

News release

25 July 2014

Heathrow (SP) Limited

Results for the six months ended 30 June 2014

Heathrow (SP) Limited owns Heathrow airport and together with its subsidiaries is referred to as the Group. Heathrow Finance plc is the parent company of Heathrow (SP) Limited.

- **Strong passenger satisfaction in 2014 with two consecutive quarters of record scores**
- **35.1 million passengers travelled through Heathrow with 1.9% growth driven mainly by intercontinental traffic**
- **Steady start to the new regulatory period with revenue up 7.4% to £1,234 million and EBITDA up 15.4% to £704 million**
- **Her Majesty the Queen officially opened Terminal 2 – the Queen’s Terminal on 23 June 2014, following a successful start to operations on 4 June 2014**
- **Heathrow’s refined third runway proposal can deliver over £100 billion for the British economy and over 100,000 new jobs from 2025, connecting the whole of the UK to global growth**

At or for six months ended 30 June <i>(figures in £m unless otherwise stated)</i>	2014	2013 ⁽¹⁾	Change (%)
Revenue	1,234	1,149	7.4
Adjusted EBITDA ⁽²⁾	704	610	15.4
Cash generated from operations	659	583	13.0
Adjusted pre-tax profit ⁽³⁾	124	44	nm
Pre-tax profit	47	186	nm
Heathrow (SP) Limited consolidated net debt ⁽⁴⁾	11,662	11,264	3.5
Heathrow Finance plc consolidated net debt ⁽⁴⁾	12,421	12,025	3.3
Regulatory Asset Base ⁽⁴⁾	14,871	14,585	2.0
Passengers (m) ⁽⁵⁾	35.1	34.4	1.9
Net retail income per passenger ⁽⁵⁾	£6.42	£6.28	2.2

For notes (1) to (5) see Definitions and notes on page 2.

John Holland-Kaye, new Chief Executive Officer of Heathrow, said:

“Heathrow has performed well over the last six months, with two consecutive quarters of record passenger satisfaction scores reflecting steady operational improvement. Terminal 2 successfully opened on time and on budget, marking the next step in the transformation of passenger service at the airport. My vision is to build on that record of continuous improvement, driving Heathrow to win the case for expansion and become one of the best airports in the world – an ambition which will give the UK a great springboard to continue to compete successfully in the global economy.”

Definitions and notes

- (1) Heathrow only data, with the exception of Adjusted pre-tax profit and Pre-tax profit which include discontinued operations
- (2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
- (3) Adjusted pre-tax profit/(loss) is before exceptional items, gains/losses on disposals and fair value adjustments
- (4) 2013 net debt and RAB figures as at 31 December 2013. Nominal net debt excluding intra-group loans and including inflation-linked accretion
- (5) Changes in passengers and net retail income per passenger are calculated using unrounded passenger data

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The results will be presented to creditors and credit analysts on Friday 25 July 2014 at 3.00pm (UK time)/4.00pm (Central European time)/10.00 am (Eastern Standard Time). The presentation will be hosted by John Holland-Kaye, Chief Executive Officer and José Leo, Chief Financial Officer. Dial-in details for the call are: UK free phone: 0808 237 0030; US free phone: 1866 928 7517; UK local/standard international: +44 (0)20 3139 4830. Participant PIN code is 78267681#. The presentation can be viewed online during the event, using event password: 648868 at:

<https://arkadin-trial.webex.com/arkadin-trial/j.php?MTID=m86e88aa30f78d610e356a227be5e2c5d>

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These materials contain statements that are not purely historical in nature, but are "forward-looking statements". These include, among other things, projections, forecasts, estimates of income, yield and return, and future performance targets. These forward-looking statements are based upon certain assumptions, not all of which are stated. Future events are difficult to predict and are beyond the Group's control. Actual future events may differ from those assumed. All forward-looking statements are based on information available on the date hereof and neither the Group nor any of its affiliates or advisers assumes any duty to update any forward-looking statements. Accordingly, there can be no assurance that estimated returns or projections will be realised, that forward-looking statements will materialise or that actual returns or results will not be materially lower than those presented.

Any reference to "Heathrow (SP)" or "the Group" will include any of its affiliated associated companies and their respective directors, representatives or employees and/or any persons connected with them.

Heathrow (SP) Limited

Consolidated results for the six months ended 30 June 2014

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1 Key business developments

1.1 Passenger traffic

Heathrow's passenger traffic by geographic segment for the six months ended 30 June 2014:

<i>(figures in millions unless otherwise stated)</i>	2014	2013	Change (%) ⁽¹⁾
UK	2.5	2.3	8.3
Europe	14.4	14.3	0.3
North America	8.0	7.8	2.2
Asia Pacific	5.1	4.9	2.7
Middle East	2.9	2.8	4.4
Africa	1.7	1.7	(0.2)
Latin America	0.5	0.5	2.4
Total passengers⁽¹⁾	35.1	34.4	1.9

(1) Calculated using unrounded passenger figures

For the six months ended 30 June 2014, Heathrow's traffic rose 1.9% to 35.1 million passengers (2013: 34.4 million). The average load factor rose to 74.5% (2013: 74.4%), the average number of seats per passenger aircraft increased to 203.5 (2013: 201.4) and the airport operated at 97.1% of its maximum flight capacity (2013: 96.4%).

Intercontinental routes performed well in most regions with traffic up 2.5%. North America benefitted from increased services from a number of airlines and traffic increased 2.2%. Traffic on routes serving the Middle East grew by 4.4% reflecting increased flights and higher load factors. Traffic to and from Asia

Pacific destinations grew by 2.7%, supported by new Asian destinations as well as increased frequencies on existing Asian routes. Latin American traffic grew 2.4% reflecting increased frequencies to Mexico and growth in Brazil.

Intercontinental growth reflects that despite capacity constraints, a range of new routes and additional frequencies have been launched to emerging market and other long haul destinations which have been made possible by the unique passenger catchment provided by a hub airport. These destinations have included Manila, Chengdu, Mexico City, Bogota and Austin, Texas.

Domestic traffic grew 8.3%, reflecting the maturing of Virgin Atlantic Little Red's UK domestic services which were launched in summer 2013. European traffic was 0.3% higher, building on the material increase in passengers achieved last year.

