easyJet plc
Interim results for the six months to 31 March 2008

STRONG REVENUE GROWTH, PROGRESS ON COSTS BUT FUEL IMPACTS MARGINS

Highlights

- Total revenue up 24% to £892.2 million with underlying pre tax margin in line with expectations
- Passenger numbers up 15% to 18.9 million
- Load factors at 81% in line with the prior year
- Total revenue per seat (excluding GB Airways and exchange movements) up 1.5% compared to last year
- Cost per seat (excluding fuel, GB Airways and exchange movements) down by 0.9% compared to last year
- Unit fuel costs up 24% per seat compared to last year
- Mainland European expansion continued with a new base opened at Paris Charles de Gaulle and at Lyon
- GB Airways successfully integrated both commercially and operationally
- Forward bookings remain robust

Commenting on the results, Andy Harrison, easyJet Chief Executive said:

> “easyJet continues to grow in size and strength. GB Airways was smoothly integrated and is delivering larger than expected benefits and has made us number one at Gatwick. We are continuing to grow rapidly in mainland Europe, especially in Italy and France where we have opened new bases during the first half of the year. easyJet now operates Europe’s number one air transport network with 280 million Europeans living within an hour’s drive of an easyJet flight. These moves also helped to drive the 15% increase in the number of passengers carried. Our load factors remain robust and our forward bookings are slightly ahead of this time last year.
>
> Oil remains the biggest challenge and uncertainty. The price of jet fuel has risen 35% over the last three months and is now 80% higher than last year. Nobody knows how much of this increase is driven by short term financial speculation and how much is a longer term sustainable increase. What is certain is that if these fuel increases are maintained many of our weaker competitors will disappear or downsize and easyJet will emerge even stronger reflecting the combination of our business model, our cost advantage, our new fuel efficient fleet and the strength of our network.”

Results at a glance

	H1 2008 (including GB Airways)	H1 2008 (excluding GB Airways)	H1 2007
Total revenue (£million)	**892.2**	859.4	719.0
Pre tax loss - underlying (£million) [1]	**(48.4)**	(41.4) [2]	(17.1)
Pre tax loss - reported (£million)	**(57.5)**	n/a	(17.1)
Pre tax margin - underlying (%)	**(5.4)**	(4.8)	(2.4)
EPS - underlying (pence)	**(8.8)**	n/a	(3.1)
EPS - reported (pence)	**(10.3)**	n/a	(3.1)

Note 1: Underlying financial performance measures exclude £9.1m of integration costs associated with the acquisition of GB Airways.

Note 2: Excludes the GB Airways operating loss post acquisition (before fair value adjustments) and expenditure incurred marketing the routes and destinations acquired from GB Airways.

For further details please contact:
easyJet plc

Investors and analysts:

Rachel Kentleton	Investor Relations	+44 (0) 7961 754 468

Media:

Toby Nicol	Corporate Communications	+44 (0) 1582 525 339

There will be an analyst presentation at 9:30 am on 7 May 2008 at ABN AMRO, 3rd floor, 250 Bishopsgate, EC2M 4AA. A live webcast of the presentation will be available at www.easyJet.com. A results interview with Andy Harrison, CEO, and Jeff Carr, Group FD, is now available in video, audio and text on www.easyJet.com and www.cantos.com.

easyJet will publish its third quarter interim management statement on 7 August 2008 and will hold a conference call on that day.

Business review

easyJet has continued to develop its business successfully with passenger numbers increasing by 15% to 18.9 million and total revenue per seat increasing by 8.1%. The operating environment for the airline industry, however, has become more demanding in the past six months with unit fuel costs rising to unprecedented levels.

Total revenue grew by 24% to £892.2 million compared to £719.0 million last year. Loss before tax for the first half of 2008, in total, amounted to £57.5 million. This includes £9.1 million of one-off costs associated with the integration of GB Airways. GB Airways' trading loss in the first half was £7.0 million. The underlying easyJet loss was £41.4 million compared to a loss of £17.1 million in the previous year, driven by higher fuel costs which increased by £67.0 million.

A major success for easyJet has been the acquisition of GB Airways. The acquisition has enabled easyJet to improve its position at its largest base, Gatwick and has enhanced the Group's platform in the north west of England with the opening of a new base at Manchester. The combined business gives easyJet around 29% of departing passengers at Gatwick and presents opportunities for cost reduction and value creation particularly in the area of overheads, aircraft ownership and airport operating costs.

The integration of GB Airways into the easyJet business was completed smoothly. GB Airways routes went on sale at easyJet.com on 1 January 2008 and were supported by a heavyweight marketing campaign; pleasingly there has been no loss in forward momentum for the summer 2008 programme as a result of the change in distribution. GB Airways cutover to the easyJet Air Operator's Certificate (AOC) on 30 March 2008, in doing so easyJet became the first major European airline to operate under the new European operating certificates.

In the current challenging higher fuel price environment it is crucial that easyJet continues to focus on its key growth drivers; the development of its European network, the management of its fleet and crucially, as fuel costs have increased by £2.18 per seat, continual focus on margins via tough management of costs and capturing new revenue opportunities.

European network development

easyJet continues to expand its business geographically in mainland Europe, focusing on expansion at conveniently located airports. Around 30% of easyJet's flying (measured in seats flown) does not touch the UK, up from 27% in the comparable period last year and easyJet has grown its share of seats in Europe.

In the second quarter easyJet opened a new base in France at Paris Charles de Gaulle and subsequently opened a further base at Lyon on 4 April 2008. Low cost carrier penetration in France is half the European average and the country represents an exciting opportunity for easyJet. In the last six months 1.6 million easyJet passengers originated in France and currently there are 11 aircraft based in France. Additionally, easyJet added 13 new routes from France including domestic routes such as Paris to Biarritz and Lyon to Bordeaux.

easyJet has continued the development of its business in Italy with eight aircraft now based there. Our base at Milan Malpensa now serves 21 destinations around Europe and performance on domestic routes is particularly strong with load factors improving.

