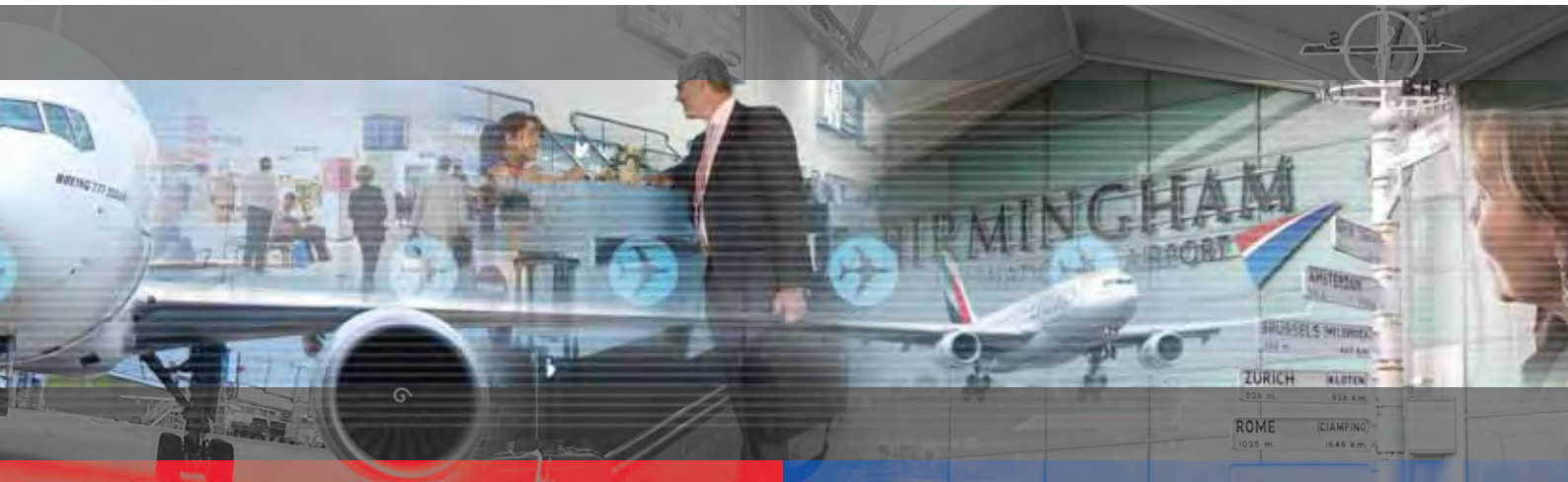


Report & Accounts 2007-2008



2007 2008



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Chairman's statement

John Hudson Chairman



These are rapidly changing times with the increase in fuel prices, the credit crunch and the potential for an economic slowdown all testing the aviation industry in a very direct way. The Airport, however, is well positioned to meet these challenges and increasingly offers a high quality alternative for those Midlands' passengers who currently fly from other airports, to travel instead from Birmingham.

During the year we acknowledged the support that had been given by our departing shareholders Dublin Airport Authority and Macquarie and at the same time welcomed our new shareholders, Airport Group Investments Limited (AGIL), comprising of investors from Ontario Teachers Pension Plan (OTPP) and Victorian Funds Management Corporation (VFMC). The new shareholders, along with the West Midlands District Councils (the 'Districts') are long-term investors and their investment horizon offers an excellent alignment with the Airport, recognising its longer term development plans. The new Board has already started to add increased momentum to the Company, approving the publication of the Airport Master Plan and reinvigorating the capital development programme.

During the year we set out the Airport's plans for the sustainable development of the Airport with the publication of the Airport's Master Plan: "Towards 2030: Planning a Sustainable Future for Air Transport in the Midlands". Developed through consultation with local communities, we shall keep it under review as we start to deliver those plans.

Recognition of the progress we have made arrived in June 2007 when the Airport won a 'Best in Europe' ACI award in the 5-10 million passenger category, for excellence in airport operations. This is wholly consistent with the vision for the Airport to be 'The best regional Airport in Europe' and recognises the real progress that is being made towards the achievement of that vision.

In what are challenging market conditions the Airport is now growing again, with passengers increasing 2% to 9.3 million in the year. The Scheduled European and Charter markets continue to consolidate with growth now being driven by Low Cost and Long Haul Scheduled carriers. This is reflected at Birmingham with expansion in the year of the bmi baby and flybe bases, the arrival of easyJet, the announcement of a new substantial Ryanair base and significant expansion by Emirates through its ever growing hub operations in Dubai.

Turning to financial performance, further improvement was achieved with turnover up 0.8%, to just under £110 million. This was driven by a strong commercial income performance, which offset lower aeronautical income. Operating costs reduced by 0.5% to £85.8 million, however, this is distorted by a £3.5 million charge for reorganisation costs in the prior year. Without the reorganisation charge, costs increased by 3.7%.

Operating Profit increased £1.1 million (5%) to £24 million and Profit before Tax increased by 15% to £19.7 million benefiting from lower interest charges following the redemption of £18.5 million of Loan Stock. The Tax credit recognises removal of Industrial Buildings Allowances, announced by the Government, assisting Profit after Tax to increase to £22.9 million. Dividends paid in the year were £11.2 million and retained profits increased by £8.7 million. A positive year in terms of financial performance.

The last year has also seen significant changes to the Board driven by the change in shareholders. Leaving the Board were Oliver Cussen, Bob Hilliard and Michael Upton from Dublin Airport Authority; Simon Cheung, Kerrie Mather, Simon Morris, John Stent and Marcela Zeman from Macquarie; Ken Hardeman (who sadly passed away during the year), Tom Ansell, Milkinder Jaspal, Tariq Khan and Mike Whitby from the Districts and Tanya Covassin from OTPP. I record the thanks of the Board for their significant contributions over the years.

Joining the Board were Niels Boserup and Charles Thomazi from OTPP; Andrew Elliott and Mike Toms from VFMC and John O'Hare, Neville Patten, Paul Dransfield and Paul Tilsley from the Districts. The addition of this very wide skill base will benefit the Board during what will be a busy and challenging time for the Company.



As part of the new structure Joe Kelly stepped down from the Holding Company Board but continues in role as the Acting Managing Director, pending the appointment of a new Chief Executive Officer. This has been a year of transition for the Airport and I would like to place on record the appreciation of the Board for the work undertaken by Joe and the rest of the senior management team.

Sadly I have to record the death of Sir Robert (Bob) Taylor who was the Managing Director of the Airport between 1974 and 1994. Bob was instrumental in leading the Airport to the position we see today and he will be missed by all of those who had the pleasure of knowing, working and learning from him.

Finally, I would like to extend the Board's thanks to all of our staff, including those of our business partners who work at the Airport. The recognition during the year as the best Regional Airport for operations in the 5-10 million passenger class is testimony to the dedication and professionalism of each of you.

John Hudson Chairman



"I would like to extend the Board's thanks to all of our staff, including those of our business partners who work at the Airport."



Managing Director's review

Joe Kelly Acting Managing Director




This has been a further year of transition with the arrival of new shareholders; infrastructure development focused principally on improving the passenger experience; the resumption of activity growth and the publication of the Master Plan, which has set out a path for the sustainable development of the Airport towards 2030.

The new shareholders have added real momentum to the execution of the Airport's plans and since their arrival we have been able to:

- Provide direction - clarifying the direction of the business through to 2030 with the publication of the Master Plan (November 2007).
- Speed up development – approval to develop a new International Pier will substantially add to future capacity and operational flexibility.
- Accelerate growth – including the expansion of the bmibaby base, the arrival of easyJet (December 2007), Norwegian (October 2007), Brit Air (October 2007) and the announcement of a Ryanair base (January 2008).
- Plan increased capability – submission of the Planning Application for the Runway Extension, which was filed in January 2008 offers the opportunity to exploit new markets from an enhanced runway.

Combined with our existing airline, operational and commercial partners this new momentum offers the Airport a real springboard to expand its already extensive network of routes and better serve the regional market.

In the year we published a Master Plan for the Airport - "Towards 2030: Planning a Sustainable Future for Air Transport in the Midlands" as an interim statement in September 2007 and in final form in November 2007. Having been developed through a comprehensive consultation process with local communities it sets out the Airport's long-term development plans. We believe these plans will take the Airport forward in a sustainable manner, with careful consideration of the environment, our neighbours and the potential impact of operations. Within this framework the Airport will grow as the principal international gateway in the Midlands region to support some 27,000 jobs and underpin the region's wider economic growth and prosperity.



"The new shareholders have added real momentum to the execution of the Airport's plans"



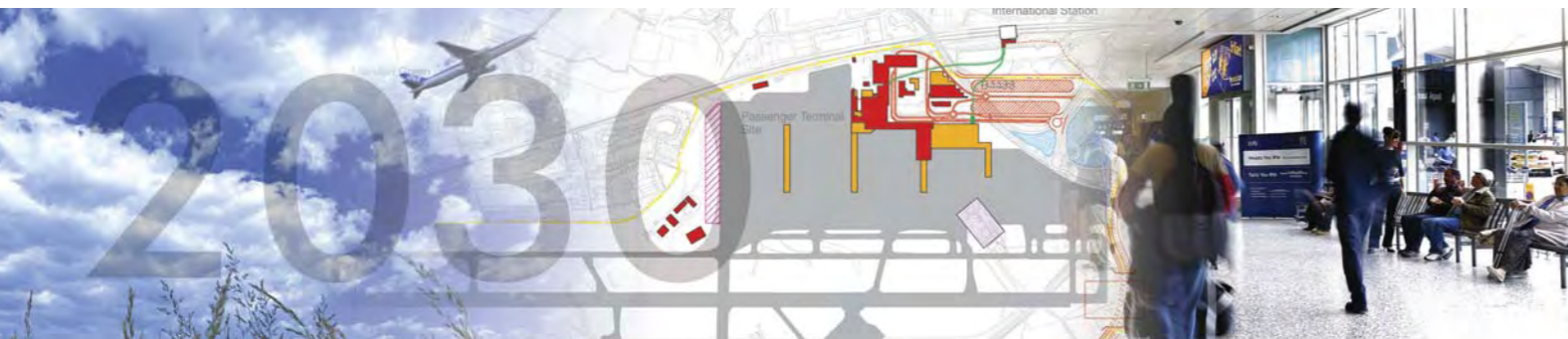
Managing Director's review *continued*

Joe Kelly Acting Managing Director

Focusing the infrastructure development on improving the passenger experience has been a key theme this year. The successful completion of the Terminal 1 departure lounge (including supporting commercial infrastructure) and expansion of the security facilities in both terminals has significantly enhanced passenger satisfaction levels. This is evidenced in the passenger feedback surveys co-ordinated through ACI (Airport Councils International) which works with airports accounting for 90% of European traffic. It is now clear that the Airport is performing alongside the best in Europe.

Other infrastructure developments include two new budget hotels and revisions to the vehicle set down facilities necessitated by improved security measures following the Glasgow Airport attack. All of these projects continue to progress to plan with the expenditure on infrastructure totalling £16.4 million in the year. This rate of development will now increase in the coming year with a new International Pier, Multi-Storey Car Park extension and Taxiway Refurbishment programme all now approved by the new Board. These three projects alone are close to £70 million capital investment.

It is, however, a reflection of the market challenges facing the Airport that the net growth in passengers in the year translated into a net decline in aeronautical income, down 5.6% to £57.6 million. This was compensated by very strong growth in commercial income which increased by 8.9% to £52.4 million and supports the focus of the development programme in improving the passenger experience through the passenger processing and lounge areas.



✈ Polly Vacher MBE set off from Birmingham on her latest record-breaking flight to raise funds for the charity Flying Scholarships for the Disabled.

Despite challenging market conditions the Airport is growing again with passenger numbers increasing 2% to 9.3 million in the year. The consolidation of BA Regional into the flybe operation and the four main charter operators merging into two new major groupings is a reflection of the competitive nature of the market place at this time. Growth in the year has benefited from the expansion of bmi baby as they continue to grow their base at Birmingham and we welcomed the arrival of their 8th aircraft this year. Other arrivals this year included easyJet and Brit Air and the announcement of a Ryanair base which is planned for substantial and rapid growth.

Our long haul markets continue to grow strongly with Emirates recording year on year growth of over 20%. These markets are increasingly important to both the Airport and the Region and in recognition of this we have filed a Planning Application for the Runway Extension. An extended runway would bring improved access to the fast growing markets in Asia, the Americas and Africa and this global connectivity is important for the future well being of the region. The extension of the Runway is recognised as a priority infrastructure project for the region and we will work strenuously towards a successful decision on the Application during the course of the coming year.

We see cost increases continuing to impact the business and consequently cost control is growing in importance. In the current competitive market place passing on any inflationary increases to airline partners is difficult if not impossible.



← Planting a Community woodland in Sheldon Country Park with the Lord Mayor of Birmingham Randall Brew.



← Celebrating the success of Operation Pathfinder with airline partners and Caroline Spelman MP.

→ Students from Yardley's School at the launch of a special education project based on TV's 'The Apprentice'.



Managing Director's review *continued*

Joe Kelly Acting Managing Director

Alongside cost reduction programmes, increasing activity has been targeted towards generating efficiencies, with careful management of services to ensure passenger satisfaction is maintained. We believe retaining high levels of passenger satisfaction will be critical to future success.

Significant progress has been made in the year by internal energy efficiency teams, with the Airport now consuming less energy than it did in 2000/01. This work continues, including the evaluation of more energy efficient buildings for future Airport development.

Security is another area of increasing cost but also an area which cannot be compromised. The airfield security operation was outsourced in the early part of the year allowing the transfer of 60 experienced security guards into the terminal areas to improve passenger processing. This has been another component of the initiative directed towards improving passenger experience and we believe it has been very successful.

