1,079	16
Current portion of other long-term financial assets	11	178	0	167	0	11	7
Current other financial assets	13	1,402	1	1,164	1	238	20
Current other assets	14	2,819	3	2,389	2	430	18
Current tax assets		860	1	605	1	255	42
Current securities	15	1,788	2	3,183	3	-1,395	-44
Cash and cash equivalents	22	7,489	7	7,271	8	218	3
		51,464	48	46,932	48	4,532	10
Assets and disposal group of assets classified as held for sale	16	1,779	2	750	1	1,029	137
Total assets		106,681	100	96,102	100	10,579	11
Total equity ⁽¹⁾							
Equity attributable to equity owners of the parent							
Capital stock		785	1	785	1	0	0
Reserves		9,800	9	7,489	7	2,311	31
Accumulated other comprehensive income		-4,316	-4	-1,205	-1	-3,111	258
Treasury shares		-303	0	-8	0	-295	3,688
		5,966	6	7,061	7	-1,095	-16
Non-controlling interests		7	0	18	0	-11	-61
	17	5,973	6	7,079	7	-1,106	-16
Liabilities							
Non-current liabilities							
Non-current provisions	18	9,871	10	10,400	11	-529	-5
Long-term financing liabilities	19	6,335	6	6,278	7	57	1
Non-current other financial liabilities	20	14,038	13	9,922	10	4,116	41
Non-current other liabilities	21	15,256	14	13,116	14	2,140	16
Deferred tax liabilities	7	1,200	1	1,130	1	70	6
		46,700	44	40,846	43	5,854	14
Current liabilities							
Current provisions	18	5,209	5	5,712	6	-503	-9
Short-term financing liabilities	19	2,790	2	1,073	1	1,717	160
Trade liabilities		11,763	11	10,183	11	1,580	16
Current tax liabilities		908	1	738	1	170	23
Current other financial liabilities	20	5,021	5	3,480	4	1,541	44
Current other liabilities	21	28,086	26	26,311	26	1,775	7
		53,777	50	47,497	49	6,280	13
Disposal group of liabilities classified as held for sale	16	231	0	680	1	-449	-66
Total liabilities		100,708	94	89,023	93	11,685	13
Total equity and liabilities		106,681	100	96,102	100	10,579	11

(1) As of 31 December 2015, the accumulated other comprehensive income in equity relating to non-current assets and disposal group classified as held for sale amounts to -111 M €.

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

in M €	Note	1 January - 31 December 2015	1 January - 31 December 2014
Profit for the period attributable to equity owners of the parent (Net income)		2,696	2,343
Profit for the period attributable to non-controlling interests		2	7
<i>Adjustments to reconcile profit for the period to cash provided by operating activities</i>			
Depreciation and amortization		2,466	2,150
Valuation adjustments		714	961
Deferred tax expense		16	317
Change in income tax assets, income tax liabilities and provisions for income tax		-50	148
Results on disposals of non-current assets		-234	-93
Results of companies accounted for under the equity method		-1,016	-840
Change in current and non-current provisions		-54	415
Reimbursement from / contribution to plan assets		-217	-462
Change in other operating assets and liabilities		-723	-2,386
Cash provided by operating activities	22	3,600	2,560
<i>Investment activities</i>			
- Purchases of intangible assets, PPE		-2,924	-2,548
- Proceeds from disposals of intangible assets, PPE		78	232
- Acquisitions of subsidiaries and joint ventures (net of cash)		-13	-47
- Proceeds from disposals of subsidiaries (net of cash)		127	-34
- Payments for investments in associates and other investments and long-term financial assets		-258	-36
- Proceeds from disposals of associates and other investments and long-term financial assets		1,731	1,083
- Dividends paid by companies valued at equity		34	143
Disposal of assets, liabilities and disposal group classified as held for sale		127	0
Change in securities		-2,361	-2,016
Cash (used for) investing activities	22	-3,459	-3,223
<i>Financing activities</i>			
Change in long-term and short-term financing liabilities		992	930
Cash distribution to Airbus Group SE shareholders		-945	-587
Dividends paid to non-controlling interests		-3	-2
Changes in capital and non-controlling interests		195	52
Change in treasury shares		0	102
Share buy-back		-264	0
Cash (used for) provided by financing activities	22	-25	495
Effect of foreign exchange rate changes on cash and cash equivalents		171	256
Net increase of cash and cash equivalents		287	88
Cash and cash equivalents at beginning of period		7,289	7,201
Cash and cash equivalents at end of period		7,576	7,289
Thereof presented as cash and cash equivalents		7,489	7,271
Thereof presented as part of disposal group of assets classified as held for sale		87	18

