INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2015

6 August 2015

Underlying[1] results	**2015**	2014	Change	Constant FX Change
Order intake	**£960m**	£728m	+32%	+29%
Revenue	**£1,048m**	£834m	+26%	+24%
Trading Profit	**£160m**	£130m	+24%	+23%
Profit before Tax	**£135m**	£118m	+15%	+17%
Earnings per share (EPS)	**9.3p**	8.7p	+8%	+9%
Operating cash conversion[2]	**77%**	64%	+13ppts	
Statutory results	**2015**	2014	Change	Constant FX Change
Revenue	**£1,048m**	£834m	+26%	+24%
Profit before Tax	**£4m**	£54m	-92%	-92%
EPS	**(0.2)p**	4.2p		
Net debt	**£1,237m**	£1,223m*		
Interim dividend per share	**3.05p**	2.904p	+5%	

**At 31 December 2014*

- Significant impact from Aeroflex on half year results; acquisition on track
- Order intake up 32% and 5% at constant currency before M&A
- Total revenue growth of 26% reflecting Aeroflex acquisition and organic[3] growth of 0.3%
- Underlying EPS growth of 8% including significant contribution from Aeroflex
- Private venture[4] investment increased to £71m or 8.4% of revenue (2014: £42m or 6.6%)
- Good progress on major aerial refuelling development programmes; previously identified technical issues largely retired
- Statutory profit and EPS include non-underlying charges associated with acquisition and integration of Aeroflex
- Successful refinancing of the US$370m balance of two year Aeroflex bridge facility, securing medium to long term debt facilities
- Sharpening strategic focus through portfolio divestments
- Interim dividend increased by 5% to 3.05p reflecting Group's progressive dividend policy with intention to rebuild cover over time

Bob Murphy, Cobham Chief Executive Officer, said:

"We have delivered strong revenue and earnings growth in the first half, primarily due to our Aeroflex acquisition. We have achieved modest organic revenue growth overall driven by aerial refuelling and the Aviation Services business. While we continue to see good revenue growth from our commercial aerospace products, there are currently short term headwinds in certain of our commercial marine and land markets.

"We anticipate demand conditions will improve in our shorter cycle, commercial land and marine markets, with continuing good progress on our aerial refuelling programmes. As a result, trading for the full year remains in line with expectations and we continue to expect there will be a greater weighting of earnings to the second half, with full year organic revenue growth in line with previous guidance.

"Looking further ahead the Board remains confident that our leading positions in attractive markets, in particular those benefiting from the increasing demand for connectivity related mobile communications together with our continued focused investment, leave us well placed to deliver sustainable long term growth."

ENQUIRIES

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INTERIM RESULTS PRESENTATION INCLUDING LIVE WEBCAST AND DIAL-IN DETAILS

There will be an interim results presentation at 9.30am UK time on Thursday, 6 August 2015, with a live webcast that is accessible on the Cobham website (www.cobhaminvestors.com). The webcast will be made available on the website for subsequent viewing. There will also be a 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.

A PDF copy of this interim announcement can be downloaded from www.cobhaminvestors.com/reports-and-presentations/2015.

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 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 business acquisition and divestment related activity and business restructuring costs as detailed below. Also excluded are changes in the marking to market of non-hedge accounted derivative financial instruments, impairments of intangible assets and items deemed by the Directors to be of an exceptional nature.*

   Business acquisition and divestment related items excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition, adjustments to businesses held for sale, the writing off of the pre-acquisition profit element of inventory written up on acquisition and other direct costs associated with business combinations and terminated divestments. Business restructuring costs relate to the restructuring of the Group's portfolio which are incremental to normal operations. In 2015, these relate primarily to the integration of the Aeroflex businesses acquired in 2014.

   Underlying earnings are defined as trading profit less net underlying finance costs, which exclude acquisition related items, and after deducting associated taxation and non-controlling interests.

   A reconciliation of operating profit and profit before taxation to the respective underlying numbers is shown on page 13.

2. *Operating cash flow is defined as net cash from operating activities before payment of tax, interest, restructuring costs and M&A related costs but 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. Free cash flow is defined as net cash from operating activities, less cash flow related to the purchase or disposal of property, plant, equipment and intangible assets but excluding payments related to M&A related activities.*

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

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

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

OVERVIEW OF THE HALF YEAR

Group order intake in the period was £960m (2014: £728m), an increase of 32% on the prior period. At constant currency and excluding the impact of acquisitions and divestments, order intake was 5% higher than the prior period. The book-to-bill ratio in the period was 1.0x, excluding Cobham Aviation Services which is characterised by the receipt of large multi-year orders. On a like-for-like basis excluding Aviation Services, the order book was unchanged at the period end.

Total Group revenue increased by 26% to £1,048m (2014: £834m), primarily driven by the Aeroflex acquisition. There was an £11m net benefit from foreign currency translation.

Group organic revenue growth was 0.3% driven by increased aerial refuelling revenue and growth in Aviation Services. This growth was largely offset by 3% lower revenue in commercial markets. While strong growth continued in commercial aerospace, the marine SATCOM market was lower, ahead of the expected full entry into service of the broadband Global Xpress satellite constellation, and with reduced revenue from oil and gas markets. Land markets were lower, including in-building wireless systems revenue, following a very strong first half performance in 2014.

The Group's trading profit in the period was £160m (2014: £130m), an increase of £30m. This included a net contribution from acquisitions and divestments of £31m. The trading margin was broadly unchanged at 15.3% (2014: 15.5%).

The integration of the Aeroflex business is continuing to make good progress and by the end of the first half of 2015, £13m of efficiencies have been delivered since the acquisition completed. Business restructuring costs in the period relating to the Aeroflex integration were £21m.

Private venture (PV or company funded research and development - R&D) investment increased significantly in the period to £71m (2014: £42m), representing 8.4% of revenue (2014: 6.6%), largely as a result of the inclusion of Aeroflex. In total, R&D investment, which includes company funded and customer funded investment, increased to £134m (2014: £90m) or 15.8% (2014: 14.3%) of revenue. This investment reflects in particular a high level of activity on major aerial refuelling programmes. Cobham continues to make good progress on its aerial refuelling development programmes. It has remained on track, consistent with the Group's February 2015 announcement.

Underlying EPS was 9.3p (2014: 8.7p), an increase of 8% compared to the prior period, or 9% at constant currency.

Operating cash flow, which is stated after net capital expenditure but before interest and tax payments, increased to £124m (2014: £83m), driven by higher trading profit and a reduced cash outflow from working capital, partially offset by higher net capital expenditure. As a result, operating cash conversion was 13% ppts higher than the prior period at 77% (2014: 64%). Free cash flow also increased to £70m (2014: £39m).

At the period end the Group's net debt had increased slightly to £1,237m (31 December 2014: £1,223m) with net debt/EBITDA 2.9x at the period end. It is anticipated that the Group's net debt/EBITDA ratio will be lower at the year end.

In May 2015 the company repaid the remaining US$370m of the two year bridge financing that was taken out in September 2014 to fund the Aeroflex acquisition, with funding secured through new medium and long term US dollar and Euro loans.

MARKETS

Cobham operates in three broad market segments: commercial, which comprises aerospace, marine and land markets; US defence/security and non-US defence/security. The proportion of Group revenue attributable to each market segment is set out in the table below.

	H1 2015		H1 2014	
	Revenue	**Organic Growth**	Revenue	Organic Growth
Commercial	**41%**	**-3%**	38%	8%
US defence/security	**35%**	**3%**	34%	-10%
Non-US defence/security	**24%**	**2%**	28%	-10%
Group	**100%**	**0.3%**	100%	-3.9%

Commercial markets

The Group is currently experiencing some short term headwinds in certain land and marine markets, which have led to a reduction in organic revenue in its commercial businesses during the period. However, the Group continues to believe that commercial markets offer attractive long term growth prospects and it has continued to increase its presence in these markets, which in total now comprise more than 40% of the Group's revenue. The Group has leading positions in specialist aerospace markets, where it supplies products for large transport aircraft, regional and business jets, helicopters and smaller aircraft, and in aviation services, principally in Australia. It also has a leading position in the marine SATCOM market and in wireless markets where it supplies specialist test and measurement solutions and digital, intelligent distributed antenna systems. Its technology is focused on communication related markets, including communication on the move and in harsh environments.

There is an increasing demand for bandwidth, as the desire for enhanced communications represents a long term trend. This and the ability to save its customers money are key long term drivers for the Group's products. The Group specialises in supplying technology based solutions and in developing smaller and lighter products, affording operational benefits, including greater fuel efficiency and lower operating costs. The Aviation Services business also has the ability to provide a differentiated service, including the unique ability to fly jet aircraft onto unsealed runways in Australia. This can save its customers money and so enables the business to grow market share over time.

