



BBA Aviation plc
2009 Interim Financial Report
Results for the half year ended
30 June 2009

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A video interview with CEO Simon Pryce is now available on www.bbaaviation.com and www.cantos.com.
An audio webcast of the analyst presentation will also be available from 0930 today on
www.bbaaviation.com and www.cantos.com

INTERIM FINANCIAL REPORT FOR PERIOD ENDED 30 JUNE 2009

Results in brief (£m)	Underlying results*			Statutory results		
	2009	2008	% Change	2009	2008	% Change
Revenue	550.2	560.5	(2)%	550.2	560.5	(2)%
Operating Profit ¹	50.6	51.6	(2)%	38.0	54.5	(30)%
Profit before tax	38.4	43.8	(12)%	25.8	46.7	(45)%
Earnings per share ²	7.2p	7.8p	(8)%	5.0p	8.1p	(38)%
Free Cash Flow ³	65.8	19.9	231%	65.8	19.9	231%
Net Debt (08: year-end)				448.6	554.4	
Dividend per share				2.30p	2.30p	

Financial highlights

- Underlying results in line with expectations despite difficult trading conditions
- Free cash flow more than trebled compared with prior year to £65.8m (2008: £19.9m), representing cash conversion of 175%
- Cost reduction actions to date delivered £16m of annualised savings
- Further cost saving initiatives expected to take annual savings to £30m, of which £25m will be realised in 2009
- Net debt reduced by more than £100m from year-end 2008
- Interim dividend maintained at 2.30p, scrip alternative being offered

Operational highlights

In Flight Support (56% of Group EBIT):

- Signature continued to significantly outperform the market which appears to have stabilised
- ASIG performed well in a difficult market and continued to achieve new contract wins

In Aftermarket Services and Systems (44% of Group EBIT):

- Engine Repair market weakened, as anticipated, mitigated by cost reduction and operational initiatives
- Legacy Support delivered strong overall growth
- APPH impacted by OEM cutbacks, cost reduction initiatives expanded

Simon Pryce, BBA Aviation Chief Executive Officer, commented:

“These results provide continuing evidence of BBA Aviation’s through-cycle resilience. Despite very challenging trading conditions the Group performed in line with our expectations and strongly when compared to our markets. We have taken difficult but necessary actions to reduce our costs in response to market conditions, whilst generating significant free cash flow.

Whilst we continue to experience some short term volatility, we have seen stabilisation in the majority of our markets in recent months. We will continue to manage our businesses proactively to deliver a robust performance in the remainder of the year and we will maintain our focus on cash generation and debt reduction. This will position us well to take advantage of any opportunities that arise and to benefit from a recovery when it comes.”

* As defined below, and in the case of free cash flow, from continuing operations.

(1) Underlying operating profit being total operating profit (including associates) before exceptional items.

(2) Basic earnings per share adjusted to exclude the after-tax impact of exceptional items.

(3) Cash generated by operations, plus dividends from associates, less tax, net interest and net capital expenditure.

These definitions as outlined above are consistently applied throughout this interim financial report.

INTERIM FINANCIAL REPORT 2009

Overview

These are a solid set of results for BBA Aviation and are in line with our expectations. Both Signature and ASIG have significantly outperformed against their markets, Legacy Support continues to grow strongly overall, and in Engine Repair and Overhaul and APPH we have implemented substantial cost reductions to mitigate the impact of weaker trading conditions.

US dollar exchange rates are a significant factor in the comparison of figures with the prior year, with average rates much lower than the comparative period at \$1.50 (H1 2008: \$1.98), and a period end spot rate of \$1.65 (December 2008: \$1.44; June 2008: \$1.99).

Revenue decreased by 2% impacted by significantly lower fuel prices but benefitted from the translation impact of the higher average US dollar exchange rate. Excluding the impact of exchange rates, fuel prices and acquisitions and disposals, the organic revenue reduction was 13%. Underlying operating profits of £50.6m were 2% lower (2008: £51.6m) with the benefit of management initiatives, exchange rates and accelerated engine sales in ERO (which contributed £3.2m of operating earnings) largely offsetting the impact of reduced activity levels. Operating margins for the Group were maintained at 9.2% (2008: 9.2%) although the comparison is aided by the lower fuel prices. On a constant fuel price basis operating margins would have been 8.1% with the reduction this year being principally caused by lower volumes and margins in Signature.

At the time of the 2008 preliminary results, we announced that we would be undertaking cost reduction actions in 2009 that would deliver £10m of annualised savings to add to the £6m of annualised savings undertaken in 2008. These difficult but necessary actions were delivered in the period, and we are now undertaking or planning further steps that will increase the total annualised savings from 2008 and 2009 initiatives by a further £14m to £30m, of which £25m is expected to be realised in 2009. The majority of these savings are as a result of headcount reduction, but we are also closely controlling all discretionary expenditure. The structural reduction in full time equivalents (“FTEs”) since 2008 is now close to a thousand heads, or 10% of the workforce.

The net interest charge was £12.2m (2008: £7.8m) with the increase over the prior year mostly due to the lower US dollar exchange rate which increased the translated value of dollar interest payments by £4.9m. The benefit of lower interest rates was largely offset by reduced interest income from the UK pension scheme and the impact of higher average net debt following the Hawker Beechcraft acquisition in the second half of 2008. Interest cover was 6.4 times (2008: 6.5 times).

Underlying profit before tax decreased to £38.4m (2008: £43.8m). Adjusted earnings per share declined to 7.2p (2008: 7.8p) with the increased interest charge partially mitigated by the reduction of the tax rate to 22.5% (2008: 27.0%) as a result of a new financing structure implemented in 2008.

