First half-year 2011 Financial Report

2011 Semi-Annual Report of the Board of Directors

1. Semi-Annual Report on Activities

Main Events in the first half-year of 2011

For an overview of the main events that occurred during the first half of 2011 and their impact on the Unaudited Condensed IFRS Consolidated Financial Information of EADS for the six-month period ended 30 June 2011 (the "**Semi-Annual Financial Statements**"), please refer to the press release issued on 29 July 2011, available on EADS' website www.eads.com.

For further information and detail regarding EADS' activities, finances, financing, risk factors and corporate governance, please refer to EADS' website www.eads.com and the documents posted thereon.

Related Party Transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto.

2. Risk Factors

EADS is subject to many risks and uncertainties that may affect its financial performance. For a description of the main risks and uncertainties facing EADS for the remainder of 2011 and thereafter, please refer to Section 5.4 of the "**Report of the Board of Directors**" on activities during the 2010 financial year (the "**2010 Annual Board Report")**, available on EADS' website www.eads.com.

3. Semi-Annual Financial Statements

The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants LLP and KPMG Accountants N.V., are attached hereto.

4. Statement of the Board of Directors

The Board of Directors of EADS hereby declares that, to the best of its knowledge:

(i) the Semi-Annual Financial Statements for the period ended 30 June 2011 give a true and fair view of the assets, liabilities, financial position and profits or losses of EADS and undertakings included in the consolidation taken as a whole; and

(ii) this Semi-Annual Board Report (which includes the press release issued on 29 July 2011) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2011 financial year and expected course of events of EADS and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

Leiden, 28 July 2011

The Board of Directors

Bodo Uebber, Chairman

Louis Gallois, Chief Executive Officer

Rolf Bartke, Director

Dominique D'Hinnin, Director

Juan Manuel Eguiagaray Ucelay, Director

Arnaud Lagardère, Director

Hermann-Josef Lamberti, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Wilfried Porth, Director

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the six-month period ended 30 June 2011

Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 30 June 2011		1 January - 30 June 2010		Deviation
	M €	%	M €	%	M €
Revenues	21,936	100	20,308	100	1,628
Cost of sales	-18,900	-86	-17,626	-87	-1,274
Gross margin	**3,036**	**14**	**2,682**	**13**	**354**
Selling, administrative & other expenses	-1,214	-6	-1,146	-5	-68
Research and development expenses	-1,409	-6	-1,301	-6	-108
Other income	67	0	89	0	-22
Share of profit from associates under the equity method and other income from investments	41	0	60	0	-19
Profit before finance result and income taxes	**521**	**2**	**384**	**2**	**137**
Interest income	185	1	166	1	19
Interest expense	-282	-2	-280	-1	-2
Other financial result	-269	-1	5	0	-274
Finance result	**-366**	**-2**	**-109**	**0**	**-257**
Income taxes	-45	0	-88	-1	43
Profit for the period	**110**	**0**	**187**	**1**	**-77**
Attributable to:					
Equity owners of the parent **(Net income)**	**109**	**0**	**185**	**1**	**-76**
Non-controlling interests	1	0	2	0	-1
Earnings per share	€		€		€
Basic and diluted	0.13		0.23		-0.10

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2011 and 2010

	1 April - 30 June 2011		1 April - 30 June 2010		Deviation
	M €	%	M €	%	M €
Revenues	12,082	100	11,358	100	724
Cost of sales	-10,385	-86	-9,782	-86	-603
Gross margin	**1,697**	**14**	**1,576**	**14**	**121**
Selling, administrative & other expenses	-625	-5	-619	-5	-6
Research and development expenses	-759	-6	-729	-6	-30
Other income	19	0	41	0	-22
Share of profit from associates under the equity method and other income from investments	8	0	42	0	-34
Profit before finance result and income taxes	**340**	**3**	**311**	**3**	**29**
Interest income	86	0	84	1	2
Interest expense	-136	-1	-145	-2	9
Other financial result	-119	-1	-125	-1	6
Finance result	**-169**	**-2**	**-186**	**-2**	**17**
Income taxes	-50	0	-41	0	-9
Profit for the period	**121**	**1**	**84**	**1**	**37**
Attributable to:					
Equity owners of the parent **(Net income)**	**121**	**1**	**82**	**1**	**39**
Non-controlling interests	0	0	2	0	-2