Within its predominantly commercial SATCOM markets, the Group is expected to benefit from a recovery in demand in the second half of the year, including anticipated growth driven by the upcoming global entry into service of the Inmarsat Global Xpress satellite constellation, as customers upgrade to take advantage of its global coverage and high-performance download speeds. Cobham is also an approved supplier of SATCOM antennas for the Telenor Thor 7 broadband SATCOM service. The launch of this service is expected towards the end of 2015, and covers key North Sea and Mediterranean trade routes.

US defence/security market

Despite some volatility in the profile of US Department of Defense investment outlays during the period, the Group continues to believe that the investment accounts, which comprise the procurement and research, development, testing and evaluation budgets, are beginning to stabilise. As the environment stabilises, it is expected that revenue derived from this market will be more predictable, in comparison to the significant declines encountered during the recent past. It is anticipated that, in future, positioning on individual programmes in this market will be the key determinant of growth.

The Group recently received further re-affirmation that its focus on differentiated technology used for communication, aerial refuelling and safety in this market is aligned with military priorities. The National Military Strategy of the United States of America 2015, which was published in June, set out the importance of new technologies in the global information environment which support the creation and sharing of information. The document sets out a focus on networked intelligence, strong communication links and interoperability, which are key capabilities for Cobham. It also sets out the requirement to project power across domains, with aerial refuelling and safety related products critical to the achievement of this objective.

The Group has benefited in the period from the resumption of multi-year production on the C-130 aircraft for the US Marine Corps and US Air Force on which Cobham supplies a variety of products including aerial refuelling, antennas and microwave and other components. Additional orders were received during the period, further extending Cobham's current production run on this programme.

Non-US defence/security markets

Non-US defence/security markets have largely followed previous trends, including growth in Asian and Middle Eastern markets and European markets being flat to lower overall. Notwithstanding this, there are signs that certain European defence budgets are starting to increase, principally driven by regional security threats.

Cobham is often able to leverage its key technology capabilities into accessible markets worldwide. This is either by direct sales to end customers or by benefiting from export orders won by US and non-US defence companies, as its critical and differentiated components and subsystems are used globally across a wide range of platforms and programmes.

Over the medium term, the Group anticipates that it will see good growth in its non-US defence/security revenue, including from aerial refuelling contracts. Growth is expected to come from further orders for new aircraft. For example, South Korea and Australia both recently announced that they would be ordering Airbus A330MRTT aircraft. Cobham supplies the hose and drogue aerial refuelling system used on this aircraft. In addition, growth will come from aircraft with a significant existing order book moving from development into production, including the Airbus A400M. Underlining the importance of Cobham's technology, the Voyager Force, including the UK AirTanker consortium of which Cobham is a member and which supports the UK's fleet of A330MRTT aircraft, was awarded an Air Officer Commanding 2 Group's Commendation in the Queen's Birthday Honours during the period. This was for the exceptional performance of the fleet in multiple operational scenarios over the past twelve months and demonstrates the operational confidence in the aerial refuelling system performance and Cobham ground support, during a period of global multi-role operations.

The Group also expects to see good growth from its Aviation Services business, with a number of opportunities available to it, in particular in more mature markets, and in the Middle East. The Group has previously announced that it has won a 12 year AUS$640m Australian Maritime Safety Authority contract. This is currently undergoing mobilisation and is scheduled to commence initial flying operations in the second half of 2016.

STRATEGY

The Group builds and maintains leading positions in its chosen markets by leveraging innovative technology and know-how with a deep insight into its customers' needs.

Organic Strategy & Execution

The Group has continued to invest in the business, in technology, skills and capabilities and business infrastructure. These initiatives underpin the Group's drive for sustainable growth and have begun to show tangible results. Cobham is firmly focused on operational execution and on further driving its financial performance.

Company funded PV investment increased significantly in the period to £71m (2014: £42m), representing 8.4% of revenue (2014: 6.6%), largely as a result of the inclusion of Aeroflex. The Group has continued to align its investment in leading edge technologies to those markets where there is most opportunity for profitable growth. It has invested across a range of next generation products and technologies which have excellent prospects and these include the following:

- Cobham Communications and Connectivity has made an investment in automatic dependent surveillance broadcast (ADS-B) in/out antennas to support improved aircraft communication and positional data. ADS-B enables an aircraft to determine its position via satellite and to broadcast this periodically, enabling its position to be tracked, enhancing aircraft situational awareness;

- Cobham Communications and Connectivity's Wireless business has brought to market the first stage of a virtualised TM/E500 test platform. This lowers the cost of test for customers while maintaining industry leading levels of functionality;

- Cobham Advanced Electronic Solutions' Semiconductor Solutions business has qualified a leading edge complementary metal oxide semiconductor technology and packaging solutions for advanced communication satellite payloads requiring beam steering and capacity adaptation;

- Cobham Advanced Electronic Solutions' Semiconductor Solutions business has qualified its complementary metal oxide semiconductor, a leading edge design and packaging technology, for control system actuation on next generation satellites;

- Cobham Mission Systems has introduced its advanced higher flow Xenon regulator which allows commercial satellites to reach orbit in less time than traditional electric propulsion systems, so enabling them to generate revenue for their operators more quickly.

In addition to company funded PV, the Group also invests in technology which has been funded by customers to support specific programmes. In the period, customer funded R&D was £63m (2014: £48m). The largest segment of this R&D investment related to aerial refuelling development programmes, in particular the Boeing KC-46, Airbus A400M and the Embraer KC-390 aircraft. It is expected that the rate of R&D investment in these programmes will moderate as the Group progresses through the remainder of 2015, with the first two of the programmes moving towards low rate initial production.

In total, R&D investment, which includes company funded and customer funded investment, increased to £134m (2014: £90m), representing 15.8% (2014: 14.3%) of revenue.

Cobham has also continued to invest in its IT capabilities in the period, which the Group believes is a key business enabler, to provide a robust and joined-up framework to underpin its core business processes. The first implementation of the Group's new Enterprise Resource Planning system went live in the period. This system will help sustain the Group's operational and customer delivery improvements and will provide a common platform and information management reporting capability to help drive future performance.

Capital Deployment Strategy

Cobham has continued to prioritise investment in the business to generate organic growth and shareholder value. Further the Group's cash flow is used to pay a progressive dividend which is broadly aligned with underlying earnings growth, while rebuilding cover over time. Its M&A strategy is to acquire businesses that provide strategic focus by reinforcing the Group's differentiated technology and know-how, to strengthen existing market positions.

The acquisition of Aeroflex in 2014 has brought more balance to the Group's end markets, building on the progress made with previous acquisitions. Management focus remains on integrating the Aeroflex acquisition and on organic cash generation. The integration of the Aeroflex business is continuing to make good progress and by the end of the first half of 2015, the Group has achieved some £13m (US$20m) of efficiencies since the acquisition completed, with £10m (US$15m) achieved in the period. This includes efficiencies derived from site integration activity, reduced Aeroflex head office costs and direct and indirect supply chain benefits for the combined Group. Business restructuring costs in the period relating to the Aeroflex integration were £21m (US$32m), with full year business restructuring costs of £41m (US$63m) anticipated.

Cobham continues to expect Aeroflex to return the Group's cost of capital by the end of the third full year of ownership and the Group is still targeting some US$85m of cost synergies on an annualised run rate basis, for a total cost of US$215m. Approximately 60% of these savings and 70% of the costs are expected to be realised in the first three years of ownership.

During the period Cobham identified that the Inmet and Weinschel businesses, acquired as part of the Aeroflex acquisition, were not core to its future growth strategy. The Group completed the disposal of these businesses in June 2015.

FINANCIAL RESULTS

Orders

Group order intake in the period was £960m (2014: £728m), an increase of 32% on the prior period. At constant currency and excluding the impact of acquisitions and divestments, order intake was 5% higher.

The book-to-bill ratio in the period was 1.0x excluding Cobham Aviation Services, a business which is characterised by the receipt of large multi-year orders. In 2014, in addition to other significant awards received, it received a base twelve year Australian Maritime Safety Authority contract for AUS$640m, as well as an extension to 2020 to the large Chevron fly-in fly-out contract in Australia.

At the period end the order book was £2.34bn (31 December 2014: £2.51bn), which included £1.04bn (2014: £1.19bn) relating to the Aviation Services Sector. On a like-for-like basis, excluding Aviation Services, the order book was unchanged at the period end.

