easyJet plc

Results for the six months ended 31 March 2010

easyJet performance continues to strengthen

Results at a glance

	2010	2009	Change
Total revenue (£ million)	**1,170.7**	1,032.8	13.3 %
Loss before tax - underlying (£ million)[1]	**(78.7)**	(129.8)	39.4 %
Loss before tax - reported (£ million)	**(78.7)**	(116.5)	32.4 %
Pre tax margin - underlying (%)[1]	**(6.7)**	(12.6)	5.8 ppt
Return on equity (%)	**(4.4)**	(7.4)	3.0 ppt
Basic EPS - reported (pence)	**(13.9)**	(20.4)	31.9 %

- Total revenue per seat grew by 5.1% (and by 0.8% at constant currency), driven by good consumer demand, ancillary revenue growth and a 1.4% increase in sector length
- Underlying pre-tax loss[1] of £78.7 million, slightly better than the Board's guidance. The £51.1 million reduction in underlying pre-tax loss compared to the prior year is driven by a unit fuel cost decrease equivalent to £80 million, partially offset by lower interest income of £11 million and £25 million of lost contribution and additional cost due to unusual snow disruption
- Operating cost[2] per seat (excluding fuel and currency movement) increased by 4.3% for the half year mainly because of the impact of the snow disruption in December and January; excluding this, operating cost per seat rose by 1.9% (excluding fuel and currency movement)
- Excellent progress on cost reduction targets with initiatives in place to cover 70% of the £190 million per annum F'12 target
- Strong positive cash flow generation with cash and money market deposits increasing in the six months by £283 million to £1,358 million (excluding restricted cash of £101 million). Sufficient resources in place, through a combination of undrawn committed facilities and surplus cash, to fund future aircraft deliveries for at least the next 18 months
- Capacity, measured in seats flown, grew by 7.9%. Passenger numbers grew by 10.6% to 21.5 million with 54% of passengers now originating outside the UK, an increase of 4 percentage points compared to the prior period
- easyJet's position in European short haul aviation has strengthened and easyJet has increased its market share from 6.5% to 7.6% of short haul aviation over the past 12 months
- Estimated full year pre-tax profit would have been in the range of £175 million to £200 million at current exchange rates and fuel price[3], prior to the recent volcanic ash related disruption. This disruption has caused additional cost and lost contribution estimated at between £50 million and £75 million. Therefore, the Company has revised its profit expectations for the year to a range of £100 million to £150 million at current exchange rates and fuel price[3].

Note 1: Underlying financial performance excludes the £13.3 million profit on the disposal of two A321 aircraft in February 2009.
Note 2: Excludes interest income.
Note 3: Rates as at noon on 10 May 2010: US$1.50/£, €1.15/£ and US$738 per metric tonne.

Commenting on the results, Andy Harrison, easyJet Chief Executive said:

"easyJet will deliver substantial profit growth in 2010 through the worst recession in 70 years and even after absorbing snow and volcanic ash related disruption costs from the worst snowfall in 30 years and an unprecedented five day closure of much of European airspace. We expect to grow our passenger numbers by around 10% and increase both yield and load factor. This is a remarkable performance based on strong European-wide consumer demand for our low cost network of primary routes which offers the lowest prices to the most convenient airports.

Estimated full year pre-tax profit would have been in the range of £175 million to £200 million at current exchange rates and fuel price[3], prior to the recent volcanic ash related disruption. This disruption has caused additional cost and lost contribution estimated at between £50 million and £75 million. Therefore, the Company has revised its profit expectations for the year to a range of £100 million to £150 million at current exchange rates and fuel price[3]."

Note 3: Rates as at noon on 10 May 2010: US$1.50/£, €1.15/£ and US$738 per metric tonne.

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There will be an analyst presentation at 9:30 am on 11 May 2010 at RBS, 3rd floor, 250 Bishopsgate, EC2M 4AA.
A live webcast of the presentation will be available at www.easyJet.com

Business review

INTRODUCTION

In the past six months easyJet has made good progress towards its targets of achieving a 10% share of the European short haul aviation market and delivering a 15% return on equity as revenues grew by 13.3% to £1,170.7 million and margins improved as easyJet benefited from lower fuel costs.

easyJet now has a 7.6% share of European short haul capacity up from 6.5% a year ago and is Europe's second largest short haul airline. easyJet flew 21.5 million passengers, an increase of 10.6%. Load factors improved by 2.1 percentage points to 85.0% and seats flown grew by 7.9%, slightly below our expectations because of high levels of snow disruption.

easyJet continued to win competitive battles as Aer Lingus retreated from London Gatwick, Ryanair pulled its aircraft out of Basel and Manchester and Air France withdrew capacity from routes such as Paris to Barcelona.

easyJet also generated significant positive cash flows in the period with cash and money market deposits as at 31 March 2010 totalling £1,358 million (31 March 2009: £1,131 million). Gearing fell by 8.2 percentage points from 37.6% at 30 September 2009 to 29.4% at 31 March 2010. easyJet has sufficient resources in place, through a combination of undrawn committed facilities and surplus cash, to fund future aircraft deliveries for at least the next 18 months and is in the process of negotiating new facilities to fund further aircraft purchases.

Disruption

During December 2009 and January 2010 Europe experienced exceptional snowfall causing the closure of many airports. Despite this easyJet managed to fly 90% of its programme during the affected period, nonetheless the impact of this disruption on our customers and people was significant. easyJet incurred £21 million of additional cost associated with the disruption and the pre-tax result, including lost contribution, in the first half of the year was adversely impacted by £25 million.

The disruption to European airspace due to the Eyjafjalla volcano happened after the period under review. However, this incident will have a significant impact on our full year financial performance as to date, easyJet has been forced to cancel 6,512 flights, disrupting 850,000 passengers. We estimate that the lost contribution and additional cost as a result of this event will be between £50 million and £75 million. easyJet is in the process of seeking compensation from governments for the additional cost and lost contribution incurred due to the prolonged closure of European airspace.

During this time our priority has been supporting our customers, and easyJet was able to repatriate approximately 200,000 stranded passengers within five days by implementing the following special measures:

- Operating effectively a full flying programme as soon as the skies had reopened
- Operating special rescue flights to hot spot areas where many passengers were stranded. These flights were operated with additional aircraft leased at easyJet's expense
- Prioritising stranded passengers over new sales. easyJet suspended sales on many routes to give priority to our repatriation efforts
- Offering customers to fly on stand-by. easyJet set up stand-by desks in airports to try to help stranded passengers get on the next available flight.

