

Condensed Interim Financial Statements

**EADS Finance B.V.**

Leiden, The Netherlands

Six-Month Period ended June 30, 2013

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## **REPORT OF THE BOARD OF MANAGING DIRECTORS**

The board of Managing Directors herewith submits the Condensed Interim Financial Statements of EADS Finance B.V. ("**Company**") for the six-month period ended June 30, 2013.

### **ACTIVITIES**

The Company's main activity is to finance companies and other entities 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.

Activities of the Company have commenced in February 2003, when the first tranche of 1 EUR billion, of a 3 EUR billion EMTN Programme, was raised for the EADS-Group ("**EADS**"). In September 2003, the Company has issued its second Eurobond transaction for 500 EUR million under its EMTN Programme. In August 2009, the Company has issued another, third, Eurobond transaction for 1 EUR billion under this Programme. The first tranche of the 3 EUR billion EMTN Programme, raised in February 2003, has been fully repaid on March 3, 2010.

In addition to the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004. From January until June 2013, the issued debt volume of the latter program was 1.876 EUR million. On June 30, 2013, a remaining debt amount of 1.056 EUR million was outstanding for the Commercial Paper Programme.

The EMTN Programme is a contractual framework which allows EADS 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).

On April 17, 2013, the Company has issued an inaugural bond in the U.S. institutional market for an amount of 1 USD billion, corresponding to EUR 759 million, with a ten year maturity.

### **RISKS**

As of June 30, 2013 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, 2012.

### **RESULT FOR THE PERIOD**

The Company's result for the six-month period ended June 30, 2013 amounts to a profit of EUR 233.747.

### **STATEMENT**

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

- the Condensed Interim Financial Statements for the six-month period ended June 30, 2013 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the 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 2013 financial year of the Company as well as the expected course of events. The Interim Report of the Board of Managing Directors has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

**BOARD OF MANAGING DIRECTORS**

Mr. J.A.F. Pons, Director

A handwritten signature in blue ink, appearing to be 'J.A.F. Pons', written over a horizontal line.

Mr. A. Drabert, Director

A handwritten signature in blue ink, appearing to be 'A. Drabert', written over a horizontal line.

Mr. C. Masson, Director

A handwritten signature in blue ink, appearing to be 'C. Masson', written over a horizontal line.

Leiden, July 31, 2013

## STATEMENTS OF FINANCIAL POSITION

| (After appropriation of the result of the period)          | Note | 30/06/2013<br>EUR    | 31/12/2012<br>EUR    |
|--|------|----------------------|----------------------|
| <i>Assets</i>  |      |                      |                      |
| <b>Non-Current Assets</b>                                  |      |                      |                      |
| Long-term Loans Receivable                                 | 3    | 2.254.356.579        | 1.494.396.982        |
| Positive Fair Value Derivative Instruments (*)             | 4    | 136.953.872          | 174.817.925          |
|  |      | <b>2.391.310.451</b> | <b>1.669.214.907</b> |
| <b>Current Assets</b>                                      |      |                      |                      |
| Short-term Loans Receivable                                | 5    | 1.056.156.168        | 164.993.126          |
| Accrued Interest Receivable                                | 6    | 66.253.735           | 25.407.268           |
| Cash and Cash Equivalents                                  | 7    | 2.735.329            | 2.529.751            |
|  |      | <b>1.125.145.232</b> | <b>192.930.145</b>   |
| <b>Total Assets</b>  |      | <b>3.516.455.683</b> | <b>1.862.145.052</b> |
| <i>Equity and Liabilities</i>                              |      |                      |                      |
| <b>Equity attributable to equity holders of the parent</b> |      |                      |                      |
| Issued Capital   | 8    | 300.000              | 300.000              |
| Other Reserves   | 8    | (1.551)              | (1.551)              |
| Cash Flow Hedge Reserve                                    | 9    | 48.265.219           | 60.947.608           |
| Retained Earnings  |      | 2.442.513            | 2.208.766            |
|  |      | <b>51.006.181</b>    | <b>63.454.823</b>    |
| <b>Non-Current Liabilities</b>                             |      |                      |                      |
| Non-Current Interest Bearing Liabilities                   | 10   | 2.327.002.631        | 1.588.004.520        |
| Deferred Taxes Payable                                     | 11   | 16.088.407           | 20.315.870           |
|  |      | <b>2.343.091.038</b> | <b>1.608.320.390</b> |
| <b>Current Liabilities</b>                                 |      |                      |                      |
| Short-term Loans Payable                                   | 12   | 1.056.166.715        | 164.993.126          |
| Accrued Interest Payable                                   | 13   | 66.191.749           | 25.376.713           |
|  |      | <b>1.122.358.464</b> | <b>190.369.839</b>   |
| <b>Total Equity and Liabilities</b>                        |      | <b>3.516.455.683</b> | <b>1.862.145.052</b> |