Summary of Underlying Results

A summary of the Group's underlying results is set out below and a reconciliation of underlying profit numbers to statutory profit numbers is set out on page 13:

£m	**Half year 2015**	Half year 2014
Revenue	**1,048**	834
Trading Profit	**160**	130
Margin	***15.3%***	*15.5%*
Underlying Net Finance Expense	**(25)**	(12)
Underlying Profit Before Tax	**135**	118
Underlying Tax	**(29)**	(24)
Underlying Tax Rate	***21.5%***	*20.0%*
Underlying Profit After Tax	**106**	94
Weighted average Number of Shares (millions)	***1,132***	*1,084*
Underlying EPS (pence)	**9.3**	8.7

Foreign Currency Translation Exchange Rates

The following are the average and closing rates for those currencies that have most impact on translation of the Group's income statement and balance sheet into pounds sterling.

	Half year 2015	Half year 2014	Full Year 2014
Income statement - average rate			
US$/£	**1.53**	1.67	1.65
AUS$/£	**1.95**	1.83	1.83
€/£	**1.37**	1.22	1.24
DKK/£	**10.19**	9.09	9.25
Balance sheet - closing rate			
US$/£	**1.57**	1.71	1.56
AUS$/£	**2.05**	1.81	1.91
€/£	**1.41**	1.25	1.29
DKK/£	**10.53**	9.31	9.60

Revenue

A summary of the changes to Group revenue in the period is as follows:

Half Year 2014	**FX Translation**	**Net Acquisitions & Divestments**	**Organic Growth**	**Half Year 2015**
£834m	**£11m**	**£201m**	**£2m**	**£1,048m**

Total Group revenue increased by 26% to £1,048m (2014: £834m), primarily driven by the Aeroflex acquisition, net of divestments. In addition, there was an £11m net benefit from favourable foreign currency translation, primarily relating to the US dollar, which was partially offset by adverse foreign currency translation driven by the Australian dollar, the euro and the Danish krone.

Total Group organic growth was 0.3% in the period, with 2% growth in defence/security markets. This growth was driven by increased aerial refuelling revenue, particularly C-130 production and KC-46 engineering and development revenue. There was also a further contribution from the Aviation Services Sector, including revenue from fixed and rotary wing contracts in the Caribbean and the Middle East.

The growth in defence/security markets was to a large extent offset by lower organic revenue in commercial markets, which was down 3%. However, strong growth continued in aerospace markets, in particular from SATCOM antennas and avionics products. Revenue in the marine SATCOM market was lower, ahead of the expected full entry into service of the broadband GX constellation, and there was reduced revenue from oil and gas markets. There was also lower revenue from land markets, including in-building wireless systems, following a very strong first half performance in 2014.

Trading Profit

The Group's trading profit in the period was £160m (2014: £130m), an increase of £30m. This included a net contribution from acquisitions and divestments of £31m. The trading margin was broadly unchanged at 15.3% (2014: 15.5%). There was a positive impact from the Group's efficiency programmes, offset by the impact from ongoing engineering and development programmes, particularly within the Cobham Advanced Electronic Solutions Sector.

Group statutory operating profit was £29m (2014: £69m). The most significant items not included in the underlying figure comprised increased amortisation of intangible assets arising on business combinations of £85m (2014: £49m), with this increase driven by Aeroflex. In addition, there were other business acquisition and divestment related items of £21m (2014: £4m). This principally related to the unwind of recognising Aeroflex inventory at its full fair value, as required by international financial reporting standards, and a net loss on divestments. In addition, there were business restructuring costs of £24m (2014: £13m) principally relating to the integration of Aeroflex.

Underlying Net Finance Expense and Underlying Profit Before Tax

The Group's underlying net finance expense was £25m (2014: £12m). The underlying net interest expense on cash and debt holdings increased to £23m (2014: £10m), primarily reflecting the acquisition of Aeroflex and adverse foreign currency translation, as much of the Group's debt is denominated in foreign currencies, primarily the US dollar. As expected, there was a non-cash net finance charge from pension schemes of £2m (2014: £2m).

The Group's underlying profit before tax was £135m (2014: £118m).

Taxation

As anticipated, the Group's underlying tax rate increased to 21.5% (2014: 20.0%) from an underlying tax charge of £29m (2014: £24m), due to a higher marginal tax rate from the former Aeroflex businesses.

Earnings per Share (EPS)

Underlying EPS was 9.3p (2014: 8.7p), an increase of 8% compared to the prior period or 9% at constant translation exchange rates. Within this, the adverse impact on EPS from the higher weighted average number of shares, due to the May 2014 equity placing, was 4% points.

Basic EPS was a loss of 0.2p (2014: earnings of 4.2p), principally due to the impact of the items set out in the paragraph on statutory profit above.

Retirement Obligations

The Group operates a number of defined benefit pension schemes, which have been closed to new entrants since 2003. The largest of these is the UK Cobham Pension Plan. As at 30 June 2015, the estimated shortfall for accounting purposes between the value of the defined benefit schemes' assets and the present value of future liabilities had reduced since 31 December 2014 to £84m before deferred tax (31 December 2014: £102m). This favourable impact on the shortfall was primarily due to an increase in corporate bond rates which has resulted in a higher discount rate being applied to scheme liabilities.

Cash Flow and Net Debt

Operating cash flow, which is stated after net capital expenditure but before interest and tax payments, increased to £124m (2014: £83m), being driven by higher trading profit and a reduced cash outflow from working capital of £7m (2014: £49m), partially offset by higher capital expenditure. As a result, operating cash conversion was 13 ppts higher than the prior period at 77% (2014: 64%).

Net capital expenditure in the period increased to £58m (2014: £26m). The largest element of this was increased investment in the Aviation Services Sector, where investment continued in the aircraft fleet as a result of recent successes in winning multi-year contract awards.

Free cash flow increased to £70m (2014: £39m), benefiting from the Group's increased trading profit. This is stated after £16m of payments relating primarily to Aeroflex integration costs (2014: £13m – Excellence in Delivery). Also included within this are net interest payments of £24m (2014: £12m) and tax payments of £14m (2014: £19m).

Out of free cash flow, the Group paid its final dividend of £88m (2014: £76m), which was announced in March 2015. This reflects the Group's progressive dividend policy and the additional 60 million shares following the May 2014 placing.

Net acquisition payments of £5m (2014: £23m) reflected costs relating to the 2014 Aeroflex acquisition. This was partially offset by the June 2015 Weinschel and Inmet divestment proceeds and the receipt of monies relating to the partial repayment of a term loan note from a prior year divestment.

In addition, the Group paid £8m (2014: £184m net receipt) reflecting the net cost of treasury shares held to satisfy awards and options under the Group's share based payment schemes.

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

£m	**Half Year 2015**	Half Year 2014
Trading profit	**160**	130
Depreciation, amortisation & other items	**37**	37
Pension contributions in excess of pension charges	**(8)**	(9)
Increase in working capital	**(7)**	(49)
Net capital expenditure	**(58)**	(26)
Operating cash flow	**124**	83
Operating cash/trading profit	***77%***	*64%*
Underlying net interest paid	**(24)**	(12)
Taxation paid	**(14)**	(19)
Free cash flow before restructuring costs	**86**	52
Restructuring costs	**(16)**	(13)
Free cash flow	**70**	39
Dividends paid	**(88)**	(76)
Acquisition payments less divestment proceeds & other related costs	**(5)**	(23)
Net settlement and placing of treasury shares	**(8)**	184
Exchange movements	**17**	16
(Increase)/decrease in net debt	**(14)**	140

At the period end the Group's net debt had increased slightly to £1,237m (31 December 2014: £1,223m) with net debt/EBITDA 2.9x at the period end. It is anticipated that the Group's net debt/EBITDA ratio will be lower at the year end.

In May 2015 the company repaid the remaining US$370m of the two year bridge financing that was taken out in September 2014 to fund the Aeroflex acquisition. The repayment was funded by new US dollar and Euro loans, which totalled US$225m and €135m respectively, and which mature at dates between October 2018 and May 2022. Interest is payable at the applicable benchmark rate plus margin.

Dividend

The Board has approved an interim dividend of 3.05p (2014: 2.904p), an increase of 5%, reflecting the Group's progressive dividend policy with the intention to rebuild cover over time. The shares will be traded ex-dividend on 8 October 2015 and the interim dividend will be paid on 6 November 2015 to shareholders on the register at 9 October 2015.

