COBHAM

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2012

8 August 2012

	2011	**2012**	Change
Order intake	£969m	**£768m**	-21%
Total revenue	£892m	**£843m**	-5%
Core[1] revenue (ongoing businesses)	£773m	**£817m**	+6%
Underlying[2] trading margin	18.7%	**18.7%**	-
Underlying[2] profit before tax	£149m	**£142m**	-4%
Basic profit before tax	£99m	**£90m**	
Underlying[2] earnings per share (EPS)	9.8p	**10.7p**	+9%
Basic EPS	7.0p	**7.3p**	
Operating cash conversion[3]	97%	**88%**	
Interim dividend per share	1.80p	**2.40p**	+33%

- £2.5bn order book with strength in Mission Systems and Aviation Services and good order intake in shorter cycle businesses - Group total affected by Analytic Solutions divestment

- Organic revenue growth of 1.7% in the core businesses - Group total affected by Analytic Solutions divestment

- Underlying EPS growth of 9% underpinned by share buy-back and lower tax rate

- Excellence in Delivery on track to deliver expected £42m of annualised, year-on-year efficiency savings since inception in 2010 to the end of 2012

- £281m Thrane & Thrane acquisition completed; expected to be strongly accretive in 2013 and adds further strength in commercial markets

- Interim dividend increased to 2.40p, rebalancing the full year dividend in line with Group's long standing, progressive dividend policy, after last year's step change

Bob Murphy, Cobham Chief Executive, said:

"We have made progress in the first half delivering organic revenue growth, earnings per share up 9% and a further step in rebalancing the portfolio towards our commercial markets.

"We remain positive on the outlook for our commercial and non US defence/security businesses which now represent 60% of revenue. The outlook for the US defence/security market for the end of 2012 and 2013 is particularly uncertain due to the upcoming US elections and the lack of political consensus on US Government budgets.

"The July 2012 divestment of the Beacon businesses and the more first half weighted contribution from the 2011 share buy-back will result in full year EPS growth being lower than the first half. The Board therefore expects full year 2012 EPS to be similar to the prior year taking account of the Beacon divestments, assuming any hiatus in US order placement is no more severe than the usual delays in approving US Government budgets.

"Given the uncertainties referred to we are approaching 2013 with caution and building flexibility into the operating model including preparations for appropriate cost management in response to differing US Government budgetary outcomes."

ENQUIRIES

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INTERIM RESULTS PRESENTATION INCLUDING TWO WAY WEBCAST AND LISTEN ONLY DIAL-IN DETAILS

There will be an interim results presentation at 9.30am UK time on Wednesday, 8 August 2012, with a live webcast available on the Cobham website (www.cobhaminvestors.com) and webcast viewers able to ask questions by email during the presentation. The webcast will be made available on the website for subsequent viewing. There will also be a listen only dial-in facility available which can be accessed in the UK and internationally on +44 (0)20 3003 2666, confirmation code Cobham and in the US/Canada on +1 646 843 4608, confirmation code Cobham.

The following notes apply throughout these interim results:

1. *All numbers referring to 'core businesses' exclude Analytic Solutions, which was divested in November 2011 and Commercial Systems, which was substantially divested in July 2012.*

2. *To assist with the understanding of earnings trends, the Group has included within its published statements trading profit and underlying earnings results. Trading profit has been defined as operating profit from continuing operations excluding the impacts of certain M&A related costs and business restructuring costs as detailed below. Also excluded are the marking to market of non-hedge accounted derivative financial instruments not realised in the period and items deemed by the Directors to be of an exceptional nature. Underlying earnings are defined as trading profit less net underlying finance expense, which excludes the unwinding of acquisition related discounting, and after deducting taxation and non-controlling interests.*

   M&A 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 and other direct costs associated with business combinations and divestments.

   Business restructuring costs comprise exceptional profits or losses associated with the restructuring of the Group's business and site integrations including costs associated with the Excellence in Delivery programme.

   A reconciliation of operating profit, profit before taxation and profit after taxation attributable to equity shareholders to the respective underlying numbers is shown on page 12.

3. *Operating cash flow is defined as cash generated from operations after cash flows from the purchase or disposal of property, plant, equipment and intangible assets. Operating cash conversion is defined as operating cash flow as a percentage of trading profit, excluding profit from joint ventures. Free cash flow is operating cash flow after net interest, taxation and dividends received from joint ventures.*

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

4. *Organic revenue growth is defined as revenue growth stated at constant translation exchange rates, excluding the incremental effect of acquisitions and divestments.*

5. *Private Venture (PV or company funded R&D – Research and Development) and R&D measures exclude Aviation Services, where there is no technology investment.*

6. *A Group-wide brand charge of up to 1% is charged to the Divisions from Head Office. The comparative profit in 2011 has been restated accordingly.*

OVERVIEW OF THE HALF YEAR

Cobham continues to make significant progress in its strategy of building leading market positions in areas of customer priority, through the development of products and services with real technical differentiation, and through carefully selected acquisitions. It has completed the highly complementary acquisition of Thrane & Thrane A/S ('Thrane & Thrane') for £281m, substantially completed the planned divestments of its non-core businesses with the divestment of the Emergency Locator Beacon businesses for an initial consideration of US$73m and continued to achieve real operational improvements through its Excellence in Delivery programme.

At the period end, the Group's order book remained unchanged on the year end at £2.5bn. Group orders received were lower in the period at £768m (2011: £969m), in part due to the divestment of Analytic Solutions in November 2011. Excluding Analytic Solutions and adjusting for acquisitions, Group orders received were 8% lower. Order intake in Aviation Services and Mission Equipment was lower than the prior period, as these businesses benefitted from strong order intake in 2011, including US$145m on the US and Brazilian aerial refuelling tankers and an AUS$500m QantasLink contract extension. Encouragingly, order intake was strong in some of the shorter order cycle businesses within Aerospace and Security.

Organic revenue growth in the core business was 1.7%, with total defence/security revenue up 2.0% due to a strong performance from export markets driven by aerial refuelling, surveillance products and sales of the hand-held 'MINEHOUND' counter-improvised explosive device and anti-personnel mine detector. Commercial revenue was 1.0% higher, underpinned by a good performance in the Group's specialist aviation markets in Australia, from large transport aircraft and from helicopters. This was partly held back by some weakness in revenue from smaller aircraft in the Group's general aviation markets.

The Group is continuing to drive hard on Excellence in Delivery and is confident that it will achieve the expected £8m of annualised, year-on-year efficiency savings by the end of 2012, bringing total annualised benefits to £42m since the programme was announced in the second half of 2010.

The Group's underlying trading margin remained at 18.7% (2011: 18.7%), with the margin in the core businesses lower than the prior period at 18.8% (2011: 20.0%) affected, as expected, by Defence Systems where the prior period benefited from favourable margins on completion of certain contracts and by a lower margin within Aviation Services.

The development of differentiated and technology led products through PV[5] investment is central to Cobham's strategy. During the period total research and development (R&D) investment, including customer funded projects, was £68m (2011: £64m) with PV of £36m representing 5.2% (2011: £38m, 5.1%) of Group revenue.

Underlying EPS increased 9% to 10.7p (2011: 9.8p) despite dilution from the divestment of Analytic Solutions. The increase in underlying EPS was underpinned by the 2011 share buy-back, a lower underlying tax rate and the October 2011 acquisition of Trivec–Avant Corporation ('Trivec-Avant').

Operating cash conversion was 88% and the Group generated free cash flow of £94m (2011: £129m). Net debt increased to £536m (31 December 2011: £233m), driven by the acquisition of Thrane & Thrane in June, with the Group's gearing at 1.2 times net debt/EBITDA.

COBHAM'S MARKETS

Cobham operates in three key markets: US defence/security, non US defence/security and commercial. The Group has continued to make progress during the period in bringing more balance into these end market exposures as follows:

Revenue	Group Actual FY 2011	**Core Proforma H1 2012**
US defence/security	48%	**40%**
Non US defence/security	25%	**28%**
Commercial	27%	**32%**

Proforma H1 2012 includes a full period revenue contribution from the predominately commercial Thrane & Thrane acquisition.

US defence/security market

The 2012 US defence budget projects flat year-on-year base budget investment accounts and the 2013 Presidential request for the base budget investment accounts is modestly lower than 2012. However, there remains a lack of consensus in the US on the size and focus of future cuts to government budgets. Without a compromise agreement or an agreement to defer, the Budget Control Act will come into effect in January 2013. This could result in a number of outcomes including cuts of up to 10% immediately across US Government budgets, including Defence, with modest nominal growth in the years after. Although this may not be the most likely budgetary outcome, the short term lack of clarity on the budgetary position, which is further complicated by the upcoming US elections, increases the risk that the US Government will delay or reduce orders placed in the second half of 2012.

