Airbus SE
Unaudited Condensed Interim
IFRS Consolidated Financial Information
for the three-month period ended 31 March 2018

Contents

1

Airbus SE
Unaudited Condensed Interim
IFRS Consolidated Financial Statements

Unaudited Condensed Interim
IFRS Consolidated Income Statement

(In € million)	Note	**1 January - 31 March 2018**	1 January - 31 March 2017
Revenue [(1)]	**6**	**10,119**	**11,442**
Cost of sales [(1)]		(9,045)	(10,437)
Gross margin [(1)]	**6**	**1,074**	**1,005**
Selling expenses		(185)	(211)
Administrative expenses		(357)	(412)
Research and development expenses		(616)	(548)
Other income		256	703
Other expenses		(9)	(21)
Share of profit from investments accounted for under the equity method [(1)]		31	42
Other income from investments		5	17
Profit before financial result and income taxes [(1)]	**6**	**199**	**575**
Interest income		41	39
Interest expense		(104)	(127)
Other financial result		102	(118)
Total financial result	7	39	(206)
Income taxes [(1)]	8	46	41
Profit for the period [(1)]		**284**	**410**
Attributable to:			
Equity owners of the parent (Net income) [(1)]		283	409
Non-controlling interests		1	1
Earnings per share		**€**	**€**
Basic [(1)]	9	0.37	0.53
Diluted [(1)]	9	0.37	0.53

(1) Previous year figures are restated due to the application of IFRS 15.

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

Unaudited Condensed Interim IFRS Consolidated Statement of Comprehensive Income

(In € million)	**1 January - 31 March 2018**	1 January - 31 March 2017
Profit for the period (1)	**284**	**410**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of the defined benefit pension plans	(261)	65
Change in fair value of financial assets (2)	(50)	0
Share of change from investments accounted for under the equity method	6	6
Income tax relating to items that will not be reclassified	66	(39)
Items that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	(108)	(37)
Change in fair value of cash flow hedges	1,994	1,818
Change in fair value of financial assets (2)	(44)	53
Share of change from investments accounted for under the equity method	(6)	(9)
Income tax relating to items that may be reclassified	(547)	(513)
Other comprehensive income, net of tax	**1,050**	**1,344**
Total comprehensive income for the period (1)	**1,334**	**1,754**
Attributable to:		
Equity owners of the parent (1)	1,328	1,744
Non-controlling interests	6	10

(1) Previous year figures are restated due to the application of IFRS 15.
(2) IFRS 9 new classification category (prior year-end: change in fair value of available-for-sale financial assets).

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

Unaudited Condensed Interim
IFRS Consolidated Statement of Financial Position

(In € million)	Note	**31 March 2018**	31 December 2017
Assets			
Non-current assets			
Intangible assets	10	11,573	11,629
Property, plant and equipment	10	16,502	16,610
Investment property		2	3
Investments accounted for under the equity method	11	1,476	1,617
Other investments and other long-term financial assets	12	4,322	4,204
Non-current contract assets	14	3	1
Non-current other financial assets	16	3,876	2,980
Non-current other assets	17	983	975
Deferred tax assets		4,395	4,563
Non-current securities		10,755	10,944
Total non-current assets (1)		**53,887**	**53,526**
Current assets			
Inventories	13	32,814	29,737
Trade receivables	14	5,350	5,487
Current portion of other long-term financial assets		557	529
Current contract assets	14	2,282	2,120
Current other financial assets	16	2,301	1,979
Current other assets	17	4,026	2,937
Current tax assets		1,064	914
Current securities		1,814	1,627
Cash and cash equivalents	19	8,354	12,016
Total current assets (1)		**58,562**	**57,346**
Assets and disposal group of assets classified as held for sale	3	28	202
Total assets (1)		**112,477**	**111,074**

(In € million)	Note	**31 March 2018**	31 December 2017
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		775	775
Reserves [1]		7,338	7,225
Accumulated other comprehensive income [1]		3,982	2,742
Treasury shares		(39)	(2)
Total equity attributable to equity owners of the parent [1]		**12,056**	**10,740**
Non-controlling interests		10	2
Total equity [2]	**18**	**12,066**	**10,742**
Liabilities			
Non-current liabilities			
Non-current provisions [1]	15	10,147	9,779
Long-term financing liabilities	20	8,828	8,984
Non-current contract liabilities [1]	14	13,975	15,353
Non-current other financial liabilities [1]	16	6,414	6,704
Non-current other liabilities [1]	17	411	298
Deferred tax liabilities [1]		1,507	1,002
Non-current deferred income [1]		48	42
Total non-current liabilities [1]		**41,330**	**42,162**
Current liabilities			
Current provisions [1]	15	5,891	6,272
Short-term financing liabilities [1]	20	2,326	2,213
Trade liabilities [1]		12,200	13,406
Current contract liabilities [1]	14	29,767	28,227
Current other financial liabilities [1]	16	1,792	2,050
Current other liabilities [1]	17	5,226	3,909
Current tax liabilities		1,315	1,481
Current deferred income		542	506
Total current liabilities [1]		**59,059**	**58,064**
Disposal group of liabilities classified as held for sale	3	22	106
Total liabilities [1]		**100,411**	**100,332**
Total equity and liabilities [1]		**112,477**	**111,074**

(1) Previous year figures are restated due to the application of IFRS 15.

(2) As of 31 March 2018, the accumulated other comprehensive income, previously classified within equity relating to assets and disposal groups classified as held for sale, amounts to € -65 million.

