easyJet plc

Interim results for the six months to 31 March 2009

GOOD 1ST HALF REVENUE PERFORMANCE; FULL YEAR GUIDANCE MAINTAINED

Results at a glance

	H1 2009	H1 2008	change
Total revenue (£ million)	**1,032.8**	892.2	15.8%
Loss before tax - underlying (£ million) [1]	**(129.8)**	(48.4)	(168.2)%
Loss before tax - reported (£ million)	**(116.5)**	(57.5)	(102.6)%
Pre tax margin - underlying (%) [1]	**(12.6)**	(5.4)	(7.2)pp
Return on equity - reported (%)	**(7.4)**	(3.7)	(3.7)pp
Basic EPS - reported (pence)	**(20.4)**	(10.3)	(98.1)%

- Total revenue per seat up 14.9% (7.6% at constant currency) driven by strength of easyJet network, improved ancillary revenue performance and a 4.8% sector length increase associated with the acquisition of GB Airways
- Increase in pre-tax loss driven by unit fuel cost increase equivalent to £90.6 million (£3.87 per seat), movement of Easter into the second half and £13.7 million reduction in interest receivable
- Total underlying cost per seat[1] (excluding fuel and currency movement) up 6.5% partly driven by increased sector length and planned lower aircraft utilisation during the winter
- Strong positive cash flow generation with cash and money market deposits increasing in the six months by £268.6 million to £1,131.1 million (excluding restricted cash of £103.6 million)
- Passenger numbers up 2.9% to 19.4 million and load factor improved 1.7pp to 82.9%
- For the first time, over half of easyJet's passengers originated outside the UK with a 21.8% growth in easyJet's passenger numbers on European-based routes
- easyJet's position has strengthened in key growth markets of London Gatwick, Paris, Milan and Madrid
- Forward bookings, measured by available seats booked, and total revenue per seat before the impact of exchange rates in line with last year with over 40% of the summer now booked

Note 1: Underlying financial performance excludes £9.1 million of costs associated with the integration of GB Airways in 2008 and a £13.3 million profit on the sale of two aircraft in 2009.

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

"The 7.6% growth in our constant currency revenue per seat is a strong result in the current economic climate and underlines the strength of our network and our competitive position. Overall capacity in the European short-haul market shrank by 5.6%, however, easyJet gained market share in the period, with passenger numbers growing by 2.9% to 19.4 million.

"The reduction in our H1 profit margin was driven by an increase of £3.87 per seat in our unit fuel costs (equivalent to £90.6 million), which will unwind as our fuel hedging policies adjust to lower market prices. The movement of Easter into the second half of the year also depressed our first half margins.

“While we remain cautious about the consumer economy, at current fuel prices and exchange rates, easyJet expects to be profitable for the full year.

easyJet is financially strong, with cash and money market deposits as at 31 March 2009 exceeding £1 billion, and has good and well-established market positions and the Board remains confident in easyJet’s future prospects.”

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There will be an analyst presentation at 9:30 am on 6 May 2009 at RBS, 3rd floor, 250 Bishopsgate, EC2M 4AA. A live webcast of the presentation will be available at www.easyJet.com.

Business review

In the past six months easyJet has continued to make good progress towards its goal of becoming a truly pan-European short-haul airline, with 19 bases and over half of easyJet’s passengers originating outside the UK, ensuring a broader spread of economic exposure.

Overall capacity in the European short-haul market shrank by 5.6%, as airlines sought to mitigate losses driven by higher fuel rates and falling demand. However, easyJet gained market share in the period, despite an increasingly weak consumer environment, and passenger numbers grew by 2.9% to 19.4 million.

At the heart of easyJet’s business model is a focus on convenient airports and over the past three years easyJet has carefully focused its investment and built strong positions at the major airports in key markets such as London Gatwick, Milan, Madrid and Paris. easyJet has now developed Europe’s No. 1 air transport network when measured both by consumer reach and presence on the top 100 routes. The network ensures easyJet has a broad appeal across both geographies and customer types and has enabled a flight to value for passengers. These factors have seen easyJet deliver superior load factor performance versus the competition over the past six months and grow total revenue per seat excluding currency benefit by 7.6%, despite Easter falling in the second half this year.

The macro environment continues to be tough and uncertain, with financing restrictions, volatility of fuel prices and currency rates, rising unemployment across Europe and a strong euro deterring some UK consumers from travelling to mainland Europe. Against this difficult backdrop in order to ensure that it will continue to be well positioned, easyJet has focused in the past six months on the following four key priorities:

1. Management of cash, capital expenditure and fleet
2. Continued development of Europe’s No. 1 air transport network

3. Focus on margins through driving revenue and reducing costs
4. Mitigation of risk from volatility of fuel prices and currency rates

1. Management of cash, capital expenditure and fleet

easyJet continues to take a prudent approach to cash conservation and management of the fleet.

Fleet plan

The total fleet currently comprises 173 aircraft. Over the next three years easyJet currently plans to exit 47 aircraft[2] from the fleet, including 35 aircraft in the Boeing and GB Airways sub-fleets. The intention is to exit all aircraft in the two sub-fleets by 2012 to realise ownership cost savings of £40 million per annum. Five Boeing 737s and three GB Airways A320s were returned to lessors in the past six months and a further eight aircraft will return to lessors in the second half of the year. The sale of the seven A321 aircraft from the GB Airways sub-fleet and five A319 easyJet aircraft continues to progress with two A321 aircraft disposed of in the period. Understandably in the current market, potential purchasers are finding financing difficult to arrange.

In the past six months, easyJet took delivery of 17 A319 and one A320 aircraft under the terms of the Airbus easyJet agreement and a further 68 aircraft[3] deliveries are currently planned for arrival over the next three years, with a further 23 committed orders; a net increase of 21 aircraft by September 2011.

	Owned	Under operating lease	Under finance lease	Total	Changes in half year	Future deliveries (including exercised purchase rights) (Notes 3,4)	Unexercised purchase rights (Note 5)
easyJet A320 family	86	46	6	138	+18	89	88
Boeing 737-700	-	24	-	24	-5	-	-
GB Airways A320 family	5	6	-	11	-5	2	-
	91	**76**	**6**	**173**	**+8**	**91**	**88**

Note 2: The 47 planned exits from the fleet over the next three financial years are 18 in H2 2009, 12 in 2010 and 17 in 2011.