Cobham continues to believe that it will be able to outperform the market over the medium term. This view is supported by the Overview document published in February 2012 by the Office of the US Under Secretary of Defense which formally reiterates strategic defence priorities, including investment in special forces, unmanned systems and electronics. These priorities overlap significantly with Cobham's technology capabilities. In addition, the Group's existing positions on growth programmes also give it a strong position relative to the market. These positions include the KC-46A aerial refuelling tanker, the AH-64 Apache Longbow Block 3 helicopter, the AEGIS Ballistic Missile Defence System and the Standard Missile family. During the period the Group increased its content on important US programmes including the KC-46A tanker aircraft, with a significant contract to supply Boeing with Body Fuel Tanks and a separate award for On-Board Inert Gas Generating System (OBIGGS) air separation equipment, which reduces the risk of fuel tank explosions. In addition, there were awards on the CH-47 Chinook heavy-lift transport helicopter, the PAC-3 system which protects against incoming missile threats and, through the Trivec-Avant acquisition, the V-22 tiltrotor aircraft.

Non US defence/security market

The Group continues to focus on increasing exports to faster growing geographies, including India, Brazil, the Gulf Cooperation Council countries in the Middle East and parts of South East Asia. The overall positive growth trends seen in these markets over the last few years have continued with Asian defence spending forecast to exceed that of Europe during 2012 for the first time. Cobham is able to benefit from such growing markets in two ways: by virtue of sales of its own components and subsystems directly to end customers in these regions and by export orders secured by larger defence companies, as Cobham has content on a range of platforms with export potential.

During the period Cobham opened an office in Brazil, building on the foundation of a growing business relationship with Embraer. The Brazilian market also has good potential for future sales of surveillance equipment as hosts of the 2014 FIFA World Cup and 2016 Olympic games. This office adds to Cobham's existing sales presence in Singapore, Australia and India. There is a strong pipeline of opportunities in India and Cobham's strong surveillance and counter-improvised explosive device and explosive ordnance disposal capabilities are of particular interest. Cobham's positions on non US platforms have grown in the period with increased content on the Swiss Pilatus trainer aircraft being exported to India and an award to supply the nose radome on the Brazilian KC-390 tanker aircraft, adding to awards in 2011 for the aerial refuelling system and the aerial refuelling receiver probe.

Commercial markets

Commercial markets offer good long-term growth prospects for Cobham driven by rising passenger numbers and increasing demand for more fuel efficient aircraft and by new and improved aviation and marine communications.

Cobham operates in a number of commercial aviation markets where it has technology differentiation: most significantly these include large transport aircraft production, helicopter and regional and general aviation production, as well as some specialist non-aviation industrial markets. It also has positions in specialist aviation markets in Australia, where it has significant exposure to the natural resources and offshore gas industries. In addition, Cobham operates in the marine SATCOM market, where its primary exposure is to the offshore oil and gas industry and commercial shipping.

The Group's position in the marine and other SATCOM markets has been significantly strengthened by the acquisition of Thrane & Thrane which is strongly biased towards commercial markets and generates over one quarter of its total revenue in the faster growth Asia and Oceania regions. Further, Cobham has also been making progress in expanding its commercial revenue organically, announcing commencement of US slip ring production, for use in wind turbines and other commercial applications.

Cobham continues to expect to gain some benefit in 2012 from strong production growth at Boeing and Airbus, where it has good positions on newer platforms such as the Boeing 787 and the Airbus A380, in addition to high volume narrow body aircraft. Cobham has also continued to grow its content on a range of commercial aircraft in the period, with significant additional awards on the Eurocopter EC175 medium helicopter, the Airbus A380 large transport aircraft and the Skylander SK105 commuter aircraft.

STRATEGY UPDATE

Cobham's strategy is to build and maintain leading market positions in selected faster growing markets. It seeks to invest in its markets through the development of products and services with real technical differentiation and through carefully selected acquisitions, with focus on prioritising investment that will bring more balance between its defence/security and commercial end markets.

Technology Investment

The development of differentiated and technology led products through PV investment is central to Cobham's strategy. During the period total R&D investment, including customer funded projects, was £68m (2011: £64m) with PV of £36m representing 5.2% (2011: £38m, 5.1%) of Group revenue.

Cobham invests across a range of research and development activities, which reduces risk, in a number of growth markets ensuring that its investments in technology are closely aligned to the needs of its customers. In this way it develops a range of products that are at the leading edge of technology capability, with excellent revenue generation prospects on long term programmes. During the period, the following were examples of progress in the development of improved or next generation technology to meet defined customer requirements, across the Group's defence/security and commercial markets:

- Development of advanced processing techniques and high temperature prototype components for the future Geared Turbofan demonstrator engine, using a grant from the European Commission;

- Development of a water activated lap belt release for commercial helicopters, leveraging Cobham's military capabilities;

- Investment in leading edge Active Electronically Scanned Array Electronic Warfare subsystems, which provide significantly improved performance at reduced cost, with strong growth prospects in manned and unmanned airborne and marine based applications;

- Continuation of work on next generation technologies to enable autonomous refuelling operations for unmanned aerial systems. A robotics facility has been developed at Bristol University to ground test these technologies for use on the UK Autonomous Systems Technology Related Airborne Evaluation & Assessment programme, on which Cobham is a partner.

The acquisition of Thrane & Thrane has brought additional technology to the Group, in particular a specialism in L Band SATCOM terminals and radios, complementing Cobham's existing expertise in SATCOM antennas and Very Small Aperture Terminal technology.

Operational Excellence

The Group is continuing to drive hard on Excellence in Delivery, its multi-year programme to re-engineer and streamline operations, which was announced in August 2010 and which runs to the end of 2013. Alongside financial benefits, the programme is bringing a number of significant operational and customer benefits including improved productivity, shortened manufacturing lead times and improved levels of quality. The programme has three components: the implementation of a Standard Operating Framework across a set of principal production sites; the integration of manufacturing facilities; and the implementation of a standard Enterprise Resource Planning (ERP) IT system.

The implementation of the standard production framework is well underway in all but one of the principal sites with the last scheduled to start in November. Consolidation of the improvements made across the sites is continuing. Work on the standard engineering framework has commenced in three sites and a pilot study has been completed on implementation of supply chain improvements, part of the additional scope identified in 2011, with work starting at the first site. There has been good progress on the design of the ERP system and this phase is expected to complete in 2012, as previously announced.

The Group has worked hard to simplify its operations and remove significant overhead from the business and, since the start of 2010 the integration of some 12 sites in total has been completed. In addition, each of the four planned site integrations for 2012 is underway, building further scale and delivering additional benefits, with significant work having already been undertaken and completion expected towards the end of the year.

The Group is confident that it will achieve the expected £8m of annualised, year-on-year efficiency savings by the end of 2012, bringing total annualised benefits to £42m since the programme was announced in the second half of 2010. The Group still expects an acceleration of the benefits next year to achieve the previously announced savings of £18m in 2013 and then on towards the £75m per annum run rate by the end of 2013, at a total cost of £131m. Excellence in Delivery costs in the first half of the year were £16m.

Portfolio Optimisation

Cobham takes a proactive approach to managing its portfolio of assets through both acquisitions and disposals. The Group's strategy is to use its excellent cash generation and strong balance sheet, deep knowledge of its chosen technology markets and active pipeline of acquisition opportunities to reinforce its technology capabilities and leading market positions by making carefully selected acquisitions. The Group's focus is on prioritising investment that will bring more balance between its defence/security and commercial end markets.

In June 2012 the company completed the £281m acquisition of Thrane & Thrane, a SATCOM company quoted in Denmark, initially acquiring 97% of the company's share capital through an Offer to its shareholders. The company has been delisted from the NASDAQ OMX Copenhagen at the end of July, with the compulsory redemption of minority shareholders making progress towards completion in December 2012.

The SATCOM capabilities of Thrane & Thrane and Cobham are highly complementary, giving the combined operation increased technology advantage and scale in maritime, land and airborne SATCOM systems. The acquisition of Thrane & Thrane is also consistent with the Group's prioritisation of investment that will bring more balance between its defence/security and commercial markets, with an estimated 86% of Thrane & Thrane's revenue being to commercial markets in the six months ended 30 June 2012. The combined operation will benefit from complementary routes to market so that customers will have easier access to a wider range of equipment, including highly competitive integrated solutions from both companies. As previously announced, it is estimated that there are at least £4m per annum of pre-tax savings available from efficiencies, including production, distribution and corporate costs which will be realised in 2013 and 2014. The Group will incur integration costs in 2012 to deliver these synergies. As a consequence, the acquisition is expected to be only very modestly accretive in 2012 but strongly earnings accretive in 2013. It will cover its cost of capital in the second full year of ownership.

As well as making acquisitions, the Group's strategy is to divest businesses where it does not have a scale position in a market and real technical advantage. The Group is now seeing the benefits of this strategy. In particular, the divestment of the Analytic Solutions business in November 2011 has supported the Group's return to organic revenue growth in the period. The Group has now gone on to substantially complete the planned divestments of its non-core businesses, with the sale of its US Emergency Locator Beacon business in July 2012 for US$73m in cash and an additional consideration of US$5m which may become payable, contingent on future events. Cobham has also divested the small, related European operation to management for a nominal sum.

