

**British Midland PLC and subsidiary undertakings**

**Directors' report and consolidated  
financial statements**

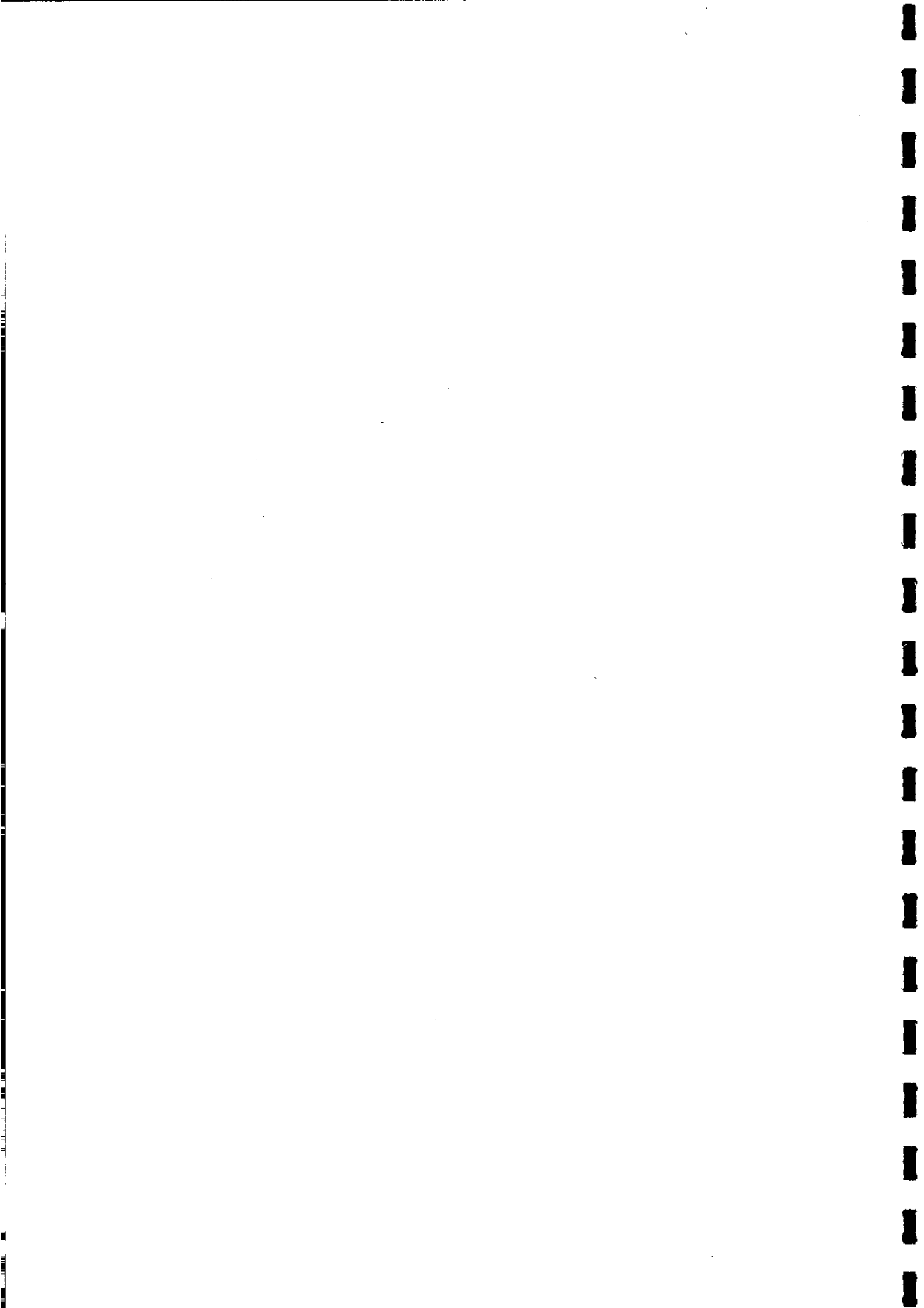
**Registered number 02107441**

**31 December 2004**



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## **Company information**

|  |   |
|--|---|
| <b>Directors</b>                       | Sir Michael Bishop CBE (Chairman)<br>GN Elliott CBE FCA (non-executive)<br>G Reitan (Norway) (non-executive)<br>C Spohr (Germany) (non-executive)<br>NO Turner<br>TJ Bye<br>Dr H Hättö (Germany) (non-executive) - appointed 2 April 2004<br>A Reid CA - resigned 25 October 2004<br>R Teckentrup (Germany) (non-executive) - resigned 2 April 2004 |
| <b>Secretary and registered office</b> | TJ Bye<br>Donington Hall<br>Castle Donington<br>Derby<br>DE74 2SB   |
| <b>Registered number</b>               | 02107441  |
| <b>Auditors</b>                        | KPMG LLP<br>St Nicholas House<br>Park Row<br>Nottingham<br>NG1 6FQ  |
| <b>Bankers</b>                         | National Westminster Bank Plc<br>Colmore Centre<br>103 Colmore Row<br>Birmingham<br>B3 3NS  |

## Directors' report

The directors present their report and the consolidated financial statements for the year ended 31 December 2004.

### Business review

The principal activity of the group is that of airline operator.

|                               | 2004<br>£000 | 2003<br>£000 |
|-------------------------------|--------------|--------------|
| Turnover                      | 830,117      | 772,223      |
| Profit/(loss) before taxation | 2,072        | (9,859)      |

### Dividends and transfers to reserves

No dividend is proposed in respect of the year ended 31 December 2004 (2003: £nil).

The profit for the financial year of £1,757,000 has been added to reserves (2003: loss of £5,221,000).

### Directors and their interests

The directors who served during the year are as set out on page 1. The interests of the directors in the shares of the company were as follows:

|                        | Ordinary shares<br>as at 31 Dec 04 | Ordinary shares<br>as at 31 Dec 03 |
|------------------------|------------------------------------|------------------------------------|
| Sir Michael Bishop CBE | 32,544,147                         | 32,544,147                         |

No other director had an interest in the shares of the company during the year.

The interest of The BBW Partnership Limited in the issued share capital of British Midland PLC has been ascribed to Sir Michael Bishop CBE by virtue of the provisions of section 13 paragraph 5 of the Companies Act 1985.

The interests of the directors in the shares of The BBW Partnership Limited, the ultimate parent company, are disclosed in the financial statements of that company.

### Employees

The group recognises the importance of promoting and maintaining good communications with its employees. During the year regular meetings were held with employee representatives.

The group continues to employ disabled persons and affords them the same training, career development and promotional opportunities as for all other employees and provides all possible assistance to persons temporarily or permanently disabled whilst in the group's employment.

## **Directors' report** *(continued)*


### **Other substantial shareholdings**

Twenty percent of the issued share capital of the company is held by Scandinavian Airlines System Denmark Norway Sweden and a further thirty percent, less 1 share, by Deutsche Lufthansa Aktiengesellschaft.

### **Creditor payment policy**

It is the group's policy to pay suppliers in accordance with the terms agreed provided that the supplier has also complied with the relevant terms and conditions. The trade creditors at 31 December 2004 represented 44 days (2003: 44 days) of annual purchases.