We have trebled the number of operators in easyJet's call centres, to provide additional customer service support so that we can clear the backlog of customer refunds. We are also implementing improved processes such that we can deal more effectively with incidents in the future.

easyJet's strong performance in the face both of a difficult economic environment and significant disruption can be attributed to the strength of its business model and the professionalism and commitment of its people.

easyJet business model

easyJet's business model is focused around simplicity and low cost which means it can offer the lowest fares to the most convenient airports. easyJet has now developed Europe's premier air transport network when measured both by consumer reach and presence on the top 100 routes. This network ensures that easyJet has a broad appeal across both geographies and customer types which has enabled easyJet to deliver a resilient performance during the downturn and leaves easyJet well positioned to grow as the economic recovery continues.

easyJet people

The tenacity, good humour and teamwork of easyJet's people all help to create an easyJet culture which is an important competitive advantage. Notwithstanding a difficult economic environment in the last 18 months, the additional pressure caused by adverse weather conditions and the changes in key personnel, easyJet has continued to deliver a superior commercial performance. We would like to thank all of our people for this and for their fantastic response during the volcanic ash related disruption. The hard work and dedication of the whole easyJet team enabled us to get our network fully operational, together with a large number of additional rescue flights at short notice.

Carolyn McCall will join easyJet as Chief Executive on 1 July 2010. Carolyn has a proven track record of successful operational delivery in a fast changing consumer facing business, and will work with the rest of the senior management team to take easyJet forward. Mark Adams has done an excellent job as Interim Chief Financial Officer and we are pleased that he will remain with the Company until the end of September 2010 to enable a thorough handover to Chris Kennedy, who joins over the summer in the role of Group Finance Director.

TARGETING A 15% RETURN ON EQUITY

easyJet's strategy is growth with margin improvement in order to achieve a 15% return on equity. Therefore the management team continually focuses its efforts on both driving revenue and managing costs. Margins improved in the period driven by a unit fuel cost decrease equivalent to £80 million partially offset by lower interest income of £11 million and £25 million of lost contribution and additional cost due to snow disruption.

Revenue

Total revenue per seat was £46.35 in the period, an increase of 0.8% at constant currency; a good performance against a difficult backdrop which was driven by the strength of easyJet's network, good route management and growth in ancillary revenues.

Network and route management

easyJet's unique differentiator is its network, with a leading presence on the top 100 routes in Europe and positions at primary airports that are attractive to time sensitive consumers. Additionally, 54% of easyJet's passengers now originate from outside the UK, an increase of 4 percentage points compared to the prior period. This balanced revenue base has protected easyJet from the worst effects of the recession and allowed us to win share from higher cost competitors.

easyJet continued to manage the performance of its network by careful allocation of aircraft to routes and optimisation of its flying schedule. During the past six months, 24 underperforming routes were closed and 50 new routes were launched. easyJet closed its base at East Midlands airport and reallocated the aircraft to bases where we will be able to drive an improved return on equity. easyJet now operates 25 A320 aircraft across the network and this has enabled us both to extend our network to longer range destinations such as Israel, Egypt and Turkey and to fly a higher number of passengers at highly slot congested airports such as Paris Orly.

easyJet continues to focus its efforts on the business travel market through adding new routes to business destinations, improving frequency and increasing the proportion of flights at peak times of the day. As a result, easyJet has increased its share of corporate travel airline sales by almost 25% in the past 12 months and grown its market share from 3.3% in 2008 to 4.2% in 2009.

Overall, easyJet's capacity (measured in seats flown) grew by 7.9% during the period, with an increase of 15% in mainland Europe with growth focused on France, Italy, Spain and Switzerland.

UK

Capacity in the UK grew by 4% and easyJet is now the UK's leading airline[4]. Despite difficult economic conditions, careful capacity allocation decisions delivered a good revenue performance particularly in the second quarter across all our UK bases.

At London Gatwick seats flown grew by 13% and we plan to continue to increase based capacity by a further three aircraft to 42 over the summer following the withdrawal of Aer Lingus from the routes on which they competed directly with easyJet.

Capacity elsewhere in the UK reduced by 2% and easyJet closed its base at East Midlands in January 2010. There were good performances at a number of UK regional bases, particularly at Belfast and Edinburgh following competitor retreat. We continue to invest in our Manchester base with a range of business and leisure routes.

Mainland Europe

In Switzerland three new aircraft were introduced and seats flown grew by 11%. Frequencies were increased on routes such as Geneva to London Gatwick, Paris Orly and Barcelona. An A320 was introduced at Geneva to enable flights to longer range destinations such as Sharm El Sheikh. easyJet also took advantage of Ryanair's retreat from Basel to add additional capacity into the market.

In Germany, easyJet continued to refocus its offering. Dusseldorf has been added as a new network point and we have increased capacity on key business routes out of Berlin such as Brussels, Copenhagen and London Gatwick. easyJet has increased its presence in Scandinavia and we now have 11 routes operating out of the region.

easyJet grew capacity by 16% in France in the period. At Paris Orly, easyJet has added a seventh aircraft and now has eight aircraft deployed at Paris Charles De Gaulle (CDG). The easyJet terminal at CDG has been reorganised to better suit easyJet's requirements, which will enhance the customer experience and improve operational efficiency. At Lyon, a third aircraft has been added as we have taken advantage of Air France's reduced capacity on routes such as Madrid and Barcelona.

Capacity in Italy increased by 27%, with 15 aircraft now based at Milan Malpensa where easyJet launched five new routes and increased frequency on business routes such as Rome, Madrid, Barcelona and Amsterdam. During the period, easyJet launched its base at Rome Fiumicino with a dedicated easyJet terminal and is now the second largest carrier at this airport, with four aircraft based there.

In Madrid, capacity grew by 20% in the period, with eight aircraft now deployed there. A route to Amsterdam has been launched and frequency has been increased on routes to Rome and Paris.

Ancillary revenues

Ancillary revenues grew by £1.10 per seat in the first half of the year to £10.23; this stronger than expected performance has partly been driven by a 10.6% increase in bag revenue to £4.27 per seat as we annualised some small price increases. Ancillary revenues excluding the checked bag charge grew by 13.2% to £5.96 per seat. In-flight revenue grew 12% in the period reflecting the successful roll out of local food offerings and electronic point of sale (EPOS).

Regulatory changes to the sales process for insurance products led to a reduction in insurance income of £2 million in the period. Similarly hotel and car hire revenues have also declined against a difficult economic environment. We expect these trends to continue in the second half of the year so we are working with our ancillary partners to ensure we have the correct product offerings to underpin our growth plans going forward.

Cost management

It is vital that easyJet aggressively manages its cost base so that it can continue to offer competitive fares profitably. Operating cost per seat excluding fuel[2], rose by 4.3% at constant currency to £36.53 in the period, principally due to the £21 million impact of snow disruption. Excluding this effect, operating cost per seat rose by 1.9% at constant currency to £35.67 as improvements in aircraft ownership and maintenance costs partially offset increased airport and navigation charges.

easyJet has committed to cost savings of £190 million by the end of financial year 2012. After inflation and increases in regulated airport charges this will equate to a profit improvement of approximately £1 per seat. easyJet now has initiatives in place to cover 70% of the expected savings and is confident of achieving its overall cost improvement target in the areas outlined in the 2009 Annual report and accounts:

- **Systems implementation to drive reduced fuel consumption and improvements in crew efficiency.** easyJet has seen continued improvement in fuel burn in the period. Crew costs reduced by 1% per seat at constant currency as crew productivity initiatives offset the cost increase as a result of a higher proportion of crew based in mainland Europe.

