



By Appointment to
Her Majesty The Queen
Supplier of Aircraft Charter

AIR PARTNER

Air Partner plc
Interims 2010



Highlights

Continuing operations (core commercial and private jet broking):

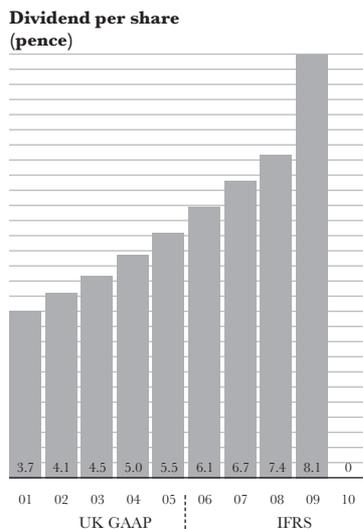
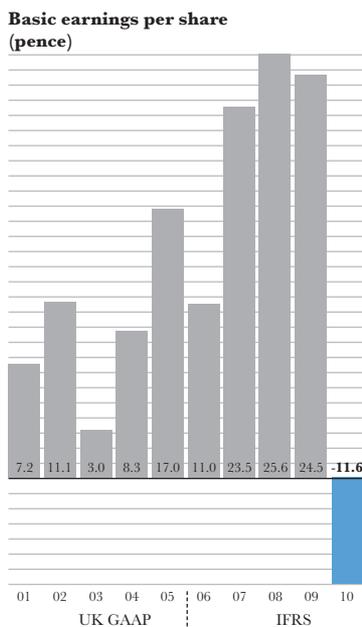
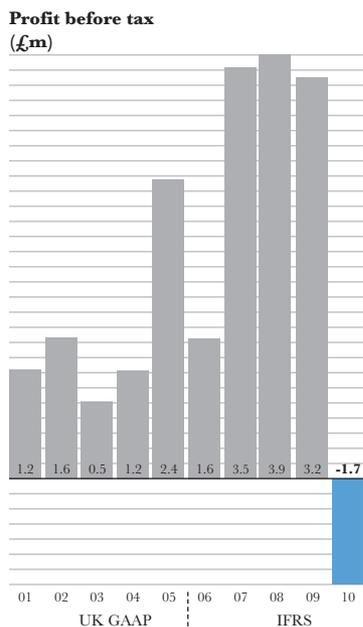
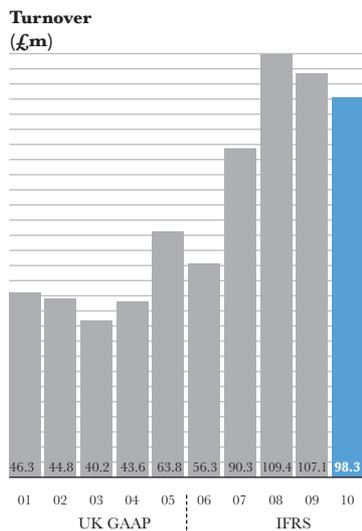
* Group Sales	Down 7% to £95.0m (2009: £101.8m)
* Group PBT	Down 77% to £1.0m (2009: £4.3m)
* Group diluted EPS	Down 64% to 11.7p (2009: 32.3p)

Including discontinued operations (including private jet operating company):

* PAT	Down 148% to (£1.2m) (2009: £2.5m)
* Diluted EPS	Down 147% to (11.6p) (2009: 24.5p)
* Cash	Down 34% to £14.7m (2009: £22.1m)

Aubrey Adams, Chairman of Air Partner commented:

“The Board has taken decisive action to reduce overheads and ensure that the Group is well positioned to return to growth as the market starts to improve. The decision to suspend the half year dividend until the year-end, when we intend to make a payment to shareholders, reflects the extraordinary conditions in the aviation market. The steps announced today will enable the Group to focus on its core broking business, offering excellent charter and jet card services to governments, corporates and high net worth clients.”



Chairman's interim statement

The six months to 31 January 2010 have been characterised by tough trading conditions both at Air Partner and within the wider aviation sector. This economic backdrop particularly impacted the Private Jet Operating Company at Biggin Hill ("PJOC" or "the Subsidiary"), which reported losses and negatively affected the larger Group. Accordingly, the Board has decided to close the PJOC, and the Subsidiary has been placed with administrators. While it is extremely disappointing to be disposing of the PJOC via an administration, the Board has exhausted all alternative options to further reduce costs and protect shareholder value in the core broking business.

