

Semi-Annual Financial Statements

**EADS Finance B.V.**

Leiden, The Netherlands

Six-Month Period ended June 30, 2012

**INDEX**

Page

**Semi-Annual Board of Directors Report**

Report of the Board of Managing Directors 2-3

**Semi-Annual Financial Statements**

Statements of Financial Position 4

Income Statements/Statements of Comprehensive Income (Loss) 5

Statements of Cash-Flows 6

Statements of Changes in Equity 7

Notes to the Semi-Annual Financial Statements for the six-month period ended June 30, 2012 8-15

## **REPORT OF THE BOARD OF MANAGING DIRECTORS**

The board of Managing Directors herewith submits the Semi-Annual Financial Statements of EADS Finance B.V. ("**Company**") for the six-month period ended June 30, 2012.

### **ACTIVITIES**

The Company's main activity is to finance companies and other entities by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and any other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

Activities of the Company have commenced in February 2003, when the first tranche of 1 EUR billion, of a 3 EUR billion EMTN Programme, was raised for the EADS-Group ("**EADS**"). In September 2003, the Company has issued its second Eurobond transaction for 500 EUR million under its EMTN Programme. In August 2009, the Company has issued another, third, Eurobond transaction for 1 EUR billion under this Programme. The first tranche of the 3 EUR billion EMTN Programme, raised in February 2003, has been fully repaid on March 3, 2010.

As additional part of the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004. From January until June 2012, the debt volume circulation of the latter program was 795 EUR million. On June 30, 2012, a debt amount of 471 EUR million was outstanding for the Commercial Paper Programme.

The EMTN Programme is a contractual framework which allows EADS to raise debt from the capital markets through dealers by successive issues of notes governed by the same terms. Each issue, however, may bear a different maturity (due one month to thirty years).

### **RISKS**

As of June 30, 2012 the risks and uncertainties facing the Company do not materially differ, and are not expected to materially differ for the remaining six-month period of the financial year, from those described in the notes to the Annual Financial Statements of the Company for the year ended on December 31, 2011.

### **RESULT FOR THE PERIOD**

The Company's result for the six-month period ended June 30, 2012 amounts to a profit of EUR 211.857.

### **STATEMENT**

The board of Managing Directors hereby declares that, to the best of its knowledge:

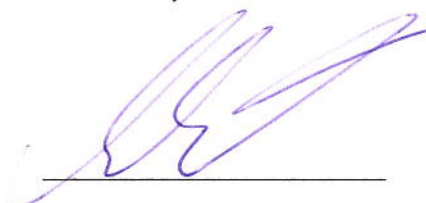
- the Semi-Annual Financial Statements for the six-month period ended June 30, 2012 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the semi-annual report of the board of Managing Directors gives a true and fair view of the position as per the reporting date, and of the development and performance during the first half of the 2012 financial year of the Company as well as the expected course of events. The semi-annual report of the board of Managing Directors has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

**BOARD OF MANAGING DIRECTORS**

Mr. J.A.F. Pons, Director



Mr. A. Drabert, Director



Mr. C. Masson, Director



Leiden, July 25, 2012

## STATEMENTS OF FINANCIAL POSITION

(After appropriation of the result of the period)	Note	30/06/2012 EUR	31/12/2011 EUR
<i>Assets</i>			
<b>Non-Current Assets</b>			
Long-term Loans Receivable	3	1.493.715.128	1.493.040.685
<b>Current Assets</b>			
Short-term Loans Receivable	4	470.947.895	-
Accrued Interest Receivable	5	62.010.874	25.337.377
Cash and Cash Equivalents	6	2.333.864	2.129.332
Positive Fair Value Derivative Instruments	7	154.301.673	111.540.603
		<b>689.594.306</b>	<b>139.007.312</b>
<b>Total Assets</b>		<b>2.183.309.434</b>	<b>1.632.047.997</b>
<i>Equity and Liabilities</i>			
<b>Equity attributable to equity holders of the parent</b>			
Issued Capital	8	300.000	300.000
Other Reserves	8	(1.551)	(1.551)
Cash Flow Hedge Reserve	9	52.106.375	38.291.974
Retained Earnings		2.004.916	1.793.059
		<b>54.409.740</b>	<b>40.383.482</b>
<b>Non-Current Liabilities</b>			
Non-Current Interest Bearing Liabilities	10	1.578.602.133	1.553.593.147
Deferred Taxes Payable	11	17.368.792	12.763.991
		<b>1.595.970.925</b>	<b>1.566.357.138</b>
<b>Current Liabilities</b>			
Short-term Loans Payable	12	470.947.895	-
Accrued Interest Payable	13	61.980.874	25.307.377
		<b>532.928.769</b>	<b>25.307.377</b>
<b>Total Equity and Liabilities</b>		<b>2.183.309.434</b>	<b>1.632.047.997</b>