Profit before tax reduced to £25.8m (2008: £46.7m) due to the inclusion in the current year of exceptional items amounting to £12.6m (2008: credit £2.9m) of which £9.6m was non-cash. The exceptional items include £3.7m in restructuring expenses associated with the cost reduction initiatives outlined above (2008: £1.3m), a £1.5m loss on the closure of a small engineering business (2008: £nil), as well as a £5.6m non-cash impairment charge against our investment in ASIG Thailand (2008: £nil). Amortisation of acquired intangibles amounted to £1.8m (2008: £0.7m). The prior period included a £4.9m gain from the Washington Reagan closure claim. Unadjusted earnings per share were 5.0p (2008: 8.1p).

Free cash flow more than trebled compared with the prior year at £65.8m (2008: £19.9m), due to a working capital inflow of £30.8m (2008: outflow £6.1m), substantially lower capital expenditure at £9.3m (2008: £19.4m) and lower tax payments at £5.5m (2008: £9.1m). The strong cash flow benefited from the accelerated sale and leaseback of a number of engines by Dallas Airmotive which generated cash of £12.8m. The cash dividend payment in the period was reduced to £15.8m (2008: £22.1m) as a result of a 28% take-up of the scrip dividend alternative. Net debt decreased by more than £100m to £448.6m (2008 year end: £554.4m) with a net cash inflow of £46.1m and the balance of the decrease since the end of last year relating to the strengthening of sterling against the US dollar. Net debt to EBITDA was 3.0 times which was broadly unchanged from the position at the end of 2008 (2.9 times).

A maintained interim dividend of 2.30p has been recommended by the Board. A scrip alternative is again being offered in order to give shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty whilst at the same time the Group will be able to retain cash in the business which would otherwise be paid out as a dividend.

Business Review

Flight Support

In the face of a substantial reduction in market activity, Flight Support revenue of £323.3m declined by 7% with the positive impact of lower exchange rates (£93.7m) being largely offset by lower fuel prices (£70.8m) and the impact of the Hawker Beechcraft acquisition made in 2008 which contributed revenue of £13.5m. Overall there was an organic decline in revenue of 11%. Underlying operating profits reduced by 10% to £30.9m (2008: £34.5m) and by 29% on a constant currency basis, due principally to the impact of significantly lower activity levels. Operating margins were slightly down on last year at 9.6% (2008: 9.9%), although at constant fuel prices would have been 7.8% with the reduction from the prior year caused by lower fuel volumes and margins.

The Flight Support businesses generated operating cash flow of £33.5m compared with £8.7m in the prior period, an increase of 285%, with a cash conversion ratio of 108% against 25% previously. The return on invested capital (including goodwill previously written off to reserves)† declined to 7.9% (2008 full year: 9.7%).

Signature

The continued global economic downturn has affected Signature's markets as expected. In North America business and general aviation activity was down 24% in the period compared with the prior year. However, Signature's performance was well ahead of the market, with organic volumes only down 14%. Fractional volumes declined in line with the market, whereas non-fractional volumes were down 5% compared with last year reflecting the continued success of pricing initiatives launched in 2008. Since the start of the year, Signature has successfully agreed nine new network-wide customer contracts with an annualised impact in excess of three million gallons. In Europe, market activity was down 18%, whereas Signature outperformed with organic volumes down by 15%, although at the revenue level the outperformance was significantly higher, as outlined below.

From the peak of the market in 2007 to current activity levels, aircraft movements in Signature's served markets have fallen by 32%. We were at this level for the last three months of the period, and in July this improved to 27% down from July 2007. We have also now seen several months where rolling-average volumes have been fairly stable.

Revenue of £214.1m (2008: £250.6m) declined by 33% on a constant currency basis, with an overall organic decline of 14%, and the balance accounted for by lower fuel prices (£64.7m). In the USA revenue declined by 15% organically but in Europe the decline was limited to 8% due to an improved mix towards larger aircraft with longer average stays.

Signature reduced headcount by 142 FTEs across the US and Europe early in 2009, and further operational initiatives to be undertaken in the second half will result in significant further reductions in the underlying cost base.

In May of this year, Signature entered into a commercial partnership with Aviapartner to provide business and general aviation services at Nice Airport, Europe's 5th biggest airport for business and general aviation movements. The previously anticipated sale of the Hawker Beechcraft FBO at Indianapolis is underway and is expected to be completed before the end of the financial year.

BBA Aviation now has a total of 84 wholly owned locations worldwide, of which 60 are located in the USA. These cover 47 of the top 50 US Metropolitan Areas, 18 of the top 30 US hub airports, as well as 29 of the top 50 fractional operations airports. In addition, Signature has a minority interest in 20 other FBO locations in Brazil, Hong Kong and the USA and since May a commercial partnership at Nice.

ASIG

Against a backdrop of a market reduction in flight activity of 10%, ASIG was able to limit its organic revenue decline to 4% and produced total revenue of £109.2m (2008: £96.4m). Revenue in the prior period would have been £122.5m at 2009 exchange rates. De-icing revenue was in line with last year and lower fuel prices reduced revenue by £6.1m compared with 2008.

† Based on 12 month rolling operating profit and 13 month average capital employed at constant currency

ASIG made a headcount reduction of 235 FTEs in the period, reduced overtime and also restricted other discretionary expenditure. Furthermore, ASIG has been successful in securing a number of rate increases to offset the economic impact of the reduction in flight activity.

During the period ASIG won new contracts to provide ground handling services to EI AI at JFK International Airport, ground handling and into-plane refuelling for Allegiant at Los Angeles International Airport, and to provide technical services to Siemens at Los Angeles and to LAWA at Los Angeles and Ontario. In total these contracts are expected to generate £5m of revenue in a full year.

In Thailand where we started up an into-plane refuelling business in 2006 we are being adversely impacted by local market dynamics that are affecting our ability to generate appropriate margins in the short-term, although the business is operating on a cash-neutral basis. As a result of this, we have booked a non-cash accounting impairment charge of £5.6m against the investment. We remain committed to the market and to our customers and continue to value the strategic importance of this foothold in the fast-growing Asia-Pacific region.