Despite broader concerns about the consumer environment easyJet's UK business continued to deliver a good performance, with particular strength at London bases where load factors improved compared to last year and performance improved at Newcastle following competitive retrenchment. The performance at Belfast has been affected by competitive entry but on key head to head routes easyJet is delivering higher loads than the competition.

Performance management of the network and improving the quality of the schedule continue to be the key drivers of easyJet's success with new routes added including the southern European GB Airways destinations and domestic routes in France and Italy. In addition, easyJet has culled 11 underperforming routes.

Focus on margins

The pursuit of new revenue streams and the aggressive management of costs are vital in the current challenging environment and easyJet has again demonstrated good progress in delivering both.

In the period easyJet introduced a checked bag charge which has been an important contributor to the increase in total revenue. easyJet has further developed its successful Speedy Boarding product by introducing Speedy Boarding Plus which enables passengers to purchase priority check-in at easyJet's top 30 airports. The easyJet plus card was launched at the beginning of March enabling frequent travellers with easyJet unlimited use of Speedy Boarding for an annual charge.

The Global Distribution System (GDS) rollout is now complete in the UK, Ireland, Switzerland, Portugal, Belgium, Spain and Italy. easyJet's inventory is only available via the GDS for business travellers and progress has been made in securing adoption of the GDS with major business travel management companies.

The cost environment has proved challenging with significant increases in airport charges in the period. Despite this easyJet has delivered an improvement in unit costs excluding fuel on a constant currency basis through tight management of overheads costs and continued progress on aircraft ownership costs. A notable achievement is that in the period easyJet has been able to hold its cost per available seat kilometre excluding fuel, flat compared to the prior year despite the impact of the strengthening euro. The GB Airways acquisition will deliver over £20m in synergies from overhead reductions and integration of supplier contracts. Looking forward easyJet has projects in place to deliver cost savings over the next two to three years in the areas of crew efficiency, fuel burn, overheads and aircraft ownership.

easyJet also continues to challenge the unjustifiable increase in BAA charges at Stansted and Gatwick and to lobby for more effective economic regulation of airports. In particular, the UK needs to introduce as much competition into the system as possible by separating the ownership of airport terminals from runways; allowing differential pricing within airports so that efficient airlines do not cross-subsidise the high-cost airlines; breaking BAA's monopoly on airport investment; and developing a much more effective, customer-orientated regulatory framework to encourage higher levels of operational and capital efficiency from the airport operator. Only once these issues have been resolved it is appropriate to talk about breaking up the BAA London airport monopoly, but it is the last issue to address, not the first.

Fleet

In the past six months easyJet has expanded its fleet with addition of five Airbus A319 in the period. As a response to the higher fuel price environment easyJet is targeting further improvement in aircraft ownership costs and the decision has been taken to accelerate the phasing out of the higher cost Boeing 737 fleet and the rationalisation of the expensive GB Airways sub-fleet. Additionally, the decision has also been taken in principle to discuss with Airbus the conversion of some of the Airbus A319 orders to those for A320 aircraft. easyJet will continue to grow over the current summer with a forecast 19% increase in seats flown, including the impact of the GB Airways acquisition, compared to the previous year.

A significant achievement in the current environment is that easyJet has secured over US$1billion of aircraft financing at more favourable rates than previously achieved.

	Owned	Under operating lease	Under finance lease	Total	Changes in half year	Future deliveries (including exercised options)	Unexercised options (note 1)
Airbus A319	60	46	6	112	5	115	88
Boeing 737-700	-	30	-	30	-	-	-
GB Airways	5	10	-	15	15	4	-
	65	**86**	**6**	**157**	**20**	**119**	**88**

Note 1: Options may be taken as any A320 family aircraft and are valid until 2015

Outlook

easyJet's underlying business remains strong with forward bookings for the summer slightly ahead of last year. Revenues will continue to benefit from a strong euro and the integration of the longer sector GB Airways routes. Pressure on costs will continue, not least from the unjustifiable increase in airport charges at Gatwick. However, easyJet will continue to work vigorously to deliver flat underlying costs excluding fuel in the second half, in line with the first half.

As easyJet disclosed in the 19 March fuel update, the recent dramatic increases in fuel costs cannot be fully offset in the current financial year and although easyJet has hedging in place for 40% of fuel requirements in the second half at US$750 per tonne, with a fuel price of over US$1,000 per tonne, fuel costs in the second half would increase by around £45m. The fuel price has continued to be extremely volatile and further movements in the average second half fuel price would additionally impact easyJet's total fuel bill by £2.5m for every US$10 movement.

GB Airways is now fully integrated into easyJet's operating model and the acquisition is expected to be EPS neutral before one-off integration costs of £12m as additional cost synergies largely offset the impact of increased fuel costs.

