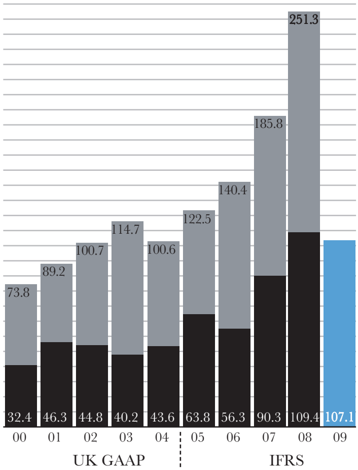
By Appointment to
Her Majesty The Queen
Supplier of Aircraft Charter

AIR PARTNER

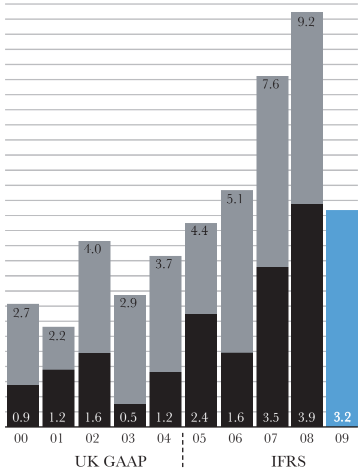
Air Partner plc
Interims 2009

Full Year Figures
Half Year Figures
2009 Half Year Figures
Special Dividend Figures

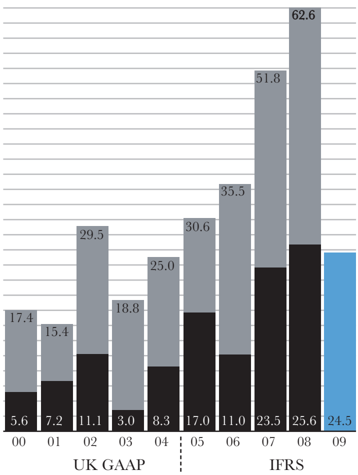
Turnover (£m)



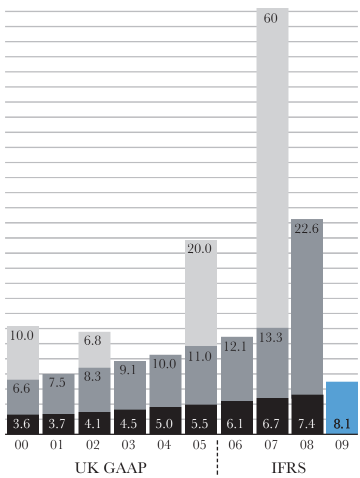
Profit before tax (£m)



Basic earnings per share (pence)



Dividend per share (pence)



Highlights

Sales down 2% to £107.1m (£109.4m)

Operating profit down 20% to £2.8m (£3.5m)

Profit before tax down 17% to £3.2m (£3.8m)

Basic EPS down 4% to 24.5p (25.6p)

Interim dividend up 10% to 8.1p (7.4p)

David Savile, Chief Executive of Air Partner commented:
"The team at Air Partner has worked hard to produce these results in extremely tough trading conditions. Air Partner's experienced management, strong cash position, zero debt, good cash-generation and excellent dividend growth all position the Group for the difficult trading environment we are currently experiencing. The board remains confident in the long term drivers and prospects of the Group."

Corporate statement

In 1980, Air Partner was a small, successful air taxi operator and aircraft charter broker based at London's second airport, Gatwick. The company had a sales turnover of £1 million, traded under the name of Air London and was an unlisted player in an unknown market.

In the intervening years the Company, under the Air Partner brand, has transformed itself into the only truly global aircraft charter provider, is listed on the London Stock Exchange, and has many of the biggest institutional shareholders owning the majority of its shares. In that period it has traded £1.5 billion of successful contracts.

The company's professional advice, smart procurement and logistical expertise combine with personal recommendations to provide a unique capability, that is best described as 'the global trading floor for aircraft charter'.

