COBHAM

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2009

6 August 2009

	2008	**2009**	Change
Order intake	£818m	**£893m**	+9%
Total revenue	£632m	**£952m**	+51%
Underlying[1] trading margin	16.8%	**17.0%**	+0.2%pts
Underlying[1] profit before tax	£107m	**£141m**	+32%
Basic profit before tax[2]	£84m	**£139m**	
Underlying[1] earnings per share (EPS)	6.7p	**9.0p**	+34%
Basic EPS	5.5p	**9.3p**	
Operating cash conversion[3]	116%	**87%**	
Interim dividend per share	1.345p	**1.48p**	+10%

- Military and government business has performed well with organic revenue growth of 7%, however revenue from commercial activities declined 13% giving 1% organic growth in the Technology Divisions

- Significant contribution to revenue and profit growth from 2008 acquisitions, with M/A-COM integration on track and increasing technology collaboration resulting in new contract awards

- Underlying EPS growth of 34%; or 19% at constant currency translation

- Strong operating cash flow of £139m with cash conversion of 87%; gearing at 1.2 times net debt/EBITDA at the period end

- Interim dividend increased by 10% to 1.48p

Allan Cook, Cobham Chief Executive, said:

"We have seen good levels of organic growth in our military and government businesses in the first half, although this has been partly offset by the anticipated subdued activity in the Defence Communications and Mission Equipment businesses as well as by the generally unfavourable conditions in our commercial markets. Nevertheless, the Group has delivered strong underlying earnings growth and cash generation.

"Our core military and government markets continue to be healthy and revenue from vehicle intercoms should increase in the second half. The Board expects to achieve further progress in the full year, with increased levels of organic revenue growth from the Technology Divisions and remains confident of high single digit organic revenue growth over the medium term."

ENQUIRIES

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INTERIM RESULTS PRESENTATION, DIAL-IN AND WEBCAST

There will be an interim results presentation at 9.30am on Thursday, 6 August 2009.

A live dial-in facility will be available from 9.15am for 9.30am – Conference ID 4133189, Conference title 'The Cobham Interim Results Presentation'. Callers from the UK/Europe dial +44 20 8515 2302 and callers from North America dial +1 480 629 9692.

The interim results presentation will be webcast and will be available by 4.30pm on the day on the Cobham website (www.cobhaminvestors.com) and will remain on the website for subsequent viewing.

The published Interim Report will be available as a download file on 11 August 2009.

The following notes apply throughout these interim results:

1. *To assist with the understanding of earnings trends, the Group has included within its published statements trading profit and underlying earnings results. Trading profit and underlying earnings have been defined to exclude the impacts of certain acquisition related charges, portfolio restructuring costs, the mark-to-market of currency instruments not realised in the period and impairments of goodwill. Acquisition related charges excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition, such as customer relationships, technology and software and the like, the writing off of the pre-acquisition profit element of inventory written up on acquisition and costs charged post acquisition, which relate to purchasing the shares of acquired companies. Portfolio restructuring costs comprise exceptional profits arising on business divestments, completed in prior years, which have funded exceptional costs associated with the restructuring of the Group's business and site integrations. Both the divestments and the integration activity originate from the Group's strategy announcement in September 2005.*
2. *On continuing operations.*
3. *Operating cash flow is defined as cash generated from operations, adjusted for cash flows from the purchase or disposal of fixed assets. Operating cash conversion is defined as operating cash flow as a percentage of trading profit, excluding profit from joint ventures.*
4. *Cobham's Technology Divisions comprise Cobham Avionics and Surveillance, Cobham Defence Systems and Cobham Mission Systems.*
5. *Throughout this document, PV (Private Venture or company funded Research and Development expenditure) for 2008 and the PV Key Performance Indicator medium term target have been restated on a proforma basis to take account of the 2008 SPARTA (now Cobham Analytic Solutions) acquisition, where the vast majority of Research and Development is funded by customers. These numbers are stated on the same basis as the 2009 result.*

STRATEGIC PROGRESS

Cobham's strategy is to build leading positions in growing, high technology markets with an aerospace and defence focus. In the Defence Systems and Avionics and Surveillance Divisions, Cobham has critical technology primarily focused on the need to transmit, receive and analyse increasing quantities of voice, data and video communications. This technology is applicable to the digital battlefield, the intelligence and homeland security markets and commercial markets. The high technology products within the Mission Systems Division keep people safe in extreme environments and enhance platform capability, while the Group's Aviation Services Division utilises many of the technologies designed and manufactured elsewhere in Cobham, through the provision of outsourced services.

Focus on High Growth Markets

The Group has continued to make strategic progress in the period, winning important contracts in its growth markets.

In June, the Group announced that a Cobham-Northrop Grumman team was selected for the US Army VIS-X programme, although one of the losing competitors has subsequently filed a protest with the General Accounting Office. This Indefinite Delivery Indefinite Quantity (ID/IQ) contract could be worth up to US$2.4bn over the next 10 years, of which Cobham's share is fifty per cent. This award is the culmination of sustained product investment in a business that was acquired in 2002 and reinforces Cobham's position as a leading competitor in the growing tactical communications market both in the US and in other export markets. The award underpins revenue growth in the Cobham Defence Systems Division over the medium term.

Organic growth has also been delivered by some of Cobham's more recent acquisitions. The US Navy has made two further awards for Low Band Transmitters (LBT) since the year end to Sensor Systems, Lansdale, a business bought in 2008. This important system protects US aircraft, ships and ground troops by disrupting enemy radar and communications and Lansdale has now received total awards for this product of US$217m. Shipments of LBT in the period contributed to the revenue growth in the Cobham Defence Systems Division.

The Cobham Defence Systems Division also won a Research and Development (R&D) contract to lead a team of distinguished organisations on the National Cyber Range to find cutting edge solutions for the protection of US cyber resources. Building on the acquisition of SPARTA (now Cobham Analytic Solutions) in 2008, its capabilities in this area of growing importance were further strengthened by the acquisition of Argotek Inc. (Argotek) in May. Argotek, which is now part of Cobham Analytic Solutions, provides high-end information assurance solutions to the US intelligence community. The Group expects that these developments will strengthen its ability to win further business in this area of growing importance.

The Group has benefited from its strategy of building its position in the fast growing Surveillance market through acquisition and through investment in technology. Among other products, sales of bi-directional communication links were a significant driver of growth in the period. Success with this product is the result of the acquisition of domo Limited (now Cobham Surveillance, Segensworth) in 2006 and ongoing investment in this technology.

The Group has continued to invest in its commercial markets and expects that this will position it well when these markets return to growth. A number of new products are being developed and brought to market including Broadband Global Area Network (BGAN) satellite communication products which bring a full range of cabin communications options to aircraft including internet, email and telephone.

In addition, the Group has continued to consolidate its positions on the most significant, long-term commercial programmes with an antennas award on the Airbus A350 aircraft and qualification and delivery of flight test hardware for the Boeing 787 On Board Inert Gas Generating System (OBIGGS).

Investment in Leading Edge Technology

Cobham's strategy is to invest in technology with the aim of developing and bringing to market products that are at the leading edge of capability for specific customer needs. This investment in technology is pivotal to the Group's strategy of achieving sustained organic revenue growth in the markets in which it operates.

A number of products that have been developed using PV investment (Private Venture or company funded R&D) in the past have delivered significant revenue growth in the period. For example:

- Increased revenue in the Surveillance business from sales of public safety systems to the UK police and from bi-directional communication links and audio surveillance products;

- Sales of specialist radios in the Avionics and Surveillance Division and the Defence Systems Division and aircraft digital intercom systems;

- 3,000 Air Warrior Microclimate Cooling Units were delivered to the US Army by the Life Support business, with over 15,000 now delivered since 2005 and a large contract received in July 2009.

During the period, total PV investment increased to £45m (2008: £33m), an increase of 36% on the prior period, which as a proportion of Technology Divisions' revenue, was 5.4% (2008: 5.5%). With the addition of customer funded R&D, total R&D investment in the period was over 8%.

PV was invested across a range of potentially significant, high technology products in the Group's chosen markets, including:

- Investment in the next generation of tunable antennas with an increased frequency range capability and application across a wide range of military aircraft platforms, with Rockwell Collins and the US Navy as customers;

- Continuing investment in the SLB2000 Personal Locator Beacon to be used as a replacement for the emergency beacons used by the US Air Force (USAF) in ejection seats and parachute packs;

- Significant investment in the Radio and Audio Integrated Management System (RAIMS) already selected by Rockwell Collins and Airbus for the A350 aircraft.