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed IFRS Consolidated Statements of Changes in Equity

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	Total
Balance at 1 January 2014	10,864	42	10,906
Profit for the period	2,343	7	2,350
Other comprehensive income	-5,705	-19	-5,724
Total comprehensive income	-3,362	-12	-3,374
Cash distribution to shareholders / dividends to non-controlling interests	-587	-2	-589
Capital increase	52	0	52
Capital decrease	-12	0	-12
Equity transactions (IAS 27)	-3	7	4
Change in non-controlling interests	0	-17	-17
Change in treasury shares	114	0	114
Share-based payment (IFRS 2)	-5	0	-5
Balance at 31 December 2014	7,061	18	7,079
Profit for the period	2,696	2	2,698
Other comprehensive income	-2,620	-29	-2,649
Total comprehensive income	76	-27	49
Cash distribution to shareholders / dividends to non-controlling interests	-945	-3	-948
Capital increase	118	24	142
Equity transactions	61	-5	56
Change in treasury shares	-487	0	-487
Share-based payment (IFRS 2)	29	0	29
Convertible bond	53	0	53
Balance at 31 December 2015	5,966	7	5,973

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 31 December 2015

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the operations of Airbus Group SE (formerly Airbus Group N.V.) and its subsidiaries (the "Group") legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). On 28 May 2015, the legal form of the Group has changed from a Dutch public limited liability company (N.V.) to a European company (SE) and is consistently subject to the laws of the Dutch Civil Code. The Group's core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the year ended 31 December 2015 were authorized for issue by the Airbus Group Board of Directors on 23 February 2016.

2. Accounting policies

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union (EU) as at 31 December 2015 and Part 9 of Book 2 of the Netherlands Civil Code.

Financial reporting rules applied for the first time as of 1 January 2015

The following new interpretation issued by the IASB was applied for the first time in 2015 and is effective for Airbus Group as of 1 January 2015. The first application has not had a material impact on Airbus Group's Consolidated Financial Statements or on its basic and diluted earnings per share.

IFRIC 21 - This interpretation sets out the accounting treatment for an obligation to pay a levy that is not income tax. The interpretation addresses the obligating event that gives rise to payment of such a levy and when the associated liability should be recognised.

3. Acquisitions and disposals

There were no material acquisitions in 2015.

Airbus Safran Launchers Joint Venture (ASL)

On 14 January 2015, Airbus Group and Safran completed the first phase of the integration process of ASL enabling the entity to become operational. Coordination and programme management of the civil activities of the launcher business as well as relevant participations have been transferred to ASL during this first phase. The assets and liabilities associated with the first phase were classified as held for sale as at 31 December 2014.

Airbus Group received 50% of issued shares in ASL initially recognised at 56 M € as at-equity investment. The loss of control in the business resulted in a capital gain of 49 M €, which is reported in Airbus Defence and Space division.

During the second phase, Safran and Airbus Group intend to integrate within the joint venture all the remaining contracts, assets and industrial resources, related to space launchers and associated propulsion systems.

On 16 June 2015, ASL, the French state and CNES, the French space agency, have reached an agreement to transfer CNES's stake in Arianespace to ASL. On 12 August 2015, ASL was awarded the Ariane 6 development contract by the European Space Agency.

The second phase will be initiated and implemented once all legal and financial terms and conditions are finalised between both partners. The joint venture will then be fully equipped for all design, development, production and commercial activities related to civil and military launchers and associated propulsion systems.

