

Unaudited Condensed Interim IFRS Consolidated Financial Information of Airbus Group N.V. for the three-month period ended 31 March 2015

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Airbus Group N.V.
 Unaudited Condensed Interim IFRS Consolidated Financial Information
 for the three-month period ended 31 March 2015

Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 31 March 2015		1 January - 31 March 2014		Deviation M €
	M €	%	M €	%	
Revenues	12,078	100	12,648	100	-570
Cost of sales	-10,370	-86	-10,669	-84	299
Gross margin	1,708	14	1,979	16	-271
Selling, administrative and other expenses	-631	-5	-666	-5	35
Research and development expenses	-701	-6	-727	-6	26
Other income	127	1	52	0	75
Share of profit from investments under the equity method and other income from investments	729	6	71	0	658
Profit before finance result and income taxes	1,232	10	709	5	523
Interest income	40	0	36	0	4
Interest expense	-146	-1	-130	-1	-16
Other financial result	-260	-2	-13	0	-247
Finance result	-366	-3	-107	-1	-259
Income taxes	-71	0	-166	-1	95
Profit for the period	795	7	436	3	359
Attributable to:					
Equity owners of the parent (Net income)	792	7	439	3	353
Non-controlling interests	3	0	-3	0	6
Earnings per share					
	€		€		€
Basic	1.01		0.56		0.45
Diluted	1.01		0.56		0.45

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 31 March 2015	1 January - 31 March 2014
Profit for the period	795	436
Items that will not be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	-496	7
Actuarial gains or losses on defined benefit plans for investments accounted for using the equity method	-76	5
Tax on items that will not be reclassified to profit or loss	163	-2
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	335	-36
Net change in fair value of cash flow hedges	-7,861	38
Net change in fair value of available-for-sale financial assets	316	-64
Changes in other comprehensive income from investments accounted for using the equity method	-111	-13
Tax on items that will be reclassified to profit or loss	2,433	-8
Other comprehensive income, net of tax	-5,297	-73
Total comprehensive income of the period	-4,502	363
Attributable to:		
Equity owners of the parent	-4,483	366
Non-controlling interests	-19	-3

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	31 March 2015		31 December 2014		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets and goodwill	12,867	12	12,758	13	109	1
Property, plant and equipment	16,727	16	16,388	17	339	2
Investments accounted under the equity method	986	1	3,391	3	-2,405	-71
Other investments and long-term financial assets	2,225	2	1,769	2	456	26
Other non-current assets	3,246	3	2,408	3	838	35
Deferred tax assets	9,133	9	5,717	6	3,416	60
Non-current securities	7,105	7	5,989	6	1,116	19
	52,289	50	48,420	50	3,869	8
Current assets						
Inventories	29,802	28	25,355	26	4,447	18
Trade receivables	6,471	6	6,798	7	-327	-5
Other current assets	4,993	5	4,325	5	668	15
Current securities	2,798	3	3,183	3	-385	-12
Cash and cash equivalents	7,439	7	7,271	8	168	2
	51,503	49	46,932	49	4,571	10
Assets (disposal group) classified as held for sale	1,320	1	750	1	570	76
Total assets	105,112	100	96,102	100	9,010	9
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	786	1	785	1	1	0
Reserves	7,930	8	7,489	7	441	6
Accumulated other comprehensive income ⁽¹⁾	-6,072	-6	-1,205	-1	-4,867	404
Treasury shares	-8	0	-8	0	0	0
	2,636	3	7,061	7	-4,425	-63
Non-controlling interests	-1	0	18	0	-19	-106
	2,635	3	7,079	7	-4,444	-63
Non-current liabilities						
Non-current provisions	11,206	11	10,400	11	806	8
Long-term financing liabilities	6,705	6	6,278	7	427	7
Deferred tax liabilities	1,759	2	1,130	1	629	56
Other non-current liabilities	30,532	29	23,038	24	7,494	33
	50,202	48	40,846	43	9,356	23
Current liabilities						
Current provisions	5,395	5	5,712	6	-317	-6
Short-term financing liabilities	1,177	1	1,073	1	104	10
Trade liabilities	11,707	11	10,183	11	1,524	15
Current tax liabilities	868	1	738	1	130	18
Other current liabilities	33,128	31	29,791	30	3,337	11
	52,275	49	47,497	49	4,778	10
Liabilities (disposal group) classified as held for sale	0	0	680	1	-680	
Total liabilities	102,477	97	89,023	93	13,454	15
Total equity and liabilities	105,112	100	96,102	100	9,010	9

