Unaudited Condensed Interim IFRS Consolidated Financial Information of Airbus Group SE for the three-month period ended 31 March 2016

Unaudited Condensed Interim IFRS Consolidated Income Statements

	Note	1 January - 31 March 2016 In € million	In %	1 January - 31 March 2015 In € million	In %	Deviation In € million
Revenues	6	12,183	100	12,078	100	105
Cost of sales		-10,740	-88	-10,370	-86	-370
Gross margin	6	**1,443**	**12**	**1,708**	**14**	**-265**
Selling, administrative and other expenses		-651	-5	-631	-5	-20
Research and development expenses		-547	-5	-701	-6	154
Other income		85	1	127	1	-42
Share of profit from investments under the equity method and other income from investments		32	0	729	6	-697
Profit before finance result and income taxes	6	**362**	**3**	**1,232**	**10**	**-870**
Interest income		75	0	40	0	35
Interest expense		-143	-1	-146	-1	3
Other financial result		261	2	-260	-2	521
Finance result	7	**193**	**1**	**-366**	**-3**	**559**
Income taxes	8	-157	-1	-71	0	-86
Profit for the period		**398**	**3**	**795**	**7**	**-397**
Attributable to:						
Equity owners of the parent (Net income)		**399**	**3**	**792**	**7**	**-393**
Non-controlling interests		-1	0	3	0	-4
Earnings per share	9	€		€		€
Basic		0.51		1.01		-0.50
Diluted		0.51		1.01		-0.50

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

Unaudited Condensed Interim IFRS Consolidated Statements of Comprehensive Income

(In € million)	1 January - 31 March 2016	1 January - 31 March 2015
Profit for the period	**398**	**795**
Items that will not be reclassified to profit or loss:		
Actuarial gains or losses on defined benefit plans	-710	-496
Actuarial gains or losses on defined benefit plans for investments accounted for using the equity method	-3	-76
Tax on items that will not be reclassified to profit or loss	219	163
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	-247	335
Net change in fair value of cash flow hedges	3,543	-7,861
Net change in fair value of available-for-sale financial assets	98	316
Changes in other comprehensive income from investments accounted for using the equity method	-20	-111
Tax on items that will be reclassified to profit or loss	-1,075	2,433
Other comprehensive income, net of tax	**1,805**	**-5,297**
Total comprehensive income of the period	**2,203**	**-4,502**
Attributable to:		
Equity owners of the parent	2,207	-4,483
Non-controlling interests	-4	-19

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

Unaudited Condensed Interim IFRS Consolidated Statements of Financial Position

		31 March 2016		31 December 2015		Deviation	
	Note	In € million	In %	In € million	In %	In € million	In %
Assets							
Non-current assets							
Intangible assets	10	12,358	11	12,555	12	-197	-2
Property, plant and equipment	10	16,905	15	17,193	16	-288	-2
Investments accounted for under the equity method	11	1,197	1	1,326	1	-129	-10
Other investments and other long-term financial assets	12	2,735	3	2,492	2	243	10
Non-current other financial assets	14	1,659	2	1,096	1	563	51
Non-current other assets	15	2,240	2	2,166	2	74	3
Deferred tax assets		6,330	6	6,759	7	-429	-6
Non-current securities	18	9,621	9	9,851	9	-230	-2
		53,045	**49**	**53,438**	**50**	**-393**	**-1**
Current assets							
Inventories	13	32,295	29	29,051	27	3,244	11
Trade receivables		7,563	7	7,877	7	-314	-4
Current portion of other long-term financial assets	12	272	0	178	0	94	53
Current other financial assets	14	1,278	1	1,402	1	-124	-9
Current other assets	15	2,914	3	2,819	3	95	3
Current tax assets		920	1	860	1	60	7
Current securities	18	1,657	2	1,788	2	-131	-7
Cash and cash equivalents	18	6,711	6	7,489	7	-778	-10
		53,610	**49**	**51,464**	**48**	**2,146**	**4**
Assets and disposal group of assets classified as held for sale	3	2,735	2	1,779	2	956	54
Total assets		**109,390**	**100**	**106,681**	**100**	**2,709**	**3**
Total equity (1)							
Equity attributable to equity owners of the parent							
Capital stock		778	1	785	1	-7	-1
Reserves		9,361	8	9,800	9	-439	-4
Accumulated other comprehensive income		-2,014	-2	-4,316	-4	2,302	-53
Treasury shares		-246	0	-303	0	57	-19
		7,879	**7**	**5,966**	**6**	**1,913**	**32**
Non-controlling interests		-16	0	7	0	-23	-329
	16	**7,863**	**7**	**5,973**	**6**	**1,890**	**32**
Liabilities							
Non-current liabilities							
Non-current provisions	17	9,917	9	9,871	10	46	0
Long-term financing liabilities	18	6,310	6	6,335	6	-25	0
Non-current other financial liabilities	14	11,419	10	14,038	13	-2,619	-19
Non-current other liabilities	15	15,093	14	15,256	14	-163	-1
Deferred tax liabilities		1,787	2	1,200	1	587	49
		44,526	**41**	**46,700**	**44**	**-2,174**	**-5**
Current liabilities							
Current provisions	17	4,754	4	5,209	5	-455	-9
Short-term financing liabilities	18	5,241	5	2,790	2	2,451	88
Trade liabilities		11,529	10	11,763	11	-234	-2
Current tax liabilities		913	1	908	1	5	1
Current other financial liabilities	14	4,200	4	5,021	5	-821	-16
Current other liabilities	15	29,208	27	28,086	26	1,122	4
		55,845	**51**	**53,777**	**50**	**2,068**	**4**
Disposal group of liabilities classified as held for sale	3	1,156	1	231	0	925	400
Total liabilities		**101,527**	**93**	**100,708**	**94**	**819**	**1**
Total equity and liabilities		**109,390**	**100**	**106,681**	**100**	**2,709**	**3**