- **Leverage scale and the recession to deliver procurement efficiencies.** The recent renegotiation of our maintenance contract with SR Technics which will drive savings of around £17 million per annum. We have also maintained our approach of leveraging our scale and buying power to challenge airports on the charges they levy.

- **Efficient fleet management.** easyJet continues to make good progress towards its goal of operating a common aircraft fleet. Eliminating the Boeing and GB Airways sub-fleets will take cost out of the business and simplify our operations. The intention is to exit all aircraft in the two sub-fleets by 2012 to complete the realisation of ownership cost savings of around £30 million per annum. Six Boeing 737s and one GB Airways A320 were returned to lessors in the past six months. It is anticipated that the remaining four ex GB Airways A321s will leave the fleet by the end of September 2010.

Regulated costs

A significant proportion of easyJet's cost base is determined by governments and regulators and we continue to constructively engage with them on a number of issues that will impact easyJet's cost base in the future. Whilst the Copenhagen summit was not able to agree a global framework for addressing aviation's carbon dioxide emissions, we remain hopeful that there will be further progress towards the aviation industry developing a sensible strategy towards its environmental responsibilities. We have proposed aircraft minimum emission standards as a way to accelerate the development of next generation aircraft, ensuring aviation emissions are put on a downwards path, and are presenting this idea to the European Union and European governments. This year also sees the first steps of aviation's entry into the European Union ETS. The level of activity in 2010 will determine the allocation of permits from 2012, and we have put in place the required monitoring arrangements. easyJet continues to advocate the immediate reform of UK Air Passenger Duty (APD), which taxes passengers rather than flights, and favours its replacement with an emissions based tax.

We are heavily involved in the French regulatory process which will set the price cap for the Paris airports for the next five years, and we are also taking part in the review of Amsterdam Schiphol's regulation. Across Europe we are continuing to push for differential charging at airports so that charges reflect the cost differential of the efficiency with which we use airport infrastructure and the often lower costs of the terminals we use. Finally, in the UK we have seen the Government set out its proposed future regulatory framework. We are strong supporters of reform, but we are concerned that the proposals place too much reliance on the CAA and will continue to argue for a regulatory regime with more checks and balances.

FLEET PLAN

In the period, easyJet took delivery of six A320 aircraft and nine A319 aircraft under the terms of the Airbus easyJet agreement. Configured with 180 seats, the A320 is enabling us to increase our capacity at peak times at slot constrained airports. Also, the aircraft operates with a cost per seat that is around 6% lower than the A319.

The total fleet at 31 March 2010 comprised 189 aircraft. A further 57 easyJet specification aircraft deliveries are currently planned for arrival over the next three years. The fleet is expected to comprise 208 aircraft by 30 September 2012.

easyJet has flexibility in its fleet planning arrangements and thus is able to manage the total number of aircraft in the fleet through a combination of deferrals and lease extensions.

Fleet as at 31 March 2010:

	Owned	Operating leases	Finance leases	Total	Changes in half year	Future committed deliveries[5]	Unexercised purchase rights[6]
easyJet A320 family	113	51	6	170	+15	57	88
Boeing 737-700	-	11	-	11	(6)	-	-
GB Airways A320 family	4	4	-	8	(1)	2	-
	117	**66**	**6**	**189**	**+8**	**59**	**88**

Note 5: The 57 future easyJet deliveries are anticipated to be delivered over the next four financial years, a further 12 in 2010, 25 in 2011, 18 in 2012 and 2 in 2013.

Note 6: Purchase rights may be taken on any A320 family aircraft and are valid until 2015.

The total fleet plan over the period to 30 September 2012 is as follows:

	easyJet A320 family	Boeing 737-700	GB Airways A320 family	Total aircraft[7]
At 30 September 2009	155	17	9	181
At 31 March 2010	170	11	8	189
At 30 September 2010	182	8	2	192
At 30 September 2011	198	2	-	200
At 30 September 2012	208	-	-	208

Note 7: Assumes assets held for sale will exit the fleet in financial year 2010.

BRAND LICENCE DISPUTE UPDATE

The legal action with easyGroup over the interpretation of the brand licence agreement continues. As we have previously disclosed, following High Court directions in summer 2009, some elements of the easyGroup claim have been recast within notices alleging breach of contract. These include notices alleging non-compliance with some administrative obligations by easyJet, such as auditing sub-licensees and monitoring compliance with “the 75:25 Rule”. However, the principal subject matters at issue remain the interpretation of “the 75:25 Rule” and the classification of certain revenue streams affecting that interpretation.

The Litigation Committee of the Board is committed to ensuring the optimal outcome for the Company. Whilst we will continue to be receptive to opportunities for an acceptable commercial settlement, we are preparing for a court hearing which we hope will provide clarity on the issues in dispute. The court hearing is scheduled for early June 2010 and a decision from the courts is not expected until Autumn 2010. To this end we remain reassured by robust advice from our professional advisers that the Company’s interpretation of the brand licence is well-founded.

HEDGING POSITIONS

easyJet operates under a clear set of treasury policies agreed by the Board. The aim of easyJet’s hedging policy is to reduce short term earnings volatility and therefore the Company hedges forward, on a rolling basis, between 50% and 80% of the next 12 months anticipated requirements and between 20% and 50% of the following 12 months anticipated requirements. Details of our current hedging arrangements are set out below.

Six months to 30 September 2010

- 60% of anticipated US dollar requirement hedged using forwards at $1.64
- 80% of anticipated fuel requirement hedged using forwards at $728/MT
- 80% of anticipated euro hedged using forwards at €1.14

Full year to 30 September 2010

- 62% of anticipated US dollar requirement hedged using forwards at $1.70
- 78% of anticipated fuel requirement hedged using forwards at $743/MT
- 83% of anticipated euro surplus hedged using forwards at €1.15

Full year to 30 September 2011

- 42% of anticipated US dollar requirement hedged using forwards at $1.62
- 41% of anticipated fuel requirement hedged using forwards at $740/MT
- 52% of anticipated euro hedged using forwards at €1.09

OUTLOOK

Capacity, measured in seats flown, for the second half of the year, is expected to increase by 7%, giving an increase of around 7.5% for the full year compared to 2009. This is lower than the planned 10% growth due to the impact of volcanic ash related disruption. The majority of the growth will be in mainland Europe and at London Gatwick.

With 47% of summer seats now sold, forward bookings are currently slightly ahead of the prior year and the growth in second half total revenue per seat at constant currency is expected to be similar to the growth in the second quarter of the year.

Total operating cost[2] per seat, excluding fuel, at constant currency is expected to be slightly up for the full year before snow and volcanic ash related disruption costs. Improvements in maintenance, crew and overhead costs are expected to almost offset the mix impact of our continued growth in primary airports.