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

Unaudited Condensed Interim IFRS Consolidated Statement of Cash Flows

(In € million)	Note	**1 January - 31 March 2018**	1 January - 31 March 2017
Operating activities:			
Profit for the period attributable to equity owners of the parent (Net income) (1)		283	409
Profit for the period attributable to non-controlling interests		1	1
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Depreciation and amortization		564	551
Valuation adjustments (1)		(94)	85
Deferred tax expense (income) (1)		192	256
Change in income tax assets, income tax liabilities and provisions for income tax		(320)	(306)
Results on disposals of non-current assets		(207)	(696)
Results of investments accounted for under the equity method (1)		(31)	(42)
Change in current and non-current provisions (1)		(128)	(15)
Contribution to plan assets		(53)	(106)
Change in other operating assets and liabilities (1)		**(3,797)**	**(1,493)**
Cash provided by operating activities (1) (2)		**(3,590)**	**(1,356)**
Investing activities:			
Purchases of intangible assets, property, plant and equipment, investment property		(393)	(482)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		156	2
Proceeds from disposals of subsidiaries (net of cash)	3	0	738
Payments for investments accounted for under the equity method, other investments		(188)	(450)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		103	168
Disposals of non-current assets and disposal groups classified as assets held for sale		193	0
Change in securities		5	285
Cash (used for) investing activities		**(124)**	**261**
Financing activities:			
Change in financing liabilities		156	159
Change in treasury shares		(37)	0
Cash provided by (used for) financing activities		**119**	**159**
Effect of foreign exchange rate changes on cash and cash equivalents		(72)	(38)
Net increase in cash and cash equivalents		**(3,667)**	**(974)**
Cash and cash equivalents at beginning of period (3)		**12,021**	**10,160**
Cash and cash equivalents at end of period		**8,354**	**9,186**

(1) Previous year figures are restated due to the application of IFRS 15.

(2) Cash provided by operating activities has been positively impacted by certain agreements reached with the Company's suppliers and customers relating to the settlement of claims and negotiation on payment terms.

(3) The cash and cash equivalents at the beginning of the period 2018 include € 5 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 Statement of Changes in Equity

(In € million)	Equity attributable to equity owners of the parent	Non-controlling interests	Total Equity
Balance at 1 January 2017, as reported	**3,657**	**(5)**	**3,652**
Restatements [(1)]	(2,088)	0	(2,088)
Balance at 1 January 2017, restated [(1)]	**1,569**	**(5)**	**1,564**
Profit for the period [(1)]	409	1	410
Other comprehensive income	1,335	9	1,344
Total comprehensive income for the period	1,744	10	1,754
Share-based payment (IFRS 2)	23	0	23
Equity transaction (IAS 27)	0	(23)	(23)
Balance at 31 March 2017, restated	**3,336**	**(18)**	**3,318**
Balance at 1 January 2018, as reported	**13,348**	**3**	**13,351**
Restatements [(1) (2)]	(2,616)	(1)	(2,617)
Balance at 1 January 2018, restated [(1) (2)]	**10,732**	**2**	**10,734**
Profit for the period [(1)]	283	1	284
Other comprehensive income	1,045	5	1,050
Total comprehensive income for the period	1,328	6	1,334
Share-based payment (IFRS 2)	33	0	33
Equity transaction (IAS 27)	0	2	2
Change in treasury shares	(37)	0	(37)
Balance at 31 March 2018	**12,056**	**10**	**12,066**

(1) Previous year figures are restated due to the application of IFRS 15.
(2) Opening balance figures are restated due to the application of IFRS 9.

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

2

Notes to the Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

1. The Company

The accompanying Unaudited Condensed Interim IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** and its subsidiaries, a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 24288945. The Company reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see "– Note 5: Segment Information"). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The Unaudited Condensed Interim IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 26 April 2018.

2. Accounting Policies

The Unaudited Condensed Interim Consolidated Financial Statements are 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 2018. They are prepared and reported in euro ("€") and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

These Unaudited Condensed Interim IFRS Consolidated Financial Statements are prepared in compliance with IAS 34 and should be read in conjunction with the IFRS Consolidated Financial Statements as of 31 December 2017. With the exception of the changes highlighted below and applied for the first time in the first three months 2018, the Company's accounting policies and methods are unchanged compared to 31 December 2017.

The Company has implemented the new standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" on 1 January 2018. As a result, the Company has changed its accounting policy for revenue recognition and for the accounting of financial instruments as detailed below.

The implementation of other amended standards and new interpretation has no material impact on the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 31 March 2018.

IFRS 15 "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive framework for determining when to recognise revenue and how much revenue to recognise. IFRS 15 replaced the former revenue recognition standards IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of control of the promised goods or/and services in an amount that reflects the consideration to which that entity is entitled.

The Company adopted the new standard on 1 January 2018, using the full retrospective transition method. Accordingly, the Company restated the comparative 2017 results included in the first three months 2018 Unaudited Condensed Interim IFRS Consolidated Financial Statements. The opening equity was restated as of 1 January 2017.

The Company has elected practical expedients for completed contracts and contract modifications.

As a result, the implementation of IFRS 15 "Revenue from contracts with customers", the Company revised its accounting policies.

Revenue recognition

The Company recognises revenue when it transfers the control of the promised goods and services to the customer. The Company measures revenue, for the consideration to which the Company is expected to be entitled in exchange for transferring promised goods or services. Variable considerations are included in the transaction price when it is highly probable that there will be no significant reversal of the revenue in the future.

Revenue from the sale of commercial aircraft

Revenue will continue to be recognised at a point in time (*i.e.* at the delivery of the aircraft). The Company will estimate the amount of price concession for delivered aircraft and will treat the price concession as a reduction of both revenue and cost of sales.

Revenue from the sale of military aircraft, space systems and services

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (*i.e.* under the percentage of completion method).