RECONCILIATION OF UNDERLYING MEASURES

£m	**Half Year 2015**	Half Year 2014
Operating Profit	**29**	69
Adjusted to exclude:		
Business restructuring	**24**	13
Movements in non-hedge accounted derivative financial instruments	**1**	(6)
Amortisation of intangible assets arising on business combinations	**85**	49
Exceptional legal costs	**-**	1
Other business acquisition and divestment related items	**21**	4
Total operating reconciling items	**131**	61
Trading Profit	**160**	130

Underlying Profit Before Tax is calculated as follows:		
Profit before taxation	**4**	54
Total operating reconciling items as above	**131**	61
Non-underlying finance costs	**-**	3
Underlying Profit Before Taxation	**135**	118
Taxation charge on underlying profit	**(29)**	(24)
Underlying Profit After Taxation	**106**	94
Underlying EPS (pence)	**9.3**	8.7

SECTOR REVIEW

Group Operating Summary

£m	Revenue Half Year 2015	Revenue Half Year 2014	Trading Profit Half Year 2015	Trading Profit Half Year 2014
Cobham Communications and Connectivity	**409**	316	**58**	51
Trading Margin			***14.2%***	*16.3%*
Cobham Mission Systems	**167**	138	**25**	20
Trading Margin			***14.9%***	*14.4%*
Cobham Advanced Electronic Solutions	**276**	172	**40**	26
Trading Margin			***14.6%***	*14.8%*
Cobham Aviation Services	**203**	206	**28**	26
Trading Margin			***14.0%***	*12.7%*
Head Office and Eliminations	**(7)**	2	**9**	7
Cobham Group	**1,048**	834	**160**	130
Margin			***15.3%***	*15.5%*

Cobham Communications and Connectivity

Provides aircraft and in-building communication equipment, law enforcement and national security monitoring solutions, satellite communication equipment for land, sea and air applications, specialist composite products for military and commercial applications, and test and measure instrumentation for radio frequency, cellular communications and wireless networking.

£m	Half Year 2015	2014 Constant FX	2014 Reported	Organic Revenue (%)
Revenue	**409**	310	316	**-1%**
Trading Profit	**58**	49	51	
Margin	**14.2%**	15.9%	16.3%	

Total revenue increased by £93m, due to the contribution in the period from the former Aeroflex Test Solutions business, with its Wireless business continuing to perform well. Revenue from the industry leading TM/E500 test platform remained strong and revenue from the virtualised TeraVM product also showed good growth. This contribution was partially offset by an adverse impact from foreign currency translation of £6m. Organic revenue was 1% lower.

Organic revenue in the Sector included growth in defence/security markets being underpinned by the Surveillance business in the US. In commercial markets there was good growth from aerospace products with higher revenue from SATCOM antennas and from avionics products. However, this was offset by lower revenue in the marine SATCOM market, ahead of the expected global entry into service of the broadband GX constellation. The lower revenue was driven in particular by decreased activity in oil and gas markets. Commercial land markets were also lower, including the in-building wireless business which had a very strong 2014, following the award of some significant orders in that year.

The Sector's trading margin was 14.2% (2014: 16.3%). This included the full period impact from the former Aeroflex Test Solutions business which had a trading margin below the Sector average in the period. There was also an impact on the margin from lower production volumes in the period, particularly relating to oil and gas markets within SATCOM, and higher levels of investment in the Sector overall, including a higher like-for-like rate of PV investment. These factors were partially offset by the favourable impact of efficiency savings.

In addition, there have been some significant business developments which are anticipated to benefit future results:

- First export orders were received for the Dassault Aviation Rafale fighter from Egypt and Qatar, with the potential for additional export orders. Cobham supplies the intercom system, antennas, microwave components and subsystems and lights on this aircraft;

- An order was received for SATCOM antennas from Rockwell Collins for the Chinese COMAC C919 aircraft, which secures a future commitment for hundreds of shipsets over the life of the aircraft;

- The Telenor Thor 7 broad band SATCOM service launch is expected towards the end of 2015, covering key North Sea and Mediterranean trade routes. This represents a further growth opportunity for Ka-band SAILOR 800 and 900 antenna types which have been approved by Telenor;

- Increased order flow in July in the in-building wireless business, including an order from a major European metro.

Cobham Mission Systems

Provides safety and survival systems for extreme environments, nose-to-tail aerial refuelling systems and wing-tip to wing-tip mission systems for fast jets, transport aircraft and rotorcraft and remote controlled robots and fully equipped bomb disposal vehicles for homeland security and military.

£m	**Half Year 2015**	2014 Constant FX	2014 Reported	**Organic Revenue (%)**
Revenue	**167**	146	138	**14%**
Trading Profit	**25**	21	20	
Margin	**14.9%**	14.6%	14.4%	

Total revenue was £29m higher, driven by organic growth of 14% and a favourable foreign currency translation impact of £8m, driven by the US dollar. Organic revenue growth reflected the start of a multi-year C-130 production contract for the US Marine Corps and the US Air Force, together with higher aerial refuelling engineering and development revenue, primarily relating to the US KC-46 tanker programme. This was partially offset by lower A330MRTT production due to in-year phasing.

Cobham continues to make good progress on its aerial refuelling development programmes, resolving the majority of previously reported hardware subsystem development and design maturity issues, remaining on track, consistent with the Group's February 2015 announcement.

The Sector's trading margin was 14.9% (2014: 14.4%) including a favourable impact from the net increase in aerial refuelling production in the period.

In addition to its excellent growth in the period, the business has also continued to win new orders which are expected to benefit future revenue:

- Significant multi-year orders were received in the first half for air-to-air refuelling systems from Lockheed Martin on the C-130 aircraft to support the US Marine Corps and the US Air Force;

- An increase in missile actuation orders for control subsystems on high volume air-to-ground missiles and laser guided munitions;

- Increased activity in the space market for the Sector's propulsion systems and life support components which are being used on next generation launch vehicles, satellites and manned platforms.

Cobham Advanced Electronic Solutions

Provides critical solutions for communication on land, at sea, in the air and in space, by moving data through off-the-shelf and customised products including radio frequency, microwave, and high reliability microelectronics, antenna subsystems and motion control solutions. This incorporates defence, wireless/mobile and fixed broadband, X-ray imaging, medical, industrial, and point of sale markets.

£m	**Half Year 2015**	Half Year 2014 Constant FX	Half Year 2014 Reported	**Organic Revenue (%)**
Revenue	**276**	189	172	**-9%**
Trading Profit	**40**	28	26	
Margin	**14.6%**	14.7%	14.8%	

Total revenue increased by £104m due to the contribution in the period from the former Aeroflex microelectronics business, with a good performance in defence/security and commercial markets from shipments of its application specific integrated circuits. There was also a favourable foreign currency translation impact of £17m.

Organic revenue was 9% lower despite good revenue growth from the Surface Electronic Warfare Improvement Programme Block 2, a programme providing enhanced self-protection capability for the US Navy's surface fleet. Organic growth was impacted by several programmes which moved towards the end of their production lives, including the Wideband Global Satellite, the Next Generation Receiver Terminal and the ALR67(V)3, a digital radar warning receiver that improves the survivability of US Navy aircraft in hostile environments.

The Sector's trading margin was 14.6% (2014: 14.8%). The trading margin included the impact from the ongoing lower margin engineering and development activity and from the lower production volumes on mature production programmes. These were partially offset by efficiency savings from the Aeroflex integration programme.

Notwithstanding the organic performance in the period, the Sector has differentiated technology which is focused on priority areas of investment spending, and this has led to some encouraging business developments:

- The ALQ-99 electronic warfare low band consolidation programme continues to gain momentum. This upgrade programme will add further functionality to the low band transmitters that Cobham has previously manufactured and delivered to the US Navy for use on its EA-18G Growler fighter aircraft;

- There was strong order intake on various air-to-air and ship protection missile programmes and for Joint Strike Fighter electronic warfare and radar components and subsystems. This order flow is expected to continue through 2015;

- There were good order wins in the period on a range of commercial and military satellite programmes, including for Boeing, Lockheed Martin, Orbital, Ball Aerospace and General Dynamics.

Cobham Aviation Services

Delivers outsourced aviation services for military and civil customers worldwide through military training, special mission flight operations, outsourced commercial aviation and aircraft engineering.

£m	**Half Year 2015**	Half Year 2014 Constant FX	Half Year 2014 Reported	**Organic Revenue (%)**
Revenue	**203**	198	206	**3%**
Trading Profit	**28**	25	26	
Margin	**14.0%**	12.8%	12.7%	

Total revenue decreased by £3m. This included organic revenue growth of 3%, which was offset by adverse foreign currency translation from the Australian dollar of £8m.

