GATWICK AIRPORT LIMITED

Report and Unaudited Interim Financial Statements for the six months ended 30 September 2014

Company Registration Number 1991018

REPORT AND UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

CONTENTS

BUSINESS REVIEW

PASSENGER TRAFFIC TRENDS

	Six months ended 30 September 2014	Six months ended 30 September 2013
Passengers	**22,463,645**	20,804,271
Air transport movements ("ATMs")	**145,461**	138,971
Passengers per ATM	**154.4**	149.7
Average load factor (%)	**86.1**	85.6

During the six months ended 30 September 2014 a total of 22.5 million passengers travelled through Gatwick Airport ("Gatwick") ("the Airport"), an increase of 1.7 million or 8.0%.

This was the busiest six months in Gatwick's history. August in particular was the busiest single month the Airport has seen, with nearly 4.4 million passengers; on one day in August there were 906 air traffic movements (ATMs) – a world record for a single-runway airport.

There was a 4.7% increase in the number of ATMs compared to the same period in the prior year. This accounted for 59% (or 1.0 million) of the growth in passenger numbers. The remaining growth was achieved by a combination of larger aircraft – with an average of 4 seats more per ATM – and increased load factors.

In May 2013, easyJet plc completed an agreement with Flybe Group plc to acquire 25 pairs of arrival and departure slots at Gatwick. This has allowed easyJet to provide additional frequencies on popular existing routes from Gatwick as well as add new destinations across the UK and Europe. A number of other airlines have also increased frequencies on European routes and introduced new destinations. As a result, there were 10 thousand more ATMs on European routes than in the prior year, carrying an additional 1.6 million passengers. 1.1 million of these were to southern European destinations such as Spain and Italy, and in addition new business routes such as Paris, Strasbourg and Brussels contributed to the growth.

Conversely, there were fewer flights to UK destinations, with passengers on domestic routes down 2.9%. This was partly due to the transfer of Flybe's slots to easyJet, with the withdrawal of virtually all of Flybe's Gatwick domestic services.

Norwegian Air Shuttle introduced new services to the USA, using the new Boeing 787 Dreamliner; this contributed to a 4.8% increase in passengers on North American routes. Other key areas of growth included the Middle East, with increased frequencies on existing routes such as Dubai and Istanbul.

Business passengers are now estimated at 20% of total passengers across the year. Independent data shows that Europe will remain a key market for business travel long into the future, followed by North America. This highlights the importance of these European routes to business destinations (46 out of the top 50) to the UK economy, alongside the recent connections Gatwick has gained to fast growing markets such as Vietnam, Russia, Turkey and Indonesia.

BUSINESS REVIEW (continued)

CAPITAL INVESTMENT PROGRAMME

The key strategic objective for Gatwick is to become London's airport of choice. A key enabler in delivering this objective is continued focus on transforming the experience of passengers and airlines experience of using the Airport through both investment in modern infrastructure and improving service standards. This will ensure customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Gatwick and supporting its long-term growth ambitions.

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Capital expenditure	**90.5**	104.8

From April 2014, and following completion of GAL's £1.2 billion Q5 Capital Investment Programme, regulatory oversight of Gatwick has evolved into the seven year Commitments framework, under which the Airport has made price, service quality, capital investment and consultation undertakings to its customers. Rather than being constrained by being held to a fixed investment programme, the new framework allows flexibility, innovation and pace for making investments at the Airport to improve services for our passengers and airline customers. The framework includes a commitment to undertake capital investment expenditure of at least £100.0 million per annum over the next seven years.

In October 2014, GAL published its 2014 Capital Investment Programme, following consultation with passengers and airlines, outlining the capital investment being undertaken in the first year under Commitments and the plan for the following six years. Gatwick has continued to invest heavily in its Capital Investment Programme, spending £90.5 million in the six months ended 30 September 2014 (2013: £104.8 million). Beyond 2014/15, capital investment is forecasted to be approximately £752.0 million between 2015/16 and 2018/19, thereby continuing a similar rate of investment and improvement since the Airport changed ownership in December 2009, and in excess of the minimum level under Commitments. The Company's focus continues to be on investment in modern infrastructure and improving service standards that transform the passengers and airlines experience of using the Airport. The key investment drivers for the Airport are as follows:

- Capacity
- Cost Efficiencies
- Safety, Security and Compliance
- Service Quality
- Commercial Revenue
- Asset Stewardship

Key capital investment projects and programmes in construction during the first six months of the year can be summarised as follows:

- **Pier 1**: Construction of a new South Terminal Baggage Factory and Pier 1, including delivery of an automated baggage storage facility, has continued from the prior year. The innovative design solution will include an automated baggage storage facility, providing airlines and passengers with greater check-in and baggage processing capacity and flexibility, including enhanced early check in options, as well as modern gate rooms and segregated departures and arrivals routes. Construction is well progressed with steelwork, airfield and roofing works substantially complete, coupled with the commencement of baggage factory works. The new Pier 1 will be in operation in 2016.

- **Pier 5:** The first phase of a project reconfiguring aircraft stands and upgrading gate rooms in Pier 5 completed in October 2013 and the transformation has continued since then on the second phase of the project. The Pier 5 project has the overall business objective of delivering improved Pier Service Levels ('PSL') to meet future growth in passenger numbers in the North Terminal and support the overall PSL target of 95%. The project will create a new and faster route for passengers from the departure lounge to the gate rooms. Passenger and airline feedback on the first phase has been overwhelmingly positive and the entire Pier 5 will be in full operation in 2015.

BUSINESS REVIEW (continued)

CAPITAL INVESTMENT PROGRAMME

- **North Terminal Development Programme:** A major programme to transform the North Terminal commenced during the six month period. The programme works will deliver the largest self-bag drop check-in facility in Europe, upgraded security facilities and a refurbished arrivals hall on the ground floor level. The programme will go on to deliver a modern walkthrough duty free store and reconfigured departure lounge to match those facilities already successfully operating in the South Terminal.