(1) As of 31 March 2016, the accumulated other comprehensive income, previously classified within equity relating to assets and disposal groups classified as held for sale, amounts to €-72 million.

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

Unaudited Condensed Interim IFRS Consolidated Statements of Cash Flows

(In € million)	Note	1 January - 31 March 2016	1 January - 31 March 2015
Profit for the period attributable to equity owners of the parent (Net income)		**399**	**792**
(Loss) profit for the period attributable to non-controlling interests		-1	3
Adjustments to reconcile profit for the period to cash (used for) operating activities			
Depreciation and amortization		512	525
Valuation adjustments		-406	66
Deferred tax expense (income)		76	-127
Change in income tax assets, income tax liabilities and provisions for income tax		32	87
Results on disposals of non-current assets		-13	-59
Results of companies accounted for under the equity method		-20	-694
Change in current and non-current provisions		-88	-60
Reimbursement from / contribution to plan assets		-57	-14
Change in other operating assets and liabilities		-2,814	-1,227
Cash (used for) operating activities	18	**-2,380**	**-708**
Investment activities			
- Purchases of intangible assets, PPE		-563	-505
- Proceeds from disposals of intangible assets, PPE		8	2
- Acquisitions of subsidiaries and joint ventures (net of cash)		-118	-6
- Proceeds from disposals of subsidiaries (net of cash)		-9	-3
- Payments for investments in associates and other investments and long-term financial assets		-115	-32
- Proceeds from disposals of associates and other investments and long-term financial assets		24	1,613
Disposal of assets, liabilities and disposal group classified as held for sale		-6	0
Change in securities		384	-508
Change in cash from changes in consolidation		0	-11
Cash (used for) provided by investing activities	18	**-395**	**550**
Financing activities			
Change in long-term and short-term financing liabilities		2,479	-27
Changes in capital and non-controlling interests		2	37
Share buyback		-378	0
Cash provided by financing activities	18	**2,103**	**10**
Effect of foreign exchange rate changes on cash and cash equivalents		-110	298
Net (decrease) increase of cash and cash equivalents		**-782**	**150**
Cash and cash equivalents at beginning of period [(1)]		**7,576**	**7,289**
Cash and cash equivalents at end of period		**6,794**	**7,439**
Thereof presented as cash and cash equivalents		6,711	7,439
Thereof presented as part of disposal group of assets classified as held for sale		83	0

(1) The cash and cash equivalents at the beginning of the period 2016 include €87 million, which is presented as part of assets of disposal groups classified as held for sale.