Note 3: The 91 future deliveries are anticipated to be delivered over the next five financial years, 17 in H2 2009, 27 in 2010, 24 in 2011, 21 in 2012 and 2 in 2013.

Note 4: easyJet has the ability to defer some of its committed orders with Airbus for up to two years.

Note 5: Purchase rights may be taken as any A320 family aircraft and are valid until 2015

The total fleet plan over the period to 30 September 2011 is as follows:

	Airbus A320 family	Boeing 737-700	GB Airways A320 family	Total aircraft
At 30 September 2007	107	30	-	137
At 30 September 2008	120	29	16	165
At 30 September 2009	150	17	5	172[6]
At 30 September 2010	177	8	2	187
At 30 September 2011	192	2	-	194[7]

Note 6: Assumes assets held for sale are sold in financial year 2009.

Note 7: Number reduced from 197 reported in Interim Management Statement dated 22 January 2009 as easyJet is no longer considering extending leases on three A319s

Cash and capital expenditure

For the first time, easyJet's cash and money market deposits as at 31 March 2009 exceeded £1 billion, reflecting strong cash flow generation. In addition, $680 million of financing at favourable rates (less than 100 basis points above LIBOR) is already in place with a number of counterparties and thus easyJet has adequate cash and facilities in place to fund its committed aircraft deliveries for the foreseeable future. easyJet benefits from flexibility in its fleet arrangement and the Board will continue to closely monitor capital expenditure plans and fleet planning decisions on a regular basis and will keep committed aircraft orders under review given the current uncertain economic climate.

2. Continued development of Europe's No. 1 air transport network

As a low-cost carrier, easyJet's unique differentiator is its network, with a leading presence on the top 100 routes in Europe and positions at primary airports that are attractive to time-sensitive consumers.

Overall, easyJet's capacity measured in seats flown grew by 0.8% during the period, with an increase of 18% in mainland Europe, focused on France, Italy and Spain. easyJet's capacity at Gatwick grew by 17% driven by the GB Airways acquisition on 30 January 2008. In contrast, easyJet reduced its capacity in weaker markets such as Stansted and Luton.

easyJet continues to actively manage its network by optimising routes and by focusing on a broad range of customer groups. Over the winter easyJet flew 385 routes between 110 airports. During the past six months, 26 underperforming routes were closed and 31 new routes were launched.

In the UK, an 8% reduction in overall short-haul capacity across the market helped drive good pricing albeit towards the end of the second quarter there were signs of weakness in the UK to Europe ski market, perhaps driven by the combined impact of the recession and the strength of the euro deterring some consumers from travelling.

easyJet has steadily grown its business in Italy in the past six months. 14 aircraft are now based at Milan Malpensa, where easyJet is the leading short-haul airline, covering a network of 30 destinations. easyJet has doubled its presence on Italian domestic routes in the past year and is growing its route network out of Rome. Following a strong performance in the first quarter, yields at Malpensa came under pressure in the second quarter as anticipated, following competitive entry onto some of easyJet's routes.

easyJet's position in France continues to strengthen and there are now 13 aircraft operating out of the French bases, further developing easyJet's route profile and market.

Despite the weakness of the Spanish economy, the performance of the Madrid base has shown strong improvement in the past six months as weaker competitors have started to consolidate and withdraw capacity.

The closure of the Dortmund base in October 2008 and the termination of underperforming routes at Berlin has contributed to improved revenues and load factors in Germany.

Switzerland continues to be an important market for easyJet where it holds the leading positions at Basel and Geneva. Revenue per seat and load factors at both bases improved in the period.

3. Focus on margins through driving revenue and reducing costs

easyJet's margins in 2008 and 2009 have been severely impacted by higher fuel costs with fuel cost per seat in the first half of 2009 being almost £4 higher than in the same period in 2008 and over £6 higher than in the first half of 2007. In order to limit the margin dilution over the winter as a result of higher fuel costs, easyJet withdrew several lower yielding flights in those hours of the day and days of the week where consumer demand was weak, thereby reducing aircraft utilisation compared to last winter. Utilisation will return to normal levels for the summer.

easyJet's ancillary revenues continued to show good progress. The checked bag charge, introduced during last year, was a strong contributor to total revenue per seat improvement.

Partner revenues continued to improve, particularly conversion rates on car hire and hotels, following enhancement of the website presentation. Going forward, easyJet's in-flight revenues will benefit from the introduction of electronic point of sale equipment on board and food offerings tailored by market and designed to appeal to a broad range of consumers.

In addition, easyJet is benefiting from its efforts to target the business travel market with around 10% of business passengers now originating from the Global Distribution System/API channels. easyJet business travel bookings are up by mid single digits versus the same period last year as many companies alter their travel policies, encouraging their employees to travel on easyJet for business.

Underlying cost per seat excluding fuel in the past six months rose by 6.5% on a constant currency basis, having been adversely impacted by lower aircraft utilisation rates (10.0 hours per day compared to 10.9 hours per day last winter) and increased sector length of 4.8%, as well as the above-inflationary increases in airport charges at Gatwick, Stansted, Paris and Amsterdam. Crew costs also rose in the period mainly reflecting a previously negotiated pay award.

easyJet's low cost and efficient operation is a key competitive advantage and continued aggressive cost management is in place, with clear targets for further cost reduction in the areas of ownership, maintenance, crew and fuel burn. These initiatives are expected to deliver around £125 million of annual savings by 2011, albeit the progress towards reducing crew costs has been slower than anticipated. In the past six months easyJet has worked with third party suppliers to identify savings through a 'share the pain' initiative.

The GB Airways acquisition has been successfully integrated. Substantial cost synergies have been realised in the areas of ground handling and overheads with more to come from fleet-related initiatives.