- **Commercial:** A number of projects have commenced during the six month period that will enhance the retail and advertising offering at the airport. New and replacement digital advertising screens are being installed and a new premium drop off point has been constructed in the North Terminal for arriving limousines. Several projects in the departure lounges have been delivered in the first half of the year including a new Nando's restaurant in the South Terminal.

- **Asset Stewardship:** Investment to maintain the existing asset base of the Airport has been ongoing during the six month period. The works can be categorised into: Airfield, Facilities, Commercial, IT and Compliance/Risk and are considered critical to enhance the passenger experience whilst passing through the Airport. Investment in the first half of this year includes the refurbishment of baggage systems and related IT systems in the North Terminal.

- **Resilience:** A programme of works to improve Gatwick's resilience has been ongoing, including projects to reduce risk associated with flooding and security. This programme is largely in response to the McMillan report, published on 26 February 2014, setting out recommendations relating to flood prevention and alleviation planning; contingency and resilience planning; passenger welfare issues; safety and network issues; and management of the recovery from such an event. Since the McMillan report, Gatwick has ring-fenced at least £30 million of capital investment funds for delivering capital projects over the next five years for investment in flood management, power and IT upgrades, terminal equipment and weather and events protection projects.

Looking ahead to the rest of the year, there is significant further investment required to expand current facilities where required, achieve greater operational efficiency and improve the passenger experience for all passenger segments. Part of this investment will include the commencement of a programme of works to consolidate easyJet's operation into one terminal. The works will enhance the passenger experience and make the Airport more operationally efficient and are anticipated to be complete by November 2016.

BUSINESS REVIEW (continued)

AIRPORTS COMMISSION

Runway capacity in peak periods in the South East of England has become increasingly constrained as air travel demand has increased. In September 2012, the Government established the independent Airports Commission ("Airports Commission"), chaired by Sir Howard Davies, to identify and recommend to the Government, options for delivering additional UK airport capacity in the short, medium and long term. As part of the Airports Commission process, Gatwick submitted its outline proposals for providing additional runway capacity in the longer term in July 2013.

On 17 December 2013, the Airports Commission released its Interim Report which concluded that there is a need for at least one additional runway to be in operation in the South East of the UK by 2030. The Airports Commission shortlisted for detailed study three proposals for new runways:

At Gatwick Airport, a new 3,200m in length runway spaced sufficiently south of the existing runway to permit full independent operation; at Heathrow Airport, either a new 3,500m runway constructed northwest of the existing airport or an extension of the existing northern runway to the west, lengthening it to at least 6,000m and enabling it to operate as two separate runways.

The Airports Commission carried out further work on one of the Thames Estuary options before concluding on 2 September 2014 that it should not be shortlisted for further study.

The Interim Report also set out, in general terms, the process and programme for the next steps. In early 2014 the Airports Commission published its Appraisal Framework for consultation and requested promoters of the shortlisted options to submit Refreshed Scheme Designs by 14 May 2014.

In May 2014, Gatwick submitted to the Airports Commission its revised proposals for the development of an additional runway and associated infrastructure. This submission also set out the case for expanding Gatwick in order to meet the UK's connectivity needs for the next generation and provided detailed information in accordance with the Commission's Appraisal Framework.

Following the submission of Refreshed Scheme Designs in May 2014 the Airports Commission has undertaken its own analysis of the shortlisted options. On 11 November 2014 the Airports Commission published a consultation report setting out the results of its analysis of the shortlisted options. The consultation will run for twelve weeks to 3 February 2015.

Gatwick's work programme continues to cover all issues relevant to the Airports Commission's work programme. We are strongly committed to working with the local community, local authorities, airlines, and other key stakeholders and interest groups and a very considerable programme of engagement is underway. Gatwick carried out a public consultation during April and May 2014. A Report of Consultation was published in July 2014 which confirmed Gatwick's preference for a wide spaced runway of the type preferred by the Airports Commission.

For at least the rest of this decade, London's airports will be relying on their existing physical capacity to meet expected increasing demand. Gatwick's work and submission to the Airports Commission in May 2014 includes a detailed evaluation of how Gatwick's existing single runway capacity can be maximised to contribute to the short-term capacity needs of London and the UK.

The UK Government's 2013 National Infrastructure Plan further supported this approach to assessing the medium and long term capacity challenge at the largest airports in the South East of England. In particular, it supported proposals by the Airports Commission to improve surface transport access to key airports, including a Government commitment of £50 million towards a full redevelopment of the railway station at Gatwick.

Gatwick's case is that a second runway at Gatwick will enable more people to fly to more destinations, earlier. It can be delivered more cost effectively, with a higher degree of certainty and much less planning, construction and financial risk and with a fraction of the environmental impact of runway expansions at Heathrow. Expansion at Gatwick will increase competition to destinations around the world from London's airports which will deliver extra capacity at a lower cost and lower fares for all passengers. Furthermore, this can be delivered at no additional cost or risk to the taxpayer.

BUSINESS REVIEW (continued)

REGULATORY ENVIRONMENT

On 1 April 2014 the new regulatory framework based on Commitments backed by a licence, supplemented by a monitoring regime, came into operation at Gatwick. The commitments are a set of legally enforceable undertakings, made by GAL to airlines, covering price, service, transparency, financial resilience, operational resilience and dispute resolution. The Commitments also enable GAL to enter into a series of bilateral contracts incorporating, for example, price, service and duration, agreed on a contractual basis between the Company and individual airlines. The CAA published its Decision and Notice granting a licence to Gatwick in February 2014. The CAA's Decision incorporates the Commitments proposed by the Airport within a licence. It is therefore a requirement of the licence that GAL complies with its obligations in the Commitments. This includes that GAL complies with its commitment to incorporate a maximum average revenue yield over the next seven years, based on published prices at RPI+1.0% per year, and average prices (taking into account bilateral contracts) at RPI+0.0% per year (i.e. the "blended price"). It also includes that GAL complies with its Commitment to undertake capital investment expenditure of at least £100.0 million per annum over the next seven years. Obligations on third parties, contained in the Commitments do not form part of the licence.