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

Unaudited Condensed Interim IFRS Consolidated Statements of Changes in Equity

(In € million)	Equity attributable to equity owners of the parent	Non-controlling interests	Total
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**
Balance at 1 January 2016	**5,966**	**7**	**5,973**
Profit for the period	399	-1	398
Other comprehensive income	1,808	-3	1,805
Total comprehensive income	2,207	-4	2,203
Capital increase	2	0	2
Equity transactions	38	-19	19
Change in treasury shares	-358	0	-358
Share-based payment (IFRS 2)	24	0	24
Balance at 31 March 2016	**7,879**	**-16**	**7,863**

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

Notes to the Unaudited Condensed Interim IFRS Consolidated Financial Statements as at 31 March 2016

1. The Company

The accompanying Unaudited Condensed Interim IFRS Consolidated Financial Statements present the operations of Airbus Group SE and its subsidiaries (the "Group") legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). On 28 May 2015, the legal form of the Group has changed from a Dutch public limited liability company (N.V.) to a European company (SE) and is consistently subject to the laws of the Dutch Civil Code. The Group's core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed Interim IFRS Consolidated Financial Statements for the three-month period ended 31 March 2016 were authorized for issue by the Airbus Group Board of Directors on 27 April 2016.

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 2016.

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 2015. Airbus Group's accounting policies and methods are unchanged compared to 31 December 2015.

Use of estimates and judgment

In preparing the Group's Unaudited Condensed Interim Consolidated Financial Statements, 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 2015. These estimates are revised if the underlying circumstances have evolved or in light of new information.

The only exception is the estimate of income tax liabilities which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

3. Acquisitions and disposals

Acquisitions

On 9 March 2016, Airbus Division acquired 100% of the shares of the **Navtech Inc. Group ("Navtech")**, a leading global provider of flight operations solutions. The technical allocation of the purchase price will be performed starting in the second quarter 2016. Airbus Group has recognised an amount of €118 million in goodwill as a preliminary allocation.

Navtech provides aviation services with a suite of flight operations products, aeronautical charts, navigation data solutions, flight planning, aircraft performance and crew planning solutions. Navtech generates annual revenues around $40 million and employs over 250 employees, mainly based in Waterloo, Canada and in Hersham and Cardiff, UK.

Disposals

On 17 June 2015, Airbus Division signed an agreement with Singapore-based ST Aerospace Ltd. ("STA") to offer passenger-to-freighter ("P2F") conversion solutions for its A320 and A321 aircraft. **Elbe Flugzeugwerke's ("EFW")**, Dresden (Germany), assets and liabilities were classified as disposal groups held for sale as of 31 December 2015. On 4 January 2016, STA acquired an additional 20% of the shares by way of a contribution in kind and a capital increase to EFW, and consequently, Airbus lost the control of EFW. Airbus retains 45% of the shares of EFW with significant influence. Airbus has recognised a €19 million gain during the period (reported as other income).

Assets and disposal groups classified as held for sale

As of 31 March 2016, Airbus Group accounted for **assets and disposal group of assets classified as held for sale** in the amount of €2,735 million (prior year-end: €1,779 million). **Disposal group of liabilities classified as held for sale** as of 31 March 2016 amount to €1,156 million (prior year-end: €231 million). The assets and disposal groups classified as held for sale comprise the following transactions:

- **Dassault aviation shares:** the carrying amount of €1,253 million was classified as held for sale as of 31 March 2015. Airbus Group still intends to pursue market opportunities to sell the remainder of this investment (reported in "Others/ HQ/ Conso." segment).
- **Business communications entities:** a Share Purchase Agreement was signed on 17 December 2015 between Airbus DS Holding SAS (France), Astrium International Holdings B.V. (as beneficiaries) and a buyer, is subject to closing conditions (reported in Airbus Defence and Space Division).
- **Defence electronics entities:** on 18 March 2016, Airbus Group reached an agreement with affiliates of KKR & Co. L.P. (the acquirer) to sell its defence electronics business, a leading global provider of mission-critical sensors, integrated systems and services for premium defence and security applications mainly based in Ulm (Germany). Such divestment is part of the strategic review of the Airbus Defence and Space business portfolio. The transaction is expected to close within the next 12 months. The assets and liabilities relative to this disposal group have been classified as held for sale as of 31 March 2016.