Estimated full year pre-tax profit would have been in the range of £175 million to £200 million at current exchange rates and fuel price[3], prior to the recent volcanic ash related disruption. This disruption has caused additional cost and lost contribution estimated at between £50 million and £75 million. Therefore, the Company has revised its profit expectations for the year to a range of £100 million to £150 million at current exchange rates and fuel price[3].

The last six months have demonstrated the potential for unexpected events to impact profits in addition to the normal variables of late yield, fuel price and exchange rates, and obviously our outlook is based on no further significant levels of volcanic ash related disruption. However, easyJet has traded robustly in the year to date despite these challenging circumstances.

Note 1: Underlying financial performance excludes the £13.3 million profit on the disposal of two A321 aircraft in February 2009.
Note 2: Excludes interest income.
Note 3: Rates as at noon on 10 May 2010: US$1.50/£, €1.15/£ and US$738 per metric tonne.
Note 4: Measured by passengers flown.
Note 5: The 57 future easyJet deliveries are anticipated to be delivered over the next four financial years, a further 12 in 2010, 25 in 2011, 18 in 2012 and 2 in 2013.
Note 6: Purchase rights may be taken on any A320 family aircraft and are valid until 2015.
Note 7: Assumes assets held for sale will exit the fleet in financial year 2010.

Financial Review

Operational measures	2010	2009	Change %
Seats flown (millions)	**25.3**	23.4	7.9
Passengers (millions)	**21.5**	19.4	10.6
Load factor	**85.0%**	82.9%	+2.1ppt
Available seat kilometres (ASK) (millions)	**27,077**	24,754	9.4
Revenue passenger kilometres (RPK) (millions)	**23,633**	21,017	12.4
Average sector length (kilometres)	**1,072**	1,057	1.4
Sectors	**159,804**	149,893	6.6
Block hours	**304,482**	281,373	8.2
Fuel burn (US gallons per block hour)	**693**	704	1.6
Number of aircraft owned/leased at end of period	**189**	173	9.2
Average number of aircraft owned/leased during period	**185.9**	170.2	9.3
Number of aircraft operated at end of period	**170**	156	9.0
Average number of aircraft operated during period	**167.8**	154.1	8.9
Operated aircraft utilisation (hours per day)	**10.0**	10.0	(0.6)
Number of routes operated at end of period	**448**	385	16.4
Number of airports served at end of period	**116**	110	5.5

Financial measures	2010	2009	Change %
Return on equity	**(4.4)%**	(7.4)%	+3.0ppt
Per seat measures (underlying)*			
Loss before tax per seat (£)	**(3.11)**	(5.54)	43.8
Revenue per seat (£)	**46.35**	44.12	5.1
Cost per seat (£)	**49.47**	49.66	0.4
Cost per seat excluding fuel (£)	**37.38**	34.43	(8.6)
Cost per seat excluding fuel at constant currency (£)	**36.40**	34.43	(5.7)
Per ASK measures (underlying)*			
Loss before tax per ASK (pence)	**(0.29)**	(0.52)	44.6
Revenue per ASK (pence)	**4.32**	4.17	3.6
Revenue per ASK at constant currency (pence)	**4.15**	4.17	(0.5)
Cost per ASK (pence)	**4.61**	4.70	1.8
Cost per ASK excluding fuel (pence)	**3.49**	3.26	(7.0)
Cost per ASK excluding fuel at constant curency (pence)	**3.40**	3.26	(4.3)

** Underlying measures exclude the £13.3 million profit on sale of two A321 aircraft in February 2009.*

The reported and underlying loss before tax for the six months to 31 March 2010 was £78.7 million compared to an underlying loss for the same period last year of £129.8 million, an improvement of £51.1 million. In February 2009 two Airbus A321 aircraft, acquired as part of the GB Airways acquisition, were sold realising a profit of £13.3 million. Including this profit on sale, the reported loss in the same period last year was £116.5 million which, therefore, results in an improvement in the reported loss before tax of £37.8 million.

The results for the period have been significantly impacted by the following factors:

- fuel prices and hedging;
- US dollar and euro exchange rates;
- exceptional snow disruption.

Fuel prices and hedging

Total fuel cost for the six months to 31 March 2010 was £305.4 million, a decrease of 14.3% compared to 2009 and equating to a cost per seat of £12.09, an improvement of £3.14 per seat or 20.6%. The average market price for jet fuel during the first half of the 2010 financial year was $662 per metric tonne (excluding fees and taxes) compared to $646 in the same period in 2009, however after taking account of hedging, the effective price for easyJet for 2010 was $744 per metric tonne, compared to $1,003 in 2009. This reflects the benefit of relatively higher cost hedges from 2009 having matured.

After adjusting for the impact of a heavier fleet, as more A320 aircraft are brought in and operated, and the increase in the average load factor of 2.1pts, underlying average fuel burn for the half year was 693 US gallons per block hour compared to 704 in 2009, the reduction reflecting the implementation of efficiency initiatives.

US dollar and euro exchange rates

The market rate for the US dollar has weakened by 3.8% from an average rate of 1.55/£ in the first half of 2009 to 1.60/£ in 2010; however, after taking account of hedging, the effective rate has strengthened from an average of 1.82/£ in 2009 to 1.72/£ in 2010. This 5.2% movement has had a significant impact, particularly on fuel costs.

The euro has strengthened by 4.9% from an average rate of 1.17/£ in the first half of 2009 to 1.12/£ in the same period in 2010. Approximately 47% of revenues and 34% of costs are denominated in euro which results in a net long position; the strengthening of the euro, therefore, delivers a positive impact to the results. Some hedging of the euro surplus has been undertaken and this is accounted for through the revenue line.

Key measures are therefore significantly impacted by currency rate fluctuations and so these measures on a constant currency basis are:

	2010	2009	Change %
Total revenue			
Per seat (£)	**46.35**	44.12	5.1
At constant currency (£)	**44.49**	44.12	0.8
Per ASK (pence)	**4.32**	4.17	3.6
At constant currency (pence)	**4.15**	4.17	(0.5)
Underlying cost excluding fuel			
Per seat (£)	**37.38**	34.43	(8.6)
At constant currency (£)	**36.40**	34.43	(5.7)
Per ASK (pence)	**3.49**	3.26	(7.0)
At constant currency (pence)	**3.40**	3.26	(4.3)

Exceptional snow disruption

As a result of the severe snow conditions experienced during December and January, almost 3,000 flights were cancelled resulting in some lost profit contribution and additional operating and customer care costs.

Total revenue

Total revenue grew by 13.4% to £1,170.7 million which, on a per seat basis, reflects a growth of £2.23 or 5.1%. On a constant currency basis total revenue per seat grew by 0.8%; after allowing for the increase in sector length of 1.4% and recognising the difficult economic conditions, this represents a good underlying performance. The network mix benefit in terms of more capacity being deployed to higher cost but more customer preferred airports has continued to support this result.