Andrew Harrison
Chief Executive Officer

7 May 2008

Financial Review

	2008	2007	Change incl. GB Airways %	Change excl. GB Airways %
Key performance indicators				
Return on equity (headline)	**(3.7%)**	(1.3%)	(2.4pp)	(2.2pp)
Seats flown (millions)	**23.2**	20.2	14.7	12.5
Passengers (millions)	**18.9**	16.4	14.7	12.2
Load factor	**81.2%**	81.2%	-	(0.2pp)
Available seat kilometres (“ASK”) (millions)	**23,442**	19,108	22.7	17.5
Revenue passenger kilometres (“RPK”) (millions)	**19,300**	15,790	22.2	17.0
Average sector length (kilometres)	**1,009**	944	6.9	4.5
Sectors	**149,927**	131,167	14.3	12.3
Block hours	**275,673**	233,496	18.1	14.2
Number of aircraft owned/leased at end of period	**157**	127	23.6	11.8
Average number of aircraft owned/leased during period	**143.2**	122.1	17.3	13.2
Number of aircraft operated at end of period	**152**	125	21.6	9.5
Average number of aircraft operated during period	**137.8**	115.2	19.6	15.3
Operated aircraft utilisation (hours per day)	**10.9**	11.1	(1.5)	(1.2)
Number of routes operated at end of period	**351**	265	32.5	n/a
Number of airports served at end of period	**96**	71	35.2	n/a
Per seat measures (underlying)				
Loss before tax per seat (£)	**(2.08)**	(0.85)	(146.5)	(115.0)
Revenue per seat (£)	**38.40**	35.51	8.1	6.3
Cost per seat (£)	**40.48**	36.36	(11.3)	(8.8)
Cost per seat excluding fuel (£)	**29.12**	27.18	(7.1)	(4.7)
Per ASK measures (underlying)				
Loss before tax per ASK (pence)	**(0.21)**	(0.09)	(130.5)	(105.8)
Revenue per ASK (pence)	**3.81**	3.76	1.1	1.7
Cost per ASK (pence)	**4.01**	3.85	(4.2)	(4.1)
Cost per ASK excluding fuel (pence)	**2.89**	2.88	(0.2)	(0.2)

There are three major factors impacting key performance measures this period; firstly, the strengthening of the euro which has moved from an average of 1.49 in 2007 to 1.38 in 2008; secondly, the inclusion of the two months of GB Airways trading and thirdly, the significant rise in fuel price. The following table summarises the key measures, highlighting the GB Airways and currency impacts:

	2008 £	2007 £	Change %
Total revenue per seat	**38.40**	35.51	8.1
Excluding GB Airways	**37.73**	35.51	6.3
And at constant currency	**36.03**	35.51	1.5
Cost per seat excl fuel	**29.12**	27.18	(7.1)
Excluding GB Airways	**28.45**	27.18	(4.7)
And at constant currency	**26.93**	27.18	0.9

GB Airways

The acquisition of GB Airways was completed on 31 January 2008 and the business continued to operate as a British Airways franchise until 29 March 2008.

The acquisition brings into the easyJet business model sectors that are, on average, more than double that of the existing business whilst aircraft utilisation remains broadly the same. Consequently the average sector length grew 6.9% compared to the previous year. To make underlying performance clearer, summary revenue and cost measures are also presented on a ‘per ASK’ basis. For the period to 31 March 2008 total revenue per ASK (RASK) was 3.81p against 3.76p in 2007 whilst cost per ASK (CASK), excluding fuel, was 2.89p in 2008 against 2.88p in 2007.

While the key performance indicators are broken out for the half year the GB Airways business will be fully integrated into the easyJet business for the purposes of reporting full year key performance indicators. The commentary below focuses principally on the underlying performance of the easyJet business.

Passenger Revenue

Headline passenger revenue grew 17.0% to £751.0 million driven by the strengthening euro, an increase of 12.5% in easyJet seats flown from 20.2 million to 22.8 million and the acquisition of GB Airways. Load factor dropped slightly by 0.2pts to 81.0% resulting in passenger numbers increasing 12.2% to 18.5 million. This growth in capacity was supported by an increase in the average number of easyJet owned aircraft this year compared to last year of 16.1. Most of this growth, continuing the trend demonstrated during the last financial year, has been into continental Europe, particularly Italy and Spain.

As a consequence of this continued relative growth into Europe together with the strengthening of the euro year on year, the percentage of revenue in euros has increased from 33% to 39%.

Average passenger yields rose 2.0% to £32.32 but on a constant currency basis excluding GB Airways fell by 4.9%, driven by two key factors. Firstly, the year on year impact of the doubling of APD in the UK to £10 inevitably led to some yield dilution. Secondly, the introduction of the checked bag charge has, as expected, resulted in a small decline in passenger revenue per seat.

At 31 March 2008, the easyJet network covered 351 routes and 96 airports compared to 265 and 71 at the same point last year. During the last six months, helped by the acquisition of GB Airways, 21 new destinations have been added to the network including Funchal, Vienna, Jersey, Gibraltar, Malta, Las Palmas, Heraklion, Corfu and Dalaman.

The 19th base at Paris Charles de Gaulle airport was successfully launched on 7 February this year. The new base is part of a significant investment that will strengthen easyJet’s position as the second largest airline in France. There will be further development in France in the second half of the year following the opening of the base in Lyon in April.

Ancillary Revenue

Ancillary revenue has continued to contribute significantly to the performance of the business, increasing by 82.9% to £141.2 million. After excluding a small incremental benefit from the acquired GB Airways business the key driver of this increase has been the introduction of the checked bag charge. On average, 75% of passengers have checked-in baggage.

Speedy Boarding has continued to perform well and has recently been improved with the introduction of Speedy Boarding Plus which provides a priority check-in facility for customers. In November the provision of inflight services was changed from Alpha to Gate Gourmet and after the expected transition period performance is improving. This will be significantly enhanced once electronic point of sale capability is introduced later in the year.

Costs

Cost performance continues to be a key focus of the easyJet business model.

In the first half of this year total unit costs were up £4.12 or 11.3% to £40.48 per seat. The biggest driver of this has been the significant increase in fuel costs and excluding fuel, unit costs were up £1.94 or 7.1% to £29.12. However, on a constant currency basis and excluding GB Airways, unit costs excluding fuel improved by 0.9% which, given the cost pressures being experienced particularly in airport costs and crew is an excellent result and is testimony to the continuing direct management of day-to-day costs. Total fuel costs for the current period are up £78.1 million, or 42.0%, from the previous year; on a per seat basis this is an increase of £2.18 or 23.8% bringing the unit cost of fuel to £11.36 per seat. The GB Airways business has added approximately £0.26 on a per seat basis, due to the significantly longer sector length, so the like for like increase in unit fuel costs is £1.92 or 20.9%.