In addition, a number of ground breaking customer funded awards were received to develop new technology, with potentially far-reaching applications including:

- A US$14.8m contract awarded by the US Government to continue development and deliver test hardware for the Wireless Network after Next (WNaN), with the aim of providing the US military with a viable wide-band mesh radio network for wide deployment throughout the armed services;

- Selection to continue development of the Scaleable Panel for Efficient Affordable Radars (SPEAR) programme phased array front-end. This US programme, to develop a scaleable and low cost but high performance radar, could be used across a number of significant applications.

The Group also invests in technology through the acquisition of technology driven businesses. The extraction of technology synergies by bringing new or improved products to the market, through the combination of technology for specific customer needs, is one of the principal ways that the Group can derive additional shareholder value from acquisitions.

Over the period, increasing numbers of joint bids were submitted that resulted from collaboration between the Sensor Systems, Lansdale and M/A-COM (now also part of Sensor Systems) businesses acquired in 2008 and existing Defence Systems businesses. As a result of this collaboration, the Group has already been awarded a number of contracts which have potential for additional future awards. These include:

- An electronic warfare (EW) upgrade contract with a major prime contractor on the US Navy F-18 aircraft;

- Broad band spiral antenna applications for different customers for EW and electronic support measures (ESM);

- An award as the specialist EW/Communications supplier on the Integrated Topside (InTop) programme for the US Navy, which aims to combine and standardise antenna systems across the fleet.

Long Term Visibility

The aggregate book to bill ratio in the period was 0.94 times (2008: 1.29 times), primarily due to the unfavourable conditions in the Group's commercial markets, with Group order intake of £893m (2008: £818m). This, together with the impact of translation exchange rates, resulted in an order book at the end of the period of some £2.4bn (31 December 2008: £2.7bn).

The Group's forward revenue visibility and significant positions on long-term programmes are only partly reflected in the Group's order book as many customers, including its biggest end customer, the US Department of Defense, only place orders incrementally for multi-year programmes. Apart from some small initial orders placed by the customer, the Group's order book does not include the VIS-X ID/IQ contract, announced in June 2009, of which Cobham's share is up to US$1.2bn, or the Indefinite Delivery, Definite Quantity (IDDQ) contract for Microclimate Cooling Units worth up to US$110m, which was announced in July 2009.

In addition, the order book does not reflect other multi-year programmes, some of which will be highly significant to the Group, such as the F-35 aircraft. The Group has a ship set value of almost US$1m on this aircraft and production is expected to accelerate steadily from the current year planned procurement of 14 aircraft to over 100 aircraft per annum in 2014 and full rate production of over 200 aircraft per annum in 2017, with the vast proportion of this expected future revenue not currently in the order book. There is a similar pattern across a number of other significant and long-term platforms and programmes including the Eurofighter Typhoon aircraft, the Global Hawk Unmanned Aerial Vehicle, the V-22 Osprey tiltrotor aircraft, the Advanced Medium Range Air-to-Air Missile (AMRAAM) and the A350 and B787 commercial airliners.

KEY PERFORMANCE INDICATORS (KPIs)

The financial KPIs used to measure Group performance over the medium term are set out below. The growth targets exclude currency translation exchange impacts:

KPI	Half Year 2008 Actual	**Half Year 2009 Actual**	Full Year 2008 Actual	Target
Technology Divisions' organic revenue growth	14%	**1%**	10%	**High single digit**
Underlying Earnings Per Share growth (at constant translation exchange)	19%	**19%**	13%	**High single digit**
Operating cash conversion	116%	**87%**	106%	**>80%**
PV investment	5.5%	**5.4%**	5.7%	**6% in medium term**

FINANCIAL RESULTS

Revenue

Total Group revenue in the period increased by 51% to £952m (2008: £632m) primarily due to the 2008 acquisitions and favourable currency translation exchange rates. There was good organic growth in the Defence Systems Division and a solid performance from the Avionics and Surveillance Division but this was offset by the anticipated lower revenue from air refuelling in the Mission Systems Division.

In total, organic revenue growth was 1% (2008: 14%) in the Technology Divisions. The Aviation Services Division delivered organic revenue growth of 2%.

In aggregate, the Technology Divisions' military and government facing activities, representing some 73% of their revenue, grew organically by 7% in the period, while the commercial facing activities, representing 27% of technology revenue, saw a decline of 13%. An analysis of the Technology Divisions' revenue growth is as follows:

Revenue - Analysis of Technology Divisions

H1 2008	FX Translation	Acquisitions	Organic Growth	H1 2009
£526m	**+£127m**	**+£187m**	**+£3m**	**£843m**

Average H1 2009 US$/£ exchange rate = $1.50/£1. Average H1 2008 US$/£ exchange rate = $1.98/£1.

The Defence Systems Division saw very strong growth in its Antenna Systems business partly offset by the anticipated temporary slow down in orders and shipments in vehicle intercoms, prior to the US Army's VIS-X procurement. Within the Avionics and Surveillance Division, there was very strong growth in the Surveillance business, although this was largely offset by the market downturn in many of the commercial avionics and SATCOM markets. As anticipated, the Missions Systems Division had lower revenue from air refuelling in comparison to the previous period. The Division's Life Support business continued to grow.

Trading Profit

Group trading profit increased by 51% to £162m (2008: £107m), driven by an improvement in the trading margin, acquisitions and favourable currency translation exchange rates.

The Group's trading margin increased to 17.0% (2008: 16.8%), with the improvement in the organic trading margin offsetting the 2008 acquisition margin mix. The organic margin improvement of 1.8% points was driven by continuing operational efficiencies including the ongoing facility integration programme and procurement savings, together with the rapid removal of costs in businesses impacted by the downturn in commercial markets.

Net Finance Expense and Underlying Profit Before Tax

The net finance expense was £21m (2008: £0m). The net interest expense on cash and debt holdings increased to £18m (2008: £1m) as a result of the acquisitions completed in 2008 partly offset by cash generation from operations. As anticipated, there was a net finance debit from pension schemes of £3m in the period (2008: credit £1m) primarily due to the fall in the market value of assets at 31 December 2008.

Underlying profit before tax was up 32% at £141m (2008: £107m).

Taxation

On an underlying basis, but excluding the share of post-tax results of joint ventures, the effective tax rate for the period reduced to 28.0% (2008: 29.5%). This is calculated by dividing the Group's underlying tax charge on the enlarged business of £39m (2008: £30m) by its underlying profit before tax. In part, the rate benefited from the impact of consortium relief relating to Cobham's investment in AirTanker Limited.

Earnings per Share (EPS)

Underlying EPS grew 34% to 9.0p (2008: 6.7p) primarily due to an improvement in the Group's underlying trading margin, favourable currency translation exchange rates and the contribution from acquisitions completed during 2008. EPS growth at constant currency translation rates was 19%. Excluding the impact of the non-cash net finance debit from pension schemes, EPS growth at constant currency translation rates was 22%.

Basic EPS was higher than the comparable period at 9.3p (2008: 5.5p). This was primarily due to higher underlying profit and an increase in post-tax, non-cash profits from the unrealised mark-to-market of currency instruments of £34m (2008: loss £6m), which was partly offset by an increase in the post-tax, non-cash amortisation of intangible assets arising on acquisition of £27m (2008: £7m).

Acquisitions and Divestments

Physical integration of the M/A-COM acquisition (now part of Sensor Systems), which completed at the end of September 2008, is continuing on schedule with all IT systems now operating independently from the former owner. The M/A-COM waveguide activities have been transferred to the existing Exeter, New Hampshire facility with cable activities to follow later in the year. Plans are in place to integrate the Manchester, New Hampshire microwave facility into the Lowell, Massachusetts facility. The two monolithic microwave integrated circuits (MMIC) wafer design and fabrication facilities in Virginia are to be integrated into one facility by the end of 2010.

In March 2009, Cobham announced the sale of M/A-COM Technology Solutions (MTS) for up to US$90m, including senior loan notes and contingent consideration. The business, which was not core to the Group's strategy, had been treated as held for sale and consequently its trading is not included in the income statement or in earnings. It is anticipated that there will be no gain or loss on sale as the investment was held for resale at fair value.