The Group's remaining non-core businesses, which together generated annual revenue of approximately £20m in 2011, are sub-scale and the Group will continue to pursue the divestment of these businesses over time, as transactions can be agreed, with the potential for other small divestments over time.

BOARD CHANGES

As previously announced, Bob Murphy joined Cobham on 25 June 2012 as Chief Executive Officer. He replaces Andy Stevens, who has taken early retirement due to the recurrence of a long term serious back injury, with Andy remaining on the Board as a non-executive Director until 1 August 2012. The Board would like to thank Andy for his tremendous contribution to the company during his nine years on the Board.

On 26 April 2012, it was announced that Warren Tucker, Chief Financial Officer, plans to stand down at the Annual General Meeting in 2013, after completing 10 years of service on Cobham's Board. The search for a successor is underway.

FINANCIAL RESULTS

Orders

Cobham's longer order cycle strategic business units, Aviation Services and Mission Equipment, benefited in 2011 from strong order intake, including a number of important wins on the US and Brazilian aerial refuelling tankers, with initial orders for US$145m in total and a AUS$500m order extending the QantasLink contract in Australia. These orders will help underpin revenue in these businesses over the coming years. Excluding these strategic business units, where order intake was lower than the prior period, the Group's book-to-bill ratio was 1.05 times with order intake strong in some of the shorter order cycle businesses within the Aerospace and Security Division. Group book-to-bill was lower at 0.91 times, driven by the lower order intake in Aviation Services and Mission Equipment.

In addition to the above, Group orders received were lower in the period at £768m (2011: £969m) due to the divestment of Analytic Solutions in November 2011. Excluding Analytic Solutions and adjusting for acquisitions, Group orders received were 8% lower. However, this excludes the Group's share of orders received by its joint ventures, including a significant £193m order from the UK Ministry of Defence to extend helicopter flying training, announced in March. In addition, £31m was taken out of the order book in the period and netted against order intake, relating to the relocation of the remaining UK Future Strategic Tanker Aircraft (FSTA) conversions to Airbus in

Spain, announced in June 2012. This relocation is not expected to have a material financial impact on Cobham.

At the period end, the Group's order book was £2.5bn (31 December 2011: £2.5bn), including £1.1bn (31 December 2011: £1.1bn) for the Aviation Services business.

Revenue

Headline Group revenue decreased to £843m (2011: £892m), primarily due to the divestment of Analytic Solutions in November 2011. This was partly offset by the impact of acquisitions, a favourable US dollar translation exchange rate and organic growth, which was 1.7% in the core businesses, with total defence/security revenue up 2.0% and commercial revenue up 1.0%.

Changes to Group revenue in the period were as follows:

Analysis of Group Revenue

H1 2011	FX Translation	Acquisitions/Disposals	Organic Growth	H1 2012
£892m	+£13m	-£76m	+£14m	£843m

Average H1 2012 US$/£ exchange rate = $1.58/£1. Average H1 2011 US$/£ exchange rate = $1.61/£1.

Organic growth in US defence/security revenue in the core businesses was slightly down at -1.8%. This performance reflected reduced revenue from various land markets and offset a much improved performance from the US focused Cobham Defence Systems Division and a good performance from the air refuelling and surveillance businesses.

Organic growth in non US defence/security revenue was strong, increasing by 7.9%, driven higher by aerial refuelling - including recognition of a revenue milestone on FSTA, surveillance products and sales of the hand-held 'MINEHOUND' counter-improvised explosive device and anti-personnel mine detector to various NATO countries.

The 1.0% organic growth in commercial revenue was underpinned by a good performance in the Group's specialist aviation markets in Australia, from large transport aircraft and from helicopters, partly held back by some weakness in revenue from smaller aircraft in the Group's general aviation markets.

Trading Profit

Group trading profit was £158m (2011: £167m), the reduction largely due to the divestment of Analytic Solutions in November 2011, with the non-core businesses declining as a result to £4m (2011: £12m). Trading in the core businesses was broadly flat at £154m (2011: £155m).

The Group's underlying trading margin remained at 18.7% (2011: 18.7%) with the margin in the core businesses lower than the prior period at 18.8% (2011: 20.0%) affected, as expected, by Defence Systems where the prior period benefited from favourable margins on completion of certain contracts. In Aviation Services there was a lower margin on the FSTA aircraft conversion programme and redundancy costs unrelated to Excellence in Delivery.

Underlying Net Finance Expense and Underlying Profit Before Tax

The underlying net finance expense was £16m (2011: £18m). The net interest expense on cash and debt holdings reduced to £15m (2011: £18m), benefiting from the November 2011 Analytic Solutions divestment proceeds. As anticipated, there was a non-cash net finance charge from pension schemes of £1m (2011: £nil).

The Group's underlying profit before tax was £142m (2011: £149m), the decline primarily reflecting the divestment of Analytic Solutions.

Taxation

On an underlying basis, the Group's effective tax rate decreased to 20.0% (2011: 25.5%). This was in part due to a lower tax rate in the UK and due to favourable changes to UK legislation on the taxation of overseas subsidiaries and expected changes to the financing of the Group's subsidiaries. The Group expects a lower tax rate to endure for a few years. The effective rate is calculated by dividing the Group's underlying tax charge of £28m (2011: £37m) by its underlying profit before tax of £138m (2011: £146m), which is stated after excluding its £4m (2011: £3m) share of post-tax results of joint ventures.

Earnings per Share (EPS)

Underlying EPS increased 9% to 10.7p (2011: 9.8p), despite dilution from the divestment of Analytic Solutions. The increase in underlying EPS was underpinned by the 2011 share buy-back, a lower underlying tax rate and the October 2011 acquisition of Trivec–Avant. There was no significant impact on underlying EPS from currency translation exchange rates in the period.

Basic EPS was slightly higher than the comparable period at 7.3p (2011: 7.0p). After taking into account the factors above, basic EPS was lower due to M&A related adjustments of £8m (2011: £1m) partly offset by a number of smaller items.

A full reconciliation of profit after tax items used in the calculation of underlying EPS is set out on page 12.

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 schemes' assets and the present value of the future liabilities had increased to £78m before deferred tax (31 December 2011: £71m).

Cash Flow and Net Debt

Operating cash flow, which is stated after capital expenditure but before interest and tax payments, was £136m (2011: £159m). Capital expenditure was broadly flat in the period at £23m (2011: £24m). There was an outflow of working capital of £17m (2011: £4m), in part due to the FSTA milestone payment to Cobham Mission Systems Division due to be received in the second half of 2012 and the building of some buffer inventory in specific sites, relating to Excellence in Delivery. The increased inventory levels are expected to reverse as the programme completes. Operating cash conversion was 88% (2011: 97%) of trading profit, before the Group's share of post-tax results of joint ventures.

After net interest payments, higher tax payments of £33m (2011: £17m) and the receipt of dividends from joint ventures, the Group generated free cash flow of £94m (2011: £129m), from which it paid an enhanced final dividend of £67m (2011: £50m).

In addition, the Group made £18m (2011: £20m) of payments relating to Excellence in Delivery and paid £314m (2011: £72m) for acquisitions, primarily relating to the acquisition of Thrane & Thrane in June 2012 and a loan investment in a Group joint venture, FB Leasing Limited, in connection with the financing of helicopters.

The table below sets out the Group's cash flows over the period:

Cash flow	Half Year to 30 June 2011	**Half Year to 30 June 2012**	Year to 31 December 2011
£m			
Trading profit (excluding joint ventures)	164	154	356
Depreciation and other movements	34	33	69
Pension contributions in excess of service cost	(10)	(7)	(49)
(Increase)/decrease in working capital and provisions	(5)	(21)	11
Net capital expenditure	(24)	(23)	(50)
Operating cash flow	159	136	337
Operating cash/trading profit (excl. joint ventures)	97%	88%	95%
Net interest paid	(17)	(13)	(33)
Taxation paid	(17)	(33)	(24)
Dividends received from joint ventures	4	4	8
Free cash flow	129	94	288
Restructuring costs	(20)	(18)	(37)
Dividends paid	(50)	(67)	(69)
Acquisition payments less divestment proceeds, other related costs and loans to JVs	(72)	(314)	71
Settlement of commercial dispute	-	-	6
Net settlement/(purchase) of treasury shares	(66)	3	(160)
Exchange movements	27	(1)	(5)
(Increase)/decrease in net debt	(52)	(303)	94

At the period end net debt, which comprises short term cash balances and fixed term borrowings, increased to £536m (31 December 2011: £233m) with the Group's gearing being 1.2 times net debt/EBITDA at the period end.

Following the acquisition of Thrane & Thrane, Cobham has arranged two new bi-lateral bank facilities which are floating rate and based off applicable LIBOR. They comprise a five year €70m facility and a DKK525m facility that matures in October 2016, the latter of which can be extended at the bank's option for up to two years.

