Press information

MEGGITT

7 August 2012

Meggitt PLC
2012 Interim results

Continuing to deliver

Meggitt PLC ("Meggitt" or "the Group"), a leading international engineering company specialising in high performance components and sub-systems for the aerospace, defence and energy markets, today announces unaudited interim results for the six months ended 30 June 2012.

Group Highlights

£m	H1 2012	H1 2011	% change
Revenue	**776.0**	649.8	+19%
Underlying[1]:			
EBITDA	**221.3**	196.7	+13%
Operating profit	**185.4**	164.0	+13%
Profit before tax	**168.5**	146.2	+15%
Earnings per share	**16.4**	14.4	+14%
Statutory:			
Operating profit	**144.1**	130.0	+11%
Profit before tax	**127.2**	112.2	+13%
Earnings per share	**13.2**	11.7	+13%
Net debt	**792.9**	847.8	-6%
Dividend	**3.60p**	3.20p	+12.5%

- The Group achieved good growth in the first six months of 2012:
  - Revenues increased 19%, with all major end markets contributing to growth.
  - Underlying profit before tax increased by 15% to £168.5m.
  - Good momentum going into the second half of 2012, with closing order book up 8% compared to the first half of 2011.
- Increased levels of investment in capex and R&D to support recent contract wins.
- Net debt reduced to 1.6x EBITDA (2011: 1.9x).
- Interim dividend increased by 12.5%, reflecting ongoing confidence in the business model.
- PacSci has continued to trade in line with expectations. Incremental cost synergies of $4.6m were achieved in the first half, in line with the increased target run rate of $22.5m by the end of 2014.
- The Group continues to expect organic[2] revenue growth of 6-7% over the medium term in line with our five-year guidance, with double-digit revenue growth in 2012 including the full-year impact of PacSci.

1. Underlying profit and EPS are used by the Board to measure the trading performance of the Group and exclude the amortisation of acquired intangibles, exceptional operating items and the marking to market of financial instruments, as set out in notes 4 and 10.
2. Organic growth excludes foreign exchange movements and M&A.

Terry Twigger, Chief Executive, commented:

"The business delivered good top line growth in the first half, with particularly strong performances in the military and energy end markets. The work undertaken to reshape the Group with the Transformation programme over the last three years, enhanced by our ongoing focus on achieving world-class operations and programme management, leave us in excellent shape to continue to deliver good organic growth.

As a sign of our continuing confidence in the prospects for the Group, the interim dividend has been increased by 12.5% to 3.6 pence."

Please contact

Terry Twigger, Chief Executive
Stephen Young, Group Finance Director
Richard Cashin, Group Head of Investor Relations
Meggitt PLC
Tel: +44 1202 597597

Charles Ryland, Jeremy Garcia or Louise Hadcocks
Buchanan
Tel: +44 20 7466 5000

GROUP OVERVIEW

Meggitt is a global engineering company specialising in high-performance components and sub-systems for the aerospace, defence and energy markets. We have a broad-based and well balanced portfolio, with equipment on over 57,000 aircraft and numerous ground vehicles and energy applications worldwide. This significant and expanding installed base provides us with a stable aftermarket revenue stream stretching out for many years. Furthermore, our high levels of embedded intellectual property and strong customer relationships are enabling us to continue to compete for, and win, positions on new more fuel efficient platforms, often on a sole source basis, thus strengthening our future original equipment and aftermarket growth.

Our capability-based Group structure is tailored to the requirements of our customers. This, combined with our ongoing commitment to invest in the technologies and people needed to achieve world-class standards across our businesses, gives us continued confidence in our 6-7% medium-term organic revenue growth target. An increased focus on driving operational efficiency and programme management excellence will make us ever more responsive to the changing needs of the markets in which we operate and, over time, will enable us to drive the organic revenue growth rate of the Group beyond this 6-7% range.

The PacSci acquisition, which completed in April last year, has proved to be an excellent addition to the Group. Its business model and culture are a very good fit with Meggitt, with leading technology positions, a strong performance focus, a significant level of sole source content and aftermarket sales representing over one third of total revenue. It has enhanced Meggitt's capability and capacity in a number of key technological areas including: the addition of fire and smoke suppression capabilities, creating a leading integrated fire and smoke detection and suppression offering; electrical power management and storage, meeting the requirements of aircraft moving away from hydraulic and pneumatic technology towards electric power; and sensing and anti-icing products. The integration activities, including the move towards common ERP systems and the consolidation of manufacturing facilities, are progressing very well. This gives us a very high level of confidence that we will deliver the enhanced cost synergy target of a $22.5m run-rate by the end of 2014. We have also achieved revenue synergies, much earlier than expected, such as the sole-source fire protection award on the A320neo which will contribute to revenues from 2015.

MARKET BACKGROUND

Civil aerospace
Meggitt operates in three main segments of the civil aerospace market: large jets, regional aircraft and business jets. The large jet fleet includes approximately 18,000 aircraft, the regional aircraft fleet about 6,000 and business jets about 15,000. The Group has products on virtually all these aircraft platforms and hence a very large, and growing, installed base. The split of civil revenues, which account for 45% of the Group total, is 61% aftermarket and 39% original equipment (OE).

Military
Our military business accounts for 40% of the Group's revenues. These are split 63% OE and 37% aftermarket, reflecting our installed base on over 18,000 fixed wing and rotary aircraft and a significant number of ground vehicles and training applications. The US accounts for 64% of military sales, with 24% to Europe and 12% to the rest of the world.

Energy and other
Other revenues (15% of Group total) come from a variety of end markets, of which the most significant is energy, (9% of Group total). Our capabilities centre on providing valves and condition-monitoring equipment for power generation installations, including ground-based gas and wind turbines, and printed circuit heat exchangers used in the oil and gas market. Other markets (6% of Group total) include the automotive, test, consumer goods and medical sectors.

TRADING SUMMARY

Group revenue increased 19% to £776.0m (2011: £649.8m). This included the full six-month impact of the PacSci acquisition, which completed in April 2011. On a "proforma" basis (assuming PacSci was acquired on January 1 2011) Group revenue increased by 8%, with growth in all major markets. Civil revenues were a little softer than anticipated but this was compensated by stronger military and energy revenues, once again demonstrating the strength of our balanced portfolio.

The Board's preferred measure of the Group's trading performance is underlying profit. The adjustments between underlying profit and statutory profit are described in notes 4 and 10. Reported underlying operating profit for the first six months, including the six-month impact of PacSci, grew 13% to £185.4m (2011: £164.0m), producing an underlying operating margin of 23.9% (2011: 25.2%). PacSci's operating margin is lower than the Group average, and on a proforma basis the operating margin year-on-year remained constant. The modest mix impact (51 basis points) and the negative foreign exchange impact, predominantly from a stronger Swiss franc (35 basis points), were offset by additional PacSci synergies (37 basis points) and further operational efficiencies (49 basis points).