In May 2009, the Group completed the acquisition of Argotek for US$36.25m, a business that provides high-end information assurance services to the US intelligence community. Argotek will add technical depth and expertise and expanded customer relationships to the Cobham Analytic Solutions business.

Retirement Obligations

The Group operates a number of defined benefit pension schemes, the most significant being the Cobham Pension Plan. At the period end, the estimated shortfall for accounting purposes between the value of the defined benefit scheme assets and the present value of future liabilities was £164m before deferred tax (31 December 2008: £51m). The main factors behind this are a decrease in the discount rate based on AA-rated investment grade corporate bond yields and an increase in the long-term inflation assumption, both applied to scheme liabilities, together with a reduction in the value of scheme assets.

Cash Flow and Net Debt

Operating cash flow in the period, after capital expenditure and PV which is expensed in the income statement but before the payment of tax and interest, was £139m (2008: £120m) representing 87% (2008: 116%) of trading profit before the Group's share of post-tax results of joint ventures.

After the payment of tax, restructuring costs and net interest and the receipt of dividends from joint ventures, the Group generated free cash flow of £95m (2008: £94m). From free cash flow the Group invested a net £10m (2008: £344m) in acquisitions, comprising the acquisition of Argotek and deferred and contingent payments on acquisitions completed in prior years, offset by proceeds relating to the disposal of MTS.

At the period end, the Group had net debt of £442m (31 December 2008: £641m). It is the Group's policy to hold a significant proportion of its borrowings in foreign currency, principally US dollars, as a natural hedge against assets and earnings denominated in those currencies. Movements in exchange rates in the period accounted for £112m of the reduction in net debt.

Based on the period end net debt, the Group's gearing equated to approximately 1.2 times net debt/EBITDA, assuming a full year contribution from acquisitions, consistent with the Group's banking covenants.

Financing

As previously reported, during late 2008 and the first quarter of 2009 the Group secured US$325m and £50m of additional facilities with six counterparty banks. In addition, at the end of the first quarter of 2009 a US$350m private placement debt issue was successfully completed in the US. Some £12m of the proceeds were used to cancel interest rate swaps that were no longer required as the private placement loan notes were themselves issued at a fixed rate of interest.

The US$650m outstanding under the short term acquisition financing facility at 31 December 2008 has been repaid during the first half of 2009 from these new facilities and existing cash resources.

The Group has significant facilities and resources available for future investment and a spread of maturities out until 2019, with the Group's main £300m multi-currency bank facility maturing in 2012.

Dividends

An interim dividend of 1.48p (2008: 1.345p), representing a 10% increase on the comparable period, has been approved by the Board and will be paid on 11 December 2009 to all shareholders on the register at 13 November 2009.

RECONCILIATION OF UNDERLYING PROFIT

	Half Year to 30 June 2008	**Half Year to 30 June 2009**	Year to 31 December 2008
Trading profit is calculated as follows:			
£m			
Result before joint ventures	80	**158**	123
Share of post-tax results of joint ventures	4	**2**	6
Operating profit	84	**160**	129
Adjusted to exclude:			
Portfolio restructuring	3	**2**	7
Unrealised losses/(profits) on revaluation of currency instruments	8	**(46)**	60
Amortisation of intangible assets arising on acquisition	12	**43**	47
Acquisition related adjustments	-	**3**	9
Trading profit	107	**162**	252

	Half Year to 30 June 2008	**Half Year to 30 June 2009**	Year to 31 December 2008
Underlying profit before tax is calculated as follows:			
£m			
Profit on continuing operations before taxation	84	**139**	121
Adjusted to exclude:			
Portfolio restructuring	3	**2**	7
Unrealised losses/(profits) on revaluation of currency instruments	8	**(46)**	60
Amortisation of intangible assets arising on acquisition	12	**43**	47
Acquisition related adjustments	-	**3**	9
Underlying profit before taxation	107	**141**	244

	Half Year to 30 June 2008	**Half Year to 30 June 2009**	Year to 31 December 2008
Profit after tax used in the calculation of underlying EPS is calculated as follows:			
£m			
Profit after taxation attributable to equity shareholders	63	**106**	96
Adjusted to exclude (after tax):			
Portfolio restructuring	-	**1**	1
Unrealised losses/(profits) on revaluation of currency instruments	6	**(34)**	43
Amortisation of intangible assets arising on acquisition	7	**27**	30
Acquisition related adjustments	-	**2**	6
Underlying profit after tax	76	**102**	176
Underlying earnings per ordinary share (pence)	6.7	**9.0**	15.4

DIVISIONAL REVIEW

Group Operating Summary

	Revenue		Trading Profit	
	Half Year 2008	**Half Year 2009**	Half Year 2008	**Half Year 2009**
£m				
Cobham Avionics & Surveillance	199	**255**	32	**43**
Margin			*15.8%*	***16.7%***
Cobham Defence Systems	196	**437**	41	**75**
Margin			*20.9%*	***17.2%***
Cobham Mission Systems	139	**163**	22	**27**
Margin			*16.0%*	***16.6%***
Technology Division Eliminations	(8)	(12)	-	-
Technology Divisions	526	**843**	95	**145**
Margin			*18.0%*	***17.1%***
Cobham Aviation Services	107	**111**	10	**15**
Margin			*9.0%*	***13.7%***
Head Office and Other	(1)	(2)	2	2
Cobham Group	632	**952**	107	**162**
Margin			*16.8%*	***17.0%***

Cobham Avionics and Surveillance

	Half Year 2008	Acquisitions & Currency Translation	Organic	**Half Year 2009**
£m				
Revenue	199	53	3	**255**
Margin	15.8%	0.2%	0.7%	**16.7%**

Total revenue increased by 28% to £255m, largely driven by favourable currency translation exchange rates with a small contribution from 2008 acquisitions and organic growth of 2%. The Division's organic growth was driven principally by very strong growth in the Surveillance business, whose main markets are national security and law enforcement, partly offset by the impact of the market downturn in the Division's commercial Avionics and SATCOM markets.

The Division's margin increased in the period to 16.7% (2008: 15.8%). The operating margin declined in the businesses that were impacted by the downturn in commercial markets but this was partially mitigated by the rapid removal of costs and by the benefits from facility integration across the Division. The net margin decline in these businesses was offset by an increase in the margin in the Surveillance business and in France.

The main revenue growth drivers in the period included:

- Demand for surveillance equipment across the national security and law enforcement markets, including delivery of public safety systems to the UK police, increased revenue from bi-directional communication links and audio surveillance products;
- Sales of tactical radios and aircraft digital intercom systems driven by interoperability requirements across public safety organizations;
- Within the SATCOM business, growth in sales of land based communication on the move products and initial deliveries of aircraft based BGAN satellite communication products.

In addition, there were a number of important business developments in the period which it is anticipated will benefit future results:

- Selection by Airbus Industries to supply SATCOM antennas on single aisle and long range aircraft to enable long range communications with Air Traffic Control on the flight deck and support the latest Inmarsat services for cabin applications. The deal is expected to be worth up to US$70m. Airbus also selected Cobham's communication and navigation antennas for the A350, further consolidating the Group's position on that aircraft;
- Excellent progress developing the next BGAN generation of aircraft based satellite communication with Inmarsat type approval achieved and systems delivered to the launch customer in the US. The systems enable a full range of connectivity options to aircraft, including streaming video, internet, email, VPN, telephone and fax service;
- Further integration of business units across the Avionics business, with centres of excellence created in Prescott, Arizona and Mineral Wells, Texas;
- Significant PV developments are due to complete in 2009 in the areas of synthetic vision, digital cockpit audio systems, multi-band radios and helicopter stabilisation systems, which will position the business for future growth.

Cobham Defence Systems

	Half Year 2008	Acquisitions & Currency Translation	Organic	**Half Year 2009**
£m				
Revenue	196	229	12	**437**
Margin	20.9%	(5.9)%	2.2%	**17.2%**

Total revenue increased by 123% to £437m, driven by the contribution from 2008 acquisitions, favourable currency translation exchange rates and organic growth of 6%. The Division achieved very strong organic growth in Antenna Systems and Analytic Solutions but this was partly offset by the anticipated temporary slow down in vehicle intercoms orders and shipments prior to award of the VIS-X contract. The subsequent award of the contract to Cobham and the subsequent customer order for the current VIC-3 product underpins confidence in the organic revenue growth of the Defence Systems Division in the full year.

