



**BBA Aviation plc**  
**2011 Interim Financial Report**  
**Results for the half year ended**  
**30 June 2011**

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A video interview with Chief Executive Officer Simon Pryce is now available on [www.bbaaviation.com](http://www.bbaaviation.com) and [www.cantos.com](http://www.cantos.com).

An audio webcast of the analyst presentation will also be available from 09:00 today on [www.bbaaviation.com](http://www.bbaaviation.com) and [www.cantos.com](http://www.cantos.com).

## INTERIM FINANCIAL REPORT FOR PERIOD ENDED 30 JUNE 2011

### Results in brief (£m)

	Underlying results <sup>1</sup>				Statutory results			
	2011	2010	% Change	% Change constant fx	2011	2010	% Change	% Change constant fx
Revenue	<b>660.2</b>	587.4	12%	<b>17%</b>	<b>660.2</b>	587.4	12%	<b>17%</b>
EBITDA	<b>78.8</b>	73.0	8%	<b>15%</b>	<b>77.8</b>	68.7	13%	<b>19%</b>
Operating Profit	<b>60.0</b>	53.6	12%	<b>17%</b>	<b>56.9</b>	47.5	20%	<b>25%</b>
Profit before tax	<b>52.6</b>	45.1	17%	<b>21%</b>	<b>49.5</b>	39.0	27%	<b>32%</b>
Earnings per share <sup>2</sup>	<b>9.0p</b>	8.4p	7%	<b>11%</b>	<b>8.5p</b>	7.3p	16%	<b>21%</b>
Return On Invested Capital <sup>3</sup>	<b>10.1%</b>	9.5%						
Free Cash Flow <sup>4</sup>					<b>3.6</b>	35.2	(90%)	
Net Debt (10: year-end)					<b>302.5</b>	313.9		
Dividend per share					<b>2.52p</b>	2.4p	5%	

(1) Before exceptional items (as defined in note 3 to the financial statements).

(2) Basic earnings per share.

(3) Underlying operating profit return on average invested capital including goodwill and intangibles amortised or written off to reserves. 2010 full year.

(4) Cash generated by operations, plus dividends from associates, less tax, net interest and net capital expenditure (excluding Ontic licence acquisitions). These definitions as outlined above are consistently applied throughout this interim financial report.

### Financial highlights

- Continued steady market improvement and share gains supporting organic revenue growth of 6%
- Underlying operating profit up 17% on a constant currency basis to £60.0m
- Adjusted earnings per share of 9.0p up 11% on a constant currency basis
- Free cash flow impacted by timing difference, expected to normalise by year-end
- Group return on invested capital increased by 60bps to 10.1%
- Interim dividend increased by 5% to 2.52p

### Operational highlights

#### Flight Support (62% of Group EBIT)

- Signature continued to build on improved market conditions; further network enhancement with the acquisition of four FBOs
- Further contract wins in ASIG; award of ground handling licence at Changi Airport, Singapore

#### Aftermarket Services and Systems (38% of Group EBIT)

- Expected improvement in overhaul activity in ERO delivered; expansion of field service offering and international footprint
- Legacy Support's integration of GE Aviation Systems' legacy fuel measurement business proceeding according to plan
- APPH focused on further operational improvement

### Continued strategic progress

- Successful renewal of bank facilities and issue of US private placement notes providing a stable, long-term and diversified funding structure to support the growth strategy
- £86m net proceeds from equity raising to fund continuing expansion
- Five acquisitions in Signature and Legacy Support with annualised revenues of c. \$60m

### Simon Pryce, BBA Aviation Chief Executive Officer, commented:

"In an active and successful first half, BBA Aviation performed strongly as our markets improved. Good organic revenue growth and strong operating discipline resulted in enhanced profitability in both divisions and an improving trend in the Group's return on invested capital.

We have significantly improved the Group's financing structure to support the accelerated execution of our strategy and have made five acquisitions so far this year with a strong pipeline of further opportunities in our fragmented markets.

Notwithstanding global economic uncertainty, we continue to expect to build on the strong results delivered in the first half with positive underlying progress for the remainder of the year.

Over the longer term, the strengths of our business and our organic growth and consolidation opportunities, together with on-going operational improvement, mean that we expect to continue to deliver a strong performance and to generate superior returns."

## **INTERIM FINANCIAL REPORT 2011**

### **Overview**

With our major markets showing steady improvement, BBA Aviation made positive progress with both the Flight Support and Aftermarket divisions effectively converting revenue growth into improved profitability.

The average USD/GBP exchange rate increased to \$1.61 (H1 2010: \$1.53) and the period end spot rate was also \$1.61 (December 2010: \$1.57; June 2010: \$1.50). The movement in exchange rates reduced revenue by £23.3m, underlying operating profit by £2.1m and net debt by £9.2m.

Group revenue increased by 6% organically (excluding the impact of exchange rates, fuel prices, acquisitions and disposals) and by 12% overall to £660.2m. The revenue impact of higher fuel prices amounted to £43.1m, and acquisitions contributed £14.8m of additional revenue.

Underlying operating profits of £60.0m increased by 12% (2010: £53.6m) and on a constant currency basis by 17% principally as a result of increased activity across both divisions and in spite of the inclusion of a one-off £3.0m pension curtailment gain in the prior period. Reported operating margins were unchanged at 9.1% (2010: 9.1%). Adjusting for the impact of the higher fuel prices and the pension curtailment gain, underlying margins improved by 110 basis points.

The net interest expense reduced to £7.4m (2010: £8.5m) with £0.4m of the reduction due to exchange rate movements and the balance principally a result of lower average net debt partially offset by the higher costs associated with a new bank facility and US private placement from the second quarter. Interest cover improved to 10.6x (2010: 8.6x).

Underlying profit before tax increased by 17% to £52.6m (2010: £45.1m) and by 21% on a constant currency basis. The effective underlying tax rate was largely unchanged at 21.7% (2010: 21.3%). Adjusted earnings per share improved to 9.0p (2010: 8.4p) an increase of 7%, or 11% on a constant currency basis, with the growth rate lower than underlying profit before tax as a result of the increased number of shares in issue compared to the prior period.