Cargo volume at Heathrow increased 4.1% in the first six months of 2014, with notable increases on China, Japan, Brazil and USA.

1.2 Service standards

Heathrow's quality of service and facilities received further endorsement at the 2014 Skytrax World Airport Awards. Terminal 5 was named the world's 'Best Airport Terminal' for the third year in a row and Heathrow was named the 'Best Airport for Shopping' for the fifth consecutive year. The Skytrax World Airport Awards are independent of any airport input and assess customer service and facilities across 388 airports providing an impartial benchmark of airport excellence and quality.

Heathrow has continued to achieve strong recognition from the travelling public for service performance. In the independent Airport Service Quality (ASQ) survey directed by Airports Council International (ACI), 79% of passengers surveyed in the first six months of 2014 rated their experience as 'Excellent' or 'Very Good'.

Heathrow achieved its highest ever overall passenger satisfaction in the ASQ survey for the first half of 2014, with an ASQ score of 4.06 out of 5.00 in the first quarter and 4.02 in the second quarter. The score reflects a good overall operational performance, record levels of punctuality and strong levels of satisfaction across key passenger service attributes.

In relation to individual service standards, during the six months ended 30 June 2014, departure punctuality (the proportion of aircraft departing within 15 minutes of schedule) was 81.1% (2013: 78.1%). Heathrow's baggage misconnect rate was 19 per 1,000 passengers (2013: 15), mainly reflecting service interruptions to the baggage systems in June.

Passengers passed through central security within the five minute period prescribed under the Service Quality Rebate scheme 95.8% of the time (2013: 93.3%) compared with a 95% service standard.

For Heathrow's new regulatory period, the CAA has raised standards for certain elements of the service quality scheme to build on improvements made through the last regulatory period. The standards for measuring security queues will move to a 'per passenger' basis from April 2015, subject to the introduction of queue measurement automation. The standard will require 99% of passengers to pass through security within 10 minutes.

1.3 Terminal 2: The Queen's Terminal

Terminal 2: The Queen's Terminal successfully began operations on 4 June 2014 with United Airlines.

Aegean Airlines, Aer Lingus, Air Canada, Air China, All Nippon Airways, Avianca, Eva Air and United Airlines are now enjoying the benefits of the new terminal. The phased transition of airlines into the terminal will continue through to October 2014 with daily flight arrivals and departures increasing from 110 currently to approximately 350 over that period.

Her Majesty the Queen officially opened the terminal on 23 June 2014, accompanied by HRH the Duke of Edinburgh. The original Terminal 2, opened by Her Majesty the Queen in 1955, was Heathrow's first terminal and was designed to deal with 1.2 million passengers a year. The new terminal has the capacity to cater for up to 20 million passengers a year. Airlines and passengers benefit from a £2.5 billion investment in state of the art facilities that include main terminal and satellite buildings, a multi-storey short-stay car park and an energy centre supporting the Terminal 2 campus and the wider airport. The terminal and satellite buildings include 24 aircraft stands of which 7 stands are capable of handling the increasing number of A380 aircraft operating at Heathrow.

The terminal will be home to all 23 Star Alliance member airlines operating at Heathrow together with Aer Lingus, Virgin Atlantic Little Red and germanwings. For the Star Alliance airlines it provides the opportunity to enhance efficiencies through use of common facilities, processes and personnel. It also enhances the scope for closer commercial co-operation between alliance members by, for example, capitalising on competitive minimum connection times to attract greater volumes of transfer passengers. Both these features will further strengthen Heathrow's competitive position.

The opening of Terminal 2 is the culmination of an £11 billion capital investment at Heathrow over the last decade that has transformed Heathrow's infrastructure and positioned it strongly to continue its role as a leading global hub airport for the benefit of the whole of the UK in the coming decades.

1.4 Heathrow's business plan

The new regulatory period for economic regulation of Heathrow ('Q6') began on 1 April 2014 and runs until 31 December 2018.

Heathrow's business plan for the Q6 period focuses on delivering a noticeably better passenger experience, ensuring a continued focus on improved resilience and availability of sufficient capacity while delivering a competitive cost of airport operation.

The plan takes into account the CAA price controls for the period, under which the annual change to the maximum allowable yield per passenger will be RPI minus 1.5%. Modest traffic growth of around 1% per annum, averaging 73 million annual passengers, provides some allowance for demand shocks. Given the constraint on capacity at Heathrow, growth is expected to be supported by larger and fuller aircraft. Over £600 million of operating efficiencies will be driven from a programme of initiatives which include productivity improvements and supplier efficiencies. A portfolio of developments to grow commercial revenue includes the redevelopment of the luxury retail area in Terminal 5 which will open in November 2014 and enhanced terms in areas such as bureaux de change.

1.5 Investing in Heathrow

Following the £11 billion investment programme over the last 10 years, capital expenditure in 2014 will be lower than in recent years, with investment for the year expected to be in the region of £800 million.

The final stage in the substantial investment in Terminal 2 occurred through the first half of the year prior to its opening in June 2014. Investment in Heathrow's baggage infrastructure, the largest integrated baggage system in the world, continues in 2014. The underground automated baggage system between Terminal 3 and Terminal 5 is now fully operational, with the ability to move 3,000 bags per hour via individual bag carriers travelling up to 20 miles per hour. Delivery of the Terminal 3 integrated baggage system, housed in a separate building, remains on track to start operations in 2015. The baggage building is now complete, systems are being tested and commissioned and operational trials have started.

Elsewhere, capital investment in 2014 will focus on areas such as refurbishment of tunnels to the Central Terminal Area, asset replacement and investment in operational resilience.

Capital expenditure for the Q6 regulatory period from 1 April 2014 to 31 December 2018 is currently forecast to be £2.3 billion. The capital programme is materially lower than in the last two regulatory periods, and is primarily focused on maintenance and compliance related projects, together with sustaining and improving the passenger experience. The plan includes a £1 billion programme of asset management and replacement projects and a £350 million project to implement latest generation hold baggage screening equipment.

In line with the regulatory settlement, the capital programme may increase to up to £3.3 billion, this is subject to further scoping of the remaining individual projects through the regulatory period and corresponding approval of the business cases.