In the Decision, the CAA set out, amongst other things, its view of the "fair price" in the five years from 1 April 2014 of RPI-1.6% per year. The CAA also considered that GAL should undertake capital investment expenditure of at least £160.0 million per annum on average. The CAA stated that it intends to monitor GAL's pricing and other behaviours (such as capital investment expenditure), on an annual basis to assess the extent to which the out-turn average prices (taking into account bilateral contracts) is consistent with its assessment of the "fair price" at RPI-1.6% and capital investment expenditure is at least £160.0 million per annum on average. If, as part of the CAA's monitoring of the Commitments, the CAA considers that the introduction of further licence conditions, or modifications to existing licence conditions is in the passenger interest, then the CAA can propose such modifications at that time. This could be for example, to introduce a requirement for GAL to set its charges consistent with the CAA's view of its "fair price" or its view of minimum capital investment expenditure. Such licence modifications could be appealed by the Airport or airlines, to the Competition and Markets Authority. The CAA will also undertake a review of Commitments in the second half of 2016 to assess whether they are operating in the passenger interest.

The CAA's decision also includes a financial resilience condition. This requires GAL to produce a certificate of adequacy of resources and submit this to the CAA on an annual basis. This condition also restricts the business of GAL to the businesses undertaken on 1 April 2014, including the owning and operation of the Airport. Any other business will require the written consent of the CAA. Finally, the financial resilience condition requires undertakings from the ultimate holding company to not take action that would likely cause a breach of the licence and provide information requested by the CAA to enable GAL to comply with the licence.

Requirements as to operational resilience are included within GAL's Commitments and as such are not subject to a separate licence condition. However, based on a review of operational resilience the CAA has provided guidance to Gatwick, and Gatwick indicated in the Commitments that it would have regard to such guidance. The CAA has also stated that as part of the monitoring regime, GAL should produce a shadow regulatory asset base ("RAB") calculation. The purpose of this requirement is in case the CAA considers that the passenger interest would be better served in the future by tighter regulation being introduced. As with pricing, shadow RAB and capital investment expenditure above, the CAA can propose to introduce such licence conditions to the extent it considers such modification is in the passenger interest. Similarly, such a licence modification could be appealed by the Airport or airlines, to the Competition and Markets Authority.

All airport operators are also subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate that it is competent to conduct aerodrome operations safely. That licensing requirement is not affected by the Civil Aviation Act 2012.

BUSINESS REVIEW (continued)

FINANCIAL REVIEW

Turnover

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Aeronautical income	**217.7**	206.9
Retail income	**84.3**	74.6
Car parking income	**44.4**	39.5
Property rental income	**13.3**	12.7
Operational facilities and utilities income	**16.9**	14.8
Other income	**15.0**	12.1
Total turnover	**391.6**	360.6

The increase in turnover for the six months ended 30 September 2014 was largely the result of period-on-period traffic growth discussed in passenger traffic trends above and the increased aeronautical yield as discussed below. Growth in passenger traffic affects aeronautical, retail and car parking income.

Aeronautical income

Aeronautical income is driven by the number of passengers, ATMs and airport charges. In the six months ended 30 September 2014, aeronautical income increased by 5.2% or £10.8 million to £217.7 million. This was mainly due to a 8.3% or 0.9 million increase in departing international passengers during the six months ended 30 September 2014 compared to the prior period and an increase in the aeronautical charges over the same period offset by discounts offered to airlines as part of the contracts and commitments agreement.

As noted above, the CAA granted a licence under section 15(5) of the Civil Aviation Act 2012 which came into effect on 1 April 2014. The new regulatory approach for GAL is based on the Airport's Commitments to airlines (including bilateral contracts negotiated with individual airlines), underpinned by a CAA licence and supplemented by a monitoring regime.

GAL's Commitments limit the increase in airport charges per passenger, measured over the whole of the 7 year Commitments period (1 April 2014 – 31 March 2021), to RPI + 1% per annum, excluding bilateral pricing agreements. The increase in airport charges in any given year (of the 7 years) may be higher or lower than the RPI+1% or RPI +0% 7 year limits. GAL's Commitments also limit the increase in airport charges, measured over the whole of the 7 year Commitments period, to RPI+0% per annum, inclusive of bilateral contracts.

Following the CAA final decision and the consultation with airlines, airport charges for the year to 31 March 2015 were increased based on RPI-1.0% (measured on a per passenger basis, and excluding bilateral contracts). The forecast gross yield increased by 2.3% to £9.099 per passenger for the year ending 31 March 2015 (year ending 31 March 2014: £8.894), excluding bilateral contracts.

The actual aeronautical yield for the six months ended 30 September 2014 was £9.691 (six months ended 30 September 2013: £9.831) but as in prior years will reduce over the second half of the year as a result of zero Winter landing and take-off charges.

BUSINESS REVIEW (continued)

Retail income

Net retail income per passenger is calculated as follows:

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Duty and tax-free	**28.1**	27.1
Specialist shops	**20.9**	17.1
Catering	**14.2**	12.1
Bureau de Change	**12.8**	11.0
Other retail	**8.3**	7.3
	84.3	74.6
Less: retail expenditure	**(0.9)**	(0.7)
Net retail income	**83.4**	73.9
Passengers (m)	**22.5**	20.8
Net retail income per passenger	**£3.71**	£3.55

In the six months ended 30 September 2014, net retail income increased by 12.9% period-on-period to £83.4m respectively, a 4.5% increase in income per passenger to £3.71.

The overall increase in net retail income per passenger was driven by Specialist shops, Bureau de Change and Catering categories.

The Specialist shop category benefitted from new stores delivered in 2013 as part of the South Terminal Capital Investment Programme. North Terminal performance was also strong driven by new, modernised and “pop up” stores providing improved retail selection throughout the last 18 months. As Gatwick continues to develop this strategy there are continued opportunities for growth in this area.