Net finance costs decreased to £16.9m (2011: £17.8m). Within this, post-retirement finance charges increased to £2.6m (2011: £2.2m), more than offset by lower average debt and lower interest rates, following the maturity of a fixed rate swap.

Underlying profit before tax increased by 15% to £168.5m (2011: £146.2m).

With an underlying tax rate of 24% (2011: 25%), and after taking account of the scrip dividend and the increased average share count following the equity placing to part fund the acquisition of PacSci, underlying earnings per share increased by 14% to 16.4 pence (2011: 14.4 pence).

On a statutory basis, profit before tax and earnings per share both increased by 13% to £127.2m (2011: £112.2m) and 13.2 pence (2011: 11.7 pence) respectively.

As a result of our ongoing confidence in the outlook for the Group, the interim dividend is increased by 12.5% to 3.6p (2011: 3.2p).

Cash inflow from operations before exceptional operating items remained healthy at £160.8m, which was 87% of underlying operating profit (2011: £174.8m and 107%). The year-on-year movement reflected the exceptionally strong working capital performance in the first half of 2011 combined with capital investment and planned inventory builds in the first half of 2012, ahead of the site consolidations and ERP implementations occurring over coming months.

The Group's cash flow is significantly second-half weighted. There was a modest net cash outflow in the period of £5.2m (2011: £119.5m outflow). The improvement year-on-year reflects the 2011 acquisition of PacSci, net of the planned increases in investment, mentioned previously.

There are two main financial covenants in our banking agreements. The net debt/EBITDA ratio, which must not exceed 3.5x, improved further to 1.6x at 30 June 2012 (2011: 1.9x) and interest cover, which must be not less than 3.0x, was a very strong 13.4x (2011: 11.1x). The Group has, therefore, significant headroom against both key covenant ratios. Since the end of the half-year, we have successfully refinanced our bank facility maturing in 2013 with a new, five year, syndicated bank facility of $400m. As a result of this, no further refinancing is required before 2016.

The Group has £450m of undrawn headroom, net of cash, against committed bank facilities.

Trading summary by end market:

	H1 2012 Revenues £m	H1 Proforma growth
Civil OE	138.0	9%
Civil AM	211.7	1%
Total civil aerospace	349.7	4%
Military	309.9	10%
Energy	68.6	30%
Other	47.8	2%
Total	776.0	8%

Civil aerospace

Total civil aerospace revenues grew 4% on a proforma basis, with good OE growth across large jets, regionals and business jets delivering a total OE growth of 9%. Aftermarket growth was lower than expected, partly reflecting the tough comparator from the first half of 2011 (where we reported aftermarket growth of 14%), coupled with deferred maintenance expenditure by some of our end customers and lower than expected demand levels in Europe.

With deliveries of large jets by Airbus and Boeing underpinned by a firm order backlog stretching out for a number of years, we are confident in the continued growth outlook for OE. Deliveries are expected to continue to grow strongly for the remainder of 2012 & 2013, trending upwards over the medium term. Deliveries of regional aircraft are expected to remain flat in 2012, with moderate growth expected to recommence in 2013 driven by demand for 70 to 90 seat aircraft. Deliveries of business jets are also expected to return to growth from 2013.

Available seat kilometres (ASKs), a good proxy for air traffic, which is a key driver of the demand from airlines for spares and repairs on large and regional aircraft, grew at over 6% in 2011, with year to date trends indicating a likely outturn for the full year 2012 of around 4%, still close to the long term trend rate of 5%. We anticipate a return to the long-run average 5% growth from 2013 assuming global GDP growth of 3%. Business jet utilisation in the US and Europe has remained flat versus 2011 so far in 2012, though our higher value content and growing market share should see revenues continue to grow.

The outlook for civil revenues, both OE and aftermarket, remains healthy.

Military

Military revenues grew by 10% on a proforma basis, with growth coming through as predicted on established programmes as well as on retrofits and outsourcing opportunities. Within our overall five year guidance of 2% compound annual growth for military revenues, we had built in an expected reduction in revenues on platforms which have been active in Iraq and Afghanistan, part of which was forecast to occur in the first half of 2012. This reduction has not yet been evident, which helps explain the very impressive growth performance.

Our OE revenues are generated from a broad range of platforms and applications, with good positions on a number of key platforms such as Typhoon, JSF, Rafale and E/F-18 Hornet, and large and growing positions on Black Hawk and V-22. We are not overly exposed to any single platform.

The outlook for defence expenditure in the US, our single most important military market, remains challenging in the medium term given the requirement for the administration to reduce the fiscal deficit and the potential effects of sequestration. However, much of the capability shortfall as a result of lower expenditure on new equipment may be compensated for by using existing fleets for longer than was initially anticipated. This will benefit our revenue streams from the aftermarket, and from retrofit and upgrade programmes where Meggitt has a track record of innovative, cost-effective solutions, including retrofitting blast-proof fuel tanks and electronics cooling systems on ground vehicles.

Energy & Other

Energy revenues increased by 30% on a proforma basis in the six months to June 2012. We saw excellent demand for our unique printed circuit heat exchanger products, with a significant new order worth in excess of $100m for equipment on Petrobras' Pre-Salt programme in Brazil. This follows on from the exciting order for Shell's Prelude FLNG platform announced last year. We are in the middle of increasing our manufacturing capacity in this area as mentioned previously, and in July 2012 we completed the acquisition of one of the key suppliers to this business for a cash consideration of £12m. Our condition monitoring businesses continued to perform well following our investment in product upgrades and new sales and support facilities in India, China and Brazil.

Other markets delivered 2% proforma growth, with medical and industrial revenues offsetting weaker laboratory testing and automotive markets.

INVESTING FOR THE FUTURE

Developing and owning intellectual property is fundamental to Meggitt's successful strategy. Total research and development expenditure in the six months to June 2012 was £59.8m or 7.7% of revenues, (2011: £47.5m, 7.3%), of which 18% was funded by customers.

Targeted investment in technology development remains critical to our long-term organic growth. This adds new capabilities to our portfolio in response to customer requirements. R&D has increased primarily as a result of our impressive win rate on new programmes, including a number of new business jet platforms and the re-engined narrowbodies, as well as the ongoing enhancement of our energy-oriented condition monitoring products.