The Company transfers control over time when:

- it produces a good with no alternative use and the Company has an irrevocable right to payment (including a reasonable margin) for the work completed to date, in the event of termination of the contract for the convenience of the customer (*e.g.* Tiger contract).
- it creates a good which is controlled by the customer as the good is created or enhanced (*e.g.* Eurofighter contracts, some border security contracts).
- the customer simultaneously receives and consumes the benefits provided by the Company (*e.g.* maintenance contracts).

When none of the criteria stated above have been met, revenue is recognised at a point in time. Revenue has been recognised at the delivery of the aircraft under IFRS 15 from the sale of military transport aircraft, from the A400M launch contract and most of NH90 serial helicopters contracts.

The most significant changes result from the following:

- Several performance obligations are identified instead of recognising a single contract margin under IAS 11 (*e.g.* A400M, NH90 contracts). In some cases, the over time (*e.g.* percentage of completion ("PoC") method) revenue recognition criteria are not fulfilled under IFRS 15. In particular, on A350 launch contracts, on A400M series production and certain NH90 contracts, revenue and production costs relative to the manufacture of aircraft are recognised at a point in time (*e.g.* upon delivery of the aircraft to the customer).
- Under IFRS 15, measurement of the revenue takes into account variable consideration constraints in order to achieve high likelihood that a significant reversal of the recognised revenue will not occur in the future. The constraint in assessing revenue at completion for some contracts (A400M) generates a decrease in recognised revenue.
- Under IFRS 15, for the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of performance obligations is based on inputs (*i.e.* cost incurred) rather than on outputs (*i.e.* milestones achieved). On Airbus current long-term construction contracts progress were usually measured based on milestones achieved (*e.g.* Tiger programme, satellites, orbital infrastructures). Under IFRS 15, Airbus measures progress of work performed using a cost-to-cost approach, whenever control of the work performed transfers to the customer over time.

IFRS 15 also impact the presentation of the revenue. Under IAS 18, Airbus recognised revenue based on the amount of its contracts with its customer, unless it has confirmation of the amount of the price concession. In contrast, IFRS 15 requires Airbus to estimate the amount of price concession in all cases and to treat the price concession as a reduction of revenue and cost of sales. Under IFRS 15, revenue and cost of sales decrease by the amount of the estimated concession granted by Airbus engine supplier to their customers.

In addition to these changes, IFRS 15 introduced a new class of assets and liabilities "contract assets" and "contract liabilities".

- A contract asset represents the company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time (*e.g.* receivables recognised from the application of the PoC method before the Company has a right to invoice. These receivables were prior to the implementation of IFRS 15 reported within "trade receivables").
- A contract liability represents the Company's obligation to transfer goods or services to a customer for which the customer has paid a consideration (*e.g.* contract liabilities mainly include the customer advance payments received which were reported prior to the implementation of IFRS 15 within the "other liabilities").

For any individual contract, either a contract asset or a contract liability is presented on a net basis.

The distinction between non-current and current presentation remains unchanged.

The following tables summarise the impacts on the comparative information resulting from the change in revenue recognition principles:

Condensed IFRS Consolidated Statements of Financial Position as at 31 December 2017

(In € million)	As previously reported	IFRS 15	As restated
Non-current assets			
Intangible assets	11,629	0	11,629
Property, plant and equipment	16,610	0	16,610
Investments accounted for under the equity method	1,678	(61)	1,617
Non-current contract assets	0	1	1
Non-current other assets	24,024	(355)	23,669
Total non-current assets	**53,941**	**(415)**	**53,526**
Current assets		**0**	
Inventories	31,464	(1,727)	29,737
Trade receivables	8,358	(2,871)	5,487
Current contract assets	0	2,120	2,120
Current other assets	8,158	30	8,188
Cash and cash equivalents	12,016	0	12,016
Total current assets	**59,996**	**(2,448)**	**57,548**
Total assets	**113,937**	**(2,863)**	**111,074**
Equity and liabilities			
Total equity	13,351	(2,609)	10,742
Liabilities			
Non-current liabilities			
Non-current provisions	10,153	(374)	9,779
Non-current contract liabilities	0	15,353	15,353
Non-current other liabilities	34,302	(17,272)	17,030
Total non-current liabilities	**44,455**	**(2,293)**	**42,162**
Current liabilities			
Current provisions	6,575	(303)	6,272
Trade liabilities	13,444	(38)	13,406
Current contract liabilities	0	28,227	28,227
Current other liabilities	36,112	(25,847)	10,265
Total current liabilities	**56,131**	**2,039**	**58,170**
Total liabilities	**100,586**	**(254)**	**100,332**
Total equity and liabilities	**113,937**	**(2,863)**	**111,074**

Condensed IFRS Consolidated Income Statements for the three-month period ended 31 March 2017

(In € million)	As previously reported	IFRS 15	As restated
Revenue	**12,988**	**(1,546)**	**11,442**
Cost of sales	(11,703)	1,266	(10,437)
Gross margin	**1,285**	**(280)**	**1,005**
Selling, administrative and other expenses	(644)	0	(644)
Research and development expenses	(548)	0	(548)
Other income	703	0	703
Share of profit from investments accounted for under the equity method and other income from investment	56	3	59
Profit before financial result and income taxes (EBIT)	**852**	**(277)**	**575**
Total financial result	(206)	0	(206)
Income taxes	(37)	78	41
Profit for the period	**609**	**(199)**	**410**

IFRS 9 “Financial Instruments”

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 “Financial instruments: recognition and measurement”. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

The Company has elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the reporting period, with the difference recognized in opening equity.

Hedging instruments in place as at 31 December 2017 qualify as hedges under IFRS 9. The Company’s risk management strategies and hedge documentation are aligned with the requirement of the new standard and hedge accounting continues to apply.