Aftermarket Services and Systems

Revenue in our Aftermarket Services and Systems businesses grew by 6% to £226.9m (2008: £213.5m). The organic revenue decline amounted to 16% which was more than offset by the impact of exchange rates. Operating profits increased by 8% to £24.6m (2008: £22.7m) but fell by 15% on a constant currency basis as a result of decreased activity in Engine Repair and APPH. Operating margins increased slightly to 10.8% (2008: 10.6%).

Operating cash flow for the segment amounted to £50.9m, a 249% increase over the prior year (2008: £14.6m). This represents a cash conversion ratio of 207% (2008: 64%). The return on invested capital (including goodwill previously written off to reserves) for the first half decreased to 10.7% (2008 full year: 11.3%).

Engine Repair and Overhaul (Incl. Parts Distribution)

In Engine Repair and Overhaul (ERO) revenue of £172.2m (2008: £161.0m) reflected a substantial reduction in trading activity with the market weakening particularly on legacy engine programmes such as PT6 and JT15D which was more than offset by the beneficial impact of foreign exchange translation (£43.5m). On an organic basis revenue declined by 18%. Despite the weaker market conditions ERO won new long-term contracts with the Brazilian Air Force for PW100 engines (£10.0m over five years), and US based fractional provider Avantair for PT6 (£3.3m over five years). It successfully secured the sale of a number of lease engines generating cash of £12.8m, consistent with our aim of reducing our investment in these types of assets.

Significant and timely cost reductions were undertaken early in the first half of the year in response to the rapid decline in market activity. Since the beginning of the year ERO has reduced its headcount by 195 FTEs, adding to the 47 reduction in 2008, in total some 18% of the workforce. Further actions have been announced since the end of the period to continue to address the cost base of the business to ensure that ERO continues to trade robustly through this phase of the cycle.

ERO continued successfully to execute its strategy, opening a turbine engine shop inside Cessna's facility in Wichita, Kansas, a regional turbine centre (RTC) in Belo Horizonte, Brazil and two field technical support offices in Johannesburg and Mumbai thus further strengthening ERO's global service support capability. A significant new authorisation was secured for the PT6T (Twinpac) helicopter engine in Europe at a cost of £5.7m for the licence and other assets (deferred until 2010) which should generate annual revenues in excess of £5.0m once fully adopted. Additional authorisations were secured for the Hamilton Sunstrand T40-1 APU used on Sikorsky Blackhawk and Seahawk helicopters, and JT15D for the Pratt Whitney Canada ESP Maintenance Programme.

Legacy Support

Total revenue of £23.6m (2008: £15.5m) grew by 16% on a constant currency basis as a result of the new licences acquired in 2008. The adoption of the Honeywell 7000 series APU licence is proceeding to plan, and growth in revenue from both this and from the Kidde Gravener Gaseous Emergency Oxygen Equipment licence is expected to accelerate in the second half of the year.

Weakness in demand for engine accessories in IGS, which is exposed to a similar cycle to ERO, was offset by continued organic growth in Ontic US where demand has remained strong. The Ontic order book grew further and at the end of the period stood in excess of \$50m, positioning the business for continued growth in the second half of the year and into 2010.

Ontic UK has now established its new facility from which it will service the Kidde Gravener licence, and is in the process of acquiring the required accreditation that will allow it to commence assembly in the second half of the year. This gives Legacy Support the springboard from which to develop its licence support capability in the UK.

Overall market conditions for licensing remain robust as slowing new aircraft orders, coupled with still significant backlog, lead commercial and business aircraft OEMs to realign resources and capacity and in turn create new legacy product licence opportunities for Ontic. The military market is also projected to be strong in light of on-going US military activity worldwide which requires the continued maintenance of the many legacy aircraft and systems supporting these engagements.

Landing Gear and Hydraulics

Sales of £30.7m (2008: £34.2m) fell by 13% on an organic basis as a result of greater than expected reductions in the order book for original equipment to Cessna and Hawker Beechcraft and the downturn in the regional turboprop market where we support landing gear and hydraulic systems on a fleet of mature BAE Systems and Saab platforms. Military programs remain relatively firm.

We have taken a number of steps to address the cost base of the business, including the closure of a small wheel and brake facility at Basingstoke in the first quarter of the year, and the consolidation of our Houston operations from two locations into one site. Total FTE numbers have now been reduced by 22% since 2008, both through headcount reduction and the introduction of a 4-day working week at two of the UK facilities.

In support of the new Cessna CJ4 business jet, APPH was awarded a contract to supply the engine throttle quadrants. A number of units have been manufactured and supplied for the pre-production aircraft programme. Our focus on emerging markets resulted in a contract being won from Hindustan Aeronautics in India for the Light Combat Helicopter hydraulic system power pack. In France, we have supplied the first prototype landing gear system for qualification testing for the new EC175 helicopter programme.

Other Financial Information

Unallocated central costs were reduced by 13% to £4.9m (2008: £5.6m) as a result of a reduction in current service costs on the UK pension scheme.

On the basis of asset values as at 30 June 2009, and liability assumptions based on our last actuarial valuation of 31 March 2007, but updated to 30 June 2009 where necessary, our UK defined benefit pension scheme shows a deficit of £28.3m (Year-end 2008: £nil). Whilst UK pension schemes generally have been exposed to substantial volatility in the period, a significant proportion of our liability has been protected from these market movements as a result of the annuity purchased from Legal & General in April 2008. The deficit on the US defined benefit pension schemes was slightly improved at £18.7m (Year-end 2008: £23.3m).

At the end of the period \$344m (£208m) of the total bank facilities of \$1,175m (£712m) remained undrawn and the key leverage ratio was broadly unchanged from year-end at 3.0x (Year-end 2008: 2.9x).

At the end of the period the Group had \$550m of cross-currency swaps. At the balance sheet date the mark-to-market loss on these swaps amounted to £43.3m (Year-end 2008: £97.7m). Since the end of the period \$150m of these swaps have been closed out at a cash cost of £2.9m.

