10 May 2011 **easyJet plc**

Results for the six months ended 31 March 2011

Good progress on delivery of strategic initiatives with continued strong cash generation but increased fuel costs create a challenging environment

Results at a glance

	2011	2010	Change	
Total revenue (£ million)	**1,266**	1,171	8.1	%
Loss before tax (£ million)	**(153)**	(79)	(93.7)	%
Pre-tax margin (%)	**(12.1)**	(6.7)	(5.4)	ppt
Return on capital employed (%)	**(7.5)**	(3.7)	(3.8)	ppt
Loss per share - basic (pence)	**(27)**	(14)	(92.9)	%

- Good progress has been made in implementing the strategy including putting in place the building blocks for the roll-out of easyJet's business traveller proposition in the second half of the year.
- Total revenue at constant currency per seat fell by 2.1%, (2.7% on a reported basis) in part due to increased passenger departure taxes and charges. Capacity growth at bases in Europe temporarily impacting yield has been offset by robust revenue performance in the UK.
- Passenger numbers grew by 11.6% to 23.9 million with 59% of passengers now originating outside the UK, an increase of 5 percentage points compared to the prior period. Load factor improved by 0.4 percentage points to 85.4%.
- Ancillary revenue per seat improved in the second quarter and as a consequence was broadly flat for the six months at £10.20 per seat.
- Pre-tax loss of £153 million is in line with expectations. Fuel unit cost increase accounts for £43 million and increased passenger taxation accounts for £21 million of the £74 million increase in pre-tax loss compared with the prior year.
- Cost per seat (excluding fuel) decreased by 2.8% for the half year excluding the costs of snow and strike disruption in the first quarter. After the impact of this disruption, cost per seat excluding fuel fell by 1.2% on a reported basis. Good cost control has meant that unit costs reduced across all lines with the exception of crew costs where easyJet has invested to improve operational robustness and flexibility.
- Improvement in on time performance (OTP); significant effect in the second quarter which averaged 81% compared to 66% in the previous year.
- Strong positive cash flow generation with cash and money market deposits increasing in the six months by £265 million to £1,437 million (excluding restricted cash of £111 million). Net cash of £220 million at 31 March 2011.
- Forward bookings are in line with the prior year. With nearly half of summer seats now sold second half total revenue per seat at constant currency is slightly ahead of the prior year.

Commenting on the results, Carolyn McCall easyJet Chief Executive said:

"The past six months has been tough with sharply rising fuel costs combined with cautious behaviour by consumers and an adverse impact from taxes on passengers. Despite this difficult environment we have made strong progress over the past six months in implementing the strategy outlined following our review of the business last year. Our top team has been rebuilt and we continue to optimise the network by configuring flight frequencies and destinations which are attractive to business travellers. We have also made use of the commercial freedom granted by the brand licence agreement and delivered progress in controlling costs. Our operation is now robust and we are well placed to successfully deliver our summer flying programme.

Our cash generation remains strong and these results show that the steps we are taking are already having a positive effect."

Note 1: Rates as at 6 May 2011: US$1.64/£, €1.13/£ and US$1,030 per metric tonne.

For further details please contact easyJet plc:

Institutional investors and sale side analysts:

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

Media:

Paul Moore	Corporate Communications	+44 (0)1582 525 973
		+44 (0)7860 794 444
Edward Simpkins	Finsbury	+44 (0)207 251 3801
		+44 (0)7947 740 551

There will be an analyst presentation at 9:00 am on 10 May 2011 at RBS, 3rd floor, 250 Bishopsgate, EC2M 4AA.

A live webcast of the presentation will be available at www.easyJet.com

Business review

INTRODUCTION

easyJet has made good progress in the past six months implementing the strategy it laid out last November. The impact of management actions can be seen in the results despite the headwinds from rising fuel costs, increased taxation on airline passengers and a weak consumer environment. Passenger numbers grew by 11.6% with a five percentage point increase in passengers originating outside the UK. easyJet continued to be highly cash generative as cash flow from operations was £230 million and easyJet's net funds position improved by £138 million to £220 million compared with 31 March 2010. In line with expectations, easyJet's pre-tax loss increased by £74 million to £153 million mainly due to higher fuel costs which increased on a unit basis by £43 million and increased passenger taxation of £21 million.

Total revenue per seat has fallen by 2.1% at constant currency (2.7% on a reported basis) in part due to increased passenger taxation. Capacity growth at bases in Europe has temporarily impacted yield offset by a robust revenue performance in the UK. In line with our strategy of targeting growth in European markets that remain relatively under penetrated by low fares carriers, based capacity in Mainland Europe grew by 21% where we saw growth in France (+35%), Switzerland (+28%) and Italy (+12%). Total capacity grew by 11% and UK based capacity by 4%.

Cost per seat decreased by 2.8% for the half year excluding fuel and the impact of the costs associated with snow and strike disruption in the first quarter. Good cost control has meant that unit costs reduced across all lines with the exception of crew costs where easyJet has invested to drive operational robustness and flexibility. easyJet has made good progress towards recovering nearly all of the £31 million of cost and lost contribution from the disruption caused by snow and strike action.

Over the past six months there has been a rigorous focus on some key performance issues including the renegotiation of the brand licence, improving ancillary revenue performance and enhancing operational performance.

Amended Brand Licence

In December 2010 the amended brand licence was approved at an EGM. Under the terms of the amended licence easyJet plc will pay the licensor easyGroup IP Licensing Ltd a royalty of 0.25% on total revenues capped at £3.95 million and £4.95 million in 2011 and 2012 respectively. The benefits of the amended brand licence to easyJet are already being captured with the recent Visit Britain and Nectar agreements. The Visit Britain agreement will give easyJet £9 million over three years to support the promotion of Britain across Europe. The Nectar agreement will ensure easyJet is marketed to a wide audience through Nectar's partners such as Sainsburys. easyJet is in negotiations across Europe to secure further agreement to generate additional marketing support.

Operational performance

Operational robustness is an absolute requirement to ensure easyJet can deliver for its customers while maintaining a lean cost base. easyJet has increased its standby aircraft from five to six and there has been an increased focus on on time performance. Following these actions, easyJet's OTP has shown solid improvement, starting from the second quarter as can be seen from the table below.

OTP % arrivals within 15 minutes	October	November	December	January	February	March
2010	81	81	61	63	61	73
2011	70	76	47	79	80	83

To ensure further resilience for the summer easyJet has invested in additional crew across the whole financial year and is continuously testing its summer rosters. External events such as ATC strikes could still impact performance but easyJet has built firebreaks into its summer flying programme in order to mitigate this impact. This has been achieved without impacting revenue generation.

Customer satisfaction

Efforts to improve operational performance are starting to be reflected in overall customer satisfaction scores, increasing in the half versus the comparative period. Overall satisfaction in the quarter to March was up eight percentage points to 82% compared with the same period last year and satisfaction with punctuality up 15%.

Management is maintaining its focus on improving customer experience at every stage of their journey with easyJet and expects these results to continue to get better throughout the summer.

