By appointment to
Her Majesty The Queen
Supplier of Aircraft Charter
Air Partner plc
Crawley, West Sussex

AIR PARTNER

Air Partner plc

Interim Report 2011

Air Partner is a leading provider of private aviation services to industry, commerce, governments and private individuals worldwide

Results:

• Group Sales	Up 36% to £130.9m (2010: £95.9m)*
• Group PBT	Up 184% to £2.9m (2010: £1.0m)*
• PAT	£2.0m (2010: £1.2m)*
• Diluted EPS	19.4p (2010: 11.7p)*
• Cash	£11.4m (2010: £14.6m)
• Interim dividend	5.5p per share (2010: 0p, full year dividend for 2010 15.0p)

* comparative figures exclude discontinued operations

Highlights:

- Focus on core broking is producing results
- Particularly strong performance in first half, led by Commercial Jets division, despite competitive trading environment
- Demand is driven by short term circumstances: no guarantees of repeat contracts
- Royal Warrant renewed and 4 year DFID contract won in this period
- Re-establishment of a stable platform for future growth continues to progress
- Continuing investment in people and infrastructure will build on the Group's strengths

Aubrey Adams, Chairman of Air Partner commented:

"The Board is delighted with the progress made in focusing on core broking. These results go some way to reflecting the hard work that everyone has invested in the business this year. Air Partner's commitment to client service and its ability to invest in people will continue to be important differentiators in a competitive and fragmented industry. In the short to medium term, attention to processes and appropriate investment in people and infrastructure will be a priority to build a firm foundation for business development. With this framework in place and with the emphasis firmly on profitable core broking, Air Partner will be well positioned to achieve its aim of becoming the best global provider of air charter solutions".

Chairman's interim statement

The Board of Air Partner is pleased to report an increase in both turnover and profitability in the first six months of this financial year. The increase in Group turnover of 36% is testament to the renewed focus on core broking expertise. The second quarter, usually the weakest for Air Partner, saw higher than expected levels of trading activity in the largest part of the business, the Commercial Jets division, further boosted by some unique opportunities.

Broking expertise is the bedrock of Air Partner's business and the Board has made a commitment to invest further in people over the coming year, and in infrastructure to support them, as a foundation for future growth.

The restructuring of the business over the last year was difficult but has reaped rewards in this period in the form of increased profitability. Group profit before tax almost tripled to £2.9 million (2010: £1.0 million) which has enabled the Board to resume the normal pattern of dividend payments. The Board has declared an interim dividend for the half year of 5.5p per share (2010: 0p) which will be paid on Thursday 28 April 2011 to shareholders on the register on Friday 1 April 2011.

Air Partner now has a clear strategy – to focus on core broking across a wide range of new and existing clients and build an effective global presence which will allow us to be the first choice of clients across the world. The five key drivers of the strategy are set out in the CEO's review of operations. The Group will require appropriate investment in people and infrastructure, expansion of the international network, a wider roll-out of the product suite, focus on the enhancement of durable relationships with high quality partners and suppliers and further diversification of the client base.

It is clear, however, that, in a highly competitive industry, the ability to deliver a service which exceeds clients' expectations is an extremely valuable distinguishing feature. There can be no greater recognition of this than the renewal of the Royal Warrant in December 2010, which remains a source of pride for all at Air Partner.

Outlook

While trading in the period under review has been strong, the Board is aware that a number of the contractual successes seen in the first half may not be repeated. Today's significant economic, political and social changes have a direct impact on the aviation sector and make it more difficult for the Group to make an accurate assessment of future levels of business.

Though current trading has been busy, with significant work emerging from recent repatriation flights from North Africa, the work is ongoing and any financial impact on the second half of the year cannot yet be judged. Overall, visibility remains limited.

Nonetheless, the Board is delighted with the progress made in focusing on core broking. These results go some way to reflecting the hard work that everyone has invested in the business this year. Air Partner's commitment to client service and its ability to invest in people will continue to be important differentiators in a competitive and fragmented industry. In the short to medium term, attention to processes and appropriate investment in people and infrastructure will be a priority to build a firm foundation for business development. With this framework in place and with the emphasis firmly on profitable core broking, Air Partner will be well positioned to achieve its aim of becoming the best global provider of air charter solutions.

Aubrey Adams
Chairman

15 March 2011

CEO's statement
Review of operations

The lack of predictability in air charter broking has been clearly demonstrated in the first six months of this financial year. In December, unexpected weather conditions caused the closure of several large international airports and disrupted the plans of both passengers and airlines. At the end of the period, expatriates were caught up in political unrest in North Africa with a consequent demand for emergency flights at very short notice; this has continued into the second half.