Cross-currency swaps have been used in the past to hedge our overseas net assets. This policy has been reviewed and it has been decided that in future hedging will only be undertaken with debt. This policy change has been implemented due to the fact that shareholders' funds are no longer as relevant in our banking covenants, and in adopting this approach we will minimise the volatility in the leverage ratio in the event of dramatic changes in exchange rates in the future.

Going Concern

The directors have carried out a review of the Group's trading outlook and borrowing facilities (as outlined in the section above), with due regard to the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance. Based on this review, the directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Dividend

The Board is recommending an interim dividend of 2.30p (2008: 2.30p). In a difficult trading environment this reflects the Board's confidence in the continued resilience of and the longer-term prospects for the business. A scrip alternative will be offered giving shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty.

Outlook

Whilst we continue to experience some short term volatility, we have seen stabilisation in the majority of our markets in recent months. We will continue to manage our businesses proactively to deliver a robust performance in the remainder of the year and we will maintain our focus on cash generation and debt reduction. This will position us well to take advantage of any opportunities that arise and to benefit from a recovery when it comes.

Directors' Responsibilities

The directors confirm that to the best of their knowledge:

- (a) the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- (b) the interim financial report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and,
- (c) the interim financial report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Signed on behalf of the Board,

Simon Pryce
Group Chief Executive
5 August 2009

Andrew Wood
Group Finance Director
5 August 2009

This interim financial report contains forward-looking statements including, without limitation, statements relating to: future demand and markets of the Group's products and services; research and development relating to new products and services; liquidity and capital; and implementation of restructuring plans and efficiencies. These forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Accordingly, actual results may differ materially from those set out in the forward-looking statements as a result of a variety of factors including, without limitation: changes in interest and exchange rates, commodity prices and other economic conditions; negotiations with customers relating to renewal of contracts and future volumes and prices; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. This interim financial report has been drawn up and presented in accordance with and in reliance on applicable English company law and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

This report is available in electronic format from the Company's website, www.bbaaviation.com

Consolidated Income Statement (Unaudited)

		Underlying*	Exceptional	First half	Underlying*	Exceptional	First half	Underlying*	Exceptional	Full year
	Notes	£m	Items £m	2009 £m	£m	Items £m	2008 £m	£m	Items £m	2008 £m
Revenue	1	550.2	-	550.2	560.5	-	560.5	1,156.1	-	1,156.1
Cost of sales		(445.9)	-	(445.9)	(462.8)	-	(462.8)	(957.9)	-	(957.9)
Gross profit		104.3	-	104.3	97.7	-	97.7	198.2	-	198.2
Distribution costs		(10.0)	-	(10.0)	(8.9)	-	(8.9)	(17.4)	-	(17.4)
Administrative expenses		(44.1)	(1.8)	(45.9)	(38.6)	(0.7)	(39.3)	(74.9)	(2.1)	(77.0)
Other operating income		0.3	-	0.3	1.4	4.9	6.3	3.2	5.3	8.5
Share of profit from associates		0.5	-	0.5	0.2	-	0.2	1.0	-	1.0
Other operating expenses		(0.4)	(5.6)	(6.0)	(0.2)	-	(0.2)	(0.4)	-	(0.4)
Restructuring costs		-	(3.7)	(3.7)	-	(1.3)	(1.3)	-	(8.2)	(8.2)
Loss on disposal of businesses		-	(1.5)	(1.5)	-	-	-	-	-	-
Operating profit	1	50.6	(12.6)	38.0	51.6	2.9	54.5	109.7	(5.0)	104.7
Investment income		5.5	-	5.5	18.1	-	18.1	35.1	-	35.1
Finance costs		(17.7)	-	(17.7)	(25.9)	-	(25.9)	(55.6)	-	(55.6)
Profit before tax		38.4	(12.6)	25.8	43.8	2.9	46.7	89.2	(5.0)	84.2
Tax	4	(8.6)	1.2	(7.4)	(11.8)	(1.4)	(13.2)	(23.3)	2.0	(21.3)
Profit for the period		29.8	(11.4)	18.4	32.0	1.5	33.5	65.9	(3.0)	62.9
Attributable to:										
Equity shareholders of the parent		29.9	(9.1)	20.8	32.1	1.3	33.4	66.1	(3.3)	62.8
Minority interests		(0.1)	(2.3)	(2.4)	(0.1)	0.2	0.1	(0.2)	0.3	0.1
		29.8	(11.4)	18.4	32.0	1.5	33.5	65.9	(3.0)	62.9
Earnings per share		Adjusted[†]		Unadjusted	Adjusted[†]		Unadjusted	Adjusted[†]		Unadjusted
Basic	7	7.2p		5.0p	7.8p		8.1p	16.1p		15.3p
Diluted	7	7.2p		5.0p	7.8p		8.1p	16.0p		15.2p

* Before exceptional items.

Exceptional items are items which are material or non-recurring in nature, and the amortisation of acquired intangibles as set out in note 3 to the financial statements.

The consolidated income statement has been prepared in accordance with the accounting policies set out in note 2.

Consolidated Balance Sheet (Unaudited)

