Year 2014 Report

Unaudited Condensed IFRS Consolidated Financial Information of Airbus Group N.V. for the year ended 31 December 2014

Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 31 December 2014		1 January - 31 December 2013 *)		Deviation
	M €	%	M €	%	M €
Revenues	60,713	100	57,567	100	3,146
Cost of sales	-51,776	-85	-49,613	-86	-2,163
Gross margin	**8,937**	**15**	**7,954**	**14**	**983**
Selling, administrative & other expenses	-2,780	-4	-3,021	-5	241
Research and development expenses	-3,391	-6	-3,118	-5	-273
Other income	330	1	272	0	58
Share of profit from investments accounted for under the equity method and other income from investments	895	1	483	1	412
Profit before finance result and income taxes	**3,991**	**7**	**2,570**	**5**	**1,421**
Interest income	142	0	161	0	-19
Interest expense	-462	-1	-493	-1	31
Other financial result	-458	-1	-278	0	-180
Finance result	**-778**	**-2**	**-610**	**-1**	**-168**
Income taxes	-863	-1	-477	-1	-386
Profit for the period	**2,350**	**4**	**1,483**	**3**	**867**
Attributable to:					
Equity owners of the parent **(Net income)**	**2,343**	**4**	**1,473**	**3**	**870**
Non-controlling interests	7	0	10	0	-3

Earnings per share	€	€	€
Basic	2,99	1,86	1,13
Diluted	2,99	1,85	1,14

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 31 December 2014	1 January - 31 December 2013 *)
Profit for the period	**2,350**	**1,483**
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	-2,034	-67
Actuarial losses on defined benefit plans from investments using the equity method	-131	-1
Tax on items that will not be reclassified to profit or loss	577	20
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	244	-138
Net change in fair value of cash flow hedges	-6,390	2,266
Net change in fair value of available-for-sale financial assets	71	-18
Changes in other comprehensive income from investments accounted for using the equity method	-22	-12
Tax on items that will be reclassified to profit or loss	1,961	-702
Other comprehensive income, net of tax	**-5,724**	**1 348**
Total comprehensive income of the period	**-3,374**	**2,831**
Attributable to:		
Equity owners of the parent	-3,362	2,829
Non-controlling interests	-12	2
Total comprehensive income of the period	**-3,374**	**2,831**

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	31 December 2014		31 December 2013 *)		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	12,758	13	12,500	14	258	2
Property, plant and equipment	16,388	17	15,654	17	734	5
Investments under the equity method	3,391	3	3,858	4	-467	-12
Other investments and long-term financial assets	1,769	2	1,756	2	13	1
Other non-current assets	2,408	3	3,727	4	-1,319	-35
Deferred tax assets	5,717	6	3,733	4	1,984	53
Non-current securities	5,989	6	4,298	5	1,691	39
	48,420	50	45,526	50	2,894	6
Current assets						
Inventories	25,355	26	24,023	27	1,332	6
Trade receivables	6,798	7	6,628	7	170	3
Other current assets	4,325	5	4,311	5	14	0
Current securities	3,183	3	2,585	3	598	23
Cash and cash equivalents	7,271	8	7,201	8	70	1
	46,932	49	44,748	50	2,184	5
Assets of disposal group classified as held for sale	750	1	0	0	750	
Total assets	**96,102**	**100**	**90,274**	**100**	**5,828**	**6**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	785	1	783	1	2	0
Reserves	7,489	8	7,216	8	273	4
Accumulated other comprehensive income	-1,205	-1	2,915	3	-4,120	-141
Treasury shares	-8	0	-50	0	42	-84
	7,061	7	10,864	12	-3,803	-35
Non-controlling interests	18	0	42	0	-24	-57
	7,079	7	10,906	12	-3,827	-35
Non-current liabilities						
Non-current provisions	10,400	11	9,604	11	796	8
Long-term financing liabilities	6,278	7	3,804	4	2,474	65
Deferred tax liabilities	1,130	1	1,454	2	-324	-22
Other non-current liabilities	23,038	24	18,155	20	4,883	27
	40,846	43	33,017	37	7,829	24
Current liabilities						
Current provisions	5,712	6	5,222	6	490	9
Short-term financing liabilities	1,073	1	1,826	2	-753	-41
Trade liabilities	10,183	11	9,668	11	515	5
Current tax liabilities	738	1	616	0	122	20
Other current liabilities	29,791	30	29,019	32	772	3
	47,497	49	46,351	51	1,146	2
Liabilities directly associated with assets classified as held for sale	680	1	0	0	680	
Total liabilities	89,023	93	79,368	88	9,655	12
Total equity and liabilities	**96,102**	**100**	**90,274**	**100**	**5,828**	**6**