The Division's margin decreased, as anticipated, to 17.2% (2008: 20.9%) primarily due to the 2008 acquisition margin mix. The organic trading margin increased by 2.2% points in the period as a result of continuing operating efficiencies.

The main revenue growth drivers in the period included:

- Multiple full rate production contracts received by the Sensor Systems business for the LBT with a total value of US$65m. These awards bring the total number ordered by the US Navy to 157, out of a total anticipated order quantity of 292, of which 46 systems have been delivered. The LBT is designed to protect strike aircraft, ships and ground troops by disrupting enemy radar and communications;
- Acceleration of the US Marine Corps Tactical Elevated Antenna Mast (TEAM) programme, designed to extend line-of-sight communication range and improve communication reliability in difficult terrain;
- The next generation Tactical Area Communication System (TASMUS) programme for Turkey providing an antenna backbone for network centric communication;
- Sales of a variety of land based antennas to the Indian army and specialist radios to the German police force.

In addition, there were a number of important business developments in the period which it is anticipated will benefit future results:

- In June, a Cobham-Northrop Grumman team was selected for the VIS-X programme for the US Army which is expected to ship from the end of 2010, although one of the losing competitors has subsequently filed a protest with the General Accounting Office, which has until 28 October 2009 to issue a decision regarding the protest. The ID/IQ contract could be worth up to US$2.4bn over the next 10 years, of which Cobham's share is fifty per cent. Cobham will continue to supply VIC-3 systems to support the existing installed base on more than 85,000 vehicles;
- Initial trial unit orders from Lockheed Martin for the mINCAN interference cancellation system to be fitted to the US Joint Light Tactical Vehicle (JLTV) and Light Armoured Vehicle Command & Control (LAVC2) platforms;
- A contract was won with the US Navy Space and Naval Warfare (SPAWAR) Systems Command to develop a Controlled Radiation Pattern Antenna/Digital Antenna Control Unit (CRPA/DACU) anti-jam GPS for military helicopters. Agusta Westland also selected the Division to provide a similar solution;
- A contract was also secured to provide the nose radome and embedded antennas on the Korean Aerospace Industries T-50 Golden Eagle aircraft;
- An initial production contract for a Radio Frequency Processor for the US Advanced Anti-Radiation Guided Missile (AARGM);
- In January an R&D contract was awarded to lead a distinguished team of commercial, defence, and academic organizations on the National Cyber Range to find cutting edge solutions for the protection of US cyber resources.

Cobham Mission Systems

	Half Year 2008	Currency Translation and mix	Organic	**Half Year 2009**
£m				
Revenue	139	34	(10)	**163**
Margin	16.0%	0.6%	-	**16.6%**

Total revenue was up 17% to £163m driven by favourable currency translation exchange rates. Compared to a very strong first half in 2008, organic revenue declined by 7%. As anticipated, this was driven by lower air refuelling revenue. The Life Support business continued to grow.

The margin increased to 16.6% (2008: 16.0%) due to currency mix, with benefits from operational efficiencies offsetting the weaker trading in the Mission Equipment business.

Despite the reversal of air refuelling revenue, the main revenue growth drivers in the period included:

- Follow-on orders totalling US$14m were received for the improved High Mobility Multi Wheeled Vehicle (HMMWV) Restraint System and 8,000 ship sets were delivered, bringing the total deliveries since programme inception to 125,000;
- Shipment of 3,000 Air Warrior Microclimate Cooling Units to the US Army, bringing the total ship sets delivered since 2005 to over 15,000;
- Over 200 Small Diameter Bomb weapons carriage and release units were delivered to Boeing, the 100th refuelling probe to the V-22 Osprey programme and 100 refuelling tanks in support of the F-22 and C-130J, also with strong aftermarket sales for customers in the US and India;
- A suite of products were delivered for Tranche 2 of the Eurofighter programme, with deliveries to Saudi Arabia commencing. Orders related to Tranche 3 of this programme are anticipated before the year end.

In addition, there were a number of important business developments in the period which it is anticipated will benefit future results:

- Award of a five year IDDQ contract from the US Army to provide Microclimate Cooling Systems to the Air Warrior programme office, with expected revenue of up to US$110m during the next five years;
- Receipt of initial On Board Oxygen Generating System (OBOGS) production orders for USAF A-10, Embraer Brazil A-1M, Turkish Aerospace Hurkus Trainer and follow-on orders for the Korean F-15 OBOGS and US Navy F-18E/F/G;
- Qualification and delivery of flight test hardware for the Boeing 787 was completed for the OBIGGS. Orders were received for 15 USAF C-17 OBIGGS II modules;
- Dry contact trail and reel trials of the next generation 905E refuelling pods were completed in May on the EADS-CASA built A330 Multi-Role Tanker Transport (MRTT) aircraft for the Royal Australian Air Force;
- The transfer on schedule of the weapons carriage and release product lines from El Monte, California was completed with production commencing in July 2009 in Buffalo, New York. Integration of the refuelling product lines will complete later in 2009 as planned.

Cobham Aviation Services

	Half Year 2008	Currency Translation	Organic	**Half Year 2009**
£m				
Revenue	107	2	2	**111**
Margin	9.0%	-	4.7%	**13.7%**

Total revenue increased 4% to £111m, due to favourable currency translation exchange rates and organic growth of 2%.

The main revenue growth drivers in the period included:

- In the UK there was increased activity on large military aircraft maintenance;
- In Australia there was an increased rate of effort on the Sentinel programme, partly offsetting the shedding of some less profitable contracts in the Regional Services business.

The Division's margin increased to 13.7% (2008: 9.0%) due principally to the impact of the revenue growth drivers above.

In addition, there were a number of important business developments in the period which it is anticipated will benefit future results:

- Receipt of two contracts from the Australian Border Protection Command worth a total of AUD$43m. The first increases the Sentinel fleet in response to illegal immigrant vessel activity, using two existing Cessna F 406 aircraft with operations commencing in July 2009. The second is for additional flying hours for the all electronic fleet of ten Bombardier Dash 8 aircraft, with the first aircraft fitted with the Surveillance Information Management (SIM) system entering service in July 2009;
- Two contract extensions were secured with key West Australian resource sector clients, with a combined contract value of some AUD$90m;
- In the UK, award of a £18m order for the Military Flying Training Services (MFTS) Royal Navy rear crew training contract to convert four Beechcraft King Air B350 aircraft followed by five years of maintenance and support at RNAS Culdrose.

OUTLOOK

The Group has seen good levels of organic growth in its military and government businesses in the first half, although this has been partly offset by the anticipated subdued activity in the Defence Communications and Mission Equipment businesses as well as by the generally unfavourable conditions in Cobham's commercial markets. Nevertheless, the Group has delivered strong underlying earnings growth and cash generation.

Cobham's core military and government markets continue to be healthy and revenue from vehicle intercoms should increase in the second half. The Board expects to achieve further progress in the full year, with increased levels of organic revenue growth from the Technology Divisions and remains confident of continued high single digit organic revenue growth over the medium term.

- E n d s -

Forward Looking Statements

Nothing in this press release should be construed as a profit forecast or be interpreted to mean that the future earnings per share of Cobham will necessarily be the same as, or greater than, the earnings per share for completed financial periods.

This document contains 'forward-looking statements' with respect to the financial condition, results of operations and business of Cobham and to certain of Cobham's plans and objectives with respect to these items.

Forward-looking statements are sometimes but not always identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal', or 'estimates'. By their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or will occur in the future.

There are various factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies, political situations and markets in which the Group operates; changes in government priorities due to programme reviews or revisions to strategic objectives; changes in the regulatory or competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; changes to or delays in programmes in which the Group is involved; the completion of acquisitions and divestitures and changes in exchange rates.

All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Cobham or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Cobham does not intend to update these forward-looking statements.