In the period under review, continuing Group sales fell by 7% to £95.0m (2009: £101.8m). The Group's continuing activities made a profit before tax of £1.0m, but the exceptional charges of £2.4m associated with the PJOC, contributed to an overall loss after tax to £1.2m (2009: £2.5m profit), and core diluted earnings per share were down 64% to 11.7p (2009: 32.2p). The Group cash balance has reduced to £14.7m (2009: £22.1m). It is worth stressing that Air Partner entered the recession late and reported a very strong first quarter in 2008. Accordingly, while current trading is challenging and the losses at the PJOC draining, the year on year comparisons are particularly stark at this stage in the economic cycle.

Despite last year's significant cost cutting, the PJOC still reported a loss of £1.2m, and a £1.5m impairment of goodwill charge in the period under review. Since 2009, the Board has looked at a number of joint venture and disposal options for the PJOC, but these have failed to conclude. Moreover, the continued decline in the aviation sector has removed the rationale for Air Partner to control a managed fleet of private jets at the PJOC. In the current economic environment, as a pure charter broker, Air Partner will be better placed to access competitive hourly jet rates from its approved list of operators. Consequently, the Board believes the closure of the PJOC will better enable the Group to focus on its core private jet broking business, continuing to offer excellent charter and JetCard services to governments, corporates and high net worth clients.

Given the current economic situation and the ongoing efficiency changes at Air Partner, as the Group continues to transition back to its core broking business and growth, the Board believes it is prudent to conserve cash and not pay a half year dividend. The Board will review the dividend at the year end, once the PJOC closure is complete and working capital requirements have been met for the Group's key government work. However, it should be stressed that the Board currently anticipates paying a final dividend to shareholders.

While the current economic downturn has required cost cutting and cash conservation as the Group adjusts to today's reduced trading levels, the core strategy remains firmly in place. We continue to seek diversification of Group revenue by geography, product and client, and while the primary focus for the last six months has been to maximise the potential of our existing offices, the Board has actively managed the Group's international offices to optimise reach, profitability and client requirements. This has seen the closure of the Lyon office, where medium term forecasts were poor, and the successful transfer of the existing business to Paris. Meanwhile, in January the Group identified and executed an opportunity to expand into Turkey and early signs are positive. Elsewhere, a freight partnership has been agreed in Hong Kong and we are testing opportunities to use this territory as a hub for the surrounding area. The Company's sales presence in Moscow continues and is currently producing good results.

In February, Chief Executive Officer, David Savile, announced he will be resigning with effect from 31 March 2010. We are very grateful for the commitment and leadership David has shown throughout his time at Air Partner and wish him well for the future. We are delighted with the appointment of Mark Briffa as the new Chief Executive Officer. He brings fourteen years of experience at Air Partner and 20 years in the aviation industry.

Commercial Jets

The primary division continues to represent almost 49% of continuing Group activity with total sales of £46.6m. The sector continues to suffer from significant overcapacity and heavy discounting. As a result, competition has increased across the commercial jet market and is more aggressive than before, with margins reducing as a result. Suppliers continue to market

Chairman's interim statement *continued*

products directly and clients remain very price focused. Consequently, Air Partner is highly focused on client care and despite the current constraints, we continue to grow our client base. Not surprisingly, the conference and incentive and automotive sectors continue to be badly affected, but we are starting to see signs of recovery albeit very slowly. More positively, government and military business remains buoyant and the Group is actively working with political parties to help them carry out their flying needs for the forthcoming general election. We continue to develop our government business on a global basis. Elsewhere, niche areas such as sport, inclusive tours and special interest groups are performing relatively well, and we continue to work with our general sales agent (GSA) partners to provide creative solutions into our niche markets.

Private Jets

Pleasingly, private jet broking and JetCard have held up well. The Board expects fractional schemes and jet ownership to come under pressure, as clients realise the benefits of ad hoc charter and card schemes in these markets. While a high number of users are currently tied into fractional contracts for a set term, we believe clients will migrate to chartering in the near future. Air Partner's JetCard product remains profitable and while sales are slow, existing clients continue to renew. We are expanding our JetCard product into France, Germany, Italy, and Russia, and initial responses have been positive. The downturn in the private jet market has removed the necessity to control capacity, which contributed to the Board's decision to close the PJOC and access competitive hourly jet rates from its approved list of operators. The Board has also entered a GSA agreement with a private jet operator and is marketing their private jets on an exclusive basis in Russia.