	Notes	30 June 2009 £m	30 June 2008 £m	31 Dec 2008 £m
Non-current assets				
Intangible assets:				
Goodwill		465.5	347.3	526.8
Licences & other		96.9	44.9	112.3
Property, plant and equipment		337.4	311.4	407.7
Interests in associates		1.5	2.5	2.5
Trade and other receivables		17.4	19.7	17.9
Deferred tax asset		0.6	3.8	-
		919.3	729.6	1,067.2
Current assets				
Inventories		147.2	140.8	171.8
Trade and other receivables		207.0	194.1	279.6
Cash and cash equivalents		90.8	139.5	98.4
Tax recoverable		5.1	0.1	1.4
		450.1	474.5	551.2
Total assets	1	1,369.4	1,204.1	1,618.4
Current liabilities				
Trade and other payables		(220.3)	(183.5)	(277.2)
Tax liabilities		(47.6)	(42.2)	(47.9)
Obligations under finance leases		(0.5)	(0.5)	(0.7)
Bank overdrafts and loans	12	(28.9)	(32.6)	(18.1)
Provisions		(1.3)	(1.4)	(1.7)
		(298.6)	(260.2)	(345.6)
Net current assets		151.5	214.3	205.6
Non-current liabilities				
Bank loans	12	(507.0)	(477.2)	(600.2)
Other payables due after one year		(58.9)	(8.0)	(127.4)
Retirement benefit obligations	10	(47.0)	(10.5)	(23.3)
Obligations under finance leases		(3.0)	(24.8)	(33.8)
Deferred tax liabilities		(28.4)	(26.3)	(29.4)
Provisions		(19.7)	(20.4)	(20.7)
		(664.0)	(567.2)	(834.8)
Total liabilities	1	(962.6)	(827.4)	(1,180.4)
Net assets		406.8	376.7	438.0
Equity				
Share capital	13	125.3	122.7	122.7
Share premium account		344.1	346.4	346.4
Other reserves		3.9	3.9	3.9
Treasury reserve		(3.1)	(3.3)	(3.4)
Capital reserve		18.5	18.6	18.8
Hedging and translation reserves		4.1	(31.4)	10.9
Retained earnings		(84.3)	(81.0)	(62.1)
Equity attributable to shareholders of BBA Aviation plc		408.5	375.9	437.2
Minority interest		(1.7)	0.8	0.8
Total equity		406.8	376.7	438.0

Consolidated Cash Flow Statement (Unaudited)

	Note	First half 2009 £m	First half 2008 Restated* £m	Full year 2008 £m
Operating activities				
Net cash flow from operating activities	9	88.5	50.9	126.4
Investing activities				
Dividends received from associates		0.9	-	0.8
Purchase of property, plant and equipment		(6.6)	(16.3)	(29.5)
Purchase of intangible assets		(2.7)	(6.2)	(23.3)
Proceeds from disposal of property, plant and equipment		0.5	0.6	1.1
Acquisition of subsidiaries		-	(5.4)	(76.4)
Investment in associates		-	(0.2)	0.4
Proceeds from disposal of subsidiaries and associates		0.4	-	(0.2)
Deferred consideration paid from prior year activities		(0.7)	(0.4)	(4.0)
Net cash outflow from investing activities		(8.2)	(27.9)	(131.1)
Financing activities				
Interest received		11.5	16.5	30.6
Interest paid		(25.9)	(28.1)	(49.6)
Interest element of finance leases paid		(0.4)	(0.6)	(1.2)
Dividends paid		(15.8)	(22.1)	(31.9)
Net realised (loss)/gain on cash and asset management swaps		(3.6)	(9.7)	34.3
Purchase of own shares		-	(3.5)	(3.5)
(Decrease)/increase in loans		(27.8)	55.6	19.0
Decrease in finance leases		(29.2)	(0.2)	(0.5)
Increase/(decrease) in overdrafts		33.4	(2.7)	(84.2)
Net cash (outflow)/ inflow from financing activities		(57.8)	5.2	(87.0)
Increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of period		98.4	99.2	99.2
Exchange adjustments		(30.1)	12.1	90.9
Cash and cash equivalents at end of period		90.8	139.5	98.4
Net debt at beginning of period				
Increase/(decrease) in cash equivalents		22.5	28.2	(91.7)
Decrease/(increase) in loans		27.8	(55.6)	(19.0)
Decrease in finance leases		29.2	0.2	0.5
(Increase)/decrease in overdrafts		(33.4)	-	84.2
Decrease in other liquid liabilities		-	2.7	-
Exchange adjustments		59.7	(2.5)	(159.8)
Net debt at end of period		(448.6)	(395.6)	(554.4)

*The first half 2008 cashflow has been restated to reflect a change in the definition of net debt to excluded cross currency swaps. Further details of this change can be found in Note 17 of the Group's 2008 Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income (Unaudited)

	First half 2009 £m	First half 2008 £m	Full year 2008 £m
Profit for the period	18.4	33.5	62.9
Other Comprehensive Income			
Exchange difference on translation of foreign operations	(150.0)	14.3	353.9
Gains/(losses) on net asset hedges	121.4	(11.3)	(283.5)
Fair value movements in foreign exchange cash flow hedges	8.5	(0.5)	(20.4)
Fair value movements in interest rate cash flow hedges	11.4	(1.9)	(14.9)
Actuarial losses on defined benefit pension schemes	(27.5)	(5.3)	(13.2)
Tax on items recognised directly in equity	(0.8)	(0.5)	6.4
Transfer to profit or loss from equity on foreign exchange cash flow hedges	5.0	(0.2)	5.5
Transfer to profit or loss from equity on interest rate cash flow hedges	(3.1)	0.9	2.8
Tax on items transferred to profit or loss from equity	-	-	-
Total comprehensive income for the period	(16.7)	29.0	99.5
Attributable to:			
Equity shareholders of the parent	(14.2)	28.9	99.4
Minority interests	(2.5)	0.1	0.1
	(16.7)	29.0	99.5

Consolidated Statement of Changes in Equity (Unaudited)

	Share Capital £m	Share Premium £m	Retained Earnings £m	Other Reserves £m	Minority Interests £m	Total Equity £m
Balance at 1 January 2008	122.7	346.4	(86.5)	(11.4)	0.7	371.9
Total comprehensive income for the period	-	-	27.6	1.3	0.1	29.0
Equity dividends	-	-	(22.1)	-	-	(22.1)
Issue of share capital	-	-	-	-	-	-
Movement on treasury reserve	-	-	-	(3.6)	-	(3.6)
Credit to equity for equity-settled share-based payments	-	-	-	1.5	-	1.5
Transfer to retained earnings	-	-	-	-	-	-
Balance at 30 June 2008	122.7	346.4	(81.0)	(12.2)	0.8	376.7
Balance at 1 January 2009	122.7	346.4	(62.1)	30.2	0.8	438.0
Total comprehensive income for the period	-	-	(7.4)	(6.8)	(2.5)	(16.7)
Equity dividends	-	-	(15.8)	-	-	(15.8)
Issue of share capital	2.6	(2.3)	-	-	-	0.3
Movement on treasury reserve	-	-	-	(0.2)	-	(0.2)
Credit to equity for equity-settled share-based payments	-	-	-	1.2	-	1.2
Transfer to retained earnings	-	-	1.0	(1.0)	-	-
Balance at 30 June 2009	125.3	344.1	(84.3)	23.4	(1.7)	406.8