Elektroniksystem und Logistik GmbH (ESG)

On 20 August 2015, Airbus Defence and Space GmbH, Rohde & Schwarz GmbH und Co. KG, Thales Electronic Systems GmbH and Northrop Grumman Litef GmbH sold their shares in ESG to E-Sicherheitsbeteiligungen GmbH. Airbus Group recognised a 59 M € gain in share of profit from investments accounted for under the equity method, which is reported in Airbus Defence and Space division. The assets and liabilities of this company were classified as held for sale as at 31 December 2014.

Cimpa SAS

On 1 October 2015, Airbus sold its shares in its fully owned subsidiary Cimpa SAS to Sopra Steria Group. The gain on this disposal which is recognised in other income for 72 M €, is reported in Airbus division.

Disposal groups and assets classified as held for sale

Dassault Aviation

On 25 March 2015, Airbus Group sold 1,612,407 shares, corresponding to 17.5% of the company's share capital, of which 460,688 shares (5%) were sold to Dassault Aviation for 980 € per share and 1,151,719 shares (12.5%) were sold to institutional investors at 1,030 € per share. On 14 April 2015, Airbus Group sold an additional 115,172 shares (1.25%) to institutional investors at 1,030 € per share.

As of 31 March 2015, the remaining equity investment in Dassault Aviation has been classified as an asset held for sale, as Airbus Group intends to pursue market opportunities to sell the remainder of this investment. In 2015, Airbus Group has recognised 748 M € (697 M € in share of profit from investments accounted for under the equity method and 51 M € in other income) representing the net capital gain on partial disposal after transaction costs.

As of 31 December 2015, Airbus Group holds 23.60% of Dassault Aviation's share capital and 24.71% of associated voting rights.

Elbe Flugzeugwerke (EFW)

On 17 June 2015, Airbus signed an agreement with Singapore-based ST Aerospace Ltd. (STA) to offer passenger-to-freighter (P2F) conversion solutions for its A320 and A321 aircraft. STA will acquire an additional 20% of the shares of EFW, Dresden (Germany) by way of a contribution in kind and a capital increase to EFW. Consequently, 45% of the shares of EFW will be retained and the Group will effectively lose its control over EFW. The transaction has been closed on 4 January 2016.

Business communications entities

On 17 December 2015, DS Holding SAS (France) and Astrium International Holdings B.V. (as beneficiaries) and a buyer signed a sale purchase agreement in respect to the companies which form the "business communications" perimeter. The sale is subject to closing conditions.

4. Segment information

The Group operates in three reportable segments which reflect the internal organizational and management structure according to the nature of the products and services provided.

- *Airbus* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components.
- *Airbus Helicopters* — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- *Airbus Defence and Space* — Military combat aircraft and training aircraft; provision of defence electronics and of global security market solutions such as integrated systems for global border security and secure communication solutions and logistics; training, testing, engineering and other related services; development, manufacturing, marketing and sale of missile systems; development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space related services; development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services.

The following table presents information with respect to the Group's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. The Group's activities managed in the US, the holding function of the Group's Headquarters, the Airbus Group bank and other activities not allocable to the reportable segments, combined together with consolidation effects, are disclosed in the column "Others/HQ / Conso."

Airbus Group SE
Unaudited Condensed IFRS Consolidated Financial Information
for the year ended 31 December 2015

Business segment information for the year ended 31 December 2015:

in M €	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Total revenues	45,854	6,786	13,080	65,720	296	66,016
Internal revenues	-764	-633	-163	-1,560	-6	-1,566
Revenues	45,090	6,153	12,917	64,160	290	64,450
Research and development expenses	-2,702	-325	-344	-3,371	-89	-3,460
EBIT pre-goodwill imp. and exceptionals ⁽¹⁾	2,301	427	745	3,473	613	4,086
Impairment and disposal of goodwill	0	0	0	0	0	0
Exceptionals	-14	0	-9	-23	-1	-24
Profit before finance result and income taxes ⁽¹⁾	2,287	427	736	3,450	612	4,062
Finance result						-687
Income taxes						-677
Profit for the period						2,698

(1) Impacts on specific transactions (see Note 3 "Acquisitions and disposals") are included in segments Airbus (Cimpa SAS), Airbus Defence and Space (ESG) and "Others/ HQ/ Conso." (Dassault Aviation).