Dividends

Following the one-off step change to the final dividend in 2011, the Board has approved an interim dividend of 2.40p (2011: 1.80p), an increase of 33%. Of this increase, 23% points is to rebalance the 2012 full year dividend, consistent with the historical split between interim and final dividend. Cobham expects to maintain its long standing, progressive dividend policy in respect of the total dividend for the year.

The shares will be traded ex-dividend on 10 October 2012 and will be paid on 9 November 2012 to shareholders on the register at 12 October 2012.

RECONCILIATION OF UNDERLYING PROFIT

	Half Year to 30 June 2011	Half Year to 30 June **2012**	Year to 31 Dec 2011
Trading profit is calculated as follows:			
£m			
Result before joint ventures	110	**102**	252
Share of post-tax results of joint ventures and associates	3	**4**	9
Operating profit	113	**106**	261
Adjusted to exclude:			
Business restructuring primarily Excellence in Delivery	19	**16**	32
Unrealised movements in non-hedge accounted derivative financial instruments	(1)	**(4)**	6
Amortisation of intangible assets arising on business combinations	34	**30**	68
Insurance proceeds related to settlement of commercial dispute	-	**-**	(6)
M&A related adjustments	2	**10**	4
Trading profit	167	**158**	365

	Half Year to 30 June 2011	Half Year to 30 June **2012**	Year to 31 Dec 2011
Underlying profit before tax is calculated as follows:			
£m			
Profit on continuing operations before taxation	99	**90**	234
Adjusted to exclude:			
Business restructuring - primarily Excellence in Delivery	19	**16**	32
Unrealised movements in non-hedge accounted derivative financial instruments	(1)	**(4)**	6
Amortisation of intangible assets arising on business combinations	34	**30**	68
Insurance proceeds related to settlement of commercial dispute	-	**-**	(6)
M&A related adjustments	2	**10**	4
Business divestments and similar income	(5)	**(1)**	(27)
Debt and interest rate swap cancellation costs	-	**-**	15
Unwinding of acquisition related discounting	1	**1**	2
Underlying profit before taxation	149	**142**	328

	Half Year to 30 June 2011	Half Year to 30 June **2012**	Year to 31 Dec 2011
Profit after tax used in the calculation of underlying EPS is calculated as follows:			
£m			
Profit after taxation attributable to equity shareholders	80	**79**	188
Adjusted to exclude (after tax):			
Business restructuring - primarily Excellence in Delivery	13	**11**	22
Unrealised movements in non-hedge accounted derivative financial instruments	(1)	**(3)**	4
Amortisation of intangible assets arising on business combinations	22	**20**	45
Insurance proceeds related to settlement of commercial dispute	-	**-**	(4)
M&A related adjustments	1	**8**	3
Business divestments and similar income	(4)	**(1)**	(23)
Debt and interest rate swap cancellation costs	-	**-**	11
Unwinding of acquisition related discounting	1	**1**	1
Underlying profit after taxation	112	**115**	247
Underlying earnings per ordinary share (pence)	9.8	**10.7**	22.0

DIVISIONAL REVIEW

Group Operating Summary

£m	Revenue Half Year 2011	Revenue **Half Year 2012**	Trading Profit Half Year 2011[6]	Trading Profit **Half Year 2012[6]**
Cobham Aerospace and Security	309	**306**	66	**65**
Organic growth/Margin	*(4.9)%*	*(8.3)%*	*21.4%*	*21.2%*
Cobham Defence Systems	150	**159**	25	**26**
Organic growth/Margin	*(11.0)%*	*3.7%*	*16.8%*	*16.1%*
Cobham Mission Systems	168	**191**	33	**37**
Organic growth/Margin	*4.1%*	*12.3%*	*19.9%*	*19.5%*
Cobham Aviation Services	150	**164**	20	**19**
Organic growth/Margin	*7.5%*	*8.1%*	*13.5%*	*11.6%*
Head Office and Eliminations	(4)	**(3)**	11	**7**
Core Businesses	773	**817**	155	**154**
Organic growth/Margin	*(2.6)%*	*1.7%*	*20.0%*	*18.8%*
Non-core Businesses	119	**26**	12	**4**
Organic growth/Margin	*(11.5)%*	*0.5%*	*10.3%*	*15.8%*
Cobham Group	892	**843**	167	**158**
Organic/growth Margin	*(3.9)%*	*1.6%*	*18.7%*	*18.7%*

Cobham Aerospace and Security

£m	Half Year 2011	Currency Translation & Acquisitions/Disposals	Organic	**Half Year 2012**
Revenue	309	23	(26)	**306**
Margin	21.4%	0.4%	(0.6)%	**21.2%**

Total revenue was down 1% due to an organic decline of 8%, partly offset by acquisitions and a favourable US dollar exchange rate. Revenue from acquisitions primarily comprised a six month contribution from Trivec-Avant, which was acquired in October 2011, and the consolidation of Thrane & Thrane from June 2012. The organic performance in the period reflected a strong contribution from the surveillance and from the commercial aerospace businesses, including large transport aircraft and from helicopters. This was held back by some weakness in revenue from smaller aircraft in general aviation markets with future new product launches planned in the marine SATCOM business in the second half of 2012.

Areas of growth included:

- Deliveries of Radio and Audio Integration Management Systems benefitting from increased single aisle and long range commercial aircraft production rates at Airbus;

- Demand for slip rings which are used in the production of both commercial and military helicopters and wind turbines;
- Increasing deliveries to a number of NATO countries for the supply of Ground Penetrating Radar technology, used in military and homeland security applications in the life-saving 'MINEHOUND' counter-improvised explosive device and anti-personnel mine detector, with order intake supporting continued revenue growth;
- Revenue from the latest versions of internet protocol mesh radios, incorporating increased bandwidth and greater range, lower weight and greater power efficiency. These have increasing application including at airports, in mines, at sporting events and in urban environments.

The margin was broadly maintained at 21.2% (2011: 21.4%) underpinned by Excellence in Delivery improvements, which compensated for some volume decline.

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

- Signing of a long term agreement with Astrium, announced in July, for fixed wave guides of various frequencies for use in satellites for direct to home TV broadcast, broadband and telecommunications applications up to 2014;
- An award for the new Audio and Radio Management System for the 75 PC-7 Mark II trainer aircraft being supplied by Pilatus to India;
- Selection of Cobham's Digital Audio Control System (DACS) as forward-fit for the new Eurocopter EC175. Since 2008, DACS has been forward fit on more medium and heavy helicopters than any other digital system in the world, including the Eurocopter EC135, 635, 225, 725 and 155 helicopters;
- Development and production of composite spinners and nose caps to support Pratt and Whitney engine certification, with orders for the Bombardier C Series and the Mitsubishi Regional Jet. Production is expected to commence in 2013 with significant yearly increases to meet the order book;
- Thrane & Thrane, Cobham's June SATCOM acquisition, announced in July that it had been awarded the SATCOM component of the Lockheed Martin C-130J Super Hercules transport aircraft communication upgrade. Revenue from the award is expected over 2014 to 2018.

Cobham Defence Systems

	Half Year 2011	Currency Translation	Organic	**Half Year 2012**
£m				
Revenue	150	4	5	**159**
Margin	16.8%	0.1%	(0.8)%	**16.1%**

Total revenue increased due to organic growth of 4% and a favourable US dollar exchange rate. Organic revenue was favourably impacted by increasing production on the Wideband Global Satellite (WGS) programme and increased revenue from certain missile programmes.

Areas of growth included:

- Flight 6 and 7 deliveries to Boeing on the WGS programme;

- Microelectronic assembly deliveries within several key missile programmes including Advanced Medium-Range Air-to-Air Missile, Advanced Anti-Radiation Guided Missile and the Standard Missile Family;
- First shipments of electronic warfare equipment on the F-15 fighter Digital Electronic Warfare System upgrade programme with revenue expected to increase from continued export shipments.

As anticipated, the margin decline was in part the result of favourable margins in the first half of 2011 on the completion of the then current phases of certain production contracts.

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

- Completion of delivery of the first eight Engineering Development Model Antenna Panel subsystems for the Shipboard Electronic Warfare Improvement (SEWIP) Block II programme. The programme enters low rate initial production in 2012 and will be deployed by the US Navy;
- Release by the US Government in 2012 of the next tranche of WGS awards (Flights 8, 9 and 10) to Boeing with Cobham as a significant supplier;
- Award of the Integrated Defensive Electronic Counter Measures (IDECM) ALQ-214 V4 Radio Frequency Countermeasures system full rate production 9 contract to ITT Exelis, with Cobham as a significant supplier of several microelectronic assemblies.

Cobham Mission Systems

£m	Half Year 2011	Currency Translation & Acquisition	Organic	**Half Year 2012**
Revenue	168	2	21	**191**
Margin	19.9%	(0.1)%	(0.3)%	**19.5%**

Total revenue was up 14%, including organic growth of 12%. The Division continues to benefit from increasing aerial refuelling revenue, including recognition of a revenue milestone on FSTA, which marked the aircraft's introduction to service with the UK Royal Air Force.