Freight

Whilst the global general cargo market is down approximately 10–15%, it is pleasing to report that the Freight division, which accounts for 24% of continuing Group sales, has continued to perform robustly and report good sales along with a growing client base. H1 sales were £22.9m, as the team has continued to win repeat and long-term government business, and enquiry levels are currently at an all time high. We are excited by the prospects presented by the new partnership agreed in Hong Kong and the surrounding area. The market remains competitive and margins have been adversely affected accordingly, but we are pleased with the performance of this division. The Group has invested for further growth, expanding the team in Germany and France.

Air Partner's smaller divisions, Emergency Planning, Flight Operations, SAAB leasing, Travel Agency and Fuel broking, while not individually significant to the Group's profitability, are all performing in line with expectations, efficiently servicing clients and providing further revenue and client diversification.

Outlook

The Board has taken decisive action to ensure that the Group is well positioned to return to growth, as the market starts to improve. Today the Company is working towards becoming leaner, more flexible and better positioned for current business levels. We continue to transition back to our core broking business and believe our unique skills and international network, combined with product and client diversification provide a strong foundation to weather the remaining downturn and return to growth as the economy improves. The air charter market remains extremely challenging, but we are seeing tentative signs of some recovery in the fourth quarter.



Aubrey Adams
Chairman
16 March 2010

Responsibility statement of the Directors in respect of the interim report

We confirm to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union.

The interim management report includes a fair review of the information required by:

DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principle risks and uncertainties for the remaining six months of the year;

DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last Annual Report that could do so; and

DTR 4.2.10(4) of the Disclosure and Transparency Rules, being confirmation that the condensed set of financial statements gives a true and fair review.

The Directors of Air Partner plc are listed in the Group's Annual Report and Accounts for year ended 31 July 2009.

By order of the Board



Mark Briffa
Chief Executive Officer designate
16 March 2010



Stephanie White
Chief Finance Officer
16 March 2010

Condensed consolidated income statement

for the six months ended 31 January 2010

		Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Revenue	2	95,006	101,822	184,929
Cost of sales		(85,756)	(89,807)	(162,826)
Gross profit		9,250	12,015	22,103
Administrative expenses		(8,332)	(8,089)	(16,951)
Operating profit		918	3,926	5,152
Finance income		95	394	490
Finance costs		(7)	-	-
Profit before tax		1,006	4,320	5,642
Taxation	7	196	(1,029)	(965)
Profit for the period from continuing operations		1,202	3,291	4,677
Loss for the period from discontinued operations	12	(2,391)	(792)	(4,715)
(Loss) / profit for the period		(1,189)	2,499	(38)
Attributable to:				
Equity holders of the parent		(1,189)	2,499	(38)
Earnings per share:				
Continuing & discontinued operations				
Basic	4	(11.6)p	24.5p	(0.4)p
Diluted	4	(11.6)p	24.5p	(0.4)p
Continuing operations				
Basic	4	11.7p	32.3p	45.9p
Diluted	4	11.7p	32.2p	45.7p

Condensed consolidated statement of comprehensive income

for the six months ended 31 January 2010

		Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
(Loss) / profit for the period		(1,189)	2,499	(38)
Exchange differences on translation of foreign operations		261	1,189	843
Total comprehensive income for the period		(928)	3,688	805
Attributable to:				
Equity holders of the parent		(928)	3,688	805
		(928)	3,688	805

Condensed consolidated statement of changes in equity

for the six months ended 31 January 2010

	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
Profit for the period	-	-	-	-	2,499	2,499
Exchange differences on translation of foreign operations	-	-	-	1,189	-	1,189
Total comprehensive income for the period	-	-	-	1,189	2,499	3,688
Share option movement for period	-	-	196	-	-	196
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.