Notes to the Consolidated Financial Statements (Unaudited)

1. Segmental information

Business Segments	Flight Support £m	Aftermarket Services & Systems £m	Total Aviation £m	Unallocated Corporate £m	Total £m
First half 2009					
External revenue	323.3	226.9	550.2	-	550.2
Underlying operating profit	30.9	24.6	55.5	(4.9)	50.6
Exceptional items	(8.7)	(3.6)	(12.3)	(0.3)	(12.6)
Segment result*	22.2	21.0	43.2	(5.2)	38.0
Underlying operating margin (%)	9.6%	10.8%	10.1%	-	9.2%
Capital additions	3.9	5.4	9.3	-	9.3
Depreciation and amortisation	15.6	6.0	21.6	0.1	21.7
Assets	756.5	475.6	1,232.1	137.3	1,369.4
Liabilities	(104.3)	(83.2)	(187.5)	(775.1)	(962.6)

*Segment result includes £0.5 million profit from associates within Flight Support.

First half 2008					
External revenue	347.0	213.5	560.5	-	560.5
Underlying operating profit	34.5	22.7	57.2	(5.6)	51.6
Exceptional Items	4.3	(1.3)	3.0	(0.1)	2.9
Segment result*	38.8	21.4	60.2	(5.7)	54.5
Underlying operating margin (%)	9.9%	10.6%	10.2%	-	9.2%
Capital additions	13.0	9.4	22.4	0.1	22.5
Depreciation and amortisation	11.1	5.5	16.6	0.1	16.7
Assets	614.6	408.9	1,023.5	180.6	1,204.1
Liabilities	(87.6)	(53.1)	(140.7)	(686.7)	(827.4)

*Segment result includes £0.2 million profit from associates within Flight Support.

Full year 2008					
External revenue	705.9	450.2	1,156.1	-	1,156.1
Underlying operating profit	64.8	55.5	120.3	(10.6)	109.7
Exceptional Items	(1.4)	(3.2)	(4.6)	(0.4)	(5.0)
Segment result*	63.4	52.3	115.7	(11.0)	104.7
Underlying operating margin (%)	9.2%	12.3%	10.4%	-	9.5%
Capital additions	22.5	30.0	52.5	0.3	52.8
Depreciation and amortisation	24.6	11.0	35.6	0.1	35.7
Assets	880.6	556.2	1,436.8	181.6	1,618.4
Liabilities	(132.3)	(102.9)	(235.2)	(945.2)	(1,180.4)

*Segment result includes £1.0 million profit from associates within Flight Support.

Notes to the Consolidated Financial Statements (Unaudited)

1. Segmental information (continued)

Geographical Segments	Revenue by destination £m	Revenue by origin £m	Capital additions £m	Assets £m
First half 2009				
United Kingdom	65.3	97.0	1.7	280.5
Mainland Europe	39.3	13.5	-	49.9
North America	411.7	438.2	7.6	1,033.9
Rest of World	33.9	1.5	-	5.1
Total	550.2	550.2	9.3	1,369.4
First half 2008				
United Kingdom	73.5	101.1	1.9	337.9
Mainland Europe	41.1	12.9	0.1	48.2
North America	422.3	444.7	20.5	808.8
Rest of World	23.6	1.8	-	9.2
Total	560.5	560.5	22.5	1,204.1
Full year 2008				
United Kingdom	143.2	205.3	3.8	356.1
Mainland Europe	82.8	28.5	0.5	49.2
North America	868.2	918.7	48.4	1,202.6
Rest of World	61.9	3.6	0.1	10.5
Total	1,156.1	1,156.1	52.8	1,618.4

2. Basis of preparation and accounting policies

The financial information set out above does not constitute the Company's statutory financial statements for 2008 under section 240 of the Companies Act 1985. The figures for the full year 2008 are an abridged version of the financial statements for that year. Those accounts, together with an unqualified audit report, have been filed with the Registrar of Companies and did not contain a report under section 235, or a statement under section 237(2) or (3), of the Companies Act 1985.

The condensed set of financial statements included in this interim financial report for the six months ended 30 June 2009 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards and International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union. The same accounting policies and methods of computation are followed in the annual financial statements, as published by the company on 26 February 2009, which are available on the company's website, www.bbaaviation.com. The condensed set of financial statements included in this interim financial report do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008.

The exchange rates used in respect of the US Dollar are:

	30 Jun 2009	30 Jun 2008	31 Dec 2008
Average for the period	\$1.50	\$1.98	\$1.85
At the period end	\$1.65	\$1.99	\$1.44

Notes to the Consolidated Financial Statements (Unaudited)

3. Exceptional items

Exceptional items are defined as those items that are either material and non-recurring in nature, or the amortisation of acquisition intangibles. These items are disclosed separately in the Group's consolidated income statement to assist in the understanding of the performance of the Group. Exceptional items amounted to a charge of £12.6 million (first half 2008: credit £2.9 million, full year 2008: charge £5.0 million). The main items included within this are:

First half 2009: Administrative expenses of £1.8 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3; and, restructuring costs of £3.7 million relating to a number of restructuring initiatives and an impairment charge of £5.6 million relating to the Group's investment in ASIG Thailand and a £1.5 million loss on disposal of a small engineering business.

First half 2008: Administrative expenses of £0.7 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3; restructuring costs of £1.3 million relating to a small number of restructuring initiatives; and, other operating income of £4.9 million relating to compensation from the US Department of Transport following the closure of Washington Reagan National airport in 2001.