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

in M €	1 January - 31 March 2015	1 January - 31 March 2014
Profit for the period attributable to equity owners of the parent (Net income)	792	439
Profit (loss) for the period attributable to non-controlling interests	3	-3
<i>Adjustments to reconcile profit for the period to cash (used for) operating activities</i>		
Depreciation and amortization	525	471
Valuation adjustments	66	42
Deferred tax (income) expense	-127	77
Change in income tax assets, income tax liabilities and provisions for income tax	87	-9
Results on disposals of non-current assets	-59	-5
Results of companies accounted for by the equity method	-694	-46
Change in current and non-current provisions	-60	42
Reimbursement from / contribution to plan assets	-14	-13
Change in other operating assets and liabilities	-1,227	-2,545
Cash (used for) operating activities	-708	-1,550
<i>Investments:</i>		
- Purchases of intangible assets, PPE	-505	-553
- Proceeds from disposals of intangible assets, PPE	2	23
- Acquisitions of subsidiaries and joint ventures (net of cash)	-6	0
- Proceeds from disposals of subsidiaries (net of cash)	-3	-24
- Payments for investments in associates and other investments and long-term financial assets	-32	-27
- Proceeds from disposals of associates and other investments and long-term financial assets	1,613	84
Change in securities	-508	-402
Change in cash from changes in consolidation	-11	0
Cash provided by (used for) investing activities	550	-899
Change in long-term and short-term financing liabilities	-27	962
Changes in capital and non-controlling interests	37	16
Change in treasury shares	0	111
Cash provided by financing activities	10	1,089
Effect of foreign exchange rate changes on cash and cash equivalents	298	23
Net increase (decrease) of cash and cash equivalents	150	-1,337
Cash and cash equivalents at beginning of period ⁽¹⁾	7,289	7,201
Cash and cash equivalents at end of period	7,439	5,864

(1) The cash and cash equivalents at the beginning of the period 2015 include 18 M €, which is presented as part of assets of disposal groups classified as held for sale.

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	439	-3	436
Other comprehensive income	-73	0	-73
Total comprehensive income	366	-3	363
Capital increase	16	0	16
Change in treasury shares	111	0	111
Balance at 31 March 2014	11,357	39	11,396
Balance at 1 January 2015	7,061	18	7,079
Profit for the period	792	3	795
Other comprehensive income	-5,275	-22	-5,297
Total comprehensive income	-4,483	-19	-4,502
Capital increase	37	0	37
Share-based payment (IFRS 2)	21	0	21
Balance at 31 March 2015	2,636	-1	2,635

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 31 March 2015

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the operations of Airbus Group N.V. and its subsidiaries (the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). 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 three-month period ended 31 March 2015 were authorized for issue by the Airbus Group Board of Directors on 29 April 2015.

2. Accounting policies

The Unaudited Condensed Interim 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 March 2015 and Part 9 of Book 2 of the Netherlands Civil Code.

These Unaudited Condensed Interim Consolidated Financial Statements are prepared in compliance with IAS 34 and should be read in conjunction with Airbus Group's Consolidated Financial Statements as of 31 December 2014. Except for the amended Standards to be applied for the first time as of 1 January 2015, Airbus Group's accounting policies and techniques are unchanged compared to 31 December 2014.

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

The following new interpretation and amended Standards issued by the IASB were applied for the first time in 2015 and are 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 as well as its basic and diluted earnings per share.

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

Use of estimates and judgment:

In preparing the Group's Unaudited Condensed Interim Consolidated Financial Statements, Group's management makes assumptions and estimates. The underlying assumptions used for the main estimates are similar to those described in the Group's Consolidated Financial Statements as of 31 December 2014. These estimates are revised if the underlying circumstances have evolved or in light of new information.