Profit before tax increased by 27%, or 32% on a constant currency basis to £49.5m (2010: £39.0m) with exceptional items further reduced to £3.1m (2010: £6.1m). The exceptional items include amortisation of acquired intangibles of £2.1m (2010: £1.8m), and £1.0m of acquisition costs (2010: £0.2m) relating principally to the Legacy fuel measurement business acquisition. In the prior period restructuring expenses of £4.1m were incurred, primarily associated with the closure of APPH's Bolton landing gear facility. Unadjusted earnings per share were 8.5p (2010: 7.3p).

Free cash flow of £3.6m was lower than the prior period (2010: £35.2m) due in part to the expected reversal of the £13m short term timing benefit reported at the end of 2010, the £6m payment of fees associated with the bank and private placement refinancing, and working capital increases driven by revenue growth and timing of customer receipts. For the year as a whole we expect cash conversion to return to normal levels.

Gross capital expenditure reduced to £8.6m (2010: £13.9m) with the prior period including £5.7m for the PT6T engine authorisation. We also received a £3.8m refund of our residual investment in the Miami FBO. Tax payments increased slightly to £3.7m (2010: £1.7m).

The cash dividend payment in the period increased substantially to £27.2m (2010: £11.6m) as a result of the withdrawal of the scrip dividend alternative as well as the increased number of shares following the equity share placing in March 2011. The share placing, which was largely taken up by existing shareholders, raised £86.3m in net proceeds to fund continuing expansion. Total spend on acquisitions in the first half amounted to £47.2m, and a further £14.7m has been spent since the period end with 72% of the placing proceeds now deployed.

At the beginning of the year \$100m of cross currency swaps were closed out at a cash cost of £11.3m. There was a modest underlying reduction in net debt with a net cash inflow of £2.2m (2010: £15.4m) and this, together with a favourable £9.2m foreign exchange movement, meant that headline net debt decreased to £302.5m (2010 year-end : £313.9m). Net debt to EBITDA reduced to 1.9x from 2.1x at the end of 2010.

The focus on capital discipline remains with average invested capital only 1% higher in the year to 30 June 2011 compared with the year to 31 December 2010. Return on invested capital improved by 60 basis points to 10.1% (2010 full year: 9.5%).

## **Business Review**

### **Flight Support**

Revenue in Flight Support increased by 16% to £431.1m (2010: £370.1m) with £43.1m attributable to higher fuel prices, partially offset by the £15.1m adverse impact of higher average exchange rates. Acquisitions made by ASIG in 2010 and Signature in the first half of 2011 contributed £10.3m to revenue. On an organic basis Flight Support revenues increased by 6%. Underlying operating profits of £40.9m improved by 16% (2010: £35.2m) and by 21% on a constant currency basis with increased activity in both Signature and ASIG. Adjusting for the impact of higher fuel prices, operating margins of 9.5% showed a 100 basis point improvement over the prior period.

The Flight Support division generated operating cash flow of £29.6m (2010: £36.1m) representing cash conversion of 73% (2010: 103%) with the reduction a result of the short-term working capital increase. Return on invested capital increased by 100 basis points to 10.7% (2010 full year: 9.7%).

### **Signature**

The improvement in business and general aviation (B&GA) flying hours continued throughout the period with the North American market growing by 4% compared with the first half of 2010. Signature's organic volume growth in North America of 8% was again ahead of the market. In Europe market activity increased by 5% for the half.

Revenue increased by 19% to £306.9m (2010: £258.4m) but excluding the impact of exchange rates, fuel prices and acquisitions, increased by 6% organically overall. The organic revenue growth was the same in both the USA and Europe.

Signature continued the development of its network with FBO acquisitions in Bozeman, Montana, and after the period end at Boca Raton, Florida and San Juan, Puerto Rico. Signature also consolidated its position at Edinburgh by acquiring the second FBO on the airport. Following the expiry of the lease at Miami International Airport, Signature ceased operations there in June. Good progress has been made on lease extensions at other locations. On 1 July Signature disposed of the small, sub-scale FBO at Spirit of St Louis airport for £2.0m.

### **ASIG**

Revenue in ASIG increased by 16% on a constant currency basis to £124.2m (2010: £111.7m). The organic increase amounted to 5% and the SGS acquisition contributed £9.0m of revenue in the period. ASIG benefited from increased flight movements up by 1% in both North America and Europe and from a strong first half de-icing season.

ASIG renewed into-plane re-fuelling agreements with US Airways and US Airways Express covering more than 25 airports, was subcontracted by British Airways to provide passenger handling services to Iberia at London Heathrow and continued the expansion of its fuel transportation logistics business with contract wins from customers including Boeing and World Fuel Services. ASIG was recently awarded a licence to provide ground handling services at Singapore's Changi Airport and is in the process of identifying a launch customer.

### **Aftermarket Services and Systems**

In Aftermarket Services and Systems revenue increased by 5% to £229.1m (2010: £217.3m) and by 10% on a constant currency basis. Organic growth of 8% reflected good growth in ERO and Legacy approaching run rate on recent licences, whilst APPH remains weak. The Legacy fuel measurement acquisition contributed revenue of £4.5m in the period and the remaining change in revenue was attributable to an adverse exchange rate movement. Operating profits of £24.7m increased by 4% (2010: £23.8m) and by 8% on a constant currency basis with the prior period including a one-off £3.0m pension curtailment gain. Operating margins were broadly unchanged from the prior period at 10.8% (2010: 11.0%). Excluding the one-off pensions gain, operating margins showed a 120 basis point underlying improvement.

Operating cash flow for the division reduced to £2.9m (2010: £22.6m) with cash conversion of 12% (2010: 95%), again adversely impacted by short-term working capital consumption. Return on invested capital improved by 30 basis points to 9.4% (2010 full year: 9.1%) despite the absence of the pensions gain.

## **Engine Repair and Overhaul<sup>‡</sup>**

In Engine Repair and Overhaul (ERO), revenue increased by 4% to £178.6m (2010: £171.4m) representing a 9% organic revenue increase, partially offset by the impact of exchange rates. Overhaul activity continued to improve as expected following the increase in B&GA flying hours in 2010 and ERO also benefitted from improvement in the rotorcraft market, as well as the start of a contract to provide certain engine overhauls to the United States Military.

Engine inputs were healthy throughout the period, but ERO's ability to process engines through its overhaul facilities continued to be affected by parts supply delays, leading to a build up of work-in-progress through the half. Visibility of demand into the second half remains positive.