Led by the Commercial Jets division, performance exceeded management expectations and Group turnover grew by 36% to £130.9 million (2010: £95.9 million). Strong trading resulted not only from bookings by existing major clients, but also from increased demand in other areas. Good business was secured in short term leasing as a result of a shortage of wide bodied capacity. The relationships built up over several years and the team's experience within the industry meant that they were able to make the best of opportunities for short term leasing contracts and sub-charters. This is just one example of where the Group has been able to generate good returns from specific circumstances, which cannot be foreseen and which may not recur.

Overall, client numbers grew by 19% compared with the same period last year. There was an encouraging increase in the number of corporate clients whilst work for government and non-governmental organisations also continued. During the period a contract was won from the World Food Programme to provide fuel for humanitarian aid work after the floods in Pakistan. The Group has also been extremely busy following the award of a four year contract by the Department for International Development (DFID) in October for provision of both passenger and freight air charter services.

Air Partner believes that there is clear water between it and smaller rivals in terms of both longevity and standards of service. The brand values and reputation have been built up over time: this year the Group celebrates an unrivalled 50 years of operations. The hallmark of quality service remains the fact that we are the only supplier of air charter services to have been granted a Royal Warrant by Her Majesty Queen Elizabeth II.

Financial overview

Group profit before tax almost tripled from £1.0 million in the first half of 2010 to £2.9 million at 31 January 2011. On a fully diluted basis, earnings per share increased by 66% to 19.4p (2010: 11.7p).

The greatest contribution to profit again came from the UK, with outstanding growth in profit before tax of 394% in the Commercial Jets sector, though each of the three main trading divisions traded profitably. The increase in profit proves positively that the business restructuring which took place last year was the right decision.

The industry is still recovering from recession and competition for market share means that margins remain under pressure in all areas of the business. Margins were increased slightly from the year end position of 8.7% to 9.2% but are slightly down year on year (2010: 9.6%), reflecting continuing price competition, particularly in Private Jet broking. The Board will monitor margin movement with the Group's intention being to compete on value rather than price alone.

Air Partner has benefited from a secure financial position, with no outstanding debt. The cash balance at 31 January 2011 stood at £11.4 million.

Part of the work of re-establishing a firm basis for future growth involves a review of financial systems and processes. Recent attention has focused on current liabilities, which contain an accrual for expenses of £3.1 million. These expenses are amounts that Air Partner has invoiced and accrued for, over a number of years, relating to charter contracts, in anticipation of receiving matching invoices from operators which have not in fact been received. A review of this balance indicates that it should no longer be retained. Contact has therefore been made with the relevant third parties and Air Partner is investigating, with those parties, the closing out of this accrual. The Board does not expect any material impact on profit although there will be an anticipated £3.1 million cash outflow in the second half of this financial year.

Review of operations
continued

The Board is pleased to have reinstated a half year interim dividend payment and has reiterated its intention to grow dividends progressively, so long as this is justified by business performance. The interim dividend of 5.5p per ordinary share will be paid on 28 April 2011 to shareholders on the register on 1 April 2011.

Strategy

Air Partner's strategic aim is to be the best global provider of air charter solutions and five drivers of business growth have been identified to help achieve this:

People: A recruitment drive is under way after a fallow period of two or three years. The aim is to recruit a mixture of experienced staff and new starters to be developed and nurtured into future brokers and managers. The nature of investment in people is that the costs impact profit immediately. The learning curve for new brokers means that the benefit does not occur until later. Driving investment always needs to be balanced with maintaining profit but people are Air Partner's core asset and vital to future success. It is worth mentioning that recent investment in people is already producing results and this year Air Partner was awarded one star status in "The Sunday Times Best Companies to Work For" survey. The UK team will move into new offices in July and the move represents the start of a new era, as well as providing a highly professional headquarters and room for future expansion.

Geographic expansion: Air Partner's international network and its ability to offer a global service is a valuable selling point. Market share in international offices is lower than in the UK, which represents an opportunity for growth. Extending the Group's international presence, whether through new offices or strategic alliances, remains a key target to reduce the weighting of the UK's contribution over the coming years.

We continue to look for new market opportunities and on 1 February we opened an office in Los Angeles to focus on the West Coast markets and build on Air Partner's credentials working with the film and music sectors.

Expansion into new territories with growing economies is planned to take place within the next three years, subject to careful analysis of potential risks. The strategy is to work with known partners to help limit management time, investment and risk.

Products: We have started a review of all the products offered by the group and will be seeking to enhance and reprioritise some of our existing products, like the Emergency Planning Division. We believe that rolling out products across UK and international offices should provide opportunities for relatively low risk growth.

Supplier relations: Strategic partnerships can help the Group to maximise margins and provide capacity that best meets customer requirements. On the Commercial Jet side, the focus on Global Sales Agreements is designed to match local partners' knowledge with Air Partner's brand and reputation. Air Partner's fuel and operational support products are also attractive to suppliers to boost their infrastructure in the initial phases of new business development.