Changes in the time value of foreign currency options used as hedging instruments were previously recognised in the income statement. Upon adoption of IFRS 9, the Company will retrospectively account for changes in the time value of its foreign currency options as a cost of hedging through other comprehensive income and recognize them as a separate component of equity. The cumulative cost-of-hedging will be reclassified to profit or loss when the hedged transaction affects profit or loss. At that point, the cumulative cost-of-hedging will equal the net option premium initially paid, which had no value under the option strategy applied by the Company up to the first-time adoption of IFRS 9. As a result, there will be no EBIT impact arising from retrospectively applying the cost-of-hedging guidance.

Applying the cost-of-hedging guidance retrospectively results in an increase of the 2018 opening balance of accumulated other comprehensive income by € +172 million on a net of tax basis and a corresponding decrease of the opening balance of retained earnings. As a result, the total equity as of 1 January 2018 would not have changed.

From 1 January 2018, the Company classifies its financial assets according to IFRS 9 using the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss), and
- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through other comprehensive income – This category comprises (i) equity investments that are not held for trading nor represent contingent consideration. With the exception of dividends received, the associated gains and losses (including any related foreign exchange component) are recognised in OCI. Unlike the treatment of “available-for-sale” equity investments under IAS 39, amounts presented in OCI are not subsequently transferred to profit and loss on de-recognition of the equity investment nor in the event of an impairment. (ii) Debt instruments where contractual cash flows are solely payments of principal and interest, and that are held both for sales and collecting contractual cash flows. These instruments are measured in a manner similar to the “available-for- sale” debts instruments under IAS39, as described in detail in Note 35.2 to the 2017 Consolidated Financial Statements.

Financial assets at fair value through profit and loss –This category comprises all other financial assets that are to be measured at fair value (including equity investments for which the Company did not elect to present changes in fair value in other comprehensive income).

There was no significant impact in the opening financial position, on the amounts recognised in relation to these assets from the adoption of IFRS 9.

The total impact on the group’s retained earnings due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

(In € million)	1 January 2018
Opening equity - IAS 39	**10,742**
Increase in expected loss allowance for trade receivables and contract assets (1)	(7)
Increase in expected loss allowance for other financial assets (1)	(4)
Deferred tax effects	3
Adjustment to equity from adoption of IFRS 9	**(8)**
Opening equity – IFRS 9	**10,734**

(1) The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument if the instrument is determined to have low credit risk at the reporting date. Similarly, the Company has determined that its trade receivables and contract assets generally have low credit risk. The Company has applied the practical approach of measuring expected credit losses of trade receivables and contract assets on a lifetime basis.

Use of Estimates and Judgements

In preparing the Unaudited Condensed Interim IFRS Consolidated Financial Statements, management makes assumptions and estimates. The underlying assumptions used for the main estimates are similar to those described in the Company's IFRS Consolidated Financial Statements as of 31 December 2017. 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 16 October 2017, Airbus and **Bombardier Inc. ("Bombardier")** signed an agreement that brings together Airbus' global reach and scale with Bombardier's newest, state-of-the-art jet aircraft family. Under the agreement, Airbus will provide procurement, sales and marketing, and customer support expertise to the C Series Aircraft Limited Partnership ("CSALP"), the entity that manufactures and sells the C Series. At closing, Airbus will acquire a 50.01% interest in CSALP. Bombardier and Investissement Québec will own approximately 31% and 19%, respectively. The transaction has been approved by the Boards of Directors of both Airbus and Bombardier, as well as the Cabinet of the Government of Québec. The transaction remains subject to regulatory approvals, as well as other conditions usual in this type of transaction.

Disposals

On 7 March 2018, the Company finalised the sale of **Plant Holdings, Inc.**, held by the Airbus DS Communications Inc. business, to Motorola Solutions after receiving the required regulatory approvals. Airbus Defence and Space recognised a gain of € 159 million, reported in other income.

Assets and Disposal Groups Classified as Held for Sale

As of 31 March 2018, the Company accounted for **assets and disposal groups of assets classified as held for sale** in the amount of € 28 million (prior year-end: € 202 million). **Disposal group of liabilities classified as held for sale** as of 31 March 2018 amount to € 22 million (prior year-end: € 106 million).

4. Related Party Transactions

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

The Company participates in the UK in several funded trustee-administered pension plans, some of which have BAE Systems as principal employer.

5. Segment Information

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

- **Airbus** (formerly Airbus Commercial Aircraft and Headquarters) — 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. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft as well as Unmanned Aerial systems and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Communication, Intelligence & Security provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems.

The following tables present information with respect to the Company'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. Other activities not allocable to the reportable segments, together with consolidation effects, are disclosed in the column "Transversal/Eliminations".

The Company uses EBIT as a key indicator of its economic performance.