4. Mitigation of risk from volatility of fuel prices and currency rates

easyJet operates under a clear set of treasury policies agreed by the Board. The aim of easyJet's hedging policy is to reduce short term earnings volatility and therefore the company hedges forward on a rolling basis between 50% and 80% of the next twelve months required cover. In the past six months, easyJet's fuel hedging caused an adverse variance to market rates of £140 million partially offset by a £70 million benefit from its US dollar hedging.

easyJet has the following fuel and currency hedging positions in place:

For the six months to 30 September 2009:

- 70% fuel requirement hedged at $1,073 per tonne
- 60% of anticipated US dollar requirement hedged at $1.95
- 56% of anticipated euro surplus hedged at €1.24

For the year to 30 September 2010:

- 42% fuel requirement hedged at $796 per tonne
- 34% of anticipated US dollar requirement hedged at $1.78
- 42% of anticipated euro surplus hedged at €1.23

Outlook

easyJet expects market capacity, measured by seats flown on easyJet routes, to fall by 6% this summer compared to the prior year. In the second half easyJet will grow its seats flown by around 2%, as previously indicated; average sector length and load factors are expected to remain broadly in line with last year.

The revenue environment remains uncertain due to rising unemployment across Europe and the impact on UK consumers of the strengthened euro. It's too early to assess any potential impact on easyJet's business from the recent outbreak of swine flu but naturally the Board is closely monitoring developments. In this difficult trading environment easyJet's network remains well positioned against the competition and is clearly benefiting as a flight to value by business passengers is offsetting some of the weakness in discretionary leisure travel. Second half bookings are broadly in line with last year with over 40% of the summer now booked and easyJet's current expectation is that total revenue per seat for the summer will be in line with last year on a constant currency basis.

Revenues in the first half of the year were slightly ahead of easyJet's expectations; the benefit from this will be partially offset by the recent fall in interest rates, which will result in a year-on-year reduction in net interest income of around £30 million for the full year. Additionally, delays in achieving crew cost reductions mean that full year operating cost per seat excluding fuel at constant currency will be up mid single digits, slightly ahead of previous guidance. At current fuel prices[8] and exchange rates[9], second half unit fuel costs are expected to be in line with the same period last year.

While we remain cautious about the consumer economy, at current fuel prices and exchange rates, easyJet expects to be profitable for the full year.

easyJet is financially strong, with cash and money market deposits as at 31 March 2009 exceeding £1 billion, and has good and well-established market positions and the Board remains confident in easyJet's future prospects.

Notes:

Note 8: US$486 per metric tonne at 5 May 2009

Note 9: US$1.50/£ and €1.13/£ at 5 May 2009

Financial Review

Key performance indicators	**2009**	2008	Change %
Return on equity - reported	**(7.4)%**	(3.7)%	(3.7)pp
Seats flown (millions)	**23.4**	23.2	0.8
Passengers (millions)	**19.4**	18.9	2.9
Load factor	**82.9%**	81.2%	1.7pp
Available seat kilometres (ASK) (millions)	**24,754**	23,442	5.6
Revenue passenger kilometres (RPK) (millions)	**21,017**	19,300	8.9
Average sector length (kilometres)	**1,057**	1,009	4.8
Sectors	**149,893**	149,927	(0.0)
Block hours	**281,373**	275,673	2.1
Number of aircraft owned/leased at end of period	**173**	157	10.2
Average number of aircraft owned/leased during period	**170.2**	143.2	18.9
Number of aircraft operated at end of period	**156**	152	2.6
Average number of aircraft operated during period	**154.1**	137.8	11.8
Operated aircraft utilisation (hours per day)	**10.0**	10.9	(8.0)
Number of routes operated at end of period	**385**	351	9.7
Number of airports served at end of period	**110**	96	14.6
Per seat measures (underlying)*			
Loss before tax per seat (£)	**(5.54)**	(2.08)	(166.3)
Revenue per seat (£)	**44.12**	38.40	14.9
Cost per seat (£)	**49.66**	40.48	(22.7)
Cost per seat excluding fuel (£)	**34.43**	29.12	(18.2)
Per ASK measures (underlying)*			
Loss before tax per ASK (pence)	**(0.52)**	(0.21)	(154.1)
Revenue per ASK (pence)	**4.17**	3.81	9.6
Cost per ASK (pence)	**4.70**	4.01	(17.1)
Cost per ASK excluding fuel (pence)	**3.26**	2.89	(12.8)

** Underlying measures exclude the £13.3 million profit on sale of two A321 aircraft in February 2009 and £9.1 million of GB integration costs in 2008.*

The reported loss before tax for the six months to 31 March 2009 was £116.5 million including a £13.3 million profit from the sale in February 2009 of two Airbus A321 aircraft ordered by GB Airways. Excluding this profit the underlying loss before tax for the half year was £129.8 million compared to £48.4 million in 2008.

The results have been significantly impacted by the following five factors:

1. Fuel prices
2. Movements in US dollar and euro exchange rates
3. Timing of Easter
4. Acquisition of GB Airways
5. Reduction in aircraft utilisation during the winter

1. Fuel prices

The fuel price peaked in July 2008 at around US$1,400 per metric tonne and has since fallen significantly to around US$500 per metric tonne in March 2009. Total fuel cost for the first half increased by 35.0%, or £92.5 million, compared to 2008, equating to a cost per seat of £15.23, up £3.87 or 34.1%. The effective price per tonne for the first half, after hedging, increased to US$1,003. The sterling impact of this increase in the effective price of fuel was further increased by the strengthening of the US dollar, despite being partially mitigated by hedging.

Average fuel burn for the first half of the year has benefited from the implementation of efficiency initiatives.

2. US dollar and euro exchange rates

The market rate for the US dollar has strengthened by 31% from an average rate of 2.02 in the first half of 2008 to 1.54 in 2009; after taking account of hedging the effective rate has strengthened from an average of 1.97 in 2008 to 1.82 in 2009. This 8% movement has a significant impact on fuel, maintenance and aircraft lease costs.

The euro has strengthened by 18% from an average rate of 1.38 in 2008 to 1.17 in 2009. Approximately 44% of revenues and 31% of costs are denominated in euro therefore the net impact is positive.