By order of the board



**TJ Bye**  
*Secretary*

8 April 2005

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

### **Independent auditors' report to the members of British Midland PLC**

We have audited the financial statements on pages 6 to 27.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants  
Registered Auditor*

8 April 2005



**Consolidated profit and loss account**  
*for the year ended 31 December 2004*

|  | <i>Note</i> | <b>2004</b><br><b>£000</b> | 2003<br>£000 |
|--|-------------|----------------------------|--------------|
| <b>Turnover</b>  | 2           | <b>830,117</b>             | 772,223      |
| Cost of sales  |             | <b>(750,733)</b>           | (699,679)    |
| <b>Gross profit</b>  |             | <b>79,384</b>              | 72,544       |
| Administrative expenses  |             | <b>(84,207)</b>            | (85,063)     |
| <b>Operating loss</b>  |             | <b>(4,823)</b>             | (12,519)     |
| Profit on disposal of fixed assets   |             | <b>2,654</b>               | 51           |
| Other interest receivable and similar income   | 3           | <b>6,879</b>               | 4,416        |
| Interest payable and similar charges   | 4           | <b>(2,638)</b>             | (1,807)      |
| <b>Profit/(loss) on ordinary activities before taxation</b>  | 5           | <b>2,072</b>               | (9,859)      |
| Tax on profit/(loss) on ordinary activities  | 6           | <b>(315)</b>               | 4,638        |
| <b>Profit/(loss) on ordinary activities after taxation and retained profit/(accumulated loss) for the financial year</b> | 20          | <b>1,757</b>               | (5,221)      |

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

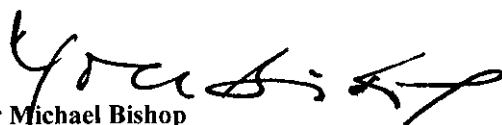
**Consolidated statement of total recognised gains and losses**  
*for the year ended 31 December 2004*


|  | <i>Note</i> | <b>2004</b><br><b>£000</b> | 2003<br>£000 |
|--|-------------|----------------------------|--------------|
| Profit/(loss) for the financial year                       |             | <b>1,757</b>               | (5,221)      |
| Exchange movements   |             | <b>(3,179)</b>             | (3,574)      |
| Deferred tax effect of exchange movements                  | 6           | <b>715</b>                 | 809          |
|  |             | <hr/>                      | <hr/>        |
| Total gains and losses recognised since last annual report |             | <b>(707)</b>               | (7,986)      |
|  |             | <hr/>                      | <hr/>        |

**Consolidated balance sheet**  
*as at 31 December 2004*

|  | Note | 2004<br>£000 | 2003<br>£000 |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Intangible assets  | 10   | 1,067        | 1,149        |
| Tangible assets  | 11   | 199,788      | 250,551      |
| Investments  | 12   | 8,687        | 8,631        |
|  |      | <hr/>        | <hr/>        |
|  |      | 209,542      | 260,331      |
| <b>Current assets</b>  |      |              |              |
| Stocks   |      | 15,007       | 15,515       |
| Debtors  | 13   | 70,918       | 70,389       |
| Cash at bank and in hand                                       |      | 138,633      | 119,886      |
|  |      | <hr/>        | <hr/>        |
|  |      | 224,558      | 205,790      |
| <b>Creditors: amounts falling due within one year</b>          | 14   | (204,612)    | (199,615)    |
|  |      | <hr/>        | <hr/>        |
| <b>Net current assets</b>                                      |      |              |              |
| Due within one year  |      | 11,109       | (2,056)      |
| Debtors due after one year                                     | 13   | 8,837        | 8,231        |
|  |      | <hr/>        | <hr/>        |
|  |      | 19,946       | 6,175        |
| <b>Total assets less current liabilities</b>                   |      | 229,488      | 266,506      |
| <b>Creditors: amounts falling due after more than one year</b> | 15   | (122,794)    | (167,467)    |
| <b>Provisions for liabilities and charges</b>                  | 17   | (57,190)     | (48,828)     |
|  |      | <hr/>        | <hr/>        |
| <b>Net assets</b>  |      | 49,504       | 50,211       |
|  |      | <hr/>        | <hr/>        |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called up share capital  | 18   | 16,272       | 16,272       |
| Balance arising on reorganisation                              | 19   | (12,143)     | (12,143)     |
| Share premium  | 20   | 7,568        | 7,568        |
| Statutory reserve  | 20   | 387          | 387          |
| Profit and loss account  | 20   | 37,420       | 38,127       |
|  |      | <hr/>        | <hr/>        |
| <b>Equity shareholders' funds</b>                              |      | 49,504       | 50,211       |
|  |      | <hr/>        | <hr/>        |

These financial statements were approved by the board of directors on 8 April 2005 and were signed on its behalf by:

  
**Sir Michael Bishop**  
Director


  
**Nigel Turner**  
Director

**Balance sheet**  
*as at 31 December 2004*

|   | <i>Note</i> | 2004<br>£000 | 2003<br>£000 |
|---|-------------|--------------|--------------|
| <b>Fixed assets</b>   |             |              |              |
| Investments   | 12          | 31,654       | 31,654       |
| <b>Creditors: amounts falling due within one year</b>       | 14          | (5,922)      | (5,353)      |
| <b>Net current liabilities</b>                              |             | (5,922)      | (5,353)      |
| <b>Total assets less current liabilities and net assets</b> |             | 25,732       | 26,301       |
| <b>Capital and reserves</b>                                 |             |              |              |
| Called up share capital                                     | 18          | 16,272       | 16,272       |
| Share premium   | 20          | 7,568        | 7,568        |
| Profit and loss account                                     | 20          | 1,892        | 2,461        |
| <b>Equity shareholders' funds</b>                           |             | 25,732       | 26,301       |

These financial statements were approved by the board of directors on 8 April 2005 and were signed on its behalf by:

  
**Sir Michael Bishop**  
*Director*

  
**Nigel Turner**  
*Director*

**Consolidated cash flow statement**  
*for the year ended 31 December 2004*

|  | <i>Note</i> | <b>2004</b><br><b>£000</b> | 2003<br>£000 |
|--|-------------|----------------------------|--------------|
| Cash inflow from operating activities                              | 21          | 40,526                     | 27,630       |
| Returns on investments and servicing of finance                    | 23          | 3,175                      | 2,033        |
| Taxation   |             | 290                        | -            |
| Capital expenditure and financial investment                       | 23          | 26,021                     | (32,027)     |
| Cash inflow/(outflow) before use of liquid resources and financing |             | 70,012                     | (2,364)      |
| Financing  | 23          | (45,523)                   | 5,200        |
| Increase in cash   |             | 24,489                     | 2,836        |

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

|   | <b>2004</b><br><b>£000</b> | 2003<br>£000 |
|---|----------------------------|--------------|
| Increase in cash in the year                                  | 24,489                     | 2,836        |
| Cash outflow/(inflow) from change in debt and lease financing | 45,523                     | (5,200)      |
| Change in net funds/(debt) resulting from cash flows          | 70,012                     | (2,364)      |
| Translation differences                                       | 7,225                      | 17,767       |
| Movement in net funds/(debt) in year                          | 77,237                     | 15,403       |
| Net debt at 1 January   | (60,950)                   | (76,353)     |
| Net funds/(debt) at 31 December                               | 16,287                     | (60,950)     |