(\*) Comparative period information is adjusted retrospectively.

## INCOME STATEMENTS

|   | <i>Note</i> | <b>January 1 -<br/>June 30, 2013<br/>EUR</b> | <b>January 1 -<br/>June 30, 2012<br/>EUR</b> |
|---|-------------|--|--|
| <b>Financial Result</b>   |             |  |  |
| <i>Income</i>   |             |  |  |
| Interest  | 14          | 42.045.123                                   | 37.671.442                                   |
| <i>Expenses</i>   |             |  |  |
| Interest  | 15          | (41.803.028)                                 | (37.456.686)                                 |
|   |             | <b>242.095</b>                               | <b>214.756</b>                               |
| General Administrative Expenses   |             | (8.348)                                      | (2.899)                                      |
| <b>Profit for the period attributable to Equity<br/>Holders of the Parent</b> |             | <b>233.747</b>                               | <b>211.857</b>                               |

## STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

|  | <b>January 1 -<br/>June 30, 2013<br/>EUR</b> | <b>January 1 -<br/>June 30, 2012<br/>EUR</b> |
|--|--|--|
| <b>Profit for the period</b>   | 233.747                                      | 211.857                                      |
| <b>Other Comprehensive (Loss) Income</b>   |  |  |
| (Losses) Gains from Cash-Flow Hedges (net of deferred taxes)   | (12.682.389)                                 | 13.814.401                                   |
| <b>Total Comprehensive (Loss) Income for the<br/>period attributable to Equity Holders of the<br/>Parent</b> | <b>(12.448.642)</b>                          | <b>14.026.258</b>                            |



## STATEMENTS OF CASH-FLOWS

|   | <i>Note</i> | <b>January 1 -<br/>June 30, 2013</b><br>EUR | <b>January 1 -<br/>June 30, 2012</b><br>EUR |
|---|-------------|---|---|
| Profit for the Period                             |             | 233.747                                     | 211.857                                     |
| Increase Accrued Interest Receivable              |             | (40.846.468)                                | (36.673.497)                                |
| Increase Accrued Interest Payable                 |             | 40.815.036                                  | 36.673.497                                  |
| Amortization Bond Issue Costs/Interest Discount   |             | 773.260                                     | 667.117                                     |
| Amortization Recharged Bond Issue Costs           |             | (780.544)                                   | (674.442)                                   |
| <b>Cash provided by operating activities</b>      |             | <b>195.031</b>                              | <b>204.532</b>                              |
| Increase Long-term Loans Receivable               |             | (759.288.860)                               | -   |
| Increase Short-term Loans Receivable (*)          |             | (891.163.042)                               | (470.947.895)                               |
| <b>Cash used for investing activities</b>         |             | <b>(1.650.451.902)</b>                      | <b>(470.947.895)</b>                        |
| Increase Non-Current Interest Bearing Liabilities |             | 759.288.860                                 | -   |
| Increase Short-term Loans Payable                 |             | 891.173.589                                 | 470.947.895                                 |
| <b>Cash provided by financing activities</b>      |             | <b>1.650.462.449</b>                        | <b>470.947.895</b>                          |
| <b>Net Increase in Cash and Cash Equivalents</b>  |             | <b>205.578</b>                              | <b>204.532</b>                              |
| Cash and Cash equivalents at start of Period      |             | 2.529.751                                   | 2.129.332                                   |
| <b>Cash and Cash equivalents at end of Period</b> | 7           | <b>2.735.329</b>                            | <b>2.333.864</b>                            |

The following represents supplemental information with respect to cash flows from **operating activities**:

|   | <b>January 1 -<br/>June 30, 2013</b><br>EUR | <b>January 1 -<br/>June 30, 2012</b><br>EUR |
|---|---|---|
| Interest received (variable on long and short-term loans)     | 14.319.072                                  | 21.917.459                                  |
| Interest paid (variable on swap legs and on short-term loans) | (14.112.070)                                | (21.715.792)                                |

(\*)Comparative period information is adjusted retrospectively.