Key measures on a constant currency basis are as follows:

	2009	2008	Change %
Total revenue			
Per seat (£)	**44.12**	38.40	14.9
At constant currency (£)	**41.31**	38.40	7.6
Per ASK (pence)	**4.17**	3.81	9.6
At constant currency (pence)	**3.91**	3.81	2.7
Underlying cost excluding fuel			
Per seat (£)	**34.43**	29.12	(18.2)
At constant currency (£)	**31.01**	29.12	(6.5)
Per ASK (pence)	**3.26**	2.89	(12.8)
At constant currency (pence)	**2.93**	2.89	(1.6)

3. Timing of Easter

Easter fell in March in 2008 but falls in April in 2009. Easter trading typically delivers strong profitability; consequently results for the first six months of 2009 are adversely impacted when compared to 2008.

4. Acquisition of GB Airways

GB Airways was integrated successfully into the easyJet business during the second half of last year with pilots, cabin crew, airports and ground handling contracts transferred to easyJet terms. Further benefit is to come in engineering from the exit of higher cost GB Airways contracts and in aircraft ownership following the exit from the fleet of their higher cost aircraft.

As GB Airways is now fully integrated into the easyJet business model, its trading results are not separately identifiable. However, it should be noted that the comparative period to these results includes only two months of GB Airways activity. The acquisition of GB Airways has largely driven the 4.8% increase in sector length which has contributed to increased revenue and cost per seat.

5. Reduction in aircraft utilisation during the winter

In response to the fuel price situation, the level of flying activity during the first six months of 2009 was reduced. Therefore, although total aircraft owned has increased by 18.9% from an average of 143.2 in 2008 to 170.2 in 2009, the number of seats flown has remained broadly flat, up 0.8%. Average aircraft utilisation has fallen from 10.9 hours per day in 2008 to 10.0 hours per day in 2009. Consequently, cost per seat measures are adversely affected as non-variable costs are spread over relatively fewer seats flown.

Total revenue

Total revenue grew 15.8% to £1,032.8 million which, on a per seat basis, reflects a growth of £5.72 or 14.9%. On a constant currency basis total revenue per seat grew 7.6%; after allowing for the increase in sector length of 4.8% and recognising both the worsening economic conditions and the shift in the timing of Easter to April 2009, this represents a strong underlying performance. The network mix benefit in terms of more capacity being deployed to more expensive but customer-preferred airports has supported this result.

Passenger revenue

Passenger revenue grew 9.1% to £819.2 million. Despite the increase in average aircraft, capacity in terms of seats flown increased by only 0.8% as a result of the decision to reduce flying activity through the winter. Load factor improved 1.7pp to 82.9% which resulted in a 2.9% increase in passenger numbers to 19.4 million.

The shift towards deploying relatively more capacity in European markets continues. In the first half of the year, compared to the same period last year, capacity at UK regional bases reduced by 12% whilst at continental European bases it increased by 18%. The percentage of revenues denominated in euros has increased from 39% to 44%. In aggregate, non-sterling revenues now account for 53% of total revenues.

Average passenger yields rose 8.3% to £34.99 and on a constant currency basis rose by 0.2%. The delivery of flat constant currency yields per seat in the current economic climate and with the expected dilution from an increase in the checked bag charge is a welcome result and testament to the strength of the network.

Ancillary revenue

Ancillary revenue increased by 51.3% to £213.6 million driven mainly by increases in the checked bag charge. Checked bag charge revenue delivered £90.3 million in the period, an increase of £46.0 million compared to the same period last year.

Speedy Boarding and Speedy Boarding Plus have again delivered an increase in revenue by £2.5 million to £9.7 million compared to the same period last year. Booking, credit card and change fees also delivered a good increase in revenue, up £14.9 million compared to the same period last year.

Total revenue from partner and in-flight activities increased by £4.8 million and on a per seat basis increased by 12.5% to £1.46. This is a good performance with car hire and insurance performing particularly well.

Costs

Underlying costs*	**2009 £ million**	**2009 £ per seat**	2008 £ million	2008 £ per seat
Ground handling charges	**117.1**	**5.00**	97.7	4.20
Airport charges	**204.3**	**8.73**	161.2	6.94
Fuel	**356.5**	**15.23**	264.0	11.36
Navigation charges	**97.8**	**4.18**	81.3	3.50
Crew costs	**144.3**	**6.16**	122.0	5.25
Maintenance	**75.9**	**3.24**	58.8	2.53
Advertising	**20.6**	**0.88**	24.2	1.04
Merchant fees and commissions	**14.1**	**0.60**	15.2	0.65
Aircraft and passenger insurance	**4.8**	**0.21**	4.4	0.19
Other costs	**38.3**	**1.64**	52.4	2.26
Total operating costs	**1,073.7**	**45.86**	881.2	37.93
Net ownership costs	**88.9**	**3.80**	59.4	2.55
Total costs	**1,162.6**	**49.66**	940.6	40.48
Total costs excluding fuel	**806.1**	**34.43**	676.6	29.12

** Underlying measures exclude the £13.3 million profit on sale of two A321 aircraft in February 2009 and £9.1 million of GB integration costs in 2008.*

Total cost per seat excluding fuel was up 18.2% or £5.31 compared to 2008. In addition to the US dollar and euro strengthening, the Swiss franc strengthened by 28%. As a significant portion of the cost base is denominated in these currencies the strengthening of exchange rates has had a significant impact on unit costs. Excluding the impact of exchange rates cost per seat excluding fuel is up 6.5% or £1.89 compared to last year. On a cost per ASK basis, excluding fuel, costs increased by 12.8% but on a constant currency basis only by 1.6%.

Ground handling

Ground handling cost per seat at constant currency (approximately 61% of these costs are denominated in euro) was up £0.14 or 3.3% compared to 2008. The drivers of this increase include the continued impact of mix as presence continues to increase in the top European airports, the full period impact of acquired GB Airways destinations and larger, heavier aircraft and inflationary price rises on some ground handling contracts.

Airport charges

Airport charges cost per seat at constant currency (approximately 58% of these costs are denominated in euro) was up £0.66 or 9.5% compared to 2008. The key driver of this increase has been the full period effect of last year's above-inflationary price rises in airport passenger-related charges; the most significant increases have been at Gatwick, Luton and Amsterdam. Additionally, there is the impact of mix as presence continues to increase in the top European airports.