While commercial revenue in Australia was broadly flat, the results included the continuation of jet services for a number of important natural resources customers. This included Gold Fields Australia, a service which had commenced in 2014, and also Chevron who extended the shuttle services between Karratha and Barrow Island to December 2015. A five year contract extension was also signed with Minara for fly-in and fly-out (FIFO) services through to 2020 and the next generation Embraer E190 commenced operations for Chevron, a key milestone linked to the contract extension signed last year to support the FIFO operation on Barrow Island until 2020.

Within the special mission operations a second training detachment for the Royal Saudi Air Force was successfully completed, the first being late in 2014, and the helicopter services business unit showed good growth, including the full year impact of a rotary wing support contract in Trinidad and Tobago.

The Sector's trading margin was 14.0% (2014: 12.7%). This included a favourable impact from revenue mix, efficiency savings and from foreign currency translation.

The first half of 2015 also saw Aviation Services achieve further business successes, which are expected to benefit future revenue:

- An agreement signed with General Atomics to create an affiliation covering whole life support arrangements for General Atomics Aeronautical Systems, Inc. products in the UK and Australia, focusing on support for the Predator® B/MQ-9 Reaper® unmanned systems in both countries;

- Modifications have commenced on the first of four aircraft for the 12 year AUS$640m Australian Maritime Safety Authority contract, ahead of flying operations scheduled to commence in the second half of 2016.

OUTLOOK

The Group has delivered strong revenue and earnings growth in the first half, primarily due to the Aeroflex acquisition. It has achieved modest organic revenue growth overall driven by aerial refuelling and the Aviation Services business. While Cobham continues to see good revenue growth from its commercial aerospace products, there are currently short term headwinds in certain of its commercial marine and land markets.

The Group anticipates demand conditions will improve in its shorter cycle, commercial land and marine markets, with continuing good progress on its aerial refuelling programmes. As a result, trading for the full year remains in line with expectations and Cobham continues to expect there will be a greater weighting of earnings to the second half, with full year organic revenue growth in line with previous guidance.

Looking further ahead the Board remains confident that Cobham's leading positions in attractive markets, in particular those benefiting from the increasing demand for connectivity related mobile communications together with continued focused investment, leave the Group well placed to deliver sustainable long term growth.

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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 greater or less 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 commodity prices, inflation or 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 2015

£m	Note	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Revenue	3	**1,048.2**	834.1	1,851.7
Cost of sales		**(716.2)**	(579.3)	(1,290.1)
Gross profit		**332.0**	254.8	561.6
Selling and distribution costs		**(68.5)**	(42.0)	(100.3)
Administrative expenses		**(233.8)**	(144.1)	(403.7)
Operating profit		**29.7**	68.7	57.6
Finance income	4	**2.9**	2.8	6.4
Finance costs	4	**(28.3)**	(17.3)	(39.7)
Profit before taxation		**4.3**	54.2	24.3
Taxation		**(6.5)**	(8.1)	4.7
(Loss)/profit after taxation for the period		**(2.2)**	46.1	29.0
Attributable to:				
Owners of the parent		**(2.3)**	46.0	28.8
Non-controlling interests		**0.1**	0.1	0.2
		(2.2)	46.1	29.0
Earnings per ordinary share	6			
Basic		**(0.20)p**	4.25p	2.60p
Diluted		**(0.20)p**	4.22p	2.58p

Trading profit is calculated as follows (see note 2):

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Operating profit	**29.7**	68.7	57.6
Adjusted to exclude:			
Business restructuring	**23.8**	13.1	52.2
Movements in non-hedge accounted derivative financial instruments	**0.4**	(5.7)	21.8
Amortisation of intangible assets arising on business combinations	**85.3**	48.6	113.6
Exceptional legal costs	**-**	0.8	0.8
Other business acquisition and divestment related items	**21.1**	4.2	40.7
Trading profit	**160.3**	129.7	286.7
Underlying EPS	**9.34p**	8.67p	18.48p

The definitions of trading profit and underlying EPS are shown in note 1.

Consolidated Statement of Comprehensive Income (unaudited)

For the half year ended 30 June 2015

£m	Note	Half year to 30.6.15	Half year to 30.6.14	Year to 31.12.14
(Loss)/profit after taxation for the period		**(2.2)**	46.1	29.0
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit retirement benefit obligations	11	**11.9**	(14.9)	(27.7)
Actuarial loss on other retirement benefit obligations		**-**	-	(0.7)
Tax effects		**(2.3)**	3.0	5.0
		9.6	(11.9)	(23.4)
Items that may subsequently be reclassified to profit or loss				
Net translation differences on investments in overseas subsidiaries		**(33.5)**	(17.6)	(18.7)
Reclassification of cash flow hedge fair values		**1.9**	0.7	1.3
Movements in hedge accounted derivative financial instruments		**(0.1)**	(0.9)	1.6
Tax effects		**(0.5)**	-	(0.9)
		(32.2)	(17.8)	(16.7)
Other comprehensive expense for the period		**(22.6)**	(29.7)	(40.1)
Total comprehensive (expense)/income for the period		**(24.8)**	16.4	(11.1)
Attributable to:				
Owners of the parent		**(24.8)**	16.3	(11.3)
Non-controlling interests		**-**	0.1	0.2
		(24.8)	16.4	(11.1)

Consolidated Balance Sheet (unaudited)
As at 30 June 2015

£m	Note	As at 30.6.15	As at 30.6.14	As at 31.12.14
Assets				
Non-current assets				
Intangible assets	7	**1,842.7**	1,096.1	1,997.2
Property, plant and equipment	8	**380.4**	336.0	390.0
Investment properties		**5.1**	9.6	10.4
Investments in joint ventures and associates		**2.8**	3.1	3.1
Trade and other receivables		**65.1**	21.8	53.3
Other financial assets		**6.1**	6.3	6.1
Deferred tax		**10.0**	12.5	10.5
Derivative financial instruments		**10.1**	8.0	7.6
		2,322.3	1,493.4	2,478.2
Current assets				
Inventories		**420.6**	336.5	431.4
Trade and other receivables		**369.7**	329.9	436.6
Current tax receivables		**0.5**	0.2	0.4
Derivative financial instruments		**15.1**	10.0	8.7
Cash and cash equivalents	9	**224.1**	282.5	225.6
Assets classified as held for sale	13	**50.5**	1.9	2.1
		1,080.5	961.0	1,104.8
Liabilities				
Current liabilities				
Borrowings	9	**(51.7)**	(3.4)	(1.5)
Trade and other payables		**(411.5)**	(354.4)	(503.6)
Provisions	10	**(82.0)**	(33.9)	(54.1)
Current tax liabilities		**(134.9)**	(108.2)	(119.2)
Derivative financial instruments		**(27.9)**	(4.8)	(20.7)
Liabilities associated with assets classified as held for sale	13	**(11.7)**	-	-
		(719.7)	(504.7)	(699.1)
Non-current liabilities				
Borrowings	9	**(1,409.0)**	(592.4)	(1,446.8)
Trade and other payables		**(35.6)**	(34.5)	(36.2)
Provisions	10	**(40.0)**	(7.7)	(13.3)
Deferred tax		**(110.6)**	(41.9)	(157.8)
Derivative financial instruments		**(16.8)**	(6.3)	(15.5)
Retirement benefit obligations	11	**(83.8)**	(95.1)	(102.0)
		(1,695.8)	(777.9)	(1,771.6)
Net assets		**987.3**	1,171.8	1,112.3
Equity				
Share capital		**30.4**	30.4	30.4
Share premium account		**301.9**	301.9	301.9
Other reserves		**5.1**	38.0	42.7
Retained earnings		**649.0**	800.6	736.4
Total equity attributable to the owners of the parent		**986.4**	1,170.9	1,111.4
Non-controlling interests in equity		**0.9**	0.9	0.9
Total equity		**987.3**	1,171.8	1,112.3

Consolidated Statement of Changes in Equity (unaudited)

For the half year ended 30 June 2015

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2015	**30.4**	**301.9**	**42.7**	**736.4**	**1,111.4**	**0.9**	**1,112.3**
Loss for the period	**-**	**-**	**-**	**(2.3)**	**(2.3)**	**0.1**	**(2.2)**
Items that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**9.6**	**9.6**	**-**	**9.6**
Items that may subsequently be reclassified to profit or loss	**-**	**-**	**(32.1)**	**-**	**(32.1)**	**(0.1)**	**(32.2)**
Total comprehensive expense for the period	**-**	**-**	**(32.1)**	**7.3**	**(24.8)**	**-**	**(24.8)**
Net purchase of treasury shares	**-**	**-**	**-**	**(8.3)**	**(8.3)**	**-**	**(8.3)**
Dividends (note 5)	**-**	**-**	**-**	**(87.7)**	**(87.7)**	**-**	**(87.7)**
Share based payments	**-**	**-**	**(2.6)**	**-**	**(2.6)**	**-**	**(2.6)**
Transfers of other reserves to retained earnings	**-**	**-**	**(1.3)**	**1.3**	**-**	**-**	**-**
Tax effects	**-**	**-**	**(1.6)**	**-**	**(1.6)**	**-**	**(1.6)**
Total equity at 30 June 2015	**30.4**	**301.9**	**5.1**	**649.0**	**986.4**	**0.9**	**987.3**