## INCOME STATEMENTS

	<i>Note</i>	<b>January 1 - June 30, 2012</b> EUR	<b>January 1 - June 30, 2011</b> EUR
<b>Financial Result</b>			
<i>Income</i>			
Interest	14	37.671.442	37.443.765
<i>Expenses</i>			
Interest	15	(37.456.686)	(37.235.369)
		<b>214.756</b>	<b>208.396</b>
General Administrative Expenses		(2.899)	(2.771)
<b>Profit for the period attributable to Equity Holders of the Parent</b>		<b>211.857</b>	<b>205.625</b>

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	<b>January 1 - June 30, 2012</b> EUR	<b>January 1 - June 30, 2011</b> EUR
<b>Profit for the period</b>	211.857	205.625
<b>Other Comprehensive Income (Loss)</b>		
Gains (Losses) from Cash-Flow Hedges (net of deferred taxes)	13.814.401	(4.282.562)
<b>Total Comprehensive Income (Loss) for the period attributable to Equity Holders of the Parent</b>	<b>14.026.258</b>	<b>(4.076.937)</b>

## STATEMENTS OF CASH-FLOWS

	<i>Note</i>	<b>January 1 - June 30, 2012</b> EUR	<b>January 1 - June 30, 2011</b> EUR
Profit for the Period		211.857	205.625
Increase Accrued Interest Receivable		(36.673.497)	(36.571.362)
Increase Accrued Interest Payable		36.673.497	36.571.918
Amortization Bond Issue Costs/Interest Disagio		667.117	663.451
Amortization Recharged Bond Issue Costs		(674.442)	(670.737)
Increase Short-term Loans Receivable		(470.947.895)	-
<b>Cash (used for) provided by operating activities</b>		<b>(470.743.363)</b>	<b>198.895</b>
Increase Short-term Loans Payable		470.947.895	-
<b>Cash provided by financing activities</b>		<b>470.947.895</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>204.532</b>	<b>198.895</b>
Cash and Cash equivalents at start of Period		2.129.332	1.726.761
<b>Cash and Cash equivalents at end of Period</b>	<b>6</b>	<b>2.333.864</b>	<b>1.925.656</b>

The following represents supplemental information with respect to cash flows from **operating activities**:

	<b>January 1 - June 30, 2012</b> EUR	<b>January 1 - June 30, 2011</b> EUR
Interest received (variable on loans)	21.917.459	20.822.695
Interest paid (variable on swaps)	(21.715.792)	(20.621.029)

## STATEMENTS OF CHANGES IN EQUITY

EUR	Issued Capital	Other Reserves	Cash Flow Hedge Reserve	Retained Earnings	Total
<b>Balance at January 1, 2010</b>	<b>300.000</b>	<b>(1.551)</b>	<b>9.338.154</b>	<b>964.870</b>	<b>10.601.473</b>
Movement effective portion of Interest Rate Swaps EADS N.V. (Total income for the period recognized directly in equity)			17.595.710		17.595.710
Profit for the Period				206.006	206.006
<b>Total income for the Period</b>			<b>17.595.710</b>	<b>206.006</b>	<b>17.801.716</b>
<b>Balance at June 30, 2010</b>	<b>300.000</b>	<b>(1.551)</b>	<b>26.933.864</b>	<b>1.170.876</b>	<b>28.403.189</b>
<b>Balance at January 1, 2011</b>	<b>300.000</b>	<b>(1.551)</b>	<b>16.693.299</b>	<b>1.376.351</b>	<b>18.368.099</b>
Movement effective portion of Interest Rate Swaps EADS N.V. (Total loss for the period recognized directly in equity)			(4.282.562)		(4.282.562)
Profit for the Period				205.625	205.625
<b>Total (loss) income for the Period</b>			<b>(4.282.562)</b>	<b>205.625</b>	<b>(4.076.937)</b>
<b>Balance at June 30, 2011</b>	<b>300.000</b>	<b>(1.551)</b>	<b>12.410.737</b>	<b>1.581.976</b>	<b>14.291.162</b>
<b>Balance at January 1, 2012</b>	<b>300.000</b>	<b>(1.551)</b>	<b>38.291.974</b>	<b>1.793.059</b>	<b>40.383.482</b>
Movement effective portion of Interest Rate Swaps EADS N.V. (Total income for the period recognized directly in equity)			13.814.401		13.814.401
Profit for the Period				211.857	211.857
<b>Total income for the Period</b>			<b>13.814.401</b>	<b>211.857</b>	<b>14.026.258</b>
<b>Balance at June 30, 2012</b>	<b>300.000</b>	<b>(1.551)</b>	<b>52.106.375</b>	<b>2.004.916</b>	<b>54.409.740</b>

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

**1. GENERAL**

***General Information***

EADS Finance B.V. ("**Company**"), incorporated on December 2, 2002 and legally seated (*statutaire zetel*) in Amsterdam (registered office at Mendelweg 30, 2333 CS, Leiden, The Netherlands), is 100% owned by European Aeronautic Defence and Space Company EADS N.V. ("**EADS N.V.**").