Consolidated income statement (unaudited)

For the half year ended 30 June 2009

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Continuing operations				
Revenue	2	**952.1**	632.3	1,466.5
Cost of sales		**(652.2)**	(439.6)	(1,008.5)
Gross profit		**299.9**	192.7	458.0
Selling and distribution costs		**(46.2)**	(34.4)	(76.0)
Administrative expenses		**(142.8)**	(69.5)	(200.0)
Share of post-tax results of joint ventures		**2.5**	3.5	6.0
Unrealised gains/(losses) on revaluation of currency instruments		**46.7**	(8.4)	(59.5)
Operating profit		**160.1**	83.9	128.5
Finance income	3	**17.6**	28.1	56.5
Finance expense	3	**(38.1)**	(28.0)	(64.3)
Profit on continuing operations before taxation		**139.6**	84.0	120.7
Tax on continuing operations		**(33.5)**	(23.3)	(28.1)
Profit on continuing operations after taxation		**106.1**	60.7	92.6
Discontinued operations				
Profit after taxation from discontinued operations	13	**-**	1.8	2.9
Profit after taxation for the period		**106.1**	62.5	95.5
Profit attributable to equity shareholders		**106.0**	62.4	95.4
Profit attributable to minority interests		**0.1**	0.1	0.1
Profit after taxation for the period		**106.1**	62.5	95.5
Earnings per Ordinary Share	6			
- Basic		**9.29p**	5.49p	8.38p
- Diluted		**9.25p**	5.46p	8.34p

Trading profit is calculated as follows:

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Operating profit from continuing operations		**160.1**	83.9	128.5
Adjusted to exclude:				
Portfolio restructuring	8	**1.7**	2.6	7.4
Unrealised (gains)/losses on revaluation of currency instruments		**(46.7)**	8.4	59.5
Amortisation of intangible assets arising on acquisition		**43.4**	11.6	46.8
Acquisition related adjustments	7	**3.2**	-	9.4
Trading profit	2	**161.7**	106.5	251.6

Consolidated statement of comprehensive income (unaudited)

For the half year ended 30 June 2009

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Profit after taxation for the period		**106.1**	62.5	95.5
Net translation differences on investments in overseas subsidiaries		**(22.8)**	7.8	51.8
Actuarial loss on pensions	4	**(112.8)**	(56.9)	(27.2)
Actuarial loss on other retirement obligations		**-**	-	(0.8)
Movements on cash flow hedges		**25.7**	10.1	(53.1)
Deferred tax effects		**23.0**	11.6	20.9
Other comprehensive expense for the period		**(86.9)**	(27.4)	(8.4)
Total comprehensive income for the period		**19.2**	35.1	87.1
Attributable to:				
Owners of the parent company		**19.1**	35.0	87.0
Minority interest		**0.1**	0.1	0.1
		19.2	35.1	87.1

Consolidated balance sheet (unaudited)

As at 30 June 2009

£m	Note	As at 30.6.09	As at 30.6.08	As at 31.12.08
Assets				
Non-current assets				
Intangible assets		**1,091.9**	798.9	1,211.8
Property, plant and equipment	9	**282.8**	233.1	291.1
Investment properties		**11.4**	7.0	13.0
Investments in joint ventures		**15.9**	15.5	16.9
Trade and other receivables		**41.5**	16.5	22.2
Derivative financial instruments		**5.4**	13.4	0.7
Deferred taxation assets		**7.4**	10.0	9.0
		1,456.3	1,094.4	1,564.7
Current assets				
Inventories		**247.6**	188.4	246.8
Trade and other receivables		**297.8**	256.9	357.4
Corporation tax		**5.2**	3.6	12.6
Derivative financial instruments		**6.1**	7.8	1.1
Cash and cash equivalents		**384.0**	337.8	311.0
		940.7	794.5	928.9
Assets classified as held for sale		**-**	-	66.0
		940.7	794.5	994.9
Liabilities				
Current liabilities				
Borrowings		**(498.8)**	(386.1)	(823.9)
Trade and other payables		**(345.5)**	(281.3)	(333.8)
Derivative financial instruments		**(15.9)**	(3.4)	(45.3)
Corporation tax		**(62.0)**	(61.8)	(45.1)
Provisions		**(61.6)**	(39.1)	(75.2)
		(983.8)	(771.7)	(1,323.3)
Liabilities classified as held for sale		**-**	-	(19.4)
		(983.8)	(771.7)	(1,342.7)
Non-current liabilities				
Borrowings		**(326.7)**	(123.5)	(128.4)
Trade and other payables		**(33.7)**	(27.4)	(37.6)
Derivative financial instruments		**(20.5)**	(7.3)	(67.1)
Deferred taxation liabilities		**(23.8)**	(18.1)	(58.0)
Provisions		**(14.0)**	(43.1)	(25.8)
Retirement benefit obligations	4	**(163.7)**	(90.7)	(51.2)
		(582.4)	(310.1)	(368.1)
Net assets		**830.8**	807.1	848.8
Capital and reserves				
Called up share capital		**28.6**	28.5	28.5
Share premium account		**108.2**	101.5	103.9
Translation reserve		**25.4**	8.9	45.1
Other reserves		**5.7**	26.6	(7.9)
Retained earnings		**662.3**	641.1	678.6
Total shareholders' equity		**830.2**	806.6	848.2
Minority interest in equity		**0.6**	0.5	0.6
Total equity		**830.8**	807.1	848.8
Net debt		**(441.5)**	(171.8)	(641.3)

Consolidated statement of changes in equity (unaudited)

For the half year ended 30 June 2009

	Called up share capital	Share premium account	Translation reserve	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2009	28.5	103.9	45.1	(7.9)	678.6	848.2	0.6	848.8
Profit for the period	-	-	-	-	106.0	106.0	0.1	106.1
Actuarial loss on pensions	-	-	-	-	(112.8)	(112.8)	-	(112.8)
Net translation differences on investments in overseas subsidiaries	-	-	(22.8)	-	-	(22.8)	-	(22.8)
Movements on cash flow hedges	-	-	4.3	15.0	6.4	25.7	-	25.7
Recycling of cash flow hedge fair values	-	-	-	6.4	(6.4)	-	-	-
Deferred tax effects	-	-	(1.2)	(7.4)	31.6	23.0	-	23.0
Total comprehensive income for the period	-	-	(19.7)	14.0	24.8	19.1	0.1	19.2
Issue of shares	0.1	4.3	-	-	-	4.4	-	4.4
Purchase of treasury shares	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Dividends authorised	-	-	-	-	(41.3)	(41.3)	-	(41.3)
Credit to reserve for share-based payments	-	-	-	2.0	-	2.0	-	2.0
Release of share options reserve on vesting of LTIPs	-	-	-	(1.9)	-	(1.9)	-	(1.9)
Realisation of share options reserve	-	-	-	(0.5)	0.5	-	-	-
Foreign exchange	-	-	-	-	-	-	(0.1)	(0.1)
Total equity at 30 June 2009	28.6	108.2	25.4	5.7	662.3	830.2	0.6	830.8

	Called up share capital	Share premium account	Translation reserve	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2008	28.4	98.8	1.4	17.9	657.2	803.7	0.4	804.1
Profit for the year	-	-	-	-	95.4	95.4	0.1	95.5
Actuarial loss on pensions	-	-	-	-	(27.2)	(27.2)	-	(27.2)
Actuarial loss on other retirement obligations	-	-	-	-	(0.8)	(0.8)	-	(0.8)
Net translation differences on investments in overseas subsidiaries	-	-	51.8	-	-	51.8	-	51.8
Movements on cash flow hedges	-	-	(11.0)	(43.4)	1.3	(53.1)	-	(53.1)
Recycling of cash flow hedge fair values	-	-	-	1.3	(1.3)	-	-	-
Deferred tax effects	-	-	2.9	11.6	6.4	20.9	-	20.9
Total comprehensive income for the year	-	-	43.7	(30.5)	73.8	87.0	0.1	87.1
Issue of shares	0.1	5.1	-	-	-	5.2	-	5.2
Purchase of treasury shares	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Dividends authorised	-	-	-	-	(52.7)	(52.7)	-	(52.7)
Credit to reserve for share-based payments	-	-	-	6.1	-	6.1	-	6.1
Realisation of share options reserve	-	-	-	(1.4)	1.4	-	-	-
Foreign exchange	-	-	-	-	-	-	0.1	0.1
Total equity at 31 December 2008	28.5	103.9	45.1	(7.9)	678.6	848.2	0.6	848.8

