

Additional Financial Information

Income statement

Underlying income statement extracts - £ million			Change
Revenue			
Civil Aerospace	3,034	2,604	+17%
Defence Aerospace	1,134	1,088	+4%
Marine	1,070	1,171	-9%
Energy	445	541	-18%
Engine Holding	142	172	-17%
Intra-segment	(68)	(113)	
Profit before financing costs and taxation	668	619	+8%
Civil Aerospace	310	250	+24%
Defence Aerospace	196	219	-11%
Marine	147	157	-6%
Energy	(5)	(7)	+29%
Engine Holding	52	25	+108%
Intra-segment	(6)	-	
Central costs	(26)	(25)	-4%
Net financing costs	(31)	(24)	-29%
Profit before taxation	637	595	+7%
Taxation	(140)	(153)	+8%
Profit for the period	491	442	+11%
EPS	26.54p	23.89p	+11%
Payment to shareholders	7.6p	6.9p	+10%
<i>Other items</i>			
Other operating income	17	52	-67%
Gross R&D investment	428	431	+1%
Net R&D charged to the income statement	285	210	-36%

- **Engine Holding, our 50:50 joint venture with Daimler**, owns 100 per cent of Bergen and over 99 per cent of Tognum. Engine Holding's revenue and H1 2011 profit includes only the contribution of Bergen (100%). Engine Holding's H1 2012 profit of £52m includes 100 per cent of Bergen's profit of £17m and our share of Tognum's post tax contribution of £35m on an equity accounting basis. Further details are provided in Note 2 on p. 19.
- **Underlying profit before financing costs and taxation** is discussed in the relevant business sections.
- **Underlying financing costs** increased by £7m, largely reflecting an increased interest charge, consistent with the lower average cash balances following the Tognum investment in H2 2011.
- **Underlying taxation** of £140m, represents an underlying tax rate of 22.0 per cent, lower than the 25.6 per cent in 2011, primarily due to the impact of equity accounting Tognum (on a post tax basis) which dilutes the overall Group underlying rate.
- **Underlying EPS** increased by 11% to 26.54 pence, marginally lower than the increase in underlying profit for the period.

- **Payment to shareholders** is made in the form of C Shares which is explained on p. 26. An interim payment to shareholders of 7.6 pence per share will be made, a ten per cent increase to 2011.
- **Other operating income** relates to programme receipts from RRSPs, which reimburse past R&D costs. These receipts decreased by 67 per cent in 2012 due to the phasing of major programmes.
- **Net R&D charged to the income statement** increased by 36 per cent to £285m. This reflects a combination of increased investment, compounded by lower capitalisation and higher amortisation due to the phasing of new programmes.
- **Foreign exchange** rate movements influence the reported income statement, the cash flow and closing net cash balance. The average and spot rates for the principal trading currencies of the Group are shown in the table below:

		2012	2011
USD per GBP	Opening spot rate	1.55	1.57
	Closing spot rate	1.57	1.61
	Average spot rate	1.58	1.62
EUR per GBP	Opening spot rate	1.20	1.17
	Closing spot rate	1.24	1.11
	Average spot rate	1.22	1.15

- The adjustments between the underlying income statement and the reported income statement are set out in Note 2 to the condensed financial statements on p.19.