Earnings per share	€	€	€
Basic and diluted	0.15	0.10	0.05

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 30 June 2011	1 January - 30 June 2010
Profit for the period	**110**	**187**
Foreign currency translation adjustments for foreign operations [1)]	-59	179
Net change in fair value of cash flow hedges	3,324	-7,452
Net change in fair value of available-for-sale financial assets [1)]	145	-223
Actuarial losses on defined benefit plans	0	-550
Unrealized changes from investments accounted for using the equity method [1)]	116	35
Tax on income and expense recognized directly in equity	-1,019	2,461
Other comprehensive income, net of tax	**2,507**	**-5,550**
Total comprehensive income of the period	**2,617**	**-5,363**
Attributable to:		
Equity owners of the parent	2,618	-5,362
Non-controlling interests	-1	-1
Total comprehensive income of the period	**2,617**	**-5,363**

[1)] Other comprehensive income recognized for investments accounted for using the equity method is presented separately. Comparative information has been adjusted accordingly.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	30 June 2011		31 December 2010		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,554	14	11,299	14	255	2
Property, plant and equipment	13,423	15	13,504	17	-81	-1
Investments in associates under the equity method	2,535	3	2,451	3	84	3
Other investments and long-term financial assets	2,438	3	2,386	3	52	2
Other non-current assets	2,720	3	1,975	2	745	38
Deferred tax assets	3,050	4	4,250	5	-1,200	-28
Non-current securities	5,910	7	5,332	6	578	11
	41,630	49	41,197	50	433	1
Current assets						
Inventories	22,991	27	20,862	25	2,129	10
Trade receivables	6,579	8	6,632	8	-53	-1
Other current assets	5,069	5	3,632	4	1,437	40
Current securities	4,219	5	5,834	7	-1,615	-28
Cash and cash equivalents	5,146	6	5,030	6	116	2
	44,004	51	41,990	50	2,014	5
Total assets	**85,634**	**100**	**83,187**	**100**	**2,447**	**3**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	817	1	816	1	1	0
Reserves	7,607	9	7,691	9	-84	-1
Accumulated other comprehensive income	2,955	3	446	1	2,509	563
Treasury shares	-132	0	-112	0	-20	18
	11,247	13	8,841	11	2,406	27
Non-controlling interests	27	0	95	0	-68	-72
	11,274	13	8,936	11	2,338	26
Non-current liabilities						
Non-current provisions	7,776	9	8,213	10	-437	-5
Long-term financing liabilities	2,891	3	2,870	3	21	1
Deferred tax liabilities	1,079	1	1,195	2	-116	-10
Other non-current liabilities	16,668	20	18,203	22	-1,535	-8
	28,414	33	30,481	37	-2,067	-7
Current liabilities						
Current provisions	5,719	7	5,766	7	-47	-1
Short-term financing liabilities	1,344	2	1,408	2	-64	-5
Trade liabilities	8,548	10	8,546	10	2	0
Current tax liabilities	216	0	254	0	-38	-15
Other current liabilities	30,119	35	27,796	33	2,323	8
	45,946	54	43,770	52	2,176	5
Total liabilities	74,360	87	74,251	89	109	0
Total equity and liabilities	**85,634**	**100**	**83,187**	**100**	**2,447**	**3**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	1 January - 30 June 2011	1 January - 30 June 2010
	M€	M€
Profit for the period attributable to equity owners of the parent (Net income)	**109**	**185**
Profit for the period attributable to non-controlling interests	1	2
Adjustments to reconcile profit for the period to cash provided by operating activities		
Depreciation and amortization	823	764
Valuation adjustments	281	-367
Deferred tax (income)	-20	-2
Change in income tax assets, income tax liabilities and provisions for income tax	-57	84
Results on disposals of non-current assets	12	-18
Results of companies accounted for by the equity method	-26	-52
Change in current and non-current provisions	-40	278
Change in other operating assets and liabilities	-30	-815
Cash provided by operating activities	**1,053**	**59**
Investments:		
- Purchases of intangible assets, PPE	-809	-810
- Proceeds from disposals of intangible assets, PPE	20	10
- Acquisitions of subsidiaries and joint ventures (net of cash)	-436	-4
- Proceeds from disposals of subsidiaries (net of cash)	18	0
- Payments for investments in associates and other investments and long-term financial assets	-120	-90
- Proceeds from disposals of associates and other investments and long-term financial assets	40	57
- Dividends paid by companies valued at equity	50	41
Change in securities	938	-76
Contribution to plan assets for pensions	-300	-316
Cash (used for) investing activities	**-599**	**-1,188**
Change in long-term and short-term financing liabilities	9	-765
Cash distribution to EADS N.V. shareholders	-178	0
Dividends paid to non-controlling interests	-1	-5
Changes in capital and non-controlling interests	-99	-22
Change in treasury shares	-20	-8
Cash (used for) financing activities	**-289**	**-800**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-49	219
Net increase (decrease) in cash and cash equivalents	**116**	**-1,710**
Cash and cash equivalents at beginning of period	**5,030**	**7,038**
Cash and cash equivalents at end of period	**5,146**	**5,328**