Areas of growth included:

- Shipments of fifth generation A330MRTT aerial refuelling equipment for the UK, Saudi and UAE air forces and shipments of aerial refuelling equipment for the C-130 aircraft;
- Increased revenue from the engineering development phase on aerial refuelling programmes, including the US KC-46 and the Brazilian KC-390 tanker programmes;
- Shipments of weapons carriage and release products for BAE Systems Hawk trainer aircraft relating to an export order for India;
- Production of commercial aviation oxygen and escape slide system components and related aftermarket activity.

The margin was broadly maintained at 19.5% (2011: 19.9%), continuing to benefit from savings from facility integrations completed in previous years and Excellence in Delivery.

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

- A significant contract to supply Boeing with Body Fuel Tanks for US Air Force KC-46A Tanker Aircraft, announced in January 2012, providing additional fuel for offload and increased range. In addition, there was a separate award, announced in August 2012, for OBIGGS air separation equipment, which reduces the risk of fuel tank explosions;
- Additional orders placed by Airbus Military for air refuelling systems for the A330MRTT;
- A contract to supply Lockheed Martin with air refuelling pods to equip the KC-130J;
- An important win for Cobham's On-Board Oxygen Generating System on the F-15A fighter aircraft for Saudi Arabia.

Cobham Aviation Services

	Half Year 2011	Currency Translation	Organic	**Half Year 2012**
£m				
Revenue	150	2	12	**164**
Margin including Joint Ventures	13.5%	(0.1)%	(1.8)%	**11.6%**
Margin excluding Joint Ventures	11.1%	(0.1)%	(1.7)%	**9.3%**

Total revenue, which excludes joint ventures, increased due to organic growth of 8% and a favourable Australian dollar exchange rate. Both the Australian and UK based operations contributed to the growth, with increased flying activity for QantasLink and natural resources customers in Australia and an increase in activity on the FSTA modification programme.

Areas of growth included:

- Several blue chip Australian mining companies have extended existing contracts, the largest one being a six year Santos contract extension announced in May 2012;
- Mobilisation of two additional Boeing 717 aircraft was completed in the second quarter 2012, following the QantasLink contract extension announced in October 2011;
- Two mining companies have entered into contracts for gravel kit modified and capable aircraft for operations into unsealed runways, with Cobham operating the only aircraft with this capability in Australia. This capability opens up hundreds of gravel airstrips for the first time to commercial passenger jet aircraft.

The margin declined to 11.6% (2011: 13.5%) in part due to the lower margin on the FSTA aircraft conversion programme and redundancy costs unrelated to Excellence in Delivery.

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

- The joint venture company FB Heliservices announced a four year extension to its Helicopter Flight Training and Support contract with the UK Ministry of Defence in January 2012. This contract has a further two year extension option;
- An eight year contract was awarded by Oil Spill Response Limited to provide oil pollution detection and surveillance around the coast of the United Kingdom, using a specially modified maritime surveillance aircraft.

Non-core Businesses

£m	Half Year 2011	Currency Translation & Disposals	Organic	**Half Year 2012**
Revenue	119	(94)	1	**26**
Margin	10.3%	6.7%	(1.2)%	**15.8%**

Commercial Systems was the remaining non-core business in the period, following the divestment of the Analytic Solutions business in November 2011. After the period end, in July 2012, the Group announced the divestments of the US and the related European Emergency Locator Beacon businesses, for an initial consideration of US$73m. The remaining non-core businesses comprise a handful of small, sub-scale businesses and product lines.

In the period, Commercial Systems delivered organic revenue growth, with the Emergency Locator Beacon business growing and other activities broadly flat.

OUTLOOK

The Group has made progress in the first half delivering organic revenue growth, earnings per share up 9% and a further step in rebalancing the portfolio towards our commercial markets.

Cobham remains positive on the outlook for commercial and non US defence/security businesses which now represent 60% of revenue. The outlook for the US defence/security market for the end of 2012 and 2013 is particularly uncertain due to the upcoming US elections and the lack of political consensus on US Government budgets.

The July 2012 divestments of the Beacon businesses and the more first half weighted contribution from the 2011 share buy-back will result in full year EPS growth being lower than the first half. The Board therefore expects full year 2012 EPS to be similar to the prior year taking account of the Beacon divestments, assuming any hiatus in US order placement is no more severe than the usual delays in approving US Government budgets.

Given the uncertainties referred to Cobham is approaching 2013 with caution and building flexibility into its operating model including preparations for appropriate cost management in response to differing US Government budgetary outcomes.

Cobham's strategy, together with its strong balance sheet and inherently cash generative characteristics, give the Board confidence that Cobham will continue to make progress 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 currency 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 2012

£m	Note	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Revenue	2	**843.3**	891.9	1,854.4
Cost of sales		**(570.4)**	(615.3)	(1,271.1)
Gross profit		**272.9**	276.6	583.3
Selling and distribution costs		**(39.5)**	(39.5)	(81.0)
Administrative expenses		**(131.3)**	(127.2)	(250.2)
Share of post-tax results of joint ventures and associates		**4.3**	3.5	9.4
Operating profit		**106.4**	113.4	261.5
Finance income	3	**17.4**	21.3	43.8
Finance expense excluding swap cancellation costs		**(34.5)**	(40.1)	(82.7)
Debt and interest rate swap cancellation costs		**-**	-	(15.4)
Finance expense	3	**(34.5)**	(40.1)	(98.1)
Business divestments and similar income	12	**0.9**	4.8	27.1
Profit before taxation		**90.2**	99.4	234.3
Taxation		**(11.7)**	(19.7)	(46.3)
Profit after taxation for the period		**78.5**	79.7	188.0
Profit attributable to equity shareholders		**78.5**	79.6	187.9
Profit attributable to non-controlling interests		**-**	0.1	0.1
Profit after taxation for the period		**78.5**	79.7	188.0

All activities of the group are classed as continuing in the current and comparative periods.

	Note			
Earnings per Ordinary Share	5			
- Basic		**7.30p**	6.96p	16.80p
- Diluted		**7.27p**	6.93p	16.76p

Consolidated statement of comprehensive income (unaudited)
For the half year ended 30 June 2012

£m	Note	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Profit after taxation for the period		**78.5**	79.7	188.0
Net translation differences on investments in overseas subsidiaries		**(11.3)**	10.3	(2.4)
Actuarial (loss)/gain on pensions	9	**(12.8)**	2.2	(40.6)
Reclassification of cash flow hedge fair values		**3.4**	6.4	20.4
Movements in hedge accounted derivative financial instruments		**(2.4)**	(4.4)	(8.1)
Tax effects		**-**	(1.1)	7.0
Other comprehensive (expense)/income for the period		**(23.1)**	13.4	(23.7)
Total comprehensive income for the period		**55.4**	93.1	164.3
Attributable to:				
Equity holders of the parent		**55.4**	93.0	164.2
Non-controlling interests		**-**	0.1	0.1
		55.4	93.1	164.3

Trading profit is calculated as follows (see note 6):

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Operating profit	**106.4**	113.4	261.5
Adjusted to exclude:			
Business restructuring - primarily Excellence in Delivery	**15.8**	19.2	31.9
Unrealised movements in non-hedge accounted derivative financial instruments	**(4.4)**	(1.1)	5.4
Amortisation of intangible assets arising on business combinations	**30.0**	33.6	68.0
Insurance proceeds related to settlement of commercial dispute	**-**	-	(6.0)
M&A related adjustments	**10.2**	1.8	4.1
Trading profit	**158.0**	166.9	364.9