	Called up share capital	Share premium account	Translation reserve	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2008	28.4	98.8	1.4	17.9	657.2	803.7	0.4	804.1
Profit for the period	-	-	-	-	62.4	62.4	0.1	62.5
Actuarial loss on pensions	-	-	-	-	(56.9)	(56.9)	-	(56.9)
Net translation differences on investments in overseas subsidiaries	-	-	7.8	-	-	7.8	-	7.8
Movements on cash flow hedges	-	-	(0.3)	10.1	0.3	10.1	-	10.1
Recycling of cash flow hedge fair values	-	-	-	0.3	(0.3)	-	-	-
Deferred tax effects	-	-	-	(4.2)	15.8	11.6	-	11.6
Total comprehensive income for the period	-	-	7.5	6.2	21.3	35.0	0.1	35.1
Issue of shares	0.1	2.7	-	-	-	2.8	-	2.8
Purchase of treasury shares	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Dividends authorised	-	-	-	-	(37.3)	(37.3)	-	(37.3)
Credit to reserve for share-based payments	-	-	-	2.9	-	2.9	-	2.9
Realisation of share options reserve	-	-	-	(0.7)	0.7	-	-	-
Foreign exchange	-	-	-	0.3	0.3	0.6	-	0.6
Total equity at 30 June 2008	28.5	101.5	8.9	26.6	641.1	806.6	0.5	807.1

Consolidated statement of cash flows (unaudited)

For the half year ended 30 June 2009

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Cash flows from operating activities				
Cash generated from continuing operations	11	**170.2**	143.0	315.5
Corporation taxes paid		**(17.4)**	(33.7)	(58.2)
Interest paid		**(31.5)**	(26.6)	(39.6)
Interest received		**5.1**	28.7	33.5
Net cash from operating activities		**126.4**	111.4	251.2
Cash flows from investing activities				
Dividends received from joint ventures		**3.0**	6.9	8.9
Purchase of property, plant and equipment	9	**(29.6)**	(23.0)	(52.0)
Purchase of intangible assets		**(2.4)**	(0.2)	(6.3)
Capitalised expenditure on intangible assets		**-**	(0.1)	(0.1)
Proceeds on disposal of property, plant and equipment and investment property		**1.8**	0.1	3.4
Proceeds on disposal of held for sale assets		**17.5**	-	-
Acquisition of subsidiaries net of cash acquired	12	**(24.6)**	(341.9)	(603.4)
Net deferred and contingent consideration		**(3.1)**	(1.6)	(2.0)
Other acquisition related costs		**(0.6)**	-	(4.9)
Special pension contributions relating to disposals in prior years		**-**	-	(6.3)
Restructuring costs		**(3.2)**	(1.1)	(2.2)
Net cash used in investing activities		**(41.2)**	(360.9)	(664.9)
Cash flows from financing activities				
Issue of share capital	6	**2.5**	2.8	5.2
Dividends paid	5	**-**	-	(52.7)
Purchase of treasury shares		**(0.3)**	-	(1.1)
New borrowings		**-**	144.6	388.3
Repayment of borrowings		**(9.6)**	(4.4)	(48.7)
Repayment of obligations under finance leases		**(0.1)**	(0.1)	(0.1)
Net cash (used in)/from financing activities		**(7.5)**	142.9	290.9
Net increase/(decrease) in cash and cash equivalents		**77.7**	(106.6)	(122.8)
Cash and cash equivalents at start of period		**304.4**	432.0	432.0
Exchange movements		**(4.7)**	7.1	(4.8)
Cash and cash equivalents at end of period		**377.4**	332.5	304.4

Cash and cash equivalents above are shown net of bank overdrafts of £6.6m (31.12.2008: £6.6m; 30.6.2008: £5.3m). These are classified as borrowings in the balance sheet.

Notes to the interim financial information

For the half year ended 30 June 2009

1. Basis of preparation

This unaudited consolidated interim financial information for the half year ended 30 June 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, and with IAS 34, Interim Financial Reporting, as adopted by the European Union (EU). It comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes ("the interim financial report"). This information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS as adopted by the EU.

Other than as stated below, the accounting policies applied are consistent with those published in the financial statements for the year ended 31 December 2008 and are expected to be applied for the year ended 31 December 2009. Taxes on income in the interim periods are accrued using the tax rate that is expected to be applicable to the total earnings for the year.

Standards, amendments to standards and interpretations, endorsed by the EU, which have been adopted from 1 January 2009 and which impact on the financial statements are as follows:

- IAS 1 (revised), Presentation of financial statements. This interim financial report has been prepared under the disclosure requirements of the revised standard and accordingly the Group has chosen to present two performance statements: a consolidated income statement and a consolidated statement of comprehensive income (formerly the consolidated statement of recognised income and expense). Changes in equity such as dividends are shown in a separate consolidated statement of changes in equity.
- IFRS 8, Operating segments. This requires that segment information is presented on the same basis as used for internal management reporting as provided to the chief operating decision maker. Segment information prepared on this basis is presented in note 2.
- IFRS 2, Share-based Payments (amendment) - this restricts the definition of vesting conditions to service and performance conditions and confirms that all cancellations (whether by the employee or the entity) should receive the same accounting treatment. The impact of this is to accelerate charges to the income statement where such cancellation occurs. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the adjustment in respect of prior years required on adoption of this standard was not material and has therefore been accounted for in the current period.

The following standards, amendments to standards and interpretations which have been endorsed by the EU have also been adopted with effect from 1 January 2009. No changes to previously published accounting policies or other adjustments were required on their adoption.

- Amendments to IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation, issued in January 2008.
- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards and IAS 27, Consolidated and Separate Financial Statements
- IFRS Annual improvements 2008
- IFRIC 13, Customer Loyalty Programmes
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation

The March 2009 amendments to IFRS 7, Improving Disclosures about Financial Instruments, have not been endorsed but are effective from 1 January 2009. Once endorsed and adopted this amendment is expected to result in some changes to the disclosures to be made in the financial statements to 31 December 2009.

IFRIC 15, Agreements for Construction of Real Estate, has not yet been endorsed by the EU but would otherwise be effective from 1 January 2009. No changes to previously published accounting policies or other adjustments are anticipated on its adoption.

This interim financial report and the comparative figures for the year ended 31 December 2008 do not constitute statutory accounts within the meaning of the Companies Act 2006. Full accounts for that year have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

This interim financial report was approved by the Board of Directors and approved for issue on 4 August 2009. The report is being sent to shareholders on request and will be available to members of the public at Cobham plc's registered office at Brook Road, Wimborne, Dorset, BH21 2BJ, UK and on the company's website, www.cobham.com.

COBHAM

Underlying measures

In addition to the information required by IFRS, and to assist with the understanding of earnings trends, the Group has included within its published statements trading profit and underlying earnings results.

Trading profit and underlying earnings have been defined to exclude the impacts of certain acquisition related costs, portfolio restructuring costs, the marking to market of currency instruments not realised in the period and impairments of goodwill.

Acquisition related costs excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition, the writing off of the pre-acquisition profit element of inventory written up on acquisition, costs charged post acquisition related to acquired share options and direct costs associated with exceptional terminated acquisitions.

Portfolio restructuring costs comprise exceptional profits or losses arising on disposals actually completed, as well as exceptional costs or profits associated with the restructuring of the Group's business and site integrations.

All underlying measures include the revenue and operational results of both continuing and discontinued businesses until the point of sale of the operation.

Net debt is defined as the net of cash and cash equivalents less borrowings at the balance sheet date.

Operating segments

The chief operating decision making body for the Group has been identified as the Executive Committee. This committee reviews the group's internal reporting in order to assess performance and allocate resources, which is based on the group's operating Divisions and has been used to determine operating segments. There has been no change to the definition of operating segments as a result of the adoption of IFRS 8. These segments are described further in note 2. Details of the composition and purpose of the Executive Committee can be found on page 37 of the 2008 Annual Report and Accounts.

The Executive Committee assesses the performance of operating divisions based on revenue, trading profit as defined above and operating cash generation. Interest income and expenditure, and taxation are not segmented and are reviewed by the Executive Committee on a Group basis.

Segment assets have been defined to include intangible assets, property, plant and equipment, investment properties, inventory and trade and other receivables. They do not include tax receivables, cash and bank balances and derivative financial assets. This definition of segment assets is consistent with disclosures given in previous years as the Executive Committee do not review any information on segment assets.