Clients: The investment we are making in skills and infrastructure will further enhance our ability to attract and retain clients. We believe that our client care service is highly regarded. We will continue to invest in learning and development initiatives to help brokers to deliver the best experience for each client. These efforts are paying off: client numbers have grown by more than 19% with some coming from new segments such as Oil and Gas. The Group aims to continue to diversify its client base, across the range of countries in which it operates, by improving collaboration between offices and by delivering high levels of customer service.

Air Partner's vision is to create a Group which is a truly global air charter provider that offers a total aviation solution for all client needs and, at the same time, drives profitable growth for the benefit of shareholders and those who work within the business.

Divisional review

Commercial Jet Broking

The Commercial Jets division remains the largest operating division and led the increase in Group turnover, generating sales of £84.4 million. The growth in profits in this sector came from a higher number of bookings from both government and major corporate clients and from progress in niche areas, such as work with specialist European tour operators. Competitive advantage in this period also came from our ability to offer sub-chartering and short term leasing to address a shortage of wide-bodied aircraft.

The growth in sales shows the success of the strategy to focus on core broking, providing clients with access to services which are complementary to that business, but do not distract from it. An in-house travel agency and fuel provision capability broaden our offering to larger clients who want a "one-stop shop" service but also appeal to operators looking for outsourced support.

The relationships with tour operators and larger airlines, initially developed through Commercial Jet charter contracts, are extended by the flight operation services and broking of sub-charter and short term lease contracts provided by Ops 24. The sub-charter team maintains a real-time aircraft availability database enabling it to provide replacement aircraft when maintenance, crew shortages or logistical problems disrupt scheduled airline timetables. More enquiries for this service have been received in the first half of this year and we expect this to be a small but profitable area of business going forward.

Post the half year end, Air Partner has been working hard in repatriating individuals from countries in crisis. This work is ongoing and the impact will be reported in the second half of the year. The evacuation, emergency relief and aid flights have involved co-operation across international Air Partner offices on behalf of both government and corporate clients, demonstrating the commercial importance of a global presence and a 24/7 capability to respond to fast changing circumstances.

Private Jet Broking

The Private Jets division has stabilised after the closure of the private jet operating company and sales rose to £18.6 million. This is a highly competitive market and margins remain under pressure as a result of overcapacity. Film and government work has remained strong with some good contract wins and the finance sector is starting to generate bookings – but still at a relatively low level compared to pre-recession demand.

Sales of the JetCard product were profitable and, although JetCard use was lower in this period, high net worth individuals benefited from access to a range of air charter solutions offered by Air Partner, particularly during times when scheduled air transport was not readily available. JetCard holders can, and do, choose to use Air Partner's ad hoc charter alternative, instead of their card hours, demonstrating the flexibility of Air Partner's offering and ability to keep clients loyal.

Freight Broking

Sales of £21.8m by the freight division were down on the previous year following completion of a major contract, but profitability increased in the period under review as a result of lower overheads. Industrial and commercial business increased by 23% year on year, as marketing efforts to grow non-government business helped diversify the client base. Good work is emerging from the automotive and freight forwarding sectors. However, providing capacity for government continues and the Turkish office, which celebrated its first anniversary recently, is a good example where local access to a niche supplier has enabled the Group to win new contracts.

There are early signs of success in partnerships established with local agents. Through a partnership in the Far East, wide-bodied capacity was provided to the Hong Kong and Shanghai markets and Air Partner has secured good contract wins from freight forwarding clients. Our freight presence in the Middle East and USA continues to grow as we seek to roll this product out across the international offices. The international network is vital in helping the Freight team to locate local capacity and share knowledge and market information.

Air Partner's success is dependent upon having skilled brokers who can propose individual solutions for clients faster and more effectively than their competitors. The Board has confirmed its commitment to core broking and has identified a need for further appropriate investment in both people and infrastructure if the Group is to achieve its aim to be the best global provider of air charter solutions.

The Board is confident that, with a clear strategy and the potential to secure a solid platform for broking expertise, Air Partner is well placed to maintain the reputation it has gained over fifty years of operations and to deliver growth in shareholder value.

Mark Briffa
CEO

15 March 2011

Directors' Responsibility Statement

After making enquiries, the directors are satisfied that the Group and Company have adequate resources to continue in business for the foreseeable future. The directors have therefore continued to adopt the going concern basis in the preparation of these financial statements.

The directors confirm that, to the best of their knowledge:

(i) this unaudited condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union; and

(ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

The directors of Air Partner plc are listed in the Group's Annual Report and Accounts for the year ended 31 July 2010.