## STATEMENTS OF CHANGES IN EQUITY

| EUR  | Issued<br>Capital | Other<br>Reserves | Cash Flow<br>Hedge<br>Reserve | Retained<br>Earnings | Total               |
|--|-------------------|-------------------|-------------------------------|----------------------|---------------------|
| <b>Balance at January 1, 2011</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>16.693.299</b>             | <b>1.376.351</b>     | <b>18.368.099</b>   |
| Movement effective portion of<br>Interest Rate Swaps EADS N.V.<br>(Total loss for the period recognized<br>directly in equity)   |                   |                   | (4.282.562)                   |                      | (4.282.562)         |
| Profit for the Period  |                   |                   |                               | 205.625              | 205.625             |
| <b>Total (loss) income for the Period</b>  |                   |                   | <b>(4.282.562)</b>            | <b>205.625</b>       | <b>(4.076.937)</b>  |
| <b>Balance at June 30, 2011</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>12.410.737</b>             | <b>1.581.976</b>     | <b>14.291.162</b>   |
| <b>Balance at January 1, 2012</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>38.291.974</b>             | <b>1.793.059</b>     | <b>40.383.482</b>   |
| Movement effective portion of<br>Interest Rate Swaps EADS N.V.<br>(Total income for the period<br>recognized directly in equity) |                   |                   | 13.814.401                    |                      | 13.814.401          |
| Profit for the Period  |                   |                   |                               | 211.857              | 211.857             |
| <b>Total income for the Period</b>   |                   |                   | <b>13.814.401</b>             | <b>211.857</b>       | <b>14.026.258</b>   |
| <b>Balance at June 30, 2012</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>52.106.375</b>             | <b>2.004.916</b>     | <b>54.409.740</b>   |
| <b>Balance at January 1, 2013</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>60.947.608</b>             | <b>2.208.766</b>     | <b>63.454.823</b>   |
| Movement effective portion of<br>Interest Rate Swaps EADS N.V.<br>(Total loss for the period recognized<br>directly in equity)   |                   |                   | (12.682.389)                  |                      | (12.682.389)        |
| Profit for the Period  |                   |                   |                               | 233.747              | 233.747             |
| <b>Total (loss) income for the Period</b>  |                   |                   | <b>(12.682.389)</b>           | <b>233.747</b>       | <b>(12.448.642)</b> |
| <b>Balance at June 30, 2013</b>  | <b>300.000</b>    | <b>(1.551)</b>    | <b>48.265.219</b>             | <b>2.442.513</b>     | <b>51.006.181</b>   |



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

### 1. GENERAL

#### *General Information*

EADS 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 European Aeronautic Defence and Space Company EADS N.V. ("**EADS N.V.**").

The Company's main activity is to finance companies and other entities 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.

These condensed interim financial statements were authorized for issue by the directors on July 31, 2013.

This condensed interim financial information for the six-month period ended June 30, 2013 was neither audited nor reviewed.

#### *Basis of Preparation*

These condensed interim financial statements for the six-month period ended June 30, 2013 have been prepared in accordance with IAS 34, "interim financial reporting", for condensed 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. These condensed interim financial statements are prepared and reported in euros ("EUR").

### 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, 2012, as described in those annual financial statements.

#### *Financial reporting rules applied for the first time in the first six months of 2013:*

The following new, revised or amended Standards were applied for the first time in the first six months 2013 and are effective for the Company as of 1 January 2013. If not otherwise stated, their first application has not had a material impact on the Company's Financial Statements.

The IASB issued amendments to **IAS 12** "Income Taxes" providing practical guidance for the measurement of deferred tax relating to an asset by introducing the presumption that recovery of the carrying amount of that asset will normally be through sale. Amendments supersede SIC 21 "Income Taxes – recovery of Revalued Non Depreciable Assets".