DELIVERING THE STRATEGY

Last November easyJet outlined its strategy:

easyJet's vision is to 'Turn Europe Orange'. This will be achieved by:

- *ensuring no compromise on safety;*
- *giving our customers low fares to convenient airports at convenient times of the day combined with helpful and friendly service that is reliable and punctual;*
- *smart cost management so we can continue to offer competitive fares;*
- *attracting talented people to easyJet and keeping them with us because easyJet is an enjoyable and challenging place to work; and*
- *delivering a good return to shareholders by focusing on improving margins to achieve a profit per seat of £5 and 12% ROCE through the cycle.*

Since then jet fuel costs have risen from $753 a metric tonne at 1 October 2010 to $1,060 at 31 March 2011. For easyJet this equates to an un-hedged fuel cost per seat of £17 compared to an unhedged fuel cost of £12 in 2010.

Higher fuel costs will drive capacity out of the market, as airlines need to achieve higher revenue to rebuild margins. Against this backdrop easyJet is well positioned in European aviation to emerge stronger with one of the healthiest balance sheets, the best European short haul network with leading positions at primary airports and a competitive cost base. easyJet also has clear opportunities to drive margin improvement through the implementation of initiatives identified last November:

- to grow fares through continued network optimisation and driving the business traveller proposition harder;
- to grow ancillary revenues through both yield management as well as partner and in-flight revenues through better execution and innovation; and
- smart cost management by reducing complexity and disruption costs in the business and continuing to drive procurement initiatives in airports, ground handling and maintenance.

We have made good progress in the past six months against all initiatives.

Continued network optimisation

easyJet's goal is to improve the underlying ROCE of the network through optimisation of the schedule and route portfolio.

Progress in H1' 11

- Frequency increased on key business routes such as London to Amsterdam and Paris to Toulouse and launching new routes such as Copenhagen to Paris and Copenhagen to Basel.
- Strong growth in Mainland Europe with seats flown up 21%.
- Launched new leisure destinations such as Amman, Jordan.
- Valuable peak time slots obtained at London Gatwick, Paris Charles De Gaulle, Amsterdam.
- 20 underperforming routes cut e.g. routes to Helsinki.

Focus in H2 '11

- Optimise profitability by shifting capacity from business to leisure routes during peak summer.
- Focused growth in mainland Europe, targeting opportunities in the Netherlands and France.
- Continually monitor route performance and improve frequency on key business routes.

Passengers travelling on business

easyJet's goal is to drive additional contribution from business travellers by 2015 by delivering improvements in product and distribution for passengers travelling on business.

Progress in H1'11

- Frequency increased on key business routes.
- The recruitment of a small business sales force is near completion and initiatives are underway to incentivise Travel Management Companies to book clients on easyJet.
- Flexible Fare was successfully tested on Global Distribution Systems (GDS) in January 2011.
- Better distribution through GDS with 35% increase in flights booked via this channel.

Focus in H2 '11

- Focused targeting of corporates by dedicated sales force.
- Rollout of Flexible Fare on easyJet.com.
- Rollout incentives for Travel Management Companies.

Ancillary revenues

easyJet aims to grow ancillary revenues through yield management of fees and charges as well as better execution of partner and in-flight relationships.

Progress in H1 '11

- After three quarters of decline, ancillary revenues have seen improvement in the second quarter taking the six month revenue to £10.20 per seat, in line with the first six months of last year.
- Checked baggage pricing optimised and revenue now stabilised.
- Improvements in on-line merchandising of accommodation, driving 30% improvement in booked margin.

Focus in H2 '11

- Continued optimisation of fees and charges to partially offset increased fuel costs.
- Refresh in-flight range.
- Renegotiation of car rental partnerships.

Smart cost management and easyJet Lean

easyJet's goal is to maintain its cost advantage by ensuring below inflation non-fuel cost per seat increases. This will be achieved by driving cost efficiencies through best in class procurement, leveraging our scale, tight control of overhead costs, greater crew flexibility and improved operational performance.

Progress in H1 '11

- Unit costs fell across all cost categories with the exception of crew where easyJet has made an investment to restore operational robustness.
- Cost per seat (excluding fuel) fell 1.2% in the first half of the year. After allowing for the cost of snow and strike disruption cost per seat would have fallen by 2.8%. easyJet is on track to deliver a reported reduction of 1% in unit costs excluding fuel assuming no significant disruption to the summer flying programme at current fuel and exchange rates.
- Implemented plans to increase the proportion of lower unit cost A320 in the fleet from 12% to 25% by 2013.
- Improvement in operational resilience. OTP improved by three percentage points to 73% in H1 2011 with March OTP reaching 83%.

Focus in H2 '11

- easyJet Lean projects set up.
- Drive operational robustness and efficiency.
- Improving fuel burn.
- Tight control of overhead costs, through a review of efficiency savings.

People and strategy aligned

It is the fundamental belief of easyJet's management that the commitment of its people is vital to ensuring that we deliver for its customers and its shareholders. Consequently improving communication and staff engagement has been given a high priority over the past six months.

As of 4 April 2011, a new organisational structure has been put in place built around operations, customer, brand and Europe. The new structure is better aligned to easyJet's strategic goals. easyJet's remuneration has been aligned to ensure the whole organisation works as one team to deliver against a common set of objectives. Senior management's annual bonus targets have been set against a common set of KPI's:

- Profit before tax.
- On time performance.
- Cost per seat excluding fuel.
- Customer satisfaction.

The long-term incentive plan for the Executive Directors has been re-aligned to Return on Capital Employed. The performance criteria for the grant made on 31 March 2011 is set out below. The total potential grant is for a reward of up to 175% of salary. This is split into two grants with different targets. The second grant is set at higher levels of return and a full grant of 175% would only be achieved if above target performance is achieved. It is recognised that at current fuel prices the criteria are challenging. However, the Board of easyJet is keen to ensure that the management team is incentivised to drive improvement in Return on Capital Employed as it believes this is the most effective way to ensure value is created for shareholders.

	ROCE financial year ending 30 September 2013
Grant 1 – 100% of salary	
25% vests	7%
50% vests	8.5%
100% vests	12%
Grant 2 – 75% of salary	
25% vests	10%
50% vests	12%
75% vests	13%

MARKET REVIEW

The new structure implemented in April 2011 has created the position of Country Manager for each of our key markets: UK, France, Italy, Switzerland / Germany and Spain. The roles have largely been filled by experienced easyJet senior managers and will give greater focus in our key markets and alignment of all our activities within each market going forward.

UK

The strategy in the UK is focused around building on our position as the UK's leading airline. Capacity in the UK grew by 4% and careful capacity allocation decisions delivered a resilient revenue performance as revenue per seat grew despite a weak consumer environment. Growth was focused on Gatwick, Manchester and Edinburgh.

At London Gatwick capacity grew by 7% in the six months to 31 March 2011 as we increased core business routes such as Amsterdam and Barcelona. Capacity at Manchester grew by 65% adding a mix of business and leisure routes. At Edinburgh capacity grew by 15%. Capacity was reduced elsewhere in the UK including Newcastle and Belfast.

France

easyJet is the second largest carrier in France. Low cost carrier penetration in France is significantly below the European average and all easyJet's French bases grew in the past six months. Frequency was increased on a number of routes and 20 new routes were launched. Lyon's network has grown from 20 to 28 routes and the Paris network now offers 50 destinations.

