

Financial results



3 November 2011

BT GROUP PLC

RESULTS FOR THE SECOND QUARTER AND HALF YEAR TO 30 SEPTEMBER 2011

BT Group plc (BT.L) today announces its results for the second quarter and half year to 30 September 2011.

Second quarter and half year results:

	Second quarter to 30 September 2011		Half year to 30 September 2011	
	£m	Change	£m	Change
Revenue ¹	4,894	(2)%	9,658	(3)%
Underlying revenue excluding transit		0.4%		(1)%
EBITDA ¹	1,495	3%	2,931	3%
Profit before tax				
- adjusted ¹	570	15%	1,103	17%
- reported	552	36%	1,069	37%
Earnings per share				
- adjusted ¹	5.6p	10%	10.8p	14%
- reported	6.4p	25%	11.3p	28%
Interim dividend			2.6p	8%
Free cash flow ¹	671	£95m	979	£(56)m
Net debt			8,317	£(387)m

Ian Livingston, Chief Executive, commenting on the results, said:

“We have increased cash flow, profits and underlying revenue² in the quarter. This progress has been supplemented with positive operational performances in most of our businesses. We achieved a market leading 63% share of broadband net additions and another quarter of growth in fixed lines.

“We expect to continue to offset the economic headwinds through improved customer service and processes, better efficiency, and investment in the future of the business. This strategy and our financial results allow us to invest when others are merely talking about it. We are accelerating our fibre roll-out programme to cover two-thirds of the UK by the end of 2014 – one year earlier than planned and creating 520 new jobs. With the already announced government support, we believe there is the potential for fibre-based services to reach more than 90% of the UK within a few years thereafter.

“We are also investing across the world and have announced a programme to double our business in key Latin American countries in addition to our expansion in the Asia Pacific region announced last year.

“Our performance in the quarter reinforces but does not change our outlook for the year.”

¹ Before specific items

² Excluding transit

Unless otherwise stated, the changes in results are year on year against the second quarter or half year to 30 September 2010.

RESULTS FOR THE SECOND QUARTER AND HALF YEAR TO 30 SEPTEMBER 2011

Group results

	Second quarter to 30 September			Half year to 30 September		
	2011 £m	2010 £m	Change %	2011 £m	2010 £m	Change %
Revenue						
- adjusted ¹	4,894	4,977	(2)	9,658	9,983	(3)
- reported (see Note below)	4,484	4,977	(10)	9,248	9,983	(7)
- underlying excluding transit ²			0.4			(1)
EBITDA						
- adjusted ¹	1,495	1,452	3	2,931	2,851	3
- reported	1,428	1,381	3	2,798	2,729	3
Operating profit						
- adjusted ¹	742	715	4	1,439	1,385	4
- reported	675	644	5	1,306	1,263	3
Profit before tax						
- adjusted ¹	570	496	15	1,103	942	17
- reported	552	406	36	1,069	781	37
Earnings per share						
- adjusted ¹	5.6p	5.1p	10	10.8p	9.5p	14
- reported	6.4p	5.1p	25	11.3p	8.8p	28
Interim dividend				2.6p	2.4p	8
Capital expenditure	652	608	7	1,234	1,131	9
Free cash flow						
- adjusted ¹	671	576	16	979	1,035	(5)
- reported	629	535	18	876	950	(8)
Net debt				8,317	8,704	(4)

Note: Reported revenue includes a specific charge of £410m relating to a retrospective regulatory ruling in Germany, which has no impact on profits or cash (see Group results – Specific items).

Line of business results¹

	Revenue			EBITDA			Operating cash flow		
	2011 £m	2010 ³ £m	Change %	2011 £m	2010 ³ £m	Change %	2011 £m	2010 ³ £m	Change %
Second quarter to 30 September									
BT Global Services	2,014	1,992	1	159	138	15	(55)	(28)	(96)
BT Retail	1,853	1,919	(3)	445	414	7	344	333	3
BT Wholesale	982	1,051	(7)	305	326	(6)	222	222	-
Openreach	1,280	1,235	4	567	532	7	350	255	37
Other and intra-group items	(1,235)	(1,220)	(1)	19	42	(55)	(190)	(206)	8
Total	4,894	4,977	(2)	1,495	1,452	3	671	576	16

¹ Before specific items. Specific items are defined below and analysed in Note 4 to the condensed consolidated financial statements

² Underlying revenue excluding transit is defined below

³ Restated for the impact of customer account moves. See Note 1 to the condensed consolidated financial statements

Notes:

- 1) Unless otherwise stated, any reference to revenue, earnings before interest, tax, depreciation and amortisation (EBITDA), operating profit, operating costs, profit before tax and earnings per share (EPS) are measured before specific items. The commentary focuses on the trading results on an adjusted basis being before specific items. This is consistent with the way that financial performance is measured by management and is reported to the Board and the Operating Committee and assists in providing a meaningful analysis of the trading results of the group. The directors believe that presentation of the group's results in this way is relevant to the understanding of the group's financial performance as specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Specific items may not be comparable to similarly titled measures used by other companies. Reported revenue, reported EBITDA, reported operating profit, reported profit before tax and reported EPS are the equivalent unadjusted or statutory measures.
- 2) Underlying revenue is a measure which seeks to reflect the underlying revenue performance of the group that will contribute to long-term profitable growth. As such it excludes any increases or decreases in revenue as a result of acquisitions or disposals, any foreign exchange movements affecting revenue and any specific items. We are focusing on the trends in underlying revenue excluding transit revenue as transit traffic is low-margin and is significantly affected by reductions in mobile termination rates which have no impact on the group's profitability.
- 3) The income statement, cash flow statement, statements of comprehensive income and equity and balance sheet are provided on pages 11 to 15. A reconciliation of group operating profit to EBITDA (as defined above) is provided in Note 7. A reconciliation of reported profit before tax to adjusted profit before tax is provided in Note 8. A reconciliation of reported EPS (as defined above) to adjusted EPS is provided in Note 9. Reconciliations of free cash flow and net debt are provided in Notes 5 and 6, respectively.
- 4) Unless otherwise stated, the references 2011 and 2012 are the financial years to 31 March 2011 and 2012, respectively, except in relation to our fibre roll-out plans which are based on calendar years.