Meggitt invested £17.2m (2011: £16.1m) in supplying equipment free of charge to new aircraft and making programme participation contributions, mostly in the aircraft braking systems business. This increased investment reflects our strong win rate on new programmes, which will continue to drive future aftermarket growth.

Capital expenditure on property, plant and equipment and other intangible assets increased to £31.0m (2011: £18.7m). The increase, as mentioned in the full year results announcement in March, included: the doubling in size of the compact printed circuit heat exchanger facility in Poole, UK; the capital costs associated with the ongoing site consolidation programme whereby we are combining two US-based sensing businesses onto one campus in California; and the continued roll-out of a group-wide common ERP platform.

DRIVING ORGANIC GROWTH

Over the last three years, we have transformed the way we organise key functions, such as engineering and sales & marketing. This has significantly improved customer relationships and improved our ability to support new programme wins. We now aim to underpin this with industry-leading standards of delivery, quality and programme management, which we believe will drive our organic revenue growth above our 6-7% target range. To achieve this, we will be investing a net (of savings) £12m over the 2012-13 timeframe, largely in people costs. Whilst the principal purpose of the programme is to drive growth, it will be self-funding in income statement terms by 2014 and should produce net (of cost) savings of £10-15m per annum thereafter. There will be additional cash benefits through reductions in inventories.

RETIREMENT BENEFIT SCHEMES

Market uncertainty, particularly regarding the situation in the Eurozone, resulted in significant asset volatility during the period. However, a recovery in the latter part of the period resulted in scheme assets at the balance sheet date increasing to £603.8m (December 2011: £584.9m).

The yields on AA corporate bonds, the rates used to discount scheme liabilities, remained at recent historical lows in the UK, with further reductions seen in US rates. US rates were adversely affected by the downgrade to below AA of a number of banks with high yielding corporate bonds. Overall scheme deficits reduced slightly to £317.0m (December 2011: £319.9) pre-tax.

The Group made deficit reduction payments in the period of £11.0m (2011: £9.9m). The next triennial valuation of the UK scheme is ongoing and is expected to increase payments into the scheme from 2013.

OPERATIONAL HIGHLIGHTS

The financial performance of the individual divisions is highlighted in the table below (at constant 2011 exchange rates for each division and with the currency impact shown separately). Equipment Group is broken out on a proforma basis below:

Revenue				Underlying Operating Profit			Return on Sales	
2012	2011			2012	2011		2012	2011
£m	£m			£m	£m			
145.1	147.0	*-1%*	Aircraft Braking Systems	54.0	53.0	*+2%*	37.2%	36.1%
104.6	93.9	*+11%*	Control Systems	26.7	24.3	*+10%*	25.5%	25.9%
91.4	79.8	*+15%*	Polymers & Composites	17.7	14.8	*+20%*	19.4%	18.5%
118.0	112.0	*+5%*	Sensing Systems	24.1	20.4	*+18%*	20.4%	18.2%
305.5	217.1	*+41%*	Equipment Group	65.6	51.5	*+27%*	21.5%	23.7%
11.4			*Impact of currency*	*(2.7)*				
776.0	**649.8**	*+19%*	**Total**	**185.4**	**164.0**	*+13%*	**23.9%**	**25.2%**
307.8	*285.1*	*+8%*	*Equipment Group Proforma*	*65.8*	*59.3*	*+11%*	*21.4%*	*20.8%*

Meggitt Aircraft Braking Systems (MABS) provides wheels, brakes and brake control systems for over 30,000 in-service aircraft and continues to develop innovative technology for new programmes such as the all-electric braking system on Bombardier's CSeries aircraft. The division targets sole-source programmes and is particularly strong in regional aircraft, business jets and military aircraft. The division represents 19% of total Group revenue, generating 89% of its revenues from the aftermarket and 11% from OE sales.

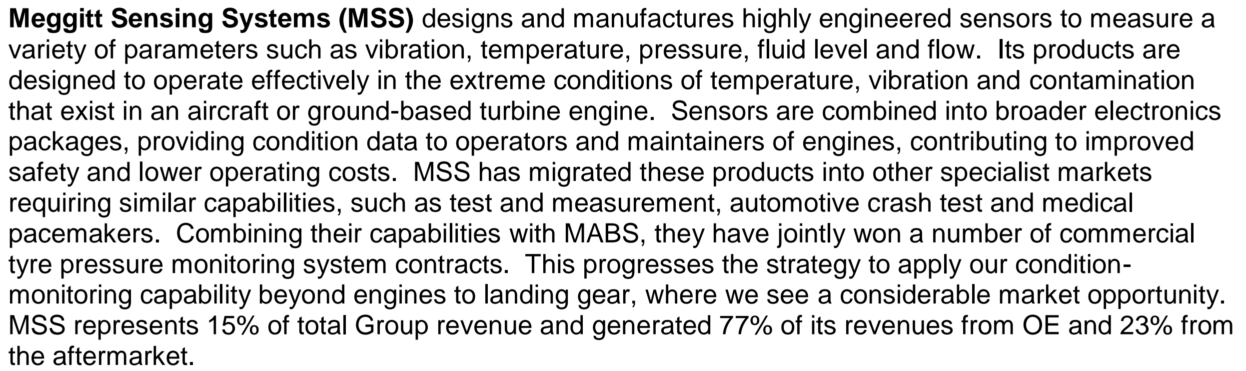
MABS' total revenues declined by 1% in the first half, with the temporary impact of chapter 11 situations within some of our customers and lower than expected utilisation of older large jets offsetting strengths in military and the business jet aftermarket. Military growth was driven by strong demand for B1-B and Hawk equipment, and business jet strength was driven by growing market share and the gradual conversion to carbon brakes. Operating margins improved from 36.1% to 37.2% driven by favourable mix and improved manufacturing efficiency.

Meggitt Control Systems (MCS) designs and manufactures products which manage the flow of liquids and gases around turbine engines (both aerospace and industrial), control the temperature of oil, fuel and air in aircraft engines and provides cabin air conditioning for smaller aircraft. Its valve business also supplies airport ground fuelling products. The division represents 14% of total Group revenue and generated 54% of its revenues from OE and 46% from the aftermarket.

For MCS, revenues grew 11% in the half-year, with civil aerospace growing at 8% (mostly OE) and military and energy up in excess of 20%. Operating margins moved from 25.9% to 25.5% driven by the strong relative OE growth.

Meggitt Polymers & Composites (MPC) has a strong military focus, representing approximately two thirds of its sales. It supplies flexible bladder fuel tanks, ice protection products and composite assemblies for a range of fixed wing and rotorcraft platforms and complex seals packages for civil and military platforms. These markets are linked by their dependence on similar materials technology and manufacturing processes. We supply over 80% of the US military requirements for fuel bladders and ballistically-resistant and crashworthy fuel tanks. MPC represents 12% of total Group revenue and generated 61% of its revenues from OE and 39% from the aftermarket.