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

in M €	1 January - 31 December 2014	1 January - 31 December 2013 *)
Profit for the period attributable to equity owners of the parent (Net income)	**2,343**	**1,473**
Profit for the period attributable to non-controlling interests	7	10
Adjustments to reconcile profit for the period to cash provided by operating activities		
Depreciation and amortization	2,150	1,927
Valuation adjustments	961	372
Deferred tax expense	317	46
Change in income tax assets, income tax liabilities and provisions for income tax	148	-9
Results on disposals of non-current assets	-93	-58
Results of companies accounted for by the equity method	-840	-434
Change in current and non-current provisions	415	816
Reimbursement from / contribution to plan assets	-462	-223
Change in other operating assets and liabilities	-2,386	-2,091
Cash provided by operating activities	**2,560**	**1,829**
Investments:		
- Purchases of intangible assets, PPE	-2,548	-2,918
- Proceeds from disposals of intangible assets, PPE	232	48
- Acquisitions of subsidiaries and joint ventures (net of cash)	-47	-16
- Proceeds from disposals of subsidiaries (net of cash)	-34	0
- Payments for investments in associates and other investments and long-term financial assets	-36	-293
- Proceeds from disposals of associates and other investments and long-term financial assets	1,083	154
- Dividends paid by companies valued at equity	143	146
Change of securities	-2,016	1,267
Cash (used for) investing activities	**-3,223**	**-1,612**
Change in long-term and short-term financing liabilities	930	1,133
Cash distribution to Airbus Group N.V. shareholders	-587	-467
Dividends paid to non-controlling interests	-2	-2
Changes in capital and non-controlling interests	52	171
Change in treasury shares	102	-1,915
Cash provided by (used for) financing activities	**495**	**-1,080**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	256	-107
Net increase (decrease) of cash and cash equivalents	**88**	**-970**
Cash and cash equivalents at beginning of period	**7,201**	**8,171**
Cash and cash equivalents at end of period	**7,289**	**7,201**
Thereof presented as cash and cash equivalents	7,271	7,201
Thereof presented as part of disposal groups classified as held for sale	18	0

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.

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 31 December 2012, as reported	**10,403**	**17**	**10,420**
Adjustment *)	-143	-1	-144
Balance at 1 January 2013, adjusted *)	**10,260**	**16**	**10,276**
Profit for the period *)	1,473	10	1,483
Other comprehensive income *)	1,356	-8	1,348
Total comprehensive income *)	2,829	2	2,831
Cash distribution to shareholders/ dividends to non-controlling interests	-467	-2	-469
Capital increase	242	2	244
Capital decrease	-74	0	-74
Equity transactions (IAS 27)	-118	24	-94
Change in treasury shares	-1,915	0	-1,915
Share-based Payment (IFRS 2)	107	0	107
Balance at 31 December 2013, adjusted *)	**10,864**	**42**	**10,906**
Profit for the period	2,343	7	2,350
Other comprehensive income	-5,705	-19	-5,724
Total comprehensive income	-3,362	-12	-3,374
Cash distribution to shareholders/ dividends to non-controlling interests	-587	-2	-589
Capital increase	52	0	52
Capital decrease	-12	0	-12
Equity transactions (IAS 27)	-3	7	4
Change in non-controlling interests	0	-17	-17
Change in treasury shares	114	0	114
Share-based Payment (IFRS 2)	-5	0	-5
Balance at 31 December 2014	**7,061**	**18**	**7,079**

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 31 December 2014

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the operations of **Airbus Group N.V.** (formerly European Aeronautic Defence and Space Company EADS 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 ("€"). On 1 January 2014, the Group has been rebranded from EADS to Airbus Group as part of a wider reorganization including integration of the Group's defence and space activities. 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, defence electronics and the rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the year ended 31 December 2014 were authorized for issue by the Airbus Group Board of Directors on 26 February 2015.

2. Accounting policies

These Unaudited Condensed 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 December 2014 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").

Financial reporting rules applied for the first time in 2014:

The following new or amended Standards were applied for the first time in 2014 and are effective for Airbus Group as of 1 January 2014. If not otherwise stated, their 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.

Amendments to IAS 32 "Financial Instruments: Presentation" clarify the IASB's requirements for offsetting financial instruments.

Amendments to IAS 36 "Impairment of Assets" modify the recoverable amount disclosures for non-financial assets.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

The IASB issued IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities” and consequential amendments to IAS 27 “Separate Financial Statements” and amendments to IAS 28 “Investments in Associates and Joint Ventures” as well as the Transition Guidance (Amendments for IFRS 10, IFRS 11 and IFRS 12). IFRS 10 supersedes the requirements related to Consolidated Financial Statements in IAS 27 “Consolidated and Separate Financial Statements” (amended 2008) as well as SIC 12 “Consolidation – Special Purpose Entities”. IFRS 11 supersedes IAS 31 “Interests in Joint Ventures” (amended 2008) and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. IFRS 12 replaces disclosure requirements in IAS 27, IAS 28 and IAS 31.