As of 30 June 2011, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 723 M € (735 M € as of 31 December 2010), which represents EADS' share in MBDA's cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

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 2010	**10,535**	**106**	**10,641**
Profit for the period	185	2	187
Other comprehensive income	-5,547	-3	-5,550
Dividends	0	-5	-5
Capital decrease	-19	-3	-22
Change in treasury shares	-8	0	-8
Others	3	-7	-4
Balance at 30 June 2010	**5,149**	**90**	**5,239**
Balance at 1 January 2011	**8,841**	**95**	**8,936**
Profit for the period	109	1	110
Other comprehensive income	2,509	-2	2,507
Dividends	-178	-1	-179
Equity transaction (IAS 27)	-45	-70	-115
Capital increase	16	4	20
Change in treasury shares	-20	0	-20
Others	15	0	15
Balance at 30 June 2011	**11,247**	**27**	**11,274**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 June 2011

1. The Company

The accompanying Unaudited Condensed Consolidated Financial Statements present the operations of **European Aeronautic Defence and Space Company EADS N.V.** and its subsidiaries ("EADS" or 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 ("€"). EADS' 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 six-month period ended 30 June 2011 were authorized for issue by EADS' Board of Directors on 28 July 2011.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting (amended 2010) as adopted by the European Union (EU). EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union (EU) as at 30 June 2011 and Part 9 of Book 2 of the Netherlands Civil Code. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the IFRS Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

These Unaudited Condensed IFRS Interim Consolidated Financial Statements should be read in conjunction with EADS' Consolidated Financial Statements as of 31 December 2010. Except for the revised or amended Standards to be applied for the first time in the first six months 2011 (mentioned below in the next section), EADS' accounting policies and techniques are unchanged compared to 31 December 2010.

Financial reporting rules applied for the first time in the first six months 2011

The following revised or amended Standards were applied for the first time in the first six months 2011 and are effective for EADS as of 1 January 2011. If not otherwise stated, they do not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The IASB issued a revised version of **IAS 24** "Related Party Disclosures" that simplifies the disclosure requirements for government related entities and clarifies the definition of a related party.