Passenger revenue

Headline passenger revenue grew 11.4% to £912.4 million. Capacity in terms of seats flown increased by 7.9% and load factor improved by 2.1pts to 85.0%, helped by the impact of the exceptional snow disruption. This resulted in a 10.6% increase in passenger numbers to 21.5 million.

The shift towards deploying relatively more capacity in European markets continues. In the first half of the year, compared to the same period last year, capacity at UK regional bases reduced by 1.5% whilst continental European bases increased by 14.6%. The percentage of revenues denominated in euros has increased from 44% to 47%. In aggregate, non-sterling revenues now account for 54% of total revenues.

Ancillary revenue

Ancillary revenue increased by 20.9% to £258.3 million driven mainly by further increases in the checked bag charge. Bag charge revenue delivered £107.7 million in the period, an increase of £17.4 million compared to the previous year; on a per seat basis, bag charge revenue increased by 13.2% to £5.96. Speedy Boarding and Speedy Boarding Plus has again delivered an increase in revenue, with revenue per seat in the half year of £0.45 up 9.0% compared to the same period last year.

Total revenue from partner and in-flight activities fell by £0.6 million or 8.9% on a per seat basis to £1.33. The main drivers of this were the regulatory change to the sales process for insurance and lower hotel revenue. Income from in-flight sales on a per seat basis increased by 12.3% compared to the same period last year.

Costs

Underlying costs*	**2010 £ million**	**2010 £ per seat**	2009 £ million	2009 £ per seat
Ground handling	**135.4**	**5.36**	117.1	5.00
Airport charges	**238.2**	**9.43**	204.3	8.73
Fuel	**305.4**	**12.09**	356.5	15.23
Navigation	**112.8**	**4.47**	97.8	4.18
Crew	**156.6**	**6.20**	144.3	6.16
Maintenance	**77.7**	**3.08**	75.9	3.24
Advertising	**21.6**	**0.86**	20.6	0.88
Merchant fees and commissions	**19.6**	**0.77**	14.1	0.60
Aircraft and passenger insurance	**4.8**	**0.19**	4.8	0.21
Other costs	**75.8**	**3.00**	38.3	1.64
Total operating costs	**1,147.9**	**45.45**	1,073.7	45.86
Net ownership costs	**101.5**	**4.02**	88.9	3.80
Total costs	**1,249.4**	**49.47**	1,162.6	49.66
Total costs excluding fuel	**944.0**	**37.38**	806.1	34.43

** Underlying measures exclude the £13.3 million profit on sale of two A321 aircraft in February 2009.*

Total costs excluding fuel

Total cost per seat excluding fuel was up 8.6% or £2.95 compared to 2009. In addition to the impact of the US dollar and euro, the Swiss franc strengthened by 6.0%. As a significant portion of the cost base is denominated in these currencies, the strengthening of the effective exchange rates has had a significant impact on unit costs. Excluding the impact of exchange rates, cost per seat excluding fuel was up 5.7% or £1.97 compared to last year. On a cost per ASK basis, excluding fuel, costs increased by 7.0% but on a constant currency basis by 4.3%.

One of the key drivers of the cost increase in the first half compared to the same period last year has been the impact of the exceptional snowfall in December and January. The disruption associated with these conditions resulted in significant additional costs including accommodation and alternative transport costs for affected passengers, increased overheads to manage the claims process and de-icing. The total cost of this disruption was £20.8 million, or £0.82 per seat; excluding the impact of this disruption, cost per seat excluding fuel increased by £1.15 or 3.3% on a constant currency basis compared to the previous year.

Ground handling

Ground handling cost per seat at constant currency (approximately 60% of these costs are denominated in euro) was up £0.19 or 3.8% compared to 2009. The key adverse impact on ground handling costs in the first half was the increase in de-icing costs incurred as a result of the exceptional snowfall. Other drivers of cost increases include the impact of mix as we continue to increase our presence in the top European airports, for example Paris Charles De Gaulle and Rome Fiumicino, heavier aircraft and inflationary price rises on some ground handling contracts. During the first six months of the financial year, initial progress has been made with, for example, a new deal with our Paris ground handler. Progress is expected to increase from this point onwards. London Gatwick has seen a 10% reduction in ground handling costs commencing from January 2010 in conjunction with a longer term contractual commitment.

Airport charges

Airport cost per seat at constant currency (approximately 59% of these costs are denominated in euro) was up £0.39 or 4.5% compared to 2009. The key drivers of this increase have been price rises in airport passenger related charges, the most material impacts coming at London Gatwick, Basel and Luton, and the increase in the load factor of 2.1 percentage points. Additionally, there is the impact of mix as we continue to increase our presence in the top European airports, the most significant being Amsterdam, Rome Fiumicino, London Gatwick and the Paris airports. Given the ongoing pressure of regulated airport inflation, the delivery of cost initiatives in this area is key to achieving the total committed savings of £190 million by 2012. During the first six months of the financial year, initial progress has been made at UK regional airports and some structured initiatives at the regulated airports.

Crew

Crew cost per seat at constant currency (an increasing proportion of these costs are denominated in non-sterling currencies as more overseas contracts are introduced and approximately 29% of these costs are now denominated in euro) was down £0.08 or 1.2% compared to 2009. This decrease in unit cost has been driven by an improvement in productivity partially offset by the increased cost associated with the introduction of overseas contracts (a necessary part of the strategy of expansion into continental Europe) and maintaining higher crew numbers over the winter that will be required for the summer activity.

Maintenance

Maintenance cost per seat at constant currency (approximately 37% of these costs are denominated in US dollars and 19% in euro) was down £0.19 or 6.0% compared to 2009. This decrease in cost reflects the benefits now starting to accrue from the new SR Technics maintenance contract.

Insurance and other costs

Insurance and other costs per seat at constant currency increased by £1.51 or 81.6% compared to 2009. The main driver of this increase has been the impact of the exceptional snow disruption experienced in the period. These costs include the impact of managing approximately 3,000 cancelled flights and the affected passengers. An additional driver for the 2010 over 2009 performance was the gain from the Boeing spares in the prior period.

Ownership costs

Net ownership costs, on a per seat basis at constant currency were down £0.04 or 1.2% compared to the same period last year. Aircraft lease costs decreased by £10.5 million, the benefit from the reduction in the number of leased aircraft from 76 to 66 being partly offset by the adverse impact of the US dollar exchange rate.

The exit of higher cost 737-700 aircraft is now well underway and this, together with the exit of higher cost aircraft acquired as part of the acquisition of GB Airways, will deliver the targeted benefits in aircraft ownership over the next two to three years.

The impact of continued lower interest rates has resulted in a fall of £10.6 million in interest income compared to the same period last year; this fall is despite the underlying improvement in the cash position. Interest expense in the period has been impacted by the widening of the spread between interest income and payable rates.

Excluding net interest, ownership costs on a per seat basis at constant currency were down £0.17 or 4.8% compared to the same period last year.