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	28.9	126.6	55.2	832.7	1,043.4	0.8	1,044.2
Profit for the year	-	-	-	28.8	28.8	0.2	29.0
Items that will not be reclassified subsequently to profit or loss	-	-	-	(23.4)	(23.4)	-	(23.4)
Items that may subsequently be reclassified to profit or loss	-	-	(16.7)	-	(16.7)	-	(16.7)
Total comprehensive expense for the year	-	-	(16.7)	5.4	(11.3)	0.2	(11.1)
Issue of shares	1.5	175.3	-	-	176.8	-	176.8
Net proceeds from treasury shares	-	-	-	3.3	3.3	-	3.3
Dividends (note 5)	-	-	-	(108.3)	(108.3)	-	(108.3)
Share based payments	-	-	6.1	-	6.1	-	6.1
Transfers of other reserves to retained earnings	-	-	(3.3)	3.3	-	-	-
Tax effects	-	-	1.5	-	1.5	-	1.5
Foreign exchange adjustments	-	-	(0.1)	-	(0.1)	(0.1)	(0.2)
Total equity at 31 December 2014	30.4	301.9	42.7	736.4	1,111.4	0.9	1,112.3

£m	Share capital	Share premium account	Other reserves	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	28.9	126.6	55.2	832.7	1,043.4	0.8	1,044.2
Profit for the period	-	-	-	46.0	46.0	0.1	46.1
Items that will not be reclassified subsequently to profit or loss	-	-	-	(11.9)	(11.9)	-	(11.9)
Items that may subsequently be reclassified to profit or loss	-	-	(17.8)	-	(17.8)	-	(17.8)
Total comprehensive income for the period	-	-	(17.8)	34.1	16.3	0.1	16.4
Issue of shares	1.5	175.3	-	-	176.8	-	176.8
Net proceeds from treasury shares	-	-	-	6.9	6.9	-	6.9
Dividends (note 5)	-	-	-	(75.5)	(75.5)	-	(75.5)
Share based payments	-	-	2.1	-	2.1	-	2.1
Transfers of other reserves to retained earnings	-	-	(2.4)	2.4	-	-	-
Tax effects	-	-	0.9	-	0.9	-	0.9
Total equity at 30 June 2014	30.4	301.9	38.0	800.6	1,170.9	0.9	1,171.8

Consolidated Cash Flow Statement

For the half year ended 30 June 2015

£m	Note	Half year to 30.6.15	Half year to 30.6.14	Year to 31.12.14
Operating profit		**29.7**	68.7	57.6
Non-cash items				
Share of post-tax profits of joint ventures and associates		**-**	-	(0.2)
Depreciation and amortisation		**126.9**	85.1	190.8
Loss/(profit) on sale of property, plant and equipment		**0.5**	0.2	(0.3)
Business acquisition and divestment related items		**19.7**	(0.5)	23.8
Movements in non-hedge accounted derivative financial instruments		**0.4**	(5.7)	21.8
Pension contributions in excess of pension charges		**(8.0)**	(8.9)	(16.9)
Share based payments		**(2.6)**	2.1	6.1
Operating cash movements				
Increase in inventories		**(23.6)**	(28.0)	(11.9)
Decrease/(increase) in trade and other receivables		**21.5**	(18.9)	(68.3)
(Decrease)/increase in trade and other payables		**(4.9)**	(2.3)	17.3
(Decrease)/increase in provisions		**(0.5)**	0.4	12.9
Tax paid		**(13.6)**	(18.8)	(37.0)
Interest paid		**(25.8)**	(15.5)	(31.5)
Interest received		**1.8**	2.3	3.7
Net cash from operating activities		**121.5**	60.2	167.9
Cash flows from investing activities				
Purchase of property, plant and equipment		**(54.8)**	(22.9)	(63.7)
Purchase of intangible assets		**(9.8)**	(3.1)	(12.4)
Proceeds on disposal of property, plant and equipment		**5.9**	0.3	2.3
Investment in loan notes		**-**	(9.0)	(9.0)
Acquisition of subsidiaries net of cash or debt acquired		**(52.5)**	0.1	(846.1)
Contingent consideration paid		**-**	(15.9)	(28.5)
Proceeds of business divestments		**54.4**	6.2	6.6
Net cash used in investing activities		**(56.8)**	(44.3)	(950.8)
Cash flows from financing activities				
Issue of share capital	6	**-**	176.8	176.8
Dividends paid	5	**(87.7)**	(75.5)	(108.3)
Purchase of treasury shares		**(12.3)**	(0.8)	(5.5)
Proceeds on allocation of treasury shares		**4.0**	7.7	8.8
New borrowings		**288.5**	21.9	1,467.5
Repayment of borrowings		**(250.8)**	(62.5)	(699.9)
Net cash (used in)/from financing activities		**(58.3)**	67.6	839.4
Net increase in cash and cash equivalents		**6.4**	83.5	56.5
Exchange movements		**(6.7)**	(3.4)	(31.2)
Cash and cash equivalents at start of period		**224.3**	199.0	199.0
Cash and cash equivalents at end of period		**224.0**	279.1	224.3

A reconciliation of cash and cash equivalents to the Balance Sheet and movement in net debt is detailed in note 9.

Notes to the Interim Financial Report

For the half year ended 30 June 2015

1. Basis of preparation

This unaudited condensed interim financial information for the half year ended 30 June 2015 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 Cash Flow Statement 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 2014, 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 Group 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 Group'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.

This interim financial report and the comparative figures for the year ended 31 December 2014 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 5 August 2015. 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.

Accounting policies

The accounting policies applied are consistent with those published in the financial statements for the year ended 31 December 2014 and are expected to be applied for the year ended 31 December 2015. From 1 January 2015 a number of amendments to existing standards, which were effective from 1 January 2015 and have been endorsed by the EU, have been adopted; however no changes to previously published accounting policies or other adjustments were required on their adoption.

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 period.

Definitions

Underlying measures

To assist with the understanding of earnings trends, the Group has included within its published financial statements non-GAAP measures including trading profit and underlying earnings results. These are considered by the Board to be the most meaningful measures under which to assess the true operating performance of the Group.

All underlying measures include the operational results of all operations including those available for sale until the point of sale.

Trading profit

This has been defined as operating profit from continuing operations excluding the impacts of business acquisition and divestment related activity and business restructuring costs as detailed below. Also excluded are changes in the marking to market of non-hedge accounted derivative financial instruments, impairments of intangible assets, and items deemed by the Directors to be of an exceptional nature.

Business acquisition and divestment related items excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition, the revaluation gains and losses arising on the original equity interests on stepped acquisitions, adjustments to businesses held for sale, the writing off of the pre-acquisition profit element of inventory written up on acquisition, other direct costs associated with business combinations and terminated divestments and adjustments to contingent consideration related to previously acquired businesses.

Business restructuring costs relate to the restructuring of the Group's portfolio which are incremental to normal operations. In 2015 these relate primarily to the integration of the Aeroflex businesses acquired in 2014.

Underlying earnings

Underlying earnings are defined as trading profit less net underlying finance costs, which excludes acquisition related items, and after deducting associated taxation and non-controlling interests.

Net debt

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

Free cash flow

Free cash flow is defined as net cash from operating activities plus dividends received from joint ventures, less cash flows related to the purchase or disposal of property, plant, equipment and intangible assets but excluding payments relating to M&A related activities.

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 3. All operating segments meet the definition of reportable segments. Details of the composition and purpose of the Board can be found on pages 44 to 49 of the 2014 Annual Report and Accounts.

The Board assesses the performance of operating segments based on revenue and trading profit as defined above. Finance income, finance costs and taxation are not segmented and are reviewed by the Board on a consolidated basis.