Working with our local communities is not new, of course, and each year we have an active programme that continues to support initiatives that help our neighbours. The Airport Company remains committed to working in this way and in total more than half a million pounds has been invested in our neighbouring communities this year. Both the Sound Insulation and Vortex Protection Schemes continue to provide householders with protection from the impact of Airport operations. The well-established education support programme has seen more than 150 groups visiting the Airport this year, providing learning opportunities for almost 4,000 students. We also worked with local schools to promote 'Moving Forward' – an initiative that will see students engage with basic engineering and artisan skills, whilst at the same time preserving some of the rich heritage of the region.

This year marked the tenth anniversary of the Community Trust Fund, in which time it has established itself as an important source of funding for small community projects in the vicinity of the Airport. Grants of more than £53,000 were awarded to 25 groups this year, bringing total investment to in excess of £845,000. This is a further demonstration of the Airport adding real value back into the community that surrounds its operation.

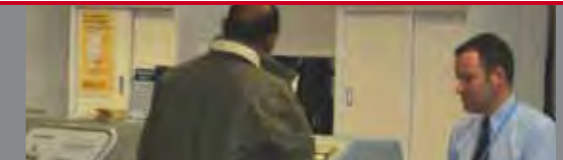


We ensure that all our employees are kept informed about the development of our business and the important contribution that they make to the ongoing achievement of our business plans. Independently conducted Employee Opinion surveys confirm that there are high levels of employee engagement by our staff across the business and that we have a workforce who are proud to work for us. The Airport continues to meet the high standards required by the Investors in People quality standard and during the year 19% of our employees achieved a nationally recognised qualification, improving their existing skills and knowledge in a wide range of areas. The continued development of our employees will, we believe, give us a sustainable, competitive edge in the market place.

It has been a privilege to lead the Airport over the last year and I believe the initiatives implemented this year, in both our activity and through the increasing engagement of all of the people and partners who work at the Airport, will serve to enhance our position as the Airport of choice for passengers in the Midlands.



Joe Kelly Acting Managing Director



Business review

The key operating objectives of the Group can be summarised as follows:-

“ The safe and secure processing of passengers and aircraft through the provision of quality facilities and infrastructure in a sustainable and efficient manner. We aim to provide a value-for-money service, recognising the efforts of our employees and our partners, which will generate a profitable future for the Group. We also recognise the wider impacts of our business and aim to mitigate the impacts of our operation on the local community, whilst assisting the region to develop and grow through improved connectivity.”

The performance of the business over the last 12 months is reviewed as follows:



Market

Birmingham International Airport is the 6th largest passenger airport in the United Kingdom and the 2nd largest outside London. During calendar year 2007, 33 scheduled airlines served 77 destinations and 21 charter airlines, through over 150 tour operators, served 68 charter destinations. The 9.3 million passengers represent 3.8% of the UK market for air travel.

During the year, the Airport welcomed several new airlines and destinations, although total growth was constrained by the acquisition of the BA Connect business by flybe, which saw the consolidation of a number of routes and a smaller combined business.

In terms of catchment area, the Airport continued to serve 36% of traffic within a 1 hour drive time with major competitors being East Midlands (16%), Heathrow (13%) and Manchester (9%). The 64% currently served by other airports is seen as an opportunity for growth, with the opening of new routes and increased choice on existing routes, allowing the Airport to “claw-back” this demand.



Future challenges include the consolidation of the four large tour operators merging into two and the impact of spiralling fuel costs across the industry. The Company, however, remains confident that its strong catchment area, accessibility, excellent facilities and recognised on-time performance will ensure that it continues to build on its position as the premier airport for the Midlands.

The next year is expected to be a period of strong growth with 2008 seeing the commencement of a Ryanair base with 20 new routes, Lufthansa's new link to Hamburg and year-round charter flights to Jamaica with Thomson. In addition, new routes from bmibaby and flybe will also add to the prospects of breaking through the 10 million passenger barrier for the first time in the Airport's history.



Business review *continued*

Passengers and Air Transport Movements (ATM's)

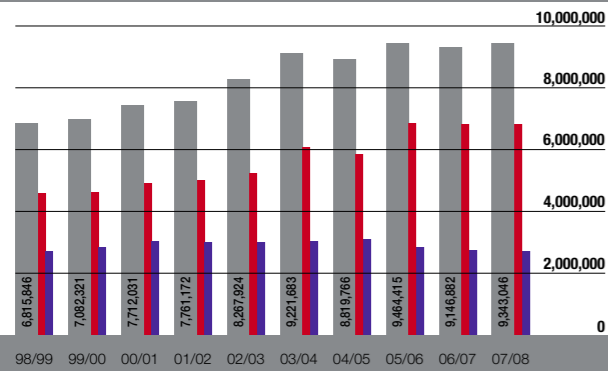
Activity

	2008 '000s	2007 '000s	% Change Over 2007
Passengers	9,343	9,147	2.1%
Aircraft movements	104	109	(4.6%)

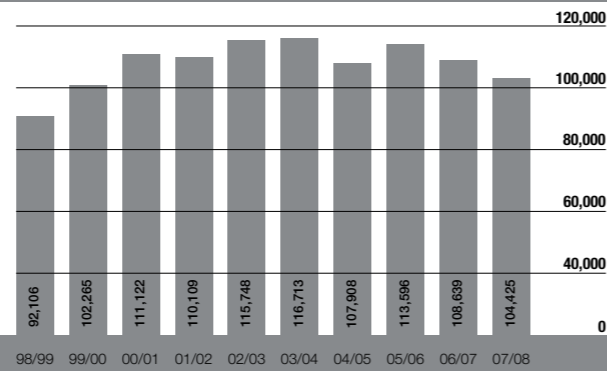
In excess of 9.3 million passengers passed through the Airport in the 12 months to 31 March 2008, an increase of 2.1% on the previous year. Growth included bmi baby (0.5 million) with the arrival of an 8th aircraft and new services to Rome, Lisbon, Marseille, Krakow and Madrid, Monarch scheduled (0.2 million) with an additional based aircraft, together with the start up of operation by easyJet, Norwegian and Brit Air. On long haul, Emirates' passengers increased by 20.5% in the year, reflecting the additional capacity provided by larger aircraft. This growth was, however, partially offset by lower activity from the combined BA connect/flybe operation (0.7 million) and the cessation of operations by Hapag Lloyd Express, Aerosvit, Helios and Wizz Air (0.1 million in total).



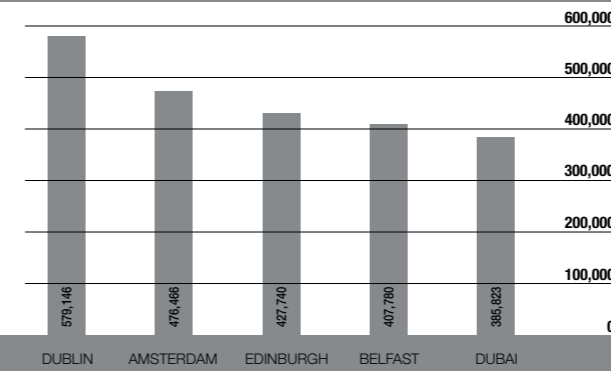
Total Passengers



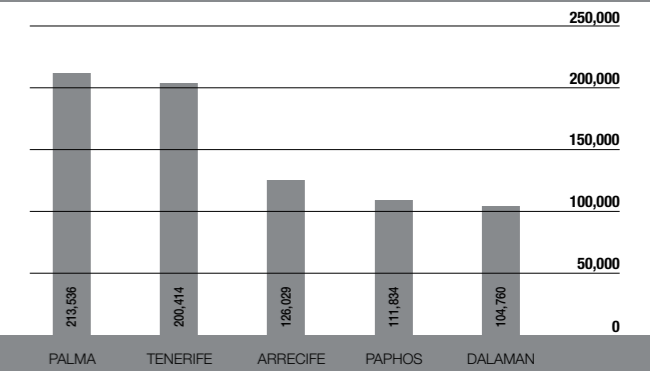
Total ATM's



Top 5 Scheduled Routes (Passengers)



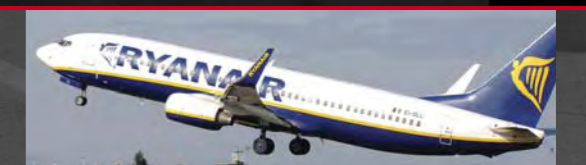
Top 5 Charter Routes (Passengers)



KEY: █ TOTAL █ SCHEDULED █ CHARTER

There was a 4.6% reduction in the number of aircraft movements despite the increase in passenger numbers, demonstrating an increase in both airline efficiency and also the efficient use of Airport critical infrastructure (e.g. runway slots). As a result the average passengers per aircraft increased by 7.1% from 84 to 90.

Looking forward to 2008/09, Ryanair is due to commence the operation of their base from Birmingham with an initial 4 aircraft, flybe have announced new routes to Inverness and Newquay and easyJet are continuing their Geneva operation through the summer. This will enhance Birmingham's already attractive portfolio of destinations including new services to Bergamo, Forlì (Bologna), Pisa, Trapani (Sicily), Trieste, Olbia (Sardinia), Girona and Reus (Barcelona), Valencia, Porto, Biarritz, Perpignan, Dinard, Poitiers, Billund, Torp (Oslo), Skavsta (Stockholm), and Polish destinations of Bydgoszcz, Gdansk, and Rzeszow.



Business review *continued*

Income

	2008 '000s	2007 '000s	% Change Over 2007
Aeronautical income	57.6	61.0	(5.6%)
Commercial income	52.4	48.1	8.9%
Total revenue	110.0	109.1	0.8%

The Airport's income is analysed between that generated directly by aeronautical activity, where charges to the airlines are levied for the use of facilities by both the passengers and the aircraft, and income generated from commercial activity on the Airport site, including car parking, catering, retailing and office/property rental.

Aeronautical income reduced by 5.6% compared to the aircraft movement reduction of 4.6% and increased passenger numbers of 2.1%. This resulted in the yield (income per passenger) falling from £6.67 to £6.17 and reflects the changing mix in traffic (loss of high yielding smaller aircraft and gain of lower yielding but more efficient larger aircraft).

Costs

	2008 £m	2007 £m	Change Over 2007
Employee costs	22.8	27.4	(16.8%)
Running costs	42.5	38.8	9.5%
Depreciation, write offs and other charges	20.5	20.0	2.5%
Total operating costs	85.8	86.2	(0.5%)

Total operating costs decreased by £0.4 million in the year. Within this, employee costs reduced by £4.6 million, of which £3.5 million is attributable to restructuring charges in the previous year, along with the transfer of the airfield security function to a third party contractor in the current year resulting in the cost moving from an employee cost to a running cost.



Commercial income is primarily derived from two key areas; concession income and property/recharge income. Concession income has grown significantly in the year, increasing by 9.9% compared to the passenger growth of 2.1%. The strength of this growth is mainly attributable to the completion of the 2nd phase of the Terminal 1 departure lounge extension, together with an expanded security facility and additional staffing which has improved the passenger processing rates generating increased dwell time in the lounge. Car parking income has increased reflecting additional demand, new internet based distribution channels and improved facilities within the long stay car park, including a customer service facility. New concession outlets which commenced trading during the year include in the Terminal 1 departure lounge, Pontis, an Italian eatery, an extended and redeveloped Costa coffee and the relocation of Impulse from their landside outlet. In Terminal 2 a Boots outlet has been opened in the departure lounge and the World News outlet redeveloped.

Property/recharge income is generated from office and operational space rental to airlines and other companies operating on the Airport site along with direct cost recovery charges to airlines. Income has increased by £0.8 million mainly reflecting the pass-through of higher energy prices to tenants, along with income from the passengers with reduced mobility (PRM) contract where the Airport contracts for the service and recovers the cost from the airlines. This has been introduced a year in advance of EU requirements which require it to commence in 2008. These gains in income have been partially offset by the loss of rental income from the BA Connect operation.

Running costs increased by £3.7 million including the new airfield security contract and the passengers with reduced mobility contract. In addition, increases in the price of energy and inflationary increases for air traffic services and policing costs, along with a year on year increase in business rates (increased infrastructure), continued to generate cost pressure on the business.

Depreciation, asset write-offs and other charges increased by £0.5 million including £0.7 million of additional depreciation associated with the investment in new infrastructure and facilities.



Business review *continued*

Employees and Partners

The Airport is a major regional employment site with over 7,000 people employed in 140 different companies. The Airport Company remains the largest single employer with an average of 675 employees during the year. The Airport Company's overall headcount figures reduced from 2007 with the transfer of the airfield security function to one of the partner companies on site.

The Company is an Equal Opportunity employer with an established policy framework to ensure that all job applicants receive fair and equal treatment when applying for job vacancies. Many of the partner companies use the services offered by Job Centre Plus (an on-site job centre supported by the Airport Company) when filling their vacancies.

All recruitment processed through this unit is in accordance with all employment legislation and equality Codes of Practice.

Through Solihull Further Education College, all employees on site have access to 'up-skill' through the key skill training in numeracy, literacy and information technology. Such courses are offered as part of the Government's 'Skills for Life' Programme and run at the Airport with times reflective of shift patterns.

The Airport Company fully meet the demanding standards of the Investors in People standard. An external assessment during the year confirmed that the Airport Company was applying a best practice business model to achieve business improvements through people.

Facilities & Infrastructure

This year has seen a continuing focus on the provision of high quality and reliable Airport facilities and infrastructure to meet passenger expectations and increasingly varied airline requirements. Passenger facilities in both Terminals were improved with the completion of a refurbished check-in hall in Terminal 1 and extended passenger search areas for both Terminals. New retail and catering outlets were also provided. The Airport installed its first Common User Self Service check-in kiosks and upgraded the Flight Information Display system. Facilities had to be adapted to accommodate the significant expansion and relocation of the flybe business to Terminal 2 from Terminal 1 and the growth of low cost carrier bmi baby required expansion of their check-in operation.