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A presentation for analysts and investors will be held in London at 9.00am today and a simultaneous webcast will be available at www.bt.com/results

The third quarter results for 2012 are expected to be announced on 3 February 2012.

About BT

BT is one of the world's leading providers of communications services and solutions, serving customers in more than 170 countries. Its principal activities include the provision of networked IT services globally; local, national and international telecommunications services to our customers for use at home, at work and on the move; broadband and internet products and services and converged fixed/mobile products and services. BT consists principally of four lines of business: BT Global Services, BT Retail, BT Wholesale and Openreach.

In the year to 31 March 2011, BT Group's revenue was £20,076m with profit before taxation of £1,717m.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

For more information, visit www.btplc.com

BT Group plc

INTERIM MANAGEMENT REPORT

RESULTS FOR THE SECOND QUARTER TO 30 SEPTEMBER 2011

GROUP RESULTS

Operating results overview

Underlying revenue excluding transit increased by 0.4% due to growth in Openreach and in BT Global Services which benefitted from the acceleration of around £60m of contract milestones from the second half of the year. Adjusted revenue was 2% lower at £4,894m with transit revenue down by £127m (including mobile termination rate reductions of £80m), favourable foreign exchange movements of £38m and the negative impact of disposals of £10m. Reported revenue was 10% lower reflecting a specific charge to revenue of £410m (see Specific items below).

Adjusted EBITDA increased by 3% to £1,495m reflecting the delivery of cost reductions. Foreign exchange movements and disposals had a negative impact of £8m on EBITDA.

Total operating costs before depreciation and amortisation and specific items decreased by 3%, or £108m, to £3,498m. Depreciation and amortisation increased by 2% to £753m.

Total labour costs of £1,474m, including leaver costs of £29m (Q2 2011: £14m), decreased by 1% after adjusting for certain labour related costs of £23m classified as other costs in the prior year. Payments to telecommunications operators were down 19% reflecting lower mobile termination rates and lower transit and wholesale call volumes. Property and energy costs, and network operating and IT costs reduced due to efficiency improvements. Other costs increased by 10% largely reflecting the recognition of costs associated with the contract milestones achieved in the quarter.

Capital expenditure increased by 7% to £652m and is still expected to be around £2.6bn for the full year.

Broadband

We added 166,000 retail broadband customers, up 46% over last year, representing 63% of the DSL and LLU market net additions of 263,000. We increased our lead as the UK's number one broadband retailer with a customer base of around 6m at 30 September 2011. Take up of our super-fast broadband product, BT Infinity, increased with 88,000 customers added in the quarter and our customer base currently stands at over 300,000, having more than doubled in the last six months.

Net finance expense

Adjusted net finance expense was £174m, a reduction of £50m, primarily due to the reduction in net debt and the repayment of higher coupon debt in the second half of last year.

Profit before tax

Adjusted profit before tax was £570m, up 15%, reflecting the improved operating results and lower finance expense. Reported profit before tax was £552m, up 36%.

Tax

The effective tax rate on profit before specific items was 24.1% for the quarter (Q2 2011: 19.7%). This compares with the UK statutory rate of 26% (2011: 28%).

Specific items

Specific items were a net charge of £18m before tax (Q2 2011: £90m) and a net credit of £63m after tax (Q2 2011: £2m).

Following a retrospective regulatory ruling in Germany in relation to the period from September 2006 to November 2010, a one-off charge of £410m was recognised against revenue with an equal reduction in operating costs. There is no impact on profits or cash.

During the quarter the group disposed of its subsidiary Accel Frontline resulting in a loss on disposal of £19m. Specific operating costs include property rationalisation charges of £28m (Q2 2011: £24m) and BT Global Services restructuring charges of £20m (Q2 2011: £47m). Net interest income on pensions was £49m (Q2 2011: £19m expense).

The UK Finance Bill, under which the UK corporation tax rate changes from 26% to 25% on 1 April 2012, was enacted in the quarter. As a result, a specific tax credit of £82m has been recognised for the re-measurement of deferred tax balances.

Earnings per share

Adjusted EPS was 5.6p, up 10%, due to the higher operating profit and lower finance expense. Reported EPS was 6.4p, up 25%. This is based on average shares in issue of 7,762m (Q2 2011: 7,750m).

Free cash flow

Adjusted free cash flow was an inflow of £671m, up £95m, reflecting the improved EBITDA. The cash cost of specific items was £42m (Q2 2011: £41m) principally comprising BT Global Services restructuring charges of £27m and property rationalisation costs of £15m, giving reported free cash flow of £629m (Q2 2011: £535m). We expect the cash outflow in respect of specific items to be around £180m for the full year, slightly higher than previously estimated.

Net debt and liquidity

Net debt was £8,317m at 30 September 2011, a reduction of £499m compared with 31 March 2011. At 30 September 2011 the group had cash and investment balances of £1.0bn and available facilities of £1.5bn.

Pensions

The IAS 19 net pension position at 30 September 2011 was a deficit of £2.5bn net of tax (£3.3bn gross of tax) compared with a deficit of £1.4bn at 31 March 2011 (£1.8bn gross of tax). The market value of the BT Pension Scheme (BTPS) assets has decreased by £1.9bn since 31 March 2011 to £35.1bn at 30 September 2011. The IAS 19 value of the BTPS liabilities was £38.3bn (31 March 2011: £38.7bn). The liability valuation is based on the AA corporate bond rate of 5.10% (31 March 2011: 5.50%) and future inflation expectations. Long-term RPI inflation is expected to be 2.90% (31 March 2011: 3.40%) and CPI inflation is assumed to be 1.05% below RPI (31 March 2011: 1.50% below RPI for one year and 1.0% below RPI thereafter). On a median valuation basis, which reflects the expected returns from assets and likely liabilities, we estimate that the BTPS was in a surplus of £1.0bn at 30 September 2011.