By order of the Board

Mark Briffa
CEO

Gavin Charles
CFO

15 March 2011

Condensed consolidated income statement

for the half year ended 31 January 2011

Continuing operations	Note	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Revenue	2	130,897	95,916	229,968
Cost of sales		(118,914)	(86,666)	(209,863)
Gross profit		11,983	9,250	20,105
Administrative expenses		(9,138)	(8,332)	(16,704)
Restructuring costs		-	-	(742)
Operating profit		2,845	918	2,659
Finance income		19	95	123
Finance costs		(8)	(7)	-
Profit before tax		2,856	1,006	2,782
Taxation	6	(854)	196	(31)
Profit for the period from continuing operations		2,002	1,202	2,751
Loss for the period from discontinued operations	12	-	(2,489)	(4,406)
Profit/(loss) for the period		2,002	(1,287)	(1,655)
Attributable to:				
Equity holders of the parent company		2,002	(1,287)	(1,655)
Earnings per share:				
Continuing & discontinued operations				
Basic	4	19.5p	(12.6)p	(16.1)p
Diluted	4	19.4p	(12.6)p	(16.1)p
Continuing operations				
Basic	4	19.5p	11.7p	26.8p
Diluted	4	19.4p	11.7p	26.8p

Condensed consolidated statement of comprehensive income

for the half year ended 31 January 2011

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Profit/(loss) for the period	2,002	(1,287)	(1,655)
Exchange differences on translation of foreign operations	(50)	261	248
Total comprehensive income for the period	1,952	(1,026)	(1,407)
Attributable to:			
Equity holders of the parent company	1,952	(1,026)	(1,407)
	1,952	(1,026)	(1,407)

Condensed consolidated balance sheet

as at 31 January 2011

	Note	31 January 2011 (unaudited) £'000	31 January 2010 (re-presented & unaudited) £'000	31 July 2010 (audited) £'000
Assets				
Non-current assets				
Goodwill	7	755	755	755
Other intangible assets		-	-	-
Property, plant and equipment	8	1,707	2,145	1,843
Deferred tax assets		672	524	633
		3,134	3,424	3,231
Current assets				
Trade and other receivables		39,483	24,789	41,753
Financial assets		2	2	14
Current tax assets		149	1,461	47
Cash and cash equivalents		11,363	14,604	11,720
		50,997	40,856	53,534
Assets held for sale	12	-	2,137	-
Total assets		54,131	46,417	56,765
Liabilities				
Current liabilities				
Trade and other payables		(12,155)	(9,218)	(17,230)
Provisions	11	(762)	-	(1,319)
Current tax liabilities		(882)	(146)	(248)
Other liabilities		(28,191)	(22,189)	(26,315)
		(41,990)	(31,553)	(45,112)
Net current assets		9,007	9,303	8,422
Non-current liabilities				
Deferred tax liabilities		-	-	(48)
		-	-	(48)
Liabilities held for sale	12	-	(2,776)	-
Total liabilities		(41,990)	(34,329)	(45,160)
Net assets		12,141	12,088	11,605
Share capital		513	513	513
Share premium account		4,499	4,499	4,499
Translation reserve		1,397	1,460	1,447
Share option reserve		981	962	859
Retained earnings		4,751	4,654	4,287
Equity attributable to equity holders of the parent		12,141	12,088	11,605
Total equity		12,141	12,088	11,605
Total equity and liabilities		54,131	46,417	56,765

Condensed consolidated statement of changes in equity

for the half year ended 31 January 2011

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2009	512	4,440	896	1,199	8,240	15,287
Loss for the period (re-presented)	-	-	-	-	(1,287)	(1,287)
Exchange differences on translation of foreign operations	-	-	-	261	-	261
Total comprehensive income for the period	-	-	-	261	(1,287)	(1,026)
Share option movement for period	-	-	82	-	-	82
Issue of shares under share option scheme	1	59	(16)	-	16	60
Dividends	-	-	-	-	(2,315)	(2,315)
Closing equity as at 31 January 2010	513	4,499	962	1,460	4,654	12,088

During January 2010 15,000 new shares were issued following exercise of staff options under the Air Partner plc Company Share Option Plan 2003.

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2010	513	4,499	859	1,447	4,287	11,605
Profit for the period	-	-	-	-	2,002	2,002
Exchange differences on translation of foreign operations	-	-	-	(50)	-	(50)
Total comprehensive income for the period	-	-	-	(50)	2,002	1,952
Share option movement for period	-	-	122	-	-	122
Dividends	-	-	-	-	(1,538)	(1,538)
Closing equity as at 31 January 2011	513	4,499	981	1,397	4,751	12,141