Summary consolidated statement of cash flows (unaudited)

	Six months ended 31 March 2010 £ million	Six months ended 31 March 2009 £ million	Change £ million
Net cash generated from operating activities	**326.6**	107.5	219.1
Net capital expenditure	**(245.6)**	(203.0)	(42.6)
Net increase in loan and lease finance	**197.2**	279.9	(82.7)
Net decrease / (increase) in money market deposits	**12.0**	(41.1)	53.1
Other including the effect of exchange rates	**(9.7)**	21.7	(31.4)
Net increase in cash and cash equivalents	**280.5**	165.0	115.5
Cash and cash equivalents at beginning of period	**788.6**	632.2	156.4
Cash and cash equivalents at end of period	**1,069.1**	797.2	271.9
Money market deposits at end of period	**289.2**	333.9	(44.7)
Cash and money market deposits at end of period	**1,358.3**	1,131.1	227.2

easyJet generated a strong operating cash flow in the period; driven by growth in forward bookings and revenue per seat combined with continuing focus on cost control. Net cash generated from operating activities totalled £326.6 million.

Net capital expenditure of £245.6m was incurred, principally driven by the acquisition of a further 15 A320 family aircraft.

Loan and lease finance increased by £197.2 million, comprising mortgages on nine A319s and the sale and leaseback of five A320s, net of repayments on mortgages and finance leases. Three of these transactions involved aircraft that were acquired towards the end of the last financial year. easyJet continues to be an attractive proposition to providers of aircraft finance in both the mortgage and lease markets, and had $312 million of undrawn committed facilities at 31 March 2010.

	31 March 2010 US$ million	30 September 2009 US$ million	Change US$ million
December 2007 facility	**25**	278	(253)
Revolving credit facility	**250**	250	-
Sale and leaseback finance	**37**	-	37
Facilities at period end	**312**	528	(216)
Sale and leaseback finance secured after the period end	**-**	222	(222)
Undrawn committed financing facilities	**312**	750	(438)

The combination of available cash, undrawn committed financing facilities and 28 unencumbered cash acquired aircraft in the fleet leaves easyJet well positioned to support its future growth strategy.

Summary consolidated statement of financial position (unaudited)

	31 March 2010 £ million	30 September 2009 £ million	Change £ million
Property, plant and equipment	**1,738.9**	1,612.2	126.7
Other non-current assets	**593.0**	578.6	14.4
	2,331.9	2,190.8	141.1
Net working capital	**(791.7)**	(537.3)	(254.4)
Cash and cash equivalents	**1,069.1**	788.6	280.5
Money market deposits	**289.2**	286.3	2.9
Borrowings	**(1,276.2)**	(1,120.6)	(155.6)
Other non-current liabilities	**(280.8)**	(300.5)	19.7
Net assets	**1,341.5**	1,307.3	34.2
Share capital and premium	**758.0**	748.5	9.5
Hedging reserve	**55.9**	(23.9)	79.8
Other reserves	**527.6**	582.7	(55.1)
Shareholders' funds	**1,341.5**	1,307.3	34.2

easyJet retains a strong balance sheet at 31 March 2010. Net assets increased by £34.2 million in the period with the seasonal loss after tax for the winter offset by an increase in the fair value of the derivative portfolio as high cost jet swaps have matured and the US dollar has strengthened against sterling.

The Company continues to invest in its fleet with net additions to property, plant and equipment of £126.7 million. There was a significant improvement in working capital in the period principally due to the increase in unearned income relating to bookings for future travel. The seasonal nature of the industry leads to significantly more unearned income at 31 March compared to 30 September each year; however, increased bookings year on year and improvements in revenue per seat have also contributed to the growth.

	31 March 2010 £ million	30 September 2009 £ million	Change £ million
Cash and cash equivalents	**1,069.1**	788.6	280.5
Money market deposits	**289.2**	286.3	2.9
	1,358.3	1,074.9	283.4
Bank loans	**(1,162.3)**	(1,010.7)	(151.6)
Finance lease obligations	**(113.9)**	(109.9)	(4.0)
	(1,276.2)	(1,120.6)	(155.6)
Net funds / (debt) (excluding restricted cash)	**82.1**	(45.7)	127.8

easyJet ends the period with £1,358.3 million in cash and money market deposits. This is an increase of £283.4 million from 30 September 2009 and £227.2 million compared to the same point in 2009. Excluded from this amount is £100.8 million of restricted cash principally relating to operating lease deposits and customer payments for holidays. Net borrowings increased by £155.6 million in the period. The sterling value of US dollar denominated cash and debt increased during the period following the strengthening of the US dollar against sterling.

Net funds at 31 March 2010 were £82.1 million compared with net debt of £45.7m at 30 September 2009 and net funds of £109.0 million at 31 March 2009. As a consequence of strong cash generation and the increase in net assets, gearing reduced by 8.2 percentage points from 37.6% at 30 September 2009 to 29.4% at 31 March 2010.

Principal risks and uncertainties

The principal risks and uncertainties which may affect easyJet's business and financial prospects are described on pages 28 and 29 of easyJet's Annual report and accounts 2009, a copy of which is available in the investor relations section of the easyJet website, www.easyJet.com.

In summary, the risks identified were:

Safety and security risk

- Safety / security incident

External risks

- Economic demand for air travel
- Competition
- Regulatory intervention
- Environmental impact (including weather and other natural forces)
- Regulation and oversight across Europe

Reputational risks

- Business continuity
- IT security and fraud risk
- Brand ownership

E-commerce risk

- Dependence on technology

People risks

- Industrial action
- Retention of key management

Key supplier risk

- Dependence on third-party service providers

Financial risks

- Fuel price and currency fluctuations
- Financing and interest rate risk
- Liquidity risk
- Credit risk

The Board has determined that these continue to be the principal risks and uncertainties facing the business for the remaining six months of the current financial year.

Consolidated income statement (unaudited)

	Notes	**Six months ended 31 March 2010 £ million**	Six months ended 31 March 2009 £ million
Passenger revenue		**912.4**	819.2
Ancillary revenue		**258.3**	213.6
Total revenue	11	**1,170.7**	1,032.8
Ground handling		**(135.4)**	(117.1)
Airport charges		**(238.2)**	(204.3)
Fuel		**(305.4)**	(356.5)
Navigation		**(112.8)**	(97.8)
Crew		**(156.6)**	(144.3)
Maintenance		**(77.7)**	(75.9)
Advertising		**(21.6)**	(20.6)
Merchant fees and commissions		**(19.6)**	(14.1)
Aircraft and passenger insurance		**(4.8)**	(4.8)
Other costs		**(75.8)**	(38.3)
EBITDAR		**22.8**	(40.9)
Depreciation		**(35.3)**	(24.1)
Profit on disposal of assets held for sale		**-**	13.3
Amortisation of intangible assets		**(2.8)**	(2.1)
Aircraft lease costs		**(51.2)**	(61.7)
Operating loss		**(66.5)**	(115.5)
Interest receivable and other financing income		**3.3**	17.7
Interest payable and other financing charges		**(15.5)**	(18.7)
Net finance charges		**(12.2)**	(1.0)
Loss before tax		**(78.7)**	(116.5)
Tax credit	3	**19.8**	30.6
Loss for the period		**(58.9)**	(85.9)
Loss per share, pence			
Basic	4	**13.9**	20.4