The Company's main activity is to finance companies and other entities by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

These condensed interim financial statements were authorized for issue by the directors on July 25, 2012.

This condensed interim financial information for the six-month period ended June 30, 2012 was neither audited nor reviewed.

***Basis of Preparation***

These condensed interim financial statements for the six-month period ended June 30, 2012 have been prepared in accordance with IAS 34, "interim financial reporting", for condensed interim financial reporting under IFRS, as adopted by the European Union (EU), and in compliance with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code as far as applicable. These condensed interim financial statements are prepared and reported in euros ("EUR").

**2. ACCOUNTING PRINCIPLES**

Except as described below, the accounting principles applied are consistent with those of the Company's annual financial statements for the year ended December 31, 2011, as described in those annual financial statements.

***Financial reporting rules applied for the first time in the first six months of 2012***

The following amended Standard was applied for the first time in the first six months of 2012 and is effective for the Company as of January 1, 2012. If not otherwise stated, it does not have a material impact on the financial statements of the Company.

The IASB issued amendments to IFRS 7 "Financial Instruments: Disclosures" as part of its comprehensive review of off balance sheet activities relating to transfers of financial assets. The amendments shall help users of financial statements evaluating the risk exposures relating to such transfers and the effect of those risks on an entity's financial position and require additional disclosures.

***Judgements and estimation uncertainty***

The preparation of the financial statements in conformity with the Company's accounting policies requires the use of judgement and estimates. Actual results could differ from those estimates. Changes in such estimates and assumptions may affect amounts reported in future periods. The key area requiring application of judgement and estimation is the determination of the fair value of derivatives. Since those instruments are not traded in an active market, the Company uses valuation techniques to determine their fair values. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

***Financial Assets***

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; and
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Long-term and short-term loans receivable and accrued interest receivable are classified as loans and receivables, which are initially recognized on the settlement date at cost, being the fair value of the consideration given and including acquisition charges. Subsequently they are carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

***Cash and Cash Equivalents***

Cash and Cash Equivalents consist of cash in bank and in the Intercompany Account with EADS N.V. (cash pooling), which is available on a daily basis.

***Financial Liabilities***

Non-current interest bearing liabilities, short-term loans payable and accrued interest payable are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with any difference between proceeds (net of transaction costs) and redemption amount being recognized in the income statement over the period to maturity. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortisation process.

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

***Derivative Financial Instruments***

The Company uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized and are subsequently measured at fair value in the Statement of Financial Position with changes in fair values recognized either directly in other comprehensive income or in profit and loss.

***Deferred Taxes***

Deferred tax assets and liabilities reflect lower or higher future tax consequences that result in certain assets and liabilities from temporary valuation differences between the financial statement carrying amounts and their respective tax bases as well as from net operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates by the reporting date of 25% to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the new rates are enacted or substantively enacted.

As deferred tax assets anticipate potential future tax benefits, they are recorded in the financial statements of the Company only when the likelihood that the tax benefits will be realized is probable. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The Company is part of a fiscal unity headed by EADS N.V. and therefore not subject to current taxes.

***Interest income***

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

***Hedge Accounting***

For the purposes of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging instrument and changes in the fair value of the hedged asset or liability attributable to the hedged risk are simultaneously recognized in the Income Statement.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly within a separate component of the Shareholders' Equity ("Cash Flow Hedge Reserve"), net of applicable deferred taxes and the ineffective portion is recognized in the Income Statement. When the cash flows that the

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012**

derivative is hedging materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative is simultaneously transferred from Shareholders' Equity to the corresponding income or expense line item.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting.