Dividends

The Board has declared an interim dividend of 2.6p per share (Q2 2011: 2.4p), an increase of 8%. This will be paid on 6 February 2012 to shareholders on the register on 30 December 2011. The ex-dividend date is 28 December 2011. The election date for participation in BT's Dividend Investment Plan in respect of this dividend is 30 December 2011.

The interim dividend, amounting to £202m (Q2 2011: £186m), has not been included as a liability at 30 September 2011. The final dividend for the year to 31 March 2011 of 5.0p per share was approved at the Annual General Meeting on 13 July 2011 and was paid in the second quarter.

Outlook

Our performance in the quarter reinforces but does not change our outlook for the year.

RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2011

Operating results overview

Underlying revenue excluding transit decreased by 1%. Adjusted revenue was 3% lower at £9,658m with transit revenue down by £236m (including mobile termination rate reductions of £159m), favourable foreign exchange movements of £42m and the negative impact of disposals of £13m. Reported revenue was 7% lower reflecting a specific charge to revenue of £410m.

Adjusted EBITDA increased by 3% to £2,931m reflecting the delivery of cost reductions. Foreign exchange movements and disposals had no significant impact on EBITDA.

Total operating costs before depreciation and amortisation and specific items decreased by 5%, or £377m, to £6,924m. Depreciation and amortisation increased by 2% to £1,492m.

Total labour costs of £2,931m, including leaver costs of £57m (HY 2011: £24m), decreased by 2% after adjusting for certain labour related costs of £45m classified as other costs in the prior year. Payments to telecommunications operators were down by 17% reflecting lower mobile termination rates and lower transit and wholesale call volumes. Property and energy costs, and network operating and IT costs reduced due to efficiency improvements. Other costs increased by 2% reflecting the recognition of costs associated with the contract milestones achieved in the second quarter.

Capital expenditure increased by 9% to £1,234m.

Net finance expense

Adjusted net finance expense was £342m, a reduction of £110m, primarily due to the reduction in net debt and the repayment of higher coupon debt in the second half of last year.

Profit before tax

Adjusted profit before tax was £1,103m, up 17%, reflecting the improved operating results and lower finance expense. Reported profit before tax was £1,069m, up 37%.

Tax

The effective tax rate on profit before specific items was 24.1% for the half year (HY 2011: 22%).

Specific items

Specific items were a net charge of £34m before tax (HY 2011: £161m) and a net credit of £44m after tax (HY 2011: £51m charge).

Following a retrospective regulatory ruling in Germany a one-off charge of £410m was recognised against revenue with an equal reduction in operating costs.

In the second quarter the group disposed of its subsidiary Accel Frontline resulting in a loss on disposal of £19m. Specific operating costs include property rationalisation charges of £72m (HY 2011: £54m) and BT Global Services restructuring charges of £42m (HY 2011: £68m). Net interest income on pensions was £99m (HY 2011: £39m expense). A specific tax credit of £82m has also been recognised for the re-measurement of deferred tax balances.

Earnings per share

Adjusted EPS was 10.8p, up 14%, principally reflecting the higher operating profit and lower finance expense. Reported EPS was 11.3p, up 28%. This is based on average shares in issue of 7,759m (HY 2011: 7,747m).

Free cash flow

Adjusted free cash flow was an inflow of £979m, a decrease of £56m compared with last year. The decrease partly reflects the receipt in the prior year of around £200m relating to a major customer contract. The cash cost of specific items was £103m (HY 2011: £85m) principally comprising BT Global Services restructuring costs of £73m and property rationalisation costs of £28m, giving reported free cash flow of £876m (HY 2011: £950m).

Related party transactions

Transactions with related parties during the half year to 30 September 2011 are disclosed in Note 12.

Principal risks and uncertainties

A summary of the group's principal risks and uncertainties is provided in Note 13.

OPERATING REVIEW

BT Global Services

	Second quarter to 30 September				Half year to 30 September			
	2011 £m	2010 ¹ £m	Change £m %		2011 £m	2010 ¹ £m	Change £m %	
Revenue	2,014	1,992	22	1	3,919	4,003	(84)	(2)
- underlying excluding transit				3				1
Net operating costs ²	1,855	1,854	1	-	3,622	3,735	(113)	(3)
EBITDA	159	138	21	15	297	268	29	11
Depreciation & amortisation	190	179	11	6	365	363	2	1
Operating loss	(31)	(41)	10	24	(68)	(95)	27	28
Capital expenditure	155	124	31	25	272	227	45	20
Operating cash flow	(55)	(28)	(27)	(96)	(115)	(66)	(49)	(74)

¹ Restated for the impact of customer account moves, see Note 1 to the condensed consolidated financial statements

² Net of other operating income

Revenue

Revenue increased by 1% reflecting an improved operational performance, contract milestones including the acceleration of around £60m of milestones from the second half of the year, and a £31m positive impact from foreign exchange movements offset by lower transit revenue, which declined by £59m, and a £10m negative impact from disposals. Underlying revenue excluding transit increased by 3%.

Total order intake in the quarter was £1.4bn compared with £2.1bn last year, which had benefitted from a £640m contract extension with the UK Ministry of Defence. Contracts signed in the quarter included a contract with Best Buy Europe to provide a wide area network transformation to 820 stores and a contract with CLSA Asia Pacific Markets, Asia's leading independent brokerage and investment group, to provide voice, data and trading systems solutions across 14 countries. We have also expanded our contractual relationship with Novartis adding new services and connecting new global locations. In addition we signed a major networked IT services contract in Australia's health sector in partnership with Serco reflecting both our investment in the Asia Pacific region and our global health sector expertise.