Switzerland / Germany

There has been sustained growth in Switzerland, focused on the two bases Geneva and Basel, with two additional aircraft placed in each base and investment on business routes such as Geneva-Madrid and Geneva-Rome. The Swiss fleet has grown to 18 aircraft, of which three are A320's, allowing longer range routes such as Tel Aviv.

Seat capacity grew by 21% in Germany driven by an increase in inbound flying.

Italy

Capacity in Milan was increased on business routes to Madrid, Barcelona and Amsterdam. Rome started to show an improved revenue performance, as we build a better business schedule on Italian domestic routes.

Spain

Focused growth on business routes from Madrid and Barcelona to main European cities such as Milan, Paris and London improved our ability to attract business travellers in Spain where penetration is above easyJet's average at 21%.

REGULATORY ENVIRONMENT

UK Air Passenger Duty (APD)

The airline industry continues to be impacted by the rising passenger taxes on air travel. UK APD and similar taxes paid in other countries by easyJet passengers totalled £153 million in the first half of the year.

We are disappointed that the UK Government has proposed changes in the structure of APD that will reduce the incentives the tax provides for environmentally efficient travel and will undermine economic growth. The proposal will increase the extent to which short-haul travel is overtaxed relative to its CO_2 emissions, as the table below shows, and will further bias the tax in favour of long-haul premium travel. The proposal will inevitably reduce the number of short-haul flights; this will both affect jobs directly in the UK, but also indirectly as these flights are the main source of tourists and the providers of vital links to the regions. We will be highlighting these concerns to the Government in a campaign focused on minimising any increase in the APD our passengers pay.

Flight	Tax per tonne of CO_2 emitted
London – Nice (easyJet)	£172
London – Los Angeles	£95

EU consumer legislation (EU 261/2004)

easyJet welcomes the announcement by the EU Commissioner Siim Kallas stating that he will seek to make changes to the legislation in 2012 in order to limit the liability of airlines during events that are beyond their control. easyJet takes its responsibilities towards the care of our passengers very seriously, but believes airlines should not be the insurer of last resort for events outside their control and that passenger compensation should be proportionate to the fare paid by the passenger. We have regular discussions with both the Commission and Member States about EU261, and we will continue to pursue these objectives.

FLEET PLAN AND CAPACITY

As we stated in our full year results, we have flexibility in our fleet planning. Given the current high cost of fuel we will seek to hold the fleet size for winter 2011 and winter 2012 at around 204 aircraft and we will have a conservative approach to capacity growth throughout the subsequent fiscal year, focusing on the key markets which we want to defend and invest in. However, we continue to believe in the mid-term growth opportunities for easyJet that we outlined in November 2010.

The current contracted fleet plan over the period to 30 September 2013 as set out below is subject to change as easyJet finalises its capacity plans for the next financial year.

	easyJet A320 family	Boeing 737-700	GB Airways A320 family	Total contracted aircraft
At 30 September 2010	182	8	6	196
At 31 March 2011	191	7	1	199
At 30 September 2011	202	2	-	204
At 30 September 2012	213	-	-	213
At 30 September 2013	218	-	2[2]	220

Note 2: To be delivered as part of a GB Airways commitment.

In April 2011, three Boeing 737-700 aircraft and one GB Airways A320 aircraft have exited the fleet. A further two Boeing 737-700 aircraft will have exited the fleet by 30 September 2011 as part of the programme of exiting the sub-fleet.

In the period, easyJet took delivery of six A320 aircraft and three A319 aircraft under the terms of the Airbus easyJet agreement. On 4 January 2011 easyJet announced it had converted 15 existing A320 options to firm orders for delivery in 2012, 2013 and 2014. easyJet also announced that it had converted 20 already contracted A319 aircraft deliveries to A320 deliveries. Configured with 180 seats, the A320 enables easyJet to increase capacity at peak times at slot constrained airports. Also, the aircraft operates with a cost per seat that is around 6% lower than the A319. easyJet also secured options over another 33 A320 aircraft to bring the total number of options held by easyJet to 42.

The total fleet at 31 March 2011 comprised 199 aircraft. A further 53 easyJet specification aircraft deliveries are currently planned for arrival over the next 3 years which will be offset by 31 planned exits from the fleet.

Fleet as at 31 March 2011:

	Owned	Operating leases	Finance leases	**Total**	Changes in half year	Future committed deliveries[3]	Unexercised purchase rights and options[4]
easyJet A320 family	113	67	11	**191**	9	51	73
Boeing 737-700	-	7	-	**7**	(1)	-	-
GB Airways A320 family	-	1	-	**1**	(5)	2	-
	113	75	11	**199**	3	53	73

Note 3: The 53 future deliveries are anticipated to be delivered over the next four financial years, a further 16 in 2011, 20 in 2012, 12 in 2013 and 5 in 2014

Note 4: Purchase rights may be taken on any A320 family aircraft and are valid until 2015.

HEDGING POSITIONS

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. Therefore the Company hedges forward, on a rolling basis, between 50% and 80% of the next 12 months anticipated requirements and between 20% and 50% of the following 12 months anticipated requirements. Details of our current hedging arrangements are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus sale
Six months ending 30 September 2011	64%	80%	77%
Rate	\$755/MT	\$1.60	€1.10
Full year ending 30 September 2011	70%	76%	70%
Rate	\$734/MT	\$1.60	€1.10
Full year ending 30 September 2012	41%	71%	55%
Rate	\$909/MT	\$1.59	€1.13

DIVIDEND

easyJet is highly cash generative, consequently the Board confims that easyJet has the ability to maintain a conservative balance sheet whilst funding a regular formulaic return to shareholders of payment of an annual dividend based on a dividend cover of five times. The first dividend will be payable in 2012 in respect of the year ending 30 September 2011.

OUTLOOK

The macro-economic environment remains challenging for all airlines as weak consumer confidence across Europe slows the rate at which higher fuel prices and increased taxation can be passed on to passengers.

easyJet is well placed in the medium term to be able to rebuild margins eroded by higher fuel costs given the strength of its network combined with careful allocation of capacity and firm progress in cost control and revenue improvement.

Capacity, measured in seats flown, for the second half of the year, is planned to increase by 8% on an underlying basis after adjusting for the impact of volcanic ash or 12% on a reported basis, giving a reported increase of around 11% for the full year compared to 2010.

With nearly half of summer seats now sold, in line with the prior year, second half total revenue per seat is slightly ahead of the prior year with planned improvement in yields, bag charges and other ancillary revenues. Consequently full year total revenue per seat at constant currency is expected to be broadly flat.

In November we guided to a 4% reduction in cost per seat (excluding fuel) for the year excluding the impact of the volcano. This forecast was based on a euro rate of €1.18/£. The euro has subsequently moved to 1.13/£. As a result of the move in the euro rate and the impact of winter disruption, reported cost per seat (excluding fuel) for the full year is now expected to fall by around 1% excluding the impact of the volcano compared to 2010 assuming current exchange rates. Continuing good progress on cost reduction initiatives means that on a constant currency basis, cost per seat excluding fuel before the impact of the volcano will fall by 2% compared to 2010 assuming no significant levels of disruption in the second half.