2. Underlying measures

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Operating profit	**29.7**	68.7	57.6
Business restructuring	**23.8**	13.1	52.2
Movements in non-hedge accounted derivative financial instruments	**0.4**	(5.7)	21.8
Amortisation of intangible assets arising on business combinations	**85.3**	48.6	113.6
Exceptional legal costs	**-**	0.8	0.8
Other business acquisition and divestment related items			
Acquisition related costs	**1.4**	4.1	21.4
Pre-acquisition profit element of inventory written off	**9.3**	-	19.6
Divestment and adjustments to businesses held for sale	**10.4**	0.6	(0.3)
Release of contingent consideration	**-**	(0.5)	-
Trading profit	**160.3**	129.7	286.7
Underlying net finance costs	**(25.4)**	(12.1)	(29.7)
Underlying profit before taxation	**134.9**	117.6	257.0
Taxation charge on underlying profit	**(29.0)**	(23.5)	(52.0)
Non-controlling interests	**(0.1)**	(0.1)	(0.2)
Underlying profit after taxation attributable to owners of the parent	**105.8**	94.0	204.8

Divestment and adjustments to businesses held for sale includes a pre-tax loss of £12.0m on divestment as detailed in note 13. Amortisation of intangible assets arising on business combinations for the period includes a charge of £41.6m (year to 31 December 2014: £13.6m) in respect of the Aeroflex businesses.

Underlying basic EPS	**9.34p**	8.67p	18.48p
Underlying diluted EPS	**9.29p**	8.63p	18.38p

Underlying administrative expenses, which exclude the reconciling items in the table above amounted to:

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Underlying administrative expenses	**103.2**	83.1	174.8
% of revenue	**9.8%**	10.0%	9.4%

Net cash from operating activities is reconciled to free cash flow as follows:

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Net cash from operating activities per Cash Flow Statement	**121.5**	60.2	167.9
Purchase of property, plant and equipment	**(54.8)**	(22.9)	(63.7)
Purchase of intangible assets	**(9.8)**	(3.1)	(12.4)
Proceeds on disposal of property, plant and equipment	**5.9**	0.3	2.3
Acquisition related costs paid	**6.7**	4.6	20.3
Free cash flow	**69.5**	39.1	114.4

3. Segment information

The Group reports four segments whose revenue and results are reported to the Board.

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Revenue			
Communications and Connectivity	**408.9**	316.1	697.1
Mission Systems	**167.1**	138.4	333.5
Advanced Electronic Solutions	**275.9**	172.5	410.1
Aviation Services	**203.0**	205.5	412.2
Head office, other activities and elimination of inter-segment items	**(6.7)**	1.6	(1.2)
Total Group revenue	**1,048.2**	834.1	1,851.7
Profit before taxation			
Communications and Connectivity	**58.2**	51.4	118.3
Mission Systems	**24.9**	19.9	35.9
Advanced Electronic Solutions	**40.3**	25.6	64.0
Aviation Services	**28.4**	26.1	54.5
Head office, other activities and elimination of inter-segment items	**8.5**	6.7	14.0
Total Group trading profit	**160.3**	129.7	286.7
Business restructuring	**(23.8)**	(13.1)	(52.2)
Movements in non-hedge accounted derivative financial instruments	**(0.4)**	5.7	(21.8)
Amortisation of intangible assets arising on business combinations	**(85.3)**	(48.6)	(113.6)
Exceptional legal costs	**-**	(0.8)	(0.8)
Other business acquisition and divestment related items	**(21.1)**	(4.2)	(40.7)
Net finance costs	**(25.4)**	(14.5)	(33.3)
Profit before taxation	**4.3**	54.2	24.3

4. Finance income and costs

£m	Half year to 30.6.15	Half year to 30.6.14	Year to 31.12.14
Bank interest	**1.9**	1.9	4.5
Other finance income	**1.0**	0.9	1.9
Total finance income	**2.9**	2.8	6.4
Interest on bank overdrafts, loans and senior notes	**(26.0)**	(12.5)	(30.9)
Interest on net pension scheme liabilities	**(1.7)**	(1.8)	(3.6)
Other finance expense	**(0.6)**	(3.0)	(5.2)
Total finance costs	**(28.3)**	(17.3)	(39.7)
Net finance costs excluding pension schemes	**(23.7)**	(12.7)	(29.7)
Net finance cost on pension schemes	**(1.7)**	(1.8)	(3.6)
Net finance costs	**(25.4)**	(14.5)	(33.3)

5. Dividends

£m	Half year to 30.6.15	Half year to 30.6.14	Year to 31.12.14
Final dividend of 7.746 pence per share for 2014 (2013: 7.04 pence)	**87.7**	75.5	75.5
Interim dividend of 2.904 pence per share for 2014	**-**	-	32.8
	87.7	75.5	108.3

The final dividend for 2014 was approved at the AGM held on 23 April 2015 and paid to shareholders on 29 May 2015.

In addition to the above, an interim dividend of 3.05 pence per share (2014: 2.904 pence per share) in respect of the financial year ended 31 December 2015 was approved by the Board on 5 August 2015. This has not been included as a liability in these financial statements. This will absorb an estimated £34.5m of shareholders' funds and will be paid on 6 November 2015 to shareholders who are on the register of members as at 9 October 2015.

6. Earnings per ordinary share (EPS)

		Half year to 30.6.15	Half year to 30.6.14	Year to 31.12.14
Basic EPS				
Earnings attributable to owners of the parent	£m	**(2.3)**	46.0	28.8
Weighted average number of shares	million	**1,132.4**	1,083.6	1,108.0
Basic EPS	pence	**(0.20)**	4.25	2.60
Diluted EPS				
Earnings attributable to owners of the parent	£m	**(2.3)**	46.0	28.8
Weighted average number of shares	million	**1,132.4**	1,083.6	1,108.0
Effect of dilutive securities		**-**	6.2	6.4
Diluted number of shares	million	**1,132.4**	1,089.8	1,114.4
Diluted EPS	pence	**(0.20)**	4.22	2.58

60,000,000 ordinary shares of 2.5 pence each were issued on 23 May 2014 following a stock exchange placing, realising net proceeds of £176.8m.
At 30 June 2015, 83,866,031 (31 December 2014: 82,231,281) ordinary shares were held in Treasury, including 7,914,307 (31 December 2014: 6,279,557) shares held in the Cobham Employee Benefit Trust. Shares have been purchased by the Cobham Employee Benefit Trust during the period in connection with the Group's share incentive schemes and transferred from the Trust to employees upon exercise of vested

awards.

7. Intangible assets

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Carrying amount at start of period	**1,997.2**	1,162.2	1,162.2
Additions	**7.3**	11.0	12.9
Recognised on business combinations	**37.5**	(1.1)	902.8
Business divestments	**(64.8)**	-	-
Disposals and derecognitions	**-**	-	(0.1)
Amortisation	**(87.7)**	(50.8)	(118.4)
Reclassifications	**(13.1)**	-	1.6
Foreign exchange adjustments	**(33.7)**	(25.2)	36.2
Carrying amount at end of period	**1,842.7**	1,096.1	1,997.2

Reclassifications include assets which have been reclassified as held for sale, referred to in note 13.

8. Property, plant and equipment

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Carrying amount at start of period	**390.0**	350.8	350.8
Additions	**54.4**	22.2	63.6
Acquired with business combinations	**-**	-	48.6
Business divestments	**(3.5)**	-	-
Disposals	**(1.3)**	(1.2)	(1.9)
Depreciation	**(39.0)**	(34.0)	(72.1)
Reclassifications	**(10.8)**	-	(1.6)
Foreign exchange adjustments	**(9.4)**	(1.8)	2.6
Carrying amount at end of period	**380.4**	336.0	390.0

Reclassifications include assets which have been reclassified as held for sale, referred to in note 13.

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

£m	**As at 30.6.15**	As at 30.6.14	As at 31.12.14
Commitments at end of period	**31.1**	6.8	48.5

9. Cash and cash equivalents and net debt

Reconciliation of cash and cash equivalents and net debt

£m	**As at 30.6.15**	As at 30.6.14	As at 31.12.14
Cash and cash equivalents as shown in Cash Flow Statement	**224.0**	279.1	224.3
Bank overdrafts	**0.1**	3.4	1.3
Cash and cash equivalents per Balance Sheet	**224.1**	282.5	225.6
Borrowings - current liabilities	**(51.7)**	(3.4)	(1.5)
Borrowings - non-current liabilities	**(1,409.0)**	(592.4)	(1,446.8)
Net debt	**(1,236.6)**	(313.3)	(1,222.7)

Reconciliation of movements in net debt

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Net debt at start of period	**(1,222.7)**	(453.4)	(453.4)
Increase in cash and cash equivalents per Cash Flow Statement	**6.4**	83.5	56.5
New borrowings	**(288.5)**	(21.9)	(1,467.5)
Repayment of borrowings	**250.8**	62.5	699.9
Exchange movements	**17.4**	16.0	(58.2)
Net debt at end of period	**(1,236.6)**	(313.3)	(1,222.7)

10. Provisions

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
At start of period	**(67.4)**	(43.0)	(43.0)
Additional provisions in the period	**(11.8)**	(4.1)	(33.1)
Acquired with business combinations	**(48.7)**	-	(10.4)
Business divestments	**0.9**	-	-
Utilisation of provisions	**10.1**	3.9	13.1
Unused amounts reversed in the period	**1.9**	1.1	6.9
Reclassifications	**(7.3)**	0.1	(0.2)
Exchange differences	**0.3**	0.4	(0.7)
At end of period	**(122.0)**	(41.6)	(67.4)
Recognised in current liabilities on the Balance Sheet	**(82.0)**	(33.9)	(54.1)
Recognised in non-current liabilities on the Balance Sheet	**(40.0)**	(7.7)	(13.3)
	(122.0)	(41.6)	(67.4)

Movements associated with business combinations relate to adjustments made to the Aeroflex acquisition as described further in note 13.

