

BAA (SP) Limited Group

**‘Special Purpose’ Consolidated Financial Statements
for the six month period ended 30 June 2009**

(Unaudited)

‘SPECIAL PURPOSE’ CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009

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REPORT OF THE DIRECTORS

The attached unaudited consolidated financial statements of BAA (SP) Limited Group, comprising the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds, Note of Group Historical Cost Profits and Losses, Balance Sheet and Summary Cash Flow Statement have been prepared to comply with the different borrowing facilities' undertakings within the BAA Limited Group and are considered to present fairly the financial condition and operations of BAA (SP) Limited as at 30 June 2009 and for the six month period then ended. The financial statements have been prepared in order to satisfy the requirements contained within the relevant borrowing facilities' undertakings agreements for half year reporting, applying consistent accounting principles to those applied for the year ended 31 December 2008.



Fred Maroudas
Director

25 August 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six month period ended 30 June 2009

	30 June 2009 £m	30 June 2008 £m
Turnover	1,154.5	1,023.4
Operating costs – ordinary	(937.1)	(856.7)
Operating costs – exceptional: pensions ¹	(218.5)	-
Operating costs – exceptional: other ¹	(36.7)	(63.9)
Total operating costs	(1,192.3)	(920.6)
Operating (loss)/profit	(37.8)	102.8
Interest receivable	77.5	19.4
Interest payable and similar charges – ordinary	(435.2)	(261.1)
Fair value loss on financial instruments	(150.2)	-
Total net interest payable and similar charges	(507.9)	(241.7)
Loss on ordinary activities before taxation	(545.7)	(138.9)
Tax credit on loss on ordinary activities	153.3	40.9
Loss on ordinary activities after taxation	(392.4)	(98.0)

All activities derive from continuing operations in the United Kingdom.

¹ Exceptional items

Under the Shared Services Agreement ('SSA') entered into on 18 August 2008 the current period service cost for the BAA Airports Limited pension schemes are recharged to the Group's airports. Cash contributions are made directly to the pension trustee of the BAA Airports Limited defined benefit pension scheme on behalf of BAA Airports Limited. Each airport also has a legal obligation to fund its relevant share of any pension deficit related to BAA Airports Limited pension plans under the SSA. Costs have been allocated to the Group on the basis of pensionable salaries. For the six months ended 30 June 2009, exceptional costs of £218.5 million were incurred in relation to the push down of the Group's share of the deficit on the BAA defined benefit pension scheme.

With the anticipated development of Terminal 2A, Terminals 1 and 2 at Heathrow airport will be demolished necessitating an additional depreciation charge of £37.9 million in the six months ended 30 June 2009 to reflect the shortened useful lives of the assets (six months ended 30 June 2008: £42.1 million).

No costs have been incurred in the six months ended 30 June 2009 for Terminal 5 launch / operational readiness costs (six months ended June 2008: £21.8 million).

For the six months ended 30 June 2009 income of £1.0 million was recognised due to abatement costs being paid for by the trustees (six months ended 30 June 2008: £nil).

A release of £0.2 million was credited in the six months ended 30 June 2009 associated with restructuring programmes (six months ended 30 June 2008: £nil). The amount released resulted from lower than expected cost for each reduction in headcount and certain headcount reductions not being made due to the decision to sell Gatwick.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the six month period ended 30 June 2009

	30 June 2009	30 June 2008
	£m	£m
Loss for the financial period	(392.4)	(98.0)
Unrealised loss on revaluation of investment properties	(223.2)	(109.1)
Gains on cash flow hedges taken directly to equity	284.7	-
Deferred tax arising on cash flow hedge gains	(79.7)	-
Total recognised gains and losses relating to the financial period	(410.6)	(207.1)

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
For the six month period ended 30 June 2009

	30 June 2009	30 June 2008
	£m	£m
Profit / (loss) for the financial period	(392.4)	(98.0)
Other movements	(18.2)	(109.1)
Net movement in shareholders' funds	(410.6)	(207.1)
Opening shareholders' funds	1,138.1	2,555.7
Closing shareholders' funds	727.5	2,348.6

NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES
For the six month period ended 30 June 2009

	30 June 2009	30 June 2008
	£m	£m
Reported (loss)/profit on ordinary activities before taxation	(545.7)	(138.9)
Adjusted for:		
Fair value gains and losses on derivatives contracts:		
- Interest rate swaps	(21.2)	-
- Cross currency interest rate swaps	13.1	-
- Index linked swaps	155.1	-
- Foreign exchange contracts	6.1	-
Amortisation of fair value of derivative contracts at novation	13.4	-
Amortisation of the accretion on the RPI leg of index-linked swaps	32.5	-
Historical cost (loss)/profit on ordinary activities before taxation	(346.7)	(138.9)
Historical cost (loss)/profit on ordinary activities after taxation	(193.4)	(98.0)

CONSOLIDATED BALANCE SHEET
As at 30 June 2009

	30 June 2009 £m	31 December 2008 £m
FIXED ASSETS		
Tangible assets	12,928.7	12,910.0
Derivative financial instruments	568.5	830.0
	13,497.2	13,740.0
CURRENT ASSETS		
Stocks	7.8	7.9
Debtors: due within one year	376.8	402.1
Derivative financial instruments	52.8	138.0
Current asset investment	205.8	157.1
Cash and short term deposits	1.9	25.0
TOTAL CURRENT ASSETS	645.1	730.1
CREDITORS: amounts falling due within one year	(2,011.3)	(1,064.0)
NET CURRENT LIABILITIES	(1,366.2)	(333.9)
TOTAL ASSETS LESS CURRENT LIABILITIES	12,131.0	13,406.1
CREDITORS: amounts falling due after more than one year	(10,652.8)	(11,713.8)
Provisions for liabilities and charges	(750.7)	(554.2)
NET ASSETS	727.5	1,138.1
CAPITAL AND RESERVES		
Called up share capital	10.0	10.0
Revaluation reserve	1,811.8	2,035.0
Merger reserve	(5,629.6)	(5,629.6)
Fair value and other reserves	(115.1)	(320.1)
Profit and loss reserve	4,650.4	5,042.8
SHAREHOLDERS' FUNDS	727.5	1,138.1

These financial statements were approved by the Board of Directors on 25 August 2009 and signed on its behalf by:



Jose Leo
Director



Fred Maroudas
Director

CONSOLIDATED SUMMARY CASH FLOW STATEMENT
For the six month period ended 30 June 2009

	30 June 2009 £m	30 June 2008 £m
Operating activities		
Operating (loss)/profit	(37.8)	102.8
<i>Adjustments for:</i>		
Depreciation (including exceptional depreciation)	290.4	239.4
<i>Working capital changes:</i>		
(Increase)/decrease in stock and debtors	(3.2)	(57.4)
(Decrease)/increase in creditors	(11.8)	23.4
(Decrease)/increase in provisions	(6.5)	(3.5)
Difference between pension charge and cash contributions	200.3	-
Net cash inflow from operating activities	431.4	304.7
Net interest paid	(244.0)	-
Taxation – Group relief	22.2	-
Net capital expenditure	(508.5)	(502.7)
Cash outflow before management of liquid resources and financing	(298.9)	(198.0)
Management of liquid resources	(48.7)	-
Financing	324.5	198.0
Decrease in cash in the period	(23.1)	-