Business segment information for the three-month period ended 31 March 2018 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	Consolidated Airbus
Total revenue	7,222	961	2,217	0	10,400
Internal revenue	(166)	(100)	(15)	0	(281)
Revenue	**7,056**	**861**	**2,202**	**0**	**10,119**
thereof:					
sales of goods at a point in time	*6,395*	*58*	*709*	*0*	*7,162*
sales of goods over time	*0*	*341*	*648*	*0*	*989*
services, including sale of spare parts	*661*	*462*	*845*	*0*	*1,968*
Profit (loss) before financial result and income taxes (EBIT)	**(2)**	**(10)**	**265**	**(54)**	**199**
thereof research and development expenses	*(430)*	*(70)*	*(58)*	*(58)*	*(616)*
Interest result					(63)
Other financial result					102
Income taxes					46
Profit for the period					**284**

Business segment information for the three-month period ended 31 March 2017 is as follows: [(1)]

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	Consolidated Airbus
Total revenue	8,166	1,176	2,340	0	11,682
Internal revenue	(69)	(142)	(29)	0	(240)
Revenue	**8,097**	**1,034**	**2,311**	**0**	**11,442**
thereof:					
sales of goods at a point in time	*7,409*	*43*	*532*	*0*	*7,984*
sales of goods over time	*0*	*405*	*1,028*	*0*	*1,433*
services, including sale of spare parts	*688*	*586*	*751*	*0*	*2,025*
Profit (loss) before financial result and income taxes (EBIT)	**(48)**	**(6)**	**657**	**(28)**	**575**
thereof research and development expenses	*(374)*	*(65)*	*(60)*	*(49)*	*(548)*
Interest result					(88)
Other financial result					(118)
Income taxes					41
Profit for the period					**410**

(1) Previous year figures are restated due to the application of IFRS 15.

6. Revenue, Gross Margin and Profit before Financial Result and Income Taxes

Revenue decreased by € -1,323 million to € 10,119 million (first three months 2017 (restated): € 11,442 million), mainly due to a decrease at Airbus (€ -944 million) and Airbus Helicopters (€ -215 million). At Airbus, the decrease was mostly driven by an adverse foreign exchange rate impact and a negative volume effect.

Revenue by geographical areas based on the location of the customer is as follows:

(In € million)	**1 January - 31 March 2018**	1 January - 31 March 2017 [(1)]
Europe	3,388	3,618
Asia-Pacific	2,636	3,409
North America	1,975	2,081
Middle East	1,298	1,119
Latin America	144	428
Other Countries	678	787
Total	**10,119**	**11,442**

(1) Previous year figures are restated due to the application of IFRS 15.

The **gross margin** increased by € +69 million to € 1,074 million compared to € 1,005 million in the first three months 2017 (restated). The gross margin rate increased from 8.8% (restated) to 10.6%.

In the first three months 2018, Airbus has delivered 17 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of March 2018 have been reflected in the financial statements.

The industrial ramp-up is progressing and associated risks continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remain with recurring cost convergence as the ramp-up continues.

4 A400M aircraft were delivered in 2018. In total, 61 aircraft have been delivered as of 31 March 2018.Tthe Company continued with development activities toward achieving the revised capability roadmap. Retrofit activities are progressing.

In 2017, the Company entered into discussions with OCCAR and the customer Nations that resulted in the signature of a Declaration of Intent ("DOI") on 7 February 2018 agreeing on a global re-baselining of the contract, including a revised aircraft delivery schedule, an updated technical capability roadmap and a revised retrofit schedule. The DOI represents an important step towards reaching a contractually binding agreement also mitigating the commercial exposure while satisfying customer needs with regard to capabilities and availability of the aircraft. The Company is working together with OCCAR and the customer Nations on turning the DOI into a contract amendment within 2018.

A detailed review of the programme concluded in the fourth quarter of 2017 including an estimate of the financial impacts of the above mentioned adaptations on schedule, capabilities and retrofit resulted in an update of the loss making contract provision of € 1,299 million for the year 2017 (thereof € 1,149 million in the fourth quarter 2017). The Company's remaining exposure going forward is expected to be more limited. Risks remain on development of technical capabilities and the associated costs, on securing sufficient export orders in time, and on cost reductions as per the revised baseline. The year end 2017 assessment remains unchanged as of 31 March 2018.

The A400M contractual SOC 1, SOC 1.5, SOC 2, SOC 2.5 and SOC 3 development milestones remain to be achieved. SOC 1 fell due end October 2013, SOC 1.5 fell due end December 2014, SOC 2 end of December 2015 and SOC 2.5 end of October 2017. The associated termination rights became exercisable by OCCAR on 1 November 2014, 1 January 2016, and 1 January 2017, respectively. Management judges that it is highly unlikely that any of these termination rights will be exercised.

The **profit before finance result and income taxes** decreased by € -376 million to € 199 million compared to € 575 million in the first three months 2017 (restated), mainly driven by a decrease in other income.

Research and development expenses increased by 12% primarily reflecting R&D activities on the A350 XWB programme at Airbus.

Other income decreased by € -447 million to € 256 million compared to € 703 million in the first three months 2017, mostly driven by the capital gain from disposals of Airbus Defence and Space entities (see "– Note 3: Acquisitions and Disposals").

7. Total Financial Result

Total financial result improved by € +245 million to € 39 million compared to € -206 million in the first three months 2017. This is mainly due to the revaluation of certain equity investments under IFRS 9, partly offset by a negative impact from the revaluation of financial instruments of € -149 million.

8. Income Taxes

The **income tax** benefit of € 46 million (first three months 2017 (restated): € 41 million) corresponds to an effective tax rate of -19.3% (first three months 2017 (restated): -11.1%). This is due to the sale of Plant Holdings, Inc. (see "– Note 3: Acquisitions and Disposals") and the impact of IFRS 9 (see "–Note 2: Accounting Policies"), both tax-free.

9. Earnings per Share

	1 January - 31 March 2018	1 January - 31 March 2017
Profit for the period attributable to equity owners of the parent (Net income) [(1)]	€ 283 million	€ 409 million
Weighted average number of ordinary shares	774,364,786	772,728,699
Basic earnings per share [(1)]	**€ 0.37**	**€ 0.53**

(1) Previous year figures are restated due to the application of IFRS 15.