4. Related party transactions

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

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

5. Segment information

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

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

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

Business segment information for the three-month period ended 31 March 2016:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Total revenues	8,668	1,158	2,534	12,360	66	12,426
Internal revenues	-67	-149	-26	-242	-1	-243
Revenues	**8,601**	**1,009**	**2,508**	**12,118**	**65**	**12,183**
Research and development expenses	-380	-63	-66	-509	-38	-547
EBIT pre-goodwill imp. and exceptionals	290	33	90	413	-48	365
Impairment and disposal of goodwill	0	0	0	0	0	0
Exceptionals	-1	0	-2	-3	0	-3
Profit before finance result and income taxes	**289**	**33**	**88**	**410**	**-48**	**362**
Finance result						193
Income taxes						-157
Profit for the period						**398**

Business segment information for the three-month period ended 31 March 2015:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
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	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	**413**	**52**	**130**	**595**	**637**	**1,232**
Finance result						-366
Income taxes						-71
Profit for the period						**795**

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

Revenues of €12,183 million (first quarter 2015: €12,078 million) increased by €+105 million, mainly at Airbus (€+103 million), as lower volumes were compensated by a favourable foreign exchange hedging impact.

The **gross margin** decreased by €-265 million to €1,443 million compared to €1,708 million in the first quarter 2015. It reflects mainly lower deliveries and a negative foreign exchange impact in Airbus. The gross margin rate decreased from 14.1% to 11.8%.

In the first three months of 2016, Airbus has delivered 4 A350 XWB aircraft.

The industrial ramp-up preparation is underway and associated risks will continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer's commitment. Despite the progress made, challenges are increasing with the ramp-up acceleration.

2 A400M aircraft were delivered during the first quarter 2016.

Industrial efficiency and military capability remain a challenge during the ramp up phase. Management is working with the customers to agree a schedule of military capability enhancement as well as reviewing the escalation formulae. The mission capability roadmap (including the achievement of the respective milestones) has been presented to the customers and gradual certification of new development batches will start during the second quarter of this year.

Following the EASA Airworthiness Directive linked to the Propeller Gear Box on the engine, a thorough technical and industrial evaluation has been launched to secure both short and long-term solutions.

The expected impact on aircraft in service and how they can be supported, implications on the delivery schedule and ongoing discussions with customers are under assessment.

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

Overall, the cost at completion assessment will need to be adapted accordingly, but at this stage there is not a sufficiently mature view of the technical, commercial and industrial consequences and their potential impact on the financial statements, which could be significant.

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

The profit before finance result and income taxes decreased by €-870 million to €362 million compared to €1,232 million in the first three months 2015, mainly driven by the decrease in share of profit from investments under the equity method and other income from investments, partly compensated by a decrease in R&D expenses.

Research and development expenses decreased €+154 million to €-547 million compared to €-701 million in the first three months 2015, primarily reflecting lower R&D activity in the A350 XWB programme at Airbus.

Share of profit from investments under the equity method and other income from investments decreased by €-697 million to €32 million compared to €729 million in the first three months 2015, which included a net gain of €674 million from the partial sale of Dassault Aviation shares.

7. Finance result

Finance result improved by €+559 million to €193 million compared to €-366 million in the first three months 2015. This is mainly related to a positive impact from revaluation of financial instruments of €+334 million (€185 million in the first three months 2016 compared to €-149 million in the first three months 2015, respectively) and to a positive impact from foreign exchange valuation of monetary items of €+215 million (€140 million in the first three months 2016 compared to €-75 million in the first three months 2015, respectively).

8. Income tax

The **income tax** expense of €-157 million (first quarter 2015: €-71 million) corresponds to an effective income tax rate of 28.3% (first quarter 2015: 8.2%). In the first quarter 2015, the effective tax rate was impacted by the sale of shares of Dassault Aviation taxed at a reduced rate.

9. Earnings per share

Basic earnings per share	1 January - 31 March 2016	1 January - 31 March 2015
Profit for the period attributable to equity owners of the parent (Net income)	€399 million	€792 million
Weighted average number of ordinary shares outstanding	776,552,505	784,653,992
Basic earnings per share	€0.51	€1.01

Diluted earnings per share – The Group's categories of dilutive potential ordinary shares are stock options, share-settled performance units for Executive Committee members relating to long-term incentive plans and the convertible bond issued on 1 July 2015. During the first quarter 2016, the average price of Airbus Group shares exceeded the exercise price of the stock option plans as well as the share-settled performance units and therefore 291,330 shares (in the first three months 2015: 798,355 shares) were considered in the calculation of diluted earnings per share. The dilutive effect of the convertible bond was also considered in the calculation of diluted earnings per share in the first quarter 2016, by adding back €2 million of interest expense to the profit for the period attributable to equity owners of the parent (in the first three months 2015: no adjustment) and by including 5,022,990 of dilutive potential ordinary shares.