Condensed consolidated statement of cash flows

for the half year ended 31 January 2011

	Note	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Cash flows from operating activities				
Continuing operations	5	1,868	1,996	(675)
Discontinued operations	12	(575)	(1,303)	(1,336)
Net cash from operating activities		1,293	693	(2,011)
Investing activities				
Continuing operations				
- Interest received		19	95	123
- Equity investment in subsidiary		-	-	(22)
- Purchases of property, plant and equipment		(77)	(80)	(119)
Discontinued operations	12	-	-	-
Net cash (used in) / generated by investing activities		(58)	15	(18)
Financing activities				
Continuing operations				
- Dividends paid	3	(1,538)	(2,315)	(2,315)
- Proceeds on issue of shares		-	60	60
Discontinued operations	12	-	-	26
Net cash used in financing activities		(1,538)	(2,255)	(2,229)
Net decrease in cash and cash equivalents		(303)	(1,547)	(4,258)
Opening cash and cash equivalents		11,720	16,137	16,137
Effect of foreign exchange rate changes		(54)	14	(159)
Closing cash and cash equivalents		11,363	14,604	11,720

Notes to the unaudited financial information for the half year to 31 January 2011

1 Accounting Policies

(a) Basis of preparation

This condensed financial information for the half year to 31 January 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as adopted by the European Union and was authorised by the Board on 14 March 2011. The interim condensed financial statements are unaudited and should be read in conjunction with the annual financial statements for the year ended 31 July 2010.

The financial information contained in this document does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The independent auditor, Mazars LLP, issued an unqualified opinion on the Group's statutory financial statements under International Financial Reporting Standards ("IFRS") as adopted by the European Union for the year ended 31 July 2010. The auditor's report did not draw attention to any matter of emphasis and did not contain any statement under section 498 of the Companies Act 2006. The statutory accounts for the financial year ended 31 July 2010 have been filed with the Registrar of Companies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2010, except as described below:

(b) Adoption of new and revised standards

The following new and amended standards and interpretations, which are considered to be applicable to the Group, became effective for the financial year beginning 1 August 2010. These new and amended standards have not had any material impact on the financial position or performance of the Group, nor are anticipated to have an impact for the remainder of the reporting period.

IFRS 2 (Amendment) 'Share-based payments'; effective for periods beginning on or after 1 January 2010. The International Accounting Standards Board ("IASB") issued an amendment to IFRS 2 that clarified the scope and the accounting for Group cash-settled share-based payment transactions.

IAS 32 (Amendment) 'Classification of rights issues'; effective for periods beginning on or after 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

International Financial Reporting Interpretations Committee ("IFRIC") 19 'Extinguishing financial liabilities with equity instruments'; effective for periods beginning on or after 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap).

IFRS 8 (Amendment) 'Operating Segments'; effective for periods beginning on or after 1 January 2010. The amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The Group's chief operating decision maker is considered to be the Board. As the chief operating decision maker does not review segment assets and liabilities, the Group has not disclosed this information in note 2.

Other amendments resulting from the Annual Improvements to IFRS (issued in April 2009 effective for periods beginning on or after 1 January 2010) did not have any material impact on the accounting policies, financial position or performance of the Group:

IFRS 2	'Share-based payments'
IAS 1	'Presentation of Financial Statements'
IAS 7	'Statement of Cash Flows'
IAS 17	'Leases'
IAS 34	'Interim Financial Reporting'
IAS 36	'Impairment of Assets'
IAS 38	'Intangible Assets'
IAS 39	'Financial Instruments; Recognition and Measurement'
IFRIC 9	'Reassessment of Embedded Derivatives'
IFRIC 16	'Hedge of a Net Investment in a Foreign Operation'

(c) Key accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if these are also affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are those relating to certain provisions and income following the closure and administration of Air Partner Private Jets Limited, future dilapidations work on the Company's registered office and goodwill impairment testing.

A reasonable assessment has been made of the potential costs of settlement of third party claims which have been, or may be, received following the closure of Air Partner Private Jets Limited, based on discussions with advisers and the outcomes of similar legal cases. There is no guarantee that such claims will be successful, nor that the full amount of the provision will be required. Dilapidations costs have been provided for based on the maximum likely cost per square foot for restoration of the office space currently occupied in Platinum House on expiry of the current lease.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. Impairment is recognised as an exceptional item above operating profit in the consolidated income statement.

(d) Re-presentation of financial information

Presentation of deferred income

In order to provide more relevant and reliable information, deferred income arising between the date of booking and the date of travel is being presented separately in current liabilities, whereas previously it was included within trade receivables. Any advanced money, which offsets this increase in trade receivables, is also removed from the current liabilities. Comparative information has been re-presented to aid comparability.

These re-presentations have had no impact on profit or loss, or on the Group's net asset position and accordingly, a third statement of financial position has not been presented. The line items affected are trade receivables and trade and other payables, resulting in a decrease of £1,923,000 in the half year comparative figures.

Inter-group allocation

To assist with comparability, certain inter-group items that were misclassified in the prior half year end have been re-presented. This re-presentation also has had no impact on profit or loss, or on the Group's net asset position. Accordingly a third statement of financial position has not been presented.