In selling the highest quality of air travel to the most discerning of clients, Air Partner offers value added services that make the difference between an ordinary flight and a highly successful operation delivering tangible results. Air Partner is proud of its stable and growing client base, which is serviced by its 190 highly professional traders and logistics experts, providing global solutions at best value-for-money rates.

For in today's market, it is not enough to organise a carrier to perform a described mission; traders must be supported by a logistics team that oversees the flight, ensuring thorough preparation with no margin for error. Critical to this is Air Partner's unique 24-hour Operations Centre in the UK, and its global network of offices stretching from Europe across the Middle East, to Asia, the Far East and across the Pacific to North America. Each office is manned by local teams that have the contact network to mate local knowledge with global expertise and support – in short a bespoke premier charter service.

Chairman's interim statement

As we are all aware, the business world has been transformed in the six months since we last reported. Despite the extremes of global change, the team has managed to deliver resilient results given the extremely difficult air travel market. Group sales have reduced but only by 2% to £107.1m (H1'08 £109.4m), and profit before tax is down 17% to £3.2m (H1'08 £3.8m). On the positive side the company continues to be highly cash-generative, with this period's cash increasing by 54% to £22.1m (H1'08 £14.3m), equating to £2.17 per share. The board is recommending continuing its historic trend of increasing the core dividend by 10% to 8.1 pence (7.4 pence) to be paid to shareholders on 15th May 2009, to shareholders on the register on 17th April 2009.

As reported in our AGM statement, trading described as 'good' during our first quarter, markedly deteriorated throughout November, and has remained at much reduced levels in subsequent months. Unlike more recent economic slowdowns, the effects of the current one have quickly become universal across all the company's client sectors, product ranges and geographic offices. The effect in this half year was felt from the outset in the USA, then in the UK from the end of Q1, and more recently in our European offices. Looking back, it appears that December was the low point for H1, with a slight improvement occurring after New Year. Across the period average hourly charter rates dropped by as much as 20-30%, compounded by margin erosion and a further shortening of visibility.

Despite these extreme conditions, there remain grounds for cautious optimism for the medium term, albeit within a reduced market. The board is encouraged that transactional evidence confirms that the relevance and viability of our products and services continues, even in the distressed finance and automotive sectors. Relative to our peers, the Company's diversification strategy has provided some protection against the intensity of the drop in demand, giving us the chance to maintain some flow of business across a wide spectrum of client sectors.

In the absence of a listed peer, anecdotal evidence suggests that others in our sector suffered earlier and deeper; we have seen airlines, private jet operators and smaller brokers fail in recent months; and those with flawed business models or over-leveraged positions are unlikely to make the earnings needed this summer to ensure survival. By contrast Air Partner remains debt-free, profitable, and our continued strong cash generation is a real competitive advantage.

Commercial Jets (CJ)

Our primary division continues to represent almost two thirds of Group activity. Sales slipped 2%, but this was more than offset by a 10% increase in divisional profitability. The division remains active from Government and Corporate clients, as well as clients from various niche sectors. Activity levels were good up to the calendar year end, much of which was contracted before the November watershed. However, the lead-in period for quality business has shortened, and it remains to be seen how much of this absence of forward orders develops into an absence of business in the second half. As detailed in the last IMS, we have lost sales to vulnerable supplier airlines prepared to work below positive contribution levels in the short term. Today, in the second phase, the market supply has significantly reduced and this offers some support to price. The combined effect of this has been a change in perceptions of who are viable carriers to maintain substantive dealings with, opening up a trading gap where risk can quickly outweigh reward.

The fundamentals of the CJ division remain sound, and we continue to deliver outstanding operational success in some of the most challenging market conditions. It is also encouraging to see the progress made across mainland Europe, through our key offices in France, Germany, Italy and Austria, as smaller local competitors have waned. Whilst no segment data is available we sense a significant gain in market share, albeit of a reduced market.