Diluted earnings per share	1 January - 31 March 2016	1 January - 31 March 2015
Profit for the period attributable to equity owners of the parent (Net income)	€401 million	€792 million
Weighted average number of ordinary shares outstanding (diluted)(1)	781,866,825	785,452,347
Diluted earnings per share	€0.51	€1.01

(1) Dilution assumes conversion of all potential ordinary shares

10. Intangible assets and property, plant and equipment

Intangible assets decreased by €-197 million to €12,358 million (prior year-end: €12,555 million) mainly due to the reclassification of Defence electronics entities to disposal groups classified as held for sale, partially compensated by the impact related to the acquisition of Navtech (see Note 3 "Acquisitions and disposals").
Intangible assets mainly relate to goodwill of €9,799 million (prior year-end: €9,907 million).
The annual impairment tests were performed in the fourth quarter 2015 and led to no impairment charge.

Property, plant and equipment decreased by €-288 million to €16,905 million (prior year-end: €17,193 million) mainly at Airbus Defence and Space (€-208 million), primarily driven by the entities reclassified to disposal groups classified as held for sale (see Note 3 "Acquisitions and disposals"). Property, plant and equipment also includes leased assets of €130 million (prior year-end: €118 million) and investment property amounting to €66 million (prior year-end: €66 million).

11. Investments accounted for under the equity method

Investments accounted for under the equity method of €1,197 million (prior year-end: €1,326 million) include the equity investments in MBDA, Atlas Group and ATR.

12. Other investments and other long-term financial assets

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

(In € million)	31 March 2016	31 December 2015
Other investments	1,198	1,232
Other long-term financial assets	1,537	1,260
Total non-current other investments and other long-term financial assets	**2,735**	**2,492**
Current portion of other long-term financial assets	**272**	**178**
Total	**3,007**	**2,670**

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

13. Inventories

Inventories of €32,295 million (prior year-end: €29,051 million) increased by €+3,244 million. This is mainly related to Airbus (€+3,093 million) and Airbus Helicopters (€+288 million). In Airbus, the increase is principally due to work in progress mainly associated with A350 XWB ramp-up and A320 programme.

Inventories are presented net of the respective portion of the contract loss provision (see Note 17 "Provisions").

14. Other financial assets and other financial liabilities

Composition of other financial assets:

(In € million)	31 March 2016	31 December 2015
Positive fair values of derivative financial instruments	1,425	931
Others	234	165
Total non-current other financial assets	**1,659**	**1,096**
Receivables from related companies	509	616
Positive fair values of derivative financial instruments	296	349
Others	473	437
Total current other financial assets	**1,278**	**1,402**
Total	**2,937**	**2,498**

Composition of other financial liabilities:

(In € million)	31 March 2016	31 December 2015
European Governments refundable advances	6,573	6,716
Liabilities for derivative financial instruments	4,161	6,703
Others	685	619
Total non-current other financial liabilities	**11,419**	**14,038**
European Governments refundable advances	615	570
Liabilities for derivative financial instruments	2,958	3,884
Others	627	567
Total current other financial liabilities	**4,200**	**5,021**
Total	**15,619**	**19,059**

The liabilities for derivative financial instruments have decreased significantly as a result of the devaluation of the US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

15. Other assets and other liabilities

Composition of other assets:

(In € million)	31 March 2016	31 December 2015
Prepaid expenses	2,130	2,051
Others	110	115
Total non-current other assets	**2,240**	**2,166**
VAT receivables	1,652	1,450
Prepaid expenses	797	663
Other	465	706
Total current other assets	**2,914**	**2,819**
Total	**5,154**	**4,985**

Composition of other liabilities:

(In € million)	31 March 2016	31 December 2015
Other liabilities		
Customer advance payments	14,376	14,472
Others	469	521
Deferred income	248	263
Total non-current other liabilities	**15,093**	**15,256**
Other liabilities		
Customer advance payments	24,342	23,612
Tax liabilities (excluding income tax)	957	885
Others	2,884	2,540
Deferred income	1,025	1,049
Total current other liabilities	**29,208**	**28,086**
Total	**44,301**	**43,342**

16. Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to €7,879 million (prior year-end: €5,966 million) representing an increase of €+1,913 million. This is due to an increase in other comprehensive income of €+1,808 million, principally related to the mark to market revaluation of the hedge portfolio, and a net income for the period of €+399 million. This was partly offset by the share buyback programme of €358 million.