Consolidated statement of comprehensive income (unaudited)

	Notes	**Six months ended 31 March 2010 £million**	Six months ended 31 March 2009 £million
Loss for the period		**(58.9)**	(85.9)
Other comprehensive income			
Cash flow hedges			
Fair value gains / (losses) in the period		**100.8**	(241.5)
Losses transferred to income statement		**9.9**	83.7
Gains transferred to property, plant and equipment		**-**	(58.4)
Related tax	3	**(30.9)**	60.5
		79.8	(155.7)
Currency translation differences		**1.2**	0.3
Total comprehensive income for the period		**22.1**	(241.3)

Consolidated statement of financial position (unaudited)

	Notes	**31 March 2010 £ million**	30 September 2009 £ million
Non-current assets			
Goodwill		**365.4**	365.4
Other intangible assets		**85.0**	81.7
Property, plant and equipment	6	**1,738.9**	1,612.2
Derivative financial instruments		**26.2**	7.8
Loan notes		**13.1**	12.6
Restricted cash		**45.5**	48.0
Other non-current assets		**57.8**	62.7
Deferred tax assets		**-**	0.4
		2,331.9	2,190.8
Current assets			
Assets held for sale		**73.2**	73.2
Trade and other receivables		**227.4**	241.8
Derivative financial instruments		**85.8**	68.0
Restricted cash		**55.3**	24.3
Money market deposits		**289.2**	286.3
Cash and cash equivalents		**1,069.1**	788.6
		1,800.0	1,482.2
Current liabilities			
Trade and other payables		**(1,069.8)**	(750.7)
Borrowings		**(158.3)**	(117.6)
Derivative financial instruments		**(33.9)**	(91.1)
Current tax liabilities		**(47.1)**	(57.7)
Maintenance provisions		**(82.6)**	(45.1)
		(1,391.7)	(1,062.2)
Net current assets		**408.3**	420.0
Non-current liabilities			
Borrowings		**(1,117.9)**	(1,003.0)
Derivative financial instruments		**(0.5)**	(2.6)
Non-current deferred income		**(62.3)**	(52.6)
Maintenance provisions		**(133.4)**	(168.6)
Deferred tax liabilities		**(84.6)**	(76.7)
		(1,398.7)	(1,303.5)
Net assets		**1,341.5**	1,307.3
Shareholders' funds			
Share capital	7	**107.2**	106.0
Share premium		**650.8**	642.5
Hedging reserve		**55.9**	(23.9)
Translation reserve		**0.8**	(0.4)
Retained earnings		**526.8**	583.1
		1,341.5	1,307.3

Consolidated statement of changes in equity (unaudited)

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2009	106.0	642.5	(23.9)	(0.4)	583.1	1,307.3
Total comprehensive income	-	-	79.8	1.2	(58.9)	22.1
Share incentive schemes						
Proceeds from shares issued	1.2	8.3	-	-	(1.1)	8.4
Value of employee services	-	-	-	-	3.1	3.1
Related tax (note 3)	-	-	-	-	1.6	1.6
Purchase of own shares	-	-	-	-	(1.0)	(1.0)
At 31 March 2010	**107.2**	**650.8**	**55.9**	**0.8**	**526.8**	**1,341.5**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2008	105.7	640.2	27.6	0.1	504.6	1,278.2
Total comprehensive income	-	-	(155.7)	0.3	(85.9)	(241.3)
Share incentive schemes						
Proceeds from shares issued	0.3	1.9	-	-	-	2.2
Value of employee services	-	-	-	-	3.0	3.0
Purchase of own shares	-	-	-	-	(1.0)	(1.0)
At 31 March 2009	**106.0**	**642.1**	**(128.1)**	**0.4**	**420.7**	**1,041.1**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the period end.

Consolidated statement of cash flows (unaudited)

	Notes	**Six months ended 31 March 2010 £ million**	Six months ended 31 March 2009 £ million
Cash flows from operating activities			
Cash generated from operations	8	**297.9**	108.7
Net interest and other financing charges received		**40.5**	6.9
Tax paid		**(11.8)**	(8.1)
Net cash generated from operating activities		**326.6**	107.5
Cash flows from investing activities			
Purchase of property, plant and equipment		**(239.5)**	(261.7)
Proceeds from sale of assets held for sale		**-**	58.5
Proceeds from sale of property, plant and equipment		**-**	2.5
Purchase of other intangible assets		**(6.1)**	(2.3)
Net cash used by investing activities		**(245.6)**	(203.0)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**8.4**	2.2
Purchase of own shares for employee share schemes		**(1.0)**	(1.0)
Proceeds from drawdown of bank loans		**156.1**	310.7
Net proceeds from sale and leaseback of aircraft		**100.3**	-
Repayment of bank loans		**(57.3)**	(29.0)
Repayment of capital elements of finance leases		**(1.9)**	(1.8)
Net decrease / (increase) in money market deposits		**12.0**	(41.1)
Increase in restricted cash		**(26.6)**	(27.6)
Net cash generated from financing activities		**190.0**	212.4
Effect of exchange rate changes		**9.5**	48.1
Net increase in cash and cash equivalents		**280.5**	165.0
Cash and cash equivalents at beginning of period		**788.6**	632.2
Cash and cash equivalents at end of period		**1,069.1**	797.2

Notes to the condensed financial information (unaudited)

1. Accounting policies

Basis of preparation

The condensed financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim Financial Reporting". It should be read in conjunction with the Annual report and accounts for the year ended 30 September 2009, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed financial information does not constitute statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2009 were approved by the Board of Directors on 16 November 2009, and have been delivered to the Registrar of Companies. The report of the auditors was unqualified, and did not contain either an emphasis of matter paragraph or any statement made under sections 498(2) or 498(3) of the Companies Act 2006.

The accounting polices adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2009. The measurement and presentation of the condensed financial information take into account the requirements of the following new, revised or amended standards:

International Accounting Standards Board

New and revised standards

IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements (Revised)

Amendments to standards

IFRS 2	Share-based Payment (Vesting Conditions and Cancellations)

A number of other new, revised or amended standards and interpretations are effective for the current financial year, but none of them has had any material impact on the condensed financial information.

2. Seasonality

The airline industry is highly seasonal and demand and yields are significantly higher during the summer. Accordingly revenue and profitability are higher in the second half of the financial year. Historically, easyJet has reported a loss for the first half of the financial year and a profit in the second half.

3. Tax credit

	2010 £ million	2009 £ million
Current tax	**3.8**	3.8
Deferred tax	**(23.6)**	(34.4)
	(19.8)	(30.6)
Effective tax rate	25.2%	26.3%

The effective tax rate is lower than the standard rate of corporation tax in the United Kingdom (28%) principally due to overseas profits being subject to tax at lower rates.