Based on our performance in the first half, the impact of the strengthening of the euro on our cost base, which has been largely offset by a compensating benefit on revenues and current yield trends, the outlook for the full year remains in line with expectations at current fuel and exchange rates[1].

Note 1: Rates as at 6 May 2011: US$1.64/£, €1.13/£ and US$1,030 per metric tonne.

Finance review

Introduction

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Total revenue	1,266	45.11	4.22	1,171	46.35	4.32
Loss before tax	(153)	(5.47)	(0.51)	(79)	(3.11)	(0.29)
Loss after tax	(114)	(4.07)	(0.38)	(59)	(2.33)	(0.22)

easyJet delivered a solid financial performance for the six months to 31 March 2011 considering the challenging economic conditions across Europe, a significant increase in the market price of jet fuel impacting on the unhedged position, and some significant increases in the level of taxes levied on passengers.

We continued to develop the network, with an 11.1% increase in seats and 11.6% increase in the number of passengers carried, and made significant capacity investments in each of our mainland European markets. By contrast, our capacity in UK increased by 4%, focused on London Gatwick and Manchester.

Revenue grew by 8.1% to £1,266 million; consequently revenue per seat declined by £1.24 (2.7%) to £45.11. This is a creditable performance given the capacity growth in mainland Europe, and the impact of passenger taxes and regulatory changes.

Total cost per seat increased by 2.2% to £50.58. However cost per seat excluding fuel improved by 1.2% to £36.94 despite a significant investment in crew to prevent a recurrence of last summer's operational difficulties. While it is pleasing to be able to report this reduction, our focus on smart cost management is unrelenting and there is still much that we can achieve. Cost per seat excluding fuel decreased by 2.8% after excluding the costs of the snow and strike disruption.

Loss before tax increased by £74 million to £153 million, an increase of £2.36 in loss per seat.

Fuel

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Fuel	383	13.64	1.27	305	12.09	1.13

The market price for jet fuel increased by over 40% during the half impacted by political unrest in North Africa and the Middle East. The impact on easyJet was significantly mitigated by our favourable hedging position, although this benefit will start to decline in the second half if high fuel prices persist.

Disruption

A total of 4,204 sectors were cancelled during the period, a reduction of 13% compared with last year. 83% of these cancellations resulted from prolonged poor weather shortly before Christmas and industrial action in France and Spain. The incremental cost of the cancellations due to poor weather and industrial action (including lost contribution) was £1.11 per seat; down from £1.31 per seat in the same period last year. The planned increase in crew numbers and better organisational preparedness helped mitigate the impact of these cancellations on our customers.

Exchange rates

We have continued to invest our capacity growth more in mainland Europe than in the UK, with a corresponding change in our exposure to foreign currency:

	Revenue		Costs	
	2011	2010	2011	2010
Euro	47%	47%	35%	34%
Sterling	44%	44%	24%	28%
US dollar	-	-	34%	33%
Other (principally Swiss franc)	9%	9%	7%	5%

Average exchange rates	2011	2010	Change
Euro (sterling stronger)	€1.17	€1.12	+4.3%
US dollar (sterling weaker)	$1.60	$1.72	-7.0%

Given the substantial proportion of both revenue and costs denominated in Euros, changes in the Euro exchange rate, which can have a substantial effect on individual lines in the income statement, have a relatively limited effect on the overall result.

Impact of change in average exchange rate favourable / (adverse)	Euro	US dollar	Other currencies	Total
	£ million	£ million	£ million	£ million
Revenue	(13)	-	6	(7)
Fuel	1	(28)	-	(27)
Costs excluding fuel	22	(4)	(8)	10
Total	10	(32)	(2)	24

Revenue

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Passenger revenue	980	34.91	3.27	913	36.12	3.37
Ancillary revenue	286	10.20	0.95	258	10.23	0.95
Total revenue	1,266	45.11	4.22	1,171	46.35	4.32

Revenue per seat declined by 2.7% compared with the first half last year. Increases in passenger taxes accounted for 1.6% of this decline, with gross revenue per seat declining by only 1.3% (0.4% at constant currency). Load factor was slightly ahead of last year at 85.4%.

We have experienced significant increases in passenger taxes during the half, with the introduction of APD or similar taxes in Germany and Austria and increases in the UK. Overall, passenger taxes per seat increased by 13% compared with the same period last year.

Against the backdrop of difficult economic conditions, strong comparators and significant capacity investment in mainland Europe, this is a reasonable performance.

Ancillary revenue was broadly flat at £10.20 per seat, despite some pressure on bag penetration and the continuing impact of regulatory changes on some partner income streams. We have recently revised our charging structure for bags, introducing higher charges on longer sectors.

Costs

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Operating costs excluding fuel	928	33.08	3.10	843	33.35	3.12
Fuel	383	13.64	1.27	305	12.09	1.13
Ownership costs	108	3.86	0.36	102	4.02	0.37
Total costs	1,419	50.58	4.73	1,250	49.46	4.62
Total costs excluding fuel	1,036	36.94	3.46	945	37.37	3.49

Total cost per seat increased by 2.2% to £50.58; however excluding fuel, cost per seat fell by 1.2% despite significant disruption costs incurred due to external industrial action in the autumn and severe snowfalls across Europe shortly before Christmas.

Operating costs excluding fuel

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Ground operations	403	14.38	1.35	374	14.79	1.38
Crew	185	6.58	0.62	157	6.20	0.58
Navigation	120	4.28	0.40	113	4.47	0.42
Maintenance	85	3.02	0.28	78	3.08	0.29
Selling and marketing	47	1.68	0.16	41	1.45	0.14
Other costs	88	3.14	0.29	80	3.36	0.31
	928	33.08	3.10	843	33.35	3.12

Operating costs per seat excluding fuel fell by 0.8% to £33.08. At constant currency, operating costs per seat excluding fuel increased slightly to £33.61.

Despite significant increases in regulated costs at some airports, ground operations improved 2.8% per seat, and was also down slightly at constant currency. Included in these costs are significant de-icing expenditure and a continuing shift in mix towards more expensive primary airports. Around three-quarters of ground operations expenditure is denominated in currencies other than sterling.

Navigation costs were down by 4.2% to £4.28 per seat and broadly flat at constant currency despite regulated cost increases averaging 2%. This is an example of smart cost management in action; management took action to optimise aircraft weight and routing to offset a price increase that we cannot control.

In order to avoid a repeat of the operational difficulties experienced last summer, we have increased crew numbers by around 21% compared with a capacity increase of 11%. This has allowed us to increase the numbers of standby crews making the operation more resilient and able to respond quickly in times of disruption. As a consequence crew costs have increased by 6.1% to £6.58 per seat, but we are confident that this represents a sound investment that will assist in maintaining good on-time performance and customer satisfaction levels.

Maintenance costs declined by 1.8% to £3.02 per seat, continuing the improvement shown last year as the number of leased aircraft continues to decline. While we will continue to drive cost savings in this area it is likely that overall cost per seat will now start to level off.