3. Acquisitions and other M&A transactions

Airbus Safran Launchers Joint Venture

On 14 January 2015, Airbus Group and Safran have completed the first phase of the integration process of the Airbus Safran Launchers Joint Venture 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 the Joint Venture during this first phase.

Airbus Group received 50% of issued shares in Airbus Safran Launchers Joint Venture recognised at 56 M € as at-equity investment. The loss of control in the business resulted in a capital gain of 49 M €

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. This phase will be initiated and implemented once Ariane 6 development contract is awarded to the joint venture and all legal and financial terms and conditions are finalized 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.

Dassault Aviation

On 25 March 2015, Airbus Group sold 1,612,407 Dassault Aviation 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. After this transaction as at 31 March 2015, Airbus Group held 24.61% of Dassault Aviation's share capital and 26.03% of associated voting rights.

In Q1 2015, Airbus Group has recognised 697 M € representing the net capital gain on partial disposal after transaction costs.

As of 31 March 2015, Airbus Group has reclassified its remaining equity investment of 1,320 M € in Dassault Aviation as an asset held for sale, as it intends to pursue market opportunities to sell the remainder of this investment.

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 such as the newly acquired 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 uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the former EADS merger and the Airbus combination, as well as impairment charges thereon. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions. EBIT pre-goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments' economic performance.

Airbus Group N.V.
Unaudited Condensed Interim IFRS Consolidated Financial Information
for the three-month period ended 31 March 2015

in M €	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Three-month period ended 31 March 2015						
Total revenues	8,565	1,285	2,603	12,453	40	12,493
Internal revenues	-194	-141	-79	-414	-1	-415
Revenues	8,371	1,144	2,524	12,039	39	12,078
Research and development expenses	-548	-70	-66	-684	-17	-701
EBIT pre-goodwill imp. and exceptionals ⁽¹⁾	419	52	133	604	637	1,241
Impairment and disposal of goodwill	0	0	0	0	0	0
Exceptionals	-6	0	-3	-9	0	-9
Profit before finance result and income taxes ⁽¹⁾	413	52	130	595	637	1,232
Finance result						-366
Income taxes						-71
Profit for the period						795
Three-month period ended 31 March 2014						
Total revenues	8,937	1,182	2,743	12,862	149	13,011
Internal revenues	-184	-114	-60	-358	-5	-363
Revenues	8,753	1,068	2,683	12,504	144	12,648
Research and development expenses	-576	-73	-76	-725	-2	-727
EBIT pre-goodwill imp. and exceptionals	546	58	85	689	30	719
Impairment and disposal of goodwill	0	0	0	0	0	0
Exceptionals	-7	0	-3	-10	0	-10
Profit before finance result and income taxes	539	58	82	679	30	709
Finance result						-107
Income taxes						-166
Profit for the period						436

(1) Included in the segments "Airbus Defence and Space" and "Others/ HQ / Conso." are impacts on specific transactions (see Note 3 "Acquisitions and M&A transactions").

5. Significant income statement items

Revenues of 12,078 M € (first quarter 2014: 12,648 M €) decreased by -570 M €, mainly at Airbus (-382 M €) and Airbus Defence and Space (-159 M €). In Airbus, the decrease is mostly driven by a negative volume effect partly offset by a more favourable foreign exchange hedging impact. In Airbus Defence and Space, the decrease is mainly due to the loss of revenues as a result of the transfer of activities for the first phase of the creation of Airbus Safran Launchers Joint Venture (see Note 3 “Acquisitions and other M&A transactions”).

The **Gross margin** decreased by -271 M € to 1,708 M € compared to 1,979 M € in the first quarter 2014, mainly in Airbus due to negative foreign exchange impacts. The gross margin rate decreased from 15.6% to 14.1%.

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. A second aircraft has been delivered to Qatar on 5 March 2015. Despite these important achievements, significant challenges remain. 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.

In the last quarter of 2014, Management reviewed the A400M programme evolution mostly driven by military functionality challenges and industrial ramp-up together with associated mitigation actions. As a result of this review, Airbus Defence and Space recorded based on Management best estimate an additional net charge of 551 M € for the period ended 31 December 2014.