Private Jets (PJ)

The speed of the private jet traffic slowdown experienced in November sent shockwaves throughout the entire industry. The normally slow winter period was much quieter, no matter how big you are, what jets you operate, or where you are based. The drop has been universal, led again by the US market. Industry statistics are too generalised to be a reliable indicator for specific markets but low season traffic levels are down by up to 50% in the USA and 20% in Europe, largely on lower corporate levels. Given the decision-justifying process now required, corporate travel is clearly far more negatively affected than private ultra high net worth (UHNW) travel, and Governmental use, although modest, is largely non-recessionary. We anticipate that the corporate activity will remain low for the second half, but we were encouraged that after the end of the H1 period, UHNW flying for the winter half term holiday was busy, creating evidence for some optimism ahead of the summer season.

After a strong first quarter, our PJ broking business was 11% lower in Q2 year on year. New JetCard sales were heavily affected at the same time and usage declined, leaving our 'credit hours' above seasonal norms and representing £6m of our cash. This trend appears to be broadly in line with rival products worldwide. Given the inexorable rise in private jet travel from mid-2004 to mid-2008, these abrupt reversions of demand take us back to approximately 2006 levels.

At the operating company in Biggin Hill the drop in sales has magnified traditional seasonal losses due to both high fixed costs from a business tuned to operate at peak activity levels, and by some remaining legacy owner commitments. The compound effect leaves our whole PJ result negative for the half year. The cross synergies between the broking and operating companies remain as valid as ever; the operating company accounts for 5% of overall Group sales but has generated significant halo earnings in the broking division. In return, the broking division today provides 25% of the operating company's business. Our focus for the second half will be to win market share as the industry shakes out weak providers, and clients see the true value of dealing with a financially secure supplier.

Freight

Our niche market freight team derives much of its income from devising and implementing complex logistical air freight solutions for clients in distress. Despite the traditional world airfreight market reportedly dropping by 20% in recent months, this team continues to meet its client demanding expectations and has handled 17% more business. With increased efficiency, it has delivered twice the profitability, a significant achievement in a very difficult and competitive market and a reflection of the skills and capabilities within Air Partner's freight division.

Future Investments

The group has an enviable long term reputation for cash generation, combined with zero debt. Today we report cash at its highest level ever. In these uncertain markets, cash is reassuring, and gives the board more flexibility to take advantage of unexpected opportunities. At the same time, we have increased our focus on strict cost control, and elected to delay the awarding of the construction contract for the new private jet terminal, pending better market clarity. As construction costs continue to fall, so the delay should improve longer term earnings. We expect to report further on this at the year end results.

Last year, we announced the creation and investment in the Air Partner Academy to develop and train new skills. The current trading environment has enabled the Group to commit more time to development, and the Academy has already delivered over 500 days of training in this period, as part of fine-tuning of sales skills in today's challenging environment.

Outlook and Current Trading

The second half of our financial year will clearly continue to be difficult and challenging. While forward orders are down, we believe the summer traffic will improve trading. Once we have an indication of the high season traffic, the Group can plan the next financial year targets and budgets with greater confidence.

The Group's consistent strategy over the last decade is proven and remains valid in today's environment. We aim to maintain our infrastructure in order to be best positioned to seize the advantages that will present themselves as market changes unfold. We will continue to leverage the diverse strength of the Group and our leading market positions to trade through these challenging times and emerge stronger.

In a tough market, the Group's experienced long term management, the fantastic team of professionals, strong cash position, zero debt position, track record of cash-generation and dividend growth, are all precious assets. The board remains confident in the long term drivers and prospects of the Group.

Aubrey Adams
Chairman
25th March 2009

Unaudited condensed consolidated income statement

for the six months ended 31 January 2009

Continuing operations	Note	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Revenue	2	107,134	109,366	251,315
Cost of sales		(94,201)	(95,923)	(221,410)
Gross profit		12,933	13,443	29,905
Administrative expenses		(10,110)	(9,981)	(21,444)
Operating profit		2,823	3,462	8,461
Finance income		400	422	784
Finance costs		(3)	(3)	(2)
Profit before tax		3,220	3,881	9,243
Taxation	7	(721)	(1,297)	(2,892)
Profit for the period		2,499	2,584	6,351
Attributable to:				
Equity holders of the parent		2,499	2,584	6,351
		2,499	2,584	6,351
Earnings per share:				
Basic	4	24.5p	25.6p	62.6p
Diluted	4	24.5p	25.1p	61.7p