Other costs were down slightly at £3.14 per seat. Included here are costs of disruption, costs incurred in connection with the strategic review and the royalty payable to easyGroup IP Licensing Ltd.

Ownership costs

	2011			2010		
	£ million	£ per seat	Pence per ASK	£ million	£ per seat	Pence per ASK
Aircraft dry leasing	56	2.00	0.19	52	2.03	0.19
Depreciation	39	1.39	0.13	35	1.40	0.13
Amortisation	4	0.13	0.01	3	0.11	0.01
Interest receivable and other financing income	(4)	(0.14)	(0.01)	(3)	(0.13)	(0.01)
Interest payable and other financing charges	13	0.48	0.04	15	0.61	0.05
	108	3.86	0.36	102	4.02	0.37

Ownership costs declined slightly to £3.86 per seat; continuing recent strong performance. This is particularly pleasing given that changes in average exchange rates increased cost per seat by £0.16.

We continued to benefit from the change in fleet mix as further Boeings were returned to lessors. At the end of the period the fleet contained only seven Boeing aircraft, of which five will be returned in the second half. The ex-GB Airways A321 aircraft have been sold, and the final ex-GB Airways leased A320 left the fleet during April.

As a consequence we are now close to our objective of a standardised fleet with two gauges of easyJet specification Airbus aircraft. Going forward we will add more A320 aircraft to the fleet which will deliver an overall reduced cost per seat.

Interest rates continue at historically low levels; while this adversely impacts interest income, we also benefit from lower interest payable and, to an extent, lower lease payments as 27 aircraft are subject to floating rate lease arrangements. However the market is anticipating increases in interest rates during the second half; it remains to be seen when this will happen and the extent of the increase.

Summary consolidated statement of cash flows

£ million	**2011**	2010	Change
Net cash generated from operating activities	**230**	327	(97)
Net capital expenditure	**(204)**	(246)	42
Net loan and lease finance drawdown	**292**	197	95
Net (increase) / decrease in money market deposits	**(52)**	12	(64)
Other including the effect of exchange rates	**(48)**	(10)	(38)
Net increase in cash and cash equivalents	**218**	280	(62)
Cash and cash equivalents at beginning of period	**912**	789	123
Cash and cash equivalents at end of period	**1,130**	1,069	61
Money market deposits at end of period	**307**	289	18
Cash and money market deposits at end of period	**1,437**	1,358	79

In line with prior years, easyJet generated strong operating cash flow in the period. The business has highly seasonal operating cash flow, with the second quarter being particularly strong due to bookings for the summer season.

Net capital expenditure principally comprises the acquisition of nine aircraft (six of which were A320s) and payments in connection with the new order for aircraft announced in January; net of proceeds received for the disposal of the remaining four A321 aircraft acquired with GB Airways.

Net loan and lease drawdown comprised proceeds received from the sale and leaseback of fifteen aircraft, and the mortgage of two aircraft, net of repayments on mortgages and finance leases.

At 31 March, sufficient committed financing facilities were in place to fund the acquisition of all aircraft due for delivery during the current financial year. The combination of these facilities, available cash and 28 unencumbered aircraft leaves easyJet well-positioned to finance committed aircraft orders.

Summary consolidated statement of financial position

	31 March 2011	30 September 2010	Change
	£ million	£ million	£ million
Goodwill	**365**	365	-
Property, plant and equipment	**1,932**	1,928	4
Net working capital	**(903)**	(590)	(313)
Restricted cash	**111**	56	55
Current and deferred taxation	**(176)**	(176)	(1)
Net cash / (debt)	**220**	(40)	260
Other non-current assets and liabilities	**(40)**	(42)	3
Net assets	**1,509**	1,501	8
Opening shareholders' equity	**1,501**	1,307	194
(Loss) / profit in period / year	**(114)**	121	(235)
Change in hedging reserve	**119**	59	60
Other movements	**3**	14	(11)
	1,509	1,501	8

Net assets were broadly unchanged from year end, increasing by £8 million to £1,509 million, with the decline due to the loss after tax offset by an increase in the hedging reserve principally due to the increase in fuel price.

The net book value of property plant and equipment was little changed, as increases driven by the aircraft acquisition programme were offset by a reduction driven by the sale and operating leaseback of 13 aircraft acquired in prior years.

There was a significant improvement in working capital in the period principally due to the increase in unearned income relating to bookings for future travel. The seasonal nature of the industry leads to significantly more unearned income at 31 March compared with 30 September each year.

	31 March 2011	30 September 2010	Change
	£ million	£ million	£ million
Cash and cash equivalents	**1,130**	912	218
Money market deposits	**307**	260	47
	1,437	1,172	265
Bank loans	**(998)**	(1,057)	59
Finance lease obligations	**(219)**	(155)	(64)
	(1,217)	(1,212)	(5)
Net funds / (debt)	**220**	(40)	260

easyJet ends the period with £1,437 million in cash and money market deposits. This is an increase of £265 million from 30 September 2010 and £79 million compared to the same point in 2010. Net cash outflow in the period relating to loans and finance leases was £26 million.

Net funds at 31 March 2010 were £220 million compared with net debt of £40 million at 30 September 2010 and net funds of £82 million at 31 March 2010. Driven by strong cash generation, gearing reduced by 7 percentage points from 33% at 30 September 2010 to 26% at 31 March 2011.

Appendix to financial review

Operational measures	2011	2010	Change
Seats flown (millions)	28.1	25.3	11.1%
Passengers (millions)	23.9	21.5	11.6%
Load factor	85.4%	85.0%	+0.4ppt
Available Seat Kilometres (ASK) (millions)	29,988	27,077	10.8%
Revenue Passenger Kilometres (RPK) (millions)	26,085	23,633	10.4%
Average sector length (kilometres)	1,069	1,072	(0.3)%
Sectors	177,074	159,804	10.8%
Block hours	336,372	304,482	10.5%
Number of aircraft owned/leased at end of period	199	189	5.3%
Average number of aircraft owned/leased during period	195.4	185.9	5.1%
Number of aircraft operated at end of period	182	170	7.1%
Average number of aircraft operated during period	180.3	167.8	7.4%
Operated aircraft utilisation (hours per day)	10.3	10.0	2.8%
Number of routes operated at end of period	533	448	19.0%
Number of airports served at end of period	127	116	9.5%

Financial measures	2011	2010	Change
Return on equity	(7.6)%	(4.4)%	(3.2) ppt
Return on capital employed	(7.5)%	(3.7)%	(3.8) ppt
Loss before tax per seat (£)	(5.47)	(3.11)	(75.8)%
Loss before tax per ASK (pence)	(0.51)	(0.29)	(75.8)%
Revenue			
Revenue per seat (£)	45.11	46.35	(2.7)%
Revenue per seat at constant currency (£)	45.37	46.35	(2.1)%
Revenue per ASK (pence)	4.22	4.32	(2.4)%
Revenue per ASK at constant currency (pence)	4.24	4.32	(1.8)%
Costs			
Per seat measures			
Total cost per seat (£)	50.58	49.46	(2.2)%
Total cost per seat excluding fuel (£)	36.94	37.37	1.2%
Total cost per seat excluding fuel at constant currency (£)	37.30	37.37	0.2%
Operational cost per seat (£)	46.73	45.45	(2.8)%
Operational cost per seat excluding fuel (£)	33.08	33.35	0.8%
Operational cost per seat excluding fuel at constant currency (£)	33.61	33.35	(0.8)%
Ownership cost per seat (£)	3.86	4.02	4.0%
Per ASK measures			
Total cost per ASK (pence)	4.73	4.62	(2.5)%
Total cost per ASK excluding fuel (pence)	3.46	3.49	0.9%
Total cost per ASK excluding fuel at constant currency (pence)	3.49	3.49	-
Operational cost per ASK (pence)	4.38	4.24	(3.1)%
Operational cost per ASK excluding fuel (pence)	3.10	3.12	0.5%
Operational cost per ASK excluding fuel at constant currency (pence)	3.14	3.12	(1.1)%
Ownership cost per ASK (pence)	0.36	0.37	3.7%