1.6 Airports Commission

At the end of 2013, the Airports Commission chaired by Sir Howard Davies published its interim report on the steps needed to maintain the UK's global aviation hub status. The Commission stated that there is a clear case for at least one net additional runway in London and the South East by 2030. Heathrow's proposal for a third runway to the north west of the existing airport facilities was shortlisted for further appraisal along with another option at Heathrow and one at Gatwick.

Heathrow's expansion proposal would raise the airport's capacity to 740,000 flights a year, from the current limit of 480,000. It would cater for up to 130 million passengers annually compared with up to 80 million today, allowing the UK to compete with international rivals and providing capacity for the foreseeable future. It is expected to involve an investment of £16 billion over 15 years.

Heathrow has worked with local authorities, communities and other stakeholders to refine the runway option, including public consultation which took place through February and March. Heathrow's refreshed proposal was submitted to the Airports Commission in May 2014. This submission improves on the July 2013 submission with proposals for further reduction of noise impact, improved road capacity, reduced congestion impacts and faster delivery of hub capacity at a competitive world-class airport.

The CAA is currently consulting on the regulatory treatment of issues associated with airport capacity expansion. Heathrow will continue to engage the CAA, the Airports Commission and other stakeholders on the proposals. A public consultation by the Airports Commission on evidence submitted is expected in the last quarter of 2014 and a report on final findings is expected in summer 2015.

1.7 New Chief Executive Officer

On 1 July 2014, John Holland-Kaye became Chief Executive Officer of Heathrow replacing Colin Matthews.

He joined the business in May 2009 and has been responsible for delivering the £1 billion annual investment in transforming Heathrow, including the new Terminal 2: The Queen's Terminal, which opened to passengers on 4 June. He joined the company as Commercial Director and was responsible for the major growth in retail income and improved passenger experience during Q5. John was previously Divisional CEO with Taylor Wimpey PLC, Operations Director at Taylor Woodrow PLC and Divisional Managing Director at Bass Brewers Limited.

2 Financial review

2.1 Basis of preparation

Heathrow (SP) Limited ('Heathrow (SP)') is the holding company of a group of companies that owns Heathrow airport and operates the Heathrow Express rail service (the 'Group'). The Group's statutory accounts and quarterly reports are prepared under UK GAAP. Unaudited consolidated financial information is set out in Appendix 1. Stansted is treated as a discontinued operation in the prior year operating financial information.

From 1 January 2015, the current UK accounting standards used for the preparation of the Heathrow (SP) consolidated accounts will be replaced by Financial Reporting Standard ('FRS') 100. As allowed by FRS 100, the Heathrow (SP) group is expected to adopt full IFRS. To provide comparable historical financial information, it is expected that special purpose group financial statements will be prepared and published for the 3 years to 31 December 2014 in accordance with full IFRS.

From 1 January 2014, retail income includes fees paid by retailers for secure logistics services provided at the airport, which were previously reported in other income. Retail income and other income in 2013 have been restated to provide appropriate comparisons. The fees totalled £2 million in each of the six months to 30 June 2013 and 2014.

2.2 Profit and loss account

2.2.1 Introduction

In the six months to 30 June 2014 the Group earned an operating profit of £380 million (2013: £373 million), and a profit after tax of £23 million (2013: £195 million).

Six months ended 30 June	2014 £m	2013 ⁽³⁾ £m
Group turnover	1,234	1,149
Adjusted operating costs ⁽¹⁾	(530)	(539)
Adjusted EBITDA ⁽²⁾	704	610
Exceptional items	(82)	(9)
EBITDA	622	601
Depreciation	(242)	(228)
Operating profit	380	373
Gain on disposal of Stansted - discontinued operations	-	294
Net interest payable and similar charges	(338)	(338)
Fair value gain/(loss) on financial instruments	5	(143)
Total net interest payable and similar charges	(333)	(481)
Profit on ordinary activities before taxation	47	186
Tax (charge)/credit on profit on ordinary activities	(24)	9
Profit on ordinary activities after taxation	23	195

(1) Adjusted operating costs are stated before depreciation, amortisation and exceptional items

(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items

(3) Continuing operations only from turnover through to operating profit

2.2.2 Turnover

In the six months ended 30 June 2014, Heathrow's turnover increased 7.4% to £1,234 million (2013: £1,149 million).

Six months ended 30 June	2014 £m	2013 £m	Change (%)
Aeronautical income	767	693	10.7
Retail income	237	229	3.5
Other income	230	227	1.3
Total turnover	1,234	1,149	7.4

2.2.2.1 Aeronautical income

Heathrow's aeronautical income increased 10.7% to £767 million (2013: £693 million). Average aeronautical income per passenger increased 8.5% to £21.87 (2013: £20.15).

The strong performance reflects the increase in the headline tariffs for the 2013/14 regulatory year for the first quarter. The non-recurrence of yield dilution which occurred in the first six months of 2013, together with passenger traffic increase were the other principal drivers of revenue growth.

2.2.2.2 Retail income

In the six months ended 30 June 2014, Heathrow's retail income increased 3.5% to £237 million (2013: £229 million). Net retail income ('NRI') grew 4.2% to £225 million (2013: £216 million) and NRI per passenger rose 2.2% to £6.42 (2013: £6.28).

Six months ended 30 June	2014 £m	2013 £m	Change (%)
Car parking	48	43	11.6
Duty and tax-free	59	58	1.7
Airside specialist shops	45	45	0.0
Bureaux de change	20	22	(9.1)
Catering	19	19	0.0
Other retail income	46	42	9.5
Gross retail income	237	229	3.5
Retail expenditure	(12)	(13)	(7.7)
Net retail income	225	216	4.2

Car parking revenue continued to be strong in the first six months of 2014, growing by 11.6%. Bureaux de change generated lower income than last year, due to the timing in a change of supplier where an interim arrangement was in place from late 2013 to March 2014. The new supplier terms have yielded benefits since April and bureaux de change income was up 9.1% in the second quarter compared with the same period last year.

Retail stores including duty and tax-free and luxury outlets performed relatively flat to last year, with growth moderated by Terminal 5 luxury retail extension. As one of the key initiatives to further develop Heathrow's award winning retail activities in the new regulatory period, the extension is designed to deliver growth in retail income.

Performance in retail is also likely to have been impacted by the strength of sterling relative to the same period last year.