Duty and tax free income increased by 3.7% which was lower than the increase in passenger numbers, resulting in a reduction in income per passenger of £0.05. This was mainly due to changes in passenger mix as the Airport saw larger growth compared to prior year on EU rather than Non EU passengers.

In Catering, the redevelopment and expansion of the award winning Red Lion and the introduction of Comptoir Libanais in the North Terminal and Nando’s in South Terminal has led to a rise in income per passenger, adding to the mix of brands and passenger experience. Jamies Italian became the latest restaurant to win a world wide Food and Beverage award as the “Best Chef Led Restaurant”.

Bureau de Change revenues increased by 16.4% period on period as a result of increased passenger numbers and a stable operation following the contract tender that was completed in April 2013.

BUSINESS REVIEW (continued)

Car parking income

Net car parking income per passenger is calculated as follows:

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Car parking income	**44.4**	39.5
Less: car parking expenditure	**(10.9)**	(9.0)
Net car parking income	**33.5**	30.5
Passengers (m)	**22.5**	20.8
Net car parking income per passenger	**£1.49**	£1.47

In the six months ended 30 September 2014 net car parking income increased by 9.8% period-on-period as a result of further investment in the valet product and capacity increases. This was supported by developments in booking engine, call centre, and management information capability leading to improvements in yield.

Other income categories

For the six months ended 30 September 2014, income from other areas increased by 14.1% to £45.2 million (six months ended 30 September 2013: £39.6 million). The increase was driven largely by increased operational facilities income as a result of passenger growth and increased ATMs. Property income has increased due to the capital investment programme returning properties back to a rentable status.

BUSINESS REVIEW (continued)

Operating costs

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Staff costs	**83.4**	82.1
Retail expenditure	**0.9**	0.7
Car parking expenditure	**10.9**	9.1
Depreciation	**59.1**	52.1
Maintenance and IT expenditure	**17.6**	19.4
Utility costs	**13.5**	13.3
Rent and rates	**14.6**	13.8
General expenses	**29.1**	25.5
Total operating costs – ordinary	**229.1**	216.0

Staff costs increased £1.3 million or 1.6% period-on-period primarily due to a 2% increase in average salaries offset by a decrease in the number of full-time equivalent ("FTE") employees in the current period. Average FTE numbers decreased to 2,487 for the six months ended 30 September 2014 from 2,491 for the corresponding prior period, reflecting efficiencies in operational areas and a reduction in the number of employees required to support the capital investment program. Pension costs increased by £0.2m as a result of auto enrolment. Staff costs attributable to the capital expenditure programme are offset by the subsequent capitalisation of these costs, which appears as part of general expenses. Overall, total staff capitalisation was £12.4 million in the six months ended 30 September 2014 (six months ended 30 September 2013: £12.6 million).

Operating profit

Operating profit increased by £21.5 million to £162.5 million in the six months to 30 September 2014 (six months ended 30 September 2013: £141.0 million).

BUSINESS REVIEW (continued)

EBITDA

	Note	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m
Operating profit		**162.5**	141.0
Add back: depreciation		**59.1**	52.1
EBITDA		**221.6**	193.1
Add back: exceptionals	7	**-**	3.6
EBITDA pre exceptionals		**221.6**	196.7

Earnings before interest, tax, depreciation and amortisation ("Pre Exceptional EBITDA") pre exceptionals increased £24.9 million or 12.7% to £221.6 million in the six months ended 30 September 2014 (six months ended 30 September 2013: £196.7 million). The reasons underlying these changes are discussed in the relevant sections above.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties remain the same as those disclosed in the Directors' Report for Gatwick Airport Limited for the year ended 31 March 2014.

Going concern

All the Company's financial covenants (see note 13) have been met and are forecast to be met for the foreseeable future.

Based on the availability of undrawn committed borrowing facilities, and as further detailed in note 13 of the interim financial statements, the Directors have a reasonable expectation that the Company will continue as a going concern and accordingly these interim financial statements have been prepared on that basis.

Significant Board changes

There have been no changes to the members of the board in the period 1 April 2014 to 30 September 2014.

PROFIT AND LOSS ACCOUNT
For the six months ended 30 September 2014

	Note	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Turnover	4	**391.6**	360.6	593.7
Operating costs	5	**(229.1)**	(216.0)	(446.7)
Operating costs – exceptional: other	7	**-**	(3.6)	(3.9)
Total operating costs		**(229.1)**	(219.6)	(450.6)
Operating profit before exceptional items		**162.5**	144.6	147.0
Operating costs – exceptional: other	7	**-**	(3.6)	(3.9)
Operating profit		**162.5**	141.0	143.1
Loss on disposal of tangible fixed assets	7	**(0.9)**	(3.3)	(5.5)
Net interest payable and similar charges – ordinary	8	**(43.9)**	(46.9)	(91.0)
Net interest receivable and similar credit – exceptional	6	**4.7**	36.5	39.2
Profit on ordinary activities before taxation		**122.4**	127.3	85.8
Tax charge on profit on ordinary activities	9	**(25.0)**	(29.1)	(28.3)
Profit on ordinary activities after taxation		**97.4**	98.2	57.5

The notes on pages 15 to 26 form an integral part of these unaudited interim financial statements.

All profits and losses recognised during the current and prior periods are from continuing operations.

There are no material differences between the profit and losses on ordinary activities before taxation and the retained profit and losses for the period and year and their historical cost equivalents.