Principal risks and uncertainties

This section describes the principal risks and uncertainties which may affect easyJet's business, financial results and prospects. The Board has determined that these continue to be the principal risks and uncertainties facing the business for the remaining six months of the current financial year.

Risk description	*Potential impact*	*Mitigation*
Safety and security		
Safety / security incident		
Failure to prevent a safety or security incident or deal with it effectively.	Adversely affect our reputation, operational and financial performance.	Our number one priority is the safety of our customers and people. We operate a strong safety management system through: - Fatigue Risk Management System; - Incident reporting; - Safety Review Board; - Safety Action Group; and - Management and control system for our operations – weekly operations meetings and reporting. We also have response systems in place and provide training for crisis management; combined with a full crisis management exercise performed three times a year.

External risks		
Macroeconomic environment		
easyJet's business can be affected by macroeconomic issues outside of its control such as weakening consumer confidence or inflationary pressure.	Adverse pressure on revenue, load factors and residual values of aircraft.	Regular monitoring of markets and route performance by our network and fleet management teams. A strong balance sheet supports business through fluctuations in the economic conditions for the sector. Appropriate mix of owned and leased aircraft reduces residual value exposure.
Competition and industry consolidation		
easyJet operates in competitive marketplaces against both flag carriers and other low-cost airlines. Industry consolidation will affect the competitive environment in a number of markets.	Loss of market share and erosion of revenue.	Regular monitoring of competitor activity and potential impact of any consolidation activity. Rapid response in anticipation of and to changes.
Regulator intervention		
The airline industry is currently heavily regulated, with expected increased regulator intervention; this includes environmental, security and airport regulation which have charges levied by regulatory decision rather than by commercial negotiation. easyJet is exposed to various regulators across our network, which will increase as the Company grows geographically.	Adverse impact to our reputation, cost base and market share. Lack of adequate knowledge or misinterpretation of local regulations can result in fines or enforcement orders.	easyJet has a key role in influencing the future state of regulations. Country oversight boards are being established for our main markets.
Environmental factors		
Changing consumer attitude to environment factors, e.g. climate change.	Potential impact on consumer demand for the core business.	Regulatory Action Group that co-ordinates environmental policy communications. easyJet operates modern, fuel-efficient aircraft operating at high capacity and flies to conveniently located airports.

Reputation		
Business Continuity: Access to facilities and key IT systems		
easyJet is dependent on a number of key IT systems and processes operated at London Luton airport and other key facilities.	A loss of systems and access to facilities could lead to disruption.	A business continuity programme, including disaster recovery is in place and will be developed over the coming year. This covers alternative sites being available should there be a need to relocate at short notice due to loss of facilities.
Event causing widespread network disruption		
A number of factors can lead to widespread disruption to our network, including epidemics/pandemics, forces of nature (extreme weather, volcanic ash, etc), acts of terrorism, union activity and strike action. A widespread disruption could also potentially lead to crew availability issues, impacting our ability to fly the schedule.	Adversely effect our reputation, operational and financial performance.	Processes in place to adapt to widespread disruption. A full crisis management exercise is performed three times a year and a business continuity programme is in place. Significant analysis and senior management focus has resulted in additional crewing solutions being put into place to further recognise the external factors and volatility that impact the airline industry.
IT security and fraud exposure		
easyJet faces external and internal IT security risk. The Company receives most of its revenue through credit cards and operates as an e-commerce business.	A security breach could result in a material adverse impact for the business and reputational damage.	Systems are secured and monitored against unauthorised access; this will receive continued focus. Scanning software for fraudulent customer activity is monitored and controlled by the Revenue Protection team.
Brand ownership and brand reputation		
easyJet does not own its company name or branding which is licensed from easyGroup IP Licensing.	As for all brand licensees, the easyJet brand could be impacted through actions of the easyGroup or other easyGroup licensees.	easyJet works closely with easyGroup to ensure the integrity of the brand.
Major shareholder		
easyJet has a major shareholder (easyGroup Holdings Limited) controlling over 25% of ordinary shares.	Shareholder activism could adversely impact the reputation of the Company.	Dedicated investor relations team, utilising a shareholder engagement programme.

People		
Industrial action		
Large parts of the easyJet workforce are unionised. The same applies for our key third-party service providers, where similar issues exist. If any action was taken this could impact on easyJet's ability to maintain its flight schedule.	Adversely affect our reputation, operational and financial performance.	Employee and union engagement takes place on a regular basis. Significant analysis and senior management focus has resulted in additional crewing solutions being put into place to further recognise the external factors and volatility that impact the airline industry.
Retention of key management		
Due to easyJet's lean business model, the Company is reliant on certain key managers.	Loss of key personnel could result in short term lack of necessary expertise in certain positions.	Annual talent management and succession planning of key positions.
Supplier		
Dependence on third-party service providers		
easyJet has entered into agreements with third-party service providers for services covering a significant proportion of its operation and cost base.	Failure to adequately manage third party performance would affect our reputation, operation and financial performance. Loss of these contracts, inability to renew or negotiate favourable replacement contracts could have a material adverse effect on future operating costs.	Processes in place to manage third party service provider performance. Centralised procurement team that negotiates all contracts above £100,000 of committed spend. Most developed markets have suitable alternative service providers.

Financial risks		
Fuel price and currency fluctuations:		
Sudden and significant increases in jet fuel price and movements in foreign exchange rates would significantly impact fuel costs and other foreign currency denominated costs.	If not protected against, this would have a material adverse effect on financial performance, with the knock on impact of employee attrition / disengagement.	Policy to hedge within a percentage band for rolling 24 month period. To provide protection, the Group uses a limited range of hedging instruments traded in the over the counter (OTC) markets, principally forward purchases, with a number of approved counterparties.
Increases in fuel costs have a direct impact on the financial performance of the company and therefore affect any bonus available to employees.		
Financing and interest rate risk		
All of the Group's debt is asset related, reflecting the capital intensive nature of the airline industry.	Market conditions could change the cost of finance which may have an adverse effect on the financial performance.	Group interest rate management policy aims to provide certainty in a proportion of its financing. Operating lease rentals are a mix of fixed and floating rates (currently 65% to 35%). All on balance sheet debt floating rate, re priced up to six months. A portion of US dollar mortgage debt is matched with US dollar money market deposits.
Liquidity risk		
The Group continues to hold significant cash or liquid funds as a form of insurance.	Lack of sufficient liquid funds could result in business disruption and have a material adverse effect on financial performance.	Board policy is to maintain an absolute minimum level of free cash and money market deposits. Allows business to ride out downturns in business or temporary curtailment of activities (e.g. fleet grounding, security incident, extended industrial dispute at key supplier). Committed undrawn borrowing facilities of US$0.5 billion at 31 March 2011.
Credit risk		
Surplus funds are invested in high quality short-term liquid instruments, usually money market funds or bank deposits.	Possibility of material loss arising in the event of non-performance of counterparties.	Cash is placed on deposit with institutions based upon credit rating with a maximum exposure of £100 million for AAA ratings.