**Reconciliation of movements in equity shareholders' funds**  
*for the year ended 31 December 2004*

|   | <b>Group</b>   |             | <b>Company</b> |             |
|---|----------------|-------------|----------------|-------------|
|   | <b>2004</b>    | <b>2003</b> | <b>2004</b>    | <b>2003</b> |
|   | <b>£000</b>    | <b>£000</b> | <b>£000</b>    | <b>£000</b> |
| Profit/(loss) for the financial year                      | <b>1,757</b>   | (5,221)     | <b>(569)</b>   | 636         |
| Other recognised gains and losses relating to the year    | <b>(2,464)</b> | (2,765)     | -              | -           |
|   | <hr/>          | <hr/>       | <hr/>          | <hr/>       |
| Net (reduction in)/addition to equity shareholders' funds | <b>(707)</b>   | (7,986)     | <b>(569)</b>   | 636         |
| Opening equity shareholders' funds                        | <b>50,211</b>  | 58,197      | <b>26,301</b>  | 25,665      |
|   | <hr/>          | <hr/>       | <hr/>          | <hr/>       |
| Closing equity shareholders' funds                        | <b>49,504</b>  | 50,211      | <b>25,732</b>  | 26,301      |
|   | <hr/>          | <hr/>       | <hr/>          | <hr/>       |

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements. The group has followed the transitional arrangements of FRS 17 'Retirement benefits' in these financial statements.

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### ***Basis of consolidation***

Details of subsidiaries are given in note 25. The consolidated financial statements have been prepared from the financial statements of the company and its subsidiaries, all of which have been drawn up for the year ended 31 December 2004. As permitted by section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the holding company only has not been presented.

Except where merger accounting is adopted any difference between the assets of subsidiaries acquired and the purchase consideration is capitalised. Positive goodwill is written off by equal annual instalments over its estimated useful life.

#### ***Depreciation***

Aircraft and technical spares are depreciated using a straight line basis calculated to write down their cost to the current estimated residual values on the anticipated date of withdrawal from service or disposal. These estimates are reviewed regularly and adjusted as appropriate.

Depreciation rates:

#### **Asset type**

|          |                           |
|----------|---------------------------|
| Aircraft | 7 years to residual value |
| Rotables | 5 - 15 years              |

The aircraft which the group owns are expected to have an operational life of between 15 and 23 years. However, the group has a policy of operating recently manufactured aircraft. Depreciation is charged to reduce the net book value of an aircraft to its estimated resale value over the period of ownership.

All other plant and equipment is depreciated on a straight line basis over five years except for motor vehicles (four years) and certain computer equipment which is depreciated over three years or ten years.

Freehold premises are being written down at 2% on cost per annum on the structure of the building and at 20% on cost per annum on refurbishments. Leasehold properties and improvements are written down over 5 to 20 years.

#### ***Stocks***

Stocks consist of raw materials, consumable spares and sundry supplies, and are valued at the lower of cost and net realisable value.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Aircraft maintenance costs***

For owned aircraft, the costs of periodic aircraft overhauls are capitalised within fixed assets. Depreciation, in addition to that charged against the original capital value, is then charged against these maintenance assets at a variable rate dependant on the actual usage of the aircraft, such that, over time, the depreciation charge will match the related maintenance expenditure.

Provisions for periodic overhaul costs on an aircraft held under an operating lease are made with reference to the number of hours flown or similar basis over the period to the next major overhaul.

Routine maintenance is expensed in the year in which it is incurred.

#### ***Grants***

Grants received against fixed assets are credited to deferred income and released on a straight line basis over the life of the fixed asset in line with the depreciation policy.

#### ***Leased assets***

Annual rentals payable or receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the lease term.

#### ***Foreign currency translations***

Monetary assets and liabilities denominated in foreign currencies are expressed at the rate prevailing at the balance sheet date or at the contracted rate where applicable. Transactions during the year denominated in foreign currencies are translated using the rate prevailing at the date the transaction occurred, or at the contracted rate where applicable.

The group operates aircraft which are purchased and sold in US dollars. Aircraft which are purchased are funded through dollar denominated loans. On the future disposal of the aircraft, the dollar proceeds will be used to repay the balances remaining on the dollar loans. The group considers that a natural hedge exists and therefore under SSAP 20, both owned aircraft and associated loans are re-translated to the year end exchange rate with the resultant differences being taken to reserves. Associated tax movements are also taken to reserves.

#### ***Deferred taxation***

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, with discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Turnover***

Turnover represents revenue from scheduled services, freight and other activities net of Air Passenger Duty.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

The group operates a funded defined benefit pension scheme, and contributes to this scheme in accordance with recommendations from independent actuaries. Contributions are charged to the profit and loss account so as to spread the costs over the remaining working lives of the employees with the group.

The group also operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they are incurred.

#### *Fixed asset investments*

Fixed asset investments are stated at cost less provision made for impairment in the carrying value.

### 2 Turnover

It is the view of the directors that all activities of the group fall within one class of business, that of airline operator.

Analysis of turnover by geographical area:

|                                  | 2004<br>£000  | 2003<br>£000  |
|----------------------------------|---------------|---------------|
| Within the British Isles         | 371,420       | 329,705       |
| Between British Isles and Europe | 382,710       | 381,544       |
| Other                            | 75,987        | 60,974        |
|                                  | <hr/> 830,117 | <hr/> 772,223 |

Turnover within the British Isles comprises revenue from domestic flights. Turnover between the British Isles and other areas comprises revenue from inbound and outbound flights between the British Isles and other areas.

The activities of the group are managed and administered on a central basis within the British Isles. As a result it would not be possible to provide a meaningful analysis of the operating results and net assets of the group on a route by route basis. Consequently the operating results and net assets of the group are not shown across the geographical areas defined.

### 3 Other interest receivable and similar income

|               | 2004<br>£000 | 2003<br>£000 |
|---------------|--------------|--------------|
| Bank interest | 5,413        | 3,718        |
| Other         | 1,466        | 698          |
|               | <hr/> 6,879  | <hr/> 4,416  |

## Notes (continued)

### 4 Interest payable and similar charges

|   | 2004<br>£000 | 2003<br>£000 |
|---|--------------|--------------|
| On bank loans and overdrafts whenever repayable and other loans wholly repayable within 5 years | 952          | 912          |
| On other loans repayable after more than five years   | 1,686        | 895          |
|   | <u>2,638</u> | <u>1,807</u> |

### 5 Profit/(loss) on ordinary activities before taxation

|   |                |                |
|---|----------------|----------------|
| <i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following:</i> | 2004<br>£000   | 2003<br>£000   |
| Amortisation of goodwill (note 10)  | 82             | 82             |
| Depreciation of tangible fixed assets (note 11)   | 30,033         | 34,656         |
| Hire of plant, machinery and aircraft   | 104,654        | 106,759        |
| Other operating leases payable  | 10,847         | 10,763         |
| Auditors' remuneration: - audit fee   | 93             | 87             |
| - other fees  | 68             | 100            |
| Net gain on foreign currency exchange   | (1,267)        | (3,140)        |
|   | <u>(1,267)</u> | <u>(3,140)</u> |

The fees paid to the auditors in respect of audit services to the company were £17,000 (2003: £13,000).