IFRS 10 defines the principle of control and establishes control as the sole basis for determining which entity should be consolidated in the Consolidated Financial Statements: An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard provides additional guidance to determine control in cases difficult to assess such as in situations where an investor holds less than a majority of voting rights, but has the practical ability to direct the relevant activities of the investee unilaterally by other means as well as in cases of agency relationships which were neither addressed by IAS 27 nor by SIC 12.

IFRS 11 provides guidance for the accounting of joint arrangements by focusing on the rights and obligations arising from the arrangement. The standard distinguishes between two types of joint arrangements: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. IFRS 11 requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement applicable to the particular assets, liabilities, revenues and expenses. A joint venturer is required to recognize an investment and to account for this investment using the equity method. The proportionate consolidation method may no longer be used for joint ventures.

IFRS 12 provides disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities (formerly referred to as “special purpose entities”) and off-balance sheet vehicles in one single standard. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

The first time application of IFRS 10 and IFRS 11 has an impact on Airbus Group’s consolidation scope: The application of the new control concept as defined by IFRS 10 resulted in the exclusion of five structured entities which were previously fully consolidated under IAS 27 and SIC 12 from the consolidation scope. Additionally, twelve entities which were previously classified as joint ventures under IAS 31 and consolidated by using the proportional consolidation method in accordance with the Airbus Group accounting policy choice under IAS 28 are now accounted for using the equity method as described above under IFRS 11. This had a material impact on the Group’s financial statement. The first time application of IFRS 11 did not result in any reassessment regarding the classification of Airbus Group entities as joint ventures under IAS 31.

The following tables summarise the impacts on the comparative information on the Group’s financial position, income statement and statement of cash flows resulting from the change in consolidation scope:

Condensed consolidated statement of financial position as at 31 December 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Non-current assets			
Intangible assets	13,653	-1,153	12,500
Property, plant & equipment	15,925	-271	15,654
Investment accounted under the equity method	2,902	956	3,858
Other non-current assets	13,733	-219	13,514
	46,213	-687	45,526
Current assets			
Inventories	25,060	-1,037	24,023
Trade receivables	7,239	-611	6,628
Other current assets	7,034	-138	6,896
Cash and cash equivalents	7,765	-564	7,201
	47,098	-2,350	44,748
Total assets	93,311	-3,037	90,274
Total equity	11,054	-148	10,906
Non-current liabilities			
Non-current provisions	10,046	-442	9,604
Other non-current liabilities	23,630	-217	23,413
	33,676	-659	33,017
Current liabilities			
Current provisions	5,323	-101	5,222
Trade liabilities	10,372	-704	9,668
Other current liabilities	32,886	-1,425	31,461
	48,581	-2,230	46,351
Total equity and liabilities	93,311	-3,037	90,274

Condensed consolidated statement of financial position as at 1 January 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Non-current assets			
Intangible assets	13,429	-1,158	12,271
Property, plant & equipment	15,268	-294	14,974
Investment accounted under the equity method	2,662	922	3,584
Other non-current assets	15,435	-259	15,176
	46,794	-789	46,005
Current assets			
Inventories	23,216	-1,015	22,201
Trade receivables	6,788	-605	6,183
Other current assets	6,567	-137	6,430
Cash and cash equivalents	8,756	-585	8,171
	45,327	-2,342	42,985
Total assets	92,121	-3,131	88,990
Total equity	10,420	-144	10,276
Non-current liabilities			
Non-current provisions	9,850	-439	9,411
Other non-current liabilities	23,202	-270	22,932
	33,052	-709	32,343
Current liabilities			
Current provisions	6,039	-99	5,940
Trade liabilities	9,921	-650	9,271
Other current liabilities	32,689	-1,529	31,160
	48,649	-2,278	46,371
Total equity and liabilities	92,121	-3,131	88,990

Condensed consolidated income statement for the year ended 31 December 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Revenues	59,256	-1,689	57,567
Cost of sales	-50,895	1,282	-49,613
Gross Margin	**8,361**	**-407**	**7,954**
Selling, administrative & other expenses	-3,176	155	-3,021
Research and development expenses	-3,160	42	-3,118
Other income	236	36	272
Share of profit from investments accounted for under the equity method and other income from investments	346	137	483
Profit before finance result and income taxes	**2,607**	**-37**	**2,570**
Interest result	-329	-3	-332
Other financial result	-301	23	-278
Finance result	**-630**	**20**	**-610**
Income taxes	-502	25	-477
Profit for the period	**1,475**	**8**	**1,483**

EPS 2013 reported: basic 1.85, diluted 1.84 / EPS 2013 restated due to the application of IFRS 10 and 11: basic 1.86, diluted 1.85

Condensed consolidated statement of cash flow as of 31 December 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Cash provided by operating activities	1,931	-102	1,829
Cash (used for) investing activities	-1,742	130	-1,612
Cash (used for) financing activities	-1,068	-12	-1,080
Others	-112	5	-107
Net decrease of cash and cash equivalents	**-991**	**21**	**-970**

3. Acquisitions and other M&A transactions

a) Acquisitions

On 25 July 2014, Airbus Group N.V., Leiden (Netherlands) acquired 100% shares in Salzburg München Bank AG from Raiffeisenverband Salzburg. The Salzburg München Bank AG is a fully-licensed bank based in Munich (Germany) with around 300 M € of total assets serving small and medium enterprises and private clients. The acquisition of Salzburg München Bank aims to provide additional financing options for the Group's businesses.