Growth in revenues in MPC of 15% in the half-year was driven by civil aerospace up 9% (with large jets driving most of the demand growth) and military up 17% reflecting the ongoing retrofit of blastproof fuel tanks in ground vehicles as well as an increase in sales on aircraft platforms such as V-22. Operating margins recovered from 18.5% to 19.4% as a result of the non-recurrence of manufacturing difficulties experienced in one of their facilities in the first half of 2011.


Meggitt Sensing Systems (MSS) designs and manufactures highly engineered sensors to measure a variety of parameters such as vibration, temperature, pressure, fluid level and flow. Its products are designed to operate effectively in the extreme conditions of temperature, vibration and contamination that exist in an aircraft or ground-based turbine engine. Sensors are combined into broader electronics packages, providing condition data to operators and maintainers of engines, contributing to improved safety and lower operating costs. MSS has migrated these products into other specialist markets requiring similar capabilities, such as test and measurement, automotive crash test and medical pacemakers. Combining their capabilities with MABS, they have jointly won a number of commercial tyre pressure monitoring system contracts. This progresses the strategy to apply our condition-monitoring capability beyond engines to landing gear, where we see a considerable market opportunity. MSS represents 15% of total Group revenue and generated 77% of its revenues from OE and 23% from the aftermarket.

MSS revenue was up 5% in the half-year, with strong growth in military and energy offsetting the modest decline in civil aerospace driven by stress-testing of the supply base from the original equipment manufacturers during 2011. Operating margins improved from 18.2% to 20.4% as a result of the growth being driven by military and energy, whereas last year's growth came principally from civil aerospace OE.

Meggitt Equipment Group (MEG) (including PacSci) comprises a technologically diverse range of businesses, each of which has differentiated capabilities and a specific focus, ranging from fire protection systems and high speed electro-mechanical devices through to sophisticated electronics and electro-mechanical components and sub-systems. The division represents 40% of total Group revenue and generates approximately 70% of its revenues from OE and 30% from the aftermarket.

Revenues in MEG were up 41% on last year, with operating profit up 27% reflecting the full six month impact of the lower margin PacSci business. On a proforma basis, revenues in MEG increased by 8%, with particularly strong growth at Heatric, our printed circuit heat exchanger business, where growth in the first six months was 68%. Proforma margins improved from 20.8% to 21.4%, with efficiencies and PacSci synergies more than offsetting negative mix.

Impact of currency: The numbers in the above table and commentary are at constant currency, with the impact of foreign exchange fluctuations shown separately. As mentioned at the full-year results, we anticipate a £12m impact on Group profitability for the full year as a result of the strengthening of the Swiss franc during 2011, of which we have seen £5m in the first half. This has been partially offset by the favourable movement in the US dollar exchange rate resulting in an operating profit impact for the first half of £2.7m. We now anticipate a total full year operating profit impact of £10m from foreign exchange.

GROUP OUTLOOK

The outlook for our civil markets remains encouraging, despite the slower than expected start to the year in the aftermarket. Production of large jets is expected to continue to grow in the medium term, and we expect a return to growth in business jet and regional aircraft deliveries in 2013. Air traffic continues to grow, and while growth in 2012 looks to have moderated slightly to 4%, we expect this key driver of our civil aftermarket to grow 5% per annum over the medium term. We also believe we will see sustained growth in our business jet revenues driven by an increase in our market share and the increased ship set values resulting from the gradual transition from steel to carbon brakes. We therefore maintain our view that civil OE revenues will grow at an average of 7-8% and civil aftermarket revenues at an average of 8-9% in line with our five year guidance.

In the military market, uncertainties around US DoD spending, in particular around the possibility of sequestration, are likely to affect new programme awards. However, assuming sequestration does not occur, we continue to expect 2% compound annual revenue growth in line with our five year guidance underpinned by strong positions on workhorse platforms and continued retrofit programme success.

Energy, driven by heightened demand for our printed circuit heat exchangers and increasing market share in condition-monitoring equipment, should deliver revenue growth averaging greater than 15% over the five years ending 2016. Other markets should continue to see modest growth.

On the basis of the above, the Group expects to make further good progress in 2012.

CONSOLIDATED UNAUDITED INCOME STATEMENT
For the six months ended 30 June 2012

	Notes	**Six months ended 30 June 2012 £m**	Six months ended 30 June 2011 £m
Continuing operations			
Revenue	3	**776.0**	649.8
Cost of sales		**(454.7)**	(365.3)
Gross profit		**321.3**	284.5
Net operating costs		**(177.2)**	(154.5)
Operating profit*	4	**144.1**	130.0
Finance income	7	**18.2**	18.4
Finance costs	8	**(35.1)**	(36.2)
Net finance costs		**(16.9)**	(17.8)
Profit before tax**		**127.2**	112.2
Tax	9	**(24.2)**	(23.0)
Profit for the period from continuing operations attributable to owners of the parent		**103.0**	89.2
Earnings per share:			
Basic	10	**13.2p**	11.7p
Diluted	10	**13.1p**	11.6p

	Notes	2012 £m	2011 £m
* Underlying operating profit	4	**185.4**	164.0
** Underlying profit before tax	4	**168.5**	146.2

CONSOLIDATED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Profit for the period	**103.0**	89.2
Other comprehensive expense for the period:		
Actuarial losses	**(6.9)**	(9.5)
Currency translation differences	**(8.7)**	(18.4)
Cash flow hedge movements	**(4.4)**	(0.4)
Other comprehensive expense before tax	**(20.0)**	(28.3)
Related tax movements	**2.8**	0.6
Other comprehensive expense for the period	**(17.2)**	(27.7)
Total comprehensive income for the period attributable to owners of the parent	**85.8**	61.5