Growth in other retail income came primarily from media and advertising income, up almost £2 million compared to last year. This is a result of better performance across the airport and the introduction of new advertising sites. Terminal 2 is also forecast to generate media growth for the remainder of 2014.

See section 2.1 relating to the reclassification of secure logistics services from other income to retail income (included in other retail income above).

2.2.2.3 Other income

In the six months ended 30 June 2014 other income totalled £230 million (2013: £227 million), the increase was driven by rail income.

See 2.1 relating to the reclassification of secure logistics services from other income to retail income.

2.2.3 Adjusted operating costs

Adjusted operating costs exclude depreciation, amortisation and exceptional items.

In the six months ended 30 June 2014, adjusted operating costs reduced 1.7% to £530 million (2013: £539 million).

Six months ended 30 June	2014 £m	2013 £m	Change (%)
Employment costs	189	202	(6.4)
Maintenance expenditure	84	79	6.3
Utility costs	46	45	2.2
Rents and rates	63	64	(1.6)
General expenses	136	137	(0.7)
Retail expenditure	12	13	(7.7)
Disposal of fixed assets	-	(1)	nm
Total	530	539	(1.7)

Operating cost performance continues to be robust and on an underlying basis performed flat to last year when taking into account around £10 million of one-off employment expenses in the first six months of 2013.

As previously forecast, the start of operations at Terminal 2 has driven higher operating costs as a result of running an additional terminal. This is estimated to total an additional £60 million for the seven months of operation from June 2014, of which around £7 million was incurred in June 2014.

In addition to Terminal 2 costs, maintenance costs rose as systems are delivered to support operational planning and resilience, as well as costs associated with a new energy demand management project. Changes in a major baggage contract implemented in the final quarter of 2013 are delivering benefits in employment costs and general expenses, partially offset by an increase in maintenance costs.

Employment costs continue to be a focus for the business. Following a major restructuring of Heathrow's corporate centre which is delivering benefit, Heathrow has constructively agreed a two-year pay agreement with employees represented under the company's collective bargaining agreement. The agreement will deliver a below-inflation increase after previous periods of above inflation increases. It is expected to deliver around £30 million over the regulatory period towards the operating cost efficiency target.

2.2.4 Adjusted EBITDA

In the six months ended 30 June 2014, Adjusted EBITDA increased 15.4% to £704 million (2013: £610 million), resulting in an Adjusted EBITDA margin of 57% (2013: 53%). The increase in Adjusted EBITDA principally reflects the increase in aeronautical income and the reduction in operating costs.

2.2.5 Operating result

The Group recorded an operating profit for the six months ended 30 June 2014 of £380 million (2013: £373 million). Reconciliation of Adjusted EBITDA and statutory operating result is provided below.

Six months ended 30 June	2014 £m	2013 £m	Change (%)
Adjusted EBITDA	704	610	15.4
Depreciation	(242)	(228)	6.1
Exceptional items	(82)	(9)	nm
Operating profit	380	373	1.9

2.2.6 Exceptional items

In the six months ended 30 June 2014, there was a net exceptional pre-tax charge of £82 million (2013: £9 million) to the profit and loss account.

Six months ended 30 June	2014 £m	2013 £m
Pensions	(64)	(9)
Terminal 2 operational readiness	(18)	-
Exceptional pre-tax charge	(82)	(9)

A non-cash pension charge of £64 million (2013: £9 million) arose principally from Heathrow's share of the increase in liabilities under the LHR Airports Limited defined benefit pension scheme since 31 December 2013.

In the six months ended 30 June 2014, Terminal 2 operational readiness costs of £18 million were incurred (2013: nil). These are costs which cannot be capitalised and mainly relate to familiarisation, induction and training activities together with operating costs incurred prior to the start of operations.

2.2.7 Taxation

The tax charge for the Group for the six months ended 30 June 2014 was £24 million based on a profit before tax of £47 million. The tax charge has been calculated by applying the forecast annual effective tax rate for each entity to the results for the six months ended 30 June 2014. The effective tax rate for the period differs from the UK statutory rate of corporation tax of 21.5% due to seasonality and permanent differences mainly arising from non-qualifying depreciation. The effective tax rate for the Group reflects the proportionate contribution of each entity's results in each interim accounting period and will vary where those proportions change.

2.3 Cash flow

2.3.1 Summary cash flow

Six months ended 30 June	2014 £m	2013 £m
Net cash inflow from operating activities – total	659	588
Net interest paid	(305)	(295)
Taxation – group relief paid	(8)	(13)
Cash flow after interest and tax	346	280
Net capital expenditure	(496)	(609)
Disposal of Stansted airport	(2)	1,409
Dividends paid	(144)	(487)

Net cash (outflow)/inflow before use of liquid resources and financing	(296)	593
Management of liquid resources	(450)	(200)
Issuance of bonds	980	-
Cancellation and restructuring of derivatives	-	(2)
Settlement of accretion on index-linked swaps	-	(136)
Increase in amount owed to Heathrow Finance plc	-	3
Movement in borrowings and other financing flows	(55)	(257)
Increase in cash	179	1

2.3.2 Cash flow from operating activities

Net cash flow from continuing operations in the six months ended 30 June 2014 increased 13.0% to £659 million (2013: £583 million) which compares with Adjusted EBITDA of £704 million (2013: £610 million).

2.3.3 Capital expenditure

The most significant areas of capital expenditure at Heathrow in the first six months were on remaining work on Terminal 2 and the new integrated baggage system for Terminal 3.

In the six months ended 30 June 2014, the cash flow impact of capital investment at Heathrow was £496 million (2013: £606 million) with lower gross balance sheet additions to fixed assets in the period of £472 million reflecting timing differences between work undertaken on assets and supplier payments. The current high level of capital creditors associated with the completion of Terminal 2 is expected to unwind over 2014.

2.3.4 Restricted payments

In the six months ended 30 June 2014, restricted payments of £171 million were made which funded £132 million of the £135 million in quarterly dividends paid to the Group's ultimate shareholders, £16 million of interest payments at ADI Finance 2 Limited and £27 million of interest payments on the debenture between Heathrow (SP) and Heathrow Finance plc (2013: £513 million including £127 million in quarterly dividends, £27 million of interest payments on the debenture; £24 million to fund interest payments at ADI Finance 1 Limited and £300 million related to the sale of Stansted). A further £66 million quarterly dividend to shareholders was declared on 24 July 2014.

