Unaudited Interim Financial **Statements**

I June 30, 2018 I

Airbus Finance B.V.

1.

Airbus Finance B.V.

Unaudited Interim Report of the Board of Managing Directors

The board of Managing Directors herewith submits the Unaudited Interim Financial Statements of Airbus Finance B.V. ("Company") for the sic-month period ended on June 30, 2018.

1. 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 SE 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).

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 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 had issued another, third, Eurobond transaction for €1 billion under this Programme, which has matured 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 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.

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

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, 2018 no amounts were outstanding for the Commercial Paper Programme.

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 €855 million as of 30 June 2018, 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$3 billion. At of June 30, 2018 no amounts were outstanding for the US$-Commercial Paper Programme. For details on the Company's policies and position with respect to financial instruments as well as a description of the main risks facing the Company and the measures taken to mitigate these risks, we refer to Note 15 of the Financial Statements.

2. Risk Management

As of June 30, 2018 the risks and uncertainties facing the Company do not materially differ, and are not expected to materially differ for the remaining six-months period of the financial year, from those described in the notes to the Annual Financial Statelents of the Company for the year ended on December 31, 2017.

3. Management and Supervison

As of 1 January 2013 the Act on Management and Supervision ('Wet Bestuur en Toezicht') came into effect. With this Act, statutory provisions were introduced to ensure a balanced representation of men and women in management boards and supervisory boards of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women. The Company has currently no seats taken by women. The Company considers it to be desirable to fulfil the above mentioned ratio.

5. Result for the Period

The Company's result for the six-months period ended on June 30, 2018 amounts to a profit of €586 thousand (in 2017: €509 thousand). The main factor impacting the result 2018 is the evolution of the foreign exchange rate €/US$ and of the interest rate.

6. 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, 2018 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 2018 financial year of the Company, and the principal risks facing the Company have been described herein.

BOARD OF MANAGING DIRECTORS

Mr. J.B. Pons, Director	Signed by Jean-Baptiste Pons
Mr. C. Masson, Director	Signed by Christian Masson
Mr. C.C. Kohl, Director	Signed by Claas Kohl

Leiden, July 27, 2018

2.

Airbus Finance B.V.
Financial Statements

Company Unaudited Interim Income Statements for the six-months period ended 30 June 2018 and 2017

(In € thousand)	Note	**2018**	2017
Interest income	13	53,252	54,302
Interest expense	14	(52,690)	(53,735)
Foreign Exchange Result		27	(56)
General Administrative Expenses		(2)	(2)
Total financial result		**586**	**509**
Profit before income taxes		**586**	**509**
Income Tax		0	0
Profit for the period		**586**	**509**

Company Unaudited Interim Statements of Comprehensive Income for the six-months period ended 30 June 2018 and 2017

(In € thousand)	**2018**	2017
Profit for the period	**586**	**509**
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Net change in fair value of cash flow hedges	(19,036)	(10,160)
Deferred tax income	4,759	2,540
Other comprehensive income, net of tax	**(14,277)**	**(7,620)**
Total comprehensive income of the period	**(13,691)**	**(7,111)**

Company Unaudited Interim Statements of Financial Position at 30 June 2017 and 2016

(Before appropriation of result of the year)

(In € thousand)	Note	**2018**	2017
Assets			
Non-current assets			
Long-term Loan Receivable	3	3,828,325	4,343,170
Positive Fair Value Derivative Instruments	4	0	23,872
		3,828,325	**4,367,042**
Current assets			
Short-term Loan Receivable	5	499,920	0
Positive Fair Value Derivative Instruments	4	4,836	0
Accrued Interest Receivable	6	41,351	41,454
Cash and cash equivalents	7	7,443	6,087
		553,508	**47,541**
Total assets		**4,381,832**	**4,414,583**