The A400M programme is in a phase of progressive enhancement of military capabilities with delays incurred. The sequence of progressive enhancements and associated deliveries are under negotiation with the customers to reflect revised programme baseline and delivery schedule.

The A400M SOC 1 milestone remains to be achieved. SOC 1 fell due end October 2013, and the termination right related thereto became exercisable by OCCAR/Nations on 1 November 2014 after a 12-month grace period. It has not at the date hereof been exercised. Management judges that it is highly unlikely that this termination right will be exercised.

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

In the first quarter of 2015, Airbus Defence and Space has delivered 2 A400M aircraft.

Research and development expenses remain stable at -701 M € (first quarter 2014: -727 M €).

Other income increased by +75 M € to 127 M € (first quarter 2014: 52 M €) mainly due to the capital gain following the completion of the first phase of the creation of Airbus Safran Launchers Joint Venture (see Note 3 “Acquisitions and other M&A transactions”).

Share of profit from investments accounted for under the equity method and other income from investments of 729 M € (first quarter 2014: 71 M €) mainly related to Dassault Aviation of 674 M € (first quarter 2014: 36 M €) which includes the net gain on the partial sale of shares, the first quarter 2015 estimated result and a negative catch-up on 2014 of -119 M € (see Note 3 “Acquisitions and other M&A transactions”).

Finance result amounted to -366 M € (first quarter 2014: -107 M €) and includes interest result of -106 M € (first quarter 2014: -94 M €) and other financial result of -260 M € (first quarter 2014: -13 M €).

Other financial result mainly includes the negative impact of revaluation of financial instruments -149 M € (first quarter 2014: 0 M €), the negative impact from foreign exchange valuation of monetary items -75 M € (first quarter 2014: 36 M €) and the negative impact from the unwinding of discounted provisions -31 M € (first quarter 2014: -41 M €).

The **income tax** expense of -71 M € (first quarter 2014: -166 M €) corresponds to an effective income tax rate of 8.2% (first quarter 2014: 27.6%). The significant decrease in the income tax rate is due to the low taxable gain of the sale of shares of Dassault Aviation (see Note 3 "Acquisitions and other M&A transactions").

6. Significant items of the statement of financial position

Non-current assets

Intangible assets increased by +109 M € to 12,867 M € (prior year-end: 12,758 M €). This mainly relates to Airbus (8,701 M €), Airbus Defence and Space (3,425 M €) and Airbus Helicopters (726 M €) and includes goodwill of 10,057 M € (prior year-end: 9,979 M €). The annual impairment tests were performed in the fourth quarter 2014 and led to no impairment charge.

Property, plant and equipment increased by +339 M € to 16,727 M € (prior year-end: 16,388 M €) and includes leased assets of 231 M € (prior year-end: 213 M €). The increase was mainly driven by the A350 XWB programme. Property, plant and equipment also includes "Investment property" amounting to 67 M € (prior year-end: 67 M €).

Investments accounted for under the equity method of 986 M € (prior year-end: 3,391 M €) mainly include the equity investment in Atlas Group and MBDA.

Aside from the partial sale of Dassault Aviation shares in the first quarter 2015, the remaining equity investment in Dassault Aviation has been reclassified as asset held for sale (see Note 3 "Acquisitions and other M&A transactions").

Other investments and other long-term financial assets of 2,225 M € (prior year-end: 1,769 M €) are related to Airbus for an amount of 1,219 M € (prior year-end: 790 M €), mainly concerning the non-current portion of aircraft financing activities.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The increase of +838 M € to 3,246 M € (prior year-end: 2,408 M €) resulted from the positive variation of the non-current portion of fair values of derivative financial instruments (+536 M €) and from higher prepaid expenses (+292 M €).

Deferred tax assets increased by +3,416 M € to 9,133 M € (prior year-end: 5,717 M €) mainly as a result of variations in the fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets 1,038 M € (prior year-end: 502 M €), in other current assets 401 M € (prior year-end: 208 M €), in other non-current liabilities -9,371 M € (prior year-end: -3,271 M €) and in other current liabilities -4,767 M € (prior year-end: -2,232 M €), which corresponds to a total net fair value of -12,699 M € (prior year-end: -4,793 M €).