Unaudited condensed consolidated statement of recognised income and expense

for the six months ended 31 January 2009

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Exchange differences on translation of foreign operations	1,307	451	645
Net income recognised directly in equity	1,307	451	645
Profit for the period	2,499	2,584	6,351
Total recognised income and expense for the period	3,806	3,035	6,996
Attributable to:			
Equity holders of the parent	3,806	3,035	6,996
	3,806	3,035	6,996

Unaudited condensed consolidated balance sheet

as at 31 January 2009

	Note	31 January 2009 (unaudited) £'000	31 January 2008 (unaudited) £'000	31 July 2008 (audited) £'000
Assets				
Non-current assets				
Goodwill		4,374	4,374	4,374
Other intangible assets		116	291	204
Property, plant and equipment		1,934	1,470	1,852
Deferred tax assets		375	171	292
		6,799	6,306	6,722
Current assets				
Inventories		352	371	434
Trade and other receivables		19,724	26,551	30,388
Financial assets		-	216	-
Cash and cash equivalents		22,148	14,349	20,756
		42,224	41,487	51,578
Total assets		49,023	47,793	58,300
Current liabilities				
Trade and other payables		(11,085)	(9,601)	(10,040)
Financial liabilities		-	-	(217)
Current tax liabilities		(413)	(912)	(1,422)
Other liabilities		(18,783)	(23,475)	(29,503)
		(30,281)	(33,988)	(41,182)
Net current assets		11,943	7,499	10,396
Non-current liabilities				
Deferred tax liability		(36)	(75)	(36)
		(36)	(75)	(36)
Total liabilities		(30,317)	(34,063)	(41,218)
Net assets		18,706	13,730	17,082
Equity				
Share capital		510	509	509
Share premium account		4,309	4,294	4,264
Translation reserve		1,545	162	356
Share option reserve		775	419	591
Retained earnings		11,567	8,346	11,362
Equity attributable to equity holders of the parent	5	18,706	13,730	17,082
Total equity		18,706	13,730	17,082

Unaudited condensed consolidated cash flow statement

for the six months ended 31 January 2009

	Note	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Net cash from operating activities	6	2,799	2,176	9,440
Investing activities				
Interest received		400	422	784
Purchase of minority interest		-	(935)	(935)
Purchases of property, plant and equipment		(288)	(203)	(697)
Net cash generated by/(used in) investing activities		112	(716)	(848)
Financing activities				
Dividends paid	3	(2,306)	(7,467)	(8,221)
Proceeds on issue of shares		46	828	799
Net cash used in financing activities		(2,260)	(6,639)	(7,422)
Net increase/(decrease) in cash and cash equivalents		651	(5,179)	1,170
Opening cash and cash equivalents		20,756	19,479	19,479
Effect of foreign exchange rate changes		741	49	107
Closing cash and cash equivalents		22,148	14,349	20,756

Reconciliation of net cash flow to movement net funds

for the six months ended 31 January 2009

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Increase/(decrease) in cash in the year	651	(5,179)	1,170
Effect of foreign exchange rate changes	741	49	107
Movement in net funds during the period	1,392	(5,130)	1,277
Opening net funds	20,756	19,479	19,479
Closing net funds	22,148	14,349	20,756

Selected notes to the condensed consolidated interim financial information

1 Interim statement

Basis of preparation

This unaudited condensed interim financial information for the half year ended 31 January 2009 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 July 2008.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2008, as described in the annual financial statements for the year ended 31 July 2008.

The financial information contained in this document does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The auditors have issued an unqualified opinion on the Group's statutory financial statements under International Financial Reporting Standards for the year ended 31 July 2008, which have been filed with the Registrar of Companies.