Field service capabilities were expanded further with the launch of additional Mobile Response Teams in St. Louis, Grand Junction Colorado, Singapore and Toluca, Mexico. Following the award of an independent authorisation from Honeywell earlier in the year, ERO is in the process of establishing a Regional Turbine Centre in Singapore which is expected to be operational in the first quarter of 2012.

## **Legacy Support<sup>‡</sup>**

Revenue in Legacy Support increased by 19% organically to £31.0m (2010: £23.4m) which is in part a reflection of the second half weighting of revenues in 2010, flattering H1 comparatives. The fuel measurement business acquired in May contributed £4.5m to revenue in the period.

Ontic's order book has improved by 17% compared with the position at the end of 2010, enhancing order visibility, and both the revenue growth and order backlog have been supported by a focus on driving increased sales from our existing product portfolio.

The integration of the fuel measurement business is proceeding as planned.

## **APPH**

APPH's revenue declined by 13% to £19.5m (2010: £22.4m) primarily due to supply chain constraints affecting APPH's ability to ship product.

APPH's markets have now stabilised and it continues to seek selective new contract orders, as well as driving operational improvement throughout the business, and managing its supply chain far more actively.

## **Other Financial Information**

Unallocated central costs were largely unchanged at £5.6m (2010: £5.4m).

Net debt at the end of the period was £302.5m (year-end 2010: £313.9m) with a net cash inflow of £2.2m and a favourable foreign exchange movement of £9.2m. During the period previous bank facilities were replaced with a new bank facility and US private placement debt. The new bank facility is for a total of \$750m with \$250m maturing in 3 years and \$500m maturing in 5 years. In May the Group issued \$300m of US private placement notes with maturities of 7, 10 and 12 years. The initial offering of \$150m was more than four times oversubscribed. This combination of a new bank debt facility and private placement provides us with a stable, long-term and diverse financing structure with substantial headroom to support the execution of our growth strategy. The new bank facility and private placement are more expensive than the facilities they replace and for the year as a whole we expect the net interest charge to be approximately £18m based on current interest and exchange rates.

At the end of the period \$450m (£280m) of the total borrowing commitments of \$1,050m (£652m) remained undrawn with leverage of 1.9x (year-end 2010: 2.1x) well within the Group's target range. Interest cover improved to 10.6x (2010: 8.6x).

During the period \$100m of cross currency swaps were closed out at a cash cost of £11.3m. The remaining \$300m and €50m of cross currency swaps mature between 2012 and 2013 and at the period end showed a mark-to-market loss of £37.6m (year-end 2010: £55.9m).

<sup>‡</sup> IGS was transferred from Legacy Support to Engine Repair and Overhaul with effect from 1 January 2011 to reflect its focus on component repair and overhaul. 2010 revenues in Legacy Support and Engine Repair and Overhaul have been restated in these results accordingly.

## **Change of Reporting Currency**

Following a recent review, the Board has decided to change the Group's reporting currency from sterling to US dollars with effect from the 2011 year-end results. Since the revenues, profits and cash flows of the business are primarily generated in US dollars, the change of reporting currency is being made in order to allow for greater transparency of the underlying performance of the Group. With effect from the final dividend for 2011, the Group's progressive dividend policy will be US dollar based with dividends being declared in US dollars and paid in either sterling or US dollars according to shareholders' preferences. Restated figures in US dollars will be released in the second half of 2011.

## **Going Concern**

The Directors have carried out a review of the Group's trading outlook and borrowing facilities (as outlined 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**

Having maintained the dividend through the downturn and resumed a progressive dividend policy in 2010, the Board is now declaring an interim dividend of 2.52p (2010: 2.4p) an increase of 5% over last year.

## **Outlook**

Notwithstanding global economic uncertainty, we continue to expect to build on the strong results delivered in the first half with positive underlying progress for the remainder of the year.

Over the longer term, the strengths of our business and our organic growth and consolidation opportunities, together with on-going operational improvement, mean that we expect to continue to deliver a strong performance and to generate superior returns.

## **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

4 August 2011

**Mark Hoad**  
Group Finance Director

4 August 2011

*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](http://www.bbaaviation.com)

## Consolidated Income Statement (Unaudited)

Continuing Operations	Notes	Underlying*	Exceptional	First half	Underlying*	Exceptional	First half	Underlying*	Exceptional	Full year
		£m	Items £m	2011 £m	£m	Items £m	2010 £m	£m	Items £m	2010 £m
Revenue	1	660.2	-	660.2	587.4	-	587.4	1,183.0	-	1183.0
Cost of sales		(536.7)	-	(536.7)	(479.1)	-	(479.1)	(955.7)	-	(955.7)
Gross profit		123.5	-	123.5	108.3	-	108.3	227.3	-	227.3
Distribution costs		(12.5)	-	(12.5)	(10.6)	-	(10.6)	(21.0)	-	(21.0)
Administrative expenses		(52.4)	(2.1)	(54.5)	(44.7)	(1.8)	(46.5)	(100.0)	(3.7)	(103.7)
Other operating income		0.8	-	0.8	0.2	-	0.2	3.3	-	3.3
Share of profit of associates		0.7	-	0.7	0.6	-	0.6	1.1	-	1.1
Other operating expenses		(0.1)	(1.0)	(1.1)	(0.2)	(0.2)	(0.4)	(0.1)	(2.3)	(2.4)
Restructuring costs		-	-	-	-	(4.1)	(4.1)	-	(4.2)	(4.2)
<b>Operating profit</b>	1	<b>60.0</b>	<b>(3.1)</b>	<b>56.9</b>	53.6	(6.1)	47.5	110.6	(10.2)	100.4
Investment income		1.8	-	1.8	1.8	-	1.8	4.2	-	4.2
Finance costs		(9.2)	-	(9.2)	(10.3)	-	(10.3)	(19.4)	-	(19.4)
<b>Profit before tax</b>		<b>52.6</b>	<b>(3.1)</b>	<b>49.5</b>	45.1	(6.1)	39.0	95.4	(10.2)	85.2
Tax	4	(11.4)	0.9	(10.5)	(9.6)	1.4	(8.2)	(20.3)	0.1	(20.2)
<b>Profit for the period</b>		<b>41.2</b>	<b>(2.2)</b>	<b>39.0</b>	35.5	(4.7)	30.8	75.1	(10.1)	65.0
<b>Attributable to:</b>										
Equity shareholders of the parent		41.3	(2.2)	39.1	35.5	(4.7)	30.8	75.2	(10.1)	65.1
Non-controlling interests		(0.1)	-	(0.1)	-	-	-	(0.1)	-	(0.1)
		41.2	(2.2)	39.0	35.5	(4.7)	30.8	75.1	(10.1)	65.0
<b>Earnings per share</b>		<b>Adjusted<sup>†</sup></b>		<b>Unadjusted</b>	<b>Adjusted<sup>†</sup></b>		<b>Unadjusted</b>	<b>Adjusted<sup>†</sup></b>		<b>Unadjusted</b>
Basic	7	9.0p		8.5p	8.4p		7.3p	17.6p		15.2p
Diluted	7	8.7p		8.2p	8.1p		7.0p	17.0p		14.7p