Crew costs

Crew cost per seat at constant currency (approximately 24% of these costs are denominated in euro) was up £0.53 or 10.1% compared to 2008. This increase in unit cost has been driven by the last crew pay deal, the increased costs associated with the introduction of overseas contracts (a necessary part of the expansion strategy into continental Europe) and maintaining higher than required crew numbers over the winter associated with the reduced aircraft utilisation but needing these crews for the summer activity.

Crew costs continue to be a key area of management focus with significant opportunities for efficiency improvement in the medium term.

Maintenance

Maintenance cost per seat at constant currency was up £0.38 or 15.0% compared to 2008. This reflects the increase in support costs as the average age of components increases, annual contracted price escalation, the inclusion of higher cost GB Airways maintenance contracts and the full period impact of higher numbers of leased aircraft acquired from GB Airways.

The exit of the Boeing 737-700 fleet has now begun with the final aircraft expected to leave the fleet in 2012.

Insurance and other costs

Insurance and other costs per seat at constant currency were down £0.50 or 20.4% compared to 2008. A continued focus on overhead costs has helped deliver this improvement including, in September 2008, in response to higher fuel costs and worsening economic environment, making 60 people from head office redundant. During the period the spares for the Boeing 737-700 fleet were sold to a third party resulting in a gain of approximately £8 million.

Ownership costs

Net ownership costs, on a per seat basis at constant currency, were up £1.03 or 40.2% compared to 2008. The average number of owned aircraft during the first half of the year was 170.2, up 18.9% compared to the previous year. Cost per seat is impacted by the reduced winter flying activity so costs of this larger fleet are spread over a similar amount of seats flown as last year.

The exit of higher cost Boeing 737-700 aircraft has begun and this, together with the exit of higher cost aircraft acquired with GB Airways, will deliver the targeted benefits in aircraft ownership over the next two to three years.

The recent dramatic fall in interest rates has resulted in a fall of £13.7 million in interest receivable compared to the same period last year; this fall is despite an underlying improvement in the cash position.

Summary balance sheet (unaudited)

	31 March 2009 £ million	30 September 2008 (restated*) £ million	Change £ million
Property, plant and equipment	**1,335.3**	1,102.6	232.7
Other non-current assets	**603.3**	583.8	19.5
	1,938.6	1,686.4	252.2
Current derivative financial instruments	**(137.9)**	20.5	(158.4)
Other net working capital	**(583.8)**	(327.0)	(256.8)
Cash and cash equivalents	**797.2**	632.2	165.0
Money market deposits	**333.9**	230.3	103.6
Borrowings	**(1,022.1)**	(626.9)	(395.2)
Other non-current liabilities	**(284.8)**	(337.3)	52.5
Net assets	**1,041.1**	1,278.2	(237.1)
Share capital and premium	**748.1**	745.9	2.2
Hedging reserve	**(128.1)**	27.6	(155.7)
Other reserves	**421.1**	504.7	(83.6)
Shareholders' funds	**1,041.1**	1,278.2	(237.1)

* Fair value adjustments in respect of GB Airways, see note 11 to the Condensed financial information

easyJet continues to maintain a strong balance sheet and during the period generated positive cash flow from operations resulting in cash and money market deposits of over £1 billion at 31 March 2009. The strong cash balances and $0.7 billion of remaining committed undrawn facilities means easyJet is strongly positioned to fund future aircraft deliveries.

Net assets decreased by £237.1 million in the period to £1,041.1 million due to the loss after tax and a significant net decrease in the fair value of cash flow hedges net of deferred tax. The reduction in the market price of jet fuel in the period resulted in an increased fair value liability on the Group’s jet fuel derivative portfolio. This liability is partially offset by fair value assets in respect of US dollar derivatives which have increased in value as the US dollar has strengthened against sterling. These fair value gains and losses are deferred in equity and recycled to the income statement in line with the underlying hedged transaction.

The net increase in property, plant and equipment in the period was £232.7m. Additions in respect of new aircraft delivered, pre-delivery deposits for future deliveries and non aircraft assets totalled £261.7 million; this was offset by depreciation in the period of £24.1 million and disposals of £4.9m. During the period an additional 17 A319 and one A320 aircraft were delivered. Two A321 aircraft were sold in the period; these assets had been transferred to assets held for sale within current assets at 30 September 2008.

The small net increase in other non-current assets is due to increases in restricted cash and maintenance supplementary rent balances offset by decreases in the value of cash flow hedges that mature in more than one year.

The value of current derivative financial instruments was a net liability of £137.9m at 31 March 2009 compared to a net asset of £20.5m at 30 September 2008, a movement of £158.4m. As discussed above the net movement was a reflection of downward movement in the jet fuel price partially offset by the strengthening of the US dollar against sterling.

Other net working capital increased by £256.8 million in the period. Trade and other payables increased by £208.2m principally due to the movement in unearned income. The cyclical nature of the business means there is significantly more unearned income due to sales in advance at 31 March each year compared to 30 September. The value of assets held for sale reduced by £45.4m following the sale of two A321 aircraft in the period, and short term maintenance provisions increased by £25.4 million as leased aircraft approach heavy maintenance shop visits.

The total of cash and cash equivalents and money market deposits is £1,131.1 million. This represents an increase of £268.6 million. Net cash of £107.5 million was generated from operations, principally due to significant cash received from sales in advance. Capital investment was funded from additional borrowings in the period, and funds were received from the sale of the two A321 aircraft in the period. Money market deposits are held in US dollars to match US dollar denominated borrowings and provide a hedge against interest rate re-pricings. The value of cash holdings benefited from foreign exchange following the strengthening of both the US dollar and the euro against sterling.

Excluded from the above total is £103.6 million of restricted cash disclosed in other non-current assets and net working capital. These amounts relate principally to operating lease deposits and customer payments for holidays. The total of cash and cash equivalents, money market deposits and restricted cash at 31 March 2009 was £1,234.7m.

In order to preserve cash, deliveries in the period were funded from the aircraft financing agreed in December 2007. Borrowings increased by £395.2 million in the period as a result of £279.9 million of new draw downs offset by repayments, and significant foreign exchange movements on the retranslation of US dollar denominated debt of £116.0m. The US dollar rate moved from 1.78 at 30 September 2008 to 1.43 at 31 March 2009.