The line items affected are revenue and cost of sales and also an allocation of costs within the cash flow statement and supporting notes. Revenue and cost of sales have both increased by £910,000 in the half year comparative figures along with the reallocation of an inter-group purchase of £1,547,000 in the property, plant and equipment note. A further £2,000 has been reallocated from trade and other receivables to financial assets.

Discontinued operations

In order to assist with comparability, certain items have been re-presented for the prior half year end between continuing and discontinued operations as they related to Air Partner Private Jets Limited. Current tax liabilities of £1,268,000 were reallocated to liabilities held for sale and the intangible asset of £98,000 has been reallocated to the loss arising from the discontinued operations within the income statement.

As these re-presentations have had no material impact on profit or loss, or on the Group's net asset position, a third statement of financial position has not been presented.

2 Segmental Analysis

The services provided by the Group consist of hiring different types of aircraft for charter to its customers and related aviation services. The Board reviews the performance of the services that are provided by the Group on the following basis: commercial jet broking, private jet broking, freight broking and other services. Each of these components has been identified as an operating segment.

Sale transactions between operating segments are carried out on an arm's length basis and all revenues, results, assets and liabilities which are reviewed by the Board are prepared on a consistent basis to those that are reported in the financial statements.

Revenues from external customers are derived primarily from the provision of services within the commercial jet, private jet and freight broking operations. Revenues are also derived from offering other services, including operations and travel services.

The Board does not review information about the amounts of additions which are made to the operating segments' non-current assets. Assets and liabilities are not reviewed at a segmental level, therefore these are not disclosed.

Discontinued operations comprise the activities of Air Partner Private Jets Limited, which was put into administration on 15 March 2010 (see note 12).

The segmental information, as provided to the Board for the reportable segments on a monthly basis, is as follows:

Half year to 31 January 2011 (unaudited) £'000	Private Jet Broking	Commercial Jet Broking	Freight Broking	Other Services	Discontinued Operations	Total	Discontinued Operations	Per Consolidated Financial Statements
Total revenues	18,604	84,602	21,822	6,260	-	131,288	-	131,288
Revenues from transactions with other operating segments	(53)	(211)	(3)	(124)	-	(391)	-	(391)
Revenues from external customers	18,551	84,391	21,819	6,136	-	130,897	-	130,897
Profit before tax	503	2,134	240	(21)	-	2,856	-	2,856

Half year to 31 January 2010 (re-presented & unaudited) £'000	Private Jet Broking	Commercial Jet Broking	Freight Broking	Other Services	Discontinued Operations	Total	Discontinued Operations	Per Consolidated Financial Statements
Total revenues	18,425	47,165	22,983	9,722	3,254	101,549	(3,254)	98,295
Revenues from transactions with other operating segments	(128)	(544)	(78)	(1,629)	(910)	(3,289)	910	(2,379)
Revenues from external customers	18,297	46,621	22,905	8,093	2,344	98,260	(2,344)	95,916
Profit before tax	428	432	88	58	(1,218)	(212)	1,218	1,006

Year to 31 July 2010 (audited) £'000	Private Jet Broking	Commercial Jet Broking	Freight Broking	Other Services	Discontinued Operations	Total	Discontinued Operations	Per Consolidated Financial Statements
Total revenues	41,717	115,353	55,918	20,383	4,135	237,506	(4,135)	233,371
Revenues from transactions with other operating segments	(306)	(1,071)	(237)	(1,789)	(1,128)	(4,531)	1,128	(3,403)
Revenues from external customers	41,411	114,282	55,681	18,594	3,007	232,975	(3,007)	229,968
Profit before tax	681	1,496	380	225	(4,406)	(1,624)	4,406	2,782

The Company is domiciled in the UK but, due to the nature of the Group's operations, a significant amount of revenue from external customers is derived from overseas countries. The Group attributes revenue to individual countries based upon the location of the assets used to generate those revenues. Apart from the UK, no single country is deemed to have material revenue and non-current asset levels, but the Board continues to monitor potential reportable segments.

The Board also reviews information about operating segments on a geographical basis based on the parts of the world which are considered to be key to operational activities. As a result the following additional information is provided showing a geographical split between the United Kingdom, Europe, United States of America and the Rest of the World.

	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	Total £'000
Half year to 31 January 2011 (unaudited)					
Revenues from external customers	80,771	41,493	6,520	2,113	130,897
Non-current assets	1,014	158	1,276	14	2,462
Half year to 31 January 2010 (re-presented & unaudited)					
Revenues from external customers	58,796	30,793	5,132	1,195	95,916
Non-current assets	1,305	202	1,379	14	2,900
Year to 31 July 2010 (audited)					
Revenues from external customers	142,111	72,625	11,082	4,150	229,968
Non-current assets	868	158	1,556	16	2,598

3 Dividends

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (unaudited) £'000	Year to 31 July 2010 (audited) £'000
Dividend for year ended 31 July 2010 of 15.0p (2009: 22.6p) per share	1,538	2,315	2,315
	1,538	2,315	2,315

The interim dividend for the year ended 31 July 2010 was paid on 15 December 2010.