Business segment information for the year ended 31 December 2014:

in M €	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Total revenues	42,280	6,524	13,025	61,829	482	62,311
Internal revenues	-749	-528	-297	-1,574	-24	-1,598
Revenues	41,531	5,996	12,728	60,255	458	60,713
Research and development expenses	2,667	325	360	3,352	39	3,391
EBIT pre-goodwill imp. and exceptionals ⁽¹⁾	2,671	413	409	3,493	547	4,040
Impairment and disposal of goodwill	0	0	-6	-6	0	-6
Exceptionals	-25	0	-16	-41	-2	-43
Profit before finance result and income taxes ⁽¹⁾	2,646	413	387	3,446	545	3,991
Finance result						-778
Income taxes						-863
Profit for the period						2,350

(1) Impacts on specific transactions are included in segments, Airbus Defence and Space (Patria) and "Others/ HQ/ Conso." (Dassault Aviation).

5. Revenues, gross margin and profit before finance result and income taxes

Revenues of 64,450 M € (2014: 60,713 M €) increased by +3,737 M €, mainly at Airbus (+3,574 M €), mostly driven by a favourable foreign exchange impact and a positive volume effect.

The **gross margin** decreased by -86 M € to 8,851 M € compared to 8,937 M € in 2014. Included is the net charge on the A400M programme in Airbus Defence and Space recorded in the second quarter of 2015 and a negative foreign exchange impact in Airbus. The gross margin rate decreased from 14.7% to 13.7%.

The A350 XWB Entry into service occurred at the end of 2014, with the first A350 being delivered to Qatar Airways on 22 December 2014. In 2015, Airbus has delivered fourteen additional aircraft. The industrial ramp-up preparation is underway and associated risks will continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer's commitment. Despite the progress made, significant challenges remain with the ramp-up acceleration.

An additional eleven A400M aircraft were delivered in 2015, resulting in twenty-one cumulative deliveries up to 31 December 2015.

Industrial efficiency and military capability remain a challenge during the ramp up phase. Management is working with the customers to agree a schedule of military capability enhancement and deliveries as well as reviewing the escalation formulae. Industrial recovery measures have been identified and management is focused on delivery, but risk remains. The mission capability roadmap (including the achievement of the respective milestones) and the delivery plan remain under negotiation with OCCAR/Nations and are expected to be finalised in 2016.

Management reviewed the programme evolution and estimated contract result driven to a large extent from the implications of the accident, as well as the impact of low inflation on the price revision formula, delays in military functionality and deliveries, commercial negotiations, cost reduction targets and challenges in the industrial ramp-up, together with associated mitigation actions. As a result of this review, Airbus Defence and Space recorded an additional net charge of 290 M € in the second quarter of 2015. The detailed review continued in the second half of 2015 however no further net charges were deemed necessary.

The A400M SOC 1 and 1.5 milestones remain to be achieved. SOC 1 fell due end October 2013 and SOC 1.5 fell due end December 2014. The associated termination rights became exercisable by OCCAR/Nations on 1 November 2014 and 1 January 2016 respectively. SOC 2 fell due end December 2015 and is still in the 12-month grace period. Management judges that it is highly unlikely that any of these termination rights will be exercised.

The A400M programme remains in a critical phase and the associated risks will continue to be closely monitored.

The profit before finance result and income taxes increased by +71 M € to 4,062 M € compared to 3,991 M € in 2014 mainly driven by share of profit from associates and other income.

Share of profit from investments under the equity method includes a net gain of 674 M € from the sale of Dassault Aviation shares (see Note 3 "Acquisitions and disposals") that occurred in the first quarter as well as the first quarter 2015 estimated result and a negative catch-up on 2014 of -119 M € related to the Dassault investment.

Other income includes the capital gain of 72 M € related to the disposal of Cimpa SAS, the net gain of 51 M € from the partial sale of Dassault Aviation held for sale shares that occurred in the second quarter and the capital gain of 49 M € following the completion of the first phase of the creation of ASL (see Note 3 "Acquisitions and disposals").

6. Finance result

Finance result improved by +91 M € to -687 M € compared to -778 M € in 2014. This is mainly related to a positive impact from revaluation of financial instruments of +121 M € (-119 M € in 2015 compared to -240 M € in 2014, respectively).