	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	-	-	-	-	(1,189)	(1,189)
Exchange differences on translation of foreign operations	-	-	-	261	-	261
Total comprehensive income for the period	-	-	-	261	(1,189)	(928)
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	4,752	12,186

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

Condensed consolidated balance sheet

for the six months ended 31 January 2010

		Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
	Note			
Assets				
Non-current assets				
Goodwill	8	755	4,374	2,268
Other intangible assets		98	116	29
Property, plant and equipment	9	2,145	1,934	2,238
Deferred tax assets		524	375	487
		3,522	6,799	5,022
Current assets				
Inventories		-	352	424
Trade and other receivables		26,714	19,724	26,507
Current tax assets		1,461	814	359
Cash and cash equivalents		14,604	22,148	16,137
		42,779	43,038	43,427
Assets held for sale	12	2,137	-	-
Total assets		48,438	49,837	48,449
Liabilities				
Current liabilities				
Trade and other payables		(10,388)	(11,085)	(10,033)
Financial liabilities		-	-	(3)
Current tax liabilities		(1,414)	(1,227)	(537)
Other liabilities		(22,942)	(18,783)	(22,571)
		(34,744)	(31,095)	(33,144)
Net current assets		8,035	11,943	10,283
Non-current liabilities				
Deferred tax liability		-	(36)	(18)
		-	(36)	(18)
Liabilities held for sale	12	(1,508)	-	-
Total liabilities		(36,252)	(31,131)	(33,162)
Net assets		12,186	18,706	15,287
Share capital		513	510	512
Share premium account		4,499	4,309	4,440
Translation reserve		1,460	1,545	1,199
Share option reserve		962	775	896
Retained earnings		4,752	11,567	8,240
Equity attributable to equity holders of the parent		12,186	18,706	15,287
Total equity		12,186	18,706	15,287
Total equity and liabilities		48,438	49,023	48,449

Condensed consolidated statement of cash flows

for the six months ended 31 January 2010

		Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
	Note			
Cash flows from operating activities				
Continuing operations	5	3,528	3,902	1,264
Discontinued operations		(1,288)	(1,103)	(2,630)
Net cash from operating activities		2,240	2,799	(1,366)
Investing activities				
Continuing operations				
- Interest received		95	400	496
- Purchases of property, plant and equipment		(1,627)	(317)	(1,319)
Discontinued operations		-	29	30
Net cash (used in) / generated by investing activities		(1,532)	112	(793)
Financing activities				
Continuing operations				
- Dividends paid	3	(2,315)	(2,306)	(3,132)
- Proceeds on issue of shares		60	46	179
Discontinued operations		-	-	-
Net cash used in financing activities		(2,255)	(2,260)	(2,953)
Net (decrease) / increase in cash and cash equivalents	6	(1,547)	651	(5,112)
Opening cash and cash equivalents		16,137	20,756	20,756
Effect of foreign exchange rate changes		14	741	493
Closing cash and cash equivalents		14,604	22,148	16,137

1 Interim statement

Basis of preparation

This unaudited condensed interim financial information for the half year ended 31 January 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 July 2009.

The financial information contained in this document does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The auditors have issued an unqualified opinion on the Group's statutory financial statements under International Financial Reporting Standards as adopted by the European Union for the year ended 31 July 2009. This has been filled with the Registrar of Companies.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2009, as described in the annual financial statements for the year ended 31 July 2009, except as described below:

a) Adoption of new and revised standards

In the current financial year, the Group has adopted IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements (revised).

IFRS 8 requires operating segments to be identified on the basis of internal management information that is regularly reviewed by the Chief Operating Decision Maker (CODM) to allocate resources to the segments and to assess their performance. In contrast, IFRS 8's predecessor (IAS 14 Segmental Reporting) required the Group to identify two sets of segments (geographical and business) with one being designated as the primary segment (geographical). As a result of the application of IFRS 8, the Group's segmental information has been presented as discussed in note 2 and comparative information has been represented accordingly.

IAS 1 (revised) requires non-owner changes in equity to be presented separately from owner changes in equity within a performance statement. The Group has chosen to present two performance statements, the consolidated income statement and the consolidated statement of comprehensive income. The statement of changes in equity has been included as a primary statement and presents all owner changes in equity and non-owner changes in equity.

b) Key accounting estimates and judgements

The preparation of financial statements requires management to make judgements, 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 effect on the amounts recognised are those related to impairment testing as these tests require the recoverable amount of the cash generating unit or asset to be estimated (note 8).