Full year 2008: Administrative expenses of £2.1 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3; restructuring costs of £8.2 million relating to a small number of restructuring initiatives; and, other operating income of £5.3 million relating to compensation from the US Department of Transport following the closure of Washington Reagan National airport in 2001.

The directors consider that the separate disclosure of exceptional items gives a better indication of underlying performance

4. Taxation

	First half 2009 £m	First half 2008 £m	Full year 2008 £m
Current and deferred tax :			
Corporate income tax	5.5	11.3	16.6
Deferred tax	1.9	1.9	4.7
Total tax charge	7.4	13.2	21.3
Current and deferred tax :			
UK	3.7	2.0	6.2
Overseas	3.7	11.2	15.1
Total tax charge	7.4	13.2	21.3

Corporation tax for the interim period is charged at an effective rate of 22.5% on underlying profit before tax (first half 2008: 27.0%; full year 2008: 26.1%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

The reduction in the rate from 27.0% for 2008 to 22.5% for 2009 principally reflects the benefits associated with a financing structure implemented in August 2008.

The total tax charge is net of a £1.2 million tax credit relating to exceptional items.

Notes to the Consolidated Financial Statements (Unaudited)

5. Acquisition of subsidiary undertakings

In the prior year, on 8 April 2008, the Group acquired 100 per cent of the issued share capital of Flygiene Limited, and on 6 June 2008 acquired 100 per cent of the issued share capital of MES Handling GmbH & Co KG. The total initial cash consideration for the two businesses amounted to £5.6 million, with a maximum deferred cash consideration of £2.3 million. The directors performed an exercise to establish the fair value of the assets and liabilities of these acquisitions. The net assets acquired and the goodwill arising on these acquisitions is as set out below:

	First half 2008 Book value £m	First Half 2008 Fair value £m
Property, plant and equipment	0.1	0.1
Receivables	0.3	0.3
Payables	(0.2)	(0.2)
Net assets acquired	0.2	0.2
Goodwill		6.9
Total consideration (including deferred consideration)		7.1
Deferred consideration		(1.7)
Net cash consideration paid in the period		5.4

In the period since acquisition to 30 June 2008, the revenue from acquisitions was £0.4 million and profit and cash flow for the period were both £0.1 million.

If the acquisitions had been completed on 1 January 2008, the total revenue for the period from 1 January 2008 to 30 June 2008 from these acquisitions would have been £2.2 million, and profit for the period would have been £0.5 million.

The goodwill arising on these acquisitions is attributable to the anticipated profitability arising from the expansion of the Group's FBO network and commercial aviation support network, together with anticipated future operating synergies.

6. Dividends

The 2009 interim dividend of 2.30 pence per share (2008: 2.30 pence per share) was approved by the Board of Directors on 5 August 2009 and will be paid on 6 November 2009 to ordinary shareholders registered on 4 September 2009. This interim dividend has not been included as a liability as at 30 June 2009.

The Company proposes to operate a Scrip Dividend Scheme which provides shareholders with the opportunity to receive their dividends in the form of ordinary shares in the Company instead of cash. A circular setting out the terms and conditions of the proposed Scrip Dividend Scheme will be sent to shareholders. Mandate forms containing elections to join the Scrip Dividend Scheme must be received by the Company's registrar no later than 5pm on 12 October 2009 in order to be effective for the 2009 interim dividend.

Notes to the Consolidated Financial Statements (Unaudited)

7. Earnings per share

Earnings

First half 2009 £m	First half 2008 £m	Full year 2008 £m
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Basic:

Earnings

Profit for the period	18.4	33.5	62.9
Minority interests	2.4	(0.1)	(0.1)
Basic earnings attributable to ordinary shareholders	20.8	33.4	62.8
Exceptional items	9.1	(1.3)	3.3
Adjusted earnings	29.9	32.1	66.1

Diluted:

Earnings

Basic earnings attributable to ordinary shareholders	20.8	33.4	62.8
Diluted earnings attributable to ordinary shareholders	20.8	33.4	62.8
Exceptional items	9.1	(1.3)	3.3
Adjusted diluted earnings	29.9	32.1	66.1

Number of shares

Weighted average number of 29 16/21p ordinary shares:

For basic earnings per share	414.5	411.8	411.1
Exercise of share options	0.1	0.4	0.8
For diluted earnings per share	414.6	412.2	411.9

Earnings per share

Basic:

Adjusted	7.2p	7.8p	16.1p
Unadjusted	5.0p	8.1p	15.3p

Diluted:

Adjusted	7.2p	7.8p	16.0p
Unadjusted	5.0p	8.1p	15.2p

Adjusted earnings per share is shown calculated on earnings before exceptional items because the directors consider that this gives a better indication of underlying performance.

Earnings per share all arise from continuing operations. There were no discontinued operations in the period or the comparative period.

8. Contingent liabilities

There has been no change in the contingent liabilities as disclosed on page 106 of the Group's latest annual financial statements.

Notes to the Consolidated Financial Statements (Unaudited)

9. Cash flow from operating activities

	First half 2009 £m	First half 2008 £m	Full year 2008 £m
Operating profit from continuing operations	38.0	54.5	104.7
Share of profit from associates	(0.5)	(0.2)	(1.0)
Profit from operations	37.5	54.3	103.7
Depreciation of property, plant & equipment	18.3	14.9	30.9
Amortisation of intangible assets	3.4	1.8	4.8
(Profit)/loss on sale of property, plant & equipment	(0.2)	(0.3)	(0.1)
Share-based payment expense	1.2	0.6	1.5
Decrease in provisions	(1.0)	(1.5)	(1.8)
Pension scheme payments	(1.7)	(3.7)	(4.0)
Non-cash impairments	5.7	-	4.2
Operating cashflows before movements in working capital	63.2	66.1	139.2
Decrease/(increase) in working capital	30.8	(6.1)	3.8
Cash generated by operations	94.0	60.0	143.0
Income taxes paid	(5.5)	(9.1)	(16.6)
Net cash flow from operating activities	88.5	50.9	126.4
Dividends received from associates	0.9	-	0.8
Purchase of property, plant and equipment	(6.6)	(16.3)	(29.5)
Purchase of intangible assets†	(2.7)	(3.1)	(1.4)
Proceeds from disposal of property, plant and equipment	0.5	0.6	1.1
Interest received	11.5	16.5	30.6
Interest paid	(25.9)	(28.1)	(49.6)
Interest element of finance leases paid	(0.4)	(0.6)	(1.2)
Free cashflow*	65.8	19.9	77.2

† Purchase of intangible assets excludes £nil (H1 2008: £3.1 million, Full Year 2008: £21.9 million) paid in relation to Ontic licences since the directors believe these payments are more akin to expenditure in relation to acquisitions, and are therefore outside of the Group's definition of free cash flow. These amounts are included within purchase of intangible assets on the face of the cash flow statement.

