

**Sector restatement  
June 2005**

## **Part A**

- Restatement to new business group sectors**

# Sectors as previously reported

## - UK GAAP

**BAE SYSTEMS**

	2004 Reported Full Year		2004 Reported First Half	
	Sales	PBIT	Sales	PBIT
Programmes	2,867	64	1,214	31
Customer Solutions and Support	2,243	413	1,102	214
International Partnerships	1,907	109	755	33
Avionics	1,103	32	487	10
North America	2,771	233	1,340	107
Commercial Aerospace	2,880	176	1,419	108
HQ and other businesses	560	(14)	157	(17)
Intra group	(852)	-	(349)	-
<b>Total</b>	<b>13,479</b>	<b>1,013</b>	<b>6,125</b>	<b>486</b>

£m

# Sector restatement movements - Sales

UK GAAP - 2004 full year

**BAE SYSTEMS**

Original sectors reported		Movements					New sectors	
		Support	Land	Elec Syst	U/water Sys	Others		
Programmes	2,867	(591)		(10)	(95)	10	2,181	Programmes
CS&S	2,243	591		113		(68)	2,879	CS&S
Land & Armaments	-		503				503	Land & Armaments
Intl Partnerships	1,907			26	95		2,028	Int. Syst. & Partn.
Avionics	1,103			(1,103)			-	Avionics
North America	2,771			281		(10)	3,042	Elec. Intel. & Supp.
Comm. Aerospace	2,880						2,880	Comm. Aerospace
HQ and other	560		(503)			19	76	HQ and other
Consolidation	(852)			(25)		460	(417)	Consolidation
<b>Sub total</b>	<b>13,479</b>	<b>-</b>	<b>-</b>	<b>(718)</b>	<b>-</b>	<b>411</b>	<b>13,172</b>	<b>Sub total</b>
Discontinued	-			718		(411)	307	Discontinued
<b>Total</b>	<b>£m 13,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,479</b>	<b>Total</b>

# Sector restatement movements - PBIT

UK GAAP - 2004 full year

**BAE SYSTEMS**

Original sectors reported		Movements					New sectors	
		Support	Land	Elec Syst	U/water Sys	R & D Alloc		
Programmes	64	(67)		9	(16)	31	21	Programmes
CS&S	413	67		8		2	490	CS&S
Land & Armaments	-		(7)				(7)	Land & Armaments
Intl Partnerships	109			(14)	16	(13)	98	Int. Syst. & Partn.
Avionics	32			(34)		2	-	Avionics
North America	233			(2)		1	232	Elec. Intel. & Supp.
Comm. Aerospace	176						176	Comm. Aerospace
HQ and other	(14)		7			(23)	(30)	HQ and other
<b>Sub total</b>	<b>1,013</b>	<b>-</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>980</b>	<b>Sub total</b>
<b>Discontinued</b>	<b>-</b>			<b>33</b>			<b>33</b>	<b>Discontinued</b>
<b>Total</b>	<b>1,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013</b>	<b>Total</b>

# New sectors restated

## - UK GAAP

	2004 Restated Full Year		2004 Restated First Half	
	Sales	PBIT	Sales	PBIT
Electronics, Intelligence and Support	3,042	232	1,466	112
Land & Armaments	503	(7)	133	(6)
Programmes	2,181	21	861	13
Customer Solutions and Support	2,879	490	1,458	252
Integrated Systems and Partnerships	2,028	98	816	26
Commercial Aerospace	2,880	176	1,419	108
HQ and other businesses	76	(30)	49	(23)
Intra group	(417)	-	(218)	-
<b>Sub total</b>	<b>13,172</b>	<b>980</b>	<b>5,984</b>	<b>482</b>
Discontinued business	718	33	296	4
Discontinued eliminations	(411)	-	(155)	-
<b>Total</b>	<b>13,479</b>	<b>1,013</b>	<b>6,125</b>	<b>486</b>