Equity and liabilities			
Stockholders' equity			
Issued capital	8	300	300
Other Reserves		(2)	(2)
Retained earnings		6,731	5,499
Cash Flow Hedge Reserve	9	3,627	17,904
Result of the year		586	509
		11,243	**24,210**
Non-current liabilities			
Long-term Interest Bearing Liabilities	10	3,828,325	4,343,170
Deferred Taxes Payable	11	1,209	5,968
		3,829,534	**4,349,138**
Current liabilities			
Short-term Loan Payable	10	499,921	0
Accrued Interest Payable	12	41,135	41,235
		541,056	**41,235**
Total equity and liabilities		**4,381,832**	**4,414,583**

Company Unaudited Interim Statements of Cash Flows for the six-months period ended 30 June 2018 and 2017

(In € thousand)	Note	**2018**	2017
Profit for the period (Net income)		**5862**	**509**
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Interest income		(53,252)	(55,915)
Interest expense		52,690	55,348
Interest received		55,347	56,934
Interest paid		(54,381)	(56,089)
Foreign exchange result		(27)	56
Cash provided by (used for) operating activities		**964**	**843**
Funding Long-term Loans Receivable		0	0
Repayment (Funding) Short-term Loans Receivable		0	0
Cash provided by (used for) investing activities		**0**	**0**
Issuance Non-Current Interest Bearing Liabilities		0	0
Repayment (Issuance) Short-term Loans Payable		0	0
Cash (used for) provided by financing activities		**0**	**0**
Effect of foreign exchange rate changes on cash and cash equivalents		27	(56)
Net increase in cash and cash equivalents		**991**	**787**
Cash and cash equivalents at beginning of period		**6,409**	**5,300**
Cash and cash equivalents at end of period	**7**	**7,400**	**6,087**

Company Unaudited Interim Statements of Changes in Equity for the six-months period ended 30 June 2018 and 2017

	Issued Capital	Other Reserves	Retained earnings	Cash flow hedges	**Total equity**
Balance at 31 December 2017	**300**	**(2)**	**6,731**	**10,962**	**17,992**
Profit for the period	0	0	586	0	586
Movemenst effective portion of Interest Rate Swap Airbus SE	0	0	0	(7,335)	(7,335)
Total comprehensive income of the period	***0***	***0***	***586***	***(7,335)***	***(6,749)***
Balance at 30 June 2018	**300**	**(2)**	**7,318**	**3,627**	**11,243**

	Issued Capital	Other Reserves	Retained earnings	Cash flow hedges	**Total equity**
Balance at 31 December 2016	**300**	**(2)**	**5,499**	**25,524**	**31,321**
Profit for the period	0	0	509	0	509
Movemenst effective portion of Interest Rate Swap Airbus SE	0	0	0	(7,620)	(7,620)
Total comprehensive income of the period	***0***	***0***	***509***	***(7,620)***	***(7,111)***
Balance at 30 June 2017	**300**	**(2)**	**6,008**	**17,904**	**24,210**

3.
Notes to the **Company Financial Statements**

3.1 Basis of Presentation

1. General

Airbus Finance B.V. , the "**Company**", incorporated on December 2, 2002, legally seated (*statutaire zetel*) in Amsterdam (current registered office at Mendelweg 30, 2333 CS, Leiden, The Netherlands) and registered at the Chamber of Commerce in The Hague under number 34182495. The company is 100% owned by **Airbus 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 ware authorized for issue by the Board of Managing Directors on July 27, 2018. This Unaudited Interim Financial information for the six-month period ended June 30, 2017 was neither audited nor reviewed.

2. Accounting Principles

Except as described below, the accounting principles ap^plied are consisteny with those of the Company’s annual Financial Statement for the year ended December 31, 2017, as described in thoses annual Financial Statement.

Basis of preparation

The Company’s Unaudited Interim Financial Statements for the six-month period ended June 30, 2018 are prepared in accordance with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union (“EU”) and in compliance with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable. The Company’s Financial Statements have been prepared under the assumption of going concern. Furthermore, the Company’s Financial Statements have been prepared on a historical cost basis, except for certain items for which other measurement models are used in accordance with the applicable Standards’ requirements as well as prepared and reported in Euros (“EUR”). The measurement models used when the historical cost model does not apply (mainly in the area of fair value measurement of derivative financial instruments) are further described below.

The Company operates in one reportable segment, operations are mainly taking place in Europe. This segment information cannot be specified in more detail.