The net of cash and cash equivalents, money market deposits and borrowings (excluding restricted cash) at 31 March 2009 was £109.0 million (30 September 2008: £235.6 million) following the funding of aircraft additions through additional debt draw down in the period.

Other non-current liabilities include maintenance provisions for work due to be performed in more than one year of £165.1 million, deferred income relating principally to the excess of sale price over fair value for aircraft subject to sale and leaseback of £60.4 million, long term financial instrument liabilities of £45.6 million and deferred tax liabilities of £13.7 million. Deferred tax liabilities have decreased by £94.1 million since 30 September due to the significant deferred tax asset relating to the movement in fair value of financial instruments in equity and the income statement credit for the loss in the period. Maintenance provisions have been impacted significantly by the movement in the US dollar exchange rate.

Gearing increased in the period from 28.7% to 37.3%. The increase is a result of additional borrowings relating to new owned aircraft, the movement in the US dollar exchange rate and the decrease in equity due to the movement in value of cash flow hedges and the losses after tax in the period.

Summary cash flow (unaudited)

	Six months ended 31 March 2009 £ million	Six months ended 31 March 2008 (restated*) £ million	Change £ million
Net cash generated from operating activities	**107.5**	196.4	(88.9)
Acquisition of GB Airways (net of cash acquired)	**-**	(96.4)	96.4
Net capital expenditure	**(203.0)**	(134.9)	(68.1)
Net increase / (decrease) in loan finance	**279.9**	(21.2)	301.1
Net increase in money market deposits	**(41.1)**	(1.5)	(39.6)
Other including the effect of exchange rates	**21.7**	(12.4)	34.1
Net increase / (decrease) in cash and cash equivalents	**165.0**	(70.0)	235.0
Cash and cash equivalents at beginning of period	**632.2**	719.1	(86.9)
Cash and cash equivalents at end of period	**797.2**	649.1	148.1

* Fair value adjustments in respect of GB Airways, see note 11 to the Condensed financial information

Despite the loss after tax in the period the business generated £107.5 million of operating cashflow principally due to strong improvements in working capital performance.

Capital expenditure was funded by additional debt draw down from the $937 million of aircraft financing secured in December 2007. The capital expenditure is net of £58.5 million received from the sale of the two A321s in the period.

The movement in the US dollar and the euro exchange rates in the period had a positive effect on the period end cash and cash equivalents balance.

At 31 March 2009 easyJet had $680 million of committed undrawn facilities in place. During the period an additional $455 million was drawn down from the aircraft financing agreed in December 2007 against the 18 deliveries in the period. This combined with the $52 million drawn in the year ended 30 September 2008 leaves $430 million of available aircraft financing. In addition the Group has a $250 million undrawn revolving credit facility in place.

Principal risks and uncertainties

The principal risks and uncertainties which may affect easyJet's business and financial prospects are described on pages 14 and 15 of easyJet's Annual report and accounts 2008, a copy of which is available in the investor relations section of the easyJet website, www.easyJet.com.

In summary, the risks identified were:

Operational risks

- Brand ownership
- Economic demand for air travel
- Competition
- Environmental impact

- Regulatory intervention
- Safety / security incident
- Dependence on third-party service providers
- IT security and fraud risk
- Industrial action
- Regulation and oversight across Europe

Financial risks

- Fuel price and currency fluctuation
- Financing and interest rate risk
- Liquidity and investment risk

The Board has reviewed the key risks and uncertainties, and has determined that the risks set out in the Annual report and accounts 2008, as detailed above, continue to be relevant for the remaining six months of the financial year.

Consolidated income statement (unaudited)

	Notes	**Six months ended 31 March 2009 £ million**	Six months ended 31 March 2008 £ million
Passenger revenue		**819.2**	751.0
Ancillary revenue		**213.6**	141.2
Total revenue		**1,032.8**	892.2
Ground handling charges		**(117.1)**	(97.7)
Airport charges		**(204.3)**	(161.2)
Fuel		**(356.5)**	(264.0)
Navigation charges		**(97.8)**	(81.3)
Crew costs		**(144.3)**	(122.0)
Maintenance		**(75.9)**	(58.8)
Advertising		**(20.6)**	(24.2)
Merchant fees and commissions		**(14.1)**	(15.2)
Aircraft and passenger insurance		**(4.8)**	(4.4)
Other costs		**(38.3)**	(52.4)
GB Airways integration costs		**-**	(9.1)
EBITDAR		**(40.9)**	1.9
Depreciation		**(24.1)**	(19.9)
Profit on disposal of assets held for sale		**13.3**	-
Amortisation of other intangible assets		**(2.1)**	(0.7)
Aircraft dry lease costs		**(61.7)**	(53.3)
Operating loss		**(115.5)**	(72.0)
Interest receivable and other financing income		**17.7**	32.7
Interest payable and other financing charges		**(18.7)**	(18.2)
Net finance (expenditure) / income		**(1.0)**	14.5
Loss before tax		**(116.5)**	(57.5)
Tax	3	**30.6**	14.2
Loss for the period		**(85.9)**	(43.3)

Loss per share, pence

Basic	4	**20.4**	10.3

Consolidated balance sheet (unaudited)