£m

## **Part B**

- Restatement of new business group sectors to IFRS**

# New sector movements - UK GAAP to IFRS

<b>Sales</b>	<b>UK GAAP</b>	<b>Regional Aircraft</b>	<b>Contract Acctg</b>	<b>IFRS</b>
Electronics, Intelligence & Support	3,042		21	3,063
Land & Armaments	503		(21)	482
Programmes	2,181		38	2,219
Customer Solutions & Support	2,879		(23)	2,856
Integrated Systems & Partnerships	2,028		(6)	2,022
Commercial Aerospace	2,880	44	-	2,924
HQ and other	76		(3)	73
Consolidation	(417)		-	(417)
<b>Sub total</b>	<b>13,172</b>	<b>44</b>	<b>6</b>	<b>13,222</b>
<b>Discontinued</b>	<b>307</b>		<b>23</b>	<b>330</b>
<b>Total</b> <span style="float: right;">£m</span>	<b>13,479</b>	<b>44</b>	<b>29</b>	<b>13,552</b>

# New sector movements - UK GAAP to IFRS

**BAE SYSTEMS**

## EBITA

	2004 UK GAAP	Movements							2004 IFRS	
		Reg A/C	Pensions	Share Options	Deprecn	Contract acctg	Acqns	Intang amortis		Devlp costs
Electronics, Intelligence & Support	232		30	(10)		2		2		256
Land & Armaments	(7)		5				(6)			(8)
Programmes	21		(13)		2					10
Customer Solutions & Support	490		2		3			2		497
Integrated Systems & Partnerships	98		(3)							95
Commercial Aerospace	176	4	(6)						27	201
HQ and other	(30)		(3)	(8)	6					(35)
<b>Sub total</b>	<b>980</b>	<b>4</b>	<b>12</b>	<b>(18)</b>	<b>11</b>	<b>2</b>	<b>(6)</b>	<b>4</b>	<b>27</b>	<b>1,016</b>
<b>Discontinued</b>	<b>33</b>		<b>4</b>							<b>37</b>
<b>Total</b>	<b>1,013</b>	<b>4</b>	<b>16</b>	<b>(18)</b>	<b>11</b>	<b>2</b>	<b>(6)</b>	<b>4</b>	<b>27</b>	<b>1,053</b>

£m

# New sectors restated

## - UK GAAP to IFRS

**BAE SYSTEMS**

### 2004 Full Year

	UK GAAP		IFRS	
	Sales	PBIT	Sales	PBIT
Electronics, Intelligence & Support	3,042	232	3,063	256
Land & Armaments	503	(7)	482	(8)
Programmes	2,181	21	2,219	10
Customer Solutions & Support	2,879	490	2,856	497
Integrated Systems & Partnerships	2,028	98	2,022	95
Commercial Aerospace	2,880	176	2,924	201
HQ and other businesses	76	(30)	73	(35)
Intra group	(417)	-	(417)	-
<b>Sub total</b>	<b>13,172</b>	<b>980</b>	<b>13,222</b>	<b>1,016</b>
Discontinued business	718	33	741	37
Discontinued eliminations	(411)	-	(411)	-
<b>Total</b>	<b>13,479</b>	<b>1,013</b>	<b>13,552</b>	<b>1,053</b>

£m

# New sectors restated

## - UK GAAP to IFRS

### 2004 first half

	2004 first half UK GAAP		2004 first half IFRS	
	Sales	PBIT	Sales	PBIT
Electronics, Intelligence & Support	1,466	112	1,468	117
Land & Armaments	133	(6)	133	(2)
Programmes	861	13	834	(7)
Customer Solutions & Support	1,458	252	1,444	249
Integrated Systems & Partnerships	816	26	810	24
Commercial Aerospace	1,419	108	1,446	117
HQ and other businesses	49	(23)	46	(28)
Intra group	(218)	-	(219)	-
<b>Sub total</b>	<b>5,984</b>	<b>482</b>	<b>5,962</b>	<b>470</b>
Discontinued business	296	4	291	1
Discontinued eliminations	(155)	-	(155)	-
<b>Total</b>	<b>6,125</b>	<b>486</b>	<b>6,098</b>	<b>471</b>

£m