Landside infrastructure was severely impacted during the summer peak period with the closure of the set down roads in front of the terminals following the Glasgow terrorist incident.

The roads and short stay car park system were quickly reconfigured to allow operations to continue with minimum disruption. A new drop off facility has been provided with short stay car parking being relocated into the multi-storey car parks. Further changes to this area are likely to make better use of capacity and reorganise the terminal area road system. A new budget hotel is under construction which will accommodate two budget hotel brands in a single building.

Capital expenditure in the year at £16.4 million was a reduction of £5.6 million on the previous year. This brings the total investment in Airport facilities to £172 million since the year 2000.

A number of significant development projects were being prepared for commencement in 2008. These included the design and procurement for a replacement for the International Pier, an extensive resurfacing project for the taxiway system around the terminal buildings and the design and procurement of the major expansion of Multi-Storey Car Park 3. These projects will all move to construction during the summer of 2008. In addition to these works, a planning application for a Runway Extension was prepared and submitted to Solihull Metropolitan Borough Council in January 2008.



Business review *continued*

Safety & Security

The Airport's focus on safety and security issues continues to be one of the highest priorities. Following concerns about the performance of third party operators, the Airport established a new Regulatory Compliance and Safety Team with resources targeted at ensuring compliance with the various airport regulatory requirements. The team includes health and safety, fire safety, airfield safety and aviation security expertise. Their efforts will be targeted at ensuring all activities at the Airport are undertaken in a compliant manner.

The Airport continues to experience low levels of accidents and safety related incidents involving both passengers and staff. Initiatives to maintain high awareness of safety related issues continue with staff training and induction programmes. There is a high emphasis on proactive safety management as a key element in our business culture with requirements for continuous risk reduction, clarity in reporting and rigorous investigation of potential incidents and accidents.

Fire Safety

This year has built on the introduction of new Fire Safety legislation in the form of the Regulatory Reform Order. This places increased onus on employers and operators to manage their own fire safety on a risk assessment basis within a defined framework. An audit process to ensure that tenants and concessions at the Airport are in compliance with the new requirements is in place.

The Airport's team of fire safety professionals are available to assist in the risk assessment process. There were 13 evacuations during the year and 58 fire alarm activations which shows a significant reduction from the previous year. There was one notable fire event during the year when a fire occurred on a baggage reclaim belt in Terminal 2. Although the event was thoroughly investigated the cause has not been identified.



Safety Performance

The Airport has continued its focus on safety training and awareness through a programme of continuous improvement and a continuation of the training initiative to allow staff members to gain a qualification through the British Safety Council. As in previous years, key performance indicators are used to monitor safety issues through detailed reporting and reviews. Safety audits of internal departments and external airport companies are carried out on a regular basis to assess the level of awareness and compliance with safety management procedures.

The number of passenger accidents decreased by 5% compared to the previous year, which represents 6 less incidents during the period. There was a slight increase in reportable accidents involving passengers. All of the accidents were of a minor nature. There were 61 employee accidents during the year, which constitutes a 17% reduction, although reportable incidents increased by 1.

Airside Safety

The safe operation of the airfield infrastructure is a core business priority. There has been further development of safety management systems and a particular emphasis on improved safety awareness and culture. The ongoing review of the Airfield Services Unit has continued with new senior management staff. The joint venture company providing fire and rescue services, BHX Fire and Rescue, has become fully established with support from Serco. The Airport continues to work closely with the Safety Regulation Group at the CAA to review operational capability and performance.

The very significant reduction in the number of airside incidents and accidents achieved in the previous year was maintained, with just 29 reported for the full year. The number of accidents involving damage to aircraft remained very low.



Aviation Security

There have been continuing challenges to the aviation security environment in the year following the attack on Glasgow Airport. The threat level remains at 'severe' with intensive screening regimes and ongoing restrictions on liquids. The new security facilities in the terminals have improved the capacity of the screening areas, more staff have been recruited to supplement existing staff and the third party security contractor has continued to support security operations with staff providing access control functions and other duties away from passenger operations.

The Airport continues to manage the Multi Agency Threats and Risk Assessment (MATRA) process to improve communication and integration of all Control Authority resources.

Sustainability and Environmental Mitigation

The Airport Company continues to recognise the importance of a sustainable approach to the operation and future development of the Airport site. How we deliver Airport growth whilst mitigating our effects on local people and the environment directly affects our reputation amongst local communities and decision-makers. The increased prominence of the Airport has led to a review of our 'Reputation Strategy' throughout 2007/08, and has encompassed Site Employment Strategy, Corporate Social Responsibility, Surface Access Strategy, Environmental Policy and our Sustainability Policy Framework. The outcomes will form part of a new Reputation Strategy, to be published in 2008.



In line with UK Government guidelines, our definition of sustainability has been adopted as: 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'. The Airport policy is to seek local environmental solutions which benefit local communities and those most affected by our operation – whilst of course considering the global context.

The Airport continues to seek and promote environmental improvement through its many systems and policies. These are currently under review and the benefits of an accredited overarching environmental management system are being evaluated.

During the year the Airport teamed up with 'Cool Earth', a charity that protects endangered rainforest from deforestation. The Airport has invested £20,000 to protect 180 acres of endangered rainforest in Brazil, locking up nearly 50,000 tonnes of CO₂; the equivalent used by the Airport's buildings over two years. The sponsorship also includes purchasing classroom equipment, solar powered internet and a boat for a school in the heart of the Amazon called 'Escola Estadual', which serves communities in a 10-mile radius in the state of Mato Grosso.



← Birmingham Lord Mayor Randall Brew, the Rt Hon Frank Field MP, the Airport's John Morris and Headteacher Peter Slough at the Cool Earth launch at Small Heath School.



← Airport staff took part in the annual Dragon Boat Race to raise funds for the Anthony Nolan Trust →



Business review *continued*

Community Investment

The Airport's environmental management programmes are targeted at understanding what matters most to local people and where the Airport can make a difference by the focused targeting of resources and policies.

£50,000 has been committed to the Schools Environment Improvement Scheme which aims to improve the noise climate in schools that lie close to Airport flight paths. The Airport Company works with Birmingham City Council to identify which school receives the annual contribution. It has been agreed that this year's contribution will be combined with next year's which means that the next school to benefit from the Scheme will receive a total contribution of £100,000.

A further contribution of £50,000 has been made to the Community Trust Fund, which awards grants to community organisations in those areas most affected by aircraft activity. The fund also received almost £2,000 in fines levied on airlines whose aircraft breach the strict noise limits at the Airport. Grants of more than £53,000 have been awarded this year to 25 local groups.

Over the last ten years the fund has provided £864,000 to support local good causes.

Surface Access

During the year, the Airport published a new Surface Access Strategy, which sets out how the public transport modal share might be increased to 25% for passengers and employees by 2012 (during the year it reached 20.4% and 23.6% respectively). It is recognised that the Airport cannot act alone in stimulating public transport; for that reason, a new strategic group, comprised of key decision-makers from the transport industry, is planned. The group will task operational teams with the delivery of the strategy and also look beyond the 2012 horizon at how future modal targets (for instance, as part of Airport development) might be achieved.



✈ Launching the annual Community & Environment Report with pupils at Ridpool School

✈ Brazil Day at Small Heath School – the launch of the Cool Earth project.

The opening of Coleshill Skate Park, which received funding from the Community Trust Fund.

During the year, the Airport worked with Small Heath School and Sixth Form College, towards implementation of the 'Moving Forward' project. This will ultimately see young people taking an active role in interpreting and restoring elements of the region's rich industrial heritage, whilst at the same time learning some rudimentary engineering and artisan skills. The Airport has acted as a catalyst in driving the project forward and seeking new partners; this approach reinforces our reputation for embedding ourselves in local community activities.



Business review *continued*

Master Plan and Runway Extension Planning Application

During the year, the Airport published 'Towards 2030', its Master Plan up to the year 2030. The published plan followed a process of public consultation, and was used to inform the planning application for the Runway Extension. The planning application for "The extension of the main runway and associated infrastructure, including the realignment and tunnelling of a section of the A45 Coventry Road, a new air traffic control tower, revisions to the existing fuel farm, a new exit taxiway, the treatment of obstacles and the diversion of services and watercourses" was submitted to Solihull Metropolitan Borough Council on 4 January 2008, and a determination of the application is awaited.

Financial Performance

Operating profit at £24.1m (2007: £22.9m) is £1.2m above the previous year, reflecting the increase in income, driven by the higher commercial income and the reduction in costs, as the previous year included one off restructuring costs of £3.5m. The Group's net interest charge for the year (before capitalised interest) was £4.7m (2007: £6.3m), the reduction reflecting the repayment of the £18.5m loan stock in March 2007.



The tax credit for the year at £3.2m (2007: £5.0m charge) includes a Deferred Tax credit of £8.5m (2006: £1.4m charge). This follows the Government's budget of March 2007 and reflects the removal of Industrial Buildings Allowances and the release of the associated £11.3m Deferred Tax provision. The change in the Corporation Tax rate from 30% to 28% has also been reflected in the Deferred Tax balance with a further release of £0.186m. The Corporation Tax charge for the year was £5.3m, producing a combined effective rate of tax of (16.1%) (2007: 29.3%). Profit after Tax of £22.9m (2007: £12.1m) funded ordinary distributions to shareholders of £11.2m (2007: £11.0m) leaving retained profits at £11.7m (2007: £1.1m).

Cash generated from operating activities amounted to £40.1m (2007: £48.7m), a reduction of 18% over the previous year primarily as a result of higher pension payments and a lower working capital movement, primarily from creditors and accruals. Overall there was a net cash inflow of £2.1m (2007: £5.0m) in the year, including capital expenditure payments of £16.1m (2007: £22.0m). Net debt reduced by £1.2m to £70.3m (2007: £71.5m) and cash/short term deposits increased by £1.3m to £53.7m (2007: £52.4m).

Opportunities and Risks

As detailed earlier, the Airport's relatively low (36%) market share of the 1 hour catchment area is viewed as a significant opportunity for growth. Although some of the 64% unsatisfied demand is served by competitor airports either within or close to the 1 hour area, a significant proportion of the traffic is accounted for by passengers travelling longer distances to other airports for either an airline offering better pricing, more convenient timings or a destination not served by the Airport. The Airport's longer-term strategy is, therefore, to 'claw-back' some of this lost traffic by increasing the number of destinations available from Birmingham and also by increasing the range of airlines operating.

The opening of new, longer haul destinations will require an extension to the runway, for which the planning application has been submitted and is currently being evaluated. This potential gain in traffic is in addition to the general growth forecast for the aviation market as a whole, of which Birmingham should be able to take its share.

Many of the risks that have the potential to affect the Airport are similar to those identified in last year's report, including the increasing environmental lobby, higher aircraft fuel prices, increased Government taxation on air travel, the current economic environment and inflationary pressures. They all have the potential to impact the future level of traffic and therefore the Airport's growth prospects. The Airport takes environmental concerns seriously and believes that aviation should bear its fair share of environmental costs. It does, however, believe that there should be an equitable balance with other sectors of travel which receive significant Government funding via the provision of infrastructure (roads) or financial support (rail). Airports currently receive no such support and are unlikely to do so in future.

There is a risk to aeronautical yields, in the short term, due to increased competition from other airports offering incentives to attract business. However, the Airport does believe that its location, facilities and potential market will enable it to realise a premium for this sector compared to other competing airports.

Whilst it is not possible to forecast 'one-off' events, either through terrorist type activities or health scares such as SARS and avian flu, they continue to pose a risk. When developing medium and long term plans and commitments, the Airport does keep such factors under careful consideration. The continuing increased security threat also generates risks through both the cost of implementing security measures (both capital and revenue costs), the potential impact on commercial revenue streams and also the potential for passengers to decide not to travel. Recovery of security associated costs is difficult in the current competitive market place but it is an issue the industry will have to address.

The Group has moved to limit the risk associated with the Defined Benefit Pension Scheme by closing the Scheme to new employees, there are, however, a number of existing employees who retain the right to join the Scheme in the future. Risks also remain linked to factors such as longevity, investment returns and interest rates. The Company has agreed a new funding plan with the Scheme Trustees which is based upon eliminating the current deficit over a 10 year period.



Business review *continued*

Financial Risk Management

The Group's operations and funding structure expose it to a variety of financial risks, including interest rate risk, liquidity risk, price risk and credit risk. To manage this, the Group has a number of policies in place along with a risk management programme, which are reported to the Board and Audit Committee. Where actions are necessary and not covered by the policies in place, approval is sought from the relevant Board meeting.

Interest Rate Risk

It is the Group's long term policy to maintain an appropriate mix of credit facilities that provide fixed and floating rates of interest within Board approved parameters. The current interest cost, however, is fixed due to there being no draw down on the Group's £40 million variable rate syndicated banking facility, which compares to the £105 million corporate bond at a fixed rate. The Group has considered the current position and is satisfied with the current debt structure.

Cash held by the Group is invested under strict Board approved parameters. This prohibits investments in equities and places a cap on the maximum amount that can be invested in a single product/institution. In general, the cash is invested on the money markets or in money funds which, whilst exposing the Group to interest rate risk on the receivable side, does maintain liquidity and access to funds.

Within the last year, there have been a number of interest base rate reductions, however, the rates offered for investments have remained relatively high due to the difficulties in the financial markets. The Airport's current debt structure has enabled gains to be made with additional interest being received on cash deposits whilst interest payable has remained fixed.