Consolidated income statement (unaudited)

	Notes	**Six months ended 31 March 2011 £ million**	Six months ended 31 March 2010 £ million
Passenger revenue		**980**	913
Ancillary revenue		**286**	258
Total revenue	11	**1,266**	1,171
Ground operations		**(403)**	(374)
Fuel		**(383)**	(305)
Crew		**(185)**	(157)
Navigation		**(120)**	(113)
Maintenance		**(85)**	(78)
Selling and marketing		**(47)**	(41)
Other costs		**(88)**	(80)
EBITDAR		**(45)**	23
Aircraft dry leasing		**(56)**	(52)
Depreciation		**(39)**	(35)
Amortisation		**(4)**	(3)
Operating loss		**(144)**	(67)
Interest receivable and other financing income		**4**	3
Interest payable and other financing charges		**(13)**	(15)
Loss before tax		**(153)**	(79)
Tax credit	3	**39**	20
Loss for the period		**(114)**	(59)
Loss per share, pence			
Basic	4	**27**	14

Consolidated statement of comprehensive income (unaudited)

	Notes	**Six months ended 31 March 2011 £ million**	Six months ended 31 March 2010 £ million
Loss for the period		**(114)**	(59)
Other comprehensive income			
Cash flow hedges			
Fair value gains in the period		**206**	101
(Gains) / losses transferred to income statement		**(46)**	10
Related tax	3	**(41)**	(31)
		119	80
Currency translation differences		**-**	1
Total comprehensive income for the period		**5**	22

Consolidated statement of financial position (unaudited)

	Notes	**31 March 2011 £ million**	30 September 2010 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**86**	87
Property, plant and equipment	6	**1,932**	1,928
Derivative financial instruments		**46**	8
Loan notes		**13**	13
Restricted cash		**32**	33
Other non-current assets		**66**	54
		2,540	2,488
Current assets			
Assets held for sale		**-**	73
Trade and other receivables		**158**	194
Derivative financial instruments		**174**	53
Restricted cash		**79**	23
Money market deposits		**307**	260
Cash and cash equivalents		**1,130**	912
		1,848	1,515
Current liabilities			
Trade and other payables		**(1,182)**	(829)
Borrowings		**(129)**	(127)
Derivative financial instruments		**(9)**	(10)
Maintenance provisions		**(44)**	(71)
Current tax liabilities		**(29)**	(28)
		(1,393)	(1,065)
Net current assets		**455**	450
Non-current liabilities			
Borrowings		**(1,088)**	(1,085)
Derivative financial instruments		**(3)**	(4)
Non-current deferred income		**(63)**	(56)
Maintenance provisions		**(185)**	(144)
Deferred tax liabilities		**(147)**	(148)
		(1,486)	(1,437)
Net assets		**1,509**	1,501
Shareholders' equity			
Share capital	7	**108**	107
Share premium		**654**	652
Hedging reserve		**154**	35
Translation reserve		**1**	1
Retained earnings		**592**	706
		1,509	1,501

Consolidated statement of changes in equity (unaudited)

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2010	107	652	35	1	706	1,501
Total comprehensive income	-	-	119	-	(114)	5
Share incentive schemes						
Proceeds from shares issued	1	2	-	-	-	3
Value of employee services	-	-	-	-	1	1
Purchase of own shares	-	-	-	-	(1)	(1)
At 31 March 2011	**108**	**654**	**154**	**1**	**592**	**1,509**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2009	106	642	(24)	-	583	1,307
Total comprehensive income	-	-	80	1	(59)	22
Share incentive schemes						
Proceeds from shares issued	1	9	-	-	(1)	9
Value of employee services	-	-	-	-	3	3
Purchase of own shares	-	-	-	-	(1)	(1)
Related tax (note 3)	-	-	-	-	2	2
At 31 March 2010	**107**	**651**	**56**	**1**	**527**	**1,342**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the period end.

Consolidated statement of cash flows (unaudited)

	Notes	**Six months ended 31 March 2011 £ million**	Six months ended 31 March 2010 £ million
Cash flows from operating activities			
Cash generated from operations	8	**262**	298
Net interest and other financing charges (paid) / received		**(30)**	41
Tax paid		**(2)**	(12)
Net cash generated from operating activities		**230**	327
Cash flows from investing activities			
Purchase of property, plant and equipment		**(276)**	(240)
Proceeds from sale of assets held for sale		**75**	-
Purchase of other intangible assets		**(3)**	(6)
Redemption of loan notes		**1**	-
Net cash used by investing activities		**(203)**	(246)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**3**	8
Purchase of own shares for employee share schemes		**(1)**	(1)
Proceeds from drawdown of bank loans		**36**	156
Proceeds from drawdown of finance leases		**72**	-
Net proceeds from sale and operating leaseback of aircraft		**266**	100
Repayment of bank loans		**(79)**	(57)
Repayment of capital elements of finance leases		**(3)**	(2)
Net (increase) / decrease in money market deposits		**(52)**	12
Increase in restricted cash		**(56)**	(27)
Net cash generated from financing activities		**186**	189
Effect of exchange rate changes		**5**	10
Net increase in cash and cash equivalents		**218**	280
Cash and cash equivalents at beginning of period		**912**	789
Cash and cash equivalents at end of period		**1,130**	1,069

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" as adopted by the European Union. It should be read in conjunction with the Annual report and accounts for the year ended 30 September 2010, 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 sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2010 were approved by the Board of Directors on 15 November 2010, and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, and did not contain either an emphasis of matter paragraph or any statement made under section 498 of the Companies Act 2006.

In adopting the going concern basis for preparing this condensed financial information, the Directors have considered the business activities as well as easyJet's principal risks and uncertainties. Based on easyJet's cash flow forecasts and projections, the Board is satisfied that easyJet will be able to operate within the level of its facilities and available cash for the foreseeable future. For this reason easyJet continues to adopt the going concern basis.

The accounting polices adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2010.

A number of amended standards and interpretations are effective for the current financial year, but none of them has had any material impact on the condensed financial information.