Amendments to **IAS 1** "Presentation of Items of Other Comprehensive Income" require separate presentation of items of other comprehensive income that are reclassified subsequently to profit or loss (recyclable) and those that are not reclassified to profit or loss (non-recyclable).

Amendments to **IFRS 7** "Financial Instruments: Disclosures" define IASB's disclosure requirements in the context of offsetting financial assets and financial liabilities.

New **IFRS 13** "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurement. As the Company has already considered in previous years credit/ debit value adjustments as the counterparty risk recognized in the fair values of its derivative financial instruments, the application of IFRS 13 does not lead to any material changes in this respect.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)**

The IASB issued various amendments to IFRS Standards within the Annual Improvements 2009-2011 Cycle, which have become applicable as of 1 January 2013. The amendments refer to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

***Judgements and estimation uncertainty***

The preparation of the condensed 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 derecognises 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.

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 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 EADS N.V. (cash pooling), which is available on a daily basis.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)**

***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 profit and loss.

***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.

The Company is part of a fiscal unity headed by EADS N.V. and therefore not subject to current taxes.

***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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)

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 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 is simultaneously transferred from Shareholders' Equity to the corresponding income or expense line item.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting.

### 3. LONG-TERM LOANS RECEIVABLE

|                              | 30/06/2013<br>EUR    | 31/12/2012<br>EUR    |
|------------------------------|----------------------|----------------------|
| Long-term Loans to EADS N.V. | <u>2.254.356.579</u> | <u>1.494.396.982</u> |

On September 11, 2003, The Company entered into a loan agreement with effect of September 25, 2003, with EADS N.V., to make a loan available for the principal amount of 500 EUR million reduced by a discount of 5.06 EUR 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 1,850% 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 EADS N.V. is repayable on September 25, 2018. The fair market value approximates to the fair market value of the "Eurobond 500 EUR million" (note 10) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 4).

On August 7, 2009, the Company entered into a loan agreement with effect of August 12, 2009, with EADS N.V., to make a loan available for the principal amount of 1 EUR billion, reduced by a discount of 7,01 EUR 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.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)

This loan to EADS N.V. is repayable on August 12, 2016. The fair market value approximates to the fair market value of the "Eurobond 1 EUR billion" (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 EADS N.V., to make a loan available for the principal amount of 1 USD billion, reduced by a discount of 7,02 USD 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 EADS N.V. is repayable on April 17, 2023. The fair market value approximates to the fair market value of the "U.S. institutional market bond 1 USD billion" (note 10).

### 4. POSITIVE FAIR-VALUE DERIVATIVE INSTRUMENTS

|  | 30/06/2013<br>EUR  | 31/12/2012<br>EUR  |
|--|--------------------|--------------------|
| Interest Rate Swap EADS N.V., 500 EURm, 5,500% (09/2018) | 64.353.627         | 81.263.480         |
| Interest Rate Swap EADS N.V., 1 EURb, 4,625% (08/2016)   | 72.600.245         | 93.554.445         |
|  | <b>136.953.872</b> | <b>174.817.925</b> |

These amounts represent the fair market value, less accrued interest, at June 30, 2013 of:

- the Interest Rate Swap for which the Company has entered into with EADS N.V. with effect of December 27, 2005. Notional amount of the swap is 500 EUR 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 EUR million loan to EADS N.V. (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 EADS N.V. with effect of September 18, 2009. Notional amount of the swap is 1 EUR 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 EUR billion Eurobond expiring August 12, 2016 (see note 10), into a variable interest rate of EURIBOR three (3) months with a spread of 1,565% per annum from September 18, 2009 onwards. Changes in the fair value of the Interest Rate Swap of 20,9 EUR million negative (January-June 2012: 24,3 EUR million positive) have been 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 EUR million interest rate swap in the period January-June 2013, for a negative amount of 12,7 EUR million (January-June 2012: positive amount of 13,8 EUR million), was completely recognized in other comprehensive income, net of deferred taxes. The corresponding fair value movement before deferred taxes in the period January-June 2013 amounts to 16,9 EUR million negative (January-June 2012: 18,4 EUR million positive).