	Notes	**31 March 2009 £ million**	30 September 2008 Restated – note 11 £ million
Non-current assets			
Goodwill	6	**365.4**	365.4
Other intangible assets	6	**80.8**	80.6
Property, plant and equipment	6	**1,335.3**	1,102.6
Derivative financial instruments		**13.3**	21.3
Loan notes – The Airline Group Limited		**12.3**	12.0
Restricted cash		**52.3**	42.9
Other non-current assets		**77.9**	61.1
Deferred tax assets		**1.3**	0.5
		1,938.6	1,686.4
Current assets			
Assets held for sale		**149.5**	194.9
Trade and other receivables		**227.6**	236.9
Derivative financial instruments		**185.7**	96.5
Restricted cash		**51.3**	23.3
Money market deposits		**333.9**	230.3
Cash and cash equivalents		**797.2**	632.2
		1,745.2	1,414.1
Current liabilities			
Trade and other payables		**(861.2)**	(653.0)
Borrowings	7	**(100.0)**	(56.7)
Derivative financial instruments		**(323.6)**	(76.0)
Current tax liabilities		**(69.7)**	(73.2)
Maintenance provisions		**(81.3)**	(55.9)
		(1,435.8)	(914.8)
Net current assets		**309.4**	499.3
Non-current liabilities			
Borrowings	7	**(922.1)**	(570.2)
Derivative financial instruments		**(45.6)**	(0.3)
Other non-current liabilities		**(60.4)**	(68.8)
Maintenance provisions		**(165.1)**	(160.4)
Deferred tax liabilities		**(13.7)**	(107.8)
		(1,206.9)	(907.5)
Net assets		**1,041.1**	1,278.2
Shareholders' funds			
Share capital	8	**106.0**	105.7
Share premium	9	**642.1**	640.2
Hedging reserve	9	**(128.1)**	27.6
Translation reserve	9	**0.4**	0.1
Retained earnings	9	**420.7**	504.6
		1,041.1	1,278.2

Consolidated cash flow statement (unaudited)

	Notes	**Six months ended 31 March 2009 £ million**	Six months ended 31 March 2008 Restated – note 11 £ million
Cash flows from operating activities			
Cash generated from operations	10	**119.8**	191.0
Interest received		**13.1**	28.1
Interest paid		**(17.3)**	(17.6)
Tax paid		**(8.1)**	(5.1)
Net cash generated from operating activities		**107.5**	196.4
Cash flows from investing activities			
Acquisition of subsidiary, net of cash and cash equivalents acquired	11	**-**	(96.4)
Purchase of property, plant and equipment		**(261.7)**	(134.0)
Proceeds from sale of assets held for sale		**58.5**	-
Proceeds from sale of property, plant and equipment		**2.5**	0.4
Purchase of other intangible assets		**(2.3)**	(1.6)
Proceeds from sale of investment in associate		**-**	0.3
Net cash used by investing activities		**(203.0)**	(231.3)
Cash flows from financing activities			
Net proceeds from issue of share capital		**2.2**	4.0
Purchase of own shares for employee share schemes		**(1.0)**	(4.4)
Net proceeds from drawdown of bank loans		**310.7**	-
Repayment of bank loans		**(29.0)**	(19.8)
Repayment of capital elements of finance leases		**(1.8)**	(1.4)
Increase in money market deposits		**(41.1)**	(1.5)
Increase in restricted cash		**(27.6)**	(23.0)
Net cash generated from / (used by) financing activities		**212.4**	(46.1)
Effect of exchange rate changes		**48.1**	11.0
Net increase / (decrease) in cash and cash equivalents		**165.0**	(70.0)
Cash and cash equivalents at beginning of period		**632.2**	719.1
Cash and cash equivalents at end of period		**797.2**	649.1

Consolidated statement of recognised income and expense (unaudited)

	Notes	**Six months ended 31 March 2009 £ million**	Six months ended 31 March 2008 £ million
Cash flow hedges			
Fair value (losses) / gains in period	9	**(241.5)**	81.0
Transfers to income statement	9	**83.7**	(7.5)
Transfers to property, plant and equipment	9	**(58.4)**	1.5
Related tax		**60.5**	(19.9)
Translation differences on foreign currency net investments	9	**0.3**	0.3
Net (expense) / income recognised directly in shareholders' funds		**(155.4)**	55.4
Loss for the period		**(85.9)**	(43.3)
Total recognised income and expense attributable to shareholders		**(241.3)**	12.1

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 2008, 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 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2008 were approved by the board of directors on 17 November 2008, 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 2008. The following interpretations are required to be implemented for the year ended 30 September 2009:

IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

None of these interpretations has any impact on the presentation or measurement of the condensed financial information. IFRIC 12 had not been adopted by the European Union at the date of this report. There are no new standards or amendments to standards that require implementation for the current financial year.

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. In addition, Easter fell in March in 2008 but falls in April in 2009. Easter trading typically delivers strong profitability; consequently results for the first six months of 2009 are adversely impacted when compared to 2008.

3. Tax

Tax on loss on ordinary activities

	2009 £ million	2008 £ million
Current tax	**3.8**	4.7
Deferred tax	**(34.4)**	(18.9)
	(30.6)	(14.2)
Effective tax rate	**26.3%**	24.7%

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.

Tax on items recognised directly in shareholders' funds

	2009 £ million	2008 £ million
Deferred tax charge on share options	**-**	(3.8)
Deferred tax credit/(charge) on fair value movements of cash flow hedges	**60.5**	(19.9)
	60.5	(23.7)

4. Loss per share

	2009 £ million	2008 £ million
Loss for the period	**(85.9)**	(43.3)
GB Airways integration costs	**-**	9.1
Profit on disposal of assets held for sale	**(13.3)**	-
Related tax	**3.7**	(2.5)
Underlying loss for the period (non-GAAP measure)	**(95.5)**	(36.7)

	2009 million	2008 million
Weighted average number of ordinary shares in issue during the period	**421.5**	418.9

	2009 pence	2008 pence
Loss per share	**20.4**	10.3
Underlying loss per share (non-GAAP measure)	**22.7**	8.8

Diluted loss per share for the six months ended 31 March 2009 and 2008 is not presented as the impact of potential ordinary shares is antidilutive.

Profits arising in the current period on the disposal of assets held for sale and costs in the comparative period relating to the integration of the operations of GB Airways have been excluded in determining underlying loss and underlying loss per share.

5. Dividends

No dividends have been paid or proposed during the period ended 31 March 2009 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 2008	365.4	80.6	1,102.6	1,548.6
Additions	-	2.3	261.7	264.0
Disposals	-	-	(4.9)	(4.9)
Depreciation and amortisation	-	(2.1)	(24.1)	(26.2)
At 31 March 2009	**365.4**	**80.8**	**1,335.3**	**1,781.5**

	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 (restated – note 11)	55.8	74.9	82.5	213.2
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	**365.4**	**77.6**	**1,132.0**	**1,575.0**

At 31 March 2009 easyJet is contractually committed to the acquisition of 91 Airbus A320 family aircraft, with a list price of approximately US$4.3 billion before escalations and discounts. Deposits paid against these aircraft at 31 March 2009 totalled £181.0 million.