On 28 July 2014, Airbus Operations S.L.U., Getafe (Spain), acquired 58.49% shares in Alestis Aerospace S.L., La Rinconada (Spain), for a total consideration of 28 M € including 6 M € due to the separate recognition of settlements of pre-existing relationships. This provides Airbus Group with a majority shareholding of in total 60.16% in Alestis Aerospace S.L. Airbus' investment is intended to secure the supply chain for civil and military programmes.

The following table summarises the consideration transferred, the fair value of identifiable assets acquired, liabilities assumed and any non-controlling interest as at the acquisition date. The fair values remain provisional due to ongoing purchase price allocation project, but will be finalised within 12 months after the acquisition date.

Fair value recognised on acquisition in € M	2014 Acquisitions
Total assets acquired	607
Total liabilities assumed	-614
Net liabilities assumed	**-7**
Non-controlling interests *)	-17
Consideration transferred	**63**
Preliminary goodwill arising on acquisition **)	54
Gain on acquisition	1

*) Non-controlling interest portion related to acquisition of Alestis, measured at its proportional share in net assets.
**) None of the goodwill of the Group's 2014 M&A transaction is considered to be tax deductible in the respect of local tax accounts.

b) Disposals

On 28 February 2014, EADS North America, Inc., Herndon (VA, USA) sold 100% of the assets and liabilities of its Test and Services division to Astronics Corp., East Aurora (NY, USA), for a total consideration of 51 M €.

On 7 March 2014, Astrium Services GmbH, Ottobrunn (Germany) disposed of 100% of the shares of ND Satcom GmbH, Immenstaad (Germany) to Quantum Industries S.à.r.l., Luxembourg (Luxembourg) with economic effect as of 1 March 2014, leading to a negative consideration of 9 M €.

On 10 July 2014, Airbus Defence and Space sold its Test & Services activities to a consortium consisting of ACE Management S.A., Paris (France) and IRDI S.A., Toulouse (France). The total consideration received amounted to 35 M € (thereof 28 M € consideration received in cash and 7 M € for the shares in Test & Mesures Groupe SAS). The amount of net assets sold was 31 M €.

On 27 November 2014, Airbus Group. in an off-market lock trade sold to Dassault Aviation a total of 810,072 Dassault Aviation shares at a price of 980 € per share representing a total amount of 794 M € pre transaction costs. The gain recognized in share of profit from investments amounted to 343 M €. After this transaction, Airbus Group held 38.82% of Dassault Aviation's share capital and associated voting rights and then following the cancellation by Dassault Aviation of 9% of its shares, as of 31 December 2014, Airbus Group holds 42.11% with associated voting rights.

On 9 December 2014, Airbus Group signed a share purchase agreement with the State of Finland to sell its entire 26.8% share in Patria Oyj to the Finnish defence, security and aviation services provider for a total consideration of 133 M €. The transaction was closed on 11 December 2014 and the Group recognized a 47 M € capital gain within share of profit from investments.

c) Disposal groups classified as held for sale

As of 31 December 2014, Airbus Group accounted for non-current assets / disposal groups classified as held for sale in the amount of 750 M € (2013: 0 M €). The disposal groups in 2014 include liabilities directly associated with non-current assets classified as held for sale amounting to 680 M € (2013: 0 M €). The disposal groups classified as held for sale comprise the following transactions:

Airbus Safran Launcher Joint Venture ("ASL")

On 16 June 2014, Airbus Group and Safran announced the intention to create a 50/50 joint venture consolidating their respective launcher and propulsion system activities in France and Germany.

On 3 December 2014, the joint venture Airbus Safran Launchers has been created after the approval of the development and production of a new Ariane 6 launcher at the ESA Ministerial Conference. The partners decided to structure the operation in two phases with the first phase consisting in the joint venture entity taking responsibility and gathering resources to coordinate programme management of civil activities of the launcher business and also carrying relevant participation. In a second phase all assets, contracts and industrial capabilities shall be contributed enabling the joint venture to carry out all activities relating to the design, development, manufacturing and selling of launchers, propulsion systems, satellite and space vehicle propulsion for civil and military applications and the selling and commercialization of civil launch services. Implementation of the second phase is subject to the joint venture entering into a development contract for Ariane 6.