7. Income taxes

The **income tax** expense of -677 M € (2014: -863 M €) corresponds to an effective income tax rate of 20.1% (2014: 26.9%). The decrease in the effective tax rate is due to the sale of shares of Dassault Aviation which has been taxed at a reduced rate (see Note 3 "Acquisitions and disposals").

Deferred tax assets increased by +1,042 M € to 6,759 M € (prior year-end: 5,717 M €) mainly as a result of variations in the fair values of derivative financial instruments.

8. Earnings per share

	1 January - 31 December 2015	1 January - 31 December 2014
Basic earnings per share		
Profit for the period attributable to equity owners of the parent (Net income)	2,696 M €	2,343 M €
Weighted average number of ordinary shares outstanding	785,621,099	782,962,385
Basic earnings per share	3.43 €	2.99 €

Diluted earnings per share - The Group's categories of dilutive potential ordinary shares are stock options, share-settled performance units for Executive Committee members relating to long-term incentive plans and the convertible bond issued on 1 July 2015 (see Note 19 "Financing liabilities"). In 2015, the average price of Airbus Group shares exceeded the exercise price of the stock option plans as well as the share-settled performance units and therefore 359,335 shares (in 2014: 1,193,364 shares) were considered in the calculation of diluted earnings per share. The dilutive effect of the convertible bond was also considered in the calculation of diluted earnings per share in 2015, by adding back 3 M € of interest expense to the profit for the period attributable to equity owners of the parent (2014: no adjustment) and by including 2,511,495 of dilutive potential ordinary shares.

	1 January - 31 December 2015	1 January - 31 December 2014
Diluted earnings per share		
Profit for the period attributable to equity owners of the parent (Net income)	2,699 M €	2,343 M €
Weighted average number of ordinary shares outstanding (diluted) ⁽¹⁾	788,491,929	784,155,749
Diluted earnings per share	3.42 €	2.99 €

(1) Dilution assumes conversion of all potential ordinary shares

9. Intangible assets and property, plant and equipment

Intangible assets decreased by -203 M € to 12,555 M € (prior year-end: 12,758 M €) mainly at Airbus Defence and Space (-169 M €) mostly due to the reclassification of Business communications entities to group of assets held for sale (see Note 3 "Acquisitions and disposals").

Intangible assets mainly relate to goodwill of 9,907 M € (prior year-end: 9,979 M €).

The annual impairment tests were performed in the fourth quarter 2015 and led to no impairment charge.

Property, plant and equipment increased by +805 M € to 17,193 M € (prior year-end: 16,388 M €) and includes leased assets of 118 M € (prior year-end: 213 M €). The increase was mainly driven by A350 XWB. Property, plant and equipment also includes investment property amounting to 66 M € (prior year-end: 67 M €).

10. Investments accounted for under the equity method

Investments accounted for under the equity method of 1,326 M € (prior year-end: 3,391 M €) mainly include the equity investments in MBDA, Atlas Group and ATR.

Following the partial sale of Dassault Aviation shares, the remaining investment in Dassault Aviation has been reclassified as asset held for sale (see Note 3 "Acquisitions and disposals").

11. Other investments and long-term financial assets

Composition of other investments and other long-term financial assets:

in M €	31 December 2015	31 December 2014
Other investments	1,232	617
Other long-term financial assets	1,438	1,319
Total	2,670	1,936
Thereof non-current portion	2,492	1,769
Thereof current portion	178	167

Other long-term financial assets mainly comprise the Group's aircraft financing activities.

12. Inventories

Inventories of 29,051 M € (prior year-end: 25,355 M €) increased by +3,696 M €. This is mainly related to Airbus (+3,297 M €) and Airbus Defence and Space (+635 M €). In Airbus, the increase is due to work in progress mainly associated with the A350 ramp-up. In Airbus Defence and Space, this is mainly driven by the increased activity on A400M.

Inventories are presented net of the respective portion of the contract loss provision (see Note 18 "Provisions").