CONSOLIDATED UNAUDITED BALANCE SHEET
As at 30 June 2012

	Notes	**30 June 2012 £m**	31 December 2011 £m
Non-current assets			
Goodwill	13	**1,531.8**	1,544.0
Development costs	13	**202.8**	185.8
Programme participation costs	13	**202.2**	197.5
Other intangible assets	13	**832.0**	865.8
Property, plant and equipment	14	**227.6**	229.9
Trade and other receivables		**111.6**	114.7
Derivative financial instruments		**47.0**	39.7
Deferred tax assets		**117.3**	112.5
		3,272.3	3,289.9
Current assets			
Inventories		**307.6**	277.5
Trade and other receivables		**306.1**	317.4
Derivative financial instruments		**1.4**	4.1
Current tax recoverable		**2.4**	2.6
Cash and cash equivalents	22	**61.5**	94.6
		679.0	696.2
Total assets	3	**3,951.3**	3,986.1
Current liabilities			
Trade and other payables		**(335.9)**	(349.4)
Derivative financial instruments		**(5.8)**	(12.8)
Current tax liabilities		**(62.1)**	(49.4)
Obligations under finance leases	22	**(0.7)**	(0.7)
Bank and other borrowings	15	**(128.6)**	(7.0)
Provisions	16	**(38.8)**	(50.6)
		(571.9)	(469.9)
Net current assets		**107.1**	226.3
Non-current liabilities			
Trade and other payables		**(6.9)**	(6.5)
Derivative financial instruments		**(1.8)**	(4.2)
Deferred tax liabilities		**(289.0)**	(316.8)
Obligations under finance leases	22	**(7.9)**	(8.2)
Bank and other borrowings	15	**(717.2)**	(867.1)
Provisions	16	**(199.3)**	(200.2)
Retirement benefit obligations	17	**(317.0)**	(319.9)
		(1,539.1)	(1,722.9)
Total liabilities		**(2,111.0)**	(2,192.8)
Net assets		**1,840.3**	1,793.3
Equity			
Share capital		**39.1**	38.9
Share premium		**1,140.8**	1,130.1
Other reserves		**14.1**	14.1
Hedging and translation reserves		**165.7**	177.8
Retained earnings		**480.6**	432.4
Total equity attributable to owners of the parent		**1,840.3**	1,793.3

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2012

	Share capital £m	Share premium £m	Other reserves £m	Hedging and translation reserves £m	Retained earnings £m	Total equity £m
At 1 January 2011	34.9	859.4	14.1	159.1	370.7	1,438.2
Profit for the period	-	-	-	-	89.2	89.2
Other comprehensive income for the period:						
Actuarial losses	-	-	-	-	(9.5)	(9.5)
Currency translation differences:						
Arising in the period	-	-	-	(18.4)	-	(18.4)
Cash flow hedge movements:						
Movement in fair value	-	-	-	(2.9)	-	(2.9)
Transferred to income statement	-	-	-	2.5	-	2.5
Other comprehensive expense before tax	-	-	-	(18.8)	(9.5)	(28.3)
Related tax movements	-	-	-	-	0.6	0.6
Other comprehensive expense for the period	-	-	-	(18.8)	(8.9)	(27.7)
Total comprehensive (expense)/income for the period	-	-	-	(18.8)	80.3	61.5
Equity placing	3.5	242.5	-	-	-	246.0
Employee share option schemes:						
Value of services provided	-	-	-	-	2.8	2.8
Shares issued	-	2.3	-	-	(1.0)	1.3
Dividends	0.4	24.3	-	-	(48.8)	(24.1)
At 30 June 2011	38.8	1,128.5	14.1	140.3	404.0	1,725.7
At 1 January 2012	38.9	1,130.1	14.1	177.8	432.4	1,793.3
Profit for the period	**-**	**-**	**-**	**-**	**103.0**	**103.0**
Other comprehensive income for the period:						
Actuarial losses	-	-	-	-	(6.9)	(6.9)
Currency translation differences:						
Arising in the period	-	-	-	(8.7)	-	(8.7)
Cash flow hedge movements:						
Movement in fair value	-	-	-	(5.8)	-	(5.8)
Transferred to income statement	-	-	-	1.4	-	1.4
Other comprehensive expense before tax	-	-	-	(13.1)	(6.9)	(20.0)
Related tax movements	-	-	-	1.0	1.8	2.8
Other comprehensive expense for the period	**-**	**-**	**-**	**(12.1)**	**(5.1)**	**(17.2)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(12.1)**	**97.9**	**85.8**
Employee share option schemes:						
Value of services provided	-	-	-	-	7.2	7.2
Shares issued	0.1	0.5	-	-	-	0.6
Dividends	0.1	10.2	-	-	(56.9)	(46.6)
At 30 June 2012	**39.1**	**1,140.8**	**14.1**	**165.7**	**480.6**	**1,840.3**

CONSOLIDATED UNAUDITED CASH FLOW STATEMENT
For the six months ended 30 June 2012

	Notes	**Six months ended 30 June 2012 £m**	Six months ended 30 June 2011 £m
Cash inflow from operations before exceptional operating items		**160.8**	174.8
Cash outflow from exceptional operating items	5	**(7.7)**	(8.5)
Cash inflow from operations	21	**153.1**	166.3
Interest received		**0.1**	0.2
Interest paid		**(15.8)**	(15.2)
Tax paid		**(25.1)**	(24.9)
Cash inflow from operating activities	22	**112.3**	126.4
Businesses acquired		**2.5**	(418.1)
Net cash acquired with businesses		**-**	0.7
Capitalised development costs	13	**(24.3)**	(17.0)
Capitalised programme participation costs		**(17.5)**	(15.5)
Purchase of other intangible assets		**(16.1)**	(8.9)
Purchase of property, plant and equipment		**(16.2)**	(10.4)
Proceeds from disposal of property, plant and equipment		**0.1**	0.1
Cash outflow from investing activities		**(71.5)**	(469.1)
Dividends paid to Company's shareholders	11	**(46.6)**	(24.1)
Issue of equity share capital	22	**0.6**	247.3
Proceeds from borrowings		**42.0**	349.0
Debt issue costs		**-**	(2.8)
Repayments of borrowings		**(67.2)**	(171.5)
Cash (outflow)/inflow from financing activities		**(71.2)**	397.9
Net (decrease)/increase in cash and cash equivalents		**(30.4)**	55.2
Cash and cash equivalents at start of period		**94.6**	51.9
Exchange losses on cash and cash equivalents		**(2.7)**	(0.7)
Cash and cash equivalents at end of period	22	**61.5**	106.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2012

1. General information

The condensed consolidated financial statements presented in this document have not been audited or reviewed and do not constitute Group statutory accounts as defined in section 434 of the Companies Act 2006. Group statutory accounts for the year ended 31 December 2011 were approved by the Board of Directors on 5 March 2012 and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of preparation
The condensed consolidated financial statements for the six months ended 30 June 2012 have 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. They should be read in conjunction with the Group's financial statements for the year ended 31 December 2011. The directors continue to adopt the going concern basis in these condensed consolidated financial statements.

Adoption of new and revised accounting standards
Except as disclosed below the condensed consolidated financial statements have been prepared using the same accounting policies adopted in the Group's financial statements for the year ended 31 December 2011.