After approval of the ESA Ministerial Conference implementation of first phase was confirmed and associated assets and liabilities have been classified as held for sale as at 31 December 2014.

On 14 January 2015, Airbus Group and Safran have completed the first phase of the integration process enabling Airbus Safran Launchers to become operational.

Electronics Oostkamp ("EO")

On 23 December 2014 Airbus Group signed an agreement with Parter Capital Group AG for the sale of Airbus Defence and Space's Electronics Oostkamp facility in Belgium. Airbus Group has recognised an associated loss of 7 M € in other expenses in 2014. The transaction was closed on 21 January 2015.

4. Segment information

Having conducted a strategy review and in order to improve competitiveness and better adapt to shrinking traditional markets, the Group's defence and space businesses are combined into one segment from 1 January 2014 onwards. Improving access to international customers, creating cost and market synergies in the Group's operations and product portfolio and better focusing the Group's research and development activities are among the goals of this reorganization.

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 (before 1 January 2014: Airbus Commercial)* — 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 (before 1 January 2014: Eurocopter)* — 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 communications solutions and logistics; training, testing, engineering and other related services; development, manufacturing, marketing and sale of missiles 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 former reportable segments Cassidian, Astrium and Airbus Military form the new reportable segment Airbus Defence and Space.

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.". The corresponding prior period information has been restated.

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.

in M €	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Year ended 31 December 2014						
Total revenues	42,280	6,524	13,025	61,829	482	62,311
Internal revenues	-749	-528	-297	-1,574	-24	-1,598
Revenues	**41,531**	**5,996**	**12,728**	**60,255**	458	**60,713**
Research and development expenses	2,667	325	360	3,352	39	**3,391**
EBIT pre-goodwill imp. and exceptionals	2,671	413	409	3,493	547	**4,040**
Disposal of goodwill	0	0	-6	-6	0	-6
Exceptionals	-25	0	-16	-41	-2	-43
Profit before finance result and income taxes	2,646	413	387	3,446	545	**3,991**
Finance result						-778
Income taxes						-863
Profit for the period						**2,350**
Year ended 31 December 2013 *)						
Total revenues **)	39,494	6,297	13,121	58,912	457	59,369
Internal revenues **)	-933	-486	-382	-1 801	-1	-1,802
Revenues **)	**38,561**	**5,811**	**12,739**	**57,111**	**456**	**57,567**
Research and development expenses **)	2,433	306	344	3,083	35	**3,118**
EBIT pre-goodwill imp. and exceptionals **)	1,593	397	659	2,649	-25	**2,624**
Impairment and disposal of goodwill	0	0	0	0	-15	-15
Exceptionals	-26	-1	-11	-38	-1	-39
Profit before finance result and income taxes **)	1,567	396	648	2,611	-41	**2,570**
Finance result **)						-610
Income taxes **)						-477
Profit for the period **)						**1,483**

*) Previous year figures are adjusted due to the application of IFRS10 and IFRS11.
**) Previous year figures are adjusted due to the new segment structure.

5. Significant income statement items

Revenues of 60,713 M € (2013 adjusted: 57,567 M €) increased by +3,146 M €, mainly at Airbus (+2,786 M €). The revenue growth in Airbus results from a more favourable delivery mix.

The **Gross margin** increased by +983 M € to 8,937 M € compared to 7,954 M € (adjusted) in 2013 with contribution mainly from Airbus. Gross margin rate increased from 13.8% to 14.7%. In Airbus, the increase was driven by operational improvement including A380 progress towards breakeven and the favourable evolution of maturing hedges, partially offset by increased A350 XWB support costs. In Q4 2013 a negative charge of 434 M € was recorded on the A350 XWB programme contributing to the improvement seen in 2014.

The A350 XWB Entry into service occurred at the end of 2014, with the first A350 being delivered to Qatar Airways on 22 December. Despite this important achievement, 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.

After eight aircraft deliveries in 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.

In the last quarter of 2014, Management has reviewed the 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 has recorded based on Management best estimate an additional net charge of 551 M € for the period ended 31 December 2014.

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.

Research and development expenses increased by -273 M € to -3,391 M € (2013 adjusted: -3,118 M €) mainly due to an increase in A350 XWB.

Other income increased by +58 M € to 330 M € (2013 adjusted: 272 M €) mainly as a result of the sale of the Paris Headquarters building.

Share of profit from investments accounted for under the equity method and other income from investments of 895 M € (2013 adjusted: 483 M €) mainly consists of the share of the result of Dassault Aviation of 598 M € (2013: 247 M €), and of GIE ATR and MBDA.
The Dassault Aviation at equity result 2014 includes a positive catch-up on 2013 results and a gain of 343 M € from the partial sale of shares (see Note 3 “Acquisitions and other M&A transactions”).
The share of profit of Patria of 62 M€ includes a gain of 47 M € from the disposal of shares (see Note 3 “Acquisitions and other M&A transactions”).