2. Seasonality

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

3. Tax credit

	2011 £ million	2010 £ million
Current tax	**3**	4
Deferred tax	**(42)**	(24)
	(39)	(20)
Effective tax rate	26%	25%

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

Tax on items recognised directly in other comprehensive income or shareholders' equity

	2011 £ million	2010 £ million
Charge to other comprehensive income		
Deferred tax charge on fair value movements of cash flow hedges	**(41)**	(31)
(Charge) / credit to shareholders' equity		
Current tax credit on share-based payments	**-**	3
Deferred tax charge on share-based payments	**-**	(1)
	-	2

4. Loss per share

	2011 £ million	2010 £ million
Loss for the period	**(114)**	(59)

	2011 million	2010 million
Weighted average number of ordinary shares in issue	**429**	425

	2011 pence	2010 pence
Loss per share - basic	**27**	14

Diluted loss per share for the six months ended 31 March 2011 and 2010 is not presented as the impact of potential ordinary shares is anti-dilutive.

5. Dividends

No dividends have been paid or proposed either during the six months ended 31 March 2011 or during the comparative accounting period. As announced in November 2010, an annual dividend will be paid based on a dividend cover of five times. The first payment will be made in 2012, based on the 2011 results.

6. Property, plant and equipment

	2011 **£ million**	2010 £ million
At 1 October	**1,928**	1,612
Additions	**248**	215
Disposals	**(5)**	-
Aircraft sold and leased back	**(200)**	(53)
Depreciation	**(39)**	(35)
At 31 March	**1,932**	1,739

At 31 March 2011 easyJet is contractually committed to the acquisition of 53 Airbus A320 family aircraft, with a total list price of US$2.7 billion before escalations and discounts for delivery in the period to March 2014. Deposits paid against these aircraft at 31 March 2011 totalled £208 million.

7. Share capital

	Number		Value	
	2011 **million**	2010 million	**2011** **£ million**	2010 £ million
At 1 October	**430**	425	**107**	106
Issued under share incentive schemes	**-**	4	**1**	1
At 31 March	**430**	429	**108**	107

8. Reconciliation of operating loss to cash generated from operations

	2011 **£ million**	2010 £ million
Operating loss	(144)	(67)
Adjustments for non-cash items:		
Depreciation	39	35
Amortisation	4	3
Share based payments	1	3
Unrealised foreign exchange differences	-	5
Changes in working capital and other items of an operating nature		
Decrease in trade and other receivables	36	11
Increase in trade and other payables	348	323
Increase / (decrease) in provisions	6	(7)
(Increase) / decrease in other non-current assets	(12)	5
Increase in derivative financial instruments	(1)	-
Decrease in non-current deferred income	(15)	(13)
	262	298

9. Reconciliation of net cash flow to movement in net funds / (debt)

	1 October 2010 £ million	Exchange differences £ million	Net cash flow £ million	31 March 2011 £ million
Cash and cash equivalents	912	5	213	1,130
Money market deposits	260	(5)	52	307
	1,172	-	265	1,437
Bank loans	(1,057)	16	43	(998)
Finance lease obligations	(155)	5	(69)	(219)
	(1,212)	21	(26)	(1,217)
Net funds / (debt) (non-GAAP measure)	**(40)**	**21**	**239**	**220**

10. Contingent liabilities

easyJet 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 easyJet's financial position, results or cash flows.

11. Segmental analysis

Operating segment

easyJet has one operating segment, being its route network, based on management information provided to the Executive Management Team; which is easyJet's Chief Operating Decision Maker. Resource allocation decisions are made for the benefit of the route network as a whole, rather than for individual routes within the network. Performance of the network is assessed based on the consolidated profit or loss before tax for the period.

Geographic segments

Revenue is allocated to geographic segments on the following bases:

- Revenue earned from passengers is allocated according to the location of the first departure airport on each booking;
- Commission revenue earned from partners is allocated according to the domicile of each partner.

	2011 £ million	2010 £ million
United Kingdom	**543**	523
Southern Europe	**460**	433
Northern Europe	**248**	204
Other	**15**	11
	1,266	1,171

Southern Europe comprises countries lying wholly or mainly south of the border between Italy and Switzerland, plus France.

easyJet's non-current assets principally comprise its fleet of aircraft (including 75 held under operating leases). All of these aircraft are registered in the United Kingdom except for 20 registered in Switzerland. These assets are used flexibly across the entire route network, and accordingly there is no suitable basis for allocating them to geographic segments.

12. Related parties

On 11 October 2010, easyJet announced that it had reached an agreement on its dispute with easyGroup IP Licensing Ltd ('easyGroup') and Sir Stelios Haji-Ioannou over the terms and operation of the easyJet brand licence.

Under the agreement an annual royalty of 0.25% of total revenue (fixed at £3.95 million for the year ending 30 September 2011 and £4.95 million for the year ending 30 September 2012) is payable for a minimum term of ten years.

A new brand protection protocol was also agreed. easyJet must meet the costs to protect the 'easy' and 'easyJet' brands alongside easyGroup on a ratio of 10:1 respectively up to a combined cost of £1.1 million per annum. Beyond the first £1.1 million of costs, easyJet can commit up to an aggregate £5.5 million annually to meet brand protection costs, with easyGroup continuing to meet its share of costs on a 10:1 ratio. easyJet must meet 100% of any brand protection costs it wishes to incur above this limit.

A separate agreement has been entered in to with Sir Stelios Haji-Ioannou, for two years, where for an annual fee of £300,000 he will not licence the 'easy' brand to an ATOL holder in relation to the sale of airline seats, not to sell the shares in easyGroup or the easyJet brand or to acquire an interest in any other airline for two years.

Further details of the agreement can be found in easyJet's Annual report and accounts 2010.

The payments made by easyJet in the period to 31 March 2011 for these items were £2 million.

Statement of directors' responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations.

The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 as adopted by the European Union. The interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 31 March 2011and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions during the six months ended 31 March 2011 and any material changes in the related-party transactions described in the last Annual report and accounts.

The Directors of easyJet plc are listed in the Annual report and accounts 2010. There have been no changes since the date of publication. A list of current Directors is also maintained on the easyJet plc website: www.easyjet.com.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

The interim report was approved by the Board of Directors and authorised for issue on 9 May 2011 and signed on behalf of the Board by:

Carolyn McCall OBE	Chris Kennedy
Chief Executive	Chief Financial Officer

Glossary

Aircraft dry / wet leasing	Payments to lessors under dry leasing arrangements relate solely to the provision of an aircraft. Payments to lessors under wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
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.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average fare	Passenger and ancillary revenue divided by passengers.
Based capacity	Number of flown seats from routes allocated to an easyJet base.
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, aircraft lease costs, and profit or loss on disposal of aircraft.
Gearing	Net debt (adjusted by adding seven times aircraft dry leasing payments for the year and deducting restricted cash) divided by the sum of shareholders' equity and adjusted net debt.
Global Distribution Systems (GDS)	A worldwide computerised reservation network used a single point of access for reserving airline seats, and other travel related items by travel agents, online reservation sites and large corporations.
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 capital employed	Normalised profit after tax divided by average net debt plus shareholders' equity.
Return on equity	Loss for the period 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.
Scheduled capacity	Number of seats listed for sale (pre-disruption)
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.

Independent review report to easyJet plc

Introduction

We have been engaged by the company to review the condensed set of financial information in the half-yearly financial report for the six months ended 31 March 2011, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial information.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial information in the half-yearly financial report for the six months ended 31 March 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants

St Albans, Hertfordshire
9 May 2011

END