2.4 Pension scheme

At 30 June 2014, the LHR Airports Limited defined benefit pension scheme had a deficit of £144 million (31 December 2013: £93 million) as measured under FRS 17, of which £128 million (31 December 2013: £81 million) was attributable to the Group under the Group's shared services agreement with LHR Airports Limited. The increase in the Group's share of the deficit is mainly due to a reduction in the discount rate partially offset by asset returns.

2.5 Recent financing activity

The current focus of the Group's financing activities is to take advantage of attractive financing market conditions to optimise the Group's long-term cost of debt and extend its debt maturity profile. Since the beginning of 2014, the Group has successfully closed eight debt financing transactions, all but one in Class A format and raising over £1.3 billion.

Two public offerings raised close to £750 million in the European and Canadian markets. This comprised a €600 million, 8 year bond with a fixed annual coupon of 1.875% in May and a C\$450 million, 7 year bond with a fixed semi-annual coupon of 3.0% in June.

Four private placements were closed prior to 30 June 2014, raising an aggregate of nearly £400 million. These included £200 million of index-linked bonds, with three tranches maturing in 2032, 2039 and 2049 at a weighted average cost of RPI+1.37%. In addition, a £100 million, 12 year private placement with a 3.77% coupon payable semi-annually as priced but is only expected to be drawn in September 2014. Two 20 year transactions also closed, one of £50 million with a 4.17% annual coupon and the other a €50 million bond with a 4.31% cost in sterling terms.

In addition, two further transactions have been undertaken since the end of June. In early July a 26-year, £100 million index-linked private placement, with a coupon of RPI+1.24%, was closed with a small group of investors. Most recently a £110 million, 12 year Class B private placement was priced with a 4.22% annual coupon.

Whilst the Group has achieved its original funding target for 2014, it will selectively pursue further attractive financing over the remainder of 2014 if such opportunities arise. Part of any additional financing raised in 2014 is likely to be outside of Class A format.

2.6 Financing position

2.6.1 Consolidated net debt and liquidity at Heathrow (SP) Limited

The analysis below focuses on the Group's external debt and excludes restricted cash and the debenture between Heathrow (SP) and its parent company, Heathrow Finance. It includes all the components used in calculating gearing ratios under the Group's financing agreements including index-linked accretion.

During the six months ended 30 June 2014, the Group's nominal net debt increased 3.5% to £11,662 million from £11,264 million at 31 December 2013.

The Group's nominal net debt at 30 June 2014 comprised £11,612 million under bond issues, £50 million of drawings under the Group's revolving credit facilities, £196 million under other loan facilities, £527 million in index-linked derivative accretion and cash at bank and term deposits of £723 million. A substantial part of cash will be used to repay £513 million of maturities in September 2014. Nominal net debt comprised £10,212 million in senior net debt and £1,450 million in junior debt.

The accounting value of the Group's net debt at 30 June 2014 was £10,889 million (31 December 2013: £10,712 million), which includes £723 million of cash and current asset investments on the balance sheet.

The average cost of the Group's external gross debt at 30 June 2014 was 4.42% (31 December 2013: 4.53%), taking into account the impact of interest rate, cross-currency and index-linked hedges but excluding index-linked accretion. Including index-linked accretion, the Group's average cost of debt at 30 June 2014 was 5.65% (31 December 2013: 6.01%).

At 30 June 2014, the Group had over £2.4 billion in undrawn loan facilities and cash resources. A further £310 million in debt financing has either funded since 30 June 2014 or has closed and is expected to fund in the coming months. Taking this into account, together with expected operating cash flow over the period, the Group expects to have sufficient liquidity to meet all its obligations in full, including capital investment, debt service costs, debt maturities and distributions, up to December 2016.

2.6.2 Consolidated net debt at Heathrow Finance plc

Taking into account the Group's nominal net debt discussed in section 2.6.1, together with £763 million of gross debt and £4 million of cash held at Heathrow Finance, Heathrow Finance's consolidated nominal net debt at 30 June 2014 was £12,421 million, an increase of 3.3% from £12,025 million at 31 December 2013.

2.6.3 Regulatory Asset Base ('RAB')

Heathrow's RAB at 30 June 2014 was £14,871 million compared to £14,585 million at 31 December 2013. RAB figures are utilised in calculating gearing ratios under the Group's financing agreements.

The increase in Heathrow's RAB during the six months ended 30 June 2014 reflected the addition of approximately £470 million in capital expenditure and around £170 million of indexation adjustments. The increases were partially offset by regulatory depreciation of around £325 million. In addition, the CAA disallowed £32 million of the £5.9 billion capital investment during the Q5 regulatory period which was deducted from the RAB from the beginning of the new regulatory period.

2.6.4 Net interest payable and net interest paid

In the six months ended 30 June 2014, the Group's net interest payable was £333 million (2013: £481 million) and net interest paid was £305 million (2013: £295 million). A reconciliation from interest payable on the profit and loss account to interest paid on the cash flow statement is provided below.

Six months ended 30 June	2014 £m	2013 £m
Net interest payable and similar charges	333	481
Fair value gain/(loss) on financial instruments	5	(143)
Amortisation of financing fees and fair value adjustments	(18)	(21)
Interest capitalised	72	74
Underlying net interest payable	392	391
Non-cash accretion on index-linked instruments	(91)	(116)
Other movements	4	20
Net interest paid	305	295

Underlying net interest payable was £392 million (2013: £391 million) after adjusting for the fair value gain on financial instruments of £5 million (2013: £143 million loss); capitalised interest of £72 million (2013: £74 million) and non-cash amortisation of financing fees, discounts and fair value adjustments of debt of £18 million (2013: £21 million).

The difference between underlying net interest payable and net interest paid is mainly accounted for by non-cash accretion on index-linked instruments of £91 million (2013: £116 million).

Net interest paid in the period was £305 million (2013: £295 million) of which £278 million (2013: £268 million) was paid in relation to external debt. The remaining £27 million (2013: £27 million) of interest paid related to the debenture between Heathrow (SP) and Heathrow Finance.

2.6.5 Financial ratios

The Group and Heathrow Finance continue to operate comfortably within required financial ratios.