Finance result amounted to -778 M € (2013 adjusted: -610 M €) and includes interest result of -320 M € (2013 adjusted:-332 M €) and other financial result of -458 M € (2013 adjusted:-278 M €). Other financial result mainly includes the negative impact of revaluation of financial instruments (-240 M €, 2013 adjusted: -31 M €), the negative impact of unwinding of discounted provisions (-117 M €, 2013: -171 M €) and the negative impact from foreign exchange valuation of monetary items (-121 M €, 2013: -64 M €).

The **income tax** expense of -863 M € (2013 adjusted: -477 M €) corresponds to an effective income tax rate of 26.9% (2013 adjusted: 24.3%).

6. Significant items of the statement of financial position

Non-current assets

Intangible assets increased by +258 M € to 12,758 M € (prior year-end adjusted: 12,500 M €). This mainly relates to Airbus (8,660 M €), Airbus Defence and Space (3,376 M €) and Airbus Helicopters (704 M €) and includes goodwill of 9,979 M € (prior year-end adjusted: 9,872 M €). Included within goodwill is a +55 M € increase from the acquisition of Alestis.
The annual impairment tests were performed in the fourth quarter 2014 and led to no impairment charge. Capitalization of development costs for the A350 XWB programme started in the second quarter 2012. In 2014, an amount of 58 M € has been capitalized resulting in a total amount of 777 M €.

Property, plant and equipment increased by +734 M € to 16,388 M € (prior year-end adjusted: 15,654 M €) and includes leased assets of 213 M € (prior year-end adjusted: 351 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: 69 M €).

Investments accounted for under the equity method of 3,391 M € (prior year-end adjusted: 3,858 M €) mainly include the equity investment in Dassault Aviation of 2,429 M € (2013: 2,747 M €), Atlas Group and MBDA. The equity investment in Dassault Aviation includes an IFRS catch-up adjustment for income, other comprehensive income relating to the prior period and the effect of the partial disposal of Dassault Aviation shares (see Note 3 “Acquisitions and other M&A transactions”).

Other investments and other long-term financial assets of 1,769 M € (prior year-end adjusted: 1,756 M €) are related to Airbus for an amount of 790 M € (prior year-end adjusted: 702 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 decrease by -1,319 M € to 2,408 M € (prior year-end adjusted: 3,727 M €) resulted from the negative variation of the non-current portion of fair values of derivative financial instruments (-1,491 M €).

Deferred tax assets increased by +1,984 M € to 5,717 M € (prior year-end adjusted: 3,733 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 (502 M €, prior year-end: 1,993 M €), in other current assets (208 M €, prior year-end adjusted: 716 M €), in other non-current liabilities (-3,271 M €, prior year-end: -671 M €) and in other current liabilities (-2,232 M €, prior year-end adjusted: -302 M €), which corresponds to a total net fair value of -4,793 M € (prior year-end: +1,736 M €). The volume of hedged US dollar-contracts increases from 76 billion US dollar as at 31 December 2013 to 88 billion US dollar as at 31 December 2014. The US dollar spot rate is 1.21 USD/€ and 1.38 USD/€ at 31 December 2014 and at 31 December 2013 respectively. The average US dollar hedge rate for the hedge portfolio of the Group remains almost stable at 1.33 USD/€ as at 31 December 2014 compared to 1.34 USD/€ as at 31 December 2013.

Non-current securities with a remaining maturity of more than one year increased by +1,691 M € to 5,989 M € (prior year-end adjusted: 4,298 M €). The movement is related to the cash management policy of the Group.

Current assets

Inventories of 25,355 M € (prior year-end adjusted: 24,023 M €) increased by +1,332 M €. This is mainly related to Airbus (+1,804 M €), partly offset by a decrease in Airbus Defence and Space (-370 M €) and Airbus Helicopters (-167 M €). The increase in Airbus is mainly driven by the increased activity on the A350 XWB programme.

Trade receivables increased by +170 M € to 6,798 M € (prior year-end adjusted: 6,628 M €), mainly in Airbus Helicopters, partly compensated by a decrease in Airbus Defence and Space. This decrease is due to the reclassification to the disposal groups classified as held for sale.

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 +14 M € to 4,325 M € (prior year-end adjusted: 4,311 M €) includes the negative variation of the current portion of fair values of derivative financial instruments (-508 M €), more than compensated by increases in VAT receivables (+289 M €), in receivables from non-consolidated affiliated companies (+109 M €), in miscellaneous other current assets (+82 M €) and in prepaid expenses (+58 M €).

Current securities with a remaining maturity of one year or less increased by +598 M € to 3,183 M € (prior year-end adjusted: 2,585 M €).