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)**

| <b>5. SHORT-TERM LOANS RECEIVABLE</b> | <b>30/06/2013</b>           | <b>31/12/2012</b>         |
|---------------------------------------|-----------------------------|---------------------------|
|                                       | EUR                         | EUR                       |
| Short-term Loans to EADS N.V.         | <u><b>1.056.156.168</b></u> | <u><b>164.993.126</b></u> |

The money raised short term through the Commercial Paper Programme, was loaned to EADS N.V. mirroring the conditions applicable to the money raised (see note 12).

| <b>6. ACCRUED INTEREST RECEIVABLE</b> | <b>30/06/2013</b>        | <b>31/12/2012</b>        |
|---------------------------------------|--------------------------|--------------------------|
|                                       | EUR                      | EUR                      |
| Interest Rate Swaps EADS N.V.         | 59.372.728               | 22.794.542               |
| Long-term Loans to EADS N.V.          | 6.881.007                | 2.612.726                |
|                                       | <u><b>66.253.735</b></u> | <u><b>25.407.268</b></u> |

| <b>7. CASH AND CASH EQUIVALENTS</b> | <b>30/06/2013</b>       | <b>31/12/2012</b>       |
|-------------------------------------|-------------------------|-------------------------|
|                                     | EUR                     | EUR                     |
| Intercompany Account EADS N.V.      | <u><b>2.735.329</b></u> | <u><b>2.529.751</b></u> |

**8. EQUITY**

The Company has an authorised share capital of 1,500,000 shares of EUR 1 each. As of June 30, 2013, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of EUR 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 EADS Group entities. The Company manages its capital with the interest rate spread applied on the loans provided to EADS N.V. 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.

| <b>10. NON-CURRENT INTEREST BEARING LIABILITIES</b>  | <b>30/06/2013</b>           | <b>31/12/2012</b>           |
|--|-----------------------------|-----------------------------|
|  | EUR                         | EUR                         |
| 5,500% Eurobond EADS Finance B.V., maturing 25/09/2018<br>fair value EUR 598.380.000 (prior year: EUR 607.950.000)     | 498.233.346                 | 498.066.105                 |
| 4,625% Eurobond EADS Finance B.V., maturing 12/08/2016<br>fair value EUR 1.110.140.000 (prior year: EUR 1.130.160.000) | 1.069.480.425               | 1.089.938.415               |
| 2,700% U.S.-bond EADS Finance B.V., maturing 17/04/2023<br>fair value USD 926.480.000 (EUR 708.318.043)                | 759.288.860                 | -                           |
|  | <u><b>2.327.002.631</b></u> | <u><b>1.588.004.520</b></u> |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of 500 EUR 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 a Eurobond benchmark transaction under the EMTN Programme of 1 EUR 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 20,9 EUR million negative (January-June 2012: 24,3 EUR million positive) are recognized in the Income Statement (see Note 4).

The Company has issued an inaugural bond transaction in the U.S. institutional market of 1 USD 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 issued bonds are covered by a guarantee from EADS N.V., 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 the six-month period ended June 30, 2013, a positive amount of 4,2 EUR million has been recognized in other comprehensive income (2012: negative EUR 4,6 million).

### 12. SHORT-TERM LOANS PAYABLE

|  | 30/06/2013<br>EUR    | 31/12/2012<br>EUR  |
|--|----------------------|--------------------|
| Short-term Loans from Commercial Paper Programme | <u>1.056.166.715</u> | <u>164.993.126</u> |

In addition to the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004 to raise money on a short term basis not exceeding one year. Interest rates are based on current market conditions. The money raised, is loaned to EADS N.V. mirroring the conditions applicable to the money raised (see note 5). The fair value of these short-term loans equals net book value due to their short duration.