Tax on items recognised directly in shareholders' funds

	2010 £ million	2009 £ million
Current tax credit on share-based payments	**2.5**	-
Deferred tax charge on share-based payments	**(0.9)**	-
Deferred tax (charge) / credit on fair value movements of cash flow hedges	**(30.9)**	60.5
	(29.3)	60.5

4. Loss per share

	2010 £ million	2009 £ million
Loss for the period	**(58.9)**	(85.9)

	2010 million	2009 million
Weighted average number of ordinary shares in issue	**425.2**	421.5

	2010 pence	2009 pence
Loss per share - basic	**13.9**	20.4

Diluted loss per share for the six months ended 31 March 2010 and 2009 is not presented as the impact of potential ordinary shares is anti-dilutive.

5. Dividends

In line with established policy no dividends have been paid or proposed either during the six months ended 31 March 2010 or during the comparative accounting period.

6. Property, plant and equipment

	2010 £ million	2009 £ million
At 1 October	**1,612.2**	1,102.6
Additions	**215.3**	261.7
Disposals	**(53.3)**	(4.9)
Depreciation	**(35.3)**	(24.1)
At 31 March	**1,738.9**	1,335.3

At 31 March 2010 easyJet is contractually committed to the acquisition of 59 Airbus A320 family aircraft, with a total list price of US$ 2.8 billion before escalations and discounts for delivery in the period to May 2013. Deposits paid against these aircraft at 31 March 2010 totalled £134.1 million.

7. Share capital

	Number		Value	
	2010 million	2009 million	**2010 £ million**	2009 £ million
At 1 October	**424.9**	422.7	**106.0**	105.7
Issued under share incentive schemes	**4.1**	1.2	**1.2**	0.3
At 31 March	**429.0**	423.9	**107.2**	106.0

8. Reconciliation of operating loss to cash generated from operations

	2010 £ million	2009 £ million
Operating loss	(66.5)	(115.5)
Adjustments for non-cash items:		
Depreciation	35.3	24.1
Profit on disposal of property, plant and equipment	-	(8.2)
Profit on disposal of assets held for sale	-	(13.3)
Amortisation of intangible assets	2.8	2.1
Share based payments	3.1	3.0
Derivative financial instruments - time value	-	0.3
Unrealised foreign exchange differences	5.3	1.9
Changes in working capital and non-current deferred income:		
Decrease in trade and other receivables	10.7	43.6
Increase in trade and other payables	322.7	219.5
Decrease in provisions	(7.4)	(19.0)
Decrease / (increase) in other non-current assets	4.9	(16.8)
Decrease / (increase) in derivative financial instruments	0.1	(4.6)
Decrease in non-current deferred income	(13.1)	(8.4)
	297.9	108.7

9. Reconciliation of net cash flow to movement in net funds / (debt)

	1 October 2009 £ million	Exchange differences £ million	Loan issue costs £ million	Net cash flow £ million	31 March 2010 £ million
Cash and cash equivalents	788.6	9.5	-	271.0	1,069.1
Money market deposits	286.3	14.9	-	(12.0)	289.2
	1,074.9	24.4	-	259.0	1,358.3
Bank loans	(1,010.7)	(52.6)	(0.2)	(98.8)	(1,162.3)
Finance lease obligations	(109.9)	(5.9)	-	1.9	(113.9)
	(1,120.6)	(58.5)	(0.2)	(96.9)	(1,276.2)
Net funds / (debt) (non-GAAP measure)	**(45.7)**	**(34.1)**	**(0.2)**	**162.1**	**82.1**

10. Contingent liabilities

easyJet is involved in various disputes or litigation in the normal course of business. Whilst the results of such disputes cannot be predicted with certainty, management considers that the ultimate resolution of these disputes will not have a material effect on easyJet's financial position, results or cash flows.

11. Segmental analysis

Operating segment

easyJet has one operating segment, being its route network, based on management information provided to the Executive Management Team; which is easyJet's Chief Operating Decision Maker. Resource allocation decisions are made for the benefit of the route network as a whole, rather than for individual routes within the network. Performance of the network is assessed based on the consolidated profit or loss before tax for the period.

Geographic segments

Revenue is allocated to geographic segments on the following bases:

- Revenue earned from passengers is allocated according to the location of the first departure airport on each booking;
- Commission revenue earned from partners is allocated according to the domicile of each partner.

	2010 £ million	2009 £ million
United Kingdom	**522.7**	485.3
Southern Europe	**433.4**	361.7
Northern Europe	**204.0**	177.5
Other	**10.6**	8.3
	1,170.7	1,032.8

easyJet's non-current assets principally comprise its fleet of aircraft (including 66 held under operating leases). All of these aircraft are registered in the United Kingdom except for 15 registered in Switzerland. These assets are used flexibly across the entire route network, and accordingly there is no suitable basis for allocating them to geographic segments.

Statement of directors' responsibility

The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 31 March 2010 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the current financial year; and
- material related-party transactions during the six months ended 31 March 2010 and any material changes in the related-party transactions described in the last annual report.

The Directors of easyJet plc are listed in the easyJet plc Annual report and accounts 2009. There have been no changes since the date of publication. A list of current Directors is also maintained on the easyJet plc website: *www.easyjet.com*

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

The interim report was approved by the Board of Directors and authorised for issue on 10 May 2010 and signed on behalf of the Board.

Sir Michael Rake	Andrew Harrison
Director	Director

Glossary

Adjusted net debt	Net funds or debt at the period end plus restricted cash adjusted by seven times annualised aircraft operating lease payments.
Aircraft owned/leased at end of period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average fare	Passenger and ancillary revenue divided by passengers.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Cost per ASK	Revenue less profit before tax, divided by available seat kilometres.
Cost per seat	Revenue less profit before tax, divided by seats flown.
Cost per seat, excluding fuel	Revenue, less profit before tax, plus fuel costs, divided by seats flown.
EBITDAR	Earnings before interest, taxes, depreciation, amortisation, aircraft lease costs, and profit or loss on disposal of aircraft.
Gearing	Adjusted net debt divided by the sum of adjusted net debt and shareholders' funds.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Loss before tax per seat	Loss before tax divided by seats flown.
Operated aircraft utilisation	Average number of block hours per day per aircraft operated.
Other costs	Administrative and operational costs not reported elsewhere, including some employee costs, compensation paid to passengers, exchange gains and losses and the profit or loss on the disposal of property plant and equipment.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Return on equity	Profit or loss for the period divided by the average of opening and closing shareholders' funds.
Revenue	The sum of passenger revenue and ancillary revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.

Independent review report to easyJet plc

Introduction

We have been engaged by the company to review the condensed set of financial information in the half-yearly financial report for the six months ended 31 March 2010, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial information.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial 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 information included in this half-yearly financial 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 information in the half-yearly financial 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 information in the half-yearly financial report for the six months ended 31 March 2010 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
St Albans, Hertfordshire

10 May 2010