Cash and cash equivalents increased from 7,201 M € (prior year-end adjusted) to 7,271 M € (see also Note 7 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounted to 7,061 M € (prior year-end adjusted: 10,864 M €) representing a decrease of -3,803 M €. This decrease was due to a dividend distribution of -587 M € (0.75 € per share) and a reduction in other comprehensive income of -5,705 M €, mainly derived from the mark to market revaluations of the hedge portfolio and changes of actuarial gains and losses due to an update of interest rates for pensions obligations. This was partly offset by a net income of +2,343 M € and the sale of treasury shares of +102 M €.

Non-controlling interests decreased to 18 M € (prior year-end adjusted: 42 M €). The decrease mainly resulted from the acquisition of Alestis and the subsequent recognition of its minority shareholders (-25 M €).

Non-current liabilities

Non-current provisions of 10,400 M € (prior year-end adjusted: 9,604 M €) include the non-current portion of pension provisions, which increased by +1,998 M € to 7,864 M € (prior year-end adjusted: 5,866 M €). Due to significant decreases of the discount rates for the various pension schemes of the Group, pension provisions increase by 1,998 M €.
Other provisions are also included in non-current provisions, and decreased by -1,202 M € to 2,536 M € (prior year-end adjusted: 3,738 M €). This decrease is mainly linked to the reclassification to current loss contract provisions and to the net presentation on the A350 XWB programme where inventories are presented net of the respective portion of the contract loss provision.

Included in non-current (and current) provision 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 increased by +2,474 M € to 6,278 M € (prior year-end adjusted: 3,804 M €). In April 2014 a 1 billion € bond was issued with a 10 year-maturity, which will pay a 2.375% coupon. In October 2014 a further bond for a total of 0.5 billion € was issued with a 15 year-maturity, which carries a coupon of 2.125%. In December 2014, the group entered into a 627 M USD loan agreement with the EIB with a 10 year-maturity and a fixed 2.52% interest rate.

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increased in total by +4,883 M € to 23,038 M € (prior year-end adjusted: 18,155 M €). Advance payments received increased by +2,028 M € and the negative fair values of financial instruments by +2,600 M €.

Current liabilities

Current provisions increased by +490 M € to 5,712 M € (prior year-end adjusted: 5,222 M €) and comprise the current portion of pensions provisions (386 M €) and of other provisions (5,326 M €). The increase is mainly linked to the reclassification of formerly non-current contract loss provisions for the A350 XWB. This was partly compensated by a decrease due to the A400M programme on which inventories are presented net of the respective portion of the contract loss provision.

Short-term financing liabilities decreased by -753 M € to 1,073 M € (prior year-end adjusted: 1,826 M €), mainly due to the repayment of the Group’s repurchase agreements and EIB loan.

Trade liabilities increased by +515 M € to 10,183 M € (prior year-end adjusted: 9,668 M €). This increase occurred mainly at Airbus Defence & Space.

Other current liabilities include "Current other financial liabilities", "Current other liabilities" and "Current deferred income". These liabilities increased by +772 M € to 29,791 M € (prior year-end adjusted: 29,019 M €) mainly due to the increase in the negative fair values of derivative financial instruments (+1,930 M €), to higher deferred income (+105 M €) and to higher value added tax liabilities (+75 M €), partly offset by a decrease of advance payments received (-1,549 M €).

7. Significant cash flow items

Cash provided by operating activities has improved by +731 M € to +2,560 M € (2013 adjusted: +1,829 M €).
Gross cash flow from operations (before changes in other operating assets and liabilities) of +4,946 M € increased compared to the prior period (2013 adjusted: +3,920 M €).
Changes in other operating assets and liabilities amounts to -2,386 M € (2013 adjusted: -2,091 M €) mainly due to an increase in inventories at Airbus. This increase reflects investment in programmes to support both production and development, particularly for the A350 XWB.

Cash (used for) investing activities amounts to -3,223 M € (2013 adjusted: -1,612 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -2,548 M € (2013 adjusted: -2,918 M €) reflecting investments to support the ramp-up phase mainly for A350 XWB, and a change in securities of -2,016 M € (2013 adjusted: +1,267 M €). This was partly compensated by proceeds from disposals of associates amounting to +1,083 M € (2013 adjusted: +154 M €) mainly due to the partial sale of Dassault Aviation shares (see Note 3 "Acquisitions and other M&A transactions").
Proceeds from disposal of intangible assets and property, plant and equipment amounts to +232 M € (2013 adjusted: +48 M €) and results mainly from the sale of the Paris Headquarters building.
Proceeds from disposal of subsidiaries amounts to -34 M € (2013: 0 M €) and corresponds to the sales of Test & Services and ND Satcom GmbH.
Acquisitions of subsidiaries amounts to -47 M € (2013 adjusted: -16 M €) and mainly reflects acquisitions of Alestis and Airbus Group Bank.
Dividends paid by companies valued at equity amounts to +143 M € (2013 adjusted: +146 M €) and comprises mainly MBDA (+57 M €), Dassault (+42 M €) and Atlas Group (+23 M €).