Use of Estimates and Judgements

The preparation of the 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 (interest rate swaps). 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 the appropriate valuation technique, like option pricing model or discounted cash flow model, and to make assumptions that are mainly based on market conditions existing at each reporting date (Note 15).

Foreign Currency Translation

Transactions in foreign currencies are translated into Euro at the foreign exchange rate prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Euro at the exchange rate in effect at that date. These foreign exchange gains and losses arising from translation are recognised in the Income Statement on a net basis, except when deferred in equity as qualifying Cash Flow Hedges

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 at 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 de-recognition under IAS 39.

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 directly 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 cash in the Intercompany Accounts with Airbus 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 expires. Where 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.

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 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 SE and consequently the Company's taxable results are included in the tax position of Airbus 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

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.

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 curve over the remaining term of the swap. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Cash flow statement

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

3.2 Company Performance

3. Long-term Loans Receivable

	30 June	
(In € thousand)	**2018**	**2017**
Long-term Loan to Airbus SE	3,828,325	4,343,170

On April 17, 2013, the Company entered into a loan agreement with effect of April 17, 2013, with Airbus 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 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" Liability (note 10).

On April 2, 2014, the Company entered into a loan agreement with effect of April 2, 2014, with Airbus 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 SE is repayable on April 2, 2024. The fair market value approximates to the fair market value of the "2,375% Eurobond €1 billion" Liability (note 10).

On October 29, 2014, the Company entered into a loan agreement with effect of October 29, 2014, with Airbus 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 SE is repayable on October 29, 2029. The fair market value approximates to the fair market value of the "2,125% Eurobond €500 million" Liability (note 10).

On May 13, 2016, the Company entered into two new loan agreements with Airbus 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" Liability (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" Liability (note 10).

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

4. Positive Fair-value Derivative Instrument

	30 June	
(In € thousand)	**2018**	**2017**
Interest Rate Swap Airbus SE, €500 million, 5,50% (maturing 25/09/2018)	4,836	23,872

These amounts represent the fair market value, less accrued interest, at June 30, 2018 of the Interest Rate Swap for which the Company has entered into with Airbus SE with effect of December 27, 2005. The notional amount of the swap is €500 million, which expires on September 25th, 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 SE (see note 3), into a fixed interest rate of 5,50% per annum. The effective portion of the movement of the fair value of the €500 million interest rate swap, for a negative amount of €14,3 million (2016: negative amount of €7,6 million) was completely recognized in Other Comprehensive Income, net of deferred taxes.

The fair value of the Interest Rate Swaps was determined by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the swap.

The Company is acting as a financial market agent on behalf of its subsidiaries, therefore the fair value changes of derivatives are reported on a net basis.

5. Short-term Loan Receivable

	30 June	
(In € thousand)	**2018**	**2017**
Short-term Eurobond Loan to Airbus SE	499,921	0

On September 11, 2003, the Company entered into a loan agreement with effect of September 25, 2003, with Airbus 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 SE is repayable on September 25, 2018. The fair market value approximates to the fair market value of the "5,500% Eurobond €500 million" Liability (note 10) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 4).

6. Accrued Interest Receivable

	30 June	
(In € thousand)	**2018**	**2017**
Interest Rate Swap Airbus SE	20,897	20,918
Loan to Airbus SE	20,454	20,539
Total	**41,351**	**41,454**

7. Cash and Cash Equivalent

	30 June	
(In € thousand)	**2018**	**2017**
Intercompany Accounts Airbus SE	7,274	6,087

8. Total Equity

The Company has an authorised share capital of 1,500,000 shares of € 1 each. As of June 30, 2018, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of € 1 each. During the financial half year 2018 no additional shares were paid-up. 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 entities. The Company manages its capital with the interest rate spread applied on the loans provided to Airbus 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. According to Dutch law this reserve is considered to be a legal reserve.