2. Segment information

The Group has four reportable segments which are the operating Divisions whose revenue and results are reported to the Executive Committee. The principal activities of these Divisions are as follows:

Cobham Avionics and Surveillance	Providing a suite of end-to-end avionics products, law enforcement and national security solutions, and satellite communication equipment for land, sea and air applications.
Cobham Defence Systems	Critical technology for network centric and intelligence operations, moving information around the digital battlefield with customised and off-the-shelf solutions for people and systems to communicate on land, sea and air.
Cobham Mission Systems	Providing safety and survival systems for extreme environments, nose-to-tail refuelling systems and wing-tip to wing-tip mission systems for fast jets, transport aircraft and rotor craft.
Cobham Aviation Services	Delivering outsourced aviation services for military and civil customers worldwide through military training, special mission flight operations, outsourced commercial aviation and aircraft engineering.

Information is also presented for the combined results of the Technology Divisions, namely Cobham Avionics and Surveillance, Cobham Defence Systems and Cobham Mission Systems.

Head office results (net of recoveries) and costs and recoveries associated with the bid process for the Future Strategic Tanker Aircraft project are not included within the operating segments as described above.

£m	Avionics and Surveillance	Defence Systems	Mission Systems	Sub-total Technology Divisions	Aviation Services	Total segment revenue and result
Revenue						
Half year to 30 June 2009						
Revenue	254.8	436.6	162.7	854.1	111.4	965.5
Elimination of inter-segment revenue				(11.6)	(2.2)	(13.8)
Total third party segment revenue				842.5	109.2	951.7
Year to 31 December 2008						
Revenue	432.8	529.3	302.0	1,264.1	221.9	1,486.0
Elimination of inter-segment revenue				(18.5)	(1.9)	(20.4)
Total third party segment revenue				1,245.6	220.0	1,465.6
Half year to 30 June 2008						
Revenue	198.9	196.6	138.7	534.2	107.3	641.5
Elimination of inter-segment revenue				(8.2)	(1.4)	(9.6)
Total third party segment revenue				526.0	105.9	631.9
Trading profit						
Half year to 30 June 2009	42.5	74.9	27.0	144.4	15.3	159.7
Year to 31 December 2008	71.7	105.2	52.2	229.1	24.8	253.9
Half year to 30 June 2008	31.5	41.0	22.2	94.7	9.7	104.4

Total segment assets

There has been no material change in the amount of total segment assets compared to the amount disclosed in the last annual financial statements.

The following reconciliations are provided between the segment information presented above and the revenue and results shown elsewhere in these financial statements:

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Revenue			
Total segment revenue	**951.7**	631.9	1,465.6
Third party revenue - other activities	**0.4**	0.4	0.9
Total revenue from continuing operations	**952.1**	632.3	1,466.5
Result			
Total segment trading profit	**159.7**	104.4	253.9
Head office and other activities	**2.0**	2.1	(2.3)
Total trading profit	**161.7**	106.5	251.6
Portfolio restructuring	**(1.7)**	(2.6)	(7.4)
Unrealised gains/(losses) on revaluation of currency instruments	**46.7**	(8.4)	(59.5)
Amortisation of intangible assets on acquisition	**(43.4)**	(11.6)	(46.8)
Acquisition related adjustments	**(3.2)**	-	(9.4)
Net finance expense	**(20.5)**	0.1	(7.8)
Profit on continuing operations before taxation	**139.6**	84.0	120.7

3. Finance income and expense

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Finance income:			
Bank interest	**5.0**	14.1	27.2
Expected return on pension scheme assets	**11.4**	13.6	28.1
Other finance income	**1.2**	0.4	1.2
Total finance income	**17.6**	28.1	56.5
Finance expense:			
Interest on bank overdrafts and loans	**(23.1)**	(14.3)	(36.2)
Interest on pension scheme liabilities	**(14.3)**	(12.9)	(26.5)
Other finance expense	**(0.7)**	(0.8)	(1.6)
Total finance expense	**(38.1)**	(28.0)	(64.3)
Net finance expense excluding pension schemes	**(17.6)**	(0.6)	(9.4)
Net finance (expense)/income on pension schemes	**(2.9)**	0.7	1.6
Net finance (expense)/income	**(20.5)**	0.1	(7.8)

4. Retirement benefit obligations

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Net liability at start of period	**(51.2)**	(37.2)	(37.2)
Amount recognised in the income statement	**(5.2)**	(2.1)	(3.6)
Contributions paid by employer	**5.5**	5.5	17.5
Actuarial loss recognised in consolidated statement of comprehensive income	**(112.8)**	(56.9)	(27.2)
Exchange differences	**-**	-	(0.7)
Net liability at end of period	**(163.7)**	(90.7)	(51.2)

The estimated shortfall between the value of defined benefit pension scheme assets and the present value of future liabilities at 30 June 2009 has increased by £112.5m since 31 December 2008, excluding the deferred tax credit associated with such a shortfall.

The primary driver for the movement is actuarial losses, which are recognised through the consolidated statement of comprehensive income and do not impact the income statement of the Group. The main factors driving these losses are a decrease in the market value of investments of £50.7m and the impact on the discounted value of further liabilities from a combination of an increased long-term inflation assumption and a decreased discount rate, which is derived from corporate bond yields. The impact of these two factors have increased the valuation of liabilities by £62.1m with approximately £20m due to changes in the discount rate and £42m due to changes in the inflation assumption.

5. Dividends

The following dividends on Ordinary Shares were authorised during the period:

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Final dividend of 3.61p per share for 2008 (2007: 3.28p)	**41.3**	37.3	37.3
Interim dividend of 1.345p per share for 2008	**-**	-	15.4
	41.3	37.3	52.7

The final dividend for 2008 was approved at the AGM held on 6 May 2009 and paid to shareholders on 1 July 2009. All other dividends were paid in the period in which they were authorised.

In addition to the above, an interim dividend of 1.480 pence per share (2008: 1.345p per share) in respect of the financial year ended 31 December 2009 was approved by the Board on 4 August 2009 and has not been included as a liability in these financial statements. This will absorb an estimated £16.9m of shareholders' funds and will be paid on 11 December 2009 to shareholders who are on the register of members as at 13 November 2009.

6. Earnings per Ordinary Share (EPS)

		Half year to 30.6.09	Half year to 30.6.08	Year to 31.12.08
Basic EPS				
Earnings attributable to ordinary shareholders	£m	**106.0**	62.4	95.4
Weighted average number of shares	million	**1,141.4**	1,136.8	1,137.8
Basic EPS	pence	**9.29**	5.49	8.38
Diluted EPS				
Earnings attributable to ordinary shareholders	£m	**106.0**	62.4	95.4
Weighted average number of shares	million	**1,141.4**	1,136.8	1,137.8
Effect of dilutive securities:				
Options		**2.9**	5.0	4.3
Long term incentive plans		**1.7**	0.6	2.4
Diluted number of shares	million	**1,146.0**	1,142.4	1,144.5
Diluted EPS	pence	**9.25**	5.46	8.34

The tables above include the results of both continuing and discontinued operations. The EPS arising from discontinued operations is shown in note 13.

During the half year to 30 June 2009, Cobham plc issued 2,151,736 shares (year to 31 December 2008: 4,687,312; half year to 30 June 2008: 2,708,169) upon the exercise of share options for total cash consideration of £2.5m. A further 1,033,740 shares were issued in connection with the vesting of LTIP awards.

7. Underlying profit and earnings per share

£m		Half year to 30.6.09	Half year to 30.6.08	Year to 31.12.08
Operating profit		**160.1**	83.9	128.5
Portfolio restructuring costs (note 8)		**1.7**	2.6	7.4
Unrealised (gains)/losses on revaluation of currency instruments		**(46.7)**	8.4	59.5
Amortisation of intangible assets arising on acquisition		**43.4**	11.6	46.8
Acquisition related adjustments				
Costs charged post-acquisition for acquired share options		**3.2**	-	5.5
Fair value adjustments to inventory on acquisition		**-**	-	3.9
Trading profit		**161.7**	106.5	251.6
Net finance (expense)/income		**(20.5)**	0.1	(7.8)
Underlying profit before taxation		**141.2**	106.6	243.8
Taxation charge on underlying profit		**(38.8)**	(30.4)	(68.2)
Minority interest		**(0.1)**	(0.1)	(0.1)
Underlying profit after taxation attributable to equity shareholders		**102.3**	76.1	175.5
Weighted average number of shares	million	**1,141.4**	1,136.8	1,137.8
Underlying EPS	pence	**8.96**	6.69	15.42

Underlying administrative expenses, which exclude portfolio restructuring costs, amortisation of intangible assets recognised on acquisition and other acquisition related adjustments, were as follows:

£m	Half year to 30.6.09	Half year to 30.6.08	Year to 31.12.08
Underlying administrative expenses	**94.5**	55.3	140.3

8. Portfolio restructuring

Restructuring costs during the period to 30 June 2009 relate to continued work on the consolidation of the Cobham Mission Systems Division's US production facilities which was started in 2008.