### 6 Tax on profit/(loss) on ordinary activities

|  | 2004<br>£000 | 2003<br>£000   |
|--|--------------|----------------|
| <i>Amounts (credited)/charged in the year:</i>   |              |                |
| Corporation tax - group relief   | -            | (70)           |
| - adjustments in respect of prior year   | (220)        | (1,070)        |
|  | <u>(220)</u> | <u>(1,140)</u> |
| Deferred tax - origination and reversal of timing differences                              | (230)        | (5,631)        |
| - change in discount   | 50           | 1,324          |
|  | <u>(400)</u> | <u>(5,447)</u> |
| <i>Shown in the financial statements as :</i>  |              |                |
| Tax charge/(credit) on profit/(loss) on ordinary activities                                | 315          | (4,638)        |
| Tax credit on exchange movements within the statement of total recognised gains and losses | (715)        | (809)          |
|  | <u>(400)</u> | <u>(5,447)</u> |

## Notes (continued)

### 6 Tax on profit/(loss) on ordinary activities (continued)

#### *Factors affecting the tax credit for the current year*

The current tax credit for the year is lower (2003: *lower credit*) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
| <i>Current tax reconciliation:</i>                             |              |              |
| Profit/(loss) on ordinary activities before tax                | 2,072        | (9,859)      |
|  | <hr/>        | <hr/>        |
| Current tax at 30% (2003: 30%)                                 | 622          | (2,958)      |
| <i>Effects of:</i>   |              |              |
| Expenses not deductible for tax purposes                       | 603          | 765          |
| Difference between depreciation and capital allowances claimed | (3,750)      | 1,310        |
| Foreign exchange gains on aircraft loans                       | 1,569        | -            |
| Other timing differences                                       | 956          | 1,091        |
| Utilisation of brought forward losses                          | -            | (278)        |
| Adjustments in respect of prior years                          | (220)        | (1,070)      |
|  | <hr/>        | <hr/>        |
| Total current tax credit                                       | (220)        | (1,140)      |
|  | <hr/>        | <hr/>        |

### 7 Profit on ordinary activities attributable to the shareholders

Of the group profit attributable to shareholders, a loss of £569,000 (2003: £636,000 profit) is dealt with in the financial statements of the holding company.

### 8 Staff numbers and costs

|   | 2004<br>Number | 2003<br>Number |
|---|----------------|----------------|
| <i>The average number of persons employed by the group during the year was:</i> |                |                |
| Flight deck and cabin crew  | 1,983          | 1,888          |
| Service   | 1,347          | 1,376          |
| Other   | 1,227          | 1,239          |
|   | <hr/>          | <hr/>          |
|   | 4,557          | 4,503          |
|   | <hr/>          | <hr/>          |
|   | £000           | £000           |
| <i>The aggregate payroll costs of these persons were:</i>                       |                |                |
| Wages and salaries  | 112,143        | 109,375        |
| Social security costs   | 11,077         | 10,540         |
| Other pension costs   | 9,031          | 9,302          |
|   | <hr/>          | <hr/>          |
|   | 132,251        | 129,217        |
|   | <hr/>          | <hr/>          |

## Notes (continued)

### 9 Emoluments of directors

|                       | 2004<br>£000 | 2003<br>£000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | 1,264        | 1,139        |
|                       | <u>1,264</u> | <u>1,139</u> |

The aggregate emoluments of the highest paid director were £421,000 (2003: £421,000). He is a member of a defined benefit scheme and began receiving his pension in 2002.

|   | Number of directors      |
|---|--------------------------|
| <i>Retirement benefits are accruing to the following number of directors under:</i> |                          |
| Defined benefit schemes   | 2                      3 |
|   | <u>2</u> <u>3</u>        |

### 10 Intangible assets

| Group  | Goodwill<br>£000 |
|--|------------------|
| <i>Cost:</i>                                       |                  |
| At 1 January 2004 and 31 December 2004             | 1,633            |
| <i>Provisions for amortisation and impairment:</i> |                  |
| At 1 January 2004                                  | 484              |
| Amortisation charged in the year                   | 82               |
|  | <u>566</u>       |
| At 31 December 2004                                | 566              |
| <i>Net book value:</i>                             |                  |
| At 31 December 2004                                | 1,067            |
|  | <u>1,067</u>     |
| At 31 December 2003                                | 1,149            |
|  | <u>1,149</u>     |

Goodwill relates to the purchase of British Midland Regional Limited. This company was acquired by the group on 31 December 1997. The goodwill arising is being written off over 20 years on a straight line basis, as this is considered to be the period over which benefits will be derived.

## Notes (continued)

### 11 Tangible fixed assets

| Group                            | Property                  |  | Aircraft, engines and spares |  |                | Plant and machinery | Motor vehicles | Payments on account | Total          |
|----------------------------------|---------------------------|--|------------------------------|--|----------------|---------------------|----------------|---------------------|----------------|
|                                  | Freehold property<br>£000 | Short leasehold and leasehold improvements<br>£000 | Sub-Total<br>£000            | Refurbishment of operating leased aircraft<br>£000 | Owning<br>£000 | Sub-Total<br>£000   | Owning<br>£000 |                     | £000           |
| <i>Cost:</i>                     |                           |  |                              |  |                |                     |                |                     |                |
| At 1 January 2004                | 9,498                     | 31,549   | 41,047                       | 16,090   | 281,585        | 297,775             | 64,522         | 407                 | 408,787        |
| Exchange movements               | -                         | -  | -                            | -  | (12,464)       | (12,464)            | -              | -                   | (12,464)       |
| Additions                        | 6                         | 451  | 457                          | 2,083  | 16,969         | 19,052              | 3,568          | 1,379               | 24,504         |
| Transfers                        | 1                         | 68   | 69                           | 139  | 4,743          | 4,882               | 8              | (4,958)             | -              |
| Disposals                        | -                         | -  | -                            | (905)  | (53,796)       | (54,701)            | (11,946)       | (2)                 | (66,649)       |
| <b>At 31 December 2004</b>       | <b>9,505</b>              | <b>32,068</b>                                      | <b>41,573</b>                | <b>17,407</b>                                      | <b>237,137</b> | <b>254,544</b>      | <b>56,152</b>  | <b>452</b>          | <b>354,178</b> |
| <i>Accumulated depreciation:</i> |                           |  |                              |  |                |                     |                |                     |                |
| At 1 January 2004                | 3,303                     | 19,358   | 22,661                       | 12,939   | 73,560         | 86,499              | 48,812         | 264                 | 158,236        |
| Exchange movements               | -                         | -  | -                            | -  | (2,060)        | (2,060)             | -              | -                   | (2,060)        |
| Charged in year                  | 197                       | 1,849  | 2,046                        | 2,930  | 19,520         | 22,450              | 5,469          | 68                  | 30,033         |
| Transfers                        | (3)                       | 78   | 75                           | (1,681)  | 1,665          | (16)                | (57)           | (2)                 | -              |
| Disposals                        | -                         | -  | -                            | (791)  | (19,148)       | (19,939)            | (11,878)       | (2)                 | (31,819)       |
| <b>At 31 December 2004</b>       | <b>3,497</b>              | <b>21,285</b>                                      | <b>24,782</b>                | <b>13,397</b>                                      | <b>73,537</b>  | <b>86,934</b>       | <b>42,346</b>  | <b>328</b>          | <b>154,390</b> |
| <i>Net book value:</i>           |                           |  |                              |  |                |                     |                |                     |                |
| <b>At 31 December 2004</b>       | <b>6,008</b>              | <b>10,783</b>                                      | <b>16,791</b>                | <b>4,010</b>                                       | <b>163,600</b> | <b>167,610</b>      | <b>13,806</b>  | <b>124</b>          | <b>199,788</b> |
| <b>At 31 December 2003</b>       | <b>6,195</b>              | <b>12,191</b>                                      | <b>18,386</b>                | <b>3,151</b>                                       | <b>208,125</b> | <b>211,276</b>      | <b>15,710</b>  | <b>143</b>          | <b>250,551</b> |