10. Interest Bearing Liabilities

	Principal amount	Book Value 30 June		Coupon or interest		Fair Value 30 June	
(in € thousand)	*(in million)*	**2018**	2017	rate	Maturity	**2018**	2017
Eurobond 15 years	€ 500	€ 499,921	€ 499,499	5.500%	Sept. 2018	€ 520,367	€ 534,525
Eurobond 10 years	€ 1,000	€ 997,169	€ 996,677	2.375%	Apr. 2024	€ 1,033,337	€ 1,104,590
Eurobond 15 years	€ 500	€ 495,283	€ 494,867	2.125%	Oct. 2029	€ 518,575	€ 539,880
Eurobond 10 years	€ 600	€ 595,058	€ 594,430	0.875%	May 2026	€ 587,978	€ 590,526
Eurobond 15 years	€ 900	€ 885,247	€ 884,101	1.375%	May 2031	€ 856,162	€ 881,190
US$ bond 10 years	US$ 1,000	€ 855,568	€ 873,511	2.700%	Apr. 2023	€ 820,704	€ 880,967
Billet de trésorerie programme	US$ 0	€ 0	€ 0			€ 0	€ 0
Others		€ 0	€ 84			€ (542)	€ 84
Total		**€ 4,328,245**	€ 4,343,170			**€ 4,318,581**	€ 4,531,762
Thereof non-current financing liabilities		***€ 3,828,325***	*€ 4,343,170*				
Thereof current financing liabilities		***€ 499,921***	*€ 0*				

Included in the **short-term financing liabilities** is the bond under the company's EMTN-Program that matured in September 2018 for an amount of € 500 million. No repayment or new issuance of bond has been done in 2017.

During 2017, the Company has issued benchmark transaction under the € and US$Commercial Paper Programme.

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 SE, the parent company. The disclosed fair values of the bonds were determined using market quotations at reporting date.

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 cash flow hedge reserve. In 2018, a negative amount of €4.7 million has been recognized in Other Comprehensive Income (2016: negative €2.5 million).

12. Accrued Interest Payable

	30 June	
(In € thousand)	**2018**	**2017**
5.500% Eurobond, 25/09/2018	21,021	21,021
2.375% Eurobond, 02/04/2024	5,856	5,856
2.125% Eurobond, 29/10/2029	7,132	7,132
0.875% Eurobond, 13/05/2026	705	705
1.375% Eurobond, 13/05/2031	1,661	1,661
2.700% US$ bond, 17/04/2023	4,781	4,860
Total	**41,135**	**41,235**

13. Interest Income

(In € thousand)	**2018**	2017
Long-term Loan to Airbus SE	41,121	42,384
Interest Rate Swap Airbus SE	9,914	9,901
Amortization of Loan	1,875	1,613
Short-term Loan to Airbus SE	334	401
Intercompany Accounts Airbus SE	7	3
Total	**53,252**	**54,302**

14. Interest Expenses

(In € thousand)	**2018**	2017
5.500% Eurobond, 25/09/2018	(13,637)	(17,637)
2.700% US$ bond, 17/04/2023	(11,058)	(12,298)
2.375% Eurobond, 02/04/2024	(11,777)	(11,777)
2.125% Eurobond., 29/10/2029	(5,269)	(5,269)
0.875% Eurobond, 13/05/2026	(2,603)	(2,603)
1.375% Eurobond, 13/05/2031	(6,137)	(6,137)
Short-term Loan from Commercial Paper Programme	(334)	(401)
Amortization of Bond Issue Costs	(1,875)	(1,613)
Total	**(52,690)**	**(53,735)**

15. Information About Financial Instruments

15.1 Financial Risk Management

Financial Risk Management

The Company's principal financial instruments, other than derivatives, generally comprise long-term Eurobond liabilities and short-term loans from Commercial Paper Programme. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company generally has various financial assets such as short- and long-term loans receivables and cash, which arise directly from its operations. Airbus Finance B.V. also enters into derivative transactions which consist of interest rate swaps only. The purpose is to manage the interest rate risks arising from the Company's operations. It is, and has been throughout the year under review, the Company's policy that no trading in derivatives shall be undertaken.