The volume of hedged US dollar-contracts increased from 88 billion US dollar as at 31 December 2014 to 94 billion US dollar as at 31 March 2015. The US dollar spot rate is 1.08 USD/€ and 1.21 USD/€ at 31 March 2015 and at 31 December 2014, respectively. The average US dollar hedge rate for the hedge portfolio of the Group remains almost stable at 1.32 USD/€ as at 31 March 2015 compared to 1.33 USD/€ as at 31 December 2014.

Non-current securities with a remaining maturity of more than one year increased by +1,116 M € to 7,105 M € (prior year-end: 5,989 M €). The movement is related to the cash management policy of the Group.

Current assets

Inventories of 29,802 M € (prior year-end: 25,355 M €) increased by +4,447 M €. This is mainly related to Airbus (+2,994 M €), Airbus Defence and Space (+1,137 M €) and Airbus Helicopters (+248 M €). In Airbus, the increase is due to work in progress and finished aircraft across all programmes and A350 ramp-up. In Airbus Defence and Space, the increase is mainly driven by the increased activity on the A400M programme.

Trade receivables decreased by -327 M € to 6,471 M € (prior year-end: 6,798 M €), mainly in Airbus Defence and Space and Airbus Helicopters, partly compensated by an increase in Airbus.

Other current assets include "Current portion of other long-term financial assets", "Current other financial assets", "Current other assets" and "Current tax assets". The increase of +668 M € to 4,993 M € (prior year-end: 4,325 M €) includes the positive variation of the current portion of fair values of derivative financial instruments (+193 M €), of prepaid expenses (+171 M €) and of VAT receivables (+99 M €).

Current securities with a remaining maturity of one year or less decreased by -385 M € to 2,798 M € (prior year-end: 3,183 M €).

Cash and cash equivalents increased from 7,271 M € (prior year-end) to 7,439 M € (see also Note 7 "Significant cash flow items").

Asset (disposal group) classified as held for sale

The asset (disposal group) held for sale of 1,320 M € (prior year-end: 750 M €) concerns the remaining investment in Dassault Aviation (see Note 3 "Acquisitions and other M&A transactions"). The assets of disposal group classified as held for sale as of 31 December 2014 are mainly related to the Airbus Safran Launchers Joint Venture first phase.

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounted to 2,636 M € (prior year-end: 7,061 M €) representing a decrease of -4,425 M €. This decrease is due a reduction in other comprehensive income of -5,275 M €, is mainly due to the mark to market revaluations of the hedge portfolio and changes of actuarial gains and losses due to an update of discount rates used for the obligation valuation of pensions. This was partly offset by a net income of +792 M €.

Non-controlling interests decreased to -1 M € (prior year-end: 18 M €). This decrease is mainly derived from the mark to market revaluations of the hedge portfolio of -23 M €.

New accounting principle for Airbus Group N.V. financial statements as of 1 January 2015

Until end of financial year 2014, Airbus Group N.V. made use of the option provided in section 2:362 (8) of the Netherlands Civil Code, which allows that the principles for the recognition and measurement of assets and liabilities and determination of the result of the Company Financial Statements of Airbus Group N.V. are the same as those applied for the Consolidated EU-IFRS Financial Statements.

As of 1 January 2015, Airbus Group N.V. changed the basis for preparing the Company Statutory Financial Statements to IFRS as adopted by the European Union as applicable for company financial statements (a.o. IAS 27), as permitted by section 2:362 (8) of the Netherlands Civil Code. As an internationally operating Group, Airbus has global institutional and private shareholders as well as other stakeholders who are used to IFRS as internationally accepted and applied accounting standards, rather than to Dutch GAAP requirements under the formerly applied option. As a primary difference arising from the change to IFRS for Airbus Group N.V. company financial statements subsidiaries will now be measured at historic cost less impairment instead of net asset value.