Historical cost profits and losses

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Reported profit on ordinary activities before taxation	**122.4**	127.3	85.8
Realisation of property revaluation gains from prior years	**-**	-	1.6
Historical cost profit on ordinary activities before taxation	**122.4**	127.3	87.4

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the six months ended 30 September 2014

	Note	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Profit for the financial period		**97.4**	98.2	57.5
Actuarial losses on pension scheme	15	**(2.2)**	(3.2)	(11.5)
Deferred tax allocated to actuarial losses	15	**0.5**	0.7	1.9
Unrealised revaluation surplus		**-**	-	62.3
Total recognised gains relating to the period		**95.7**	95.7	110.2

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the six months ended 30 September 2014

	Note	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Profit for the financial period		**97.4**	98.2	57.5
Dividends paid		**(80.0)**	-	(10.0)
Retained profit for the financial period		**17.4**	98.2	47.5
Actuarial losses on pension scheme net of tax	15	**(1.7)**	(2.5)	(9.6)
Other net recognised gains relating to the period		**-**	-	62.3
Capital contribution		**0.3**	0.3	0.6
Net increase in shareholders' funds		**16.0**	96.0	100.8
Opening shareholders' funds		**415.8**	315.0	315.0
Closing shareholders' funds		**431.8**	411.0	415.8

The notes on pages 15 to 26 form an integral part of these unaudited interim financial statements.

BALANCE SHEET
As at 30 September 2014

	Note	**Unaudited 30 September 2014 £m**	Unaudited 30 September 2013 £m	Audited 31 March 2014 £m
FIXED ASSETS				
Tangible assets	10	**2,343.5**	2,211.7	2,309.6
CURRENT ASSETS				
Stocks		**4.1**	3.5	3.6
Debtors: due within one year		**70.5**	74.6	45.8
: due after more than one year		**17.2**	17.0	17.0
Cash at bank and in hand		**41.2**	0.5	13.4
TOTAL CURRENT ASSETS		**133.0**	95.6	79.8
CREDITORS: amounts falling due within one year	11	**(205.9)**	(140.0)	(124.3)
NET CURRENT LIABILITIES		**(72.9)**	(44.4)	(44.5)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,270.6**	2,167.3	2,265.1
CREDITORS: amounts falling due after more than one year	12	**(1,598.5)**	(1,542.2)	(1,631.0)
Provisions for liabilities	14	**(219.4)**	(203.3)	(199.1)
NET ASSETS EXCLUDING PENSION LIABILITY		**452.7**	421.8	435.0
Pension liability	15	**(20.9)**	(10.8)	(19.2)
NET ASSETS INCLUDING PENSION LIABILITY		**431.8**	411.0	415.8
CAPITAL AND RESERVES				
Called up share capital		**336.3**	336.3	336.3
Revaluation reserve		**2.7**	21.9	82.6
Profit and loss reserve – surplus/(deficit)		**92.8**	52.8	(3.1)
TOTAL SHAREHOLDERS' FUNDS		**431.8**	411.0	415.8

The notes on pages 15 to 26 form an integral part of these unaudited interim financial statements.

These interim financial statements of Gatwick Airport Limited (Company registration number: 1991018) were approved by the Board of Directors on 19 November 2014 and were signed on its behalf by:

Stewart Wingate
Chief Executive Officer

Nicholas Dunn
Chief Financial Officer

CASH FLOW STATEMENT
For the six months ended 30 September 2014

	Note	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Net cash inflow from operating activities		**194.6**	178.6	274.2
Returns on investments and servicing of finance		**(4.0)**	(8.5)	(71.5)
Capital expenditure and financial investment		**(82.7)**	(113.9)	(199.0)
Equity dividends paid		**(80.0)**	-	(10.0)
Cash inflow/(outflow) before management of liquid resources and financing		**27.9**	56.2	(6.3)
Financing	16	**(0.1)**	(56.2)	19.2
Increase in cash in the period		**27.8**	-	12.9

Reconciliation of operating profit to net cash inflow from operating activities:

	Note	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Operating profit		**162.5**	141.0	143.1
Adjustments for:				
Depreciation		**59.1**	52.1	112.4
Impairment of tangible fixed assets		**-**	3.6	3.9
(Increase)/decrease in stock and debtors		**(15.2)**	(16.7)	4.4
(Decrease)/increase in creditors		**(11.7)**	(3.1)	6.6
(Decrease)/increase in net pension liability		**(0.1)**	1.7	3.8
Net cash inflow from operating activities		**194.6**	178.6	274.2

The notes on pages 15 to 26 form an integral part of these unaudited interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2014

1. BASIS OF PREPARATION

These financial statements are the interim financial statements of Gatwick Airport Limited ("the Company") for the six months ended 30 September 2014. The comparative periods are the six months ended 30 September 2013 and the year ended 31 March 2014. They have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and with reference to the Companies Act 2006 and United Kingdom Accounting Standards (UK GAAP), except as set out within the accounting policies note.

The Directors confirm that the interim financial information has been prepared in accordance with the Accounting Standards Board (ASB) Statement: Half Yearly Financial Reports, and that the interim management report includes a fair review of the key events impacting upon the financial statements for the periods disclosed.

Going Concern

The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the cash flow projections of the Company taking into account:

- the forecast passenger numbers, revenue and operating cash flows from the underlying operations;
- the forecast level of capital expenditure;
- the Company's funding structure and the facilities that are available to the Company (see note 13); and
- the Company's financial covenants.

All of the Company's financial covenants (see note 13) have been met and are forecast to be met for the years ending 31 March 2015, 2016 and 2017.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario (including a fall in passenger numbers), the Directors have a reasonable expectation that sufficient funds are available to meet the Company's funding requirement over a period of at least 12 months from the date of the interim financial statements. Accordingly the Directors have a reasonable expectation that the Company will continue as a going concern, and the financial statements have been prepared on that basis.

The interim financial statements were approved by the Directors on 19 November 2014.

2. ACCOUNTING POLICIES

The accounting policies adopted by the Company for these interim financial statements are consistent with those described in pages 42 to 48 of the Report and Financial Statements prepared under UK GAAP for the year ended 31 March 2014.

Taxation

The tax provision for the interim period represents the expected tax rate applicable for the full year ending 31 March 2015.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

3. GENERAL INFORMATION

The financial information set out herein does not constitute the Company's statutory financial statements for the year ended 31 March 2014 within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been filed with the Registrar of Companies. The auditor's report on the 31 March 2014 financial statements is unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. Those financial statements were prepared in accordance with UK GAAP.