Selected notes to the condensed consolidated interim financial information *continued*

2 Segmental analysis

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Geographical segment – revenue			
United Kingdom	61,181	65,152	152,000
Europe	37,486	33,827	76,589
United States of America	5,997	8,374	19,088
Rest of the World	2,470	2,013	3,638
	107,134	109,366	251,315
Geographical segment – result			
United Kingdom	2,680	2,496	5,934
Europe	462	598	1,626
United States of America	(257)	299	882
Rest of the World	(62)	69	19
	2,823	3,462	8,461
Finance income	400	422	784
Finance costs	(3)	(3)	(2)
Profit before tax	3,220	3,881	9,243
Income tax expense	(721)	(1,297)	(2,892)
Profit for the period	2,499	2,584	6,351
Business segment – revenue			
Private jets	24,655	26,405	58,644
Commercial jets	71,164	73,290	165,415
Freight	10,088	8,697	24,687
Other	1,227	974	2,569
	107,134	109,366	251,315
Business segment – result			
Private jets	(153)	1,027	3,178
Commercial jets	2,184	1,980	4,418
Freight	572	280	558
Other	220	175	307
	2,823	3,462	8,461
Finance income	400	422	784
Finance costs	(3)	(3)	(2)
Profit before tax	3,220	3,881	9,243
Income tax expense	(721)	(1,297)	(2,892)
Profit for the period	2,499	2,584	6,351

3 Dividends

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Interim dividend for year ending 31 July 2008 of 7.4p per share	-	-	754
Final dividend for year ending 31 July 2008 of 22.6p (2007: 13.3p) per share	2,306	1,356	1,356
Special dividend for year ending 31 July 2008 of 60.0p per share	-	6,111	6,111
	2,306	7,467	8,221

The final dividend for the year ended 31 July 2008 was paid on 19 December 2008.

The proposed 2009 interim dividend of 8.1p per share was approved by the Board on 25 February 2009 and in accordance with IFRS has not been included as a deduction from equity at 31 January 2009. The dividend will be paid on 15 May 2009 to those shareholders on the register at the close of business on 17 April 2009. The ordinary shares will be marked ex-dividend on 15 April 2009.

4 Earnings per share

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

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	2,499	2,584	6,351
Earnings for the purposes of diluted earnings per share	2,499	2,584	6,351
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,195,782	10,087,454	10,138,500
Effect of dilutive potential ordinary shares	13,666	213,296	157,769
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,209,448	10,300,750	10,296,269

Selected notes to the condensed consolidated interim financial information *continued*

5 Group statement of changes in equity

	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 2008	509	4,264	591	356	11,362	17,082
Exchange differences on translation of foreign operations	-	-	-	1,189	-	1,189
Net income recognised directly in equity	-	-	-	1,189	-	1,189
Profit for the period	-	-	-	-	2,499	2,499
Share option movement for period	-	-	196	-	-	196
Total recognised income and expense for the period	-	-	196	-	2,499	2,695
Issue of shares under share option scheme	1	45	(12)	-	12	46
Dividends	-	-	-	-	(2,306)	(2,306)
Closing equity as at 31 January 2009	510	4,309	775	1,545	11,567	18,706

During October 2008 11,600 new shares were issued following exercise of staff options under the Air Partner plc Company Share Option Plan 2003.

