

Air Partner PLC
(“the Group” or “the company”)
Interim Results for the six months ended 31st January 2005

Air Partner is the world’s leading aircraft charter broker. The Group provides aircraft charter to industry, commerce & governments worldwide.

Highlights

- Sales of £63.6m up 46% (£43.6m)
- Operating profit £2.32m up 110% (£1.10m)
- Pre-tax profits £2.50m up 109% (£1.19m)
- EPS 17.3p up 108% (8.3p)
- Interim dividend 5.5p up 10% (5.0p)
- Group cash £12.5m up 41% (£8.9m)

- Significant one-off, non-repeatable business wins

- Strong performance from key US and UK markets

- New office openings in Minneapolis and Venice in line with expansion programme

- H2 expected to be more ‘normal’ than H1

David Savile, Chief Executive commented:

“It has been a phenomenal six months dominated by a series of one-off contract wins. In a market where many clients are very price-sensitive, we have delivered both sales growth and the highest levels of service and quality. This performance has been enhanced by the Group’s investment in its team. Today, Air Partner is better resourced than ever before allowing it to win and execute business with new levels of professionalism. The underlying business remains strong, but the one-off contracts that shaped the first half are not expected to be repeated in the next six months.”

7th April 2005

ENQUIRIES:

Air Partner

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Editor Note: please ensure “Air Partner” is written in its correct singular form, not in the plural.

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I am delighted to report that the Company has enjoyed an exceptional start to this current financial year. The period has been characterised by the winning of a number of one-off, non-repeatable projects which have positively impacted the Group's interim results, with Group sales rising by 46% to £63.6 million (2004: £43.6 million). Profit before tax doubled to £2.5 million (2004: £1.2 million), with earnings per share at 17.3p, a 108% improvement on the comparative period. The Group's cash balance as at 31 January was £12.5 million (2004: £8.9 million) and against this financial backdrop the Directors are recommending increasing the interim dividend by 10% to 5.5p (2004: 5.0p).

The UK and US operations provided the Group's strongest performances, although almost all of the Group's offices are ahead of expectations during the period. The Group treasury function secures currency on a deal-by-deal basis and subsequently Air Partner's only exposure to currency is on consolidation at each period-end. It is important to note that the high oil price did not directly affect the Group.

In line with the Group's policy to create a 'diversified business providing a global solution based on local expertise', two new offices were opened in Minneapolis and Venice. New office openings are subject to local market opportunities, suitable candidate availability and cost neutrality achieved within one year. Today the Group has a total of 19 offices in 10 countries. Air Partner expects to announce further openings before the year-end.

The Group is now benefiting from investments made in team training and development courses, better recruitment, and significant investment in proprietary IT systems. This has clearly enabled it to win more business despite competitive market conditions, and a more fragmented market.

Current Trading

Due to the significant one-off contracts that occurred in the first half, it would be unreasonable to expect the second half to be as outstanding as the first. In line with this, current trading has reverted to a more normal performance and business has become more difficult to predict, with lead-in times shortening against the previous trend. This is manifested by advanced bookings being slightly behind those of the previous period. However, as the first half has shown, should large work flows occur again Air Partner has prepared its business so that it is capable of dealing with significant one-off contracts whilst maintaining its excellence of client service.

The Directors remain confident of the Group's ability to manage the market volatility and continue to grow market share. Air Partner continues to be a long-term business, operating in a short-term market, and therefore the full year results provide a more accurate measure of the Group's progress.

Tony Mack, Chairman

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Consolidated profit and loss account

	Note	Half year to 31 January 2005 (unaudited) £'000	Half year to 31 January 2004 (unaudited) £'000	Year to 31 July 2004 (audited) £'000
Turnover	1	63,581	43,642	100,597
Operating profit		2,317	1,105	3,504
Net interest receivable		181	89	205
Profit on ordinary activities before taxation		2,498	1,194	3,709
Taxation		(850)	(364)	(1,174)
Profit on ordinary activities after taxation		1,648	830	2,535
Minority equity interest		(21)	(54)	(211)
Profit attributable to the members of the parent company		1,627	776	2,324
Dividends		(535)	(465)	(1,396)
Retained profit for the period		1,092	311	928
Earnings per share				
Basic		17.3p	8.3p	25.0p
Diluted		17.0p	8.3p	24.7p
Dividend per share		5.5p	5.0p	10.0p

All the Group's activities are classified as continuing.