4. SEGMENTAL ANALYSIS

The Directors consider the business has only one segment (defined as the Airport due to the nature of its regulatory environment, type of operation, geographic location, and internal management reporting framework). All of the Company's turnover arises in the United Kingdom and is from continuing operations. Additional details of the turnover generated by each of the Company's key activities are given below.

Turnover	**Unaudited Six months ended 30 September 2014 £m**	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Airport and other traffic charges	**217.7**	206.9	317.4
Retail income	**84.3**	74.6	135.1
Car parking income	**44.4**	39.5	65.6
Property rental income	**13.3**	12.7	25.7
Operational facilities and utilities income	**16.9**	14.8	27.3
Other income	**15.0**	12.1	22.6
	391.6	360.6	593.7

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

5. OPERATING COSTS

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Wages and salaries	**65.7**	64.7	127.5
Social security costs	**5.7**	4.8	10.0
Pension costs	**9.8**	9.6	20.2
Share based payments	**0.3**	0.3	0.6
Other staff related costs	**1.9**	2.7	6.3
Staff costs	**83.4**	82.1	164.6
Retail expenditure	**0.9**	0.7	1.7
Car parking expenditure	**10.9**	9.0	17.1
Depreciation	**59.1**	52.1	112.4
Maintenance and IT expenditure	**17.6**	19.4	36.7
Rent and rates	**14.6**	13.8	28.4
Utility costs	**9.2**	9.0	18.9
Police costs	**6.2**	5.7	11.7
General expenses	**13.4**	10.8	28.1
Aerodrome navigation service costs	**9.5**	9.1	18.6
Electricity distribution fee	**4.3**	4.3	8.5
	229.1	216.0	446.7

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

6. NET INTEREST RECEIVABLE AND SIMILAR CHARGES - EXCEPTIONAL

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Interest payable and similar charges			
Provision released on financial derivatives (a)	**4.7**	36.5	40.9
Financing fees written off (b)	**-**	-	(1.7)
Net interest receivable and similar charges – exceptional credit	**4.7**	36.5	39.2

(a) The £4.7 million provision release on financial derivatives (September 2013: £36.5 million, 31 March 2014: £40.9 million) represents the period-on-period decrease in the present value of expected net cash outflows on interest rate and index-linked derivative contracts (refer to note 14). Due to the size and nature of this balance it has been recognised as an exceptional item.

(b) Upon termination of the Company's Bank Facilities Agreement on 27 March 2014 as part of the Company's re-financing programme (note 13), unamortised arrangement and participation fees relating to the terminated facility totalling £1.7m were written off.

7. EXCEPTIONAL COSTS

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Operating items			
Impairment of tangible fixed assets (a)	**-**	3.6	3.9
Loss on disposal of tangible fixed assets (b)	**0.9**	3.3	5.5

(a) In the six month period ended 30 September 2013 the Company impaired tangible fixed assets by £3.6 million (31 March 2014 : £3.9 million) because it was deemed that certain projects had changed scope significantly, and the costs associated with them should not be carried forward to completion. No such costs were incurred in the six month period ended 30 September 2014.

(b) Loss on disposal of tangible fixed assets totalled £0.9 million during the six months to 30 September 2014 (30 September 2013: £3.3 million, 31 March 2014: £5.5 million). These losses relate to assets no longer in use at the Airport.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

8. NET INTEREST PAYABLE AND SIMILAR CHARGES – ORDINARY

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Interest payable			
Interest on bank borrowings[1]	**-**	3.2	6.3
Interest on borrowings from other group undertakings[2]	**46.7**	42.5	82.1
Net interest payable on derivative financial instruments[3]	**0.2**	0.2	0.4
Net interest payable on derivative financial instruments with other group undertakings[3]	**1.2**	4.9	7.8
Amortisation of debt costs[4]	**0.8**	1.6	3.5
Non-utilisation fees on bank facilities	**0.9**	1.3	2.9
	49.8	53.7	103.0
Interest receivable			
Net return on pension scheme	**(1.9)**	(0.9)	(2.0)
Interest receivable on money markets and bank deposits	**(0.1)**	-	(0.7)
Finance lease income	**(0.4)**	(0.4)	(0.7)
	(2.4)	(1.3)	(3.4)
Less: capitalised borrowings costs[5]	**(3.5)**	(5.5)	(8.6)
Net interest payable	**43.9**	46.9	91.0

1 These amounts mainly relate to interest payable on loans drawn under the £300 million Authorised Credit Facilities Agreement.

2 These amounts relate to borrowings under the Borrower Loan Agreement with Gatwick Funding Limited entered into on 24 February 2011, and a Loan Agreement with Ivy Bidco Limited entered into on 3 December 2009 that was amended and restated under a Deed dated 15 February 2011.

3 These amounts relate to interest rate and index linked derivative of £32.3 million and £396 million respectively. In March 2014, £97.0 million of floating to index-linked swaps were restructured as fixed to index-linked swaps coinciding with a further bond issue. In March 2014, £40 million of fixed to index linked and £40m index linked to floating rate swaps, expiring in March 2016 were undertaken by the company. Refer to note 14 for detail on the nominal value of the Company's swaps. These amounts include inflation accretion on index-linked swaps.

4 These amounts relate to the debt costs incurred in relation to the Company's refinancing on 27 March 2014, 20 January 2012 and on 2 March 2011 (refer to note 13).

5 Borrowing costs have been capitalised using a rate of 5.9% (2013: 6.0%), which is the weighted average of rates applicable to the Company's overall borrowings outstanding during the year. The capitalised interest amount is calculated by applying the capitalisation rate to the average monthly balance of assets in the course of construction, after deducting the value of construction work undertaken but not paid for, and included in the value of such assets (see note 10).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the six months ended 30 September 2014 has been based on the estimated effective rate for the full year of 20.4% (30 September 2013: 22.9%, 31 March 2014: 21%).