The amendment to IAS 32 "Classification of Rights Issues – **Amendment to IAS 32** Financial Instruments: Presentation" addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. In particular, when the amendment is retrospectively applied, rights (and similar derivatives) to acquire a fixed number of an entity's own equity instruments for a fixed price stated in a currency other than the entity's functional currency would be equity instruments, provided the entity offers the rights pro rata to all of its existing owners of the same class of its own non derivative equity instruments.

The third **omnibus of amendments to IFRS Standards (2010)** includes amendments to 8 IFRS Standards and 1 Interpretation. The amendments refer to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34 and IFRIC 13. Most of the amendments are mandatory for annual periods beginning on or after 1 January 2011 with separate transition provisions for each amendment.

To correct an unintended consequence of IFRIC 14, the IASB issued **amendments to IFRIC 14** "Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)". Without these amendments in some circumstances entities are not permitted to recognise some voluntary prepayments for minimum funding contributions as an asset. This was not intended when IFRIC 14 was issued, and the amendments correct this issue.

3. Changes in the consolidation perimeter of EADS

On 30 June 2011, Eurocopter Holding S.A.S., a subsidiary of EADS N.V., acquired 98.32% of Vector Aerospace Corporation, Toronto (Canada), (hereafter referred to as “Vector”) following a CAD 13.00 / share cash offer for all of the outstanding common shares of Vector, including all shares that may be issued on the exercise of options granted under Vector’s share option plan.

Vector is an independent global provider of OEM approved maintenance, repair and overhaul aviation services (MRO services) for aircraft and helicopter operators with annual revenues of CAD 545 million / an EBIT of CAD 49 million / net earnings of CAD 33 million in 2010 according to the year end 2010 consolidated financial statements prepared under Canadian GAAP. The acquisition of Vector will help to increase the growth of support & services activities for Eurocopter and EADS in both the civil and governmental markets. Vector will also strengthen EADS’ presence in North America and the UK, in alignment with the company’s strategic goals as outlined in EADS’ Vision 2020 plan.

The following table summarises the consideration transferred, the preliminary fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition determined based on Vector’s Q1/2011 IFRS financial statements published on 14 June 2011 as being the latest financial information currently available.

In M €	Preliminary fair value recognised on acquisition
Intangible assets	158
Property, plant and equipment	85
Deferred tax assets	2
Inventories	90
Trade receivables	71
Other current assets	4
Cash and cash equivalents	23
	433
Provisions	33
Financing liabilities	31
Trade liabilities	38
Tax liabilities	46
Other liabilities	20
	168
Net assets acquired	**265**
Goodwill arising on acquisition	**195**
Total consideration in cash	**460**

The preliminary total consideration includes the amount paid in cash for the acquisition of 98.32% of Vector's shares (452 M €) at the end of June 2011 as well as the amount of approximately 8 M € expected to be paid to the remaining non-controlling interest shareholders within the upcoming squeeze out procedures. Due to the payment obligation attached to these remaining non controlling interest of Vector, EADS presents the resulting liability of this non-controlling interest within other liabilities.

The acquired intangible assets identified within a preliminary purchase price allocation exercise are expected to include customer and supplier relationships, technologies arising from Vector's refit & upgrade capabilities and a brand name. The fair value of these acquired intangible assets of approximately 158 M € as well as the fair values of the other assets and liabilities acquired are provisional pending on the final outcome of the purchase price allocation. The preliminary goodwill of 195 M € includes a control premium reflecting the expected synergies arising from the combination with the existing MRO business of Eurocopter and EADS Group and joint future market developments as well as the significant value of Vector's assembled workforce due to regulatory training and licensing requirements for MRO staff in the aerospace sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

The gross amount of the trade receivables of 71 M € reflects their fair value. None of the trade receivables have been significantly impaired and it is expected that the full contractual amounts can be collected.