\* Before exceptional items.

Exceptional items are items which are material or non-recurring in nature, costs relating to acquisitions and the amortisation of intangibles acquired through a business combination, 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 Statement of Comprehensive Income (Unaudited)

	First half 2011 £m	First half 2010 £m	Full year 2010 £m
<b>Profit for the period</b>	<b>39.0</b>	30.8	65.0
<b>Other Comprehensive Income:</b>			
Exchange difference on translation of foreign operations	<b>(20.0)</b>	56.6	22.8
Gains/(losses) on net asset hedges	<b>15.5</b>	(50.2)	(22.3)
Fair value movements in foreign exchange cash flow hedges	<b>0.6</b>	(3.1)	(2.9)
Transfer to profit or loss from equity on foreign exchange cash flow hedges	<b>0.4</b>	2.6	3.6
Fair value movements in interest rate cash flow hedges	<b>1.5</b>	(10.6)	(12.7)
Transfer to profit or loss from equity on interest rate cash flow hedges	<b>1.8</b>	3.9	6.7
Actuarial gains / (losses) on defined benefit pension schemes	<b>(2.2)</b>	5.2	(7.0)
Tax relating to components of other comprehensive income	-	1.3	1.3
<b>Total comprehensive income for the period net of tax</b>	<b>36.6</b>	36.5	54.5
<b>Attributable to:</b>			
Shareholders of BBA Aviation plc	<b>36.7</b>	36.5	54.6
Non-controlling interests	<b>(0.1)</b>	-	(0.1)
	<b>36.6</b>	36.5	54.5

## Consolidated Balance Sheet (Unaudited)

	Notes	30 June 2011 £m	30 June 2010 £m	31 Dec 2010 £m
<b>Non-current assets</b>				
Intangible assets:				
Goodwill		495.0	504.2	485.0
Licences and other		110.2	102.3	95.0
Property, plant and equipment		316.5	347.6	327.5
Interests in associates		2.5	2.2	1.9
Trade and other receivables		19.4	17.8	16.5
Deferred tax asset		1.6	1.2	-
		<b>945.2</b>	<b>975.3</b>	<b>925.9</b>
<b>Current assets</b>				
Inventories		146.7	143.0	136.2
Trade and other receivables		229.9	208.8	197.8
Cash and cash equivalents		88.4	96.8	107.7
Tax recoverable		1.3	0.3	0.1
		<b>466.3</b>	<b>448.9</b>	<b>441.8</b>
<b>Total assets</b>	1	<b>1,411.5</b>	<b>1,424.2</b>	<b>1,367.7</b>
<b>Current liabilities</b>				
Trade and other payables		(244.7)	(264.5)	(254.1)
Tax liabilities		(53.8)	(48.9)	(50.3)
Obligations under finance leases		(0.8)	(0.9)	(0.9)
Borrowings	12	(14.6)	(23.4)	(98.7)
Provisions		(0.3)	(0.8)	(0.9)
		<b>(314.2)</b>	<b>(338.5)</b>	<b>(404.9)</b>
<b>Net current assets</b>		<b>152.1</b>	<b>110.4</b>	<b>36.9</b>
<b>Non-current liabilities</b>				
Borrowings	12	(372.9)	(475.4)	(319.2)
Other payables due after one year		(45.8)	(52.8)	(62.8)
Retirement benefit obligations	10	(31.4)	(25.4)	(34.1)
Obligations under finance leases		(2.6)	(3.7)	(2.8)
Deferred tax liabilities		(47.1)	(36.9)	(42.2)
Provisions		(18.8)	(21.0)	(19.3)
		<b>(518.6)</b>	<b>(615.2)</b>	<b>(480.4)</b>
<b>Total liabilities</b>	1	<b>(832.8)</b>	<b>(953.7)</b>	<b>(885.3)</b>
<b>Net assets</b>		<b>578.7</b>	<b>470.5</b>	<b>482.4</b>
<b>Equity</b>				
Share capital	13	141.9	127.9	128.7
Share premium account	13	414.3	341.5	340.7
Other reserves		3.9	3.9	3.9
Treasury reserve		(5.3)	(5.9)	(5.8)
Capital reserve		20.2	21.4	20.9
Hedging and translation reserves		5.3	9.6	5.6
Retained earnings		1.0	(25.9)	(9.0)
<b>Equity attributable to shareholders of BBA Aviation plc</b>		<b>581.3</b>	<b>472.5</b>	<b>485.0</b>
Non-controlling interest		(2.6)	(2.0)	(2.6)
<b>Total equity</b>		<b>578.7</b>	<b>470.5</b>	<b>482.4</b>