## Notes (continued)

### 11 Tangible fixed assets (continued)

- (a) At 31 December 2004 the group had authorised and contracted for capital commitments totalling £10,297,000 (2003: £37,864,000).
- (b) Freehold property includes £1,031,000 (2003: £1,031,000) relating to land which is not depreciated.

### 12 Investments

|   | Group            | Company                            |
|---|------------------|------------------------------------|
|   | Unlisted<br>£000 | Subsidiary<br>undertakings<br>£000 |
| Cost at 1 January 2004                    | 8,631            | 31,654                             |
| Additions                                 | 56               | -                                  |
|   | <hr/>            | <hr/>                              |
| Cost at 31 December 2004                  | 8,687            | 31,654                             |
|   | <hr/>            | <hr/>                              |
| <b>Net book value at 31 December 2004</b> | <b>8,687</b>     | <b>31,654</b>                      |
|   | <hr/>            | <hr/>                              |
| Net book value at 31 December 2003        | 8,631            | 31,654                             |
|   | <hr/>            | <hr/>                              |

The unlisted investment represents a 14% holding in the ordinary share capital of The Airline Group Limited. British Midland PLC has the following interests in the ordinary share capital of its subsidiary undertakings, all of which have contributed to the assets and results of the group:

|   | Direct or<br>indirect<br>% owned | Where<br>Registered | Nature of business             |
|---|----------------------------------|---------------------|--------------------------------|
| BMI Airways Limited *                   | 100                              | England and Wales   | Dormant                        |
| British Midland Airways Limited         | 100                              | England and Wales   | Airline operator               |
| British Midland Holdings Limited        | 100                              | England and Wales   | Investment company             |
| Diamond Insurance Company Limited       | 100                              | I.o.M.              | Insurance underwriting company |
| International Cargo Marketing Limited * | 100                              | England and Wales   | Dormant                        |
| BM Handling Services Limited *          | 100                              | England and Wales   | Dormant                        |
| British Midland Engineering Limited *   | 100                              | England and Wales   | Dormant                        |
| bmibaby Limited                         | 100                              | England and Wales   | Dormant                        |
| British Midland Regional Limited *      | 100                              | Scotland            | Dormant                        |

\* Indirect subsidiary undertaking of British Midland PLC.

## Notes (continued)

### 13 Debtors

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2004</b>  | <b>2003</b> |
|  | <b>£000</b>  | <b>£000</b> |
| <i>Amounts falling due within one year:</i>          |              |             |
| Trade debtors  | 34,378       | 30,468      |
| Amounts owed by parent company                       | -            | 70          |
| Other debtors  | 8,583        | 3,562       |
| Prepayments and accrued income                       | 19,120       | 28,058      |
|  | <hr/>        | <hr/>       |
|  | 62,081       | 62,158      |
|  | <hr/>        | <hr/>       |
| <i>Amounts falling due after more than one year:</i> |              |             |
| Prepayments and accrued income                       | 8,837        | 8,231       |
|  | <hr/>        | <hr/>       |
|  | 70,918       | 70,389      |
|  | <hr/>        | <hr/>       |

### 14 Creditors: amounts falling due within one year

|   | <b>Group</b> |             | <b>Company</b> |             |
|---|--------------|-------------|----------------|-------------|
|   | <b>2004</b>  | <b>2003</b> | <b>2004</b>    | <b>2003</b> |
|   | <b>£000</b>  | <b>£000</b> | <b>£000</b>    | <b>£000</b> |
| Bank loans                              | 8,954        | 13,369      | -              | -           |
| Trade creditors                         | 82,145       | 76,791      | -              | -           |
| Amounts owed to subsidiary undertakings | -            | -           | 5,324          | 5,343       |
| Other tax and social security           | 3,441        | 2,655       | -              | -           |
| Other creditors                         | 485          | 53          | -              | -           |
| Accruals and deferred income            | 109,587      | 106,747     | 598            | 10          |
|   | <hr/>        | <hr/>       | <hr/>          | <hr/>       |
|   | 204,612      | 199,615     | 5,922          | 5,353       |
|   | <hr/>        | <hr/>       | <hr/>          | <hr/>       |

The loans are secured on the aircraft which form the object of the relevant loan.

## Notes (continued)

### 15 Creditors: amounts falling due after more than one year

|                              | Group<br>2004<br>£000 | 2003<br>£000  |
|------------------------------|-----------------------|---------------|
| Bank loans                   | 113,392               | 167,467       |
| Accruals and deferred income | 9,402                 | -             |
|                              | <hr/> 122,794         | <hr/> 167,467 |

|                            | Group<br>2004<br>£000 | 2003<br>£000  |
|----------------------------|-----------------------|---------------|
| <i>Loans repayable:</i>    |                       |               |
| Within one to two years    | 9,433                 | 17,104        |
| Within two to five years   | 63,934                | 50,186        |
| After more than five years | 40,025                | 100,177       |
|                            | <hr/> 113,392         | <hr/> 167,467 |

The loans are secured on the aircraft which form the object of the relevant loan.

A loan for £22.8 million (2003: £24.0 million) has been guaranteed by Lufthansa and is not secured on any assets of the group. On 6 January 2005 £18,586,000 of this loan, falling due after more than one year, was repaid.

The total amount repayable by instalments after 31 December 2004 in respect of loans which expire after more than five years is £73,413,000 (2003: £119,806,000) of which £40,025,000 (2003: £100,177,000) falls due after more than five years from the balance sheet date.