7. Borrowings

	2009 £ million	2008 £ million
At 1 October	**626.9**	519.1
Acquisition of GB Airways	**-**	59.1
Foreign exchange adjustments	**116.0**	8.9
Net proceeds from drawdown of bank loans	**310.7**	-
Movement in issue costs	**(0.7)**	0.5
Repayments	**(30.8)**	(21.2)
At 31 March	**1,022.1**	566.4
Current	**100.0**	48.9
Non-current	**922.1**	517.5
	1,022.1	566.4

8. Share capital

	Number 2009 million	Number 2008 million	**Value 2009 £ million**	Value 2008 £ million
At 1 October	**422.7**	419.1	**105.7**	104.8
Issued under share incentive schemes	**1.2**	2.1	**0.3**	0.5
At 31 March	**423.9**	421.2	**106.0**	105.3

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 2008	105.7	640.2	27.6	0.1	504.6	**1,278.2**
Loss for the period	-	-	-	-	(85.9)	**(85.9)**
Cash flow hedges						
Fair value losses	-	-	(241.5)	-	-	**(241.5)**
Transfers to income statement	-	-	83.7	-	-	**83.7**
Transfers to property, plant and equipment	-	-	(58.4)	-	-	**(58.4)**
Related tax (note 3)	-	-	60.5	-	-	**60.5**
Share incentive schemes						
Proceeds from shares issued	0.3	1.9	-	-	-	**2.2**
Value of employee services	-	-	-	-	3.0	**3.0**
Purchase of own shares	-	-	-	-	(1.0)	**(1.0)**
Currency translation differences	-	-	-	0.3	-	**0.3**
At 31 March 2009	**106.0**	**642.1**	**(128.1)**	**0.4**	**420.7**	**1,041.1**

	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 tax (note 3)	-	-	(19.9)	-	-	**(19.9)**
Share incentive schemes						
Proceeds from shares issued	0.5	3.8	-	-	(0.2)	**4.1**
Value of employee services	-	-	-	-	2.9	**2.9**
Related tax (note 3)	-	-	-	-	(3.8)	**(3.8)**
Purchase of own shares	-	-	-	-	(4.4)	**(4.4)**
Currency translation differences	-	-	-	0.3	-	**0.3**
At 31 March 2008	**105.3**	**637.7**	**41.4**	**0.3**	**378.6**	**1,163.3**

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.

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

	2009 £ million	2008 £ million
Cash generated from operations		
Loss for the period	**(85.9)**	(43.3)
Adjustments for:		
Tax credit	**(30.6)**	(14.2)
Depreciation charge	**24.1**	19.9
Profit on disposal of assets held for sale	**(13.3)**	-
Profit on disposal of property, plant and equipment	**(8.2)**	-
Amortisation of other intangibles	**2.1**	0.7
Interest income	**(13.9)**	(27.6)
Interest expense	**18.7**	18.2
Share-based payments	**3.0**	2.9
Derivative financial instruments – time value	**0.3**	3.1
Unrealised foreign exchange differences	**8.7**	11.3
Changes in working capital:		
Decrease / (increase) in trade and other receivables	**36.2**	(17.1)
Increase in trade and other payables	**219.5**	223.5
(Decrease) / increase in provisions	**(18.9)**	22.4
(Increase) / decrease in other non-current assets	**(8.9)**	3.7
Increase in derivative financial instruments	**(4.7)**	(3.1)
Decrease in other non-current liabilities	**(8.4)**	(9.4)
	119.8	191.0

11. Acquisition of GB Airways

On 31 January 2008, easyJet acquired 100% of the share capital of and voting rights in GB Airways. At 31 March 2008, the fair values of assets acquired and liabilities assumed were determined on a provisional basis. These provisional fair values and subsequent adjustments made are as follows:

	Provisional fair value £ million	**Adjustments £ million**	**Fair value £ million**
Landing rights	72.4	-	72.4
Other intangible assets	2.5	-	2.5
Property, plant and equipment	83.4	(0.9)	82.5
Other non-current assets	2.7	-	2.7
Assets held for sale	30.0	-	30.0
Current assets excluding cash and cash equivalents	59.7	(4.1)	55.6
Cash and cash equivalents	15.4	(0.3)	15.1
Current liabilities, excluding borrowings and overdrafts	(89.5)	(0.3)	(89.8)
Overdrafts	(3.7)	-	(3.7)
Borrowings	(59.1)	-	(59.1)

Deferred tax liabilities	(24.1)	2.4	(21.7)
Maintenance provisions	(5.2)	(7.7)	(12.9)
Net assets acquired	84.5	(10.9)	73.6
Goodwill	44.9	10.9	55.8
	129.4	**-**	**129.4**

Purchase consideration	
Initial consideration paid	103.5
Deferred consideration	21.6
Direct acquisition costs	4.3
	129.4
Cash and cash equivalents acquired	(15.1)
Overdrafts acquired	3.7
Deferred consideration	(21.6)
Cash outflow on acquisition	**96.4**

Provisional fair values are those reported in the 2008 Interim report. Adjustments made since then principally relate to additional maintenance provisions in respect of leased aircraft, irrecoverable debtors and valuation adjustments relating to aircraft ordered by GB Airways for future delivery. Fair values are now final and no further adjustments may be made.

Certain adjustments have been made since the publication of the Annual report and accounts 2008, and consequently the balance sheet as at 30 September 2008 has been restated as follows:

	30 September 2008 £ million	**Adjustments £ million**	**30 September 2008 (restated) £ million**
Goodwill	359.8	5.6	365.4
Assets held for sale (included on acquisition as property, plant and equipment)	195.8	(0.9)	194.9
Current tax liabilities	(75.1)	1.9	(73.2)
Maintenance provisions	(49.0)	(6.9)	(55.9)
Deferred tax liabilities	(108.1)	0.3	(107.8)
	323.4	**-**	**323.4**

12. Contingent liabilities

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

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 and accounts 2008 and give a true and fair view of the assets, liabilities, financial position and result after tax 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 5 May 2009.

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 profit or loss on disposal of aircraft.
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 other than aircraft.
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.