<b>3. LONG-TERM LOANS RECEIVABLE</b>	<b>30/06/2012</b> EUR	<b>31/12/2011</b> EUR
Long-term Loans to EADS N.V.	<u><b>1.493.715.128</b></u>	<u><b>1.493.040.685</b></u>

On September 11, 2003, The Company entered into a loan agreement with effect of September 25, 2003, with EADS N.V., to make a loan available for the principal amount of 500 EUR million reduced by a discount of 5.06 EUR million. This Loan originally bore interest at a rate of 5,54% per annum, payable yearly in arrears each September 25. On February 2, 2006, The Company has changed the interest terms of the loan agreement with effect of December 27, 2005. The amended loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 184,965 base points per annum from December 27, 2005 onwards. Interest shall be payable quarterly in arrears each March 25, June 25, September 25 and December 25 commencing March 25, 2006 until and including September 25, 2018.

This loan to EADS N.V. is repayable on September 25, 2018. The fair market value approximates to the fair market value of the "Eurobond 500 EUR million" (note 10) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 7).

On August 7, 2009, the Company entered into a loan agreement with effect of August 12, 2009, with EADS N.V., to make a loan available for the principal amount of 1 EUR billion, reduced by a discount of 7,01 EUR million. This loan originally bore interest at a rate of 4,645% per annum, payable yearly in arrears each August 12. On September 29, 2009, the Company has changed the interest terms of the loan agreement with effect of September 18, 2009. For an interim period commencing September 18, 2009 up to November 12, 2009 the interest rate was amended to 2,16948% per annum. From November 12, 2009 onwards the loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 158,548 base points per annum. Interest shall be payable quarterly in arrears each February 12, May 12, August 12 and November 12 commencing November 12, 2009 until and including August 12, 2016.

This loan to EADS N.V. is repayable on August 12, 2016. The fair market value approximates to the fair market value of the "Eurobond 1 EUR billion" (note 10) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 7).

<b>4. SHORT-TERM LOANS RECEIVABLE</b>	<b>30/06/2012</b> EUR	<b>31/12/2011</b> EUR
Short-term Loans to EADS N.V.	<u><b>470.947.895</b></u>	<u><b>-</b></u>

The money raised short term through the Commercial Paper Programme, was loaned to EADS N.V. mirroring the conditions applicable to the money raised (see note 12).

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**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

<b>5. ACCRUED INTEREST RECEIVABLE</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
Interest Rate Swaps EADS N.V.	58.768.180	20.999.766
Long-term Loans to EADS N.V.	3.242.694	4.337.611
	<b>62.010.874</b>	<b>25.337.377</b>
<b>6. CASH AND CASH EQUIVALENTS</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
Intercompany Account EADS N.V.	<b>2.333.864</b>	<b>2.129.332</b>
<b>7. POSITIVE FAIR-VALUE DERIVATIVE INSTRUMENTS</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
Interest Rate Swap EADS N.V., 500 EURm, 5,500% (09/2018)	69.475.167	51.055.965
Interest Rate Swap EADS N.V., 1 EURb, 4,625% (08/2016)	84.826.506	60.484.638
	<b>154.301.673</b>	<b>111.540.603</b>

These amounts represent the fair market value, less accrued interest, at June 30, 2012 of:

- the Interest Rate Swap for which the Company has entered into with EADS N.V. with effect of December 27, 2005. Notional amount of the swap is 500 EUR million, expiring on September 25, 2018. The Interest Rate Swap is designated as a cash flow hedge and its purpose is to swap the variable interest in connection with the 500 EUR million loan to EADS N.V. (see note 3), into a fixed interest rate of 5,50% per annum.

- the Interest Rate Swap for which the Company has entered into with EADS N.V. with effect of September 18, 2009. Notional amount of the swap is 1 EUR billion, expiring on August 12, 2016. The Interest Rate Swap is designated as a fair value hedge and its purpose is to swap the fixed interest of 4,625% per annum in connection with the 1 EUR billion Eurobond expiring August 12, 2016 (see note 10), into a variable interest rate of EURIBOR three (3) months with a spread of 156,548 base points per annum from November 12, 2009 onwards. Floating rate Initial Period from September 18, 2009 to November 12, 2009 is covered by floating rate payments by the company of 2.16948 % per annum. Changes in the fair value of the Interest Rate Swap of 24,3 EUR million (January-June 2011: 11,7 EUR million) have been recognized in the Income Statement.

The fair values of the interest rate swaps were determined by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the swap. The effective portion of the movement of the fair value of the 500 EUR million interest rate swap in the period January-June 2012, for a positive amount of EUR 13.814.401 (January-June 2011: negative amount of EUR 4.282.562), was completely recognized in other comprehensive income, net of deferred taxes. The corresponding fair value movement before deferred taxes in the period January-June 2012 amounts to EUR 18.419.202 positive (January-June 2011: EUR 5.710.083 negative).