Market Risk

Foreign Currency Risk - The Company has entered into US$ transactions during 2013 with the issuance of a bond transaction of US$1 billion. The Company has at the same time entered into a loan agreement for the principal bond amount of US$1 billion with Airbus SE. The funds received from the US$ Commercial Paper Programme were fully on lent to Airbus SE. The company has incurred foreign exchange gains in the half year 2018 amounting to € 27 million (2016: foreign exchange losses of € 56 million), which were fully compensated by foreign exchange losses for the same amount. Therefore, the net effect from foreign exchange difference is nil.

Interest Rate Risk - Airbus Finance B.V. uses an asset and liability management approach with the objective to limit its interest rate risk. The Company undertakes to match the risk profile of its liabilities with a corresponding asset structure. Therefore the Company uses Interest Rate Derivatives for hedging purposes to fully hedge the interest risk on the variable interest-bearing long-term loans to Airbus SE and to swap the variable interest into fixed interest, as well as to fully hedge the interest risk on one of the fixed interest-bearing bonds.

Sensitivities of Market Risks - As all of the Company's external financial debt has been lent to Airbus SE at nearly identical conditions, the interest rate risk of the total portfolio of financial instruments is nearly balanced.

Liquidity Risk

The Company's policy is to maintain sufficient liquid assets at any time to meet its present and future commitments as they fall due. The liquid assets typically consist of cash and cash equivalents or of receivable from Parent. In addition, the Company maintains a set of other funding sources. Depending on its cash needs and market conditions, the Company may issue bonds, notes and commercial papers.

The contractual maturities of the Company financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

(In € million)	Carrying amount	Contractual cash flows	< 1 year	1 year- 2 years	2 years- 3 years	3 years- 4 years	4 years- 5 years	More than 5 years
30 June 2018								
Derivative financial assets	5	5	5					
Non-derivative financial assets	4,370	4,898	507	76	76	76	76	4,087
Non-derivative Financial iabilities	(4,369)	(4,895)	(512)	(75)	(75)	(75)	(75)	(4,083)
30 June 2017								
Derivative financial assets	24	38	19	19				
Non-derivative financial assets	4,385	5,220	86	586	79	79	79	4,311
Non-derivative financial liabilities	(4,384)	(5,250)	(105)	(605)	(78)	(78)	(78)	(4,306)

The above table analyses the Company's financial liabilities by relevant maturity groups based on the period they are remaining on the Company's Statement of Financial Position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, comprising all outflows of a liability such as repayments and eventual interest payments. Non-derivative financial liabilities comprise financing liabilities at amortized cost.

Credit Risk

The Company has only one debtor, which is Airbus SE. The maximum credit risk equals the book value of the respective items on the Statement of Financial Position at reporting date, as shown in the table below. The long-term corporate credit rating of Airbus SE is A+ (S&P).

	30 June	
(In € million)	**2018**	**2017**
Receivables, neither past due not impaired	4,370	4,385
Cash and Cash Equivalents	7	6
Derivative Financial assets	5	24
Total financial assets	**4,382**	**4,415**

15.2 Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which one party would assume the rights and/or duties of another party in a current transaction, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information at the reporting date 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 Company could realize in a current market environment. The following tables present the carrying amounts and fair values of financial instruments according to IAS 39 measurement categories as of June 30, 2018 and 2017 respectively:

30 June 2017	Fair value for hedge relations	Loans and receivables and financial liabilities at amortised cost		**Financial instruments total**	
(In € million)	Fair value	Amortised cost	Fair value	**Book value**	**Fair value**
Assets					
Non-current financial assets					
• Internal Loans Receivables	0	3,828	3,943	**3,828**	**3,943**
• Derivative instruments	0	0	0	**0**	**0**
Current financial assets					
• Derivative instruments	5	0	0	**5**	**5**
• Internal Loans Receivables	0	541	541	**541**	**541**
• Current accounts Group companies	0	7	7	**7**	**7**
Total	**5**	**4,370**	**4,496**	**4,370**	**4,496**
Liabilities					
Non-current financial liabilities					
• Issued bonds and commercial papers	0	3,828	3,943	**3,828**	**3,943**
Current financial liabilities					
• Issued bonds and commercial papers	0	543	548	**543**	**548**
Total	**0**	**4,369**	**4,491**	**4,369**	**4,491**