Diluted earnings per share – The Company's categories of dilutive potential ordinary shares are share-settled Performance Units relating to **Long-Term Incentive Plans ("LTIP")** and **the convertible bond** issued on 1 July 2015. During the first three months 2018, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 671,747 shares (first three months 2017: 417,618 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 three months 2018, by adding back € 2 million of interest expense to the profit for the period attributable to equity owners of the parent (first three months 2017: € 2 million) and by including 5,022,990 of dilutive potential ordinary shares.

	1 January - 31 March 2018	1 January - 31 March 2017
Profit for the period attributable to equity owners of the parent (Net income)[(1)]	€ 285 million	€ 411 million
Weighted average number of ordinary shares (diluted) [(2)]	780,059,523	778,169,307
Diluted earnings per share [(1)]	**€ 0.37**	**€0.53**

(1) Previous year figures are restated due to the application of IFRS 15.

(2) Dilution assumes conversion of all potential ordinary shares.

10. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -56 million to € 11,573 million (prior year-end: € 11,629 million). Intangible assets mainly relate to goodwill of € 9,130 million (prior year-end: € 9,141 million).

Property, plant and equipment decreased by € -108 million to € 16,502 million (prior year-end (restated): € 16,610 million) mainly at Airbus (€ -95 million). Property, plant and equipment includes leased assets of € 58 million (prior year-end: € 52 million).

11. Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by € -141 million to € 1,476 million (prior year-end (restated): € 1,617 million) and mainly include the equity investments in ArianeGroup, MBDA and ATR.

12. Other Investments and Other Long-Term Financial Assets

(In € million)	**31 March 2018**	31 December 2017
Other investments	2,605	2,441
Other long-term financial assets	1,717	1,763
Total non-current other investments and other long-term financial assets	**4,322**	**4,204**
Current portion of other long-term financial assets	**557**	**529**
Total	**4,879**	**4,733**

Other investments mainly comprise the Company's participations. The significant participations at 31 March 2018 include the remaining investment in Dassault Aviation amounting to € 1,280 million (prior year-end: € 1,071 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,587 million as of 31 March 2018 (prior year-end: € 1,521 million), and the sales finance activities in the form of finance lease receivables and loans from aircraft financing.

13. Inventories

Inventories of € 32,814 million (prior year-end (restated): € 29,737 million) increased by € +3,077 million. This is mainly driven by Airbus (€ +2,490 million), and reflects an increase in work in progress associated with A350 XWB ramp-up, and Airbus Defence and Space (€ +434 million).

14. Trade Receivables, Contract Assets and Contract Liabilities

As of 31 March 2018, **contract assets** include receivables from revenue recognised on overtime contract in the amount of € 9,635 million (prior year-end: € 11,349 million) and **contract liabilities** include customer advance payment received in the amount of € 49,004 million (prior year-end: € 47,580 million).

15. Provisions

(In € million)	**31 March 2018**	31 December 2017
Provisions for pensions	8,669	8,361
Other provisions	7,369	7,690
Total	**16,038**	**16,051**
thereof non-current portion	*10,147*	*9,779*
thereof current portion	*5,891*	*6,272*

Provisions for pensions increased by € +308 million due to the negative development of funds in Germany and the UK.

Other provisions are presented net of programme losses against inventories (see "– Note 13: Inventories").

A restructuring provision associated with the re-organisation of the Company of € 160 million was recorded at year-end 2016, following the communication of the plan to the employees and the European Works Council in November 2016. The French social plan was agreed between the Company and the works council in June 2017. The German social plan was agreed between the Company and the works councils in September 2017, and the reconciliation of interests were finalized on 21 February 2018

In Airbus Helicopters, the restructuring plan launched in 2016 was signed by the three representative trade unions and validated by the Work Administration Agency (DIRECCTE) in March 2017.

An H225 Super Puma helicopter was involved in an accident on 29 April 2016. Management is cooperating fully with the authorities to determine the precise cause of the accident. An estimate of the related net future costs has been prepared and is included in other provisions.

16. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

(In € million)	**31 March 2018**	31 December 2017
Positive fair values of derivative financial instruments	3,790	2,901
Others	86	79
Total non-current other financial assets	**3,876**	**2,980**
Receivables from related companies	922	992
Positive fair values of derivative financial instruments	997	663
Others	382	324
Total current other financial assets	**2,301**	**1,979**
Total	**6,177**	**4,959**

Other Financial Liabilities

(In € million)	**31 March 2018**	31 December 2017
Liabilities for derivative financial instruments	848	1,127
European Governments refundable advances	5,527	5,537
Others [(1)]	39	40
Total non-current other financial liabilities [(1)]	**6,414**	**6,704**
Liabilities for derivative financial instruments	837	1,144
European Governments refundable advances	369	364
Liabilities to related companies [(1)]	139	199
Others	447	343
Total current other financial liabilities [(1)]	**1,792**	**2,050**
Total [(1)]	**8,206**	**8,754**

(1) Previous year figures are restated due to the application of IFRS 15.

The total net fair value of derivative financial instruments improved by € +1,809 million to € 3,102 million (prior year-end: € 1,293 million) as a result of the devaluation of the US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

17. Other Assets and Other Liabilities

Other Assets

(In € million)	**31 March 2018**	31 December 2017
Cost to fulfil a contract [(1)]	873	868
Prepaid expenses [(1)]	18	15
Others [(1)]	92	92
Total non-current other assets [(1)]	**983**	**975**
Value added tax claims	2,701	1,892
Cost to fulfil a contract [(1)]	522	522
Prepaid expenses [(1)]	308	146
Others	495	377
Total current other assets [(1)]	**4,026**	**2,937**
Total [(1)]	**5,009**	**3,912**

(1) Previous year figures are restated due to the application of IFRS 15.