The total **number of shares** issued is 778,198,822 and 785,344,784 as of 31 March 2016 and 31 December 2015, respectively. The Group's shares are exclusively ordinary shares with a par value of €1.00.

During the first quarter 2016, the number of treasury stock held by Airbus Group decreased to 910,705 compared to 1,474,057 as of 31 December 2015. No shares were sold back to the market, and 7,238,962 shares were cancelled (in the first three months 2015: 0 shares).

In the first three months 2016, the Group issued 93,000 new shares due to the exercise of stock options (in the first three months 2015: 1,134,303 shares).

Non-controlling interests decreased to €-16 million (prior year-end: €7 million). This decrease results mainly from the impact of the change in consolidation method of EFW (see Note 3 "Acquisitions and disposals").

17. Provisions

Provisions are comprised of the following:

(In € million)	31 March 2016	31 December 2015
Provisions for pensions	8,023	7,615
Other provisions	6,648	7,465
Total	**14,671**	**15,080**
Thereof non-current portion	**9,917**	**9,871**
Thereof current portion	**4,754**	**5,209**

Among other effects, **provisions for pensions** increased due to a decrease of the discount rates for the various pension schemes of the Group (France: from 2.5% to 2.0% and Germany: from 2.4% to 1.8%).

The decrease in **other provisions** is mainly due to the reclassification to disposal group of liabilities classified as held for sale relating to Defence electronics entities (see Note 3 "Acquisitions and disposals").

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

18. Net cash and cash flows

Composition of net cash:

(In € million)	31 March 2016	31 December 2015
Cash and cash equivalents	6,711	7,489
Current securities	1,657	1,788
Non-current securities	9,621	9,851
Short-term financing liabilities	-5,241	-2,790
Long-term financing liabilities	-6,310	-6,335
Total	**6,438**	**10,003**

Cash flows

Cash (used for) operating activities decreased by €-1,672 million to €-2,380 million (first quarter 2015: €-708 million). Gross cash flow from operations (before changes in other operating assets and liabilities) of €+434 million decreased compared to the prior period (first quarter 2015: €+519 million). Changes in other operating assets and liabilities amount to €-2,814 million (first quarter 2015: €-1,227 million) mainly due an increase in inventories, partly compensated by higher advance payments received.

Cash (used for) provided by investing activities amounts to €-395 million (first quarter 2015: €+550 million). This mainly comprises purchases of intangible assets and property, plant and equipment of €-563 million (first quarter 2015: €-505 million), and the impact of the acquisition of Navtech (see Note 3 "Acquisitions and disposals"). This was partly compensated by a decrease of investments in securities of €+384 million (first quarter 2015: €-508 million).

Cash provided by financing activities increased by €+2,113 million to €+2,123 million (first quarter 2015: €+10 million). This mainly comprises changes in long-term and short-term financing liabilities of €+2,479 million (first quarter 2015: €-27 million), in part offset by the share buyback programme of €-378 million (first quarter 2015: €0 million).

Securities

Non-current securities with a remaining maturity of more than one year decreased by €-230 million to €9,621 million (prior year-end: €9,851 million). The movement is related to the cash management policy of the Group.

Current securities with a remaining maturity of one year or less decreased by €-131 million to €1,657 million (prior year-end: €1,788 million).

Financing liabilities

Composition of financing liabilities:

(In € million)	31 March 2016	31 December 2015
Bonds	3,506	3,443
Liabilities to financial institutions	2,045	2,113
Loans	394	403
Liabilities from finance leases	364	375
Others	1	1
Long-term financing liabilities	**6,310**	**6,335**
Bonds	2,938	1,523
Liabilities to financial institutions	1,048	349
Loans	229	255
Liabilities from finance leases	12	13
Others	1,014	650
Short-term financing liabilities	**5,241**	**2,790**

The increase in **financing liabilities** is mainly related to new commercial paper programmes totalling €+1,421 million included in short-term bonds, and to securities lending activity €+730 million included in liabilities to financial institutions.