30 June 2017	Fair value for hedge relations	Loans and receivables and financial liabilities at amortised cost		**Financial instruments total**	
(In € million)	Fair value	Amortised cost	Fair value	**Book value**	**Fair value**
Assets					
Non-current financial assets					
• Internal Loans Receivables	0	4,343	4,497	**4,343**	**4,497**
• Derivative instruments	24	0	0	**24**	**24**
Current financial assets					
• Derivative instruments	0	0	0	**0**	**0**
• Internal Loans Receivables	0	41	41	**41**	**41**
• Current accounts Group companies	0	5	5	**5**	**5**
Total	**24**	**4,463**	**4,538**	**4,497**	**4,567**
Liabilities					
Non-current financial liabilities					
• Issued bonds and commercial papers	0	4,343	4,532	**4,343**	**4,532**
Current financial liabilities					
• Issued bonds and commercial papers	0	41	41	**41**	**41**
Total	**0**	**4,384**	**4,573**	**4,384**	**4,573**

Fair Value Hierarchy

The fair value hierarchy consists of the following levels:

- 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

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy** as of 30 June 2018 and 2017, respectively:

	30 June 2018			30 June 2017		
(In € million)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Financial assets measured at fair value						
Non-derivative financial asset	0	4,445	4,445	0	4,555	4,555
Derivative instruments	0	5	5	0	24	24
Total	**0**	**4,450**	**4,450**	**0**	**4,579**	**4,579**
Financial liabilities measured at fair value						
Non-derivative financial liabilities	(4,449)	0	(4,449)	(4,573)	0	(4,573)
Total	**(4,449)**	**0**	**(4,449)**	**(4,573)**	**0**	**(4,573)**

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.

Financial Assets and Liabilities - Generally, fair values are determined by observable market quotations or valuation techniques supported by observable market quotations. By applying a valuation technique, such as present value of future Cash Flows, fair values are based on estimates. However, methods and assumptions followed to disclose data presented herein are inherently judgmental and involve various limitations like estimates as of June 30, 2018 and 2017, which are not necessarily indicative of the amounts that the Company would record upon further disposal/termination of the financial instruments. With respect to the fair value of financial liabilities, the own non-performance risk was assessed to be insignificant as of June 30, 2018 and 2017. For current financial assets, management assessed that the carrying amounts approximate the fair value due to the short-term maturity of these assets.

Interest Rate Contracts - The fair value of these instruments is the estimated amount that the Company would receive or pay to settle the related agreements as of June 30, 2018 and 2017 based on present value calculations. The used swap model incorporates various inputs including interest rate curves. As of June 30, 2018 and 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

15.3 Notional Amounts of Derivative Financial Instruments

The contract or notional amounts of derivative financial instruments shown below do not necessarily represent amounts exchanged by the parties and, thus, are not necessarily a measure for the exposure of the Company through its use of derivatives.

The **maturity of hedged interest cash flows** are as follows, specified by year of expected maturity:

	Remaining period								**Total**
(In € million)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	
30 June 2018									
Interest rate contracts	500	0	0	0	0	0	0	0	500
30 June 2017									
Interest rate contracts	0	500	0	0	0	0	0	0	500

15.4 Derivative Financial Instruments and Hedge Accounting Disclosure

Hedging activities – As of June 30, 2018, the Company has interest swap agreements in place with notional amounts totaling €500 million (as of June 30, 2016: € 500 million). The swaps are partly used to swap variable interest in connection with €500 million loan to Airbus SE (see note 3), into a fixed interest similar to the interest rate on the Eurobond (see note 10).

16. Number of employees and employement costs

The Company employed no personnel in the year ended on June 30, 2018 (2017: 0).

17. Directors

The Company had no director who received remuneration.

18. Commitments and contingent liabilities

The Company is part of a fiscal unity headed by Airbus SE, which also includes Airbus DS Holdings B.V. and Airbus Defence and Space Netherlands B.V. and therefore the Company is severally and jointly liable for income tax liabilities of the fiscal unity as a whole.

19. Related parties

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

20. Subsequent Events

There are no subsequent events to be reported.