As the date of acquisition was 30 June 2011, Vector has not contributed to the revenues and to the profit for the half year period of EADS Group. Within the first quarter 2011 (3 month period from 1 January to 31 March 2011), Vector published revenues / an EBIT / net earnings of approximately 94 M € / 6 M € / 5 M € (before transaction costs). Had this business combination been effected at the beginning of the year, the corresponding Q1/2011 EADS Group figures would have increased accordingly. EADS considers these figures to represent an initial approximate measure of the quarterly performance of the combined Group and to provide an initial reference point for comparisons in future periods – based on the latest available IFRS figures of Vector as of 31 March 2011.

Apart from this transaction, other acquisitions or disposals by the Group that occurred in the first six months of 2011 or 2010, respectively, are not material.

4. Segment information

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

- *Airbus Commercial* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats and related services; aircraft conversion.
- *Airbus Military* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services.

The reportable segments Airbus Commercial and Airbus Military form the Airbus Division.

- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.

- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space services.
- *Cassidian* — Development, manufacturing, marketing and sale of missiles systems, 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 communications solutions and logistics; training, testing, engineering and other related services.

The following table presents information with respect to the Group's business segments. "Other Businesses" mainly comprises the development, manufacturing, marketing and sale of regional turboprop aircraft, aircraft components as well as the Group's activities managed in the US. Consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments are disclosed in the column "HQ / Conso.".

in M €	Airbus Commer-cial	Airbus Military	Euro-copter	Astrium	Cassidian	Other Busines-ses	Total segments	HQ/ Conso.	**Consoli-dated**
Six-month period ended 30 June 2011									
Revenues	14,464	1,112	2,171	2,347	2,133	524	22,751	-815	**21,936**
Research and development expenses	-1,120	-14	-102	-30	-113	-4	-1,383	-26	**-1,409**
Profit before finance result and income taxes	210	2	94	101	74	2	483	38	**521**
EBIT pre-goodwill imp. and exceptionals (see definition below)	223	3	94	103	89	12	524	39	**563**
Six-month period ended 30 June 2010									
Revenues	12,965	1,007	2,109	2,110	2,183	554	20,928	-620	**20,308**
Research and development expenses	-1,021	-3	-94	-31	-123	-2	-1,274	-27	**-1,301**
Profit (loss) before finance result and income taxes	228	-162	70	104	107	0	347	37	**384**
EBIT pre-goodwill imp. and exceptionals (see definition below)	241	-161	71	106	110	0	367	39	**406**

5. EBIT pre-goodwill impairment and exceptionals

EADS 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 EADS merger, the Airbus combination and the formation of MBDA, 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 performances.

The reconciliation from profit before finance result and income taxes to EBIT pre-goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	1 January - 30 June 2011	1 January - 30 June 2010
Profit before finance result and income taxes	**521**	**384**
Goodwill and exceptionals:		
Disposal of goodwill	22	0
Exceptional depreciation (fixed assets in cost of sales)	20	22
EBIT pre-goodwill impairment and exceptionals	**563**	**406**

6. Significant income statement items

Revenues of 21,936 M € (first half-year 2010: 20,308 M €) increase by +1,628 M €, mainly at Airbus Commercial (+1,499 M €) and Astrium (+237 M €). Airbus Military includes revenues related to the A400M programme of 412 M € recognized under the percentage of completion method based on milestones (first half-year 2010: 314 M €). Moreover, Eurocopter also contributes to the increase of revenues whereas Cassidian revenues decrease slightly. Positive volume and pricing effects drive the improvement at Airbus Commercial.

The **Gross Margin** increases by +354 M € to 3,036 M € compared to 2,682 M € in the first half-year of 2010. This improvement is mainly related to better performance of legacy programmes at Airbus Commercial. The operational improvement at Airbus and Eurocopter is partly compensated by unfavorable foreign exchange rate effects at Airbus Commercial.

Research and development expenses increase by -108 M € to -1,409 M € (first half-year 2010: -1,301 M €) principally reflecting an increase for the Airbus A350XWB.