The euro and swiss franc currencies have strengthened significantly compared to the same period last year with the euro, on average, 7.3% stronger and the swiss franc 5.0% stronger. With significant portions of the cost base denominated in these currencies (airport and ground handling costs, navigation costs and some staff and crew costs) unit costs have been impacted.

Ground handling and airport costs combined on a per seat basis were up £0.89 or 8.7% compared to the previous year to £11.14. On a constant currency basis, excluding GB Airways, the underlying unit cost increase was £0.28 or 2.7%. Approximately 52% of ground handling and airport costs are denominated in euro. The driver of these cost increases has been over-inflationary airport price rises experienced across a number of airports in the network including Stansted, Gatwick, Luton, Basel and Paris Charles de Gaulle. In response to the significant increase in prices at Gatwick easyJet has informed the UK Civil Aviation Authority of its intention to seek a judicial review of its decision and will continue to lobby for effective price regulation to deliver better value and service standards for customers.

Crew costs on a per seat basis were up £0.53 or 11.2%, compared to 2007, to £5.25. Underlying unit costs on a constant currency basis, excluding GB Airways, were £0.39 or 8.3%. Improvement in crew productivity has taken longer than expected, however, crew staffing has returned to planned levels for the current summer programme. Crew costs remain a key opportunity for efficiency improvement as the GB Airways crews are consolidated, as more varied and complex flying patterns are introduced and investment is made in crew support systems. Material improvement in these costs should be delivered going forward.

Maintenance costs on a per seat basis were up £0.22 or 9.5%, compared to 2007, to £2.53. On a constant currency basis, excluding GB Airways, the underlying unit costs were up £0.19 or 8.2%. This reflects the increase in support costs as the average age of components increases offset by the ongoing benefit of the new engine maintenance deal with GE that was agreed in June 2007. During the period the insourcing of the maintenance planning function was completed and this has incurred some one-off costs. This will help drive improved engineering efficiency going forward.

Insurance cost per seat improved significantly by £0.14 or 42.9%, compared to 2007, to £0.19 and this simply reflects the benefit from a new contract achieved through increasing scale and negotiation.

Overhead cost per seat, including marketing, advertising, sales and distribution costs was up £0.23 or 6.1%, compared to 2007, to £3.95. Excluding the effect of the GB Airways acquisition and the impact of foreign exchange underlying unit costs were better by 17.3%.

Ownership costs, on a per seat basis including the benefit of interest receivable, showed an improvement of £0.24 or 8.6% to £2.56. Again, on a constant currency basis, excluding GB Airways, the underlying improvement was £0.37 or 13.3%. The two key factors of this improvement are the increasing average cash balances driving interest receivable although the cash outflow on the acquisition of GB Airways will be felt in the second half. The benefit from the continued introduction of lower cost A319 aircraft into the fleet continues to improve the underlying per seat unit costs.

Summary balance sheet (unaudited)

	31 March 2008 £million	30 September 2007 £million	Change £million
Property, plant and equipment	**1,132.9**	935.8	197.1
Other non-current assets	**550.2**	414.2	136.0
	1,683.1	1,350.0	333.1
Net working capital	**(510.6)**	(326.9)	(183.7)
Cash and cash equivalents	**649.4**	719.1	(69.7)
Money market deposits	**200.3**	193.4	6.9
Borrowings	**(566.4)**	(519.1)	(47.3)
Other non-current liabilities	**(292.5)**	(264.1)	(28.4)
Net assets	**1,163.3**	1,152.4	10.9
Share capital and premium	**743.0**	738.7	4.3
Reserves	**420.3**	413.7	6.6
Shareholders' funds	**1,163.3**	1,152.4	10.9

Shareholders' funds increased by £10.9 million in the six months to 31 March 2008. The loss after tax of £43.3 million is offset by a significant credit to reserves arising from the mark to market valuation of the Group's derivative portfolio. This credit is principally due to jet fuel forward contracts and options where the hedge rate is significantly below current market rate. Cash flow hedge accounting rules permit mark to market valuations to be recognised in reserves and recycled to the income statement when the underlying transactions occur.

Property, plant and equipment increased by £197.1 million following delivery of five new owned A319 aircraft in the period and the addition of five owned GB Airways A321 aircraft, four of which were owned at acquisition and one was delivered post acquisition in February 2008. Pre-delivery deposits included in the value of property, plant and equipment have also increased in the period reflecting future deliveries.

Other non-current assets have increased by £136.0 million largely due to the valuation of the landing rights at Gatwick and goodwill which arose on the acquisition of GB Airways. Acquisition accounting requires a fair value to be attributed to all assets and liabilities acquired including intangible fixed assets and the excess of consideration paid over the fair value of assets and liabilities acquired is recorded in the Group balance sheet as goodwill. The GB Airways goodwill is in addition to the goodwill previously recognised on the acquisitions of Go Fly and TEA Basel. Additional detail on the fair value of assets and liabilities acquired is detailed in note 11 to the condensed financial information.

Net working capital increased principally due to the cyclical nature of the business which means there are significantly more sales in advance at 31 March compared to 30 September each year.

The total of cash and cash equivalents and money market deposits decreased by £62.8 million. Significant cash received from sales in advance was used to invest in aircraft and the acquisition of GB Airways. Excluding the GB Airways purchase the Group generated surplus cash in the period.

Cash and cash equivalents exclude £103.2 million of restricted cash which is included in other non-current assets and net working capital. These amounts relate principally to sales in advance, customer payments for holidays and operating lease deposits. Restricted cash has increased from £48.8 million at September 2007 due to GB Airways' agreement with British Airways which has now expired.

The increase in other non-current liabilities is due to additional deferred tax liabilities arising principally on the landing rights acquired through GB Airways.

Borrowings have increased due to the acquisition of GB Airways, the 4 aircraft owned at acquisition are debt financed, the remainder of additions in the period were cash acquired.

Gearing

The combined impact of cash acquiring GB Airways and the additional net debt assumed has resulted in gearing increasing from 20.4% at 30 September 2007 to 29.0% at 31 March 2008.