## Consolidated Cash Flow Statement (Unaudited)

	Note	First half 2011 £m	First half 2010 £m	Full year 2010 £m
<b>Operating activities</b>				
Net cash flow from operating activities	9	19.4	57.0	151.6
<b>Investing activities</b>				
Dividends received from associates		0.1	0.2	1.1
Purchase of property, plant and equipment		(7.5)	(7.6)	(20.4)
Purchase of intangible assets		(1.1)	(6.3)	(7.4)
Proceeds from disposal of property, plant and equipment		4.2	0.2	5.0
Acquisition of subsidiaries		(47.2)	(2.3)	(3.6)
Deferred consideration paid from prior year activities		(0.1)	(1.3)	(1.3)
<b>Net cash outflow from investing activities</b>		<b>(51.6)</b>	<b>(17.1)</b>	<b>(26.6)</b>
<b>Financing activities</b>				
Interest received		1.5	1.0	3.5
Interest paid		(12.9)	(9.1)	(17.8)
Interest element of finance leases paid		(0.1)	(0.2)	(0.4)
Dividends paid		(27.2)	(11.6)	(17.4)
Outflow from realised foreign exchange contracts		(13.5)	(1.8)	(0.5)
Proceeds from issue of own shares		86.6	-	0.1
Purchase of own shares		-	(2.8)	(2.8)
Issue of US private placement notes		179.6	-	-
Decrease in loans		(185.2)	(28.2)	(96.7)
Decrease in finance leases		(0.2)	(0.2)	(0.9)
Decrease in overdrafts		(10.6)	(11.6)	(5.3)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>18.0</b>	<b>(64.5)</b>	<b>(138.2)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(14.2)</b>	<b>(24.6)</b>	<b>(13.2)</b>
Cash and cash equivalents at beginning of period		107.7	115.4	115.4
Exchange adjustments		(5.1)	6.0	5.5
<b>Cash and cash equivalents at end of period</b>		<b>88.4</b>	<b>96.8</b>	<b>107.7</b>
<b>Net debt at beginning of period</b>		<b>(313.9)</b>	<b>(391.6)</b>	<b>(391.6)</b>
Decrease in cash equivalents		(14.2)	(24.6)	(13.2)
Decrease in borrowings		5.6	28.2	96.7
Decrease in finance leases		0.2	0.2	0.9
Decrease in overdrafts		10.6	11.6	5.3
Reduction during period		2.2	15.4	89.7
Exchange adjustments		9.2	(30.4)	(12.0)
<b>Net debt at end of period</b>		<b>(302.5)</b>	<b>(406.6)</b>	<b>(313.9)</b>

## Consolidated Statement of Changes in Equity (Unaudited)

	Share Capital £m	Share Premium £m	Retained Earnings £m	Other Reserves £m	Non- controlling Interests £m	Total Equity £m
Balance at 1 January 2011	128.7	340.7	(9.0)	24.6	(2.6)	<b>482.4</b>
Total comprehensive income for the period	-	-	36.9	(0.2)	(0.1)	<b>36.6</b>
Equity dividends	-	-	(27.2)	-	-	<b>(27.2)</b>
Issue of share capital	13.2	73.6	-	-	-	<b>86.8</b>
Movement on treasury reserve	-	-	-	(0.8)	-	<b>(0.8)</b>
Credit to equity for equity-settled share-based payments	-	-	-	0.8	-	<b>0.8</b>
Changes in non-controlling interest	-	-	-	-	0.1	<b>0.1</b>
Transfer to retained earnings	-	-	0.3	(0.3)	-	-
Balance at 30 June 2011	141.9	414.3	1.0	24.1	(2.6)	<b>578.7</b>
Balance at 1 January 2010	126.0	343.4	(51.6)	30.9	(1.6)	447.1
Total comprehensive income for the period	-	-	37.3	(0.8)	-	36.5
Equity dividends	-	-	(11.6)	-	-	(11.6)
Issue of share capital	1.9	(1.9)	-	-	-	-
Movement on treasury reserve	-	-	-	(2.9)	-	(2.9)
Credit to equity for equity-settled share-based payments	-	-	-	1.8	-	1.8
Changes in non-controlling interests	-	-	-	-	(0.4)	(0.4)
Transfer to retained earnings	-	-	-	-	-	-
Balance at 30 June 2010	127.9	341.5	(25.9)	29.0	(2.0)	470.5
Balance at 1 January 2010	126.0	343.4	(51.6)	30.9	(1.6)	447.1
Total comprehensive income for the period	-	-	59.4	(4.8)	(0.1)	54.5
Equity dividends	-	-	(17.4)	-	-	(17.4)
Issue of share capital	2.7	(2.7)	-	-	-	-
Movement on treasury reserve	-	-	-	(2.8)	-	(2.8)
Credit to equity for equity-settled share-based payments	-	-	-	2.4	-	2.4
Changes in non-controlling interests	-	-	(0.5)	-	(0.9)	(1.4)
Transfer to retained earnings	-	-	1.1	(1.1)	-	-
Balance at 31 December 2010	128.7	340.7	(9.0)	24.6	(2.6)	482.4

# Notes to the Consolidated Financial Statements (Unaudited)

## 1. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. The Group provides information to the Chief Executive on the basis of components that are substantially similar within the segments in the following aspects:

- the nature of the long term financial performance
- the nature of the products and services
- the nature of the production processes
- the type of class of customer for the products and services
- the nature of the regulatory environment

Based on the above, the primary reportable segments of the Group have been deemed to be Flight Support, which comprises Signature Flight Support and ASIG, and Aftermarket Services and Systems, which comprises Engine Repair and Overhaul, Legacy and APPH. The components of these two segments are substantially similar in the aspects above and are therefore deemed to be the primary segments of the Group.

The businesses within the Flight Support segment provide re-fuelling, ground handling and other services to the business, general and commercial aviation markets. The businesses within the Aftermarket Services and Systems segment maintain, manufacture and support engines and aerospace components, sub-systems and systems.

There has been no change to the Group's reportable segments since the last annual report.

<b>Business Segments</b>	<b>Flight Support £m</b>	<b>Aftermarket Services &amp; Systems £m</b>	<b>Total £m</b>	<b>Unallocated Corporate £m</b>	<b>Total £m</b>
<b>First half 2011</b>					
External revenue	431.1	229.1	660.2	-	660.2
Underlying operating profit	40.9	24.7	65.6	(5.6)	60.0
Exceptional items	(2.1)	(1.0)	(3.1)	-	(3.1)
Segment result*	38.8	23.7	62.5	(5.6)	56.9
<i>Underlying operating margin</i>	9.5%	10.8%	9.9%	-	9.1%
*Segment result includes £0.7 million profit of associates within Flight Support.					
Capital additions <sup>1</sup>	2.5	1.9	4.4	-	4.4
Depreciation and amortisation	14.3	6.5	20.8	0.1	20.9
Total assets	777.9	513.4	1,291.3	120.2	1,411.5
Total liabilities	(107.6)	(96.5)	(204.1)	(628.7)	(832.8)
Net assets	670.3	416.9	1,087.2	(508.5)	578.7
<b>First half 2010</b>					
External revenue	370.1	217.3	587.4	-	587.4
Underlying operating profit	35.2	23.8	59.0	(5.4)	53.6
Exceptional items	(1.6)	(4.0)	(5.6)	(0.5)	(6.1)
Segment result*	33.6	19.8	53.4	(5.9)	47.5
<i>Underlying operating margin</i>	9.5%	11.0%	10.0%	-	9.1%
*Segment result includes £0.5 million profit of associates within Flight Support.					
Capital additions <sup>1</sup>	4.3	9.3	13.6	0.1	13.7
Depreciation and amortisation	15.2	5.9	21.1	0.1	21.2
Total assets	832.1	482.2	1,314.3	109.9	1,424.2
Total liabilities	(111.9)	(91.4)	(203.3)	(750.4)	(953.7)
Net assets	720.2	390.8	1,111.0	(640.5)	470.5