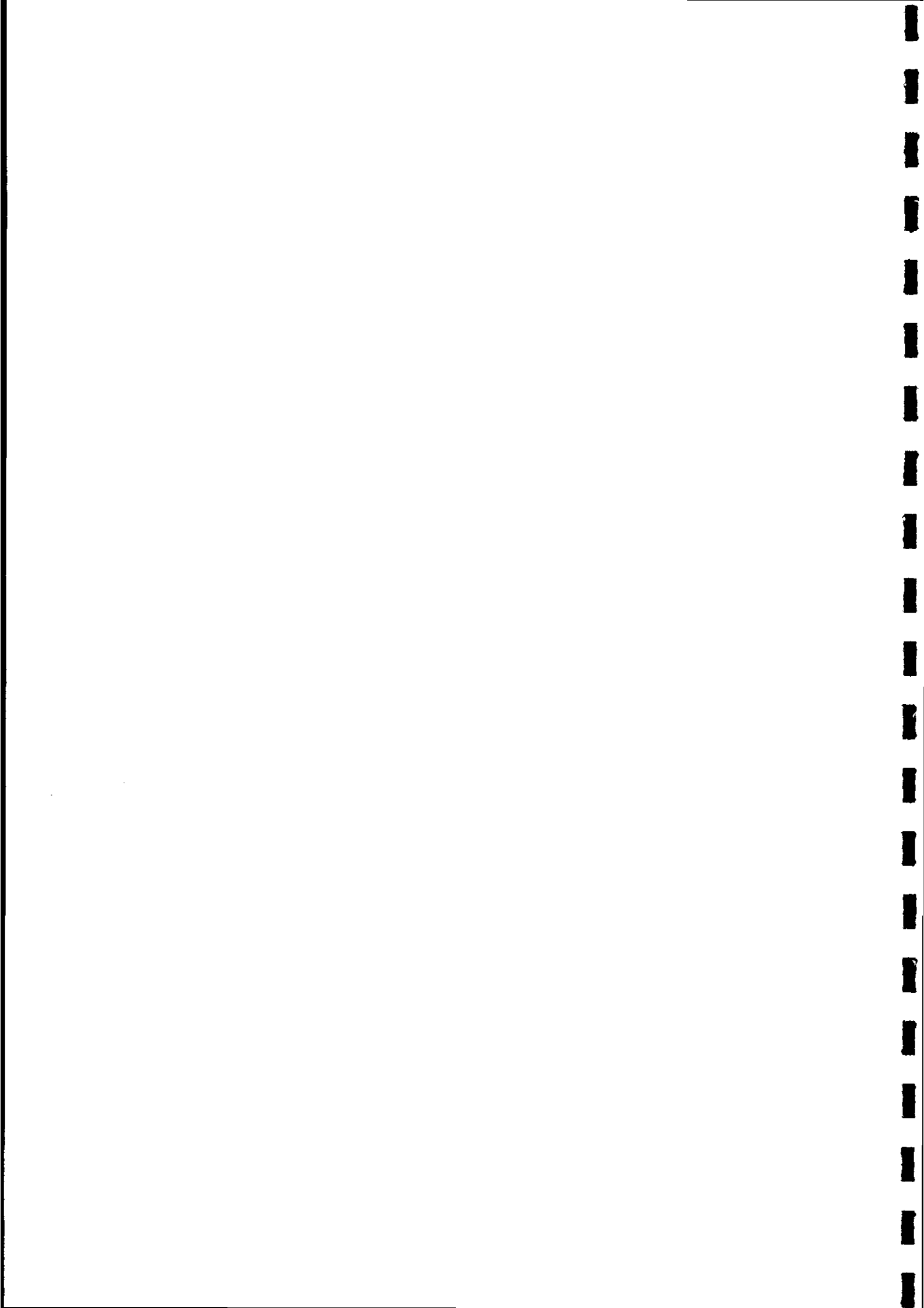
Interest on principal loans is at rates varying from 0.98% to 4.89% per annum.

### 16 Operating lease commitments

The minimum non-cancellable operating lease payments to which the group was committed, as at 31 December, to pay during the following year, analysed into the year in which the lease commitment expires, are as follows:

|                             | Land and buildings<br>2004<br>£000 | 2003<br>£000 | Other assets<br>2004<br>£000 | 2003<br>£000 |
|-----------------------------|------------------------------------|--------------|------------------------------|--------------|
| <i>Lease expiry within:</i> |                                    |              |                              |              |
| One year                    | 655                                | 645          | 8,914                        | 7,132        |
| Two to five years           | 3,271                              | 325          | 36,723                       | 50,924       |
| More than five years        | 3,642                              | 2,792        | 33,358                       | 19,487       |
|                             | <hr/> 7,568                        | <hr/> 3,762  | <hr/> 78,995                 | <hr/> 77,543 |





## Notes (continued)

### 17 Provisions for liabilities and charges

#### Group

|   | Mainten-<br>ance<br>£000 | Deferred<br>taxation<br>£000 | Total<br>£000 |
|---|--------------------------|------------------------------|---------------|
| At 1 January 2004   | 40,225                   | 8,603                        | 48,828        |
| Profit and loss account - charged in the year                         | 25,594                   | 535                          | 26,129        |
| Statement of total recognised gains and losses - credited in the year | -                        | (715)                        | (715)         |
| Utilised  | (17,052)                 | -                            | (17,052)      |
|   | <hr/>                    | <hr/>                        | <hr/>         |
| <b>At 31 December 2004</b>  | <b>48,767</b>            | <b>8,423</b>                 | <b>57,190</b> |
|   | <hr/>                    | <hr/>                        | <hr/>         |

The elements of deferred taxation are as follows:

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
| Difference between accumulated depreciation and capital allowances | 4,767        | 4,248        |
| Other timing differences   | 7,114        | 7,858        |
| ACT recoverable  | (713)        | (708)        |
|  | <hr/>        | <hr/>        |
| Undiscounted provision   | 11,168       | 11,398       |
| Discount   | (2,745)      | (2,795)      |
|  | <hr/>        | <hr/>        |
| Discounted provision   | 8,423        | 8,603        |
|  | <hr/>        | <hr/>        |

#### Company

There is no liability for deferred taxation.