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012****8. EQUITY**

The Company has an authorised share capital of 1,500,000 shares of EUR 1 each. As of June 30, 2012, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of EUR 1 each. The Other Reserves include capital tax paid in relation to a capital increase.

The Company complies with the capital requirements under applicable law and its articles of association. The main activity of the Company is to refinance EADS Group entities. The Company manages its capital with the interest rate spread applied on the loans provided to EADS N.V. The interest rates are based on market conditions.

**9. CASH FLOW HEDGE RESERVE**

This amount represents the change in fair value in the reporting year of the Interest Rate Swaps (see note 7), for the effective part of the cash flow hedge, net of deferred taxes.

<b>10. NON-CURRENT INTEREST BEARING LIABILITIES</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018 fair value EUR 598.095.000 (prior year: EUR 549.580.000)	497.896.092	497.727.927
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016 fair value EUR 1.110.760.000 (prior year: EUR 1.050.780.000)	1.080.706.041	1.055.865.220
	<b><u>1.578.602.133</u></b>	<b><u>1.553.593.147</u></b>

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of 500 EUR million with value date September 25, 2003. The bond has an original maturity of fifteen years and carries a yearly coupon of 5,500%. The bond matures on September 25, 2018.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of 1 EUR billion with value date August 12, 2009. The bond has an original maturity of seven years and carries a yearly coupon of 4,625%. The bond matures on August 12, 2016. Changes in the fair value of the liability attributable to the hedged interest rate risk in the amount of 24,3 EUR million (2011: 11,7 EUR million) are recognized in the Income Statement (see Note 7).

The issued Eurobonds are covered by a guarantee from EADS N.V., the parent company. The disclosed fair values of the Eurobonds were determined using market quotations at reporting date.

**11. DEFERRED TAXES PAYABLE**

The deferred tax liability relates to the temporary difference between the valuation of the derivative financial instruments for financial statements purposes and their respective tax basis. Deferred taxes are recognized as income tax benefit or expense, except for changes in fair value of derivative instruments designated as cash flow hedges which are recorded net of tax in the Cash Flow Hedge Reserve. In the six-month period ended June 30, 2012, a negative amount of EUR 4.604.801 has been recognized in other comprehensive income (2011: positive EUR 1.567.901).

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

<b>12. SHORT-TERM LOANS PAYABLE</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
Short-term Loans from Commercial Paper Programme	<b>470.947.895</b>	-

As additional part of the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004 to raise money on a short term basis not exceeding one year. Interest rates are based on Euro OverNight Index Average (Eonia). The money raised, is loaned to EADS N.V. mirroring the conditions applicable to the money raised (see note 4). The fair value of these short-term loans equals net book value due to their short duration.

<b>13. ACCRUED INTEREST PAYABLE</b>	<b>30/06/2012</b>	<b>31/12/2011</b>
	EUR	EUR
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018	21.038.251	7.363.388
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016	40.942.623	17.943.989
	<b>61.980.874</b>	<b>25.307.377</b>

<b>14. INTEREST INCOME</b>	<b>January 1 - June 30, 2012</b>	<b>January 1 - June 30, 2011</b>
	EUR	EUR
Long-term Loans to EADS N.V.	20.770.866	21.336.296
Interest Rate Swaps EADS N.V.	16.104.298	15.436.732
Amortization of Loan Discount	674.442	670.737
Short-term Loans to EADS N.V.	116.072	-
Intercompany Account EADS N.V.	5.764	-
	<b>37.671.442</b>	<b>37.443.765</b>

<b>15. INTEREST EXPENSES</b>	<b>January 1 - June 30, 2012</b>	<b>January 1 - June 30, 2011</b>
	EUR	EUR
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018	(13.674.863)	(13.636.986)
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016	(22.998.634)	(22.934.932)
Amortization of Bond Issue Costs	(667.117)	(663.451)
Short-term Loans from Commercial Paper Programme	(116.072)	-
	<b>(37.456.686)</b>	<b>(37.235.369)</b>

**NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2012**

**16. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS**

The Company employed no personnel in the period ended June 30, 2012.

**17. DIRECTORS**

None of the Company's directors received remuneration.

**18. COMMITMENTS AND CONTINGENT LIABILITIES**

There are no commitments or contingent liabilities on the reporting date.

**19. RELATED PARTIES**

EADS N.V. is a related party, as it holds 100% of the shares of EADS Finance B.V. The transactions and outstanding balances relating to EADS N.V. are detailed in the notes. We refer to the comments to long-term and short-term loan receivables, accrued interest receivables, cash and cash equivalents, equity, negative fair-value derivative instruments and interest income.

**20. SUBSEQUENT EVENTS**

There are no subsequent events to be reported.