# Notes to the Consolidated Financial Statements (Unaudited)

## 1. Segmental information (Continued)

<b>Business Segments</b>	<b>Flight Support £m</b>	<b>Aftermarket Services &amp; Systems £m</b>	<b>Total £m</b>	<b>Unallocated Corporate £m</b>	<b>Total £m</b>
<b>Full Year 2010</b>					
External revenue	741.6	441.4	1,183.0	-	1,183.0
Underlying operating profit	73.4	48.0	121.4	(10.8)	110.6
Exceptional Items	(5.3)	(4.3)	(9.6)	(0.6)	(10.2)
Segment Result *	68.1	43.7	111.8	(11.4)	100.4
<i>Underlying operating margin</i>	9.9%	10.9%	10.3%	-	9.3%
Segment result includes £1.1 million profit of associates within Flight Support.					
Capital additions <sup>1</sup>	9.8	13.0	22.8	-	22.8
Depreciation and amortisation	29.7	12.3	42.0	0.2	42.2
Total assets	790.2	459.3	1,249.5	118.2	1,367.7
Total liabilities	(114.8)	(98.5)	(213.3)	(672.0)	(885.3)
Net assets	675.4	360.8	1,036.2	(553.8)	482.4

<sup>1</sup> Capital additions represent net cash expenditures in the period

<b>Geographical Segments</b>	<b>Revenue by destination £m</b>	<b>Revenue by origin £m</b>	<b>Capital additions £m</b>	<b>Non current assets £m</b>
<b>First half 2011</b>				
United Kingdom	83.9	116.9	1.5	145.1
Mainland Europe	41.3	14.8	0.1	30.4
North America	506.5	526.8	7.0	765.7
Rest of World	28.5	1.7	-	4.0
Total	660.2	660.2	8.6	945.2
<b>First half 2010</b>				
United Kingdom	65.6	100.4	7.4	107.6
Mainland Europe	45.0	13.4	0.1	28.8
North America	446.5	471.9	6.4	835.3
Rest of World	30.3	1.7	-	3.6
Total	587.4	587.4	13.9	975.3
<b>Full year 2010</b>				
United Kingdom	140.7	214.4	4.7	103.0
Mainland Europe	86.7	28.4	0.2	28.9
North America	896.5	936.9	18.0	790.0
Rest of World	59.1	3.3	-	4.0
Total	1,183.0	1,183.0	22.9	925.9

# Notes to the Consolidated Financial Statements (Unaudited)

## 1. Segmental information (Continued)

An analysis of the Group's revenue for the period is as follows:

	Revenue from sale of goods		Revenue from services	
	£m	£m	£m	£m
	First Half 2011	First Half 2010	First Half 2011	First Half 2010
Flight Support	293.9	240.9	137.3	129.2
Aftermarket Service and Systems	60.8	55.5	168.2	161.8
<b>Total</b>	<b>354.7</b>	<b>296.4</b>	<b>305.5</b>	<b>291.0</b>

A portion of the Group's revenue from the sale of goods and services denominated in foreign currencies is cash flow hedged. The amounts disclosed above for revenue from the sale of goods include the recycling of the effective amount of the foreign currency derivatives that are used to hedge foreign currency revenue. The amount included in revenue is a loss of £0.4 million (Half year 2010: £3.1 million profit; Full year 2010: £3.6 million loss).

## 2. Basis of preparation and accounting policies

The information for the year ended 31 December 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by the way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed set of financial statements included in this interim financial report for the six months ended 30 June 2011 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 1 March 2011, (which are available on the company's website, [www.bbaaviation.com](http://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 2010.

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

	30 Jun 2011	30 Jun 2010	31 Dec 2010
Average for the period	\$1.61	\$1.53	\$1.55
At the period end	\$1.61	\$1.50	\$1.57

## Notes to the Consolidated Financial Statements (Unaudited)

### 3. Exceptional items

On the face of the income statement underlying profit is shown before exceptional items because the directors consider that this gives a useful indication of underlying performance.

Exceptional items amounted to a charge of £3.1 million before tax (first half 2010: £6.1 million, full year 2010: £10.2 million). The main items included within this are:

First half 2011: Administrative expenses of £2.1 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3: Other non recurring operating expenses of £1.0 million are comprised of costs relating to acquisitions. The details of the acquisitions are included in note 5 to these consolidated financial statements.

First half 2010: Administrative expenses of £1.8 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3, and, restructuring costs of £4.1 million relating primarily to the planned closure of APPH Bolton (£2.5 million) and severance costs at Dallas Airmotive (£1.4 million). Other non recurring operating expenses of £0.2 million are comprised principally of costs relating to an acquisition, offset by a gain arising from this acquisition where the fair value of the assets acquired exceeded the consideration.

Full Year 2010: Administrative expenses of £3.7 million related to amortisation of intangible assets acquired and valued in accordance with IFRS 3. Restructuring costs of £4.2 million associated primarily with the closure of APPH Bolton of £2.5 million and severance costs at Dallas Airmotive of £1.5 million. Other operating expenses of £2.3 million included acquisition costs of £1.5 million of which £1.4 million related to acquisitions made in prior years and other costs of £0.8 million which include costs related to businesses previously disposed off.