11. Retirement benefit obligations

£m	**Half year to 30.6.15**	Half year to 30.6.14	Year to 31.12.14
Net liability at start of period	**(102.0)**	(87.3)	(87.3)
Amount recognised in Income Statement	**(5.3)**	(4.9)	(9.7)
Contributions paid by employer	**11.6**	12.0	23.0
Actuarial gains/(losses) recognised in Statement of Comprehensive Income	**11.9**	(14.9)	(27.7)
Exchange differences	**-**	-	(0.3)
Net liability at end of period	**(83.8)**	(95.1)	(102.0)

The estimated shortfall between the value of defined benefit pension scheme assets and the present value of future liabilities at 30 June 2015 has reduced by £18.2m since 31 December 2014, excluding the deferred tax impact, primarily due to the increase in corporate bond rates which underpins the discount rate.

12. Fair values of financial assets and liabilities

The fair values of financial assets and liabilities which are held at fair value and are measured on a recurring basis are as follows:

£m	**As at 30.6.15**	As at 30.6.14	As at 31.12.14
Financial assets			
Derivative contracts (designated as hedging instruments)	**0.6**	-	2.7
Derivative contracts (not hedge accounted)	**24.6**	18.0	13.6
Financial liabilities			
Contingent consideration	**-**	(11.7)	-
Derivative contracts (designated as hedging instruments)	**(5.0)**	(3.4)	(3.3)
Derivative contracts (not hedge accounted)	**(39.7)**	(7.7)	(32.9)
	(19.5)	(4.8)	(19.9)

Movements in the fair value of contingent consideration are explained by amounts paid during 2014.

The fair values of derivative financial instruments have been determined by the use of valuation techniques, primarily discounted cash flows, based on assumptions that are supportable by observable market prices or rates.

Financial assets and liabilities which are initially recorded at fair value and subsequently held at amortised cost include trade and other receivables, other financial assets, cash and cash equivalents, trade payables and other liabilities. The carrying values of these items are assumed to approximate to fair value due to their short term nature.

Borrowings are held at amortised cost which equates to fair value, except for the Group's fixed rate borrowings. At 30 June 2015 the fair value of fixed rate borrowings was £917.0m (30 June 2014: £242.4m, 31 December 2014: £926.5m) compared to a book value of £818.7m (30 June 2014: £209.2m, 31 December 2014: £825.7m).

13. Business combinations and divestments

On 12 September 2014 Aeroflex Holding Corp. (Aeroflex) was acquired for total consideration of £572.8m.

In the Group consolidated financial statements for the year to 31 December 2014, the fair values of assets and liabilities recognised on acquisition of the Aeroflex businesses were marked as provisional. An ongoing detailed review of these amounts has resulted in adjustments in the period to 30 June 2015 which have reduced net assets acquired by £37.5m, with an equal increase in goodwill. Adjustments include a reduction in current assets (inventory and other receivables) of £5.8m, additional provisions of £48.7m and an increase in deferred tax assets of £17.3m.

On 24 April 2015 the divestment of the Weinschel and Inmet businesses was announced and this completed on 8 June 2015. These businesses were acquired as part of the Aeroflex group in September 2014.

The loss on this divestment has been excluded from underlying earnings as disclosed in note 2 and analysed below:

£m	
Gross consideration	**53.0**
Net assets at date of divestment	**(66.3)**
Expenses of sale	**(1.5)**
Foreign exchange adjustments	**2.8**
Net loss on divestment before tax	**(12.0)**
Tax charge on net loss on divestments	**(12.0)**
Net loss on divestment after tax	**(24.0)**

The net cash impact of the divestment is as follows:

£m	
Cash consideration	**53.0**
Expenses of sale	**(1.5)**
	51.5

The net assets divested were as follows:

£m	**At date of divestment**	As at 31.12.14
Attributable goodwill	**34.4**	33.7
Other intangible assets	**30.4**	31.9
Property, plant and equipment	**3.5**	3.6
Inventories	**7.4**	7.6
Trade and other receivables	**4.3**	4.3
Trade and other payables including provisions	**(3.9)**	(3.4)
Deferred tax	**(9.8)**	(10.4)
Net assets	**66.3**	67.3

During the period a business has been identified for divestment which is being actively marketed and is expected to be disposed of within 12 months of the balance sheet date. As a consequence its assets and liabilities have been classified as a disposal group held for sale.

Total balances classified as held for sale at 30 June 2015 are as follows:

£m	**As at 30.6.15**	As at 30.6.14	As at 31.12.14
Intangible assets	**13.5**	-	-
Property, plant and equipment	**12.5**	1.9	2.1
Inventories	**14.4**	-	-
Trade and other receivables	**10.1**	-	-
Total assets classified as held for sale	**50.5**	1.9	2.1
Trade and other payables	**(10.1)**	-	-
Tax and other liabilities	**(1.6)**	-	-
Total liabilities associated with assets classified as held for sale	**(11.7)**	-	-
Total net assets of disposal groups and non-current assets held for sale	**38.8**	1.9	2.1

14. 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.

As notified in prior years, the Group has previously identified one, more significant, 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 neither the outcome nor timing of resolution can be estimated. No further information is disclosed as it could be prejudicial.

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, whose resolution is uncertain and could materially impact the Group's future reported earnings. In particular, on fixed price development contracts, costs incurred and anticipated can significantly exceed amounts estimated at inception as a result of material enhancements to the specifications originally agreed under the contracts. Judgement is therefore required as regards the final costs of technical solutions, the outcome of negotiations with customers and the amounts recoverable under these contracts. The Directors take account of the advice of experts in making these judgements and believe that the outcome of negotiations will result in an appropriate recovery of costs incurred in excess of original baselines.

15. 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. There were no 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 monitor and update the Group's risks and ensure mitigation activities are in place. As part of the interim process, the Committee concluded that the Group's principal risks identified on pages 34 to 39 of the 2014 Annual Report and Accounts remain valid and relate to: deterioration in the macroeconomic environment adversely impacting our markets; failure to execute strategy for a return to organic revenue growth, supported by effective value creating M&A activity; failure to comply with laws and regulations; failure to embed organisational design within an effective Governance Framework, with appropriate skills and talented employees recruited/retained; contract risk and effective project and programme execution; failure to deliver shareholder value from the Aeroflex acquisition; significant business interruption; and failure to successfully execute continuous improvement programmes, including the implementation of the IT enterprise resource planning (ERP) system, across the portfolio.

The Group's risk management process is detailed on page 35 of the 2014 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 44 and 45 of the 2014 Annual Report and Accounts. Since the year end, the following changes have been made:

- Alan Semple joined the Board on 25 February 2015 as a Non-executive Director.

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

On behalf of the Board

R Murphy
Chief Executive Officer

S Nicholls
Chief Financial Officer

5 August 2015

Independent review report to Cobham plc

Report on the interim financial information

Our conclusion

We have reviewed the interim financial information, defined below, in the Interim Results for the half year ended 30 June 2015 of Cobham plc. Based on our review, nothing has come to our attention that causes us to believe that the interim financial information 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The interim financial information, which is prepared by Cobham plc, comprises:

- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the half year ended 30 June 2015;
- the Consolidated Balance Sheet as at 30 June 2015;
- the Consolidated Statement of Changes in Equity for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended; and
- the explanatory notes to the interim financial report.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The interim financial information included in the Interim Results for the half year ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of interim financial information involves

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.

We have read the other information contained in the Interim Results for the half year ended 30 June 2015 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

Responsibilities for the interim financial information and the review

Our responsibilities and those of the Directors

The Interim Results for the half year ended 30 June 2015 including the interim financial information, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Results for the half year ended 30 June 2015 in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the interim financial information in the Interim Results for the half year ended 30 June 2015 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 August 2015

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.

-ENDS-