Consolidated balance sheet (unaudited)
As at 30 June 2012

£m	Note	As at 30.6.12	As at 30.6.11	As at 31.12.11
Assets				
Non-current assets				
Intangible assets		**1,144.3**	1,074.9	917.6
Property, plant and equipment	8	**314.6**	331.0	318.6
Investment properties		**11.0**	10.9	11.2
Investments in joint ventures		**15.6**	16.3	16.1
Trade and other receivables		**59.7**	13.5	16.9
Deferred tax		**14.4**	12.1	18.3
Derivative financial instruments		**3.2**	1.2	1.1
		1,562.8	1,459.9	1,299.8
Current assets				
Inventories		**317.9**	324.2	304.6
Trade and other receivables		**309.5**	331.0	300.6
Current tax receivables		**2.6**	13.8	1.2
Derivative financial instruments		**1.9**	5.4	1.4
Cash and cash equivalents		**207.4**	405.6	345.6
Assets classified as held for sale	13	**71.8**	1.7	30.3
		911.1	1,081.7	983.7
Liabilities				
Current liabilities				
Borrowings		**(394.3)**	(313.0)	(225.7)
Trade and other payables		**(370.2)**	(361.5)	(336.6)
Provisions		**(31.4)**	(31.0)	(37.1)
Current tax liabilities		**(104.8)**	(110.7)	(129.3)
Derivative financial instruments		**(11.9)**	(17.4)	(13.4)
Liabilities classified as held for sale	13	**(9.6)**	-	(6.9)
		(922.2)	(833.6)	(749.0)
Non-current liabilities				
Borrowings		**(348.7)**	(470.2)	(352.4)
Trade and other payables		**(40.4)**	(43.6)	(50.7)
Provisions		**(9.3)**	(11.4)	(8.0)
Deferred tax		**(46.2)**	(36.2)	(15.5)
Derivative financial instruments		**(14.3)**	(24.0)	(17.6)
Retirement benefit obligations	9	**(77.8)**	(68.2)	(71.2)
		(536.7)	(653.6)	(515.4)
Net assets		**1,015.0**	1,054.4	1,019.1
Equity				
Share capital		**28.9**	28.9	28.9
Share premium account		**126.6**	126.6	126.6
Other reserves		**70.1**	81.6	83.8
Retained earnings		**788.9**	816.8	779.3
Total shareholders' equity		**1,014.5**	1,053.9	1,018.6
Non-controlling interests in equity		**0.5**	0.5	0.5
Total equity		**1,015.0**	1,054.4	1,019.1
Net debt		**(535.6)**	(377.6)	(232.5)

Consolidated statement of changes in equity (unaudited)

For the half year ended 30 June 2012

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2012	**28.9**	**126.6**	**83.8**	**779.3**	**1,018.6**	**0.5**	**1,019.1**
Profit for the period	**-**	**-**	**-**	**78.5**	**78.5**	**-**	**78.5**
Net translation differences on investments in overseas subsidiaries	**-**	**-**	**(11.3)**	**-**	**(11.3)**	**-**	**(11.3)**
Actuarial loss on pensions	**-**	**-**	**-**	**(12.8)**	**(12.8)**	**-**	**(12.8)**
Reclassification of cash flow hedge fair values	**-**	**-**	**3.4**	**-**	**3.4**	**-**	**3.4**
Movements in hedge accounted derivative financial instruments	**-**	**-**	**(2.4)**	**-**	**(2.4)**	**-**	**(2.4)**
Tax effects	**-**	**-**	**(2.4)**	**2.4**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**(12.7)**	**68.1**	**55.4**	**-**	**55.4**
Net settlement of treasury shares	**-**	**-**	**-**	**2.7**	**2.7**	**-**	**2.7**
Dividends authorised (note 4)	**-**	**-**	**-**	**(66.7)**	**(66.7)**	**-**	**(66.7)**
Share-based payments	**-**	**-**	**3.3**	**-**	**3.3**	**-**	**3.3**
Dividend equivalents paid on vesting of PSP and BCP awards	**-**	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.1)**
Transfer of other reserves to retained earnings	**-**	**-**	**(5.5)**	**5.5**	**-**	**-**	**-**
Release of hedge reserve	**-**	**-**	**1.4**	**-**	**1.4**	**-**	**1.4**
Tax effects	**-**	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.1)**
Total equity at 30 June 2012	**28.9**	**126.6**	**70.1**	**788.9**	**1,014.5**	**0.5**	**1,015.0**

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2011	28.9	126.6	69.8	850.5	1,075.8	0.4	1,076.2
Profit for the year	-	-	-	187.9	187.9	0.1	188.0
Net translation differences on investments in overseas subsidiaries	-	-	(2.4)	-	(2.4)	-	(2.4)
Actuarial loss on pensions	-	-	-	(40.6)	(40.6)	-	(40.6)
Reclassification of cash flow hedge fair values	-	-	20.4	-	20.4	-	20.4
Movements in hedge accounted derivative financial instruments	-	-	(8.1)	-	(8.1)	-	(8.1)
Tax effects	-	-	(2.3)	9.3	7.0	-	7.0
Total comprehensive income for the year	-	-	7.6	156.6	164.2	0.1	164.3
Purchase of treasury shares	-	-	-	(159.5)	(159.5)	-	(159.5)
Dividends authorised (note 4)	-	-	-	(69.4)	(69.4)	-	(69.4)
Share-based payments	-	-	6.1	-	6.1	-	6.1
Dividend equivalents paid on vesting of PSP and BCP awards	-	-	(0.2)	-	(0.2)	-	(0.2)
Transfer of other reserves to retained earnings	-	-	(1.1)	1.1	-	-	-
Release of hedge reserve	-	-	3.6	-	3.6	-	3.6
Tax effects	-	-	(2.0)	-	(2.0)	-	(2.0)
Total equity at 31 December 2011	28.9	126.6	83.8	779.3	1,018.6	0.5	1,019.1

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' equity	Minority interest in equity	Total equity
Total equity at 1 January 2011	28.9	126.6	69.8	850.5	1,075.8	0.4	1,076.2
Profit for the period	-	-	-	79.6	79.6	0.1	79.7
Net translation differences on investments in overseas subsidiaries	-	-	10.3	-	10.3	-	10.3
Actuarial gain on pensions	-	-	-	2.2	2.2	-	2.2
Reclassification of cash flow hedge fair values	-	-	6.4	-	6.4	-	6.4
Movements in hedge accounted derivative financial instruments	-	-	(4.4)	-	(4.4)	-	(4.4)
Tax effects	-	-	(0.5)	(0.6)	(1.1)	-	(1.1)
Total comprehensive income for the period	-	-	11.8	81.2	93.0	0.1	93.1
Purchase of treasury shares	-	-	-	(69.5)	(69.5)	-	(69.5)
Dividends authorised (note 4)	-	-	-	(49.8)	(49.8)	-	(49.8)
Share-based payments	-	-	2.9	-	2.9	-	2.9
Transfer of other reserves to retained earnings	-	-	(4.4)	4.4	-	-	-
Release of hedge reserve	-	-	1.5	-	1.5	-	1.5
Total equity at 30 June 2011	28.9	126.6	81.6	816.8	1,053.9	0.5	1,054.4

Consolidated statement of cash flows (unaudited)
For the half year ended 30 June 2012

£m	Note	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Cash flows from operating activities				
Cash generated from operations	7	**158.3**	182.3	392.9
Other costs related to business combinations and disposals		**(7.4)**	(1.2)	(2.4)
Restructuring costs		**(17.9)**	(20.1)	(37.0)
Tax paid		**(32.8)**	(17.4)	(24.3)
Interest paid		**(18.0)**	(21.7)	(42.4)
Debt and interest rate swap cancellation costs		**-**	-	(15.4)
Interest received		**4.6**	4.8	9.4
Net cash from operating activities		**86.8**	126.7	280.8
Cash flows from investing activities				
Dividends received from joint ventures		**4.5**	4.5	8.1
Purchase of property, plant and equipment		**(22.3)**	(23.3)	(48.6)
Purchase of intangible assets		**(0.3)**	(0.9)	(2.0)
Capitalised expenditure on intangible assets		**(0.1)**	(0.2)	(0.2)
Proceeds on disposal of property, plant and equipment		**0.1**	0.8	1.0
Provision of loan to joint venture		**(39.0)**	(8.2)	(8.0)
Acquisition of subsidiaries net of cash or overdraft acquired	11	**(274.1)**	(72.9)	(147.8)
Deferred and contingent consideration paid		**(1.9)**	(2.6)	(2.6)
Proceeds from vesting of warrants in acquired business		**8.4**	-	-
Proceeds of business divestments		**-**	-	230.4
Proceeds on disposal of assets previously held for sale		**-**	12.9	16.9
Net cash (used in)/from investing activities		**(324.7)**	(89.9)	47.2
Cash flows from financing activities				
Dividends paid	4	**(66.7)**	(49.8)	(69.4)
Net settlement/(purchase) of treasury shares		**2.7**	(65.7)	(159.5)
New borrowings		**122.5**	2.6	7.3
Repayment of borrowings		**(6.2)**	(11.3)	(246.7)
Net cash from/(used in) financing activities		**52.3**	(124.2)	(468.3)
Net decrease in cash and cash equivalents		**(185.6)**	(87.4)	(140.3)
Cash and cash equivalents at start of period		**331.9**	470.7	470.7
Exchange movements		**(5.0)**	11.0	1.5
Cash and cash equivalents at end of period		**141.3**	394.3	331.9

Cash and cash equivalents above are shown net of bank overdrafts of £66.1m (31.12.2011: £13.7m; 30.6.2011: £11.3m). These are classified as borrowings in the balance sheet.

Notes to the interim financial information
For the half year ended 30 June 2012

1. Basis of preparation

This unaudited consolidated interim financial information for the half year ended 30 June 2012 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 2011, which have been prepared in accordance with IFRS as adopted by the EU.

The directors believe, after making enquiries they consider to be appropriate, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors have made this assessment after consideration of the Company's forecast operating cash flows and related assumptions, undrawn debt facilities, debt maturity review, analysis of debt covenants and in accordance with the Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council.