We recently announced a series of investments aimed at doubling our business in key Latin American countries. By recruiting 250 new staff, increasing our professional services capabilities, opening new centres of excellence and implementing a wide range of network and customer service improvements, we aim to better support global customers investing in this region and help large Latin American companies expand globally.

Operating results

Net operating costs were flat or up 2% excluding the impact of transit costs, foreign exchange movements and disposals, reflecting the costs associated with the contract milestones. EBITDA was £159m, up 15%, after leaver costs of £7m. Last year leaver costs were included in the BT Global Services restructuring charge within specific items. Depreciation and amortisation increased by 6% as a result of contract-specific assets being brought into use which offset the impact of lower capital expenditure over the last two years. The operating loss reduced by 24%.

Capital expenditure increased by 25% principally due to a change in certain customer contract commitments in the quarter. As a result, operating cash flow was £27m lower. We continue to expect to generate around £200m of operating cash flow for the full year.

BT Retail

	Second quarter to 30 September				Half year to 30 September			
	2011	2010 ¹	Change		2011	2010 ¹	Change	
	£m	£m	£m	%	£m	£m	£m	%
Revenue	1,853	1,919	(66)	(3)	3,683	3,830	(147)	(4)
Net operating costs ²	1,408	1,505	(97)	(6)	2,792	2,974	(182)	(6)
EBITDA	445	414	31	7	891	856	35	4
Depreciation & amortisation	102	111	(9)	(8)	204	222	(18)	(8)
Operating profit	343	303	40	13	687	634	53	8
Capital expenditure	109	99	10	10	203	184	19	10
Operating cash flow	344	333	11	3	638	626	12	2

¹ Restated for the impact of customer account moves, see Note 1 to the condensed consolidated financial statements

² Net of other operating income

Revenue

Consumer revenue decreased by 4% reflecting lower calls and lines revenue partially offset by growth in broadband revenue. Consumer ARPU increased by £5 in the quarter to £335 largely due to the increased penetration of broadband in our customer base. BT Vision net additions were the highest for more than two years at 41,000.

Business revenue decreased by 5% due to a reduced contribution from low-margin IT hardware and equipment sales and the ongoing decline in voice revenues as well as a full quarter's impact of lower fixed to mobile call pricing.

BT Enterprises revenue, excluding foreign exchange movements, was broadly flat as growth in BT Conferencing and BT Expedite was offset by a decline in BT Redcare & Payphones.

BT Ireland revenue, excluding foreign exchange movements, was broadly flat despite the challenging economic environment. BT Ireland's fibre roll-out in Northern Ireland has now reached around three-quarters coverage with almost 600,000 premises passed and Derry~Londonderry has become the first city in the UK to have all cabinets upgraded to fibre. Our fibre-based transmission network in the Republic of Ireland is now operational with its first corporate customer.

Operating results

Net operating costs decreased by 6% as a result of lower revenue-related costs, including lower fixed to mobile termination rates, and a reduction in total labour costs of 3% achieved through cost transformation initiatives. As a result, EBITDA increased by 7% and with lower depreciation and amortisation, operating profit increased by 13%.

Capital expenditure increased by 10% reflecting the investment in broadband in the UK and in fibre-based transmission in the Republic of Ireland. Operating cash flow increased by 3%.

BT Wholesale

	Second quarter to 30 September				Half year to 30 September			
	2011	2010 ¹	Change		2011	2010 ¹	Change	
	£m	£m	£m	%	£m	£m	£m	%
Revenue	982	1,051	(69)	(7)	1,986	2,108	(122)	(6)
- underlying excluding transit				-				(1)
Net operating costs ²	677	725	(48)	(7)	1,374	1,443	(69)	(5)
EBITDA	305	326	(21)	(6)	612	665	(53)	(8)
Depreciation & amortisation	149	155	(6)	(4)	301	309	(8)	(3)
Operating profit	156	171	(15)	(9)	311	356	(45)	(13)
Capital expenditure	89	79	10	13	163	146	17	12
Operating cash flow	222	222	-	-	341	439	(98)	(22)

¹ Restated for the impact of customer account moves, see Note 1 to the condensed consolidated financial statements

² Net of other operating income

Revenue

Revenue declined by 7% reflecting a reduction in transit revenue of £68m principally driven by mobile termination rate reductions. Underlying revenue excluding transit was flat, although the prior year was impacted by a one-off regulatory charge of £19m, as growth in managed network services (MNS) revenue was offset by the ongoing impact of broadband lines migrating to LLU.

During the quarter we signed a five-year contract with O2 for our IP Voice Services and a framework agreement with Colt Group to resell BT's worldwide media network capability.

We continued to upgrade customers to Wholesale Broadband Connect (WBC), our next generation copper broadband service. During the quarter 145 new exchanges were enabled, increasing the total of WBC-enabled exchanges to more than 1,450, serving more than 70% of UK premises. We have grown our fixed Ethernet base with the number of lines more than doubling over the prior year. Operational delivery of our Mobile Ethernet Access Services for mobile operators continued to strengthen, with more than 1,000 sites added, increasing the total number of sites to more than 11,000.

In partnership with Everything Everywhere we started a 4G field trial in Cornwall where 200 end-users are now testing the application of Long Term Evolution (LTE) technology as a shared fixed and mobile platform and a potential infill solution for broadband 'not spots' in rural areas. The field trial is the first live end user trial of LTE technology in the UK and the world's first trial of LTE as a shared fixed and mobile platform solution.

Operating results

Net operating costs reduced by 7% or were up by 4% excluding the impact of transit costs, as the benefit of lower total labour costs was offset by the impact of changes in the product mix and network migration costs on some of our MNS contracts. EBITDA declined by 6% and, as previously stated, we expect this trend to continue for the remainder of the year. Depreciation and amortisation reduced by 4% and operating profit declined by 9%.