Covenant Risk

Both the corporate bond and the bank facility contain covenants which are monitored on an ongoing basis with formal testing of financial covenants being reported to the Audit Committee and certified by the Auditors. The Group continues to comply with all borrowing obligations and financial covenants, specifically those relating to net worth, gearing and interest cover.

Price Risk

The Group is not exposed to any single significant element of price risk. The largest single risk is wage inflation over which the Group does have some influence through negotiation with its employees. The Group is currently in the 2nd year of a 3 year pay deal for a significant proportion of the employees. Other exposures relate to general market inflation and specifically energy costs and building costs during periods of significant capital expenditure. The Group continues to review energy efficiency programmes and is looking at new 'green' technologies for all major capital developments. With regards to building costs, the Group utilises fixed price contracts for large projects. Price risk is therefore eliminated at the commencement of each such project.

Liquidity Risk

It is the Group's policy to maintain sufficient committed facilities to meet anticipated funding requirements, while ensuring that the Group is not exposed to excessive refinancing in any one year. The maturity profile of debt outstanding at 31 March 2008 is set out in note 18 to the accounts. The available resources, including £53.7 million of cash and £40 million of committed un-drawn facilities are considered sufficient to meet the Group's funding requirements. If planning approval is granted for the Runway Extension and a decision is taken to proceed with the project, the Group will need to raise additional funding.

Credit Risk

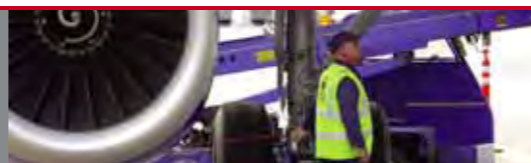
Credit limits for all large customers are reviewed annually and approved by the Executive Management Group. Such limits are reviewed more frequently if information becomes available to suggest increased risk with any particular customer, in which event credit facilities may be reduced or withdrawn. The Airport also has powers under the Civil Aviation Act to detain aircraft where aeronautical debts have not been paid. Due to the current economic environment, additional focus and management time is being directed at managing this risk.



Accounting standards and policies

This annual report complies with all material accounting standards issued by the Accounting Standards Board as applicable to the financial statements at 31 March 2008. The accounting policies are consistent with previous years and are set out on pages 42 and 43.

As stated in previous years, the Group does not have to adopt International Financial Reporting Standards (IFRS), but does continue to monitor the position with regards to voluntary adoption by groups of equivalent standing. The Group acknowledges the fact that UK GAAP is likely to continue to align itself with IFRS and, therefore, decided that it would not make any commitment to move to an IFRS reporting basis at this time.



Corporate Governance Statement

2007/08 Accounts

Combined Code

The Group is committed to high standards of Corporate Governance. This statement describes how the Group has complied with the revised Combined Code issued by the Financial Reporting Council in June 2006 (the Code). Although the Group has no obligation to comply with the Code, the Board supports the principles and standards required by the Code and the main provisions have been applied during the year, having regard to the size and best interests of the Group.

The Board

The Board is responsible to the Shareholders for the proper management of the Group, meeting bi-monthly to formulate, review and approve the Group's strategy, policies, budgets, risk management programme and trading performance. The Board consists of 16 Non-Executive Directors including the Chairman, with senior executives in attendance as required.

The Board has established a number of committees having specific delegated authority. The main committees and their responsibilities are set out below.

Board Committees

- **Audit Committee** - The Audit Committee is responsible for reviewing a wide range of financial matters and the monitoring of internal controls, which are in force to ensure the integrity of the financial information reported to the Shareholders. The Committee also monitors the work of the internal and external auditors, the system of reporting and control covering risk management, regulatory compliance reviews and the internal control systems.

The Committee comprises up to five Directors, with the Acting Managing Director, Acting Finance Director, Operations Director, Head of Regulatory Compliance and Safety, Internal Audit Manager and external auditors in attendance.

- **Remuneration Committee** - The Remuneration Committee is responsible for the ongoing determination of contract terms, remuneration and other benefits, including the design and operation of performance-related bonus schemes supporting the achievement of the Group's objectives. The Committee is chaired by the Chairman and includes five Directors with the Acting Managing Director, Acting Finance Director and Head of Human Resources in attendance as required.

Corporate and Social Responsibility

The Group recognises the increasing importance of effective management of corporate and social responsibility (CSR) and its link with Corporate Governance. The Group acknowledges its responsibilities to its stakeholders, shareholders, employees, customers and the wider communities the Airport serves and endeavours to inform them of the way it conducts its business. Corporate, social and ethical risks are identified and managed as part of the Group's risk assessment and management processes. More information on the Group's commitment to CSR can be found in the Business Review on pages 21 and 23.

Internal Audit

Internal Audit independently reviews the effective operation of the Group's main systems of internal control. A risk-based approach has been adopted which is linked to the Group's risk management programme. The internal audit work plan is approved by the Audit Committee annually and the progress on the plan is reviewed at each meeting. Internal Audit reports its findings to both management and to the Audit Committee.

Internal Control

The Code has extended the requirement that the Board reviews the effectiveness of the Group's system of internal financial control to cover all controls including financial, operational, compliance and risk management.

The Directors have overall responsibility for the Group's system of internal control, which aims to safeguard assets and shareholders' investment, to ensure that proper accounting records are maintained, to ensure compliance with statutory and regulatory requirements and to ensure the effectiveness and efficiency of operations. The system has been designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

Control Environment

The key elements of the internal control environment are as follows:

- Clearly defined organisational structures and lines of authority;
- Regular Board meetings with a formal schedule of matters reserved to the Board for decision;
- Board approval of key business objectives, long term strategies, annual budgets and revised forecasts during the year;
- Monitoring performance on a monthly basis against budget and key performance indicators with remedial action being taken where appropriate;
- Established procedures for planning, approval and monitoring capital projects;
- A newly established Regulatory Compliance and Safety Department;
- An internal audit function; and
- The operation of policies, procedures and standards covering the main business and operational activities, including capital projects, financial reporting, health and safety and human resources.

Operational Control

To ensure that the Airport conducts its business in a safe and secure operating environment and complies with all relevant legislation, regular audits are carried out by health and safety, fire safety, security and operational staff. These audits are now carried out by the newly formed Regulatory Compliance and Safety Department, which comprises the previous individual sections and a newly appointed member of the senior management team. The procedures of both the Airport's own staff and those of 3rd parties operating on the Airport site are monitored to ensure proper compliance. Any deficiencies that are discovered are reported to management and followed up to ensure safe working conditions are maintained at all times.

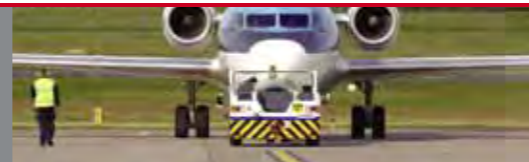
Risk Management

The Board have the ultimate responsibility for the management of the Group's business and operational risks. There is an established process for the ongoing review of all the Group's significant risks comprising identification, evaluation and management. The responsibility for individual risks is clearly defined and the principal risks are formally documented, with regular reports to management and the Audit Committee.

Going Concern

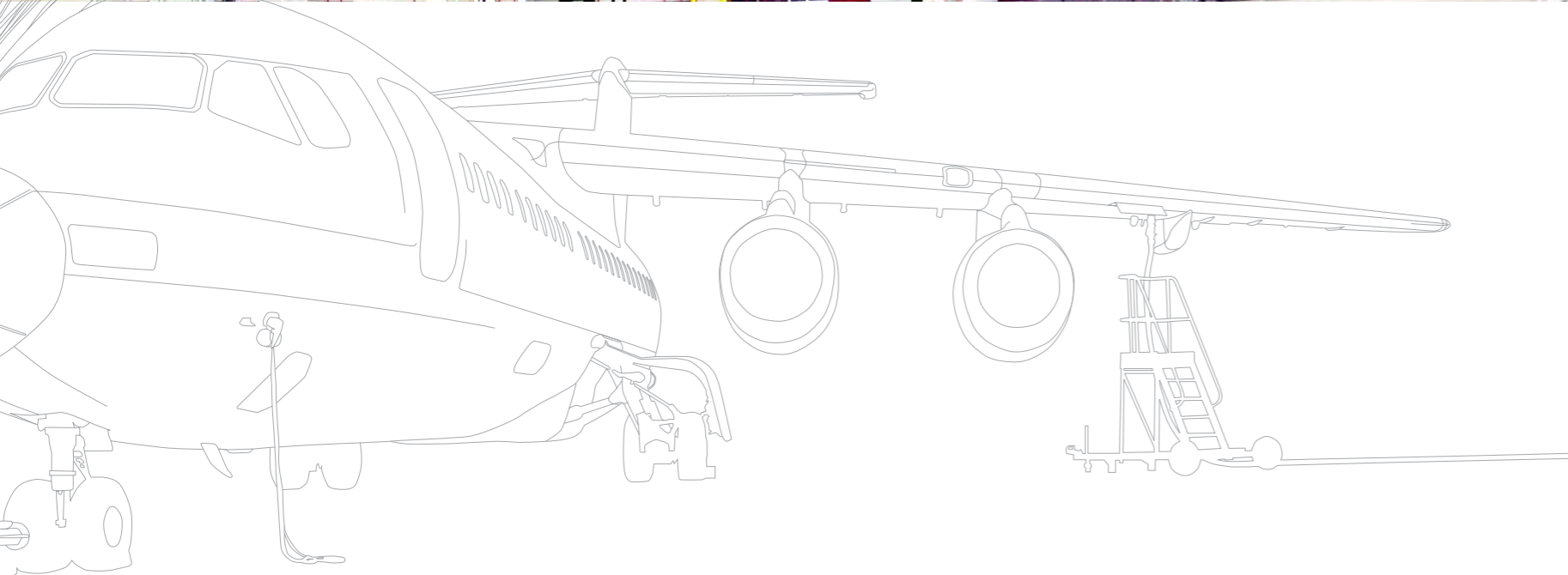
The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future and have, therefore, adopted the going concern basis for the preparation of the financial statements for the year ended 31 March 2008.

On behalf of the Board
J L Hudson Chairman



Report & Accounts 2007/2008

Birmingham Airport Holdings Ltd 31 March 2008



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Company Information

Registered Number	3312673
Directors	
J L Hudson OBE	Chairman
Councillor T Ali	Birmingham City Council
N Boserup	Airport Group Investments Limited
Councillor D M Caunt	Dudley MBC
P Dransfield	Birmingham City Council
A J Elliott	Airport Group Investments Limited
Councillor L R Gregory	Birmingham City Council
Councillor J G O'Hare	Walsall MBC
Councillor N Patten	Wolverhampton City Council
Councillor G E Richards OBE	Solihull MBC
Councillor K Taylor	Coventry City Council
Councillor W H Thomas OBE	Sandwell MBC
C Thomazi	Airport Group Investments Limited
Councillor P Tilsley MBE	Birmingham City Council
M Toms	Airport Group Investments Limited
Company Secretary	
M J Kelly	

Executive Management Group	
Michael Joseph Kelly	Acting Managing Director
Mark Hattersley	Acting Finance Director
William Heynes	Operations Director
Peter Vella	Business Development Director
Elaine Clarke	Head of Human Resources
John Morris	Head of Corporate Affairs
Independent Auditors	
PricewaterhouseCoopers LLP	Chartered accountants and registered auditors Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT
Bankers	
National Westminster Bank Plc	2 St Philips Place, Birmingham B3 3RB
Solicitors	
Eversheds LLP	115 Colmore Row, Birmingham B3 3AL
Registered Office	Diamond House Birmingham International Airport Birmingham West Midlands B26 3QJ

Directors' Report

For the year ended 31 March 2008

The Directors present their report and group accounts for the year ended 31 March 2008.

Results and Dividends

The Group profit for the year after taxation amounted to £22.897 million (2007: £12.070 million). This enabled a dividend of 1.70p per £1 share amounting to £5.442 million to be paid in July 2007 (2006: 1.73p per £1 share amounting to £5.542 million) and a further dividend of 1.81p per £1 share amounting to £5.795 million to be paid in December 2007 (2006: 1.70p per £1 share amounting to £5.449 million), resulting in a retained profit for the year of £11.660 million (2007: £1.079 million).

Principal Activity

The principal activity of the Group is the operation and management of Birmingham International Airport and the provision of facilities and services associated with those operations.

Review of the Business

A detailed review of the business is given on pages 11 to 28 of this document. It covers the Group's operating objective, market position, financial performance, key performance indicators, facilities, infrastructure and capital expenditure. The section also covers opportunities and risks the business is facing, details of financial risk management and the Group's current position with regards to International Accounting Standards. Further information includes the Group's approach to environmental mitigation, sustainability, social and community involvement, accessibility and the Group's regional role.

Future Developments

The Company will continue to operate Birmingham International Airport, providing additional facilities and infrastructure as required to maintain the successful operation of the Airport.