Share of profit from associates under the equity method and other income from investments of 41 M € (first half-year 2010: 60 M €) mainly consists of the consistently estimated share of the result of Dassault Aviation of 38 M € (first half-year 2010: 66 M €). The Dassault Aviation equity accounted-for income in the first half-year 2011 includes a negative catch-up on 2010 results amounting to -3 M € (first half-year 2010: +3 M € positive catch-up on 2009 results).

Finance result amounts to -366 M € (first half-year 2010: -109 M €) comprising interest result of -97 M € (first half-year 2010: -114 M €). Other financial result amounts to -269 M € (first half-year 2010: 5 M €) and mainly includes charges from the negative revaluation of financial instruments (-70 M €, first half-year 2010: -156 M €), the negative impact from foreign exchange valuation of monetary items (-102 M € vs. first half-year 2010: a positive impact of 299 M €) and the unwinding of discounted provisions (-81 M €, first half-year 2010: -152 M €).

The **income tax** expense of -45 M € (first half-year 2010: -88 M €) corresponds to an effective income tax rate of 29% (first half-year 2010: 32%).

7. Significant items of the statement of financial position

Non-current assets

Intangible assets of 11,554 M € (prior year-end: 11,299 M €) include 9,984 M € (prior year-end: 9,809 M €) of goodwill. This mainly relates to Airbus Commercial (6,425 M €), Cassidian (2,523 M €), Astrium (638 M €) and Eurocopter (312 M €). The last annual impairment tests, which were performed in the fourth quarter of 2010, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of -177 M €, **property, plant and equipment** increase by +96 M € to 13,423 M € (prior year-end: 13,504 M €), including leased assets of 640 M € (prior year-end: 759 M €). Property, plant and equipment also comprise “Investment property” amounting to 74 M € (prior year-end: 77 M €).

Investments in associates under the equity method of 2,535 M € (prior year-end: 2,451 M €) mainly reflect the increase in the value of the equity investment in Dassault Aviation, amounting to 2,418 M € (prior year-end: 2,318 M €).

Other investments and other long-term financial assets of 2,438 M € (prior year-end: 2,386 M €) are related to Airbus for an amount of 1,513 M € (prior year-end: 1,765 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of -54 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The increase by +745 M € to 2,720 M € (prior year-end: 1,975 M €) is mainly caused by the positive variation of the non-current portion of fair values of derivative financial instruments (+797 M €).

Deferred tax assets of 3,050 M € (prior year-end: 4,250 M €) are presented as non-current assets as required by IAS 1. The decrease is mainly due to the positive variation of fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets (1,399 M €, prior year-end: 602 M €), in other current assets (868 M €, prior year-end: 364 M €), in other non-current liabilities (678 M €, prior year-end: 2,109 M €) and in other current liabilities (314 M €, prior year-end: 821 M €) which corresponds to a total net fair value of 1,275 M € (prior year-end: -1,964 M €). The volume of hedged US dollar-contracts increases from 70.2 billion US dollar as at 31 December 2010 to 71.3 billion US dollar as at 30 June 2011. The US dollar spot rate became less favorable (USD / € spot rate of 1.45 at June 30, 2011 vs. 1.34 at 31 December 2010). The average US dollar hedge rate for the hedge portfolio of the Group remains stable at 1.38 USD / € as at 30 June 2011 and at 31 December 2010.

Current assets

Inventories of 22,991 M € (prior year-end: 20,862 M €) increase by +2,129 M €. This is partly driven by higher unfinished goods and services for Eurocopter (+435 M €), Airbus (+405 M €), Cassidian (+321 M €), and Astrium (+172 M €) programmes. Airbus also records higher advance payments made (+306 M €).

Trade receivables decrease by -53 M € to 6,579 M € (prior year-end: 6,632 M €), mainly caused by Airbus (-253 M €) and Cassidian (-114 M €) partly compensated by an increase at Eurocopter (+254 M €).

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 +1,437 M € to 5,069 M € (prior year-end: 3,632 M €) comprises among others an increase of +504 M € in positive fair values of derivative financial instruments.