Capital expenditure increased by 13% principally as a result of increased investment in our WBC and Ethernet roll-out. Operating cash flow was flat as a result of positive working capital movements.

Openreach

	Second quarter to 30 September				Half year to 30 September			
	2011 £m	2010 ¹ £m	Change £m %		2011 £m	2010 ¹ £m	Change £m %	
Revenue	1,280	1,235	45	4	2,535	2,435	100	4
Net operating costs ²	713	703	10	1	1,430	1,392	38	3
EBITDA	567	532	35	7	1,105	1,043	62	6
Depreciation & amortisation	232	214	18	8	464	429	35	8
Operating profit	335	318	17	5	641	614	27	4
Capital expenditure	251	262	(11)	(4)	504	498	6	1
Operating cash flow	350	255	95	37	527	480	47	10

¹ Restated for the impact of customer account moves, see Note 1 to the condensed consolidated financial statements

² Net of other operating income

Revenue

Revenue increased by 4%. External revenue was up 5% due to growth in Ethernet and ongoing migration to LLU. Internal revenue was up 3% due to growth in Ethernet and increased fibre revenue.

Our overall copper line base increased by 11,000 and has now grown in each of the last four quarters as customers recognise the advantages of fixed-line broadband.

Operating results

Net operating costs increased by 1% as efficiency improvements were offset by higher total labour costs driven by additional engineering activity. EBITDA increased by 7% and depreciation and amortisation increased by 8%, reflecting the investment in super-fast broadband and Ethernet over the last 12 months. Operating profit increased by 5%.

Despite the general level of investment, capital expenditure decreased by 4% due to improved efficiency in asset utilisation and phasing. Following trials we have commercially launched pole and duct access products to assist the delivery of fibre infrastructure in rural areas. We have also recently announced the commercial launch of fibre-to-the-premises (FTTP) broadband with initial downstream speeds of up to 110Mbps, increasing to up to 300Mbps next spring. In addition, we now have industry approval that enables us to roughly double the download speeds delivered by fibre-to-the-cabinet (FTTC) broadband from up to 40Mbps to up to 80Mbps in 2012. Our super-fast broadband network now passes more than 6m premises and we are accelerating our roll-out programme to cover two-thirds of the UK by the end of 2014, one year earlier than planned.

Operating cash flow was up 37% primarily due to the increased EBITDA and the timing of debtor receipts.

FINANCIAL STATEMENTS

Group income statement

For the second quarter to 30 September 2011

	Note	Before specific items £m	Specific items £m	Total £m
Revenue	2	4,894	(410)	4,484
Other operating income		99	(19)	80
Operating costs	3	(4,251)	362	(3,889)
Operating profit		742	(67)	675
Finance expense		(175)	(523)	(698)
Finance income		1	572	573
Net finance expense		(174)	49	(125)
Share of post tax profits of associates and joint ventures		2	-	2
Profit before tax		570	(18)	552
Tax		(138)	81	(57)
Profit for the period		432	63	495
Attributable to:				
Equity shareholders		431	63	494
Non-controlling interests		1	-	1
Earnings per share	9			
- basic		5.6p		6.4p
- diluted		5.3p		6.0p

Group income statement

For the second quarter to 30 September 2010

	Note	Before specific items £m	Specific items £m	Total £m
Revenue	2	4,977	-	4,977
Other operating income		81	-	81
Operating costs	3	(4,343)	(71)	(4,414)
Operating profit		715	(71)	644
Finance expense		(227)	(581)	(808)
Finance income		3	562	565
Net finance expense		(224)	(19)	(243)
Share of post tax profits of associates and joint ventures		5	-	5
Profit before tax		496	(90)	406
Tax		(98)	92	(6)
Profit for the period		398	2	400
Attributable to:				
Equity shareholders		397	2	399
Non-controlling interests		1	-	1
Earnings per share	9			
- basic		5.1p		5.1p
- diluted		4.9p		4.9p

Group income statement

For the half year to 30 September 2011

	Note	Before specific items £m	Specific items £m	Total £m
Revenue	2	9,658	(410)	9,248
Other operating income		197	(19)	178
Operating costs	3	(8,416)	296	(8,120)
Operating profit		1,439	(133)	1,306
Finance expense		(346)	(1,046)	(1,392)
Finance income		4	1,145	1,149
Net finance expense		(342)	99	(243)
Share of post tax profits of associates and joint ventures		6	-	6
Profit before tax		1,103	(34)	1,069
Tax		(267)	78	(189)
Profit for the period		836	44	880
Attributable to:				
Equity shareholders		835	44	879
Non-controlling interests		1	-	1
Earnings per share	9			
- basic		10.8p		11.3p
- diluted		10.2p		10.7p

Group income statement

For the half year to 30 September 2010

	Note	Before specific items £m	Specific items £m	Total £m
Revenue	2	9,983	-	9,983
Other operating income		169	-	169
Operating costs	3	(8,767)	(122)	(8,889)
Operating profit		1,385	(122)	1,263
Finance expense		(458)	(1,161)	(1,619)
Finance income		6	1,122	1,128
Net finance expense		(452)	(39)	(491)
Share of post tax profits of associates and joint ventures		9	-	9
Profit before tax		942	(161)	781
Tax		(207)	110	(97)
Profit for the period		735	(51)	684
Attributable to:				
Equity shareholders		734	(51)	683
Non-controlling interests		1	-	1
Earnings per share	9			
- basic		9.5p		8.8p
- diluted		9.1p		8.5p

Group statement of comprehensive income
For the second quarter and half year to 30 September