13. Other financial assets

Composition of other financial assets:

in M €	31 December 2015	31 December 2014
Non-current other financial assets		
Positive fair values of derivative financial instruments	931	502
Others	165	84
Total	1,096	586
Current other financial assets		
Receivables from related companies	616	582
Positive fair values of derivative financial instruments	349	208
Others	437	374
Total	1,402	1,164

14. Other assets

Composition of other assets:

in M €	31 December 2015	31 December 2014
Prepaid expenses	2,714	2,090
VAT receivables	1,450	1,371
Other	821	750
Total	4,985	4,211
Thereof non-current portion	2,166	1,822
Thereof current portion	2,819	2,389

15. Securities

Non-current securities with a remaining maturity of more than one year increased by +3,862 M € to 9,851 M € (prior year-end: 5,989 M €). The movement is related to the cash management policy of the Group.

Current securities with a remaining maturity of one year or less decreased by -1,395 M € to 1,788 M € (prior year-end: 3,183 M €).

16. Assets and disposal groups classified as held for sale

The **assets and disposal group of assets classified as held for sale** of 1,779 M € (prior year-end: 750 M €) mainly include the remaining investment in Dassault Aviation of 1,253 M €. The **disposal group of liabilities classified as held for sale** total 231 M € (prior year-end: 680 M €). For further details, please see Note 3 "Acquisitions and disposals".

The **assets and liabilities of the disposal groups classified as held for sale** as of 31 December 2014 were mainly related to the ASL first phase.

17. Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 5,966 M € (prior year-end: 7,061 M €) representing a decrease of -1,095 M €.

This decrease is due to a reduction in other comprehensive income of -2,620 M € related mainly to the mark to market revaluation of the hedge portfolio, and a dividend payment of -945 M € (1.20 € per share) and the share buy-back programme whereby the Group has bought back 264 M € of shares and recognised a financing liability of 223 M € for its irrevocable share buy-back commitment.

This was partly offset by a net income of +2,696 M €, a convertible bond of +53 M € issued on 1 July 2015 (see Note 19 "Financing liabilities") and the contribution for exercised options of +118 M €.

The total **number of shares** issued is 785,344,784 and 784,780,585 as of 31 December 2015 and 31 December 2014, respectively. The Group's shares are exclusively ordinary shares with a par value of 1.00 €.

During 2015, the number of treasury stock held by Airbus Group increased to 1,474,057 compared to 431,832 as of 31 December 2014. No shares were sold back to the market, and 2,885,243 shares were cancelled (in 2014: 248,469 shares).

In 2015, the Group issued 1,910,428 new shares due to the exercise of stock options and 1,539,014 shares due to the 2015 Employee Stock Ownership Plan (in 2014: 1,871,419 new shares due to the exercise of stock options).

Non-controlling interests decreased to 7 M € (prior year-end: 18 M €). This decrease is mainly derived from the mark to market revaluation of the hedge portfolio.

18. Provisions

Provisions are comprised of the following:

in M €	31 December 2015	31 December 2014
Provisions for pensions	7,615	8,250
Other provisions	7,465	7,862
Total	15,080	16,112
Thereof non-current portion	9,871	10,400
Thereof current portion	5,209	5,712

Among other effects, **provisions for pensions** decreased due to an increase in the discount rates for the various pension schemes of the Group (France: 2.1% to 2.5%, Germany: 1.9% to 2.4% and UK: 3.6% to 3.9%).

The decrease in **other provisions** is mainly due to the release, utilisation and net presentation of the A350 XWB programme losses against inventories (see Note 12 "Inventories").

The Group makes estimates and provides, across the programmes, for costs related to in service technical issues which have been identified and for which solutions have been defined, which reflects the latest facts and circumstances. The Group is contractually liable for the repair or replacement of the defective parts but not for any other damages whether direct, indirect, incidental or consequential (including loss of revenue, profit or use). However, in view of overall commercial relationships, contract adjustments may occur, and be considered on a case by case basis.

19. Financing liabilities

Composition of financing liabilities:

in M €	31 December 2015	31 December 2014
Bonds	3,443	3,917
Liabilities to financial institutions	2,113	1,751
Loans	403	424
Liabilities from finance leases	375	186
Others	1	0
Long-term financing liabilities	6,335	6,278
Bonds	1,523	1
Liabilities to financial institutions	349	22
Loans	255	285
Liabilities from finance leases	13	12
Others	650	753
Short-term financing liabilities	2,790	1,073

The short and long-term bonds increased by +1,048 M € to 4,966 M € (prior-year end 3,918 M €), mainly due to new commercial paper programmes totalling 505 M € and the issue of a convertible bond for 500 M € on 1 July 2015, with a 7 year-maturity. This bond bears a coupon of 0% and was issued at 102% of par. Its effective interest rate, after separation of the equity conversion option, is 1.386%.