At 30 June 2014, the Group's senior (Class A) and junior (Class B) gearing ratios (nominal net debt to RAB) were 68.7% and 78.4% respectively (31 December 2013: 67.6% and 77.2% respectively) compared with trigger levels of 70.0% and 85.0% under its financing agreements. Heathrow Finance's gearing ratio was 83.5% (31 December 2013: 82.4%) compared to a covenant level of 90.0% under its financing agreements.

2.7 Outlook

The Group has continued its strong operational and financial performance since the beginning of 2014. It expects turnover and Adjusted EBITDA for 2014 as a whole to be consistent with the forecasts set out in the investor report issued in June 2014 at approximately £2.68 billion and £1.53 billion respectively.

Appendix 1 – Financial information

Heathrow (SP) Limited

Consolidated profit and loss account for the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June 2014 £m	Restated ¹ Unaudited Six months ended 30 June 2013 £m	Audited Year ended 31 December 2013 £m
Turnover – continuing operations		1,234	1,149	2,474
Turnover – discontinued operations		-	32	32
Total turnover	1	1,234	1,181	2,506
Operating costs – ordinary: continuing operations		(772)	(767)	(1,501)
Operating costs – ordinary: discontinued operations		-	(32)	(32)
Total operating costs – ordinary	2	(772)	(799)	(1,533)
Operating costs – exceptional: other continuing operations		(18)	-	(38)
Operating costs – exceptional: pensions continuing operations		(64)	(9)	(76)
Total operating costs – exceptional	3	(82)	(9)	(114)
Total operating costs		(854)	(808)	(1,647)
Operating profit – continuing operations		380	373	859
Operating profit – discontinued operations		-	-	-
Total operating profit	1	380	373	859
Gain on disposal of Stansted		-	294	292
Interest receivable and similar income		120	124	236
Interest payable and similar charges		(458)	(462)	(880)
Fair value gain/(loss) on financial instruments		5	(143)	(81)
Net interest payable and similar charges	4	(333)	(481)	(725)
Profit on ordinary activities before taxation		47	186	426
Tax (charge)/credit on profit on ordinary activities	5	(24)	9	(37)
Profit on ordinary activities after taxation		23	195	389

¹ The presentation of operating costs – exceptional in discontinued operations and the profit on disposal of Stansted have been restated to be consistent with the year ended 31 December 2013.

Heathrow (SP) Limited
Consolidated balance sheet
as at 30 June 2014

	Note	Unaudited 30 June 2014 £m	Unaudited 30 June 2013 £m	Audited 31 December 2013 £m
Fixed assets				
Tangible fixed assets		13,142	12,249	12,830
Financial assets – derivative financial instruments		108	429	165
Total fixed assets		13,250	12,678	12,995
Current assets				
Stocks		9	9	9
Debtors		339	315	352
Financial assets – derivative financial instruments		112	2	135
Current asset investments		525	232	75
Restricted cash		-	39	-
Cash at bank and in hand		198	7	19
Total current assets		1,183	604	590
Current liabilities				
Creditors: amounts falling due within one year	6	(1,946)	(1,300)	(1,449)
Net current liabilities		(763)	(696)	(859)
Total assets less current liabilities		12,487	11,982	12,136
Creditors: amounts falling due after more than one year	6	(12,581)	(12,317)	(12,213)
Deferred tax		(177)	(94)	(148)
Provisions for liabilities		(170)	(93)	(127)
Net liabilities		(441)	(522)	(352)
Capital and reserves				
Called up share capital		11	11	11
Share premium reserve		499	499	499
Revaluation reserve		470	433	461
Merger reserve		(3,758)	(3,758)	(3,758)
Fair value reserve		(288)	(350)	(310)
Profit and loss reserve	7	2,625	2,643	2,745
Total shareholder's deficit		(441)	(522)	(352)

Heathrow (SP) Limited

**Consolidated summary cash flow statement
for the six months ended 30 June 2014**

	Note	Unaudited Six months ended 30 June 2014 £m	Unaudited Six months ended 30 June 2013 £m	Audited Year ended 31 December 2013 £m
Operating profit - continuing operations	1	380	373	859
<i>Adjustments for:</i>				
Depreciation		242	228	448
Gain on disposal of fixed assets		-	(1)	
<i>Working capital changes:</i>				
Decrease/(increase) in stock and debtors		11	(8)	(19)
(Decrease)/increase in creditors		(28)	(4)	72
Net utilisation of provisions		(1)	(1)	(4)
Difference between pension charge and cash contributions		(9)	(13)	(29)
Exceptional pension charge		64	9	76
Net cash inflow from operating activities - continuing		659	583	1,403
Net cash inflow from operating activities - discontinued		-	5	5
Total net cash inflow from operating activities		659	588	1,408
Net interest paid		(305)	(295)	(521)
Taxation – group relief paid		(8)	(13)	(28)
Net capital expenditure		(496)	(609)	(1,285)
Disposal of Stansted Airport Limited		(2)	1,409	1,410
Dividends paid ¹	7	(144)	(487)	(661)
Net cash (outflow)/inflow before use of liquid resources and financing		(296)	593	323
Management of liquid resources		(450)	(200)	(43)
Issuance of bonds	6	980	-	745
Repayment of bonds	6	-	-	(396)
Net repayment of revolving credit facilities	6	(30)	(147)	(227)
Repayment of facilities and other financing items	6	(25)	(110)	(214)
Increase in amount owed to Heathrow Finance plc	6	-	3	4
Settlement of accretion on index-linked swaps		-	(136)	(177)
Cancellation and restructuring of derivatives		-	(2)	(2)
Net cash inflow/(outflow) from financing		925	(392)	(267)
Increase in cash		179	1	13

¹ In the six months ended 30 June 2013 and subsequently year ended 31 December 2013 a £300 million dividend was made to the Company's ultimate shareholders on their historic investment in Stansted airport following its disposal.

Heathrow (SP) Limited

General information and accounting policies for the six months ended 30 June 2014

General information

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2013 or any other period. Statutory financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies on 18 March 2014. The annual financial information presented herein for the year ended 31 December 2013 is based on, and is consistent with, the audited consolidated financial statements of Heathrow (SP) Limited (the 'Group') for the year ended 31 December 2013. The auditors' report on the 2013 financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

Accounting policies

Basis of preparation

The consolidated financial statements of Heathrow (SP) Limited have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and financial instruments, in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The accounting policies adopted in the preparation of this consolidated financial information are consistent with those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2013 with the exception of tax accounting (see note 5) which is in accordance with the United Kingdom Accounting Standards Board's Statement: 'Half-Yearly Financial Reports'.