	Second quarter to 30 September		Half year to 30 September	
	2011 £m	2010 £m	2011 £m	2010 £m
Profit for the period	495	400	880	684
Other comprehensive income (loss)				
Actuarial movements on defined benefit pension schemes	(1,017)	2,787	(1,550)	2,781
Exchange losses on translation of foreign operations	(26)	-	(10)	(116)
Fair value movements on cash flow hedges				
- fair value gains (losses)	165	(157)	212	(259)
- recycled and reported in net profit	66	48	32	317
Movement in assets available for sale reserve	(10)	1	(10)	(1)
Tax on components of other comprehensive income	196	(796)	336	(774)
Other comprehensive (loss) income for the period, net of tax	(626)	1,883	(990)	1,948
Total comprehensive (loss) income for the period	(131)	2,283	(110)	2,632
Attributable to:				
Equity shareholders	(134)	2,283	(113)	2,632
Non-controlling interests	3	-	3	-
	(131)	2,283	(110)	2,632

Group statement of changes in equity
For the half year to 30 September 2011

	Share capital £m	Reserves (Deficit) £m	Non- controlling interests £m	Total equity £m
At 1 April 2011	408	1,517	26	1,951
Total comprehensive (loss) income for the period	-	(113)	3	(110)
Share-based payment	-	40	-	40
Net movement on treasury shares	-	8	-	8
Dividends on ordinary shares	-	(389)	-	(389)
Transactions with equity holders	-	-	(17)	(17)
At 30 September 2011	408	1,063	12	1,483
For the half year to 30 September 2010	£m	£m	£m	£m
At 1 April 2010	408	(3,058)	24	(2,626)
Total comprehensive income for the period	-	2,632	-	2,632
Share-based payment	-	33	-	33
Net movement on treasury shares	-	2	-	2
Tax on items taken directly to equity	-	(2)	-	(2)
Dividends on ordinary shares	-	(357)	-	(357)
At 30 September 2010	408	(750)	24	(318)

Group cash flow statement

For the second quarter and half year to 30 September

	Second quarter to 30 September		Half year to 30 September	
	2011 £m	2010 £m	2011 £m	2010 £m
Profit before tax	552	406	1,069	781
Depreciation and amortisation	753	737	1,492	1,466
Net finance expense	125	243	243	491
Loss on disposal of subsidiary	19	-	19	-
Associates and joint ventures	(2)	(5)	(6)	(9)
Share-based payments	19	15	40	33
Increase in working capital	(77)	(110)	(462)	(260)
Provisions, pensions and other non-cash movements	21	23	123	146
Cash generated from operations	1,410	1,309	2,518	2,648
Tax paid	(36)	(10)	(65)	(15)
Net cash inflow from operating activities	1,374	1,299	2,453	2,633
Cash flow from investing activities				
Interest received	1	3	2	5
Dividends received from associates and joint ventures	4	1	4	4
Proceeds on disposal of property, plant and equipment	7	5	10	9
Acquisition of subsidiaries, net of cash acquired	(5)	(2)	(5)	(2)
Sale of subsidiaries, net of bank overdrafts	13	-	13	-
Disposal of associates and joint ventures	-	-	7	-
Purchases of property, plant and equipment and computer software	(625)	(607)	(1,246)	(1,221)
Purchase of non-current asset investments	-	-	-	(17)
Purchase of current financial assets	(1,877)	(1,800)	(3,718)	(4,923)
Sale of current financial assets	1,555	1,583	3,036	2,886
Net cash used in investing activities	(927)	(817)	(1,897)	(3,259)
Cash flow from financing activities				
Interest paid	(132)	(166)	(347)	(463)
Equity dividends paid	(384)	(353)	(385)	(354)
Repayment of borrowings	-	-	(14)	(6)
Repayment of finance lease liabilities	(2)	-	(2)	(4)
Cash flows from derivatives related to net debt	216	47	271	258
Net (repayment) proceeds of commercial paper	(16)	16	(69)	16
Proceeds on issue of treasury shares	8	1	8	2
Net cash used in financing activities	(310)	(455)	(538)	(551)
Effect of exchange rate movements	(1)	-	1	(4)
Net increase (decrease) in cash and cash equivalents	136	27	19	(1,181)
Cash and cash equivalents, net of bank overdrafts, at beginning of period	208	236	325	1,444
Cash and cash equivalents, net of bank overdrafts, at end of period	344	263	344	263

Group balance sheet

	30 September 2011 £m	30 September 2010 £m	31 March 2011 £m
Non-current assets			
Intangible assets	3,240	3,536	3,389
Property, plant and equipment	14,475	14,554	14,623
Derivative financial instruments	1,153	1,290	625
Investments	60	76	61
Associates and joint ventures	158	193	164
Trade and other receivables	223	288	286
Deferred tax assets	862	1,394	461
	20,171	21,331	19,609
Current assets			
Inventories	116	127	121
Trade and other receivables	3,568	3,817	3,332
Derivative financial instruments	89	418	108
Investments	692	2,422	19
Cash and cash equivalents	350	274	351
	4,815	7,058	3,931
Current liabilities			
Loans and other borrowings	939	3,432	485
Derivative financial instruments	57	81	62
Trade and other payables	5,809	6,262	6,114
Current tax liabilities	419	473	221
Provisions	91	124	149
	7,315	10,372	7,031
Total assets less current liabilities	17,671	18,017	16,509
Non-current liabilities			
Loans and other borrowings	9,131	9,374	9,371
Derivative financial instruments	723	720	507
Retirement benefit obligations	3,349	5,187	1,830
Other payables	898	830	831
Deferred tax liabilities	1,190	1,454	1,212
Provisions	897	770	807
	16,188	18,335	14,558
Equity			
Ordinary shares	408	408	408
Reserves (deficit)	1,063	(750)	1,517
Total parent shareholders' equity (deficit)	1,471	(342)	1,925
Non-controlling interests	12	24	26
Total equity (deficit)	1,483	(318)	1,951
	17,671	18,017	16,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

These condensed consolidated financial statements ('the financial statements') comprise the financial results of BT Group plc for the quarters and half years to 30 September 2011 and 2010 together with the audited balance sheet at 31 March 2011. The financial statements for the half year to 30 September 2011 have been reviewed by the auditors and their review opinion is on page 22. The financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 *Interim Financial Reporting* as adopted by the European Union. The financial statements should be read in conjunction with the annual financial statements for the year to 31 March 2011.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year financial statements.