Cash and cash equivalents slightly increase from 5,030 M € to 5,146 M € (see also note 8 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 11,247 M € (prior year-end: 8,841 M €). The increase in equity is mainly due to other comprehensive income for the period of +2,509 M €, mainly due to the change of fair values in cash flow hedges. The increase is partly compensated by the cash distribution to EADS NV shareholders of -178 M€.

Non-controlling interests decrease by -68 M € to 27 M € (prior year-end: 95 M €), mainly due to the purchase of the remaining 25% of DADC Luft- und Raumfahrt Beteiligungs AG, Munich by EADS.

Non-current liabilities

Non-current provisions of 7,776 M € (prior year-end: 8,213 M €) comprise the non-current portion of pension provisions with a decrease of -212 M € to 4,825 M € (prior year-end: 5,037 M €) resulting from contributions to plan assets.

Moreover, other provisions are included in non-current provisions, which decrease by -225 M € to 2,951 M €. The decrease mainly reflects provisions for aircraft financing activities (-155 M €) mainly due to foreign exchange rate effects and provisions for loss making contracts (-50 M €).

Long-term financing liabilities, which mainly comprise bonds, increase by +21 M € to 2,891 M € (prior year-end: 2,870 M €).

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, decrease in total by -1,535 M € to 16,668 M € (prior year-end: 18,203 M €). The decrease mainly comes from the non-current portion of liabilities for derivative financial instruments (-1,431 M €), amounting to 678 M € (prior year-end: 2,109 M €).

Current liabilities

Current provisions decrease by -47 M € to 5,719 M € (prior year-end: 5,766 M €) and comprise the current portion of pension provisions (184 M €) and of other provisions (5,535 M €). A decrease of provisions for loss making contracts (-136 M €) and of provisions for personnel expenses (-75 M €) is partly compensated by an increase in provisions for outstanding costs (+76 M €) and provisions for aircraft financing (+57 M €). The provisions for loss making contracts include provisions for the A400M programme of 2,165 M € (prior year-end: 2,344 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +2,323 M € to 30,119 M € (prior year-end: 27,796 M €). Other current liabilities mainly comprise current customer advance payments of 25,622 M € (prior year-end: 23,285 M €), increasing by +2,337 M €.

8. Significant cash flow items

Cash provided by operating activities increases by +994 M € to +1,053 M € (first half-year 2010: +59 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +1,083 M € improves compared to the prior period's level (first half-year 2010: +874 M €). Changes in other operating assets and liabilities amount to -30 M € (first half-year 2010: -815 M €), mainly reflecting an increase in inventories nearly compensated by a higher level of advance payments received and trade liabilities.

Cash used for investing activities amounts to -599 M € (first half-year 2010: -1,188 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -809 M € (first half-year 2010: -810 M €), namely in Airbus division, acquisitions of subsidiaries and joint ventures of -436 M € (first half-year 2010: - 4 M €), primarily due to the purchase of Vector Aerospace and contributions to plan assets for pensions of -300 M € (first half-year 2010: -316 M €). These outflows are partly compensated by a change in securities of +938 M € (first half-year 2010: -76 M €).

Cash used for financing activities improves by +511 M € to -289 M € (first half-year 2010: -800 M €). While the outflow in the first half-year 2010 primarily comprised the repayment of the first tranche of the EMTN bond (1 billion €) (included in change in long-term and short-term financing liabilities), the cash distribution to shareholders of -178 M € as well as the purchase of the remaining 25% of the DADC Luft- und Raumfahrt Beteiligungs AG (shown in changes in capital and non-controlling interests) are included in the first half-year 2011.

9. Number of shares

The total number of shares outstanding is 811,215,145 and 810,584,337 as of 30 June 2011 and 2010, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the first half-year of 2011, the number of treasury shares held by EADS increased from 5,341,084 as of 31 December 2010 to 6,181,824 as of 30 June 2011.