The tax charge for the interim period has been calculated using the expected effective tax rates for each tax jurisdiction for the year ended 31 December 2012. These rates have been applied to the pre-tax profits made in each jurisdiction for the six months ended 30 June 2012.

The following amendments to existing standards became effective during the current period. They are, with the exception of the amendment to IFRS 7, subject to endorsement by the European Union.

- IFRS 1 (Amended), 'First-time Adoption of International Financial Reporting Standards';
- IFRS 7 (Amended), 'Financial instruments: Disclosures';
- IAS 12 (Amended), 'Income taxes'.

The amendment to IFRS 7 has been adopted in the period and has had no significant impact on the condensed consolidated financial statements. The other amendments will be adopted once endorsed by the European Union but are not expected to have a significant impact on future financial statements.

Recent accounting developments
The following amendment to an existing accounting standard has been published and is mandatory for the Group's future accounting periods. It has been endorsed by the European Union. The amendment is effective for annual periods beginning on or after 1 January 2013 and has not been early adopted in the condensed consolidated financial statements. The expected impact is still being assessed in detail by management:

- IAS 19 (revised 2011), 'Employee benefits'.

The following new standards, amendments to existing standards and new interpretations have been published and are mandatory for the Group's future accounting periods. They are, with the exception of the amendment to IAS 1, subject to endorsement by the European Union. They have not been early adopted in the condensed consolidated financial statements and are not expected to have a significant impact on future financial statements when they are adopted:

Effective for annual periods beginning on or after 1 July 2012:
- IAS 1 (Amended), 'Presentation of Financial Statements'.

Effective for annual periods beginning on or after 1 January 2013:
- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosures of interests in other entities';
- IFRS 13, 'Fair value measurement';
- IAS 27 (revised 2011), 'Separate financial statements';
- IAS 28 (revised 2011), 'Associates and joint ventures';
- IFRIC 20, 'Stripping costs in the production phase of a surface mine'.

Effective for annual periods beginning on or after 1 January 2015:
- IFRS 9, 'Financial instruments'.

3. Segmental analysis

The Group manages its business under the five key segments of Aircraft Braking Systems, Control Systems, Polymers & Composites, Sensing Systems and the Equipment Group. Pacific Scientific Aerospace ('PacSci') is managed within the Equipment Group. For the period from acquisition to 31 December 2011 its results were separately reported to the Chief Operating Decision Maker ('CODM') and accordingly PacSci was treated as a separate segment under IFRS 8. With effect from 1 January 2012 its results are no longer separately reported to the CODM and it is not treated as a separate segment. Comparative information has been restated to include PacSci within the Equipment Group segment.

The key performance measure reviewed by the CODM is underlying operating profit.

Six months ended 30 June 2012:

	Aircraft Braking Systems £m	**Control Systems £m**	**Polymers & Composites £m**	**Sensing Systems £m**	**Equipment Group £m**	**Total £m**
Gross segmental revenue	148.6	107.6	94.8	119.3	307.9	778.2
Inter-segment revenue	-	(0.4)	(1.3)	(0.4)	(0.1)	(2.2)
Revenue	**148.6**	**107.2**	**93.5**	**118.9**	**307.8**	**776.0**
Underlying operating profit*	**55.1**	**27.3**	**18.0**	**19.2**	**65.8**	**185.4**

Six months ended 30 June 2011:

	Aircraft Braking Systems £m	Control Systems £m	Polymers & Composites £m	Sensing Systems £m	Equipment Group Restated £m	Total £m
Gross segmental revenue	147.0	94.5	80.4	112.5	217.2	651.6
Inter-segment revenue	-	(0.6)	(0.6)	(0.5)	(0.1)	(1.8)
Revenue	147.0	93.9	79.8	112.0	217.1	649.8
Underlying operating profit*	53.0	24.3	14.8	20.4	51.5	164.0

* A reconciliation of underlying operating profit to operating profit and profit before tax is shown in note 4.

Segment assets	**30 June 2012 £m**	31 December 2011 £m
Aircraft Braking Systems	**477.5**	470.4
Control Systems	**144.5**	131.4
Polymers & Composites	**85.8**	79.1
Sensing Systems	**203.0**	190.2
Equipment Group (Restated)	**304.1**	305.8
Total segmental trading assets	**1,214.9**	1,176.9
Centrally managed trading assets**	**143.0**	145.9
Goodwill (note 13)	**1,531.8**	1,544.0
Other intangible assets (note 13)	**832.0**	865.8
Derivative financial instruments – non-current	**47.0**	39.7
Deferred tax assets	**117.3**	112.5
Derivative financial instruments – current	**1.4**	4.1
Current tax recoverable	**2.4**	2.6
Cash and cash equivalents (note 22)	**61.5**	94.6
Total assets	**3,951.3**	3,986.1

** Centrally managed trading assets principally include amounts recoverable from insurers in respect of environmental issues relating to former sites, other receivables, and property, plant and equipment of central companies.

4. Reconciliations between profit and underlying profit

Underlying profit is used by the Board to monitor and measure the underlying trading performance of the Group. It excludes certain items as described below:

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Operating profit	**144.1**	130.0
Exceptional operating items (note 5)	**7.3**	12.0
Amortisation of intangible assets acquired in business combinations (note 13)	**37.8**	28.3
Financial instruments (note 6)	**(3.8)**	(6.3)
Adjustments to operating profit*	**41.3**	34.0
Underlying operating profit	**185.4**	164.0
Profit before tax	**127.2**	112.2
Adjustments to operating profit per above	**41.3**	34.0
Underlying profit before tax	**168.5**	146.2
Profit for the period	**103.0**	89.2
Adjustments to operating profit per above	**41.3**	34.0
Tax effect of adjustments to operating profit	**(16.3)**	(13.5)
Adjustments to profit for the period	**25.0**	20.5
Underlying profit for the period	**128.0**	109.7

Underlying earnings per ordinary share ('EPS') for the period is 16.4p (2011: 14.4p). See note 10 for the definition of underlying EPS and its reconciliation to basic EPS.

* Of the adjustments to operating profit, £2.9 million (2011: £1.1 million) relating to exceptional operating items has been charged to cost of sales with the balance of £38.4 million (2011: £32.9 million) included within net operating costs.

5. Exceptional operating items

Items which are significant by virtue of their size or nature and which are considered non-recurring are classified as exceptional operating items.

		Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Site consolidations	a	**4.6**	1.7
Integration of Pacific Scientific Aerospace	b	**2.4**	1.5
Acquisition of Pacific Scientific Aerospace		**-**	5.8
Transformation programme		**-**	2.8
Other		**0.3**	0.2
Exceptional operating items		**7.3**	12.0

a. This principally relates to the consolidation of Sensing Systems' New Hampshire and San Juan Capistrano facilities into a single new location in Southern California, which was announced in June 2011. This consolidation is expected to be completed in 2013.

b. Cost synergies achieved in the period as part of the on-going PacSci integration process were £2.9 million. Costs incurred in the period in respect of this integration process were £2.4 million (2011: £1.5 million).

Total cash spend in the period on all exceptional operating items was £7.7 million (2011: £8.5 million).

6. Financial instruments

Although the Group uses foreign currency forward contracts to hedge against foreign currency exposures, it has decided that the costs of meeting the extensive documentation requirements to be able to apply hedge accounting under IAS 39 ('Financial Instruments: Recognition and Measurement') are not merited. The Group's underlying profit figures exclude amounts which would not have been recorded if hedge accounting had been applied.

Where interest rate derivatives do not qualify to be hedge accounted, movements in the fair value of the derivatives are excluded from underlying profit. Where interest rate derivatives do qualify to be hedge accounted, any difference between the movement in the fair value of the derivatives and in the fair value of fixed rate borrowings is excluded from underlying profit (note 4).

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Movement in the fair value of foreign currency forward contracts	**8.4**	7.5
Impact of retranslating net foreign currency assets and liabilities at spot rates	**0.8**	(0.4)
Movement in the fair value of interest rate derivatives	**6.9**	4.8
Movement in the fair value of fixed rate borrowings	**(12.3)**	(5.6)
Financial instruments - gain	**3.8**	6.3

7. Finance income

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Interest on bank deposits	**0.1**	0.2
Unwinding of interest on other receivables	**1.3**	0.5
Expected return on retirement benefit scheme assets	**16.8**	17.7
Finance income	**18.2**	18.4

8. Finance costs

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Interest on bank borrowings	**4.4**	5.8
Interest on senior notes	**9.5**	9.0
Interest on finance lease obligations	**0.6**	0.1
Unwinding of interest on provisions	**1.3**	0.6
Unwinding of interest on retirement benefit scheme liabilities	**19.4**	19.9
Amortisation of debt issue costs	**0.8**	1.1
Less: amounts capitalised in the cost of qualifying assets (note 13)	**(0.9)**	(0.3)
Finance costs	**35.1**	36.2

9. Tax

During the period, legislation to reduce the UK main corporation tax rate to 24% was substantially enacted with effect from 1 April 2012 and is reflected in the condensed consolidated financial statements. The impact on net deferred tax liabilities as at 30 June 2012, underlying profit for the period, profit for the period and other comprehensive income for the period was not significant.

Further reductions to the UK main corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. As these have not been substantially enacted at the balance sheet date, their impact is not reflected in the condensed consolidated financial statements.

Changes in the UK main corporation tax rate have only a modest impact on the Group's overall tax rate.

10. Earnings per ordinary share

Earnings per ordinary share ('EPS') is calculated by dividing the profit attributable to owners of the parent of £103.0 million (2011: £89.2 million) by the weighted average number of shares in issue during the period of 779.8 million (2011: 761.9 million). The weighted average number of shares used excludes own shares bought by the Group and held during the period by an independently managed Employee Share Ownership Plan Trust (2012: Nil shares, 2011: 0.4 million shares).

The calculation of diluted EPS is based on the same profits as used in the calculation of basic EPS. The weighted average number of ordinary shares of 786.7 million (2011: 769.0 million) used in the calculation is based on the weighted average number used in the calculation of basic EPS adjusted to reflect the assumption that all potentially dilutive ordinary shares convert. For the Group this means assuming all equity-settled share options and share appreciation rights in issue are exercised.

Underlying EPS is based on underlying profit (note 4) and is calculated below:

	Six months ended 30 June 2012 pence	Six months ended 30 June 2011 pence
Basic EPS	**13.2**	11.7
Adjust for the effects of:		
Exceptional operating items	**0.6**	1.0
Amortisation of intangible assets acquired in business combinations	**3.0**	2.3
Financial instruments	**(0.4)**	(0.6)
Underlying EPS	**16.4**	14.4

11. Dividends

The Directors have declared an interim dividend of 3.60p per ordinary share (2011: 3.20p) which will be paid on 5 October 2012 to shareholders on the register on 17 August 2012. A scrip dividend will be available for shareholders who wish to take the dividend in the form of shares rather than cash and the last date for receipt of forms of election for the scrip dividend will be 21 September 2012. As the dividend was approved by the Directors after 30 June 2012 the dividend cost of £28.2 million (2011: £24.8 million) is not recorded as a liability at the balance sheet date.

During the period the final dividend of 7.30p per ordinary share in respect of the year ended 31 December 2011 was paid (2011: 6.35p final dividend in respect of the year ended 31 December 2010). The total cost of the dividend was £56.9 million (2011: £48.8 million). Cash paid during the period in respect of the dividend, after taking account of the scrip element, was £46.6 million (2011: £24.1 million).

12. Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. The remuneration of the key management personnel of the Group including executive directors is set out below:

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Salaries and other short-term employee benefits	**2.6**	2.3
Post-retirement benefit costs	**0.2**	0.2
Share-based payment expense	**2.3**	1.5
Total	**5.1**	4.0

13. Intangible assets

	Goodwill £m	Development costs £m	Programme participation costs £m	Other intangible assets £m
At 1 January 2012	1,544.0	185.8	197.5	865.8
Exchange rate adjustments	(12.2)	(2.2)	(1.4)	(8.0)
Additions	-	24.3	17.2	14.7
Interest capitalised (note 8)	-	0.6	-	0.3
Amortisation	-	(5.7)	(11.1)	(40.8)*
At 30 June 2012	**1,531.8**	**202.8**	**202.2**	**832.0**

* Amortisation of other intangible assets includes £37.8 million of amortisation of intangible assets arising in business combinations which has been excluded from underlying profit (note 4).

Goodwill is tested for impairment annually or more frequently if there is any indication of impairment. A full impairment review was conducted for the year ended 31 December 2011 and no impairment charge was required.

14. Property, plant and equipment

	30 June 2012 £m	31 December 2011 £m
Land and buildings	**111.6**	114.4
Plant, equipment and vehicles	**116.0**	115.5
Net book amount	**227.6**	229.9

During the period, capital expenditure of £16.3 million was incurred and the net book value of disposals was £0.2 million.