### 4. Taxation

	First half 2011 £m	First half 2010 £m	Full year 2010 £m
Current and deferred tax :			
Corporate income tax	5.9	5.0	8.0
Deferred tax	4.6	3.2	12.2
Total tax charge	<b>10.5</b>	8.2	20.2
Current and deferred tax :			
UK	3.1	1.8	7.9
Overseas	7.4	6.4	12.3
Total tax charge	<b>10.5</b>	8.2	20.2

Corporation tax for the interim period is charged at an effective rate of 21.7% on underlying profit before tax (first half 2010: 21.3%; full year 2010: 23.9%), representing the best estimate of the weighted average annual corporation tax expected for the full financial year.

The total tax charge is net of a £0.9 million tax credit (first half 2010: £1.4 million; full year 2010 £0.1 million) relating to exceptional items.

## Notes to the Consolidated Financial Statements (Unaudited)

### 5. Acquisition of subsidiary undertakings

During the period the Group made the following acquisitions :

- On 11 March 2011, the Group acquired substantially all of the assets of Yellowstone Jet Center, an FBO operating at Gallatin Field in Bozeman Montana
- On 16 March 2011 the Group acquired 100% of the issued share capital of BGMGRG Ltd., an FBO at Edinburgh Airport
- On 6 May 2011, the Group acquired the business and certain Assets of GE Aviation Systems Ltd's fuel management and fuel measurement systems business ("Fuel Management") based in Cheltenham in the UK

The net assets acquired and goodwill arising on these acquisitions are set out below.

	Fuel Management	Other acquisitions	Total
	Fair value £m	Fair value £m	Fair value £m
Intangible Assets	20.2	-	20.2
Property, plant and equipment	0.2	5.4	5.6
Inventories	4.2	0.1	4.3
Receivables	-	0.3	0.3
Payables	(3.7)	(0.2)	(3.9)
Net assets acquired	20.9	5.6	26.5
Goodwill	17.2	2.5	19.7
Total consideration	38.1	8.1	46.2
Satisfied by:			
Cash	38.1	8.1	46.2
Deferred consideration	-	-	-
Net	38.1	8.1	46.2
Net cash outflow arising on acquisition:			
Cash consideration	38.1	8.1	46.2
Directly attributable costs	0.5	0.3	0.8
	38.6	8.4	47.0

The fair values set out above are provisional and are subject to amendment on finalisation of the fair value exercises.

The goodwill arising on these acquisitions is attributable to the anticipated profitability arising from the expansion of the Group's business, together with anticipated future operating synergies.

In the period since acquisition, the revenue from these acquisitions was £6.1 million, the operating profit was £0.8 million and they contributed £0.5 million to the Group's net operating cash flows. If the acquisitions had been completed on the first day of the financial year, the total revenue for the period from these acquisitions would have been approximately £17.8 million and the profit for the period would have been approximately £2.8 million.

Directly attributable costs of £0.2m were incurred in the period related to acquisition activity from prior periods.

### 6. Dividends

The 2011 interim dividend of 2.52 pence per share (2010: 2.40 pence per share) was approved by the Board of Directors on 4 August 2011 and will be paid on 4th November 2011 to ordinary shareholders registered on 26 August 2011. This interim dividend has not been included as a liability as at 30 June 2011.

## Notes to the Consolidated Financial Statements (Unaudited)

### 7. Earnings per share

#### Earnings

	First half 2011 £m	First half 2010 £m	Full year 2010 £m
<b>Basic:</b>			
<b>Earnings</b>			
Profit for the period	39.0	30.8	65.0
Non-controlling interests	0.1	-	0.1
Basic earnings attributable to ordinary shareholders	39.1	30.8	65.1
Exceptional items	2.2	4.7	10.1
Adjusted earnings	41.3	35.5	75.2

#### Diluted:

#### Earnings

Basic earnings attributable to ordinary shareholders	39.1	30.8	65.1
Diluted earnings attributable to ordinary shareholders	39.1	30.8	65.1
Exceptional items	2.2	4.7	10.1
Adjusted diluted earnings	41.3	35.5	75.2

#### Number of shares

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

For basic earnings per share	460.2	424.6	427.7
Exercise of share options	14.0	13.9	14.0
For diluted earnings per share	474.2	438.5	441.7

#### Earnings per share

##### Basic:

Adjusted	9.0p	8.4p	17.6p
Unadjusted	8.5p	7.3p	15.2p

##### Diluted:

Adjusted	8.7p	8.1p	17.0p
Unadjusted	8.2p	7.0p	14.7p

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.

The denominators for the purposes of calculating both the basic and diluted earnings per share have been adjusted to reflect the shares issued in the period as detailed in Note 13.

### 8. Contingent liabilities

There have been no material changes in the contingent liabilities as disclosed on page 124 of the Group's 31 December 2010 consolidated financial statements.

## Notes to the Consolidated Financial Statements (Unaudited)

### 9. Cash flow from operating activities

	First half 2011 £m	First half 2010 £m	Full year 2010 £m
Operating profit from continuing operations	56.9	47.5	100.4
Share of profit from associates	(0.7)	(0.6)	(1.1)
Profit from operations	56.2	46.9	99.3
Depreciation of property, plant and equipment	16.2	17.1	33.6
Amortisation of intangible assets	4.7	4.1	8.6
Profit on sale of property, plant and equipment	(0.3)	-	(3.0)
Share-based payment expense	1.6	1.5	2.0
(Decrease) / increase in provisions	(1.1)	0.7	(1.1)
Pension scheme payments	(3.8)	(1.3)	(3.5)
Other non-cash items	(0.8)	(1.8)	(0.4)
Unrealised foreign exchange movements	(1.5)	0.2	2.8
Operating cash flows before movements in working capital	71.2	67.4	138.3
(Increase) / decrease in inventories	(13.6)	0.6	3.9
(Increase) / decrease in receivables	(27.7)	(0.8)	3.7
(Decrease) / increase in payables	(6.8)	(8.5)	8.3
Cash generated by operations	23.1	58.7	154.2
Income taxes paid	(3.7)	(1.7)	(2.6)
<b>Net cash flow from operating activities</b>	<b>19.4</b>	<b>57.0</b>	<b>151.6</b>
Dividends received from associates	0.1	0.2	1.1
Purchase of property, plant and equipment	(7.5)	(7.6)	(20.4)
Purchase of intangible assets	(1.1)	(6.3)	(7.4)
Proceeds from disposal of property, plant and equipment	4.2	0.2	5.0
Interest received	1.5	1.0	3.5
Interest paid	(12.9)	(9.1)	(17.8)
Interest element of finance leases paid	(0.1)	(0.2)	(0.4)
<b>Free cash flow</b>	<b>3.6</b>	<b>35.2</b>	<b>115.2</b>

### 10. Retirement benefit obligations

The defined benefit obligation at 30 June 2011 is estimated based on the latest actuarial valuation at 31 March 2009, with assumptions updated to reflect market conditions at 30 June 2011 where appropriate. The defined benefit plan assets have been updated to reflect their market value as at 30 June 2011.