Consolidated statement of total recognised gains and losses

	Half year to 31 January 2005 (unaudited) £'000	Half year to 31 January 2004 (unaudited) £'000	Year to 31 July 2004 (audited) £'000
Profit attributable to the members of the parent company	1,627	776	2,324
Exchange adjustment on retranslation of net assets of subsidiary undertakings	5	22	(79)
Total recognised gains and losses relating to the period	1,632	798	2,245

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Consolidated balance sheet as at 31 January 2005

	31 January 2005 (unaudited) £'000	31 January 2004 (unaudited) £'000	31 July 2004 (audited) £'000
Fixed assets			
Tangible fixed assets	2,521	2,986	2,546
Total fixed assets	2,521	2,986	2,546
Current assets			
Debtors:	12,310	7,494	13,848
Cash at bank and in hand	12,536	8,882	9,983
	24,846	16,376	28,831
Creditors: amounts falling due within one year	(16,082)	(10,040)	(16,575)
Net current assets	8,764	6,336	7,256
Total assets less current liabilities	11,285	9,322	9,802
Creditors: due after more than one year	(262)	(595)	(427)
Provision for liabilities and charges	(205)	(192)	(197)
Net assets	10,818	8,535	9,178
Capital and reserves			
Called up share capital	473	465	466
Share premium account	1,785	1,254	1,281
Profit and loss account	8,365	6,593	7,268
Shareholders' funds – all equity	10,623	8,312	9,015
Minority equity interest	195	223	163
	10,818	8,535	9,178

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Group cash flow statement for the six months ended 31 January 2005

	Note	Half year to 31 January 2005 (unaudited) £'000	Half year to 31 January 2004 (unaudited) £'000	Year to 31 July 2004 (audited) £'000
Cash inflow from operating activities	2	4,018	1,917	4,189
Returns on investment and servicing of finance		(23)	(124)	(8)
Taxation		(633)	(648)	(1,262)
Capital expenditure and financial investment		(172)	(103)	(149)
Equity dividends paid		(946)	(846)	(1,326)
Cash inflow before use of liquid resources and financing		2,244	196	1,444
Management of liquid resources		(4,166)	(1,029)	(1,900)
Financing		347	(182)	(319)
(Decrease) in cash in period		(1,575)	(1,015)	(775)

Reconciliation of net cash flow to movement in net funds

	Half year to 31 January 2005 (unaudited) £'000	Half year to 31 January 2004 (unaudited) £'000	Year to 31 July 2004 (audited) £'000
(Decrease) in cash in period	(1,575)	(1,015)	(775)
Cash outflow from short term deposits	4,166	1,029	1,900
Cash outflow from debt and financing	164	182	347
Change in net funds resulting from cash flows	2,755	196	1,472
Exchange adjustments	(31)	15	13
Movement in net funds in period	2,724	211	1,485
Opening net funds	9,332	7,847	7,847
Closing net funds	12,056	8,058	9,332

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Notes to the interim results

	Half year to 31 January 2005 (unaudited) £'000	Half year to 31 January 2004 (unaudited) £'000	Year to 31 July 2004 (audited) £'000
1. Turnover			
Classes of business			
Air Charter	63,046	43,132	99,538
Travel agency	528	498	1,046
Insurance	7	12	13
	63,581	43,642	100,597
Turnover on ordinary activities by source:			
United Kingdom	33,114	24,013	52,773
Rest of the world	30,467	19,629	47,824
	63,581	43,642	100,597
Turnover on ordinary activities by destination (client residence):			
United Kingdom	17,381	17,142	36,642
Rest of the world	46,200	26,500	63,955
	63,581	43,642	100,597
2. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	2,317	1,105	3,504
Depreciation charges	243	293	589
Loss on sale of fixed assets	1	1	1
Decrease/(increase) in debtors	1,635	5,552	(962)
(Decrease)/increase in creditors	(178)	(5,034)	1,057
Net cash inflow from operating activities	4,018	1,917	4,189

3. The interim results have been prepared using the accounting policies set out in the financial statements for the year ended 31 July 2004. The financial information for the year to 31 July 2004 on which the auditors issued an unqualified opinion, does not constitute statutory accounts as in Section 240 of the Companies Act 1985. The accounts have been delivered to the Registrar of Companies.

4. The interim results include the results of Air Partner Insurance Consultants Ltd., Air Partner International SARL, Air Partner International GmbH, Air Partner Inc., Air Partner (Switzerland) AG, Air Partner Travel Consultants Ltd., Air Partner Leasing Pty Ltd.

5. The directors have declared an interim dividend of 5.5 pence net per share payable on 20 May 2005 to shareholders on the register at the close of business on 22 April 2005. The ordinary shares will be marked ex-dividend on 20 April 2005.

6. Basic earnings per share have been calculated by reference to earnings of £1,627,000

(2004: £776,000) and the weighted average number of ordinary shares in issue of 9,407,081 (2004: 9,300,273). Diluted earnings per share have been calculated by reference to the same earnings and the weighted average number of shares in issue plus any outstanding options totalling 9,570,306 (2004: 9,340,214).

7. This report is being sent to shareholders and will be available to members of the public at the Company's registered office at Platinum House, Gatwick Road, Crawley, West Sussex RH10 9RP.