Other Liabilities

(In € million)	**31 March 2018**	31 December 2017
Others [(1)]	411	298
Total non-current other liabilities [(1)]	**411**	**298**
Tax liabilities (excluding income tax)	2,261	1,397
Others	2,965	2,512
Total current other liabilities [(1)]	**5,226**	**3,909**
Total [(1)]	**5,637**	**4,207**

(1) Previous year figures are restated due to the application of IFRS 15.

18. Total Equity

The Company's shares are exclusively ordinary shares with a par value of € 1.00. The following table shows the development of the number of shares issued and fully paid:

(In number of shares)	**31 March 2018**	31 December 2017
Issued as at 1 January	**774,556,062**	**772,912,869**
Issued for ESOP	0	1,643,193
Issued for exercised options	0	0
Cancelled	0	0
Issued at end of period	**774,556,062**	**774,556,062**
Treasury shares	(518,198)	(129,525)
Outstanding at end of period	**774,037,864**	**774,426,537**

Holders of ordinary shares are entitled to dividends and to one vote per share at general meetings of the Company.

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to € 12,056 million (prior year-end (restated): € 10,740 million) representing an increase of € +1,316 million. This is due to an increase in other comprehensive income of € +1,045 million, principally related to the mark to market revaluation of the hedge portfolio of € +1,428 million, and a net income for the period of € 283 million.

The non-controlling interests ("NCI") from non-wholly owned subsidiaries increased to € 10 million as of 31 March 2018 (prior year-end: € 2 million).

19. Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders.

(In € million)	**31 March 2018**	31 December 2017
Cash and cash equivalents	8,354	12,016
Current securities	1,814	1,627
Non-current securities	10,755	10,944
Gross cash position	**20,923**	**24,587**
Short-term financing liabilities	(2,326)	(2,213)
Long-term financing liabilities	(8,828)	(8,984)
Total	**9,769**	**13,390**

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

(In € million)	**31 March 2018**	31 December 2017
Bank account and petty cash	3,057	3,672
Short-term securities (at fair value through profit and loss)	4,366	6,256
Short-term securities (at fair value through other comprehensive income) (1)	980	2,085
Others	(49)	8
Total cash and cash equivalents	**8,354**	**12,021**
Recognised in disposal groups classified as held for sale	0	5
Recognised in cash and cash equivalents	**8,354**	**12,016**

(1) IFRS 9 new classification category (prior year-end: available-for-sale).

Only securities with a maturity of three months or less from the date of the acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, are recognised in cash equivalents.

Financing Liabilities

(In € million)	31 March 2018	31 December 2017
Bonds	6,434	6,551
Liabilities to financial institutions	1,687	1,722
Loans	393	385
Liabilities from finance leases	313	325
Others (1)	1	1
Total non-current other financing liabilities	**8,828**	**8,984**
Bonds	507	512
Liabilities to financial institutions	283	290
Loans	118	144
Liabilities from finance leases	17	17
Others (1)	1,401	1,250
Total current other financing liabilities	**2,326**	**2,213**
Total	**11,154**	**11,197**

(1) Included in “others” are financing liabilities to joint ventures.

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions, decreased by € -156 million to € 8,828 million (prior year-end: € 8,984 million).

Short-term financing liabilities increased by € +113 million to € 2,326 million (prior year-end: € 2,213 million).

20. Information about Financial Instruments

The following table presents the composition of derivative financial instruments:

(in € million)	**31 March 2018**	31 December 2017
Non-current positive fair values	3,790	2,901
Current positive fair values	997	663
Total positive fair values of derivative financial instruments	**4,787**	**3,564**
Non-current negative fair values	(848)	(1,127)
Current negative fair values	(837)	(1,144)
Total negative fair values of derivative financial instruments	**(1,685)**	**(2,271)**
Total net fair values of derivative financial instruments	**3,102**	**1,293**

The volume of hedged US dollar-contracts was US$ 82.6 billion as at 31 March 2018 (prior year-end: US$ 88.7 billion). The US dollar spot rate was 1.23 US$/€ and 1.20 US$/€ at 31 March 2018 and at 31 December 2017, respectively. The average US dollar hedge rate for the hedge portfolio of the Company decreased to 1.23 US$/€ as at 31 March 2018 compared to 1.23 US$/€ as at 31 December 2017.

Carrying Amounts and Fair Values of Financial Instruments

Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies as described in detail in Note 35.2 to the 2017 IFRS Consolidated Financial Statements. For the first three months 2018, the Company has applied the same methodologies for the fair value measurement of financial instruments. In addition, the Company has remeasured non-listed equity investments for which no quoted market prices are available at fair value and determined the fair values of these equity investments using common valuation methods such as net asset values or a comparable company valuation multiples technique.

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 2017 IFRS Consolidated Financial Statements, with the exception of:

	31 March 2018		31 December 2017	
(In € million)	**Book Value**	**Fair Value**	Book Value	Fair Value
Financing liabilities				
Issued bonds and	(6,941)	(6,936)	(7,063)	(7,363)
Liabilities to banks and other financing liabilities	(3,883)	(3,889)	(3,791)	(3,838)

Fair Value Hierarchy

Depending on the extent the inputs used to measure fair values rely on observable market data, fair value measurements may be hierarchised according to the following levels of input:

- 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 – fair values measured based on Level 2 input typically rely on observable market data such as interest rates, foreign exchange rates, credit spreads or volatilities;
- Level 3: inputs for the asset or liability that are not based on observable market data – fair values measured based on Level 3 input rely to a significant extent on estimates derived from the Company's' own data and may require the use of assumptions that are inherently judgemental and involve various limitations.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 input. Otherwise, fair values are determined mostly based on Level 1 and Level 2 input and to a minor extent on Level 3 input.