* Free cash flow for H1 2008 has been restated to reflect the above change in definition.

10. Retirement benefit obligations

The defined benefit obligation at 30 June 2009 is estimated based on the latest actuarial valuation at 31 March 2007, with assumptions updated to reflect market conditions at 30 June 2009 where appropriate. The defined benefit plan assets have been updated to reflect their market value as at 30 June 2009.

The same approach has been taken in updating the valuation of the US defined benefit plans. This update indicates a net deficit as at 30 June 2009 of £18.7 million (H1 2008: £10.5 million, Full Year 2008: £23.3 million).

As at 30 June 2009 the update of the actuarial valuation of the UK Income and Protection Plan indicates a net deficit of £28.3 million. The update of the actuarial valuation of the UK Income and Protection plan in H1 2008 indicated an £18.7 million surplus, and the Full Year 2008 indicated a £5.1 million surplus. In accordance with IAS 19, IFRIC 14 and the Group's accounting policies, the surpluses were restricted and no assets were recognised in the balance sheets, as any economic benefit or recovery via refund or reduction in future contributions was not sufficiently certain.

The following key assumptions were used in estimating the defined benefit obligation:

p.a. %	UK		US	
	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008
Discount rate	6.2	6.4	6.3	6.0
Rate of increase to pensionable salaries	4.5	3.5	4.0	4.0
Price Inflation	3.5	2.5	2.0	2.0
Rate of increase to pensions in payment	3.5	2.5	-	-

Notes to the Consolidated Financial Statements (Unaudited)

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are detailed below.

	Sale of Goods			Purchases of Goods		
	First half 2009 £m	First half 2008 £m	Full year 2008 £m	First half 2009 £m	First half 2008 £m	Full year 2008 £m
Associates	1.6	1.6	2.6	37.6	62.4	129.0

	Amounts owed by related parties			Amounts owed to related parties		
	First half 2009 £m	First half 2008 £m	Full year 2008 £m	First half 2009 £m	First half 2008 £m	Full year 2008 £m
Associates	0.2	1.0	0.5	4.1	5.5	5.5

Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

At the balance sheet date, Group companies had loan receivables from an associated undertaking of £1.7 million (first half 2008: £1.2 million, Full year 2008: £1.5 million). The loans are unsecured and will be settled in cash, and were made on terms which reflect the relationships between the parties.

12. Bank overdrafts and loans

During the period, the Group purchased \$46.8 million (£31.2 million) of its own Industrial Revenue Bonds and now holds these with a view to remarketing them in the future. As a result of this, drawings under the Group's loan facilities increased by \$46.8 million (£31.2 million), and amounts payable under finance leases decreased by \$43.7 million (£29.2 million) and other borrowings decreased by \$3.1 million (£2.1 million).

Loans of \$74 million (£49.3 million) were repaid across the Group's loan facilities excluding the purchase of Industrial Revenue Bonds outlined above. These repayments resulted from cash generation in the period.

13. Share capital

Share capital as at 30 June 2009 amounted to £125.3 million. During the period, the Group issued 202,127 shares to satisfy the vesting of share awards under the BBA 2006 Long Term Incentive Plan and 8,287,019 shares to satisfy subscriptions under the Scrip Dividend scheme. This increased the number of shares in issue from 412.5 million to 420.9 million

14. Financial calendar

The preliminary announcement of results for the year ending 31 December 2009 will be made in late February 2010.

Regulatory Matters

Risks and Uncertainties

There are a number of risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

BBA Aviation is ultimately exposed to the amount of flying activity undertaken principally by business and general aviation aircraft and to a lesser extent by commercial and military aircraft. The number of hours flown directly impacts our flight support organisation but also, over the longer term, our aftermarket services businesses. The key risks that impact the level of flying activity are:

- Terrorist attacks and threats of attacks together with recent international conflicts have impacted regional and international air travel. There can be no absolute assurance that we will avoid adverse consequences of any future attacks or threats, notwithstanding the preventative measures that we undertake in co-operation with airport authorities and other government agencies;
- A very high price per barrel for crude and a corresponding rise in jet fuel prices for a prolonged period which particularly impacts the commercial market;
- General economic conditions and business and consumer confidence; and
- Legislation impacting air travel.

The Group has significant operations in the USA with approximately 66% of pre-tax profits being denominated in US dollars. Although we are seeking to expand our operations in Europe and the rest of the world the majority of all business and general aviation aircraft are located in North America and it will remain the dominant market in the years ahead. Consequently our financial performance in sterling terms is subject to the effects of fluctuations in foreign exchange rates, in particular the rate of exchange between US dollar and sterling.

The Group has a number of contingent liabilities that might impact its future performance. These are analysed in note 27 of the Group's 2008 Consolidated Financial Statements.

Retaining our key management is of critical importance to the Group. To aid this, work is in hand to improve our performance and talent management processes and give sharper focus to ensuring that our compensation and benefits offerings remain competitive.

There have been no significant changes to the principal risks and uncertainties facing the Group during the period - these are set out in full in the 31 December 2008 annual report on page 10.

Independent Review Report to BBA Aviation plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors

5 August 2009

London, UK