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

10. TANGIBLE ASSETS

	Investment properties £m	Land held for development £m	Terminal complexes £m	Airfields £m	Group occupied properties £m	Plant, equipment & other assets £m	Assets in the course of construction £m	Unaudited Total £m
Cost or valuation								
1 April 2014	742.6	3.7	1,713.8	323.2	62.8	253.7	133.2	3,233.0
Additions at cost	-	-	-	-	-	-	90.5	90.5
Transfers to completed assets	0.2	-	10.5	8.8	10.7	6.8	(37.0)	-
Transfers between asset classes	10.9	-	-	-	(8.6)	(2.3)	-	-
Impairment							-	-
Interest capitalised	-	-	-	-	-	-	3.5	3.5
Disposals	-	-	(25.0)	-	(1.1)	(0.4)	-	(26.5)
30 September 2014	**753.7**	**3.7**	**1,699.3**	**332.0**	**63.8**	**257.8**	**190.2**	**3,300.5**
Depreciation								
1 April 2014	-	-	694.4	100.8	9.3	118.9	-	923.4
Charge for the year	-	-	32.4	8.5	1.4	16.8	-	59.1
Disposals	-	-	(24.7)	-	(0.4)	(0.4)	-	(25.5)
30 September 2014	**-**	**-**	**702.1**	**109.3**	**10.3**	**135.3**	**-**	**957.0**
Net book value								
30 September 2014	**753.7**	**3.7**	**997.2**	**222.7**	**53.5**	**122.5**	**190.2**	**2,343.5**
30 September 2013	688.7	4.1	956.8	204.8	20.1	129.7	207.5	2,211.7
31 March 2014	742.6	3.7	1,019.4	222.4	53.5	134.8	133.2	2,309.6

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

10. TANGIBLE ASSETS (continued)

Security

As part of the financing agreements outlined in note 13, the Company and its parent, Ivy Holdco Limited, have granted security over their assets and share capital to the Company's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Unaudited 30 September 2014 £m	Unaudited 30 September 2013 £m	Audited 31 March 2014 £m
Trade creditors	**11.3**	13.9	19.7
Accruals	**21.3**	20.3	24.4
Capital creditors	**57.4**	42.6	49.7
Amounts owed to group undertakings – interest free	**2.8**	2.8	2.8
Other tax and social security	**3.0**	2.8	2.8
Accrued financing charges	**0.3**	0.2	-
Accrued interest payable	**-**	-	-
Accrued interest payable to other group undertakings	**53.9**	45.6	10.3
Accrued financing charges payable to other group undertakings[1]	**42.0**	-	-
Finance lease liabilities	**0.3**	-	0.3
Other creditors	**2.4**	2.4	2.0
Deferred income	**11.2**	9.4	12.3
	205.9	140.0	124.3

1 'Accrued financing charges payable to other group undertakings' relate to the cumulative inflation accretion on index linked swaps with Gatwick Funding Limited.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Unaudited 30 September 2014 £m	Unaudited 30 September 2013 £m	Audited 31 March 2014 £m
Borrowings (refer to note 13)	**1,521.6**	1,399.7	1,520.7
Amounts owed to group undertakings – interest bearing[1]	**52.0**	90.0	49.0
Accrued financing charges payable to other group undertakings[2]	**22.4**	52.5	58.6
Finance lease liabilities	**2.5**	-	2.7
	1,598.5	1,542.2	1,631.0

1 'Amounts owed to group undertakings – interest bearing' represents amounts owing to Ivy Bidco Limited.

2 'Accrued financing charges payable to other group undertakings' relate to the cumulative inflation accretion on index linked swaps with Gatwick Funding Limited.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

13. BORROWINGS

	Unaudited 30 September 2014 £m	Unaudited 30 September 2013 £m	Audited 31 March 2014 £m
Non-Current borrowings			
Borrower Loan Agreement			
Fixed rate borrowings from other group undertakings	**1,524.0**	1,180.3	1,523.4
Initial Authorised Credit Facility Agreement			
Term Facility	**-**	103.4	-
Capex Facility	**-**	116.0	-
Revolving Credit Facility	**-**	-	-
Authorised Credit Facility–Revolving Facility[1]	**(2.4)**	-	(2.7)
Total non-current borrowings	**1,521.6**	1,399.7	1,520.7
Maturity Profile:			
Repayable between 1 and 2 years	**-**	219.4	-
Repayable between 2 and 5 years	**(2.4)**	-	(2.7)
Repayable in more than 5 years	**1,524.0**	1,180.3	1,523.4
	1,521.6	1,399.7	1,520.7

1 Amount includes capitalised upfront costs in relation to the new bank facilities entered into during the year. These costs will be amortised over the term of the facility.

All the above borrowings are secured and carried at amortised cost.

Ivy Holdco Group Facilities

Gatwick Airport Limited is party to a Common Terms Agreement ("CTA") with, *inter alia*, the Royal Bank of Scotland plc as ACF agent and previously the Initial ACF agent. The Company has a Borrower Loan Agreement with both Gatwick Funding Limited (as Issuer) and Deutsche Trustee Company Limited (as Borrower Security Trustee). The CTA together with a Master Definitions Agreement covers, *inter alia*, the Initial Authorised Credit Facility Agreement (the "Initial ACF Agreement"), the Authorised Credit Facility Agreement (the "ACF Agreement") and the Borrower Loan Agreement.

The Initial ACF Agreement which comprised a Term Facility of £620.0 million, a non-revolving Capex Facility of £300.0 million and a Revolving Credit Facility of £50.0 million, had the outstanding drawings of £106.4 million, £191.0 million and £25.0 million respectively fully prepaid and terminated on 27 March 2014.

The ACF Agreement entered into on 27 March 2014 has a Revolving Credit Facility of £300.0 million. The ACF Agreement terminates on 27 March 2019. No drawings are outstanding on the Revolving Credit Facility at 30 September 2014.