Summary cash flow (unaudited)

	Six months ended 31 March 2008 £million	Six months ended 31 March 2007 £million	Change £million
Cash generated from operations	**196.5**	161.8	34.7
Acquisition of GB Airways (net of cash acquired)	**(96.2)**	-	(96.2)
Net capital expenditure	**(134.9)**	(127.8)	(7.1)
Net (decrease) / increase in loan finance	**(21.2)**	30.6	(51.8)
Net increase in money market deposits	**(1.5)**	-	(1.5)
Other	**(12.4)**	(20.8)	8.4
Net (decrease) / increase in cash and cash equivalents	**(69.7)**	43.8	(113.5)
Cash and cash equivalents at beginning of period	**719.1**	860.7	(141.6)
Cash and cash equivalents at end of period	**649.4**	904.5	(255.1)

Despite a net loss in the period significant cash was generated from operations due to cash received from sales in advance in the period.

Cash paid to purchase GB Airways including acquisition expenses totalled £107.9 million, cash acquired net of overdrafts totalled £11.7 million giving a net outflow on acquisition of £96.2 million.

Net capital expenditure includes the purchase of five additional A319 and one A321 aircraft and pre-delivery deposits on future aircraft.

No new loans were drawn down in the period, £21.2m of loan and finance lease balances were repaid in the period. All additional aircraft in the period were cash acquired.

At 31 March the Group had US$1,187 million of undrawn financing in place. In addition to the US$250 million revolving credit facility, the Group completed its financing arrangements in respect of future aircraft deliveries in December 2007 providing US$937 million of additional finance.

Principal risks and uncertainties

This section describes the principal risks and uncertainties which may affect easyJet's business and financial results and prospects.

Demand for air travel

easyJet is dependent on the demand for european air travel and its business can be affected by macro issues outside its control, such as global (or even local) economic conditions, the continued acceptance of the low cost model, and the willingness of potential customers to fly. Changes in any of these will affect the demand for our services and could have a material effect on the financial results of the business.

Competition

easyJet operates in competitive marketplaces against both flag carriers and other low cost airlines (some of which are owned by flag carriers). An increase in competition from any of these sources could result in an adverse effect on easyJet's performance.

Terrorism or catastrophic loss

The attacks and attempted terrorist attacks on the aviation industry of 11 September 2001 in the United States and 10 August 2006 in the UK show that easyJet's business is exposed to potential terrorist attacks, even if easyJet is not a direct target and even if an attack is not successful. easyJet's business can be affected in a number of ways, including loss of key national infrastructure (which may have a knock on effect), loss of restricted access to the airport infrastructure which easyJet uses, increased security costs, potential restriction or removal of insurance cover, and a reduction in the propensity of customers to fly. Any one of these issues could have a material adverse effect on the business.

Fleet grounding

easyJet operates the following types of aircraft, the Boeing 737-700, the Airbus A319, A320, and A321. Were there an accident or discovered defect on these aircraft types, even if related to another airline elsewhere in the world, this could result in some or all of easyJet's aircraft fleet being grounded for an indeterminable period of time.

Fuel price fluctuations

Fuel is a significant cost to easyJet, being 27.8% of the cost base during the half year. During the last ten years, the price of fuel has been subject to significant volatility. Whilst the easyJet's hedging activities can provide some degree of protection against short term price volatility, easyJet is exposed to fuel price movements over longer time periods, which could be material to the cost base.

Currency fluctuations

easyJet has significant US dollar denominated costs relating to the purchase price of an aircraft, aircraft financing costs, maintenance reserve payments, engine maintenance costs and fuel purchases. The US dollar is subject to significant volatility against sterling. Whilst the group's hedging activities can provide some degree of protection against short term exchange rate movements, easyJet is exposed over longer time periods, which could be material to the cost base.

Landing charges and airport access

Many of the airports which easyJet fly to are regulated, and charges are levied by way of regulatory decision rather than by commercial negotiation. As such, easyJet has little influence in the future level and even the basis of charges, which may result in costs increasing at beyond the level of inflation.

Airport access

The availability of suitable landing slots at airports is key to easyJet's continued growth. Many airports are slot constrained and are subject to regulation. This means that there is a risk that slots may not become available. Furthermore, environmental regulation such as noise restrictions and curfews may further restrict availability.

Jeff Carr
Group Finance Director

7 May 2008

Consolidated income statement (unaudited)

	Notes	**Six months ended 31 March 2008 £million**	Six months ended 31 March 2007 £million
Passenger revenue		**751.0**	641.8
Ancillary revenue		**141.2**	77.2
Total revenue		**892.2**	719.0
Ground handling charges, including salaries		**(97.7)**	(76.1)
Airport charges		**(161.2)**	(131.4)
Fuel		**(264.0)**	(185.9)
Navigation charges		**(81.3)**	(61.7)
Crew costs, including training		**(122.0)**	(95.5)
Maintenance		**(58.8)**	(46.8)
Advertising		**(24.2)**	(18.9)
Merchant fees and incentive pay		**(15.2)**	(9.4)
Aircraft and passenger insurance		**(4.4)**	(6.7)
Other costs		**(52.4)**	(47.1)
GB Airways integration costs		**(9.1)**	-
EBITDAR		**1.9**	39.5
Depreciation		**(19.9)**	(16.7)
Amortisation of other intangible assets		**(0.7)**	(0.4)
Aircraft dry lease costs		**(53.3)**	(45.9)
Aircraft long-term wet lease costs		**-**	(1.0)
Operating loss		**(72.0)**	(24.5)
Interest receivable and other financing income		**32.7**	23.9
Interest payable and other financing charges		**(18.2)**	(16.6)
Net financing income		**14.5**	7.3
Share of profit of associate		**-**	0.1
Loss before tax		**(57.5)**	(17.1)
Tax	3	**14.2**	4.4
Loss for the period		**(43.3)**	(12.7)
Loss per share, pence			
Basic	4	**10.3**	3.1