4 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Earnings			
Continuing operations			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	2,002	1,202	2,751
Earnings for the purposes of diluted earnings per share	2,002	1,202	2,751
Continuing and discontinued operations			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	2,002	(1,287)	(1,655)
Earnings for the purposes of diluted earnings per share	2,002	(1,287)	(1,655)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,256,393	10,241,882	10,249,078
Effect of dilutive potential ordinary shares: share options	74,092	23,268	21,974
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,330,485	10,265,150	10,271,052

5 Net cash from operating activities

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Operating profit for the period	2,845	918	2,659
Adjustments for:			
Depreciation and amortisation	167	221	600
Movement on financial liability / asset	12	(4)	(17)
Share option cost for period	122	125	(20)
Loss on disposal of property, plant and equipment	-	-	26
Operating cash flows before movements in working capital	3,146	1,260	3,248
Decrease / (increase) in receivables	2,270	254	(14,930)
Increase in inventories	-	(10)	-
(Decrease) / increase in payables	(3,121)	131	11,103
Cash generated from / (used in) operations	2,295	1,635	(579)
Income taxes (paid) / received	(419)	368	(96)
Interest paid	(8)	(7)	-
Net cash from operating activities	1,868	1,996	(675)

6 Tax

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (unaudited) £'000	Year to 31 July 2010 (audited) £'000
Continuing operations			
Current tax:			
UK corporation tax	805	356	264
Foreign tax	127	28	414
Adjustments in respect of current income tax in prior year	19	(541)	(559)
	951	(157)	119
Deferred tax	(97)	(39)	(88)
Total tax on continuing activities	854	(196)	31
Discontinued operations			
Current tax:			
UK corporation tax	-	(340)	-
Foreign tax	-	-	-
	-	(340)	-
Deferred tax	-	-	-
Total tax on discontinued activities	-	(340)	-
Total tax	854	(536)	31

Income tax for the interim period is charged at 29.9% (2010: 29.4%), representing the best estimate of the weighted average income tax expected for the full financial year.

7 Goodwill

	Notes	£'000
Cost		
At 1 August 2009		4,374
Additions		-
At 31 January 2010		4,374
Provision for impairment		
At 1 August 2009		(2,106)
Impairment	12	(1,513)
At 31 January 2010		(3,619)
Net book value		
At 31 January 2010		755
Cost		
At 1 August 2010		755
Additions		-
At 31 January 2011		755
Provision for impairment		
At 1 August 2010		-
Impairment		-
At 31 January 2011		-
Net book value		
At 31 January 2011		755

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. Impairment is recognised as an exceptional item above operating profit in the consolidated income statement unless it is classified within discontinued operations.

Goodwill has been measured on the basis of its value in use, by applying cash flow projections based on the financial forecasts circulated to the Board and is allocated to the appropriate cash generating unit. In the case of goodwill in Air Partner International SAS, the period reviewed in terms of financial forecasts is five years. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The estimated growth rates are based on past performance and expectation of future changes in the market. The rate used to discount the forecast cash flows from each unit is 10%.

The goodwill recognised on the acquisition of Air Partner Private Jets Limited was eliminated in the prior year. The remaining goodwill relates entirely to one cash generating unit, being Air Partner International SAS.

8 Property, Plant and Equipment (re-presented)

	Short leasehold property & leasehold improvements £'000	Aircraft £'000	Fixtures and equipment £'000	Assets under construction £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 August 2009	218	1,519	1,645	-	197	3,579
Exchange adjustments	-	208	(28)	-	-	180
Additions	-	-	63	16	1	80
Disposals	-	-	(34)	-	(20)	(54)
Assets held for sale	(99)	-	(46)	-	(34)	(179)
At 31 January 2010	119	1,727	1,600	16	144	3,606
Depreciation						
At 1 August 2009	77	244	924	-	96	1,341
Exchange adjustments	-	32	(30)	-	-	2
Charge for the year	10	73	98	-	11	192
Disposals	-	-	(26)	-	(20)	(46)
Assets held for sale	(1)	-	(24)	-	(3)	(28)
At 31 January 2010	86	349	942	-	84	1,461
Net book value						
At 31 January 2010	33	1,378	658	16	60	2,145
Cost						
At 1 August 2010	104	1,822	1,532	-	42	3,500
Exchange adjustments	-	(51)	(37)	-	-	(88)
Additions	-	-	77	-	-	77
Disposals	-	-	(7)	-	-	(7)
At 31 January 2011	104	1,771	1,565	-	42	3,482
Depreciation						
At 1 August 2010	80	437	1,132	-	8	1,657
Exchange adjustments	-	(3)	(39)	-	-	(42)
Charge for the year	24	66	72	-	5	167
Disposals	-	-	(7)	-	-	(7)
At 31 January 2011	104	500	1,158	-	13	1,775
Net book value						
At 31 January 2011	-	1,271	407	-	29	1,707

There were no commitments at the period end to purchase any items of property, plant or equipment.