Airbus' management considers that the recognition of its investments at cost less impairment in the Airbus Group N.V. company financial statements is a more appropriate approach to provide a fair insight into the company's financial position with regards to the determination of distributable equity and complements the IFRS Airbus Group Consolidated Financial Statements.

Non-current liabilities

Non-current provisions of 11,206 M € (prior year-end: 10,400 M €) include the non-current portion of pension provisions (8,522 M €). Total pension provisions (non-current and current) increased by +640 M € to 8,890 M € (prior year-end: 8,250 M €), due to a further decrease of the discount rates for the various pension schemes of the Group (France: 2.1% to 1.6% and Germany: 1.9% to 1.4%).

Other provisions are also included in non-current provisions, and increased by +148 M € to 2,684 M € (prior year-end: 2,536 M €). This increase is mainly linked to aircraft financing activities and personnel expenses.

Included in non-current (and current) provisions are costs for the A380 programme related to in service technical issues identified and with solutions defined, which reflects the latest facts and circumstances. Airbus 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.

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions which increased by +427 M € to 6,705 M € (prior year-end: 6,278 M €), mainly due to the revaluation of dollar denominated financing liabilities.

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increased in total by +7,494 M € to 30,532 M € (prior year-end: 23,038 M €). Negative fair values of financial instruments increased by +6,100 M €, government refundable advances by +718 M € and advance payments received by +658 M €.

Current liabilities

Current provisions decreased by -317 M € to 5,395 M € (prior year-end: 5,712 M €) and comprise the current portion of pensions provisions (368 M €) and of other provisions (5,027 M €). This decrease is mainly due to the net presentation on A350 XWB programme where inventories are presented net of the respective portion of the contract loss provision.

Short-term financing liabilities increased by +104 M € to 1,177 M € (prior year-end: 1,073 M €).

Trade liabilities increased by +1,524 M € to 11,707 M € (prior year-end: 10,183 M €). This increase occurred mainly at Airbus.

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. These liabilities increased by +3,337 M € to 33,128 M € (prior year-end: 29,791 M €) mainly due to the increase in the negative fair values of derivative financial instruments (+2,535 M €), to higher advance payments received (+414 M €) and to higher value added tax liabilities (+130 M €).

Liabilities (disposal group) classified as held for sale

No liabilities (disposal group) held for sale in the first quarter 2015 (prior year-end: 680 M €). The liabilities of disposal group classified as held for sale as of 31 December 2014 are mainly related to the Airbus Safran Launchers Joint Venture first phase.

7. Significant cash flow items

Cash used for operating activities improved by +842 M € to -708 M € (first quarter 2014: -1,550 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +519 M € decreased compared to the prior period (first quarter 2014: +995 M €). Changes in other operating assets and liabilities amounts to -1,227 M € (first quarter 2014: -2,545 M €) mainly due to an increase in inventories at Airbus and Airbus Defence and Space partly compensated by higher trade liabilities and advance payments received at Airbus.

Cash provided by (used for) investing activities amounts to +550 M € (first quarter 2014: -899 M €). This mainly comprises the proceeds from disposals of associates and other investments and long-term financial assets amounting to +1,613 M € (first quarter 2014: +84 M €) mainly due to the partial sale of Dassault Aviation shares (see Note 3 “Acquisitions and other M&A transactions”). This was partly compensated by purchases of intangible assets and property, plant

and equipment of -505 M € (first quarter 2014: -553 M €), and a change in securities of -508 M € (first quarter 2014: -402 M €).

Cash provided by financing activities decreased by -1,079 M € to +10 M € (first quarter 2014: +1,089 M €). This decrease comprises changes in long-term and short-term financing liabilities of -27 M € (first quarter 2014: +962 M €).