Except as described below, the financial statements have been prepared in accordance with the accounting policies as set out in the financial statements for the year to 31 March 2011 and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value. These financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year to 31 March 2011 were approved by the Board of Directors on 11 May 2011, published on 27 May 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

The financial statements for the year to 31 March 2011 refer to new standards and interpretations which have been adopted with effect from 1 April 2011. None of these standards or interpretations has had a significant impact on these financial statements.

Customer account moves

The 2011 line of business comparatives have been restated as a result of customer account moves between BT Retail, BT Wholesale, BT Global Services and Openreach effective from 1 April 2011, which has no impact on the total group results.

2 Operating results – by line of business

	External revenue ¹ £m	Internal revenue £m	Group revenue ¹ £m	EBITDA ¹ £m	Operating profit (loss) ¹ £m
Second quarter to 30 September 2011					
BT Global Services	2,014	-	2,014	159	(31)
BT Retail	1,729	124	1,853	445	343
BT Wholesale	737	245	982	305	156
Openreach	404	876	1,280	567	335
Other and intra-group items ²	10	(1,245)	(1,235)	19	(61)
Total	4,894	-	4,894	1,495	742
Second quarter to 30 September 2010³					
BT Global Services	1,992	-	1,992	138	(41)
BT Retail	1,789	130	1,919	414	303
BT Wholesale	807	244	1,051	326	171
Openreach	383	852	1,235	532	318
Other and intra-group items ²	6	(1,226)	(1,220)	42	(36)
Total	4,977	-	4,977	1,452	715
Half year to 30 September 2011					
BT Global Services	3,919	-	3,919	297	(68)
BT Retail	3,437	246	3,683	891	687
BT Wholesale	1,496	490	1,986	612	311
Openreach	786	1,749	2,535	1,105	641
Other and intra-group items ²	20	(2,485)	(2,465)	26	(132)
Total	9,658	-	9,658	2,931	1,439
Half year to 30 September 2010³					
BT Global Services	4,003	-	4,003	268	(95)
BT Retail	3,616	214	3,830	856	634
BT Wholesale	1,621	487	2,108	665	356
Openreach	726	1,709	2,435	1,043	614
Other and intra-group items ²	17	(2,410)	(2,393)	19	(124)
Total	9,983	-	9,983	2,851	1,385

¹ Before specific items.

² Elimination of intra-group revenue, which is included in the total revenue of the originating business

³ Restated for the impact of customer account moves – see Note 1 for details

3 Operating costs

	Second quarter to 30 September		Half year to 30 September	
	2011	2010	2011	2010
	£m	£m	£m	£m
Direct labour costs	1,213	1,201	2,400	2,444
Indirect labour costs	232	253	474	482
Leaver costs	29	14	57	24
Total labour costs	1,474	1,468	2,931	2,950
Capitalised labour	(242)	(272)	(483)	(503)
Net labour costs	1,232	1,196	2,448	2,447
Payments to telecommunications operators	786	970	1,611	1,931
Property and energy costs	270	278	543	565
Network operating and IT costs	163	185	333	363
Other costs	1,047	977	1,989	1,995
Operating costs before depreciation and specific items	3,498	3,606	6,924	7,301
Depreciation and amortisation	753	737	1,492	1,466
Total operating costs before specific items	4,251	4,343	8,416	8,767
Specific items (Note 4)	(362)	71	(296)	122
Total operating costs	3,889	4,414	8,120	8,889

4 Specific items

The group separately identifies and discloses those items that in management's judgement need to be disclosed by virtue of their size, nature or incidence (termed 'specific items'). This is consistent with the way that financial performance is measured by management and assists in providing a meaningful analysis of the trading results of the group. Specific items may not be comparable to similarly titled measures used by other companies.

	Second quarter to 30 September		Half year to 30 September	
	2011	2010	2011	2010
	£m	£m	£m	£m
Specific revenue				
German retrospective regulatory ruling	410	-	410	-
Specific other operating income				
Loss on disposal of subsidiary	19	-	19	-
BT Global Services restructuring charges	20	47	42	68
Property rationalisation charges	28	24	72	54
German retrospective regulatory ruling	(410)	-	(410)	-
Specific operating costs	(362)	71	(296)	122
EBITDA impact (Note 7)	67	71	133	122
Specific net finance (income) expense				
Net interest (income) expense on pensions	(49)	19	(99)	39
Net specific items charge before tax	18	90	34	161
Tax charge (credit) on specific items before tax	1	(16)	4	(34)
Tax credit on re-measurement of deferred tax	(82)	(76)	(82)	(76)
Net specific items (credit) charge after tax	(63)	(2)	(44)	51

5 Free cash flow

Free cash flow is not a measure defined under IFRS but is a key indicator used by management to assess operational performance.

	Second quarter to 30 September		Half year to 30 September	
	2011 £m	2010 £m	2011 £m	2010 £m
Cash generated from operations	1,410	1,309	2,518	2,648
Tax paid	(36)	(10)	(65)	(15)
Net cash inflow from operating activities	1,374	1,299	2,453	2,633
Included in cash flows from investing activities				
Net purchase of property, plant, equipment and software	(618)	(602)	(1,236)	(1,212)
Dividends received from associates	4	1	4	4
Interest received	1	3	2	5
Purchases of non-current financial assets	-	-	-	(17)
Included in cash flows from financing activities				
Interest paid	(132)	(166)	(347)	(463)
Free cash flow	629	535	876	950
Net cash outflow from specific items	42	41	103	85
Free cash flow before specific items	671	576	979	1,035

6 Net debt

Net debt is not a measure defined under IFRS but is a key indicator used by management to assess operational performance.