19. Financial instruments

Composition of derivative financial instruments:

(In € million)	31 March 2016	31 December 2015
Non-current positive fair values	1,425	931
Current positive fair values	296	349
Total positive fair values of derivative financial instruments	**1,721**	**1,280**
Non-current liabilities	-4,161	-6,703
Current liabilities	-2,958	-3,884
Total liabilities for derivative financial instruments	**-7,119**	**-10,587**
Total net fair value of derivative financial instruments	**-5,398**	**-9,307**

The volume of hedged US dollar-contracts was US$100.6 billion as at 31 March 2016 (prior-year end US$101.9 billion). The US dollar spot rate was 1.14 US$/€ and 1.09 US$/€ at 31 March 2016 and at 31 December 2015, respectively. The average US dollar hedge rate for the hedge portfolio of the Group decreased to 1.27 US$/€ as at 31 March 2016 compared to 1.28 US$/€ as at 31 December 2015.

Carrying amounts and fair values

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 35.2 to the 2015 Consolidated Financial Statements. For the first three months 2016, Airbus Group has applied the same methodologies for the fair value measurement of financial instruments.

Carrying amount is a reasonable approximation of fair value for all classes of financial instruments listed in the first table of Note 35.2 to the 2015 Consolidated Financial Statements, with the exception of:

	31 March 2016		31 December 2015	
(In € million)	Book value	Fair value	Book value	Fair value
Financing liabilities				
Issued bonds and commercial papers	-6,444	-6,682	-4,966	-5,091
Liabilities to financial institutions and other financing liabilities	-4,731	-4,761	-3,771	-3,822

As explained in Note 35.2 to the 2015 Consolidated Financial Statements, no fair value can be determined for certain unlisted equity investments and European Governments refundable advances.

The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy(1):

	31 March 2016				31 December 2015			
(In € million)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	794	0	0	794	828	0	0	828
Derivative instruments	0	1,686	35	1,721	0	1,234	46	1,280
Securities	11,274	4	0	11,278	11,474	165	0	11,639
Cash equivalents	3,073	2,352	0	5,425	3,941	2,130	0	6,071
Total	**15,141**	**4,042**	**35**	**19,218**	**16,243**	**3,529**	**46**	**19,818**
Financial liabilities measured at fair value								
Derivative instruments	0	-7,119	0	-7,119	0	-10,587	0	-10,587
Other liabilities	0	0	-36	-36	0	0	-74	-74
Total	**0**	**-7,119**	**-36**	**-7,155**	**0**	**-10,587**	**-74**	**-10,661**

(1) 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);
- Level 3: inputs for the asset or liability that are not based on observable market data.

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

	Financial assets		Financial liabilites		
(In € million)	Commodity swap agreements	Derivative instruments	Written put options on NCI interests	Earn-out agreements	Other liabilities
Balance at 1 January 2015	**2**	**2**	**-127**	**-10**	**-137**
Profit or loss	9	9	0	0	0
Other comprehensive income	0	0	0	0	0
Settlements	0	0	0	0	0
Balance at 31 March 2015	**11**	**11**	**-127**	**-10**	**-137**
Balance at 1 January 2016	**46**	**46**	**-64**	**-10**	**-74**
Profit or loss	-3	-3	0	0	0
Settlements	-8	-8	38	0	38
Balance at 31 March 2016	**35**	**35**	**-26**	**-10**	**-36**

For a description of the valuation techniques, inputs and process used in the fair value measurement of these financial instruments and a description of sensitivity analysis performed refer to Note 35.2 of the Consolidated Financial Statements. There is no material difference between the outcome of sensitivity analysis performed at 31 March 2016, compared to the outcome disclosed in the year-end financial statements.

20. Litigation and claims

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

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

WTO

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

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

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

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

GPT

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

Eurofighter Austria

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

Other investigations

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

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

In the context of its internal compliance improvement programme, the Group discovered mistakes and omissions relating to information provided in respect to consultants and other third parties in applications for export credit financing for Airbus customers and as a result has informed the relevant UK authorities. Some Export Credit Agency (ECA) financing has been temporarily suspended. The Group is cooperating with the relevant ECAs to resolve this issue as soon as possible and hopes to obtain financing or refinancing in the near future.

Commercial disputes

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

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

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

21. Number of employees

The number of employees as at 31 March 2016 is 135,801 as compared to 136,574 as at 31 December 2015.

22. Subsequent events

There are no significant events after the reporting date.