8. Financial instruments

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 as described in detail in note 34 b) to the 2014 Consolidated Financial Statements. For the first three months 2015, Airbus Group has applied the same methodologies for the fair value measurement of financial instruments. Considering the variability of their value-determining factors, the use of carrying amounts for fair values as a proxy 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. The following items are the main exceptions to this general rule:

31 March 2015 in M €	Financial Instruments Total	
	Book Value	Fair Value
Other investments and other long-term financial assets Equity instruments ⁾	420	420
Long-term and short-term financing liabilities	-7,882	-8,286

31 December 2014 in M €	Financial Instruments Total	
	Book Value	Fair Value
Other investments and other long-term financial assets Equity instruments ⁾	409	409
Long-term and short-term financing liabilities	-7,351	-7,716

⁾ For certain unlisted equity investments price quotes are not available and fair values may not be reliably measurable using valuation techniques because the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. These equity investments are accounted for at cost, and their fair values as reported in the table above, equal their carrying amounts.

The fair value hierarchy consists of the following levels:

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

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

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The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as of 31 March 2015:

31 March 2015 in M €	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity Instruments	252	0	0	252
Derivative Instruments	0	1,428	11	1,439
Securities	8,956	947	0	9,903
Cash equivalents	4,180	1,553	0	5,733
Total	13,388	3,928	11	17,327
Financial liabilities measured at fair value				
Derivative instruments	0	-14,138	0	-14,138
Other liabilities	0	0	-137	-137
Total	0	-14,138	-137	-14,275

31 December 2014 in M €	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity Instruments	208	0	0	208
Derivative Instruments	0	708	2	710
Securities	7,784	1,388	0	9,172
Cash equivalents	3,563	1,442	0	5,005
Total	11,555	3,538	2	15,095
Financial liabilities measured at fair value				
Derivative instruments	0	-5,503	0	-5,503
Other liabilities	0	0	-137	-137
Total	0	-5,503	-137	-5,640

The development of financial instruments of Level 3 is as follows:

Financial assets and liabilities on Level 3	Balance at 1 January 2015	Total gains or losses in		Purchases	Issues	Settlements	Reclassification	Balance at 31 March 2015
		Profit or loss	Other comprehensive income					
Financial assets								
Derivative instruments agreements	2	9	0	0	0	0	0	11
Total	2	9	0	0	0	0	0	11
Financial liabilities								
Other liabilities								
Written put options on non-controlling interests	-127	0	0	0	0	0	0	-127
Earn-out agreements	-10	0	0	0	0	0	0	-10
Total	-137	0	0	0	0	0	0	-137

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Financial assets and liabilities on Level 3	Balance at 1 January 2014	Total gains or losses in		Purchases	Issues	Settlements	Reclassification	Balance at 31 December 2014
		Profit or loss	Other comprehensive income					
Financial assets								
Derivative instruments								
agreements	26	-1	0	0	0	-23	0	2
Other derivative instruments	8	0	0	0	0	-8	0	0
Total	34	-1	0	0	0	-31	0	2
Financial liabilities								
Other liabilities								
Written put options on non-controlling interests	-129	2	0	0	0	0	0	-127
Earn-out agreements	-51	38	0	0	0	3	0	-10
Total	-180	40	0	0	0	3	0	-137

The financial assets measured at fair value that are classified as Level 3 mainly consist of short term commodity contracts whose notional amounts vary with the actual volumes of certain commodity purchases made by the Group in specific months.

A deviation of 10% of actual monthly volumes purchased from expected monthly volumes purchased would increase or decrease (depending on whether actual volumes are 10% more or 10% less than expected volumes) the total Level 3 fair value of these short term commodity contracts by 1 M € (prior year-end: 1 M €).

The financial liabilities measured at fair value that are classified as Level 3 consist of several written put options on non-controlling interest ("NCI puts") of Airbus Group subsidiaries. The fair values of these NCI puts vary, among others with the weighted average cost of capital ("WACC") and the growth rate used to determine the terminal value. An increase (decrease) of the discount rates by 50 basis points results in a decrease (increase) of the NCI put values by 11 M € (13 M €). An increase (decrease) in the growth rates by 50 basis point increases (decreases) the NCI put values by 11 M € (9 M €) respectively. (Changes correspond to those disclosed for prior year-end).

Another element of financial liabilities measured at fair value classified as Level 3 are earn-out payments that have been agreed with former shareholders of entities acquired by the Group in business combinations. Fair Value measurement is based on the expectation regarding the achievement of defined target figures by the acquired entity or its ability to close identified customer contracts.