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy:**

	31 March 2018				31 December 2017			
(In € million)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	2,137	0	0	2,137	1,963	0	0	1,963
Derivative instruments	0	4,787	0	4,787	0	3,564	0	3,564
Securities	10,803	1,766	0	12,569	10,995	1,576	0	12,571
Cash equivalents	4,366	980	0	5,346	6,256	2,085	0	8,341
Total	**17,306**	**7,533**	**0**	**24,839**	**19,214**	**7,225**	**0**	**26,439**
Financial liabilities measured at fair value								
Derivative instruments	0	(1,602)	(29)	(1,631)	0	(2,268)	(3)	(2,271)
Total	**0**	**(1,602)**	**(29)**	**(1,631)**	**0**	**(2,268)**	**(3)**	**(2,271)**

21. Litigation and Claims

The Company 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, the Company 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 SE's or the Company's financial position or profitability.

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

WTO

Although the Company is not a party, the Company 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 was referred to the WTO for further 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 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, the Company conducted internal audits and retained PricewaterhouseCoopers ("PwC") to conduct an independent review relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that the Company acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by the Company, relating to activities conducted by GPT in Saudi Arabia. PwC's report was provided by the Company 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. The Company is in continuing engagement with the authorities.

Eurofighter Austria

In February 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened an investigation against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities. On 18 September 2017, the Company filed a first submission to the Vienna Public Prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. The Company is cooperating fully with the authorities.

Investigation by the UK SFO and France's PNF

In the context of review and enhancement of its internal compliance improvement programme, the Company discovered misstatements and omissions relating to information provided in respect of third party consultants in certain applications for export credit financing for the Company customers. In early 2016, the Company informed the UK, German and French Export Credit Agencies ("ECAs") of the irregularities it had discovered. The Company made a similar disclosure to the UK Serious Fraud Office ("SFO"). In August 2016, the SFO informed the Company that it had opened an investigation into allegations of fraud, bribery and corruption in the civil aviation business of the Company relating to irregularities concerning third party consultants (business partners). In March 2017, France's Parquet National Financier ("PNF") informed the Company that it had also opened a preliminary investigation into the same subject and that the two authorities would act in coordination going forward. The Company is cooperating fully with both authorities including in respect of potential issues across the Company's business. As part of the Company's engagement with the US authorities, the latter have requested information relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company is cooperating with the US authorities in close coordination with the SFO and PNF. The SFO and PNF investigations and any penalties potentially levied as a result could have negative consequences for the Company. The potential imposition of any monetary penalty (and the amount thereof) or other sanction including tax liability arising from the SFO and PNF investigations will depend on the ultimate factual and legal findings of the investigation, and could have a material impact on the financial statements, business and operations of the Company. However, at this stage it is too early to determine the likelihood or extent of any such possible consequence. Investigations of this nature could also result in (i) civil claims or claims by shareholders against the Company (ii) adverse consequences on the Company's ability to obtain or continue financing for current or future projects (iii) limitations on the eligibility of group companies for certain public sector contracts and/or (iv) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

ECA Financing

A first ECA application since 2016 for financing submitted by the Company under the process previously agreed with the ECAs was accepted by the ECAs and ECA cover was granted in Q1 2018. We anticipate a return to ECA cover in 2018 for a limited number of transactions while the level of appetite for commercial financing remains high.

Other Investigations

The Company is cooperating with a judicial investigation in France related to Kazakhstan. The Company is not a party to these proceedings. The Company is cooperating with French judicial authorities pursuant to a request for mutual legal assistance made by the government of Tunisia in connection with historical aircraft sales.

Following a review of its US regulatory compliance procedures, the Company has discovered and subsequently informed relevant US authorities of its findings concerning certain inaccuracies in filings made with the US Department of State pursuant to Part 130 of the US International Traffic in Arms Regulations ("ITAR") (a US export control regulation). The Company is cooperating with the US authorities. The Company is unable to reasonably estimate the time it may take to resolve the matter or the amount or range of potential loss, penalty or other government action, if any, that may be incurred in connection with this matter.

Review of Business Partner Relationships

In light of regulatory investigations and commercial disputes, including those discussed above, the Company has determined to enhance certain of its policies, procedures and practices, including ethics and compliance and export control. The Company 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 to inform decisions on corresponding payments. The Company engaged legal, investigative, and forensic accounting expertise of the highest calibre to undertake a comprehensive review of all relevant third party business consultant relationships and related subject matters. The Company believes that these enhancements to its controls and practices will best position it for the future, particularly in light of advancements in regulatory standards. Several consultants and other third parties have initiated commercial litigation and arbitration against the Company seeking relief. The comprehensive review and these enhancements of its controls and practices has led to additional commercial litigation and arbitration against the Company and may lead to other civil law or criminal law consequences in the future, which could have a material impact on the financial statements, however at this stage it is too early to determine the likelihood or extent of any liability.

Commercial Disputes

In May 2013, the Company was notified of a commercial dispute following the decision taken by the Company to cease a partnership for sales support activities in some local markets abroad. The Company 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 will not be completed until 2019 at the earliest.

In the course of another commercial dispute, the Company received a statement of claim by the Republic of China (Taiwan) alleging liability for refunding part of the purchase price of a large contract for the supply of missiles by subsidiary Matra Défense S.A.S., which the customer claims it was not obliged to pay. An arbitral award was rendered on 12 January 2018 with a principal amount of € 104 million plus interest and costs against Matra Défense S.A.S. Post-award proceedings are currently underway.

22. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	**Consolidated Airbus**
31 March 2018	77,246	19,988	31,974	**129,208**
31 December 2017	77,163	20,108	32,171	**129,442**

23. Events after the Reporting Date

There are no significant events after the reporting date.