	At 30 September	
	2011 £m	2010 £m
Loans and other borrowings ¹	10,070	12,806
Cash and cash equivalents	(350)	(274)
Investments	(692)	(2,422)
	9,028	10,110
Adjustments:		
To re-translate currency denominated balances at swapped rates where hedged	(400)	(1,027)
To remove fair value adjustments and accrued interest applied to reflect the effective interest method	(311)	(379)
Net debt	8,317	8,704

¹ Includes overdrafts of £6m at 30 September 2011 (30 September 2010: £11m)

7 Reconciliation of earnings before interest, taxation, depreciation and amortisation

Earnings before interest, taxation, depreciation and amortisation (EBITDA) is not a measure defined under IFRS, but is a key indicator used by management to assess operational performance. A reconciliation of reported profit before tax to adjusted EBITDA is provided below.

	Second quarter to 30 September		Half year to 30 September	
	2011 £m	2010 £m	2011 £m	2010 £m
Reported profit before tax	552	406	1,069	781
Share of post tax profits of associates and joint ventures	(2)	(5)	(6)	(9)
Net finance expense	125	243	243	491
Operating profit	675	644	1,306	1,263
Depreciation and amortisation	753	737	1,492	1,466
Reported EBITDA	1,428	1,381	2,798	2,729
Specific items (Note 4)	67	71	133	122
Adjusted EBITDA	1,495	1,452	2,931	2,851

8 Reconciliation of adjusted profit before tax

	Second quarter to 30 September		Half year to 30 September	
	2011 £m	2010 £m	2011 £m	2010 £m
Reported profit before tax	552	406	1,069	781
Specific items (Note 4)	18	90	34	161
Adjusted profit before tax	570	496	1,103	942

9 Reconciliation of adjusted earnings per share

	Second quarter to 30 September		Half year to 30 September	
	2011 pence per share	2010 pence per share	2011 pence per share	2010 pence per share
Reported basic earnings per share	6.4	5.1	11.3	8.8
Per share impact of specific items	(0.8)	-	(0.5)	0.7
Adjusted earnings per share	5.6	5.1	10.8	9.5

10 Share capital

In the half year to 30 September 2011 11m shares (HY 2011: 6m) were issued from treasury to satisfy obligations under employee share schemes and executive awards at a cost of £38m (HY 2011: £19m).

11 Capital commitments

Capital expenditure for property, plant equipment and software contracted for at the balance sheet date but not yet incurred was £489m (31 March 2011: £467m; 30 September 2010: £565m).

12 Related party transactions

During the half year to 30 September 2011, the group purchased services in the normal course of business and on an arm's length basis from its associate, Tech Mahindra Limited. The value of services purchased was £127m (HY 2011: £157m) and the amounts outstanding and payable for services at 30 September 2011 was £67m (30 September 2010: £52m).

13 Principal risks and uncertainties

We have processes for identifying, evaluating and managing our risks. Details of our principal risks and uncertainties can be found on pages 39 to 43 of the 2011 Annual Report & Form 20-F and are summarised below. All of them have the potential to impact our business, revenue, profits, assets, liquidity and capital resources adversely.

- The risk that there could be a significant failure or interruption of data transfer as a result of factors outside our control
- The risks associated with complex and high value customer contracts
- The risks associated with funding a defined benefit pension scheme
- The risks arising from operating in markets which are characterised by high levels of competition
- The risks associated with some of our activities being subject to significant price and other regulatory controls
- The risks associated with failing to comply with local and international legislative requirements
- The risk there could be a failure of any of our critical suppliers upon which we are dependent for the delivery of goods or services

There have been no significant changes to the principal risks and uncertainties in the half year to 30 September 2011, some or all of which have the potential to impact our results or financial position during the remaining six months of the financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by Rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority.

The names and functions of the BT Group plc board can be found at:
<http://www.btplc.com/thegroup/ourcompany/theboard/ourboard/index.htm>

2 November 2011

Independent review report to BT Group plc on the half year interim financial information

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half year financial report for the six months ended 30 September 2011, which comprises the Group income statement, the Group statement of comprehensive income, the Group statement of changes in equity, the Group cash flow statement, the Group balance sheet and related notes. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half year financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half year financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half year financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 November 2011

Notes:

The maintenance and integrity of the group's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward-looking statements – caution advised

Certain statements in this results release are forward-looking and are made in reliance on the safe harbour provisions of the US Private Securities Litigation Reform Act of 1995. These statements include, without limitation, those concerning: outlook, including improving underlying revenue trends, EBITDA growth, free cash flow, cash outflow in respect of specific items, and effective tax rate; our fibre roll-out programme reach, increased fibre-to-the-cabinet and fibre-to-the-premises speeds and speed availability; progressive dividends; capital expenditure; BT Global Services restructuring programme, operating cash flow, business growth and investment; and growth in our copper line base.

Although BT believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Factors that could cause differences between actual results and those implied by the forward-looking statements include, but are not limited to: material adverse changes in economic conditions in BT's markets; future regulatory actions and conditions in BT's operating areas, including competition from others; BT's selection of the appropriate trading and marketing models for its products and services; technological innovations, including the cost of developing new products, networks and solutions and the need to increase expenditures for improving the quality of service; the anticipated benefits and advantages of new technologies, products and services not being realised; developments in the convergence of technologies; prolonged adverse weather conditions resulting in a material increase in overtime, staff or other costs; the timing of entry and profitability of BT in certain markets; significant changes in market shares for BT; fluctuations in foreign currency exchange rates and interest rates; the underlying assumptions and estimates made in respect of major customer contracts proving unreliable; the aims of the BT Global Services restructuring programme not being achieved; the outcome of the Pensions Regulator's review; and general global financial market conditions affecting BT's performance and ability to raise finance. BT undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.