Consolidated balance sheet (unaudited)

	Notes	**31 March 2008 £million**	30 September 2007 £million
Non-current assets			
Goodwill	6	**354.5**	309.6
Other intangible assets	6	**77.6**	1.8
Property, plant and equipment	6	**1,132.9**	935.8
Financial assets			
Loan notes		**11.6**	11.1
Restricted cash		**38.3**	32.9
Derivative financial instruments		**10.7**	-
Other non-current assets		**57.1**	58.1
Investments in associates		**-**	0.3
Deferred tax assets		**0.4**	0.4
		1,683.1	1,350.0
Current assets			
Trade and other receivables		**271.6**	223.6
Assets held for sale		**30.0**	-
Financial assets			
Money market deposits		**200.3**	193.4
Restricted cash		**64.9**	15.9
Derivative financial instruments		**56.7**	14.4
Cash and cash equivalents		**649.4**	719.1
		1,272.9	1,166.4
Current liabilities			
Trade and other payables		**(815.9)**	(461.7)
Financial liabilities			
Borrowings	7	**(48.9)**	(40.5)
Derivative financial instruments		**(7.0)**	(26.6)
Current tax liabilities		**(93.3)**	(89.7)
Maintenance provisions		**(17.6)**	(2.8)
		(982.7)	(621.3)
Net current assets		**290.2**	545.1
Non-current liabilities			
Financial liabilities			
Borrowings	7	**(517.5)**	(478.6)
Derivative financial instruments		**(1.2)**	(6.3)
Other non-current liabilities		**(77.4)**	(86.8)
Maintenance provisions		**(150.1)**	(136.0)
Deferred tax liabilities		**(63.8)**	(35.0)
		(810.0)	(742.7)
Net assets		**1,163.3**	1,152.4
Shareholders' funds			
Ordinary shares	8	**105.3**	104.8
Share premium	9	**637.7**	633.9
Hedging reserve	9	**41.4**	(13.7)
Translation reserve	9	**0.3**	-
Retained earnings	9	**378.6**	427.4
		1,163.3	1,152.4

Consolidated cash flow statement (unaudited)

	Notes	**Six months ended 31 March 2008 £million**	Six months ended 31 March 2007 £million
Cash flows from operating activities			
Cash generated from operations	10	**191.1**	158.3
Interest received		**28.1**	23.6
Interest paid		**(17.6)**	(18.0)
Tax paid		**(5.1)**	(2.1)
Net cash generated from operating activities		**196.5**	161.8
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	11	**(96.2)**	-
Purchase of property, plant and equipment		**(134.0)**	(154.8)
Proceeds from sale of property, plant and equipment		**0.4**	27.0
Purchase of other intangible assets		**(1.6)**	(0.2)
Proceeds from sale of investment in associate	13	**0.3**	-
Dividends received from associate		**-**	0.2
Net cash used by investing activities		**(231.1)**	(127.8)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**4.0**	15.8
Purchase of own shares for employee share schemes		**(4.4)**	(4.3)
Net proceeds from drawdown of bank loans		**-**	46.7
Repayment of bank loans		**(19.8)**	(14.8)
Repayment of capital elements of finance leases		**(1.4)**	(1.3)
Increase in money market deposits		**(1.5)**	-
Increase in restricted cash		**(23.0)**	(28.1)
Net cash (used by) / generated from financing activities		**(46.1)**	14.0
Effects of exchange rate changes		**11.0**	(4.2)
Net (decrease) / increase in cash and cash equivalents		**(69.7)**	43.8
Cash and cash equivalents at beginning of period		**719.1**	860.7
Cash and cash equivalents at end of period		**649.4**	904.5

Consolidated statement of recognised income and expense (unaudited)

	Notes	**Six months ended 31 March 2008 £million**	Six months ended 31 March 2007 £million
Cash flow hedges			
Fair value gains / (losses) in period	9	**81.0**	(19.4)
Transfers to income statement	9	**(7.5)**	21.2
Transfers to property, plant and equipment	9	**1.5**	-
Related taxation		**(19.9)**	(1.7)
Translation differences on foreign currency net investments	9	**0.3**	-
Net income recognised directly in equity		**55.4**	0.1
Loss for the period		**(43.3)**	(12.7)
Total recognised income and expense attributable to shareholders of the company		**12.1**	(12.6)

Notes to the condensed financial information (unaudited)

1 Accounting policies

Basis of preparation
The condensed financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim Financial Reporting". It should be read in conjunction with the annual report and accounts for the year ended 30 September 2007, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 September 2007 were approved by the board of directors on 19 November 2007, and have been delivered to the Registrar of Companies. The report of the auditors was unqualified, and did not contain either an emphasis of matter paragraph or any statement made under section 237 of the Companies Act 1985.

The accounting polices adopted are consistent with those described in the annual report and accounts for the year ended 30 September 2007. The following standards, amendments to standards or interpretations are required to be implemented for the year ended 30 September 2008:

IFRS 7 Financial Instruments: Disclosure
IAS 1 Presentation of Financial Statements - Amendment: Capital Disclosures
IFRIC 10 Interims and Impairment (IAS 34)
IFRIC 11 Group and Treasury Share Transactions (IFRS 2)

The disclosures required by IFRS 7 and the amendment to IAS 1 will be given in the next annual report and accounts. The adoption of IFRIC 10 and IFRIC 11 has had no impact on this condensed financial information.

2 Seasonality

The airline industry is highly seasonal, and demand is significantly higher during the summer. Accordingly revenue and profitability are higher in the second half of the year. Historically, easyJet has reported a loss for the first half of the year and a profit in the second half.

