

Notes to the Group accounts (continued)

9. Disposals

Continuing operations

On 17 January 2007, the Group completed the sale of its 50% shareholding interest in HR Enterprise Limited and its subsidiary, Xchanging HR Services Limited, (together 'XHRS') to HR Holdco Limited (a company within the Xchanging group) for a cash consideration of £10m.

On 6 March 2007, the Group completed the sale of its 50% shareholding interest in Xchanging Procurement Services (Holdco) Limited (XPS), to XUK Holdco (No.2) Limited (a company within the Xchanging group) for a cash consideration of £47m.

On 20 August 2007, the Group completed the sale of its Inertial Products business to investment affiliates of J. F. Lehman & Company, the US private equity firm, for a cash consideration of \$140m (£70m), subject to potential adjustment according to the level of working capital and net debt or net cash in the business at closing.

On 13 December 2007, the Group completed the sale of its Customer Training Centre (CTC) at Woodford, Manchester, UK, to Flight Academy UK Limited for a cash consideration of £6m.

Profit on disposal of businesses of £48m (note 5) comprises the disposals of XHRS (£nil), XPS (£44m) and CTC (£4m).

Loss on disposal of businesses of £8m (note 4) comprises the disposals of Inertial Products (£6m) and the TEMPEST products business (£2m).

Discontinued operations

On 30 March 2007, the sale of the Group's remaining 25% interest in SELEX Sensor and Airbourne Systems SpA (SELEX) was completed following the exercise by Finmeccanica SpA of its call option granted as part of the original disposal transaction in 2005. Net proceeds of £24m comprise the consideration of £277m, less £253m which was assigned to the BAE Systems 2000 Pension Plan in 2006.

A profit of £22m was recognised during the year upon settlement of warranties and similar obligations.

The results from discontinued operations, which have been included in the consolidated income statement, are shown below. The results for the year ended 31 December 2006 include the results of Airbus SAS for the period to disposal on 13 October 2006.

	2007 £m	2006 £m
Revenue	-	-
Expenses	-	-
EBITA ¹	-	-
<i>Share of results of equity accounted investments excluding finance costs and taxation expense</i>	-	144
<i>Finance costs of equity accounted investments</i>	-	(25)
<i>Taxation expense of equity accounted investments</i>	-	(49)
Share of results of equity accounted investments	-	70
Financial income, net	-	2
Profit before taxation	-	72
Taxation expense	-	(4)
Profit for the year	-	68
Profit on disposal of discontinued operations	22	925
Profit for the year from discontinued operations	22	993

1 earnings before amortisation and impairment of intangible assets, finance costs and taxation expense

Proceeds from the sale of subsidiary undertakings in the consolidated cash flow statement of £96m in 2007 comprise the disposals of Inertial Products (£70m), SELEX (£24m), CTC (£6m) and TEMPEST (£1m), less transaction costs (£5m).