Cash provided by (used for) financing activities increased by +1,575 M € to +495 M € (2013 adjusted:
-1,080 M €). This increase comprises changes in long-term and short-term financing liabilities of +930 M € (2013 adjusted: +1,133 M €) and changes in treasury shares of +102 M € (2013: -1,915 M € due to share buy-back programme). The increase in long-term and short-term financing liabilities is mainly due to the issue of two bonds and movements on the loan agreements (please refer to Note 6 "Long-term financing liabilities" and "Short-term financing liabilities"). This increase is partly offset by the cash distribution to shareholders of -587 M € (2013: -467 M €).

8. Number of shares

The total number of shares issued is 784,780,585 and 783,157,635 as of 31 December 2014 and 31 December 2013 respectively. The Group's shares are exclusively ordinary shares with a par value of 1.00 €.

During the year 2014, the number of treasury stock held by Airbus Group decreased from 2,835,121 as of 31 December 2013 to 431,832 as of 31 December 2014. While most of these shares were sold back to the market, 248,469 shares were cancelled (2013: 53,197,232 shares).

In 2014, the Group issued 1,871,419 new shares due to the exercise of stock options (in 2013: 8,986,922 new shares).

9. 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 December 2014	1 January - 31 December 2013
Net income attributable to equity owners of the parent *)	2,343 M €	1,473 M €
Weighted average number of ordinary shares outstanding	782,962,385	792,466,862
Basic earnings per share *)	2.99 €	1.86 €

*) Previous years' figures are adjusted due to the application of IFRS10 and IFRS11.

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 2014 the average price of Airbus Group shares exceeded the exercise price of the 6th, 7th and 8th stock option plan as well as the share-settled performance units (in 2013: the 5th, 6th, 7th and 8th stock option plan), 1,193,364 potential shares (in 2013: 1,660,950 shares) were considered in the calculation of diluted earnings per share.

	1 January - 31 December 2014	1 January - 31 December 2013
Net income attributable to equity owners of the parent *)	2,343 M €	1,473 M €
Weighted average number of ordinary shares outstanding (diluted)	784,155,749	794,127,812
Diluted earnings per share *)	2.99 €	1.85 €

*) Previous years' figures are adjusted due to the application of IFRS10 and IFRS11.

10. Related party transactions

In December 2012 the Board of Directors announced a Multiparty Agreement, which was subsequently approved by the shareholders in an Extraordinary General Meeting on 27 March 2013, aimed at normalising and simplifying the governance of the Group while securing a shareholding structure that allows France, Germany and Spain to protect their legitimate strategic interests. The Completion ("Consummation") of the Multiparty Agreement occurred on 2 April 2013 and previously existing shareholder agreements with the French government, Daimler AG, Lagardère Group and the Spanish government (SEPI) were terminated. Consequently from this date onwards the Group no longer considers these former shareholders as related parties under IAS 24.

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

11. Number of employees

The number of employees as at 31 December 2014 is 138,622 as compared to 138,404 (adjusted) as at 31 December 2013.

12. 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). On 17 December 2014, the French Supreme Court agreed to transmit the constitutional challenge to the Conseil Constitutionnel who are scheduled to make their ruling by the end of March 2015. After being directed by the criminal court to correct inaccuracies in the charges, the investigating magistrate issued revised charge in January 2015. It is unlikely that the case will resume before the second half of 2015.

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.

13. Subsequent events

On 18 December 2014, Rheinmetall AG and Airbus Defence and Space have agreed on the conditions of the transfer of the A400M Loadmaster Control Contract from Rheinmetall to Cassidian Airborne Solutions GmbH (CAS). This non material transaction involves the termination of the service level agreement between the two companies and allows settling the claims between the companies in relation to the A400M application software contract. The agreements relative to this acquisition have become effective on 1 January 2015. The overall purchase price of 58.9 M € was paid on 2 January 2015.

On 14 January 2015, Airbus Group and Safran have completed the first phase of the integration process enabling Airbus Safran Launchers to become operational (see Note 3 “Acquisitions and other M&A transactions”).

They have engaged in the requisite consultation and approval procedures with competition authorities, Arianespace and the two Group’s works councils. The new organisational structure initially comprises 450 people joining Airbus Safran Launchers from Airbus Defence and Space, Herakles and Snecma as part of phase one. This structure will be further developed and shall eventually bring together all Airbus Group and Safran assets relating to launchers and propulsion systems in addition to associated personnel and shareholdings. The company’s head office is in Issy-les-Moulineaux, near Paris.

On 21 January 2015 Airbus Group and Parter Capital Group AG signed a final share purchase agreement to transfer 100% of the shares of Cassidian Belgium N.V. for a total consideration of 3.1 M € (see Note 3 “Acquisitions and other M&A transactions”).