Change in accounting policy

Discontinued operations

Stansted airport has been classified as discontinued operations due to the completion of its disposal on 28 February 2013.

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

1 Segment information

The directors consider that the business has one segment 'Heathrow', Heathrow Airport together with Heathrow Express. All of the Group's turnover arises in the United Kingdom. Additional details of the turnover generated by each of the Group's key activities are given below:

Turnover	Unaudited	Restated ¹	Restated ¹
	Six months ended 30 June 2014	Unaudited Six months ended 30 June 2013	Audited Year ended 31 December 2013
	£m	£m	£m
Aeronautical income	767	693	1,523
Retail income	237	229	491
Operational facilities and utilities income	82	83	165
Property rental income	52	52	104
Rail income	63	60	124
Other income	33	32	67
Turnover – continuing operations	1,234	1,149	2,474
Turnover – discontinued operations	-	32	32
Total turnover	1,234	1,181	2,506

¹ The presentation of retail income and other income for the six months ended 30 June 2013 and the year ended 31 December 2013 has been restated to be consistent with the current reporting period.

Reconciliation of Adjusted EBITDA and operating profit

Adjusted EBITDA has been used to provide a clearer indication of the performance of the Group and to assist better comparison with the prior period. Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items.

Unaudited Six months ended 30 June 2014	Adjusted EBITDA £m	Operating exceptional items £m	Depreciation £m	Operating profit £m
Heathrow	704	(82)	(242)	380
Unaudited Six months ended 30 June 2013	Adjusted EBITDA £m	Operating exceptional items £m	Depreciation £m	Operating profit £m
Heathrow - continuing operations	610	(9)	(228)	373
Stansted - discontinued operations	7	-	(7)	-
Total	617	(9)	(235)	373
Audited Year ended 31 December 2013	Adjusted EBITDA £m	Operating exceptional items £m	Depreciation £m	Operating profit £m
Heathrow - continuing operations	1,421	(114)	(448)	859
Stansted - discontinued operations	7	-	(7)	-
Total	1,428	(114)	(455)	859

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

2 Operating costs – ordinary

	Unaudited Six months ended 30 June 2014 £m	Unaudited Six months ended 30 June 2013 £m	Audited Year ended 31 December 2013 £m
Employment costs	189	202	392
Maintenance expenditure	84	79	164
Utility costs	46	45	85
Rents and rates	63	64	116
General expenses	136	137	270
Retail expenditure	12	13	26
Disposal of fixed assets	-	(1)	-
Depreciation	242	228	448
Operating costs – ordinary: continuing operations	772	767	1,501
Operating costs – ordinary: discontinued operations	-	32	32
Total operating costs – ordinary	772	799	1,533

3 Operating exceptional items

Operating costs – exceptional: other

Operational readiness costs of £18 million (six months ended 30 June 2013: £nil; year ended 31 December 2013: £16 million) are associated with managing the opening of Terminal 2 and were primarily for familiarisation, induction and training and the ramp up of operational costs as Terminal 2 approached its operational phase opening on 4 June 2014.

Costs associated with the Group's change programmes amounting to £22 million were charged in the year ended 31 December 2013. The charge related to severance and pension payments associated with a restructuring programme.

Operating costs – exceptional: pension

Under the Shared Services Agreement ('SSA') the current period service cost for the Heathrow Airport Holdings Limited group pension schemes are recharged to Heathrow Airport Limited ('HAL') and Heathrow Express Operating Company Limited ('HEX') on the basis of their pensionable salaries. This charge is included within Operating costs. Cash contributions are made directly by HAL and HEX to the LHR Airports Limited pension schemes.

Since August 2008, HAL and HEX have had an obligation under the SSA, to fund or benefit from their share of the LHR Airports Limited defined benefit pension scheme deficit or surplus and Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefits pension related liabilities. These provisions or assets are based on the relevant share of the actuarial deficit or surplus and allocated on the basis of pensionable salaries. Movements in these provisions or assets are recorded as exceptional items due to their size and nature.

For the six months ended 30 June 2014 an exceptional pension charge of £64 million was incurred relating to continuing operations (six months ended 30 June 2013: £9 million; year ended 31 December 2013: £76 million).

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

4 Net interest payable and similar charges

	Unaudited Six months ended 30 June 2014 £m	Unaudited Six months ended 30 June 2013 £m	Audited Year ended 31 December 2013 £m
Interest receivable and similar income			
Interest receivable on derivatives not in hedge relationship	114	119	227
Pension finance income	5	4	7
Interest on money market and bank deposits	1	1	2
	120	124	236
Interest payable and similar charges			
Interest on borrowings:			
Bonds and related hedging instruments ¹	(293)	(287)	(575)
Bank loans and overdrafts and related hedging instruments	(35)	(54)	(107)
Interest payable on derivatives not in hedge relationship ²	(166)	(161)	(290)
Facility fees and other charges	(9)	(7)	(16)
Interest on debenture payable to Heathrow Finance plc	(27)	(27)	(55)
Unwinding of discount on provisions	-	-	(1)
	(530)	(536)	(1,044)
Less capitalised interest ³	72	74	164
	(458)	(462)	(880)
Net interest payable before fair value gain/(loss)	(338)	(338)	(644)
Fair value gain/(loss) on financial instruments			
Interest rate swaps: cash flow hedge ⁴	2	17	23
Interest rate swaps: not in hedge relationship	(21)	18	54
Index-linked swaps: not in hedge relationship ⁵	12	(185)	(147)
Cross-currency swaps: cash flow hedge ⁴	2	(2)	2
Cross-currency swaps: fair value hedge ⁴	10	8	(14)
Fair value re-measurements of foreign exchange contracts and currency balances	-	1	1
	5	(143)	(81)
Net interest payable and similar charges	(333)	(481)	(725)

¹ Includes accretion of £12 million (six months ended 30 June 2013: £12 million; year ended 31 December 2013: £20 million) on index-linked bonds.

² Includes accretion of £79 million (six months ended 30 June 2013: £104 million; year ended 31 December 2013: £182 million) on index-linked swaps.