As at 30 June 2011 the update of the actuarial valuation of the UK Income and Protection Plan indicates a net surplus of £5.9 million (H1 2010: £1.9 million deficit, Full Year 2010: £5.2 million surplus). 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 2011 of £17.6 million (Half year 2010: £23.5 million, Year end 2010: £18.8 million).

In accordance with IAS 19, IFRIC 14 and the Group's accounting policies, the surplus in relation to the UK Income and Protection Plan at 30 June 2011 was restricted and no asset was recognised in the balance sheet. Furthermore, an additional liability of £13.8 million (Year end 2010 £15.3 million) has been recognised in respect of the UK plan, reflecting the commitment to make deficit contribution payments under the recovery plan.

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

p.a. %	UK		US	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
Discount rate	5.6	5.4	5.3	5.2
Rate of increase to pensionable salaries	3.9	3.7	4.0	4.0
Price inflation	3.4	3.2	2.2	2.2
Rate of increase to pensions in payment	3.2	3.1	-	-

## 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.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of Goods			Purchases of Goods		
	First half 2011 £m	First half 2010 £m	Full year 2010 £m	First half 2011 £m	First half 2010 £m	Full year 2010 £m
Associates	3.3	1.8	8.5	140.7	67.9	169.3

  

	Amounts owed by related parties			Amounts owed to related parties		
	First half 2011 £m	First half 2010 £m	Full year 2010 £m	First half 2011 £m	First half 2010 £m	Full year 2010 £m
Associates	0.2	1.7	-	12.0	3.7	5.4

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 £1.6 million (Half year 2010: £1.8 million, Full year 2010: £1.7 million). The loans are unsecured and will be settled in cash, and were made on terms which reflect the relationships between the parties.

### 12. Borrowings

Drawings of \$306 million (£190.1 million) were repaid across the Group's bank borrowing facilities during the period. \$300 million of this repayment relates to funds raised from the US private placement ("USPP") market and the remainder resulted from cash generation in the period.

During the period the Group refinanced its debt facilities to replace the \$900 million multicurrency revolving credit facility due to mature in September 2012 and the \$175 million multicurrency revolving credit facility ("RCF") due to mature in August 2011. These two facilities were replaced with a new \$750 million multicurrency facility dated 21 April 2011 with a split maturity of \$250 million which is due to expire in April 2014, and \$500 million which is due to expire in April 2016.

In addition the Group raised \$300 million in senior notes in the US private placement ("USPP") market dated 18 May 2011 with maturities of 7, 10 and 12 years. The private placement complements the \$750 million RCF and the funds raised were used to repay drawings under the \$750 million RCF.

### 13. Share capital

Ordinary share capital as at 30 June 2011 amounted to £141.9 million. During the period the Group issued 694,711 ordinary 29 16/21p shares to satisfy the vesting of share awards under the Group's discretionary share schemes. The Group also issued 480,618 ordinary 29 16/21p shares to satisfy options exercised under the BBA 2004 Savings-Related Share Option Scheme and the BBA 1994 (amended 2001) Executive Share Option Scheme. The consideration of shares issued in respect of these share options was £664,882.61. In addition the Group issued 43,200,455 ordinary 29 16/21p shares with a share price of 205.0p per placing share for a total consideration of £88.6 million as part of a share placing in March 2011. This increased the number of shares in issue from 432.4 million at 31 December 2010 to 476.8 million at 30 June 2011.

## Notes to the Consolidated Financial Statements (Unaudited)

### 14. Financial calendar

The preliminary announcement of results for the year ending 31 December 2011 will be made in early March 2012.

### 15. Events after the Reporting Period

On 1 July 2011 Signature Flight Support Corporation disposed of the assets of its Spirit of St Louis FBO for a consideration of \$3.3 million.

On 15 July Signature Flight Support Corporation purchased the assets of Tropical Aviation Inc, an FBO operating at the Isla Grande Airport, San Juan, Puerto Rico for a cash consideration of \$3.0 million.

On 22 July 2011 Signature Flight Support Corporation purchased the assets of Premier Aviation of Boca Raton LLC, an FBO operating at the Boca Raton Executive Airport in Florida for a cash consideration of \$20.6 million.

Due to the timing of the acquisitions the results of the preliminary fair value exercise will be presented in the financial statements of BBA Aviation plc for the year ended 31 December 2011.

# Regulatory Matters

## Risks and Uncertainties

There are a number of potential risks and uncertainties noted below 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. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2010. A detailed explanation of the risks summarised below and how these risks are mitigated can be found on page 17 of the annual report which is available at [www.bbaaviation.com](http://www.bbaaviation.com).

- general economic downturn leading to a reduction in revenues and profits as a result of reduced B&GA and commercial flying and military expenditure
- catastrophic global event (terrorism, weather) with a material impact on global air travel leading to a reduction in revenues and profits as a result of reduced B&GA and commercial flying
- legislative changes causing a material increase to the cost of BG&A flight relative to alternatives leading to a reduction in revenues and profits as a result of reduced B&GA and commercial flying
- ability to attract and retain high quality and capable people resulting in a loss of key personnel
- potential liabilities from defects in services and products resulting in a loss of earnings from liability claims and adverse reputational impact
- intentional or inadvertent non-compliance with legislation resulting in an exposure to potential litigation or criminal proceedings and adverse reputational impact
- foreign exchange fluctuations leading to volatility in sterling earnings, balance sheet position and financial covenants
- environmental exposures resulting in a loss of earnings from the cost to remediate or from potential litigation, the potential for the loss of licence to operate or greater than expected liabilities associated with historical operations

# 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 2011 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 15. 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 it 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 group 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 2011 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  
London, United Kingdom  
4 August 2011