The Company's subsidiary Gatwick Funding Limited, had previously issued £1,200 million of publicly listed fixed rate secured Bonds comprising £300 million Class A 6.125 per cent. Bonds with scheduled and legal maturities of 2026 and 2028 respectively, £300 million Class A 6.5 per cent. Bonds with scheduled and legal maturities of 2041 and 2043 respectively, £300 million Class A 5.25 per cent. Bonds with scheduled and legal maturities of 2024 and 2026 respectively and £300 million Class A 5.75 per cent. Bonds with scheduled and legal maturities of 2037 and 2039 respectively.

On 27 March 2014, Gatwick Funding Limited, issued a further £350.0 million of publicly listed fixed rate secured bonds comprising £350 million Class A 4.625 per cent. Bonds with scheduled and legal maturities of 2034 and 2036 respectively.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

13. BORROWINGS (continued)

The proceeds of all bond issuances by Gatwick Funding Limited (together "the Bonds") are lent to the Company under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Bonds.

At 30 September 2014, the average interest rate payable on borrowings was 5.94% p.a. (30 September 2013: 6.21%, 31 March 2014: 5.87% p.a.).

At 30 September 2014, the Company had £300.0 million (30 September 2013: £234.0 million, 31 March 2014: £300.0 million) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

Financial covenants

Under the CTA, the Company is required to comply with certain financial and information covenants. All financial covenants have been tested and complied with as at 30 September 2014 (30 September 2013: all covenants tested and complied with, 31 March 2014: all covenants tested and complied with).

The following table summarises the Company's financial covenants compliance as at 30 September 2014 under the CTA, and lists the trigger and default levels:

Covenant	Unaudited 30 September 2014	Unaudited 31 March 2014	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	**3.82**	**3.15**	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	**0.55**	**0.64**	0.70	0.85

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Unaudited Deferred Taxation £m	Unaudited Financial Derivatives £m	Unaudited Total £m
1 April 2014	0.2	198.9	199.1
Charged/(released) in the period	25.0	(4.7)	20.3
30 September 2014	**25.2**	**194.2**	**219.4**
30 September 2013	-	203.3	203.3

Financial derivatives

The Company has entered into financial derivative contracts to hedge its exposure to cash flow interest rate risk on variable rate borrowings and inflation risk arising on inflation related income. Although the contracts are commercial hedges, they do not fully satisfy the requirements of UK GAAP hedge accounting. A provision of £194.2 million, equal to the present value of expected net cash outflows on these contracts at 30 September 2014 (as shown below), has been recognised:

	Unaudited Nominal Amount £m	Unaudited Average Term (Yrs)	Unaudited Average Rate Payable %	Unaudited Average Rate Receivable %	Unaudited Provision £m
Interest rate swaps	32.3	0.2	1.66	0.54	0.6
Fixed rate to index-linked swaps with group undertaking	396.0	18.4	2.68	4.98	193.6
Totals	428.3	18.3	2.60	4.64	194.2

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

15. PENSIONS

For some employees, the Company operates a funded pension plan providing benefits based on final pensionable pay. Assets of the plan are held in a separate trustee administered fund.

Plan assets and liabilities at 30 September 2014 have been recognised at their fair value based on an interim valuation prepared by an independent qualified actuary in accordance with FRS 17.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plan is as follows:

	Unaudited 30 September 2014 £m	Unaudited 30 September 2013 £m	Audited 31 March 2014 £m
Present value of plan liabilities	**(341.5)**	(296.6)	(321.1)
Fair value of plan assets	**315.4**	283.1	297.1
Deficit	**(26.1)**	(13.5)	(24.0)
Related deferred tax asset	**5.2**	2.7	4.8
Net pension liability	**(20.9)**	(10.8)	(19.2)

16. ANALYSIS OF FINANCING CASH FLOWS

	Unaudited Six months ended 30 September 2014 £m	Unaudited Six months ended 30 September 2013 £m	Audited Year ended 31 March 2014 £m
Financing			
Debt repaid under the Initial ACF Agreement	**-**	(6.2)	(228.4)
Increase/decrease in related party borrowings	**(0.1)**	(50.0)	247.6
Net cash (outflow)/inflow from financing	**(0.1)**	(56.2)	19.2

17. RESERVES

The Company made a bonus share issue of 80,000,000 ordinary shares at £1.00 per share on 31 July 2014. This was satisfied by way of a capitalisation of £80,000,000 of the Company's revaluation reserve. The Company then undertook a capital reduction of £80,000,000 of share capital by means of a special resolution supported by a solvency statement, resulting in the transfer of an equivalent amount into the profit and loss reserve.

On 31 July 2014, the Company declared and paid an interim dividend of £80.0 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2014

18. CLAIMS AND CONTINGENT LIABILITIES

As part of the financing agreements outlined in note 13, the Company and its parent, Ivy Holdco Limited, have granted security over their assets and share capital to the Company's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above, the Company has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 30 September 2014, (30 September 2013: nil, 31 March 2014: nil).

Following a tender for the provision of Terminal Air Navigation Services ("TANS"), on 18th July 2014 GAL notified the incumbent provider NATS Services Limited ("NATS") that its tender had been unsuccessful and that DFS Deutsche Flugsicherung GmbH ("DFS") had been successful. NATS then issued proceedings claiming GAL had breached the Utilities Contracts Regulations 2006 ("the Regulations") in awarding the contract to DFS and seeking an order setting aside GAL's contract award and or damages for NATS' losses as a result of the breaches. NATS also made an application for a declaration that there was an automatic suspension under Regulation 45G of the Regulations, alternatively an interim injunction preventing GAL from entering into the contract with DFS.

Following a hearing Ramsey J. determined that the balance of convenience indicated that Gatwick should not be permitted to enter into the proposed contract with DFS but that the merits of the claim should be determined in an expedited trial. That was ordered to take place in the first two weeks of December 2014. NATS continues to provide TANS under the terms of their existing contract which had been extended to October 2015.

19. SUBSEQUENT EVENTS

There have been no material events or circumstances that have occurred after the balance sheet date, but prior to the signing of the financial statements, that require disclosure or adjustment to balances and transactions that existed at the balance sheet date.