³ Capitalised interest included in the cost of qualifying assets arose on the general borrowing pool and is calculated by applying an average capitalisation rate of 6.04% (six months ended 30 June 2013: 6.06%; year ended 31 December 2013: 6.04%) to expenditure incurred on such assets.

⁴ Hedge ineffectiveness on derivatives in hedge relationship.

⁵ Reflects the impact on the valuation of movements in implied future inflation and interest rates and accounting adjustment in respect of accretion.

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

5 Tax (charge)/credit on profit on ordinary activities

	Unaudited Six months ended 30 June 2014 £m	Unaudited Six months ended 30 June 2013 £m	Audited Year ended 31 December 2013 £m
Current tax charge on ordinary activities	(1)	(3)	(22)
Deferred tax (charge)/credit on ordinary activities	(23)	12	(43)
Change in UK Corporation tax rate – impact on deferred tax	-	-	28
Total tax (charge)/credit on profit on ordinary activities	(24)	9	(37)

The tax charge for the six months ended 30 June 2014 results in an effective tax rate of 51.5%, reflecting the tax charge arising on ordinary activities of £24 million. The tax charge has been calculated by applying the forecast annual effective tax rate for each entity to the results for the six months ended 30 June 2014. The effective tax rate for the period differs from the UK statutory rate of corporation tax of 21.5% due to seasonality and permanent differences mainly arising from non-qualifying depreciation. The effective tax rate for the Group reflects the proportionate contribution of each entity's results in each interim accounting period and will vary where those proportions change.

For the six months ended 30 June 2013, the effective tax rate was 4.8% negative, reflecting the tax credit arising on ordinary activities of £9 million. The effective tax rate for the period differed from the statutory rate of corporation tax of 23.25% due to seasonality, permanent differences mainly arising from non-qualifying depreciation and the fact that the Group's disposal of Stansted Airport Limited had no corporation tax charge as it qualified for the Substantial Shareholding Exemption.

For the year ended 31 December 2013, the effective tax rate was 8.7%, reflecting the tax charge arising on ordinary activities of £65 million and a tax credit of £28 million due to the reductions in the rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015. These reductions were enacted in the Finance Act 2013 on 17 July 2013 and as a result the Group's deferred tax balances were re-measured during the year ended 31 December 2013 at a rate of 20%. As above, the disposal of Stansted Airport Limited had no corporation tax charge as it qualified for the Substantial Shareholding Exemption.

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

6 Borrowings and financial derivatives

	Unaudited 30 June 2014 £m	Unaudited 30 June 2013 £m	Audited 31 December 2013 £m
Current borrowings			
Secured			
Bank loans	39	39	39
Bonds:			
5.850% £400 million due 2013	-	393	-
4.600% €750 million due 2014	533	-	564
3.000% £300 million due 2015	299	-	-
2.500% US\$500 million due 2015	292	-	-
Total current borrowings	1,163	432	603
Non-current borrowings			
Secured			
Revolving credit facilities	50	144	80
Other bank loans	156	245	175
	206	389	255
Secured			
Bonds:			
4.600% €750 million due 2014	-	590	-
3.000% £300 million due 2015	-	299	299
2.500% US\$500 million due 2015	-	328	301
12.450% £300 million due 2016	325	338	332
4.125% €500 million due 2016	391	415	405
4.375% €700 million due 2017	559	597	581
2.500% CHF400 million due 2017	263	277	271
4.600% €750 million due 2018	557	589	576
6.250% £400 million due 2018	398	398	398
4.000% C\$400 million due 2019	217	248	225
6.000% £400 million due 2020	396	396	396
9.200% £250 million due 2021	267	274	266
3.000% C\$450 million due 2021	240	-	-
4.875% US\$1,000 million due 2021	601	665	612
1.650%+RPI £180 million due 2022	192	187	189
1.875% €600 million due 2022	480	-	-
5.225% £750 million due 2023	645	636	640
7.125% £600 million due 2024	589	588	588
6.750% £700 million due 2026	691	690	691
7.075% £200 million due 2028	198	198	198
6.450% £900 million due 2031	844	853	845
Zero-coupon €50 million due January 2032	44	45	45
1.366%+RPI £75 million due 2032	76	-	-
Zero-coupon €50 million due April 2032	44	45	45
4.171% £50 million due 2034	50	-	-
1.382%+RPI £50 million due 2039	50	-	-
3.334%+RPI £460 million due 2039	569	557	562
5.875% £750 million due 2041	739	744	740
4.625% £750 million due 2046	742	-	742
1.372%+RPI £75 million due 2049	76	-	-
	10,243	9,957	9,947
Unsecured			
Heathrow (SP) Limited debenture payable to Heathrow Finance plc	871	871	871
Total non-current borrowings	11,320	11,217	11,073
Total borrowings	12,483	11,649	11,676

Heathrow (SP) Limited

Notes to the consolidated financial information for the six months ended 30 June 2014

Within Creditors: amounts falling due within one year are financial derivatives of £29 million (30 June 2013: £27 million; 31 December 2013: £2 million). Within Creditors: amounts falling due after more than one year are financial derivatives of £1,259 million (30 June 2013: £1,097 million; 31 December 2013: £1,137 million).

7 Dividends

During the period ended 30 June 2014, Heathrow (SP) Limited paid dividends of £144 million to Heathrow Finance plc, being £65 million on 28 February 2014 and £79 million on 27 June 2014 as part of the quarterly dividend programme to the ultimate shareholders and servicing of external debt at Heathrow (SP) Limited's holding companies. A further £66 million was declared on 24 July 2014. (31 December 2013: Heathrow (SP) Limited paid dividends which funded £204 million in quarterly dividends to Heathrow (SP) Limited's ultimate shareholders, a £300 million one-off return relating to the sale of Stansted and £157 million related to the servicing of external debt at Heathrow (SP) Limited's holding companies and rebalancing the amount of external debt between Heathrow (SP) Limited's holding companies and subsidiaries. These dividends, totalling £661 million, comprised: £24 million on 24 January 2013, £99 million on 14 February 2013, £300 million on 15 March 2013, £64 million on 27 June 2013, £83 million on 11 July 2013, £48 million on 18 September 2013 and £43 million on 20 December 2013).