Directors and their interests

The Directors during the year were as follows (Appointed/Resigned/Deceased):-


T Ali	
T G Ansell	(Resigned 06/06/07)
N Boserup	(Appointed 21/11/07)
D M Caunt	
S S B Cheung	(Appointed 24/04/07, Resigned 19/09/07)
T Covassin	(Appointed 19/09/07, Resigned 27/06/08)
O Cussen	(Resigned 19/09/07)
P Dransfield	(Appointed 15/07/08)
A J Elliott	(Appointed 19/09/07)
L R Gregory	
K G Hardeman	(Deceased 17/07/07)
R J Hilliard	(Resigned 19/09/07)
J L Hudson	
M S Jaspal	(Resigned 04/06/08)
M J Kelly	(Resigned 19/09/07)
T A Khan	(Resigned 15/07/08)
K Mather	(Resigned 19/09/07)
S P G Morris	(Resigned 19/09/07)
J G O'Hare	(Appointed 06/06/07)
N Patten	(Appointed 04/06/08)
G E Richards	
J J Stent	(Resigned 19/09/07)
K Taylor	
W H Thomas	
C Thomazi	(Appointed 19/09/07)
P Tilsley	(Appointed 15/07/08)
M Toms	(Appointed 19/09/07)
M Upton	(Resigned 19/09/07)
M Whitby	(Appointed 22/11/07, Resigned 15/07/08)
M Zeman	(Appointed 24/04/07, Resigned 19/09/07)

Directors' Report *continued*

For the year ended 31 March 2008

The Group operates an All Employee Share Ownership Plan (AESOP) whereby all employees can subscribe for shares subject to Inland Revenue and Scheme limits. The Group also gifts shares to employees in proportion to those subscribed for, although conditions are attached which enables the shares to be recovered under certain circumstances. The shares subscribed for and gifted through the AESOP scheme are purchased from the share holding of the Employee Share Ownership Plan Trust (ESOP) which, prior to the introduction of the Scheme, held 8,909,700 1p ordinary shares of the Company equating to 2.75% of the ordinary shares in issue.

Equal Opportunities and Employment of Disabled Persons

The Company is committed to ensuring that all members of the community have the opportunity to apply for vacancies as they arise within the Company; also, to ensure that applications receive fair treatment. We continue to meet the Two Ticks Positive about Disabled People Standard , all applications for employment from disabled people are considered within this framework.

Employee Contribution

Employee contribution to our business is key to our success. The Company commits to meet the Investors in People Standard, ensuring the skills and knowledge of all our employees are updated to meet changes in our Industry. This year we have developed a new Management Competencies framework and Personal Performance and Development Reviews for all our employees. The continued high level of employee take up of the All Employee Share Ownership Plan has continued this year enabling all employees to have the opportunity to share in the success of the Company.

Supplier Payment Policy

Although the Group does not publish a formal code on payment practice, it remains the Group's policy to agree terms of payment with suppliers in advance to ensure that they are made fully aware of our payment procedure. All payments are made under the agreed terms wherever possible. The Company itself does not have any significant trade creditors.

Political and Charitable Contributions

During the year the Company made various charitable contributions, primarily to the Birmingham International Airport Community Trust Fund, totalling £51,954. Political contributions were made as follows: Labour Party £1,980, Conservative Party £2,420, Liberal Democrat Party £440, others £220.

Statement of Directors' Responsibilities

In Respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group, and of the profit or loss of the Company and Group for that period.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have confirmed their willingness to continue in office as Auditors and accordingly, shall be deemed re-appointed.

BY ORDER OF THE BOARD

M J Kelly

Company Secretary

23 July 2008

Independent Auditors' Report

To the Members of Birmingham Airport Holdings Limited

We have audited the Group and parent Company financial statements (the "financial statements") of Birmingham Airport Holdings Limited for the year ended 31 March 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Review of the Business section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 March 2008 and of the Group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, Birmingham
23 July 2008

Group Profit and Loss Account

For the year ended 31 March 2008

	Notes	2008 £000	2007 £000
Turnover	2	109,951	109,129
Operating Costs		(85,889)	(86,222)
Operating Profit	3	24,062	22,907
Interest receivable		3,587	3,623
Interest payable	6	(7,932)	(9,462)
Profit on Ordinary Activities Before Taxation		19,717	17,068
Tax credit/(charge) on profit on ordinary activities	7	3,180	(4,998)
Profit for the Year		22,897	12,070

All results are derived from continuing operations

Group Statement of Total Recognised Gains and Losses

	Notes	2008 £000	2007 £000
Profit on ordinary activities after taxation		22,897	12,070
Asset revaluation restatement		-	(931)
Actuarial losses on pension scheme	22	(3,738)	(189)
Movement on deferred tax relating to pension scheme actuarial gain		1,121	56
Total Recognised Gains and Losses for the Year		20,280	11,006

Note of Historical Cost Profits and Losses

	2008 £000	2007 £000
Reported profit on ordinary activities before taxation	19,717	17,068
Excess depreciation on revalued assets	3,673	3,755
Historical Cost Profit on Ordinary Activities Before Taxation	23,390	20,823
Historical Cost Profit for the Year Retained After Taxation and Dividends	15,333	4,834

Group Balance Sheet

At 31 March 2008

	Notes	2008 £000	2007 £000
Fixed Assets			
Tangible assets	10	388,700	391,861
Current Assets			
Stocks and development land	12	988	1,003
Debtors	13	14,892	14,744
Cash at bank and in hand		53,662	52,412
		69,542	68,159
Creditors: amounts falling due within one year	15	(35,909)	(37,032)
Net Current Assets		33,633	31,127
Total Assets less Current Liabilities		422,333	422,988
Creditors: amounts falling due after more than one year	16	(130,089)	(130,244)
Provisions for Liabilities and Charges	20	(13,915)	(23,749)
Net Assets excluding Pension Liability		278,329	268,995
Pension Liability	25	(15,240)	(14,561)
Net Assets including Pension Liability		263,089	254,434
Capital and Reserves			
Called up share capital	21	3,240	3,240
Share premium account	22	43,644	43,644
Merger reserve	22	25,588	25,588
Revaluation reserve	22	118,634	122,307
Profit and loss account	22	71,983	59,655
Total Shareholders' Funds	22	263,089	254,434

The financial statements on pages 38 to 60 were approved by the Board of Directors on 23 July 2008 and were signed on its behalf by:

J L Hudson
Chairman

Company Balance Sheet

As at 31 March 2008

	Notes	2008 £000	2007 £000
Fixed Assets			
Investments	11	228,541	232,988
Current Assets			
Debtors	13	685	774
Cash at bank and in hand		51,760	50,358
		52,445	51,132
Creditors: amounts falling due within one year	15	(1,972)	(1,125)
Net Current Assets		50,473	50,007
Total Assets less Current Liabilities		279,014	282,995
Creditors: amounts falling due after more than one year	16	(153,550)	(154,438)
Net Assets		125,464	128,557
Capital and Reserves			
Called up share capital	21	3,240	3,240
Share premium account	22	43,644	43,644
Merger reserve	22	51,380	51,380
Profit and loss account	22	27,200	30,293
Total Shareholders' Funds	22	125,464	128,557

The financial statements on pages 38 to 60 were approved by the Board of Directors on 23 July 2008 and were signed on its behalf by:

J L Hudson
Chairman

Group Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 £000	2007 £000
Net Cash Inflow from Operating Activities	3b	40,112	48,739
Returns on Investment and Servicing of Finance			
Interest paid		(7,645)	(9,572)
Interest received		3,570	3,527
Interest element of finance lease rental payments		(14)	(18)
Net Cash Outflow from Returns on Investments and Servicing of Finance		(4,089)	(6,063)
Taxation			
UK Corporation Tax paid		(6,584)	(4,662)
Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets		(16,399)	(22,037)
Receipts from sales of fixed assets		337	14
Net Cash Outflow from Capital Expenditure		(16,062)	(22,023)
Equity Dividends Paid		(11,237)	(10,991)
Cash Inflow before management of Liquid Resources and Financing		2,140	5,000
Management of Liquid Resources			
(Increase)/Decrease in short term deposits		(1,399)	16,702
Financing			
Decrease in long term borrowings	14	-	(18,500)
Capital element of finance lease rental payments	14	(52)	(47)
Lease and leaseback premium	14	(450)	(300)
Net sale of own shares from share trust		(388)	19
Net Cash Outflow from Financing		(890)	(18,828)
(Decrease)/Increase in Cash	14	(149)	2,874

Notes to the Financial Statements

For the year ended 31 March 2008

1. Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain assets in accordance with applicable accounting standards in the United Kingdom.

Basis of Preparation

These accounts have been prepared to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2008 and of the profit or loss of the Group for the year then ended. The accounts have consequently been prepared to comply with all accounting standards and Schedule 4 of the Companies Act 1985.

Basis of Consolidation

The Group accounts consolidate the accounts of Birmingham Airport Holdings Limited and its subsidiary undertakings drawn up to 31 March 2008. No profit and loss account is presented for Birmingham Airport Holdings Limited as permitted by section 230 of the Companies Act 1985.

Goodwill

Goodwill arising on acquisitions prior to 31 March 1998 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Pensions

The Group operates a Defined Benefit Pension Scheme that requires contributions to be made to a separately administered fund. The accounting for the pension scheme is in accordance with Financial Reporting Standard 17 ('FRS 17'), 'Retirement Benefits' which was published on 30 November 2000. For the year ending March 2008, it requires any pension surplus or deficit to be fully accounted for on the balance sheet of the entity. The Group has complied with the requirements of this FRS and consolidated the pension deficit into its accounts.

European Regional Development Fund, Trans European Networks and Local Transport Plan Grants

European Regional Development Fund (ERDF) grants, Trans European Networks (TENS) grants and Local Transport Plan (LTP) grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Tangible Fixed Assets and Depreciation

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life. In addition, the carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The principal useful lives are as follows:

Buildings	between 5 & 50 years
Runways, taxiways and infrastructure	between 10 & 50 years
Plant and equipment	between 4 & 30 years
Motor vehicles	between 4 & 15 years

Freehold land and buildings (primarily off-site residential properties) belonging to certain subsidiary companies are held as investment properties and are accounted for in accordance with SSAP 19. Consequently their open market value is reviewed internally on an annual basis, with an external valuation every five years performed by an appropriately qualified valuer. If any identified deficit is expected to be permanent it is recognised in the profit and loss account for the year. Depreciation has not been provided as the Directors believe this is necessary in order for the accounts to give a true and fair view. If it had been provided, it would not be material. Depreciation is one of the many factors reflected in the annual valuation.

The Group revalues land, buildings and infrastructure of a further subsidiary in accordance with Financial Reporting Standard 15 ('FRS 15') 'Tangible Fixed Assets', with Independent valuations being undertaken every five years. An Independent Valuation was undertaken in 2006 (Note 10).

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

1. Accounting Policies (continued)

Capitalised Interest

Interest on funding obtained to finance capital projects is capitalised subject to valuation exceeding cost. Once projects have been commissioned no further interest is capitalised.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated at the balance sheet date, but not reversed except for the following:

- Deferred tax assets are only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which they can be recovered.
- In respect of fixed asset revaluations, deferred tax is not provided unless there is a binding agreement to sell the asset at the balance sheet date. However, no provision is made if any gain is to be rolled over into replacement assets.

The Group has elected not to discount the deferred tax assets and liabilities. Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Stocks and Development Land

Stores of consumable items and development land held within stock are valued at the lower of purchase cost and estimated net realisable value.

Debt Issue Costs

Debt issue costs are initially deducted from the carrying value of the related debt instrument and are subsequently charged to the profit and loss account over the term of the instrument at a constant rate on the carrying amount.

Provisions

Provisions will be recognised relating to any present obligation in respect of the development of the Airport site, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the expected value can be made. The effect of the time value of money is not material and therefore the provisions are not discounted.

Accounting For Leases

Assets obtained under finance lease contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and are depreciated over the shorter of the lease term or their useful lives. An exception to this is an on-site office block where a subsidiary company has a call option on the lease (Note 24). The asset is therefore being depreciated over its useful life. The interest element of such contracts is charged to the profit and loss account over the period of the lease in proportion to the outstanding balance of repayments. Payments under contract hire agreements and operating leases are charged to the profit and loss account as incurred.

Rentals receivable under operating leases are included in turnover on an accruals basis.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. Turnover, profit before tax and net assets relate to the Group's principal activity of the operation and management of Birmingham International Airport and its related activities. All are generated in the United Kingdom. Turnover comprises:

- Aeronautical income: sales relating to aeronautical activities net of rebates, incentives and value added tax.
- Concession and property income: concession rentals net of value added tax relating to retail activities on the site and revenues relating to property lettings, service charges, utility recharges and usage charges for operational systems.

	2008 £000	2007 £000
Aeronautical income	57,602	61,003
Concession and property income and recharges	52,349	48,126
	109,951	109,129

3. Operating Profit

	2008 £000	2007 £000
a) This is stated after charging / (crediting):		
Auditors' remuneration		
Audit services	77	67
Other audit services	16	13
Depreciation		
Owned assets	20,231	19,527
Assets held under finance leases	337	337
Amortisation		
European Regional Development Fund grants	(32)	(38)
Trans European Networks grants	(46)	(46)
Local Transport Plan grant	(104)	(104)
Operating lease rentals		
Plant and equipment	148	133
Other	447	447
Reorganisation charges (note 5)	-	3,505
Rents	(5,599)	(6,237)
Concessions	(38,442)	(34,991)
Loss on disposal of fixed assets	45	111

b) Reconciliation of operating profit to net cash inflow from operating activities.	2008 £000	2007 £000
Operating profit	24,062	22,907
Depreciation	20,568	19,864
Loss on disposals of fixed assets	45	111
Amortisation of deferred income and grants	(182)	(188)
Difference between pension charge and cash contribution	(3,264)	(180)
Decrease in stocks	15	99
Increase in debtors and prepayments	(658)	(507)
(Decrease)/Increase in creditors and accruals	(535)	6,587
Increase in provisions	61	46
Net cash inflow from operating activities	40,112	48,739

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

4. Directors' Emoluments

	2008	2007
	£000	£000
Emoluments (excluding pension contributions)	129	337

Following the completion of the share sale in September 2007, a revised Board structure was introduced and the Executive Director of the Company resigned as at the 19/09/2007. The Executive Director's emoluments have been included on a pro rata basis until this time and no retirement benefits are accruing at 31/3/2008 (2007: 1) under a Defined Benefit Pension Scheme.