3 Taxation

a) Tax on profit on ordinary activities:

	2008 £million	2007 £million
Current taxation	**4.7**	(0.3)
Deferred taxation	**(18.9)**	(4.1)
	(14.2)	(4.4)
Effective tax rate	**24.7%**	25.7%

The effective tax rate is lower than the standard rate of corporation tax in the United Kingdom (28%) principally due to overseas profits being subject to tax at lower rates.

b) Tax on items charged to equity comprises:

	2008 £million	2007 £million
Deferred tax (charge) / credit on share options	**(3.8)**	4.7
Deferred tax charge on fair value movements of cash flow hedges	**(19.9)**	(1.7)
	(23.7)	3.0

4 Loss per share

	2008 £million	2007 £million
Loss for the period	**(43.3)**	(12.7)
GB Airways integration costs	**9.1**	-
Related taxation	**(2.5)**	-
Underlying loss for the period	**(36.7)**	(12.7)

	2008 million	2007 million
Weighted average number of ordinary shares in issue during the period	**418.9**	414.1

	2008 pence	2007 pence
Loss per share	**10.3**	3.1
Underlying loss per share (non-GAAP measure)	**8.8**	3.1

Diluted loss per share for the six months ended 31 March 2008 and 2007 is not presented as the impact of potential ordinary shares is antidilutive.
Underlying loss and underlying loss per share are based on the loss for the period after adjusting for costs relating to the integration of the operations acquired from GB Airways. The adjustment has been made on the grounds that these costs with not recur.

5 Dividends

No dividends have been paid or proposed during the period ended 31 March 2008 or during the comparative period.

6 Intangible assets and property, plant and equipment

	Goodwill £million	Other intangible assets £million	Property, plant and equipment £million	Total £million
At 1 October 2007	309.6	1.8	935.8	1,247.2
Acquisition of GB Airways	44.9	74.9	83.4	203.2
Additions	-	1.6	134.0	135.6
Disposals	-	-	(0.4)	(0.4)
Depreciation and amortisation	-	(0.7)	(19.9)	(20.6)
At 31 March 2008	**354.5**	**77.6**	**1,132.9**	**1,565.0**

	Goodwill £million	Other intangible assets £million	Property, plant and equipment £million	Total £million
At 1 October 2006	309.6	1.1	695.7	1,006.4
Additions	-	0.2	129.6	129.8
Disposals	-	-	(0.3)	(0.3)
Depreciation and amortisation	-	(0.4)	(16.7)	(17.1)
At 31 March 2007	**309.6**	**0.9**	**808.3**	**1,118.8**

At 31 March 2008 easyJet is contractually committed to the acquisition of 119 Airbus A320 family aircraft, with a list price of approximately US$ 5.4 billion (£2.8 billion) before escalations and discounts. Deposits paid against these aircraft at 31 March 2008 totalled £156.6 million.

7 Borrowings

	2008 £million	2007 £million
At 1 October	**519.1**	479.7
Acquisition of GB Airways	**59.1**	-
Foreign exchange adjustments	**8.9**	(17.4)
Net proceeds from drawdown of bank loans	**-**	46.7
Movement in issue costs	**0.5**	(0.1)
Repayments	**(21.2)**	(16.1)
At 31 March	**566.4**	492.8
Current	**48.9**	35.9
Non-current	**517.5**	456.9
	566.4	492.8

8 Share capital

	Number 2008 million	Number 2007 million	Value 2008 £million	Value 2007 £million
At 1 October	**419.1**	410.5	**104.8**	102.6
Issued under share option schemes	**2.1**	8.4	**0.5**	2.1
At 31 March	**421.2**	418.9	**105.3**	104.7

9 Consolidated reconciliation of movements in shareholders' equity

	Share capital £million	Share premium £million	Hedging reserve £million	Translation reserve £million	Retained earnings £million	Total £million
At 1 October 2007	104.8	633.9	(13.7)	-	427.4	**1,152.4**
Loss for the period	-	-	-	-	(43.3)	**(43.3)**
Cash flow hedges						
Fair value gains	-	-	81.0	-	-	**81.0**
Transfers to income statement	-	-	(7.5)	-	-	**(7.5)**
Transfers to property, plant and equipment	-	-	1.5	-	-	**1.5**
Related taxation (note 3)	-	-	(19.9)	-	-	**(19.9)**
Currency translation differences	-	-	-	0.3	-	**0.3**
Share options						
Proceeds from shares issued	0.5	3.8	-	-	(0.2)	**4.1**
Value of employee services	-	-	-	-	2.9	**2.9**
Related taxation (note 3)	-	-	-	-	(3.8)	**(3.8)**
Shares purchased for employee schemes	-	-	-	-	(4.4)	**(4.4)**
At 31 March 2008	**105.3**	**637.7**	**41.4**	**0.3**	**378.6**	**1,163.3**

In December 2007 easyJet awarded free shares to all staff employed at 30 September 2007 who accepted the award. In connection with this award, easyJet's Share Incentive Plan acquired 642,910 shares at a cost of £3.9 million, which has been deducted from retained earnings.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedging transactions extant at the period end.

9 Consolidated reconciliation of movements in shareholders' equity (continued)

	Share capital £million	Share premium £million	Hedging reserve £million	Retained earnings £million	Total £million
At 1 October 2006	102.6	591.4	(9.5)	298.4	982.9
Loss for the period	-	-	-	(12.7)	(12.7)
Cash flow hedges					
Fair value losses	-	-	(19.4)	-	(19.4)
Transfers to income statement	-	-	21.2	-	21.2
Related taxation (note 3)	-	-	(1.7)	-	(1.7)
Share options					
Proceeds from shares issued	2.1	41.5	-	(27.8)	15.8
Value of employee services	-	-	-	4.0	4.0
Related taxation (note 3)	-	-	-	4.7	4.7
Shares purchased for employee schemes	-	-	-	(4.3)	(4.3)
At 31 March 2007	104.7	632.9	(9.4)	262.3	990.5