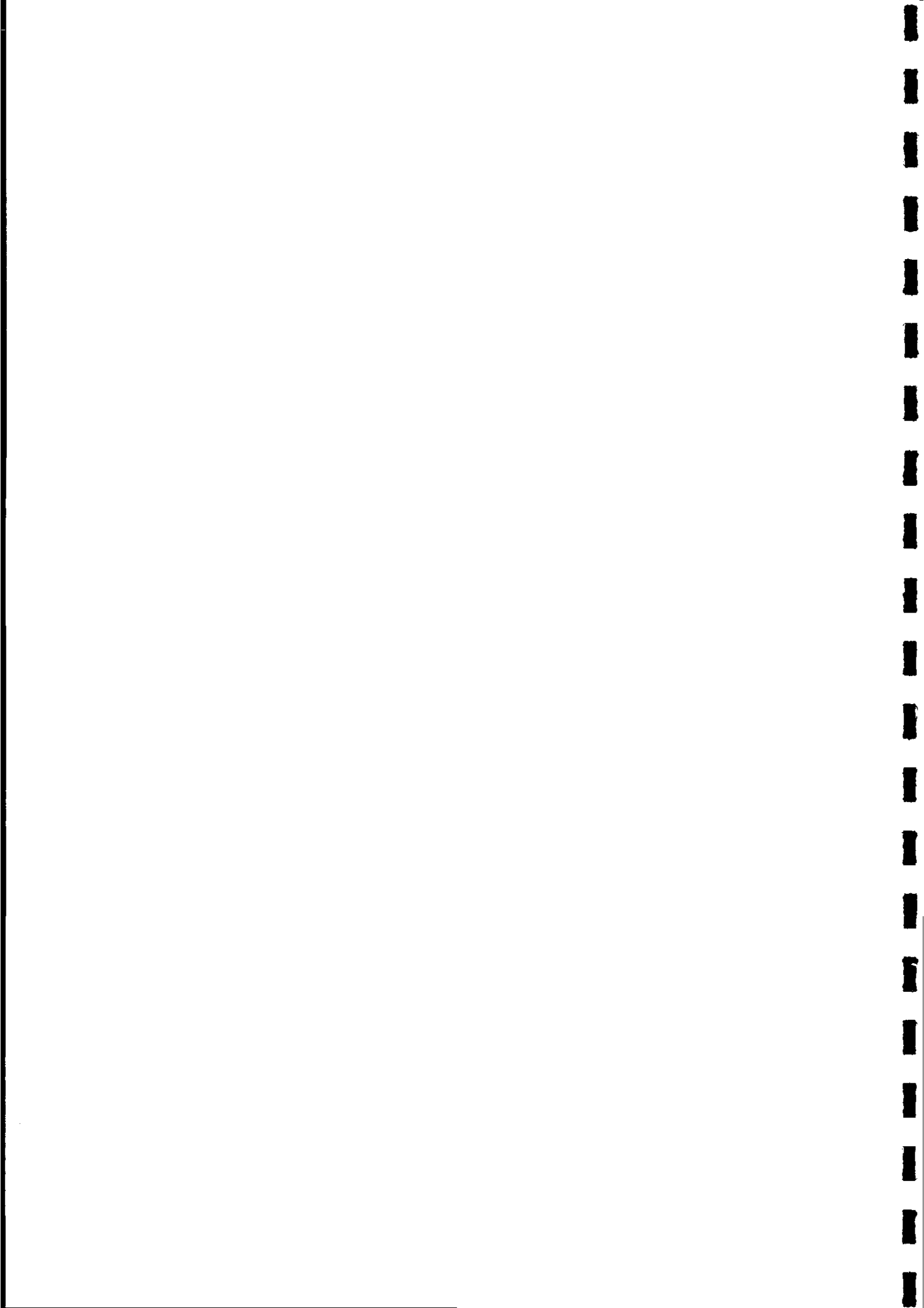
### 18 Share capital

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
| <i>Authorised:</i>                     |              |              |
| 68,987,590 ordinary shares of 25p each | 17,247       | 17,247       |
|  | <hr/>        | <hr/>        |
| <i>Issued and fully paid:</i>          |              |              |
| 65,088,293 ordinary shares of 25p each | 16,272       | 16,272       |
|  | <hr/>        | <hr/>        |

### 19 Balance arising on reorganisation

| Group                             | 2004<br>£000 | 2003<br>£000 |
|-----------------------------------|--------------|--------------|
| At 1 January and 31 December 2004 | (12,143)     | (12,143)     |
|                                   | <hr/>        | <hr/>        |

The balance arose in 1987 following the reorganisation of the group and formation of British Midland PLC. It represents the difference between the nominal value of shares issued in British Midland PLC and the nominal value of shares in British Midland Holdings Limited acquired in exchange.



## Notes (continued)

### 20 Share premium and reserves

|                                   | Group and Company<br>£000 |
|-----------------------------------|---------------------------|
| <b>Share premium account</b>      |                           |
| At 1 January and 31 December 2004 | 7,568                     |
|                                   | <hr/>                     |
| <b>Statutory reserve</b>          | Group<br>£000             |
| At 1 January and 31 December 2004 | 387                       |
|                                   | <hr/>                     |

This reserve arises as a result of a statutory transfer from the profit and loss account reserve of the group's insurance subsidiary. It may only be distributed upon the fulfilment of certain conditions with the approval of the Isle of Man Insurance Authority.

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2004<br>£000 | 2003<br>£000 | 2004<br>£000 | 2003<br>£000 |
| <b>Profit and loss account</b>                            |              |              |              |              |
| At 1 January  | 38,127       | 46,113       | 2,461        | 1,825        |
| Retained profit/(accumulated loss) for the financial year | 1,757        | (5,221)      | (569)        | 636          |
| Other recognised gains and losses                         | (2,464)      | (2,765)      | -            | -            |
|   | <hr/>        | <hr/>        | <hr/>        | <hr/>        |
| At 31 December  | 37,420       | 38,127       | 1,892        | 2,461        |
|   | <hr/>        | <hr/>        | <hr/>        | <hr/>        |

### 21 Reconciliation of operating loss to net cash inflow from operating activities

|   | 2004<br>£000 | 2003<br>£000 |
|---|--------------|--------------|
| Operating loss                            | (4,823)      | (12,519)     |
| Depreciation                              | 30,033       | 34,656       |
| Amortisation of goodwill                  | 82           | 82           |
| Maintenance charge                        | 25,594       | 20,453       |
| Maintenance provisions utilised           | (17,052)     | (19,458)     |
| Decrease/(increase) in stock              | 508          | (455)        |
| Decrease in debtors                       | 392          | 477          |
| Increase in creditors                     | 5,792        | 4,394        |
|   | <hr/>        | <hr/>        |
| Net cash inflow from operating activities | 40,526       | 27,630       |
|   | <hr/>        | <hr/>        |

**Notes (continued)**

**22 Analysis of changes in net funds/(debt)**

|                           | At 1 Jan 04<br>£000 | Cash flows<br>£000 | Exchange<br>adjustments<br>£000 | At 31 Dec 04<br>£000 |
|---------------------------|---------------------|--------------------|---------------------------------|----------------------|
| Cash at bank and in hand  | 119,886             | 24,489             | (5,742)                         | 138,633              |
| Debts due after one year  | (167,467)           | 42,067             | 12,008                          | (113,392)            |
| Debts due within one year | (13,369)            | 3,456              | 959                             | (8,954)              |
|                           |                     | 45,523             | 12,967                          |                      |
| <b>Total</b>              | <b>(60,950)</b>     | <b>70,012</b>      | <b>7,225</b>                    | <b>16,287</b>        |

**23 Analysis of cash flows for headings netted in the cash flow statement**

|   | 2004<br>£000    | 2003<br>£000    |
|---|-----------------|-----------------|
| <b>Returns on investments and servicing of finance</b>                            |                 |                 |
| Interest received   | 5,888           | 4,173           |
| Interest paid   | (2,713)         | (2,140)         |
| <b>Net cash inflow from returns on investments and servicing of finance</b>       | <b>3,175</b>    | <b>2,033</b>    |
| <b>Capital expenditure and financial investment</b>                               |                 |                 |
| Purchase of tangible fixed assets net of grants received                          | (11,463)        | (32,111)        |
| Sales of tangible fixed assets  | 37,484          | 84              |
| <b>Net cash inflow/(outflow) for capital expenditure and financial investment</b> | <b>26,021</b>   | <b>(32,027)</b> |
| <b>Financing</b>  |                 |                 |
| New borrowings  | -               | 20,228          |
| Repayment of amounts borrowed   | (45,523)        | (15,028)        |
| <b>Net cash (outflow)/inflow from financing</b>                                   | <b>(45,523)</b> | <b>5,200</b>    |

## Notes (continued)

### 24 Pensions

The group operates a funded, defined benefit, pension scheme, the British Midland Airways Pension & Life Assurance Scheme. The assets of the scheme are held separately from those of the company and are invested with insurance companies / investment managers. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' remaining working lives with the group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 August 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the growth of investments and the rates of increases in salaries. It was assumed that investment returns would be 8.0% (post retirement investment return 5.6%) and that salaries would increase by 2.5% in 2004 and 3.5% thereafter. Pension increases in payment were assumed to increase at either 2.5% or 3.0% depending on the membership category.