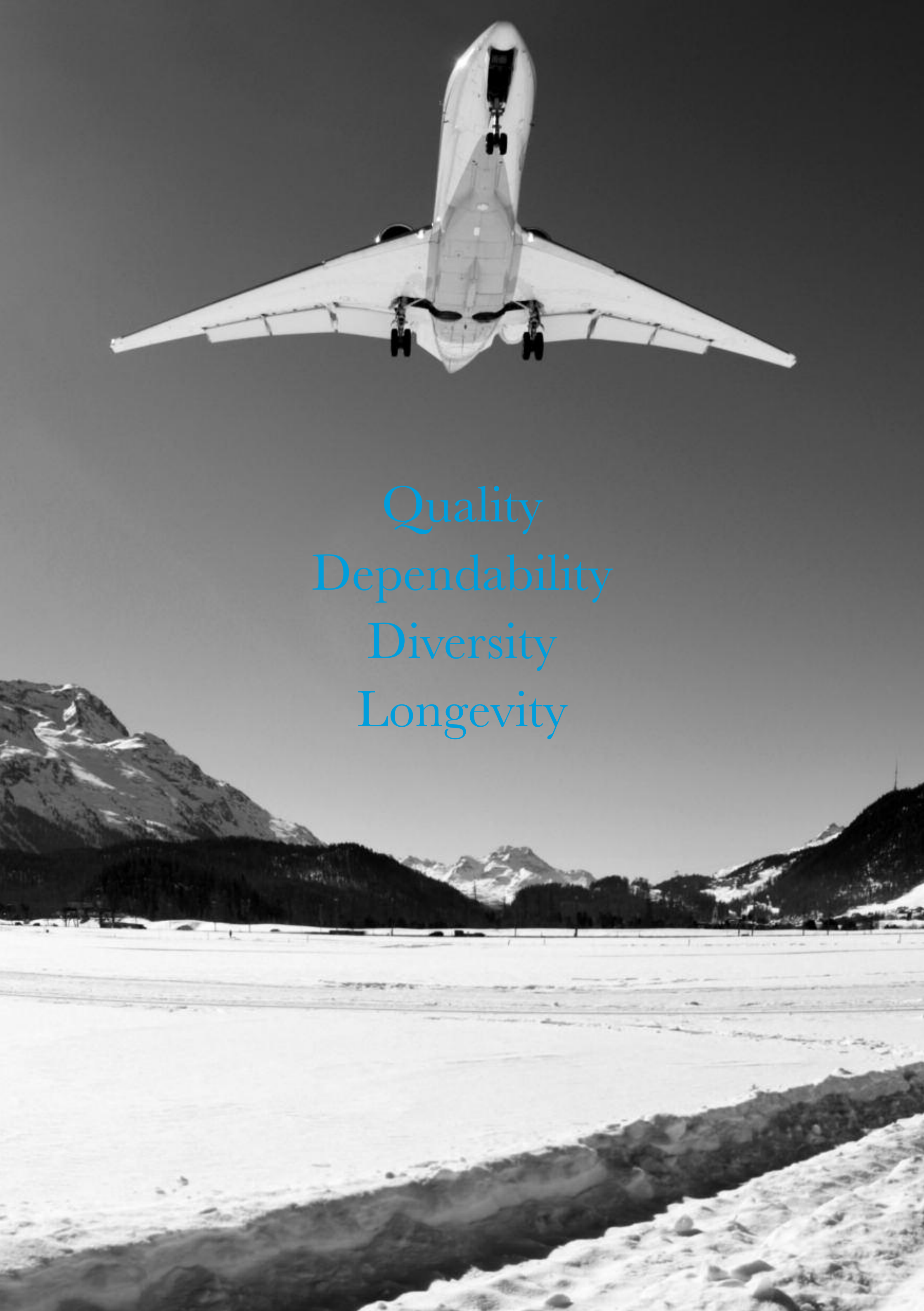
6 Net cash from operating activities

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Operating profit for the period	2,823	3,462	8,461
Adjustments for:			
Depreciation and amortisation	298	225	565
Movement on financial (asset)/liability	(217)	(386)	47
Share option cost for period	197	172	346
Operating cash flows before movements in working capital	3,101	3,473	9,419
Decrease/(increase) in receivables	10,664	124	(3,713)
Decrease/(increase) in inventories	82	24	(39)
(Decrease)/increase in payables	(9,237)	96	6,584
Cash generated from operations	4,610	3,717	12,251
Income taxes paid	(1,808)	(1,538)	(2,809)
Interest paid	(3)	(3)	(2)
Net cash from operating activities	2,799	2,176	9,440

7 Tax

	Half year to 31 January 2009 (unaudited) £'000	Half year to 31 January 2008 (unaudited) £'000	Year to 31 July 2008 (audited) £'000
Current tax:			
UK corporation tax	682	850	1,803
Foreign tax	117	443	1,264
	799	1,293	3,067
Deferred tax	(78)	4	(175)
	721	1,297	2,892

Income tax for the interim period is charged at 22.4% (2008: 33.4%), representing the best estimate of the weighted average income tax expected for the full financial year.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