The increase of +689 M € to +2,462 M € (prior-year end 1,773 M €) in short and long-term liabilities to financial institutions is mainly due to a new 296 M € (320 M \$) loan agreement with EIB in December 2015 with a 10 year-maturity and a financing liability of 223 M € related to the share buy-back (see Note 17 "Total equity").

20. Other financial liabilities

Composition of other financial liabilities:

in M €	31 December 2015	31 December 2014
Non current other financial liabilities		
European Governments refundable advances	6,716	6,020
Liabilities for derivative financial instruments	6,703	3,271
Others	619	631
Total	14,038	9,922
Current other financial liabilities		
European Governments refundable advances	570	508
Liabilities for derivative financial instruments	3,884	2,232
Others	567	740
Total	5,021	3,480

The liabilities for derivative financial instruments have increased significantly as a result of the deterioration of the USD/€ exchange rate associated with the mark to market valuation of the hedge portfolio.

21. Other liabilities

Composition of other liabilities:

in M €	31 December 2015	31 December 2014
Other liabilities		
Customer advance payments	38,084	34,405
Tax liabilities (excluding income tax)	885	675
Others	3,061	2,991
Deferred income	1,312	1,356
Total	43,342	39,427
Thereof non-current portion	15,256	13,116
Thereof current portion	28,086	26,311

22. Cash flows

Cash provided by operating activities improved by +1,040 M € to +3,600 M € (2014: +2,560 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +4,323 M € decreased compared to the prior period (2014: +4,946 M €). Changes in other operating assets and liabilities amount to -723 M € (2014: -2,386 M €) mainly due to an increase in inventories, partly compensated by higher trade liabilities and advance payments received.

Cash used for investing activities amounts to -3,459 M € (2014: -3,223 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -2,924 M € (2014: -2,548 M €), and payments for investment in securities of -2,361 M € (2014: -2,016 M €). This was partly compensated by the proceeds from disposals of associates and other investments and long-term financial assets amounting to +1,731 M € (2014: +1,083 M €) mainly due to the partial sale of Dassault Aviation shares (see Note 3 “Acquisitions and disposals”).

Cash (used for) provided by financing activities decreased by -520 M € to -25 M € (2014: +495 M €). This decrease comprises a dividend payment of 1.20 € per share amounting to -945 M € (2014: -587 M €) and a share buy-back of -264 M € (2014: 0 M €), in part offset by cash receipts from long-term and short-term financing activities of +992 M € (2014: +930 M €) (see Note 19 “Financing liabilities”).

23. Related party transactions

The Group has entered into various transactions with related entities that have all been carried out in the normal course of business.

The Group participates in the UK in several funded trustee-administered pension plans. In some of these, BAE Systems is the principal employer.

A portion of the shares held in Dassault Aviation were disposed of during the first half-year 2015 (see Note 3 “Acquisitions and disposals”).

24. Litigation and claims

Airbus Group is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, Airbus Group is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on Airbus Group SE's or the Group's financial position or profitability.

If the Group concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Group limits its disclosures to the nature of the dispute.

WTO

Although Airbus Group is not a party, Airbus Group is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing. On 19 December 2014, the European Union requested WTO consultations on the extension until the end of 2040 of subsidies originally granted by the State of Washington to Boeing and other US aerospace firms until 2024.

On 1 June 2011, the WTO adopted the Appellate Body's final report in the case brought by the US assessing funding to Airbus from European governments. On 1 December 2011, the EU informed the WTO that it had taken appropriate steps to bring its measures fully into conformity with its WTO obligations, and to comply with the WTO's recommendations and rulings. Because the US did not agree, the matter is now under WTO panel review pursuant to WTO rules.