9 Related Party Transactions

During the prior period under review, M Barber was employed as a contractor in the engineering department of Air Partner Private Jets Limited. M Barber, brother of J Barber, a director in the prior year, was employed by Avmarine Consultancy Limited and was paid £nil during the course of the period under review (2010 year end: £35,523). The contract rates were agreed by the Board at that time excluding J Barber.

10 Contingent Liabilities

The Group has a terminable indemnity for £240,000 (2010 year end: £240,000) in respect of a passenger sales agency agreement and also a bank guarantee for £4,500 (2010 year end: £4,500) lodged in regard to certain employee rights in Dubai.

11 Provisions

	31 January 2011 (unaudited) £'000	31 January 2010 (unaudited) £'000	31 July 2010 (audited) £'000
Dilapidations provision	172	-	172
Administration claims provision	590	-	1,147
	762	-	1,319

£172,000 (2010 year end: £172,000) has been provided for future dilapidations costs for the Company's registered office which may be incurred on or before the expiry of the current lease on Platinum House. The lease is due to expire on 1 November 2011.

A provision of £590,000 (2010 year end: £1,147,000) has been made in relation to the potential costs of settlement of claims which have been received from third parties following the closure of Air Partner Private Jets Limited. All remaining claims within this provision are expected to be settled by 31 December 2011.

12 Discontinued Operations

On 15 March 2010, during the prior year, Air Partner Private Jets Limited, a wholly-owned subsidiary, was put into administration. On that date the control of the subsidiary was passed to the administrator. As a result of this decision, the results of Air Partner Private Jets Limited up to the date of disposal have been classified as discontinued operations in the consolidated income statements. An analysis of discontinued operations is presented below:

	Half year to 31 January 2011 (unaudited) £'000	Half year to 31 January 2010 (re-presented & unaudited) £'000	Year to 31 July 2010 (audited) £'000
Revenue	-	2,344	3,007
Cost of sales	-	(1,790)	(2,419)
Gross profit	-	554	588
Administrative expenses	-	(1,855)	(2,218)
Impairment of goodwill	-	(1,513)	(1,513)
Operating loss	-	(2,814)	(3,143)
Finance income	-	-	-
Finance costs	-	(15)	(26)
Loss on disposal	-	-	(90)
Legal provision	-	-	(1,147)
Loss before tax	-	(2,829)	(4,406)
Taxation	-	340	-
Loss after tax	-	(2,489)	(4,406)
Loss for the period from discontinued operations	-	(2,489)	(4,406)

During the half year, Air Partner Private Jets Limited contributed a reduction of £575,000 (2010 year end: £1,336,000) to the Group's net operating cash flows and received £nil (2010 year end: £26,000) in respect of financing activities.

A loss of £90,000 arose on the administration of Air Partner Private Jets Limited at the prior year end, being the loss of net assets at the time of administration (as shown below in the year ended 2010 column), less the expected return from the administrators of £400,000.

At the prior half year, Air Partner Private Jets Limited's net assets were classified as being held for sale, as at that particular time the company was still operating and was being actively marketed to potential buyers.

The effect of discontinued operations on segment results is disclosed in note 2.

	31 January 2011 (unaudited) £'000	31 January 2010 (re-presented & unaudited) £'000	31 July 2010 (audited) £'000
Assets			
Non-current assets			
Property, plant and equipment	-	151	147
	-	151	147
Current assets			
Inventories	-	434	386
Trade and other receivables	-	1,467	1,679
Cash and cash equivalents	-	85	58
	-	1,986	2,123
Total assets	-	-	2,270
Total assets held for sale	-	2,137	-
Liabilities			
Current liabilities			
Trade and other payables	-	(322)	(1,519)
Current tax liabilities	-	(1,268)	-
Other liabilities	-	(1,165)	(248)
	-	(2,755)	(1,767)
Net current liabilities	-	(769)	356
Non-current liabilities			
Deferred tax liabilities	-	(21)	(13)
	-	(21)	(13)
Total liabilities	-	-	(1,780)
Total liabilities held for sale	-	(2,776)	-
Net assets	-	-	490
Net liabilities held for sale	-	(639)	-

-

Air Partner plc
Platinum House
Gatwick Road
Crawley
West Sussex
RH10 9RP UK

+44 (0)1293 844 800
www.airpartner.com