Emoluments in respect of the highest paid Director are:

	2008	2007
	£000	£000
Total emoluments (excluding pension contributions)	89	160
The amount of accrued pension for the Defined Benefit Pension Scheme	-	-
The amount of accrued lump sum for the Defined Benefit Pension Scheme	-	-

In the prior year, following the death of the Managing Director, Richard Heard, £0.75 million was received under a Personal Accident Insurance Policy which has been passed on for the benefit of Mr Heard's family. This was not classed as an Emolument for the note above.

5. Staff Costs

	2008	2007
	£000	£000
Wages and salaries	18,688	20,818
Social security costs	1,650	1,536
Other pension costs	2,494	5,050
	22,832	27,404

The amounts in the prior year include £3.505 million for reorganisation costs of which £3.2 million relates to the restructuring of airfield security (£1.69 million for pension deficiency provision).

The average monthly number of employees during the year comprised:

	2008	2007
	Number	Number
Engineering	74	72
Operations and security	404	438
Support services	126	119
Terminal services	66	66
	675	695

The numbers, in both years, include employees from the newly formed BHX Fire and Rescue Limited.

6. Interest Payable

	2008	2007
	£000	£000
Bank loans and overdrafts	83	79
Preference share dividend	971	971
Corporate bond	6,663	6,663
Loan stock interest	-	1,587
Other interest	600	600
Finance lease	14	20
FRS 17 finance expenses	-	12
Capitalised	(399)	(470)
	7,932	9,462

7. Tax on Profit on Ordinary Activities

	2008	2007
	£000	£000
UK Corporation Tax – current year	5,992	5,741
UK Corporation Tax – adjustment in respect of prior years	(711)	(1,674)
UK Corporation Tax	5,281	4,067
Deferred Tax – current year	1,190	523
Deferred Tax – adjustment in respect of prior years	854	358
Deferred Tax – on pension deficit movement	1,012	50
Deferred Tax – removal of Industrial Buildings Allowance	(11,330)	-
Deferred Tax – tax rate change	(187)	-
Tax on profit on ordinary activities	(3,180)	4,998
Deferred Tax charged to Statement of Total Recognised Gains and Losses	(1,121)	(56)
Total Tax charged in financial statements	(4,301)	4,942

	2008	2007
	£000	£000
Deferred Tax credited to provisions for liabilities and charges (Note 20)		
Deferred Tax – current year	1,190	523
Deferred Tax – adjustment in respect of prior years	854	358
Deferred Tax – removal of Industrial Buildings Allowance	(11,330)	-
Deferred Tax – tax rate change	(609)	-
	(9,895)	881

Deferred Tax credited to pension liability (Note 25)

Deferred Tax on pension deficit movement charged in the profit and loss account	1,012	50
Deferred Tax on pension deficit movement charged in the profit and loss account	(1,121)	(56)
Deferred Tax charged to Statement of Total Recognised Gains and Losses	422	-
	313	(6)

The Deferred Tax charge arises in respect of the origination and reversal of timing differences.

Following the changes made in the 2007 budget regarding the removal of Industrial Buildings Allowances, the Deferred Tax previously provided on these assets relating to capital allowances being in advance of depreciation has been released back to the Profit & Loss Account. This results in a one off credit of £11.33 million.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

7. Tax on Profit on Ordinary Activities

Factors affecting the tax charge for the year

Tax assessed on the profit on ordinary activities for the year is lower (2007: higher) than the ordinary rate of Corporation Tax in the UK of 30% (2007: 30%). The differences are reconciled below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	19,717	17,068
Profit on ordinary activities at the standard rate of tax of 30% (2007:30%)	5,915	5,120
Effects of:		
Disallowed expenses	2,280	2,094
Capital allowances in advance of depreciation	(496)	(880)
Short term timing differences	(695)	359
Movement on pension liability	(1,012)	(50)
Small companies rate relief	-	(2)
Consortium Relief	-	(900)
Adjustments in respect of prior year periods - consortium relief	-	(833)
Adjustments in respect of prior year periods	(711)	(841)
Current tax charge for year	5,281	4,067

The disallowable expenses include £1.748 million (2007: £1.865 million) relating to non qualifying depreciation.

Factors affecting the tax charge for the year

Further to a proposed Corporation Tax rate change announced in the 2007 budget, Deferred Tax reversing after 1 April 2008 will be recognised at a rate of 28% as opposed to the existing rate of 30%:

8. Profit attributable to members of the parent undertaking

The profit dealt with in the accounts of the parent undertaking was £8.532 million (2007: £14.822 million).

9. Dividends

	2008 £000	2007 £000
2007 final dividend paid at 1.70p per share (2006: 1.73p)	5,542	5,542
2008 interim dividend paid at 1.81p per share (2007: 1.70p)	5,795	5,449
	11,237	10,991

The ESOP Trust waived its right to the payment of a dividend in the year on the 3,671,283 ordinary shares that it owns (Note 22).

A dividend of 1.81p per share will be proposed to the shareholders to be paid in July 2008.

10. Tangible Fixed Assets - Group

Tangible fixed assets (excluding assets in the course of construction, plant and equipment, short leasehold land and investment properties held by a subsidiary company, First Castle Developments Limited) were valued as at 31 March 2006 by Atisreal Limited, Chartered Surveyors. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors and with Financial Reporting Standard 15 (Tangible Fixed Assets) issued by the Accounting Standards Board. Due to the specialist nature of the Airport's assets, the depreciated replacement cost methodology was used for operational assets. For other assets/land, the open market value methodology was used. The valuation of £320.780 million identified a £60.578 million increase in value. This revaluation was revisited during 2007 (note 22).

In addition, the investment properties held by the subsidiary company, First Castle Developments Limited, were valued at their open market value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors on 31 March 2004 by Chesterton Ltd. The valuation of £5.575 million identified impairments of £54,260 and gains of £1,014,816 giving a net gain of £960,556.

Both valuations have been reviewed internally during the year and the Directors feel the carrying values brought forward are still appropriate.

10. Tangible Fixed Assets - Group (continued)

	Land & Buildings		Runways, Taxiways, Infrastructure	Plant and Equipment	Assets in Course of Construction	Total
	Freehold £000	Leasehold £000				
Cost or Valuation						
At 1 April 2007	260,827	200	99,684	98,452	8,710	467,873
Additions	-	-	-	-	17,390	17,390
Capitalised Interest	-	-	-	-	399	399
Transfer	11,360	-	3,494	4,442	(19,296)	-
Disposals	(220)	-	-	(1,143)	-	(1,363)
At 31 March 2008	271,967	200	103,178	101,751	7,203	484,299
Depreciation						
At 1 April 2007	8,643	-	4,975	62,394	-	76,012
Provided in the Year	8,788	-	5,205	6,575	-	20,568
Disposals	-	-	-	(981)	-	(981)
At 31 March 2008	17,431	-	10,180	67,988	-	95,599
Net Book Value						
At 31 March 2008	254,536	200	92,998	33,763	7,203	388,700
At 31 March 2007	252,184	200	94,709	36,058	8,710	391,861

A cumulative amount of £7.756 million (2007: £7.357 million) relating to capitalised interest is included within the cost of fixed assets. Interest capitalised during the year amounted to £0.399 million (2007: £0.470 million) at a capitalisation rate of 6.5% (2007: 6.5%).

Included in land and buildings is land at a value of £37.856 million (2007: £38.076 million) and investment properties at a value of £4.970 million (2007: £5.190 million) which are not depreciated (Note 1). The net book value includes the following for assets held under finance leases and hire purchase contracts.

	2008 £000	2007 £000
Net Book Value	9,160	9,497

On the historical basis, tangible fixed assets would have been included as follows:

	Land & Buildings		Runways, Taxiways, Infrastructure	Plant and Equipment	Assets in Course of Construction	Total
	Freehold £000	Leasehold £000				
At 31 March 2008						
Cost	215,035	202	128,316	101,750	7,203	452,506
Depreciation	(58,910)	-	(55,655)	(67,988)	-	(182,553)
Net Book Value	156,125	202	72,661	33,762	7,203	269,953
At 31 March 2007						
Cost	203,833	202	124,822	98,451	8,710	436,018
Depreciation	(52,459)	-	(51,724)	(62,394)	-	(166,577)
Net Book Value	151,374	202	73,098	36,057	8,710	269,441

Tangible Fixed Assets - Company

Birmingham Airport Holdings Limited has no tangible fixed assets.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

11. Investments - Group and Company: Subsidiary Undertakings

Name of Company	Country of Incorporation and Operation	Holding	Proportion Held	Year End	Nature of Business
Birmingham International Airport Limited	England	Ordinary Shares	100%	31 March	Airport Terminal Management & Operation
Euro-Hub (Birmingham) Limited	England	Ordinary Shares Preference Shares	100% (a) 100% (b)	31 March	Non Trading
Birmingham Airport (Finance) PLC	England	Ordinary Shares	100%	31 March	Financing
First Castle Developments Limited	England	Ordinary Shares	100% (c)	31 March	Property Holding Company
Birmingham Airport Developments Limited	England	Ordinary Shares	100% (c)	05 April	Site Development
BHX Fire and Rescue Limited	England	Ordinary Shares	90% (c)/(d)	31 March	Airport Rescue and Fire Fighting Services

(a) 25% held by a subsidiary undertaking (b) 30% held by a subsidiary undertaking (c) held by a subsidiary undertaking
(d) Birmingham International Airport Limited has the right to 100% of the dividends from this company.

All other investments held by the company.

Company	Subsidiary Undertakings £000
Shares	143,745
Loans	89,243
At 1 April 2007	232,988
Movement during year	
Reduction in loans	(4,447)
Investment at 31 March 2008	228,541
Comprising	
Shares	143,745
Loans	84,796
Net Book Value at 31 March 2008	232,541

The loans of £84,796 million are unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. However, in practice this balance represents a long term advance and is unlikely to be repaid within one year.

12. Stocks and Development Land

	Group	
	2008 £000	2007 £000
Consumables	288	303
Development land	700	700
	988	1,003

13. Debtors

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Trade debtors	8,730	7,769	-	-
Other debtors	664	237	-	-
Prepayments and accrued income	5,498	6,738	685	774
	14,892	14,744	685	774

There are no debtors falling due after more than one year (2007: £nil).

14. Reconciliation of Net Cashflow to movement in Net Debt & Analysis of changes in Net Debt

	2008 £000	2007 £000
(Decrease)/Increase in cash in year	(149)	2,874
Movement in short term deposits	1,399	(16,702)
Net movement in long term borrowings	-	18,500
Capital element of finance lease rental payments	52	47
Lease and leaseback premium	450	300
Change in net debt resulting from cashflows	1,752	5,019
Lease and leaseback - accrued interest	(450)	(700)
Movement in corporate bond - non cash	(100)	(100)
Movement in Net Debt in the year	1,202	4,219
Opening Net Debt	(71,466)	(75,685)
Closing Net Debt at 31 March	(70,264)	(71,466)

	1 April 2007 £000	Cashflow £000	Non-cash Movements £000	31 March 2008 £000
Cash at bank and in hand	2,064	(149)	-	1,915
Short term deposits	50,348	1,399	-	51,747
Finance lease obligations	(150)	52	-	(98)
Lease and leaseback premium	(4,732)	450	(450)	(4,732)
Corporate bond	(103,612)	-	(100)	(103,712)
Redeemable Preference Shares	(15,384)	-	-	(15,384)
Net Debt	(71,466)	1,752	(550)	(70,264)

Short term deposits are included within cash at bank and in hand in the balance sheet. The amounts included for finance leases are net of prepayments.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

15. Creditors: amounts falling due within one year

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Obligations under finance leases	57	52	-	-
Trade creditors	1,307	1,396	-	-
Corporation Tax	2,987	4,291	483	-
Other taxes and social security costs	446	420	-	-
Deferred income	4,170	4,910	-	-
ERDF, LTP and TENS grants	175	182	-	-
Accruals	26,767	25,781	1,489	1,125
	35,909	37,032	1,972	1,125

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Preference shares	15,384	15,384	15,384	15,384
Obligations under finance leases	41	98	-	-
Amounts owed to group undertakings	-	-	138,166	139,054
Net premium arising on lease and leaseback (Note 26)	4,732	4,732	-	-
Deferred income	696	720	-	-
Corporate bond (Note 17)	103,712	103,612	-	-
ERDF, LTP and TENS grants	5,524	5,698	-	-
	130,089	130,244	153,550	154,438

The inter-company loan is unsecured and there are no formal arrangements for the repayment of the amounts and consequently this amount is strictly repayable on demand. However, in practice this balance represents a long term advance and is unlikely to be repaid within one year.

17. Loans

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Loans falling due in one year or less	-	-	-	-
Loans falling due in two to five years	-	-	138,166	139,054
Loans falling due in over five years	105,000	105,000	-	-
	105,000	105,000	138,166	139,054
Less un-amortised issue costs and discount	(1,288)	(1,388)	-	-
	103,712	103,612	138,166	139,054

Loans not wholly repayable within 5 years

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Bonds repayable on 22 February 2021	105,000	105,000	-	-
Less un-amortised issue costs and discount	(1,288)	(1,388)	-	-
	103,712	103,612	-	-

17. Loans (continued)

The corporate bonds will mature, unless previously redeemed or purchased or cancelled, on 22 February 2021. Interest on the bonds is payable annually on 22 February at a fixed rate of 6.25 per cent on the par value. The bonds are listed on the London Stock Exchange. The bonds were issued at a discount of 1.102 per cent, which, if amortised into the cashflow, gives an interest rate of 6.349 per cent.

18. Derivatives and other Financial Instruments

The Group's principal financial instruments comprise bonds, bank loans, loan stock and cash. The main purpose of these financial instruments is to raise and provide finance for the Group's operations. The Group does not enter into any form of derivative financial instruments. As permitted by FRS 13 'Derivatives and Other Financial Instruments', the following financial information excludes all of the Group's short term debtors and creditors.