In the first six months of 2011, EADS issued 994,247 new shares (in the first six months of 2010: 45,450 new shares).

10. Earnings per share

Basic earnings per share are calculated by dividing profit (loss) for the period attributable to equity owners of the parent (Net income (loss)) 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 to 30 June 2011	1 January to 30 June 2010
Net income attributable to equity owners of the parent	109 M €	185 M €
Weighted average number of ordinary shares outstanding	810,797,892	810,848,870
Basic earnings per share	0.13 €	0.23 €

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. After the end of the vesting period for the performance and restricted shares, the Group's only category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares exceeded the exercise price of the 4th and the 5th stock option plan in the first six months of 2011 (in the first six months of 2010: none of the stock option plans), 1,270,810 potential shares (in the first six months 2010: no shares) were considered in the calculation of diluted earnings per share.

	1 January to 30 June 2011	1 January to 30 June 2010
Net income attributable to equity owners of the parent	109 M €	185 M €
Weighted average number of ordinary shares outstanding (diluted)	812,068,702	810,848,870
Diluted earnings per share	0.13 €	0.23 €

11. Related party transactions

The Group has entered into various transactions with related companies in the first six months of 2011 and 2010 that have all been carried out in the normal course of business. As it is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler AG, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI and the transaction with the Daimler AG mentioned below, such transactions are not considered material to the Group either individually or on aggregate. The transactions with the French State include mainly sales from the Eurocopter, Astrium and Cassidian divisions. The transactions with SEPI include mainly sales from Airbus Military and Cassidian. The French and Spanish State are also customers of the A400M programme.

In the first half-year 2011, EADS purchased the remaining 25% of DADC Luft- und Raumfahrt Beteiligungs AG, Munich from Daimler AG for a consideration of 110 M €.

12. Number of employees

The number of employees as at 30 June 2011 is 123,975 as compared to 121,691 as at 31 December 2010.

13. Litigation and claims

The following supplements and amends the discussion set forth under note 32 "Litigation and claims" in the notes to the consolidated financial statements for the year ended 31 December 2010:

WTO Proceedings - On 31 March 2011, the final report was published in the case brought by the EU concerning subsidies to Boeing and has been appealed. On 18 May 2011, the WTO Appellate Body published its final report in the case brought by the US assessing funding to Airbus from European governments. 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.

EPI Arbitration - On 26 April 2011, Airbus Military SL (AMSL) and Europrop International GmbH (EPI) agreed to terminate the stayed arbitration proceedings before the International Chamber of Commerce (ICC), following signing of an amendment to the engine agreement related to the A400M aircraft programme.

14. Subsequent events

On 19 July 2011, the British Government and Airbus signed the Export Levy Financing agreement for the A400M programme.

On 27 July 2011, Airbus announced that it has entered into an agreement with the Board of Directors of Satair A/S, a Danish listed supplier of aftermarket products and services to the commercial aerospace sector, for the launch of a public voluntary conditional tender offer. According to this agreement, Airbus will offer the shareholders of Satair A/S a price of DKK 580 in cash per share and the warrant holders in Satair A/S a price of DKK 378,66 per warrant. This transaction represents a total consideration of 2,595 M DKK or 348 M € respectively. Satair A/S has undertaken to recommend the offer to its shareholders subject to and upon publication of the offer document. Satair A/S' shareholders representing approximately 16% of its shares have already committed to accept this offer under certain conditions.

To: The EADS N.V. shareholders:

Review report

Introduction

We have reviewed the condensed consolidated financial information of EADS N.V., Amsterdam, ('the Company') for the six-month period ended June 30, 2011, which comprises the condensed consolidated statement of financial position as at June 30, 2011, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information for the six-month period ended June 30, 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Utrecht, July 28, 2011

KPMG Accountants N.V.
(signed by J.C.M. van Rooijen)

Rotterdam, July 28, 2011

Ernst & Young Accountants LLP
(signed by C.T. Reckers)