### 13. ACCRUED INTEREST PAYABLE

|   | 30/06/2013<br>EUR | 31/12/2012<br>EUR |
|---|-------------------|-------------------|
| 5,500% Eurobond EADS Finance B.V., maturing 25/09/2018  | 21.020.548        | 7.383.562         |
| 4,625% Eurobond EADS Finance B.V., maturing 12/08/2016  | 40.928.082        | 17.993.151        |
| 2,700% U.S.-bond EADS Finance B.V., maturing 17/04/2023 | 4.243.119         | -                 |
|   | <u>66.191.749</u> | <u>25.376.713</u> |



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)

| <b>14. INTEREST INCOME</b>                              | <b>January 1 -<br/>June 30, 2013<br/>EUR</b>     | <b>January 1 -<br/>June 30, 2012<br/>EUR</b>     |
|---|--|--|
| Long-term Loans to EADS N.V.                            | 18.465.667                                       | 20.770.866                                       |
| Interest Rate Swaps EADS N.V.                           | 22.581.912                                       | 16.104.298                                       |
| Amortization of Loan Discount                           | 780.545  | 674.442  |
| Short-term Loans to EADS N.V.                           | 215.468  | 116.072  |
| Intercompany Account EADS N.V.                          | 1.531  | 5.764  |
|   | <b><u>42.045.123</u></b>                         | <b><u>37.671.442</u></b>                         |
| <br><b>15. INTEREST EXPENSES</b>                        | <br><b>January 1 -<br/>June 30, 2013<br/>EUR</b> | <br><b>January 1 -<br/>June 30, 2012<br/>EUR</b> |
| 5,500% Eurobond EADS Finance B.V., maturing 25/09/2018  | (13.636.987)                                     | (13.674.863)                                     |
| 4,625% Eurobond EADS Finance B.V., maturing 12/08/2016  | (22.934.931)                                     | (22.998.634)                                     |
| 2,700% U.S.-bond EADS Finance B.V., maturing 17/04/2023 | (4.243.119)                                      | -  |
| Amortization of Bond Issue Costs                        | (773.260)  | (667.117)  |
| Short-term Loans from Commercial Paper Programme        | (214.731)  | (116.072)  |
|   | <b><u>(41.803.028)</u></b>                       | <b><u>(37.456.686)</u></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
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)**

The following table presents the carrying amounts and fair values of financial instruments as of June 30, 2013:

| <b>In MEUR</b>                           | <b>Book Value</b> | <b>Fair Value</b> |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| Long-term Loans Receivable               | 2.254             | 2.309             |
| Short-term Loans Receivable              | 1.056             | 1.056             |
| Accrued Interest Receivable              | 66                | 66                |
| Cash and Cash equivalents                | 3                 | 3                 |
| Derivative Financial Instruments         | 137               | 137               |
| <b>Total</b>                             | <b>(3.516)</b>    | <b>(3.571)</b>    |
| <b>Liabilities</b>                       |                   |                   |
| Non-Current Interest Bearing Liabilities | (2.327)           | (2.446)           |
| Short-term Loans Payable                 | (1.056)           | (1.056)           |
| Accrued Interest Payable                 | (66)              | (66)              |
| <b>Total</b>                             | <b>(3.449)</b>    | <b>(3.568)</b>    |

The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as of 30 June 2013:

| <b>In MEUR</b>  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|---|----------------|----------------|----------------|----------------|
| Financial assets measured at fair value through profit or loss      | -              | 3.368          | -              | 3.368          |
| Derivative financial instruments for hedge relations                | -              | 137            | -              | 137            |
| <b>Total</b>  | -              | <b>3.476</b>   | -              | <b>3,505</b>   |
| Financial liabilities measured at fair value through profit or loss | (2.446)        | (1.056)        | -              | (3.502)        |
| Derivative financial instruments for hedge relations                | -              | -              | -              | -              |
| <b>Total</b>  | <b>(2.446)</b> | <b>(1.056)</b> | -              | <b>(3.502)</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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013 (CONTINUED)**

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

The Company employed no personnel in the period ended June 30, 2013.

**18. DIRECTORS**

None of the Company's directors received remuneration.

**19. COMMITMENTS AND CONTINGENT LIABILITIES**

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

**20. RELATED PARTIES**

EADS N.V. is a related party, as it holds 100% of the shares of EADS Finance B.V. The transactions and outstanding balances relating to EADS N.V. 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, negative fair-value derivative instruments and interest income.

**21. SUBSEQUENT EVENTS**

There are no subsequent events to be reported.