15. Bank and other borrowings

	Current £m	Non-current £m	Total £m
At 1 January 2012	7.0	867.1	874.1
Exchange rate adjustments	(0.1)	(16.7)	(16.8)
Reclassification	114.7	(114.7)	-
Proceeds from bank and other borrowings	8.0	34.0	42.0
Repayments of bank and other borrowings	(0.7)	(65.7)	(66.4)
Other non-cash movements	(0.3)	13.2	12.9
At 30 June 2012	**128.6**	**717.2**	**845.8**

Disclosed as:	**30 June 2012 £m**	31 December 2011 £m
Bank loans	**9.5**	2.7
Other loans	**119.1**	4.3
Total current	**128.6**	7.0
Bank loans	**250.5**	292.6
Other loans	**466.7**	574.5
Total non-current	**717.2**	867.1

In June 2013, USD 180 million loan notes issued to private placement investors in 2003 fall due for repayment. These loan notes, which are all drawn, are therefore classified as current liabilities at 30 June 2012 (see also note 23).

16. Provisions

	30 June 2012 £m	31 December 2011 £m
Environmental, legal and regulatory	**169.8**	185.2
Onerous contracts	**48.9**	44.1
Warranty costs	**19.4**	21.5
Total	**238.1**	250.8
Disclosed as:		
Current	**38.8**	50.6
Non-current	**199.3**	200.2
Total	**238.1**	250.8

17. Retirement benefit obligations

	30 June 2012 £m	31 December 2011 £m
Amounts recognised in the balance sheet:		
Present value of scheme liabilities	**920.8**	904.8
Fair value of scheme assets	**(603.8)**	(584.9)
Total	**317.0**	319.9
Analysis of retirement benefit obligations:		
Pension schemes	**259.1**	265.4
Healthcare schemes	**57.9**	54.5
Total	**317.0**	319.9

Key financial assumptions:

UK Schemes:		
Discount rate	**4.70%**	4.70%
Inflation rate	**2.90%**	3.00%
Salary increases	**3.90%**	4.00%
Current life expectancy – Male aged 65 (years)	**22.1 to 24.7**	22.0 to 24.6
Overseas Schemes:		
Discount rate	**4.10%**	4.65%
Salary increases	**4.00%**	4.00%
Current life expectancy – Male aged 65 (years)	**19.1**	19.1

Employer cash contributions paid during the period were £17.9 million including deficit reduction payments of £11.0 million.

18. Issued share capital

	30 June 2012 No. m	31 December 2011 No. m
Allotted and fully paid	**782.3**	778.8

19. Contingent liabilities

The Company has given guarantees in respect of credit facilities for certain of its subsidiaries, some property leases, other leasing arrangements and the performance by some current and former subsidiaries of certain contracts. Also, there are similar guarantees given by certain other Group companies. The fair value of these guarantees is not considered to be significant.

The Company and various of its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings, actions and claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

20. Capital commitments

	30 June 2012 £m	31 December 2011 £m
Contracted for but not incurred:		
Intangible assets	**1.1**	0.9
Property, plant and equipment	**11.2**	6.9
Total	**12.3**	7.8

21. Cash inflow from operations

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Profit for the period	**103.0**	89.2
Adjustments for:		
Tax	**24.2**	23.0
Depreciation	**16.1**	15.0
Amortisation (note 13)	**57.6**	46.0
Loss on disposal of property, plant and equipment	**0.5**	-
Finance income (note 7)	**(18.2)**	(18.4)
Finance costs (note 8)	**35.1**	36.2
Financial instruments (note 6)	**(3.8)**	(6.3)
Retirement benefit obligation deficit payments (note 17)	**(11.0)**	(9.9)
Share-based payment expense	**6.1**	4.6
Changes in working capital	**(56.5)**	(13.1)
Cash inflow from operations	**153.1**	166.3

22. Movements in net debt

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
At 1 January	**788.4**	721.4
Cash inflow from operating activities	**(112.3)**	(126.4)
Cash outflow from investing activities excluding businesses acquired	**74.0**	51.7
Free cash inflow	**(38.3)**	(74.7)
Businesses acquired	**(2.5)**	418.1
Net cash acquired with businesses	**-**	(0.7)
Dividends paid to Company's shareholders	**46.6**	24.1
Issue of equity share capital	**(0.6)**	(247.3)
Net cash outflow	**5.2**	119.5
Exchange rate adjustments	**(14.1)**	0.5
Other non-cash movements	**13.4**	6.4
At 30 June	**792.9**	847.8

Analysed as:	30 June 2012 £m	30 June 2011 £m
Bank and other borrowings (note 15)	**845.8**	950.0
Obligations under finance leases – current	**0.7**	0.7
Obligations under finance leases – non-current	**7.9**	3.5
Cash and cash equivalents	**(61.5)**	(106.4)
Total	**792.9**	847.8

23. Post balance sheet events

On 4 July 2012, the Group acquired 100% of the voting rights of Fotomechanix Limited for a cash consideration of £12.0 million, subject to an adjustment for working capital in the business. Fotomechanix Limited is a key supplier to Heatric, our printed circuit heat exchanger business and will be managed within the Equipment Group.

On 20 July 2012, the Group successfully negotiated a new USD 400 million 5 year syndicated credit facility to replace an existing facility due to mature in July 2013. The existing facility has now been cancelled and no additional new financing is required before 2016.

24. Approval of interim management report

The interim management report was approved by the Board of Directors on 6 August 2012.

25. Availability of interim management report

The interim management report will be available on the Group's website www.meggitt.com from 7 August 2012. Paper copies of the report will be available to the public from the Company's registered office at Atlantic House, Aviation Park West, Bournemouth International Airport, Christchurch, Dorset, BH23 6EW.

Risks and uncertainties

The Group disclosed in its 2011 Annual Report the principal risks and uncertainties which the Group is exposed to. These risks have not changed significantly over the period and are expected to continue to be relevant for the remaining six months of the year.

The risks include those arising from market competition, reduced demand for the Group's products, IT security, acquisitions, fixed price contracts, contract violations, equipment fault, supply chain management, credit risk, exchange rate movements, renewal of debt facilities, retirement benefit plan funding, environmental obligations, legal and regulatory matters and the retention of key employees. Further details can be found in the 'Risks and Uncertainties' section of the Annual Report and Accounts 2011 on pages 33 to 36 together with details of strategies adopted to mitigate any exposures.

Going concern

After making enquiries, the directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing these condensed financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that to the best of their knowledge:

- this condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:
  - An indication of important events that have occurred during the six months ended 30 June 2012 and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - Material related party transactions in the six months ended 30 June 2012 and any material changes to the related party transactions described in the last annual report.

By order of the Board:

T Twigger	S G Young
Chief Executive	Group Finance Director
6 August 2012	6 August 2012

- E N D S -