On 23 March 2012, the WTO adopted the Appellate Body's final report in the case brought by the EU assessing funding to Boeing from the US. On 23 September 2012, the US informed the WTO that it had taken appropriate steps to bring its measures fully into conformity with its WTO obligations, and to comply with the WTO's recommendations and rulings. Because the EU did not agree, the matter is now under WTO panel review pursuant to WTO rules.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU. Unless a settlement, which is currently not under discussion, is reached between the parties, the litigation is expected to continue for several years.

GPT

Prompted by a whistleblower's allegations, Airbus Group conducted internal audits and retained PricewaterhouseCoopers ("PwC") to conduct an independent review relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that Airbus Group acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by Airbus Group, relating to activities conducted by GPT in Saudi Arabia. PwC's report was provided by Airbus Group to the UK Serious Fraud Office (the "SFO") in March 2012. In the period under review and based on the work it undertook, nothing came to PwC's attention to suggest that improper payments were made by GPT. In August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. Airbus Group is cooperating fully with the authorities.

Eurofighter Austria

In March 2012, the German public prosecutor, following a request for assistance by the Austrian public prosecutor, launched a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH (renamed on 1 July 2014 Airbus Defence and Space GmbH) and Eurofighter Jagdflugzeug GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. After having been informed of the investigation in 2012, Airbus Group retained the law firm Clifford Chance to conduct a fact finding independent review. Upon concluding its review, Clifford Chance presented its fact finding report to Airbus Group in December 2013. Airbus Group provided the report to the public prosecutors in Germany. Airbus Group is cooperating fully with the authorities.

Other investigations

Following the announcement of investigations by the Romanian authorities relating to the border surveillance project in Romania in mid-October 2014, Airbus Group confirms that Airbus Defence and Space GmbH has been informed that the German prosecution office is also investigating potential irregularities in relation to this project, a project in Saudi Arabia and a project of Tesat-Spacecom GmbH & Co. KG. The public prosecutor in Germany has launched administrative proceedings in the context of those investigations against Airbus Defence and Space GmbH and Tesat-Spacecom GmbH & Co. KG. Airbus Group is cooperating fully with the authorities.

Public prosecutors in Greece and Germany launched investigations into a current employee and former managing directors and employees of Atlas Elektronik GmbH, a joint company of ThyssenKrupp and Airbus Group, on suspicion of bribing foreign officials and tax evasion. The public prosecutor in Germany has launched an administrative proceeding for alleged organisational and supervisory shortfalls. The authorities in Greece have launched civil claims against Atlas Elektronik GmbH. In 2015 the public prosecutor's office in Bremen launched another investigation into current and former employees and managing directors of Atlas Elektronik GmbH on suspicion of bribery and tax evasion in connection with projects in Turkey. With the support of its shareholders, the company is cooperating fully with the authorities and in consultation with the public prosecutor is assisting the further clarification of the matter through its own internal investigation.

Commercial disputes

In May 2013, the Group has been notified of a commercial dispute following the decision taken by the Group to cease a partnership for sales support activities in some local markets abroad. The Group believes it has solid grounds to legally object to the alleged breach of a commercial agreement. However, the consequences of this dispute and the outcome of the proceedings cannot be fully assessed at this stage. The arbitration is not expected to be completed before the end of 2016.

In the course of another commercial dispute, the Group received a statement of claim alleging liability for refunding part of the purchase price of a large contract which the customer claims it was not obliged to pay. The Group believes that this claim, which goes back many years, should be dismissed in principle. The dispute is currently the subject of arbitration.

In light of regulatory investigations and commercial disputes, including those discussed above, the Group has determined to enhance certain of its policies, procedures and practices, including ethics and compliance. The Group is accordingly in the process of revising and implementing improved procedures, including those with respect to its engagement of consultants and other third parties, in particular in respect of sales support activities, and is conducting enhanced due diligence as a pre-condition for future or continued engagement and corresponding payment. The Group believes that these enhancements to its controls and practices best position it for the future, particularly in light of advancements in regulatory standards. The Group cannot exclude that these changes lead to additional commercial disputes or other consequences in the future.

25. Number of employees

The number of employees as at 31 December 2015 is 136,574 as compared to 138,622 as at 31 December 2014.

26. Subsequent events

There are no significant events after the reporting date.