The pension charge for the period (excluding members own contributions) was £9,031,000 (2003: £9,302,000). A pension prepayment included within debtors, at 31 December 2004 amounted to £3,310,000 (2003: £2,025,000) and is being spread over the remaining service lives of the employees in the scheme.

The most recent actuarial valuation showed that the value of the schemes' investments was 78% of the value of the benefits that had accrued to members. The contributions of the group and employees during 2004, as a percentage of annual earnings, range between 10.0% and 19.7% and 6.2% and 10.0% respectively.

At the date of the latest actuarial valuation the market value of the Scheme's assets was £122,712,000.

As this is a closed scheme, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

#### *Additional FRS 17 disclosures*

Whilst the company continues to account for pension costs in accordance with SSAP 24 'Accounting for pension costs', under FRS 17 'Retirement benefits', the following transitional disclosures are required.

The company operates a defined benefit scheme called the British Midland Airways Limited Pension & Life Assurance Scheme.

An actuarial valuation was carried out as at 1 August 2002 and has been updated on an approximate basis to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuary were:

| Actuarial assumptions                         | 31 December 2004                        | 31 December 2003                        | 31 December 2002                        |
|---|---|---|---|
| Discount rate                                 | 5.30%                                   | 5.50%                                   | 5.60%                                   |
| Salary escalation (including merit increases) | 0% up to 1 April 2004, thereafter 2.50% | 0% up to 1 April 2004, thereafter 2.60% | 0% up to 1 April 2004, thereafter 2.47% |
| Inflation assumption                          | 2.50%                                   | 2.60%                                   | 2.47%                                   |
| Rate of increase to deferred pensions         | 2.50%                                   | 2.60%                                   | 2.47%                                   |
| Limited price indexation                      | 2.50%                                   | 2.60%                                   | 2.47%                                   |
| Expected return on scheme assets              | 6.93%                                   | 7.05%                                   | 7.15%                                   |



## Notes (continued)

### 24 Pensions (continued)

| Balance sheet items                 | 31 December 2004<br>£000 | 31 December 2003<br>£000 | 31 December 2002<br>£000 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Total market value of scheme assets | 172,482                  | 149,629                  | 121,103                  |
| Present value of scheme liabilities | (241,837)                | (213,129)                | (178,803)                |
| Deficit in the scheme               | (69,355)                 | (63,500)                 | (57,700)                 |
| Related deferred tax asset          | 20,806                   | 19,050                   | 17,310                   |
| Net pension deficit                 | (48,549)                 | (44,450)                 | (40,390)                 |

The assets in the scheme and the expected rates of return were:

|                                 | 31 December<br>2004<br>Expected<br>rate<br>of return<br>% pa | 31 December<br>2004<br>£000 | 31 December<br>2003<br>Expected<br>rate<br>of return<br>% pa | 31 December<br>2003<br>£000 | 31 December<br>2002<br>Expected<br>rate<br>of return<br>% pa | 31 December<br>2002<br>£000 |
|---------------------------------|--|-----------------------------|--|-----------------------------|--|-----------------------------|
| Equities                        | 7.60%  | 127,985                     | 7.70%  | 112,147                     | 8.00%  | 85,781                      |
| Bonds                           | 5.00%  | 44,377                      | 5.10%  | 37,588                      | 5.10%  | 35,273                      |
| Cash                            | 2.50%  | 120                         | 2.60%  | (106)                       | 2.50%  | 49                          |
| Total market value<br>of assets | 6.93%  | 172,482                     | 7.05%  | 149,629                     | 7.15%  | 121,103                     |

If the company had adopted the full requirements of FRS17 the following entries would have been made:

|   |              |              |
|---|--------------|--------------|
| Analysis of amount charged to operating profit                | 2004<br>£000 | 2003<br>£000 |
| Current service cost  | 6,921        | 7,458        |
| Past service cost   | -            | 275          |
| Total operating charge  | 6,921        | 7,733        |
| Analysis of amount (charged)/credited to other finance income | 2004<br>£000 | 2003<br>£000 |
| Expected return on pension scheme assets                      | 10,852       | 8,952        |
| Interest on pension scheme liabilities                        | (11,892)     | (10,204)     |
| Total financing costs   | (1,040)      | (1,252)      |





## Notes (continued)

### 24 Pensions (continued)

Analysis of amount recognised in statement of total recognised gains and losses ('STRGL')

|  | 2004<br>% | 2004<br>£000   | 2003<br>% | 2003<br>£000   |
|--|-----------|----------------|-----------|----------------|
| Actual return less expected return on pension scheme assets            |           | 3,393          |           | 11,383         |
| Percentage of scheme assets  | 2.0%      |                | 7.6%      |                |
| Experience losses arising on pension scheme liabilities                |           | (6,940)        |           | (5,859)        |
| Percentage of scheme liabilities (at present value)                    | 2.9%      |                | 2.7%      |                |
| Changes in financial assumptions underlying pension scheme liabilities |           | (3,684)        |           | (11,154)       |
| Percentage of scheme liabilities (at present value)                    | 1.5%      |                | 5.2%      |                |
| Actuarial loss recognised in the STRGL                                 |           | <u>(7,231)</u> |           | <u>(5,630)</u> |

Percentages above are given as a proportion of scheme assets or liabilities as appropriate.

### 25 Related party transactions

#### *Scandinavian Airlines System Denmark, Norway, Sweden ('SAS')*

The group had net receipts of £16,625,000 (2003: £26,289,000) in respect of interline billing, other passenger revenue sharing arrangements, handling and other services from SAS and its subsidiaries. The net balance owing to the group at 31 December 2004 was £5,002,000 (2003: £322,000).

#### *Deutsche Lufthansa Aktiengesellschaft ('Lufthansa')*

The group had net receipts of £16,140,000 (2003: £4,678,000) in respect of interline billing, handling and other passenger revenue sharing arrangements from Lufthansa and its subsidiaries. The net balance owing to the group at 31 December 2004 was £4,109,000 (2003: £6,537,000).

A loan for £22.8 million (2003: £24.0 million) taken out by British Midland Airways Limited has been guaranteed by Lufthansa.

### 26 Commitments

A substantial portion of capital expenditure, leasing commitments, fuel and other purchases are payable in US Dollars. Forward purchase contracts amounting in aggregate to US\$455 million (2003: US\$503 million) outstanding at 31 December 2004, have been placed to cover part of the exposure risk.

Capital commitments are disclosed in note 11.

### 27 Ultimate holding company

The ultimate holding company is The BBW Partnership Limited, registered in England and Wales. The results of the group are included in the consolidated financial statements of that company, and copies of the financial statements can be obtained from the Registrar of Companies, Crown Way, Cardiff.