The accounting policies applied are consistent with those published in the financial statements for the year ended 31 December 2011 as there are no standards, amendments to standards and interpretations which have been endorsed by the EU with effective dates of 1 January 2012 which impact on this interim financial information. These policies are expected to be applied for the year ended 31 December 2012. In the interim periods taxes on income are accrued using the tax rate that is expected to be applicable to the total earnings for the year.

This interim financial report and the comparative figures for the year ended 31 December 2011 do not constitute statutory accounts within the meaning of section 434 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 498 of the Companies Act 2006.

This interim financial report was approved by the Board of Directors and approved for issue on 7 August 2012. 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.

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 non-GAAP measures including trading profit and underlying earnings results.

Trading profit has been defined as operating profit from continuing operations excluding the impacts of certain M&A related costs and business restructuring costs as detailed below. Also excluded are the marking to market of non-hedge accounted derivative financial instruments not realised in the period, impairments of intangible assets and items deemed by the Directors to be of an exceptional nature such as the settlement of a long-standing commercial dispute. Underlying earnings are defined as trading profit less net underlying finance expense, which excludes the unwinding of acquisition related discounting, and after deducting taxation and non-controlling interests.

M&A related costs excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition and the writing off of the pre-acquisition profit element of inventory written up on acquisition. M&A related costs also include other direct costs associated with business combinations and direct costs arising from any terminated acquisitions or divestments.

Business restructuring costs comprise exceptional profits or losses associated with the restructuring of the Group's business and site integrations including costs associated with the Excellence in Delivery programme.

All underlying measures include the revenue and operational results of both continuing and those operations being sold until the point of sale.

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 Board. It reviews the Group's internal reporting in order to assess performance and allocate resources. The internal reporting structure forms the basis of the Group's segmental reporting and the segments are disclosed in note 2. All operating segments meet the definition of reportable segments. Details of the composition and purpose of the Board can be found on pages 34 to 37 of the 2011 Annual Report and Accounts.

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

2. Segment information

The Group reports four segments whose revenue and results are reported to the Board. Non-core businesses are those which were identified for divestment in 2011.

The comparative segmental analysis of profit before taxation presented below has been re-presented on a basis consistent with the allocations as at 30 June 2012.

£m	**Half year to 30.6.12**	Half year to 30.6.11 (as restated)	Year to 31.12.11 (as restated)
Revenue			
Aerospace and Security	**306.2**	309.3	637.0
Defence Systems	**159.1**	149.8	323.9
Mission Systems	**190.9**	167.7	371.8
Aviation Services	**164.0**	149.9	308.1
Head office, other activities and elimination of inter-segment items	**(3.4)**	(4.0)	(7.2)
Core Group	**816.8**	772.7	1,633.6
Non-core businesses	**26.5**	119.2	220.8
Total Group revenue	**843.3**	891.9	1,854.4
Profit			
Aerospace and Security	**65.0**	66.3	146.9
Defence Systems	**25.6**	25.2	54.7
Mission Systems	**37.3**	33.4	84.2
Aviation Services	**19.1**	20.2	41.5
Head office, other activities and elimination of inter-segment items	**6.8**	9.5	15.1
Core Group trading profit	**153.8**	154.6	342.4
Non-core businesses	**4.2**	12.3	22.5
Total Group trading profit	**158.0**	166.9	364.9
Business restructuring - primarily Excellence in Delivery	**(15.8)**	(19.2)	(31.9)
Unrealised movements in non-hedge accounted derivative financial instruments	**4.4**	1.1	(5.4)
Amortisation of intangible assets arising on business combinations	**(30.0)**	(33.6)	(68.0)
Insurance proceeds related to settlement of commercial dispute	**-**	-	6.0
M&A related adjustments	**(10.2)**	(1.8)	(4.1)
Net finance expense	**(17.1)**	(18.8)	(54.3)
Business divestments and similar income	**0.9**	4.8	27.1
Profit before taxation	**90.2**	99.4	234.3

3. Finance income and expense

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Finance income:			
Bank interest	**2.9**	3.9	8.6
Expected return on pension scheme assets	**13.1**	16.5	32.7
Other finance income	**1.4**	0.9	2.5
Total finance income	**17.4**	21.3	43.8
Finance expense:			
Interest on bank overdrafts, loans and senior notes	**(16.9)**	(20.4)	(40.3)
Interest on pension scheme liabilities	**(14.4)**	(16.1)	(31.5)
Debt and interest rate swap cancellation costs	**-**	-	(15.4)
Other finance expense	**(3.2)**	(3.6)	(10.9)
Total finance expense	**(34.5)**	(40.1)	(98.1)
Net finance expense excluding pension schemes	**(15.8)**	(19.2)	(40.1)
Debt and interest rate swap cancellation costs	**-**	-	(15.4)
Net finance (expense)/income on pension schemes	**(1.3)**	0.4	1.2
Net finance expense	**(17.1)**	(18.8)	(54.3)

Debt and interest rate swap cancellation costs of £15.4m were incurred in 2011 relating to the original financing of the Analytic Solutions business which was divested during that year. These costs were excluded from underlying profit as shown in note 6.

4. Dividends

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

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Final dividend of 6.2 pence per share for 2011 (2010: 4.372 pence)	**66.7**	49.8	49.8
Interim dividend of 1.8 pence per share for 2011	**-**	-	19.6
	66.7	49.8	69.4

The final dividend for 2011 was approved at the AGM held on 26 April 2012 and paid to shareholders on 1 June 2012.

In addition to the above, an interim dividend of 2.4 pence per share (2011: 1.8 pence per share) in respect of the financial year ended 31 December 2012 was approved by the Board on 2 August 2012. This has not been included as a liability in these financial statements. This will absorb an estimated £25.8m of shareholders' funds and will be paid on 9 November 2012 to shareholders who are on the register of members as at 12 October 2012.

5. Earnings per Ordinary Share (EPS)

		Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Basic EPS				
Earnings attributable to ordinary shareholders	£m	**78.5**	79.6	187.9
Weighted average number of shares	million	**1,076.0**	1,144.5	1,118.4
Basic EPS	pence	**7.30**	6.96	16.80
Diluted EPS				
Earnings attributable to ordinary shareholders	£m	**78.5**	79.6	187.9
Weighted average number of shares	million	**1,076.0**	1,144.5	1,118.4
Effect of dilutive securities:				
Options		**2.1**	2.9	1.6
Long term incentive plans		**1.0**	0.8	1.1
Diluted number of shares	million	**1,079.1**	1,148.2	1,121.1
Diluted EPS	pence	**7.27**	6.93	16.76

No new shares were issued during the period to 30 June 2012.

Treasury shares have been purchased by the Cobham Employee Benefit Trust during the period to 30 June 2012 in connection with a number of the Group's share incentive schemes, and shares have been transferred from the trust to employees upon vesting of BCP, PSP and ESOS awards during the period.

During the year to 31 December 2011, 75,951,724 shares were acquired by the Company under a share buy-back plan and these are held as treasury shares. The total cost of these shares was £150.0m (plus £1.0m of commissions and taxes), deducted from retained earnings and total shareholders' equity.

6. Underlying profit and earnings per share

£m		Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Operating profit		**106.4**	113.4	261.5
Business restructuring - primarily Excellence in Delivery		**15.8**	19.2	31.9
Unrealised movements in non-hedge accounted derivative financial instruments		**(4.4)**	(1.1)	5.4
Amortisation of intangible assets arising on business combinations		**30.0**	33.6	68.0
Insurance proceeds related to settlement of commercial dispute		**-**	-	(6.0)
M&A related adjustments		**10.2**	1.8	4.1
Trading profit		**158.0**	166.9	364.9
Net underlying finance expense		**(15.8)**	(18.0)	(37.0)
Underlying profit before taxation		**142.2**	148.9	327.9
Taxation charge on underlying profit		**(27.6)**	(37.1)	(81.2)
Non-controlling interests		**-**	(0.1)	(0.1)
Underlying profit after taxation attributable to equity shareholders		**114.6**	111.7	246.6
Weighted average number of shares	million	**1,076.0**	1,144.5	1,118.4
Underlying EPS	pence	**10.65**	9.76	22.05

Underlying administrative expenses, which exclude all movements in non-hedge accounted derivative financial instruments, foreign exchange gains and losses, business restructuring, amortisation of intangible assets recognised on business combinations, the settlement of a commercial dispute and other M&A related adjustments, amounted to:

£m	Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Underlying administrative expenses	**78.6**	77.1	153.3
% of revenue	**9.3%**	8.6%	8.3%