Funding

The Group's funding is provided by its £105 million bond issue, £40 million syndicated loan facility, £1 million overdraft facility and £53.7 million cash reserves.

Interest rate risk

The Group's borrowings are a combination of fixed and floating rate liabilities. The bond is at a fixed interest rate of 6.25 per cent equating to a rate of 6.349 per cent if the launch discount of 1.102 per cent is amortised back into the cashflow. The syndicated facility is based upon LIBOR (fixed at each draw-down) and a defined mark up.

Currency exposures

The Group has no overseas investments and all invoicing is carried out in sterling. Currency exposure relates to ongoing operating costs when materials and services are sourced from overseas. These are not considered to be a significant part of the Group's business. Future capital projects may include some element of currency exposure in which case consideration will be given to hedging the exposure.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2008 £000	2007 £000
Expiring in one year or less	1,000	1,000
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	40,000	40,000
	41,000	41,000

Non-equity shares

The Company has in issue £15,383,600 of cumulative redeemable preference shares with a fixed coupon rate of 6.31% and no voting rights. They are redeemable at par after 26 March 2012.

Interest rate risk and profile of financial assets

The interest rate profile of the financial assets of the Group as at 31 March were as follows:

	Floating Rate £000	No Interest Is Earned £000	Total £000
2008 Sterling	53,502	160	53,662
2007 Sterling	53,173	103	53,276

Floating rate financial assets comprise surplus cash balances deposited on the overnight and short term money markets. The interest rate is based upon prevailing market rates and is set upon deposit. The financial assets on which no interest is earned comprise surplus cash balances and uncleared transactions. The £53.502 million above includes £ nil (2007: £0.864 million) of funds held on overnight deposits to cover uncleared payments.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

18. Derivatives and other Financial Instruments (continued)

Interest rate risk and profile of financial liabilities

	Financial Liabilities			Total £000	Fixed Rate Liabilities Weighted Average	
	Fixed Rate £000	Floating Rate £000	No Rate £000		Interest Rate %	Fixed Period Years
2008 Sterling	125,214	-	5,409	130,623	6.57%	14
2007 Sterling	125,466	-	5,348	130,614	6.57%	15

The above financial liabilities do not include a deduction for the un-amortised issues costs and discount of £1.288 million (2007: £1.388 million).

Maturity profile of the Group's financial liabilities

	2008 £000	2007 £000
In one year or less, or on demand	57	52
In more than one year but not more than two years	41	98
In more than two years but not more than five years	5,409	5,348
In more than five years	125,116	125,116
	130,623	130,614

Fair value of financial assets and financial liabilities

Set out below is a comparison of book value and fair value of all the Group's financial assets and financial liabilities as at 31 March 2008.

	Book Value 2008 £000	Fair Value 2008 £000	Book Value 2007 £000	Fair Value 2007 £000
Cash (including short term deposits)	53,662	53,662	52,412	52,412
Bonds	(103,712)	(110,389)	(103,612)	(108,153)
Non-equity shares	(15,384)	(15,469)	(15,384)	(15,488)
Finance leases	(98)	(95)	(150)	(153)
Development provisions	(5,409)	(5,409)	(5,348)	(5,348)
Pension scheme liability	(15,240)	(15,240)	(14,561)	(14,561)

Market value has been used to determine the fair value of the bonds and discounted cashflows for the fair value of the non-equity shares and finance leases. A fair value for the lease and leaseback liability cannot be determined due to the nature of the transaction (Note 26) and its predominantly non financial nature.

19. Obligations under Lease Contracts (Group)

	2008 £000	2007 £000
a) Finance lease obligations: amounts payable		
Within one year	57	52
In the second to fifth year inclusive	41	98
After five years	-	-
	98	150

	Land & Buildings		Other	
	2008 £000	2007 £000	2008 £000	2007 £000
b) Non-cancellable operating leases				
Annual commitments under leases which expire:				
Within one year	-	-	20	20
In the second to fifth year inclusive	-	-	77	79
After five years	447	447	-	-
	447	447	97	99

20. Provisions for Liabilities and Charges (Group)

	Development Related £000	Deferred Tax £000	Total £000
At 1 April 2007	5,348	18,401	23,749
Provided during the year	180	(9,895)	(9,715)
Utilised during the year	(119)	-	(119)
At 31 March 2008	5,409	8,506	13,915

Development Related Provisions

The Group is fully committed to a positive environmental policy including the provision of a defined Noise Insulation Scheme, financial penalties to support night flying restrictions and provisions for payments under the Land Compensation Act 1973. Provisions are made in line with foreseen liabilities. An element of the development related provision relates to potential claims which, by their nature are uncertain, arising under the Land Compensation Act as a result of certain developments being undertaken at the Airport. The timing for the transfer of the related economic benefits are therefore not expected to be significant within the next 12 months. With regards to the Noise Insulation Scheme, the future liability for the next twelve months for the Noise Insulation Scheme is estimated at £200,000 (2007: £200,000).

Deferred Taxation provided

	2008 £000	2007 £000
Capital allowances in advance of depreciation	9,283	19,871
Other timing differences	(777)	(1,470)
	8,506	18,401

Deferred Tax has not been provided on the revaluation surplus as there is no present intention to dispose of any of the revalued fixed assets. The above does not include deferred tax assets disclosed in Note 25.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

21. Share Capital

Authorised, allotted, called up and fully paid	Group & Company		Group & Company	
	2008 Number	2007 Number	2008 £000	2007 £000
'A' ordinary shares of 1p each	315,082,900	315,082,900	3,151	3,151
'B' ordinary shares of 1p each	8,909,700	8,909,700	89	89
1 special (non-participating) voting share of £1	1	1	-	-
	323,992,601	323,992,601	3,240	3,240
6.31% cumulative redeemable preference shares of 1p each	1,538,360,000	1,538,360,000	15,384	15,384

The 'B' ordinary shares carry the same rights as the 'A' ordinary shares except they have no voting rights. The preference shares are redeemable at par after 26 March 2012 and carry no voting rights. On a winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, 1p per share plus any accrued dividend. The holder of the special voting share is not entitled to participate in any dividend or any other distribution of income declared, made or paid by the Company. On a winding up, the holder of the special voting share has a right to receive the nominal value following payments to preference and ordinary shareholders.

22. Reconciliation of Shareholders' Funds and Movement on Reserves

Group	Share					Total Shareholders Funds £000
	Share Capital £000	Premium Account £000	Merger Reserve £000	Revaluation Reserve £000	Profit & Loss Account £000	
At 1 April 2006	3,240	43,644	25,588	126,993	54,935	254,400
Profit for the year	-	-	-	-	12,070	12,070
Dividends paid	-	-	-	-	(10,991)	(10,991)
Actuarial loss on pension scheme	-	-	-	-	(189)	(189)
Movement on deferred tax on pension scheme	-	-	-	-	56	56
Transfer of excess depreciation on asset revaluation	-	-	-	(3,755)	3,755	-
Revaluation reserve restatement	-	-	-	(931)	-	(931)
Net sales of own shares from share trust	-	-	-	-	19	19
At 31 March 2007	3,240	43,644	25,588	122,307	59,655	254,434
Profit for the year	-	-	-	-	22,897	22,897
Dividends paid	-	-	-	-	(11,237)	(11,237)
Actuarial loss on pension scheme	-	-	-	-	(3,738)	(3,738)
Movement on deferred tax on pension scheme	-	-	-	-	1,121	1,121
Transfer of excess depreciation on asset revaluation	-	-	-	(3,673)	3,673	-
Net sales of own shares from share trust	-	-	-	-	(388)	(388)
At 31 March 2008	3,240	43,644	25,588	118,634	71,983	263,089

The cumulative amount of Goodwill charged to the Merger Reserve is £25.792 million (2007: £25.792 million).

During the prior year a final quantum of capital costs relating to certain assets revalued in 2006 were assessed resulting in a reduction in the revaluation reserve of £0.931 million.

22. Reconciliation of Shareholders' Funds and Movement on Reserves (continued)

Company	Share				Total Shareholders Funds £000
	Share Capital £000	Premium Account £000	Merger Reserve £000	Profit & Loss Account £000	
At 1 April 2006	3,240	43,644	51,380	26,443	124,707
Profit for the year	-	-	-	14,822	14,822
Dividends paid	-	-	-	(10,991)	(10,991)
Net sales of own shares from share trust	-	-	-	19	19
At 31 March 2007	3,240	43,644	51,380	30,293	128,557
Retained Profit for the year	-	-	-	8,532	8,532
Dividends paid	-	-	-	(11,237)	(11,237)
Net sales of own shares from share trust	-	-	-	(388)	(388)
At 31 March 2008	3,240	43,644	51,380	27,200	125,464

Birmingham Airport Holdings Limited is the sponsoring company of an ESOP Trust. 'B' ordinary shares to the value of £2.750 million were issued on 26 March 1997 by Birmingham Airport Holdings Limited and they were financed by the ESOP Trust by way of a loan from the Group's syndicated facility. The loan is guaranteed by Birmingham Airport Holdings Limited and its subsidiary companies.

The shares and funding liabilities of the Trust are recognised on the Company's balance sheet because the Company is deemed to have de facto control until such time as the shares held by the Trust vest unconditionally with the employees. A scheme has been agreed with the Inland Revenue under the All Employee Share Ownership Plan (AESOP) legislation with the first shares being bought by and gifted to employees in September 2001. The Trust bears its own expenses and has waived its right to the payment of a dividend in the year.

ESOP Shares	Own Shares Number	Own Shares £000
Investment at 1 April 2007	3,158,841	1,102
Shares vested in employees	(157,763)	(55)
Shares purchased from employees	670,205	443
Investment at 31 March 2008	3,671,283	1,490

23. Capital Commitments

Group	2008 £000	2007 £000
Amounts contracted but not provided for in the accounts	22,551	10,153

There are no capital commitments in the Company.

24. Contingent Liabilities

On 15 March 2000, a subsidiary Company entered into an arms-length lease arrangement with Birmingham International Airport Limited Pension Scheme to develop an office block. As part of the arrangements, another subsidiary Company has a call option over the office block property and there is a put option granting Birmingham International Airport Limited Pension Scheme the right to put the lease. The potential liability, if the option had been exercised at 31 March 2008, would have been £97,729 (2007: £149,615). This reduces to £1,000 over the 10 year lease agreement such that the compound return to the pension scheme at any point in time is 10%.

On 13 February 2001 guarantees were provided by Birmingham Airport Holdings Limited, Birmingham International Airport Limited and Euro-Hub (Birmingham) Limited in support of a £105 million Corporate Bond issued by Birmingham Airport (Finance) PLC. The bond is for a period of 20 years maturing on the 22 February 2021 and carries a fixed interest rate of 6.25% per annum.

On 16 December 2005, Birmingham Airport Holdings Limited, Birmingham International Airport Limited and Euro-Hub (Birmingham) Limited provided Guarantees to The Royal Bank of Scotland plc and Lloyds TSB Bank plc in support of a £40 million banking facility made available to Birmingham Airport Holdings Limited. At the date of signing these accounts, the total amount outstanding under the facility was £nil.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

25. Pension Commitments

A subsidiary undertaking of the Group operates a Defined Benefit Pension Scheme for permanent employees, which is funded by the payment of contributions to a separately administered trust fund. The pension cost is determined by an independent qualified Actuary on the basis of a triennial valuation using the projected unit method using assumptions agreed between the Trustees and the Company. The most recent full Actuarial Valuation at 31 October 2006 identified a Company funding requirement of 20.6% of Pensionable Earnings plus £2,786,400 per annum for 10 years from 1 January 2008. This contribution rate is expected to fund the deficit identified within the Scheme over a ten year period. The principal methods and assumptions used and the results of the valuation are shown below:

	Valuation (31 October 2006)
Valuation method	Projected Unit
Employer's regular pension cost	20.6%
Investment rate of return:	
- prior to retirement	6.6%
- after retirement	4.4%
Future increases in salaries	4.0%
Increases in pensions (bulk of membership)	3.0%
Market value of assets	£61.7m
Level of funding (actuarial value of assets as a percentage of accrued service liabilities)	76%

Financial Reporting Standard 17 ('FRS 17'), 'Retirement Benefits' was published on 30 November 2000. The following sets out the additional information required by FRS 17.

A qualified independent Actuary has updated the Actuarial Valuation of 31 October 2006. The main financial assumptions used are as follows:

	2008	2007	2006
Rate of inflation	3.60%	3.10%	3.00%
Rate of increase of salaries	4.60%	4.10%	4.00%
Rate of increase in actual pensions	3.50%	3.05%	2.95%
Rate of increase in deferred pensions	3.60%	3.10%	3.00%
Discount rate	6.40%	5.20%	5.00%

The assets and liabilities of the scheme and the expected return on the scheme's assets are shown below:

	2008 %	2008 £000	2007 %	2007 £000	2006 %	2006 £000
Equities	7.50%	44,274	7.50%	47,944	7.25%	44,985
GTAA funds	7.50%	1,839	-	-	-	-
Corporate Bonds	5.50%	14,939	5.00%	14,600	5.00%	13,384
Cash	4.75%	4,901	4.75%	2,766	4.25%	420
Other Investments	10.0%	91	10.0%	146	10.0%	196
Market value of scheme's assets		66,044		65,456		58,985
Actuarial value of scheme's liabilities		(87,211)		(86,257)		(79,765)
Deficit in scheme		(21,167)		(20,801)		(20,780)
Related deferred tax asset		5,927		6,240		6,234
Net Pension Liability		(15,240)		(14,561)		(14,546)

25. Pension Commitments (continued)

The FRS 17 liability has increased during the year as set out below.