The results of these restructuring activities have been excluded from trading profit and underlying earnings for the Group.

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Restructuring costs		**(1.7)**	(2.6)	(7.4)
Profit on disposal of discontinued activities before tax	13	**-**	2.5	2.9
		(1.7)	(0.1)	(4.5)
Tax effect of portfolio restructuring		**0.6**	-	2.5
		(1.1)	(0.1)	(2.0)

The cumulative pre-tax results of the Group's strategic portfolio restructuring since 2005 are as follows:

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Cumulative profits on disposals	**28.8**	28.4	28.8
Cumulative restructuring costs	**(22.6)**	(16.1)	(20.9)
	6.2	12.3	7.9

9. Property, plant and equipment

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Carrying amount at start of period	**291.1**	203.8	203.8
Additions	**30.0**	23.0	52.1
Acquisition of subsidiaries	**-**	16.8	35.1
Disposals	**(0.8)**	(1.0)	(4.7)
Depreciation	**(22.0)**	(17.7)	(33.3)
Reclassification	**(1.0)**	-	(1.0)
Foreign exchange adjustments	**(14.5)**	8.2	39.1
Carrying amount at end of period	**282.8**	233.1	291.1

Commitments for the acquisition of property, plant and equipment are as follows:

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Commitments	**13.7**	18.1	10.9

10. Contingent and other liabilities

There have been no material changes in contingent liabilities since 31 December 2008.

11. Notes to the consolidated statement of cash flows

Cash flows from operating activities

£m	Note	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Profit after taxation for the period		**106.1**	62.5	95.5
Profit after taxation for the period - discontinued operations	13	**-**	(1.8)	(2.9)
Adjustments for:				
Tax charge		**33.5**	23.3	28.1
Share of post-tax profits of joint ventures		**(2.5)**	(3.5)	(6.0)
Net finance expense/(income)	3	**20.5**	(0.1)	7.8
Depreciation		**22.6**	17.9	32.6
Amortisation of intangible assets		**44.9**	12.1	48.4
(Profit)/loss on sale of property, plant and equipment		**(0.2)**	0.2	0.3
Portfolio restructuring	8	**1.7**	2.6	7.4
Costs charged post-acquisition for acquired share options		**3.2**	-	5.5
Fair value adjustments to inventory on acquisition		**-**	-	3.9
Unrealised (profits)/losses on revaluation of currency instruments		**(46.7)**	8.4	59.5
Pension contributions in excess of pension expenditure		**(3.1)**	(2.7)	(6.1)
Share-based payments expense		**2.0**	3.0	6.1
(Decrease)/increase in provisions		**(6.6)**	7.6	7.7
Operating cash flows before movements in working capital		**175.4**	129.5	287.8
(Increase)/decrease in inventories		**(21.6)**	(6.3)	4.7
Decrease/(increase) in trade and other receivables		**39.7**	12.1	(1.3)
(Decrease)/increase in trade and other payables		**(23.3)**	7.7	24.3
Movements in working capital		**(5.2)**	13.5	27.7
Cash generated from operations		**170.2**	143.0	315.5

Reconciliation of net cash flow to movement in net debt

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Increase/(decrease) in cash and cash equivalents in the period	**77.7**	(106.6)	(122.8)
Net repayment of/(increase in) borrowings	**9.7**	(140.1)	(339.5)
Exchange movements	**112.4**	(3.0)	(256.9)
Movement in net debt in the period	**199.8**	(249.7)	(719.2)
Net (debt)/cash at beginning of period	**(641.3)**	77.9	77.9
Net debt at end of period	**(441.5)**	(171.8)	(641.3)

12. Acquisitions

The acquisition of the entire share capital of Argotek, Inc was completed on 21 May 2009 for total consideration of US$36.25m, including deferred consideration of US$10m. Argotek provides high-end information assurance services and will be reported within the Cobham Defence Systems Division.

Components of the cost of the acquisition during the period are as follows:

£m	Total
Cash	16.7
Deferred consideration	6.4
Directly attributable acquisition costs (including direct legal costs)	0.2
	23.3

The net cash flows resulting from acquisitions are as follows:	
Cash consideration paid including expenses of acquisition	16.7
Consideration and expenses of acquisitions completed in prior periods	7.9
	24.6

The profit after tax for Argotek, Inc since the date of acquisition is £0.2m, this includes the impacts of amortisation of intangible assets and internal finance costs which are included within the results of the acquired business for management purposes.

If this acquisition had taken effect on 1 January 2009, it is estimated that Group total revenues would have been £956.6m and profit after tax £107.1m. This information is not necessarily indicative of the results had the operations been acquired at the start of the period, nor of future results of the combined operations.

A summary of the provisional book and fair values of the net assets acquired, which are subject to potential adjustment, are as follows:

£m	Book value prior to acquisition	Fair value
Intangible assets	-	12.9
Current assets	1.5	1.5
Current liabilities	(1.3)	(1.3)
Non-current liabilities	-	(2.9)
Net assets acquired	0.2	10.2
Goodwill		13.1
Total consideration		23.3

All intangible assets were recognised at their respective fair values. The residual excess of the total cost over the fair value of the net assets acquired is recognised as goodwill in the financial statements. Goodwill represents the premium paid in anticipation of future economic benefits from assets that are not capable of being separately identified and separately recognised.

Adjustments from book value to fair value include adjustments arising from the recognition of intangible assets under IFRS 3, Business Combinations.

In the Group consolidated financial statements for the year to 31 December 2008, the fair values of assets and liabilities acquired for M/A-COM were marked as provisional. In light of subsequent information reflecting conditions as at the date of acquisition, property, plant and equipment has decreased by £1.2m, assets held for resale have decreased by £3.1m and other current liabilities have been increased by £0.2m, resulting in a total decrease in the fair value of net assets acquired of £4.5m. Goodwill has therefore been adjusted accordingly.

13. Discontinued operations

No businesses were sold or classified as discontinued during the period to 30 June 2009, nor during the year to 31 December 2008. There were no trading profits arising from discontinued operations during these periods.

During the year to 31 December 2008, a profit on disposal of £2.9m arose (period to 30 June 2008: £2.5m) relating to the disposal of the Fluid and Air group which was sold in 2005. Consistent with the treatment previously adopted for these businesses, these profits are treated as the results of discontinued operations.

£m	**Half year to 30.6.09**	Half year to 30.6.08	Year to 31.12.08
Profit on disposal before tax	**-**	2.5	2.9
Tax on profit on disposal	**-**	(0.7)	-
Profit on disposal after tax	**-**	1.8	2.9
Earnings per ordinary share of discontinued operations			
- basic	-	0.22p	0.26p
- diluted	-	0.22p	0.26p

At 31 December 2008, the Group's investment in M/A-COM Technology Solutions Inc (MTS) was classified as held for sale. The divestment of this business was completed on 31 March 2009 for debt-free cash-free consideration comprising US$30m in cash, US$30m in senior loan notes secured on the MTS assets and US$30m dependent on future revenues in the period 2010 to 2012. There was no profit or loss arising on this disposal. The loan notes carry a rate of interest of 7.5%, which increases over time, and they are repayable in two equal tranches in December 2011 and 2012. The senior loan notes are included in other receivables in the consolidated balance sheet at 30 June 2009.

14. Related party transactions

Transactions between Cobham plc and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Dividends received from joint ventures are as shown in the consolidated statement of cash flows.

There were no other transactions with related parties which had a material effect on the financial position or performance of the company during the periods covered by this interim financial report.

Statement of Directors' Responsibilities

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union and that the interim financial report includes a fair review of the information required by Rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The Directors of Cobham plc are listed on page 31 of the 2008 Annual Report and Accounts; no Directors have been appointed or resigned during the period. In May 2009, Mr Cook announced his retirement as Chief Executive from 31 December 2009. A list of current Directors is maintained on the Cobham Group website: www.cobham.com.

By order of the Board

A E Cook	W G Tucker
Chief Executive	Chief Financial Officer

5 August 2009

Independent review report to Cobham plc

Introduction
We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2009, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Southampton
5 August 2009

(a) The maintenance and integrity of the Cobham plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.