9. Number of shares

The total number of shares issued is 785,914,888 and 784,780,585 as of 31 March 2015 and 31 December 2014 respectively. The Group's shares are exclusively ordinary shares with a par value of 1.00 €.

During the first quarter 2015, the number of treasury stock held by Airbus Group remained at 431,832 as of 31 December 2014. No shares were either sold back to the market, or cancelled (in the first three months 2014: 56,993 shares).

In the first three months 2015, the Group issued 1,134,303 new shares due to the exercise of stock options (in the first three months 2014: 539,351 new shares).

10. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity owners of the parent (Net income) by the weighted average number of issued ordinary shares during the period, excluding ordinary shares purchased by the Group and held as treasury shares:

	1 January - 31 March 2015	1 January - 31 March 2014
Net income attributable to equity owners of the parent	792 M €	439 M €
Weighted average number of ordinary shares outstanding	784,653,992	780,878,364
Basic earnings per share	1.01 €	0.56 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's categories of dilutive potential ordinary shares are stock options and share-settled performance units for Executive Committee members relating to long-term incentive plans for 2009 to 2013. Since in 2015 the average price of Airbus Group shares exceeded the exercise price of the 7th and 8th stock option plan as well as the share-settled performance units (in 2014: the 6th, 7th and 8th stock option plan), 798,355 potential shares (in the first three months 2014: 2,483,434 shares) were considered in the calculation of diluted earnings per share.

	1 January - 31 March 2015	1 January - 31 March 2014
Net income attributable to equity owners of the parent	792 M €	439 M €
Weighted average number of ordinary shares outstanding (diluted)	785,452,347	783,361,798
Diluted earnings per share	1.01 €	0.56 €

11. 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.

A part of the shares in Dassault Aviation were disposed of during the first quarter 2015 (see Note 3 “Acquisitions and M&A transactions”).

12. Number of employees

The number of employees as at 31 March 2015 is 137,855 as compared to 138,622 as at 31 December 2014.

13. 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 N.V.’s or the Group’s financial position or profitability.

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.

Securities litigation

Following the dismissal of charges brought by the French Autorité des marchés financiers for alleged breaches of market regulations and insider trading rules with respect primarily to the A380 delays announced in 2006, a French investigating judge decided in November 2013 to send the case to trial (renvoi devant le tribunal correctionnel) against 7 current and former executives that exercised their stock options in March 2006 as well as two former shareholders. On 3 October 2014 the criminal court suspended the case on the merits and decided to request a preliminary ruling (question prioritaire de constitutionnalité) from the French Supreme Court on the constitutionality of the French dual prosecution system (AMF and judicial proceedings). In December 2014, the French Supreme Court transmitted the constitutional challenge to the Conseil Constitutionnel. On 18 March 2015, the Conseil rendered its decision declaring relevant provisions of the French Financial and Monetary Code unconstitutional. This decision should ultimately put an end to the criminal prosecution, at least against the 7 current and former executives.

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 on the investigation in 2012, Airbus Group retained 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 publication 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 also the German prosecution office investigates with respect to potential irregularities in relation to this project, a project in Saudi Arabia and a project of Tesat-Spacecom GmbH & Co. KG. No legal entity of the Airbus Group is subject of any accusations.

Public prosecutors in Greece and Germany launched investigations into a current employee and former officers 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. 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 has received in the third quarter 2013 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 ago should be dismissed in principle. Options to resolve the dispute are under review but eventually it may be decided in the course of the arbitration.

In July 2013, the Group became the subject of a commercial dispute following the expiry of a partnership study for winglet devices with a US supplier. The Group believes it has solid grounds to legally object to the alleged breach of a commercial non-disclosure agreement. However, the outcome and consequences of this dispute cannot be assessed at this stage.

14. Subsequent events

On 10 April 2015, Airbus Group sold an additional 115,172 (1.25%) Dassault Aviation shares through the exercise of the over-allotment option granted to the joint bookrunners as part of the placement on 25 March 2015. The shares were sold at 1,030 € per share. After the transaction, Airbus Group holds 23.36% of Dassault Aviation's share capital and 24.71% of voting rights.