Movement in deficit during the year:-

	2008 £000	2007 £000
Liability at the beginning of the year	20,801	20,780
Current service cost	2,652	2,768
Contributions	(6,977)	(3,626)
Past service cost	37	831
Impact of settlements and curtailments	1,024	(153)
(net return on assets)/Interest cost	(108)	12
Actuarial loss	3,738	189
Liability at the end of the year	21,167	20,801

Analysis of the amount charged to operating profit:

	2008 £000	2007 £000
Current service cost	2,652	2,768
Past service cost	37	831
Curtailment and settlements	1,024	(153)
Total charged to operating profit	3,713	3,446
Expected return on pension scheme assets	4,634	4,052
Interest on pension scheme liabilities	(4,526)	(4,064)
Amount credited/(charged) to other financial charges	108	(12)

In addition, the following amounts have been recognised in the Statement of Total Recognised Gains and Losses.

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(8,855)	(125)
Experience gains and losses arising on the scheme liabilities	-	2,049
Changes in assumptions underlying the present value of the scheme liabilities	5,117	(2,113)
Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses	(3,738)	(189)

History of experience gains and losses:

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Difference between expected and actual return on scheme assets:					
-percentage of scheme assets	(8,855)	(125)	8,048	1,451	5,411
Experience gains and losses on scheme liabilities:					
-percentage of scheme liabilities	-13.4%	-0.2%	13.6%	3.3%	14.7%
Amount recognised in the Statement of Total Recognised Gains and Losses:					
-percentage of scheme liabilities	-	2,049	(217)	(168)	(1,349)
Amount recognised in the Statement of Total Recognised Gains and Losses:					
-percentage of scheme liabilities	-	2.4%	-0.3%	-0.2%	-2.2%
Amount recognised in the Statement of Total Recognised Gains and Losses:					
-percentage of scheme liabilities	(3,738)	(189)	2,877	339	(2,297)
-percentage of scheme liabilities	-4.3%	-0.2%	3.6%	0.5%	-3.7%

26. Transactions with Related Parties

The Company has taken advantage of the exemption in FRS 8, Related Party Transactions, from disclosing the transactions with related parties between members of the Group. With regards to other related parties, all the existing shareholders, except the ESOP Trust, have rights to appoint Directors and have done so. They have therefore been considered as related parties under FRS 8 and any transactions between them and the Birmingham Airport Holdings Limited Group during the year ended 31 March 2008 are disclosed below.

Notes to the Financial Statements *continued*

For the year ended 31 March 2008

26. Transactions with Related Parties (continued)

Dublin Airport Authority

Birmingham International Airport Limited had a contract with Dublin Airport Authority (a shareholder in the Company until September 2007) for the latter to supply consultancy and support services to the Company. The fee payable for such services consists of both a fixed and a performance related element and amounted to £151,700 in the year (2007: £248,597). The amount outstanding at the balance sheet date was £nil (2007: £62,646). This contract terminated in September 2007 when Dublin Airport Authority ceased being a shareholder in the Company.

Macquarie Airports (UK) No.2 Limited (MAUK2)

Birmingham International Airport Limited had an agreement with Macquarie Airports (UK) No.2 Limited (a shareholder of the Company until September 2007) for the Airport to claim consortium relief on tax losses surrendered to the Company by MAUK2. The tax benefit is claimed in arrears and shared between the Airport and MAUK2 on a 50:50 basis (2007: 50:50). The year included £nil relating to the Airport's share (2007: £1.733 million). Payments to MAUK2 during the year have been £1.662 million (2007: nil). At the balance sheet date, amounts outstanding are nil (2007: £1.75 million).

West Midland District Councils

Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council and Wolverhampton City Council ("The Districts") are shareholders. The dividends paid to The Districts in the year amounted to £6.543 million (2007: £6.416 million).

In 1995 Birmingham International Airport Limited entered into arms-length lease arrangements with Solihull Metropolitan Borough Council on behalf of the West Midlands District Councils, all of which were shareholders in the Company at that time. Under such arrangements, the Company granted a 999 year lease over land and buildings situated at Birmingham International Airport in exchange for a total fair value premium of £100 million and a peppercorn rent. At the same time the shareholders granted Birmingham International Airport Limited a 150 year lease over the same property for a total fair value premium of £96.500 million.

In accordance with SSAP 21 "Accounting for leases and hire purchase contracts", the net premium arising as adjusted for associated stamp duty and legal costs has been treated as a finance lease in the accounts of the Group and is disclosed at Note 16.

Under the lease arrangement, the Company will pay a basic rent of £200,000 p.a. until 31 March 2007. Such rent shall then be increased to £600,000 p.a. and subsequently index linked for the remaining lease period. In addition, a turnover based rent is payable after 31 March 2007, calculated as 0.4% of turnover less the basic rent paid in the period. The total amount paid in 2007 was £450,000 (2007: £300,000). The amount at the end of the year was £4.732 million (2007: £4.732 million), all of which is due after more than one year.

In February 2002 the Group completed a 150 year lease agreement with Birmingham City Council for land adjacent to the Airport site. A lease premium of £200,000 was paid with a peppercorn rent for the remaining lease term along with costs of £2,000. In accordance with SSAP21 "Accounting for leases and hire purchase contracts", the lease payments have been treated as a finance lease in the accounts of the Group. The amount due at the end of the year was £nil.

Birmingham City Council

On 26 March 1997, as part of the Group restructuring, the Company issued £18.5 million of subordinated loan stock. The loan stock carried an interest rate of 8.72% for the first 10 years after which it could be redeemed at the holders' discretion. The holders redeemed the loan stock on 26 March 2007. Gross interest payments made to Birmingham City Council acting in its capacity of Trustee amounted to £nil in the year (2007: £1.587 million).

Solihull Metropolitan Borough Council

Solihull Metropolitan Borough Council provided a grant during 2002/03 of £5.237 million from the West Midlands Local Transport Plan fund towards the cost of building a Multi Modal Interchange. The building has been capitalised in the Company's accounts and the grant will be released to income on a straight line basis over the life of the asset. At the 31 March 2008, £4.705 million was held within deferred income (2007: £4.809 million).

Solihull Metropolitan Borough Council is the local authority for the Airport and transacts with the Company in a number of areas including business rates, planning applications and building control services. All of these transactions are carried out on an arms length basis at a full commercial rate.

Birmingham International Airport Limited Pension Scheme

On 15 March 2000 the Group entered into an arms-length lease agreement with the Birmingham International Airport Limited Pension Scheme to lease the new office block. Under the lease, the Pension Scheme granted the Group a 10 year lease in exchange for a lease premium of £7,244,000 and an annual payment of £67,046.

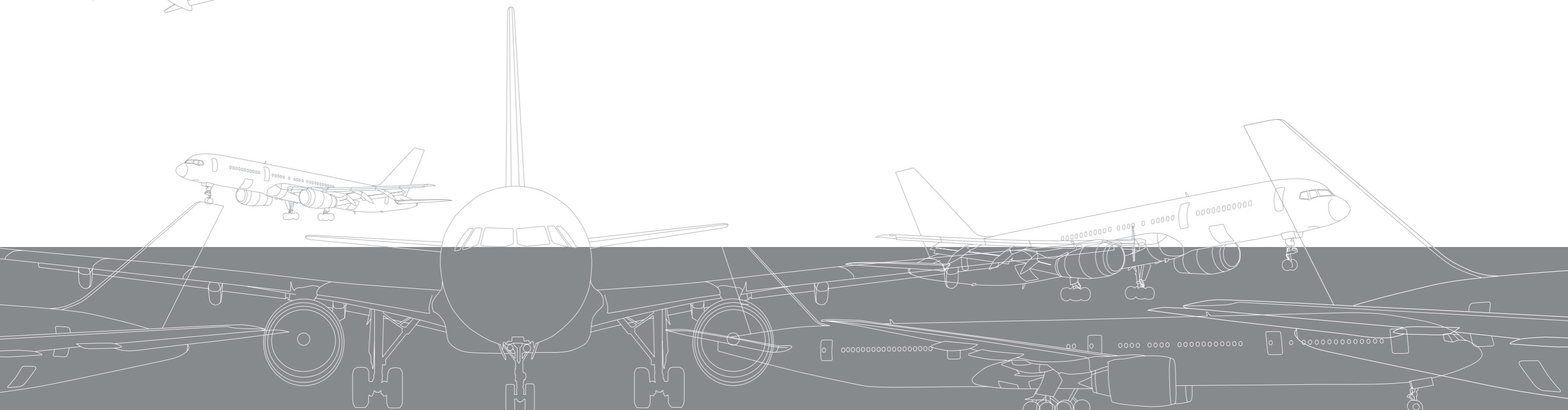
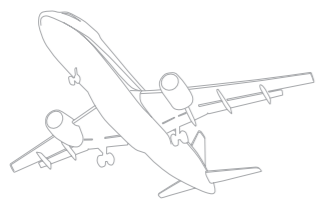
In accordance with SSAP21 "Accounting for leases and hire purchase contracts", the lease payments have been treated as a finance lease in the accounts of the Group and are disclosed in Notes 15 and 16. The amount due at the end of the year was £97,729 (2007: £149,615).



Scheduled Airlines & Destinations

Summer 2008 – Frequencies per day

2007/2008



	ADRIA AIRWAYS Ljubljana (Summer only)	1 weekly
	AER ARANN Waterford	6 weekly
	AER LINGUS Dublin Cork	3 5 weekly
	AIR FRANCE Paris ¹ Lyon ²	6 2
	AIR INDIA Delhi/Amritsar/Toronto	3 weekly
	AIR MALTA Malta	3 weekly
	AIR SLOVAKIA Bratislava (onward Amritsar)	2 weekly
	BMIBABY Aberdeen Alicante Amsterdam Barcelona Belfast International Bergamo	9 weekly 1 2 6 weekly 3 3 weekly

	BMIBABY (continued) Bordeaux (Summer only) Cork Edinburgh Faro Geneva (winter only) Glasgow Jersey Knock Krakow Lisbon Madrid Malaga Marseille (Summer only) Murcia Nice Palma Prague Rome Warsaw (wef 27/5/08)	5 weekly 1 3 4 weekly 9 weekly 15 weekly 3 weekly 1 3 weekly 5 weekly 6 weekly 12 weekly 4 weekly 6 weekly 1 12 weekly 1 4 weekly 3
	BRUSSELS AIRLINES Brussels	5
	CITY AIRLINE Gothenburg ³	2

	CONTINENTAL AIRLINES New York - Newark	1
	CYPRUS AIRWAYS Paphos/Larnaca	3 weekly
	EASTERN AIRWAYS Isle of Man Newcastle	3 4
	easyJet Geneva Grenoble (Winter only)	1 2 weekly
	EMIRATES Dubai	2
	flybe Aberdeen Belfast City Bergerac (Summer only) Berne (Winter only) Brest Chambery (Winter only) Dubrovnik (Summer only) Dundee (wef 21/5/08) Dusseldorf Edinburgh Frankfurt	3 7 3 weekly 1 weekly 4 weekly 3 weekly 1 weekly 3 4 8 3

	flybe (continued) Glasgow Guernsey Hamburg Hanover Inverness Isle of Man Jersey La Rochelle (Summer only) Milan Newquay Paris Split (Summer only) Stuttgart Toulouse	8 2 1 1 1 2 2 4 weekly 2 3 weekly 4 1 weekly 3 1 weekly
	KLM Amsterdam	6
	KTHY Dalaman (Onward Ercan)	1 weekly
	LUFTHANSA* Dusseldorf ⁵ Frankfurt Hamburg (wef 5/5/08) ⁵ Munich ⁵	4 4 1 3

	MONARCH SCHEDULED Alicante Almeria Faro Ibiza (Summer only) Lanzarote Mahon (Summer only) Malaga Murcia Palma (Summer only) Tenerife	1 3 weekly 1 5 weekly 1 weekly 4 weekly 12 weekly 1 1 4 weekly
	NORWEGIAN AIR SHUTTLE Warsaw	3 weekly
	PAKISTAN INT. AIRLINES Islamabad	4 weekly
	RYANAIR Biarritz (wef 1/7/08) Billund (wef 17/6/08) Bratislava (wef 1/7/08) Bydgoszcz (wef 4/7/08) Dinard (wef 17/6/08) Dublin Forli (wef 20/6/08) Gdansk (wef 1/7/08)	3 weekly 3 weekly 3 weekly 2 weekly 3 weekly 3/4 weekly 2 weekly 3 weekly

	RYANAIR (continued) Gerona Marseille (wef 1/5/08) Olbia (wef 4/7/08) Oslo (Torp) (wef 17/6/08) Perpignan (wef 2/7/08) Pisa Poitiers (wef 17/6/08) Porto (wef 20/6/08) Reus (wef 18/6/08) Rzeszow (wef 18/6/08) Shannon Stockholm (wef 2/7/08) Trapani (wef 2/7/08) Trieste (wef 18/6/08)	3 weekly 3 weekly 2 weekly 3 weekly 2 weekly 3 weekly 3 weekly 2 weekly 4 weekly 2 weekly 6 weekly 4 weekly 2 weekly 2 weekly
	SAS Copenhagen ⁶	2
	SKY Europe Bratislava	4 weekly
	SWISS INT. AIRLINES Zurich	3
	TURKMENISTAN AIRLINES Ashkhabad (Onward Delhi /Amritsar)	4 weekly

1 operated by CityJet under a franchise agreement with Air France
 2 operated by Brit Air under a franchise agreement with Air France - started Sep 07
 3 operated by City Airline in codeshare with SAS
 4 operated by LH in a codeshare with bmi
 5 operated by Lufthansa Regional
 6 operated by SAS in a codeshare with bmi