10 Reconciliation of loss for the period to cash generated from operations

	2008 £million	2007 £million
Cash generated from operations		
Loss for the period	**(43.3)**	(12.7)
Adjustments for:		
Tax credit	**(14.2)**	(4.4)
Depreciation charge	**19.9**	16.7
Profit on disposal of property, plant and equipment	**-**	(0.2)
Amortisation of other intangibles	**0.7**	0.4
Interest income	**(27.6)**	(23.9)
Interest expense	**18.2**	17.6
Share based payments	**2.9**	4.0
Share of results of associates	**-**	(0.1)
Financial instruments – time value	**3.1**	(3.0)
Foreign exchange	**11.3**	(13.7)
Changes in working capital:		
Increase in trade and other receivables	**(17.1)**	(29.4)
Increase in trade and other payables	**223.6**	181.5
Increase in provisions	**22.4**	6.5
Decrease / (increase) in other non-current assets	**3.7**	(0.3)
(Increase) / decrease in financial instruments	**(3.1)**	0.5
(Decrease) / increase in other non-current liabilities	**(9.4)**	18.8
	191.1	158.3

11 Acquisition of GB Airways

On 25 October 2007, easyJet announced that, subject to regulatory clearance, it had agreed to acquire 100% of the share capital of and voting rights in GB Airways. The acquisition has been unconditionally cleared and completion occurred on 31 January 2008. The assets and liabilities acquired and their provisional fair values are as follows:

	Carrying amount £million	Provisional fair value £million
Landing rights	-	72.4
Other intangible assets	-	2.5
Property, plant and equipment	85.0	83.4
Other non-current assets	6.2	2.7
Assets held for sale	-	30.0
Current assets excluding cash and cash equivalents	59.7	59.7
Cash and cash equivalents	15.4	15.4
Current liabilities, excluding borrowings and overdrafts	(85.5)	(89.4)
Overdrafts	(3.7)	(3.7)
Borrowings	(59.1)	(59.1)
Deferred tax liabilities	-	(24.1)
Maintenance provisions	(3.3)	(5.2)
Net assets acquired	14.7	84.6
Goodwill	-	44.9
	14.7	**129.5**

Purchase consideration	
Cash paid	103.5
Deferred consideration	21.6
Direct acquisition costs	4.4
	129.5
Cash and cash equivalents acquired	(15.4)
Overdrafts acquired	3.7
Deferred consideration	(21.6)
Cash outflow on acquisition	**96.2**

Carrying amounts represent the assets and liabilities of GB Airways at completion determined in accordance with IFRS. Provisional fair values are stated after accounting policy alignments and fair value adjustments.

The principal fair value adjustments were the recognition of landing rights ("slots") at Gatwick and Heathrow at fair value, and related deferred taxation provisions. The Heathrow landing rights are shown as assets held for sale as these will not be operated by easyJet after 29 March 2008. In accordance with the acquisition agreement the net proceeds from disposal of these landing rights will be remitted to the vendors, and an estimate of this amount is shown as deferred consideration.

Goodwill is attributable to the anticipated future operating synergies derived from improved yield, cost economies of scale and additional network destinations.

In view of the short period of time since the acquisition was completed, the fair values in the table are provisional.

GB Airways recorded a loss before tax of £2.9 million for the period from 1 February to 29 March 2008; this loss has been provided for in the fair value adjustments as the final two months of operations under the British Airways franchise agreement represented an onerous contract.

With effect from 30 March 2008 the GB Airways operations were merged into the existing easyJet business, and separate disclosure of revenue and profit after that date is impracticable.

Had the acquisition occurred on 1 October 2007, the group's consolidated revenue and loss before tax for the six months ended 31 March 2008 would have been £963.2 million and £57.9 million respectively.

12 Contingent liabilities

The Group is involved in a number of disputes or litigation in the normal course of business. Whilst the results of such disputes cannot be predicted with certainty, easyJet believes that the ultimate resolution of these disputes will not have a material effect on the Group's financial position or results.

13 Related party transactions

On 14 December 2007, easyJet's 26% share in the Big Orange Handling Company Limited was sold to the majority shareholder, Menzies Aviation Limited, for cash consideration of £320,000. No profit or loss was recognised on this transaction.

Statement of directors' responsibilities

The directors confirm that these condensed financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and IAS 34. The accounting policies applied are consistent with those described in the Annual Report 2007 and give a true and fair view of the assets, liabilities, financial position and profit of the Group.

This interim management report includes a fair review of the business and important events impacting it, as well as a description of the principal risks and uncertainties that the business faces for the remainder of the year.

This interim management report includes a fair review of the related party disclosure requirements.

Approved by the Board and authorised for issue on 6 May 2008.

Andrew Harrison
Chief Executive Officer

Jeff Carr
Group Finance Director

Glossary

Aircraft owned/leased at end of period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Ancillary revenue	Includes credit card fees, baggage charges, speedy boarding fees, sporting equipment fees, infant fees, change fees and rescue fees, profit share from in flight sales and commissions earned on products and services sold, less chargebacks.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average fare	Passenger and ancillary revenue divided by passengers.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Cost per ASK	Revenue less profit before tax, divided by available seat kilometres.
Cost per seat	Revenue less profit before tax, divided by seats flown.
Cost per seat, excluding fuel	Revenue, less profit before tax, plus fuel costs, divided by seats flown.
EBITDAR	Earnings before interest, taxes, depreciation, amortisation, dry lease and long-term wet lease costs, and the share of profit after tax of associates.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Loss before tax per seat	Loss before tax divided by seats flown.
Operated aircraft utilisation	Average number of block hours per day per aircraft operated.
Other costs	Administrative and operational costs not reported elsewhere, including some employee costs, compensation paid to passengers, exchange gains and losses and the profit or loss on the disposal of property plant and equipment.

Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Return on equity	Profit for the year divided by the average of opening and closing shareholders’ funds.
Revenue	The sum of revenue from ticket sales and ancillary revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.