7. Notes to the consolidated statement of cash flows

Cash flows from operating activities

£m	Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Operating profit	**106.4**	113.4	261.5
Adjustments for:			
Share of post-tax profits of joint ventures and associates	**(4.3)**	(3.5)	(9.4)
Depreciation	**27.5**	28.2	57.4
Amortisation of intangible assets excluding that related to restructuring	**32.3**	35.5	72.0
Loss on sale of property, plant and equipment	**0.4**	0.7	1.7
Business restructuring - primarily Excellence in Delivery	**15.8**	19.2	31.9
M&A related adjustments	**10.2**	1.8	4.1
Unrealised movements in non-hedge accounted derivative financial instruments	**(4.4)**	(1.1)	5.4
Pension contributions in excess of service cost	**(7.5)**	(9.8)	(48.8)
Share-based payments	**3.3**	2.8	6.1
Decrease in provisions	**(4.2)**	(0.6)	(0.5)
Operating cash flows before movements in working capital	**175.5**	186.6	381.4
Increase in inventories	**(7.7)**	(28.8)	(13.7)
(Increase)/decrease in trade and other receivables	**(0.2)**	19.4	8.6
(Decrease)/increase in trade and other payables	**(9.3)**	5.1	16.6
Movements in working capital	**(17.2)**	(4.3)	11.5
Cash generated from operations	**158.3**	182.3	392.9

Reconciliation of net cash flow to movement in net debt

£m	Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Decrease in cash and cash equivalents in the period	**(185.6)**	(87.4)	(140.3)
Net (increase)/decrease in borrowings	**(116.3)**	8.7	239.4
Exchange movements	**(1.2)**	27.2	(5.5)
Movement in net debt in the period	**(303.1)**	(51.5)	93.6
Net debt at beginning of period	**(232.5)**	(326.1)	(326.1)
Net debt at end of period	**(535.6)**	(377.6)	(232.5)

Analysis of net debt

£m	Half year to 30.6.12	Half year to 30.6.11	Year to 31.12.11
Cash and cash equivalents	**207.4**	405.6	345.6
Borrowings - current liabilities	**(394.3)**	(313.0)	(225.7)
Borrowings - non-current liabilities	**(348.7)**	(470.2)	(352.4)
Net debt	**(535.6)**	(377.6)	(232.5)

8. Property, plant and equipment

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Carrying amount at start of period	**318.6**	339.7	339.7
Additions	**21.7**	23.0	48.7
Acquired with business combinations	**6.4**	0.7	1.0
Disposal of undertakings	**-**	(0.2)	(5.5)
Disposals	**(0.5)**	(3.1)	(4.4)
Depreciation	**(27.3)**	(28.0)	(57.1)
Reclassifications	**(1.9)**	(1.0)	(4.6)
Foreign exchange adjustments	**(2.4)**	(0.1)	0.8
Carrying amount at end of period	**314.6**	331.0	318.6

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

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Commitments at end of period	**15.2**	4.7	3.9

9. Retirement benefit obligations

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Net liability at start of period	**(71.2)**	(82.0)	(82.0)
Amount recognised in the income statement	**(3.6)**	2.2	10.9
Contributions paid by employer	**9.8**	9.4	20.9
Employer contributions related to buy-in arrangement	**-**	-	19.6
Actuarial (losses)/gains recognised in consolidated statement of comprehensive income	**(12.8)**	2.2	(40.6)
Net liability at end of period	**(77.8)**	(68.2)	(71.2)

The estimated shortfall between the value of defined benefit pension scheme assets and the present value of future liabilities at 30 June 2012 has increased by £6.6m since 31 December 2011, excluding the deferred tax credit associated with such a shortfall.

10. Contingent and other liabilities

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

The nature of much of the contracting work done by the Group means that there are reasonably frequent contractual issues, variations and renegotiations that arise in the ordinary course of business. The Group has previously identified one, more significant, potential contractual breach dating back some years. The contract was in respect of goods provided into a geographic market which represents only a small amount of revenue for the Group. The circumstances surrounding this remain under review and the outcome still cannot be estimated. Resolution may take some time. No further information is disclosed as it could be prejudicial.

11. Business combinations

During the period to 30 June 2012, 96.9% of the issued share capital of Thrane & Thrane A/S has been acquired through market and private purchases and a public offer. On 10 April, the Group held 25.6% of the issued share capital and has included its share of post-tax results of the business in the income statement alongside the Group's share of post-tax results of joint ventures. Control was achieved on 8 June 2012 when, through a combination of shares purchased and unconditional and irrevocable agreements with shareholders, Cobham controlled 96.9% of the issued share capital, and the business has been consolidated as a subsidiary from that date.

In accordance with IFRS 3 the revaluation gains on previously held equity interests in Thrane & Thrane that arise on gaining control of the company have been recognised in the income statement. During June a compulsory purchase process commenced for the remaining shares and a liability for the amount payable for these shares has been recognised at 30 June 2012. Therefore no non-controlling interest has been recognised. The Thrane & Thrane business is being integrated into the Aerospace and Security division.

The fair value of Thrane & Thrane can be reconciled as follows:

£m	**Total**
Consideration including compulsory purchase obligations	**279.9**
Share of profit during the period the investment was held as an associated undertaking	**0.4**
Revaluation gains arising on equity interests on transfer of control	**1.0**
Fair value at date control achieved	**281.3**

The provisional fair values of the net assets acquired, subject to potential adjustment, are summarised as follows:

£m	**Total**
Non-current assets	**147.3**
Current assets	**65.6**
Current liabilities	**(40.7)**
Non-current liabilities	**(38.3)**
Net assets acquired	**133.9**
Goodwill	**147.4**
Total value of the business	**281.3**

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.

Acquired receivables are included in current assets in the table above at their fair values and relate to trade and other receivables which are considered to be recoverable in full.

The loss after tax included in the Group result relating to this acquisition is £2.2m after including the impact of amortisation of intangible assets.

If this acquisition had taken effect on 1 January 2012, it is estimated that Group total revenues for the half year ended 30 June 2012 would have been £902.4m and profit after tax £85.0m. 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.

The net cash flows resulting from business combinations are as follows:

£m	**Total**
Cash consideration paid for acquiring a 96.9% shareholding in Thrane & Thrane	**271.1**
Overdraft acquired with Thrane & Thrane	**2.8**
Consideration paid relating to business combinations completed in prior periods	**0.2**
	274.1

12. Business divestments and similar income

£m	Note	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Revaluation gain arising on equity interests in Thrane & Thrane	11	**1.0**	-	-
Net (loss)/profit on business divestments before tax		**(0.1)**	4.8	25.0
Earn-out on divestment of M/A-COM Technology Solutions Inc		**-**	-	9.1
Goodwill adjustment on business held for sale		**-**	-	(7.0)
		0.9	4.8	27.1

13. Non-current assets and disposal groups held for sale

£m	**Half year to 30.6.12**	Half year to 30.6.11	Year to 31.12.11
Intangible assets	**38.9**	-	17.2
Property, plant and equipment	**4.9**	1.7	3.4
Inventories	**17.6**	-	6.8
Trade and other receivables	**10.4**	-	2.9
Total assets classified as held for sale	**71.8**	1.7	30.3
Trade and other payables	**(5.2)**	-	(2.5)
Tax and other liabilities	**(4.4)**	-	(4.4)
Total liabilities associated with assets classified as held for sale	**(9.6)**	-	(6.9)
Total net assets of disposal groups and non-current assets held for sale	**62.2**	1.7	23.4

Non-current assets and disposal groups held for sale at 30 June 2012 include the assets and liabilities of the Group's Commercial Systems businesses, part of which was also treated as held for sale at 31 December 2011. These businesses have been treated as non-core for segmental reporting as shown in note 2. The divestment of the emergency locator beacons businesses, part of Commercial Systems, was completed on 6 July 2012. Cash consideration was US$73.0m with up to US$5.0m additionally payable contingent upon future events, realising a modest profit.

The remaining non-core businesses are expected to be disposed of within 12 months of the balance sheet date.

Assets held for sale at 30 June 2011 related to a property which was sold during 2011.

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 and loans provided to joint ventures FB Leasing Limited and FB Heliservices Limited 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 key risks and uncertainties

The Risk Committee meets regularly to consider the Group's risks and towards the end of the period they concluded that the Group's principal risks identified in the 2011 Annual Report and Accounts on page 29 remain valid and relate to: inability to attract and retain staff with appropriate levels of skills and talent; contract risk and execution; deterioration in the macro economic environment adversely impacting our core markets; failure to comply with laws, regulations and restrictions. The Group's risk management process is detailed on page 28 of the 2011 Annual Report and Accounts.

Statement of Directors' responsibilities

The directors confirm that to the best of their knowledge, these condensed interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors of Cobham plc are listed on page 35 of the 2011 Annual Report and Accounts. Since the year end, the following changes have been made:

- R Murphy was appointed Chief Executive Officer and Executive Director on 25 June 2012.
- J Devaney reverted to his role as non-executive Chairman on 25 June 2012.
- A Stevens resigned from the Board on 1 August 2012.

A list of current Directors is maintained on the Cobham Group website: www.cobham.com.

By order of the Board

R Murphy
Chief Executive Officer

W G Tucker
Chief Financial Officer

7 August 2012

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 2012, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows 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 2012 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
London
7 August 2012

Notes:
(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.