2 Segmental analysis

The Group has adopted IFRS 8 'Operating segments' effective from 1 August 2009. IFRS 8 requires operating segments to be identified on the basis of how internal management reporting presents components of the Group to the 'Chief Operating Decision Maker' and on the basis that this information is reviewed and used to allocate resources to the segments and to assess their performance.

The 'Chief Operating Decision Maker' is considered to be the Board. Based on monthly internal reporting, the Board considers the Group's business from both a services and geographical perspective. However in contrast to the information which was presented using a risks and returns approach, as previously required under IAS 14 'Segmental Reporting', the adoption of IFRS 8 has resulted in minor changes to the identification of the Group's reportable segments.

The Board reviews the performance of the services that are provided by the Group on the following basis: commercial jet services, private jet services, freight services and other support services. Each of these components have been identified as operating segments.

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

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.

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.

Revenues from external customers are derived primarily from the provision of services within the commercial jets and private jets operations. Revenues are also derived through the offering of freight services and travel support services, including operations and insurance.

Half year to 31 January 2010 (unaudited) £'000	Private Jets	Commercial Jets	Freight	Other	Discontinued Operations	Total	Discontinued Operations	Adjustments	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	(910)	(3,289)
Revenues from external customers	18,297	46,621	22,905	8,093	2,344	98,260	(2,344)	(910)	95,006
Profit / (loss) before tax	428	432	88	58	(1,218)	(212)	1,218	-	1,006
Segment assets	14,714	22,323	5,716	3,548	2,137	48,438	(2,137)	-	46,301

Half year to 31 January 2009 (unaudited) £'000	Private Jets	Commercial Jets	Freight	Other	Discontinued Operations	Total	Discontinued Operations	Adjustments	Per Consolidated Financial Statements
Total revenues	20,417	71,182	10,089	1,362	5,312	108,362	(5,312)	-	103,050
Revenues from transactions with other operating segments	(12)	(18)	(1)	(135)	(1,062)	(1,228)	1,062	(1,062)	(1,228)
Revenues from external customers	20,405	71,164	10,088	1,227	4,250	107,134	(4,250)	(1,062)	101,822
Profit / (loss) before tax	1,002	2,491	589	238	(1,100)	3,220	1,100	-	4,320
Segment assets	10,898	28,191	4,226	2,952	2,756	49,023	(2,756)	-	46,267

Year to 31 July 2009 (audited) £'000	Private Jets	Commercial Jets	Freight	Other	Discontinued Operations	Total	Discontinued Operations	Adjustments	Per Consolidated Financial Statements
Total revenues	39,251	124,278	20,076	4,427	9,369	197,401	(9,369)	-	188,032
Revenues from transactions with other operating segments	(147)	(580)	(37)	(239)	(2,100)	(3,103)	2,100	(2,100)	(3,103)
Revenues from external customers	39,104	123,698	20,039	4,188	7,269	194,298	(7,269)	(2,100)	184,929
Profit / (loss) before tax	1,277	3,516	749	100	(2,636)	3,006	2,636	-	5,642
Segment assets	11,929	26,288	4,502	3,128	2,602	48,449	(2,602)	-	45,847

The Company is domiciled in the UK however, 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 one individual country is deemed to have material revenue and non-current asset levels, however 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 of 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 2010 (unaudited)					
Revenues from external customers	61,140	30,793	5,132	1,195	98,260
Non-current assets	1,554	216	1,379	-	3,149
Half year to 31 January 2009 (unaudited)					
Revenues from external customers	61,181	37,486	5,997	2,470	107,134
Non-current assets	5,525	252	3	644	6,424
Year to 31 July 2009 (audited)					
Revenues from external customers	108,713	70,283	12,057	3,245	194,298
Non-current assets	3,043	214	3	1,275	4,535

3 Dividends

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Interim dividend for year ending 31 July 2009 of 8.1p per share	-	-	826
Final dividend for year ending 31 July 2009 of 22.6p (2008: 22.6p) per share	2,315	2,306	2,306
	2,315	2,306	3,132

The final dividend for the year ended 31 July 2009 was paid on 18 December 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 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Earnings			
Continuing operations			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	1,202	3,291	4,677
Earnings for the purposes of diluted earnings per share	1,202	3,291	4,677
Continuing and discontinued operations			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	(1,189)	2,499	(38)
Earnings for the purposes of diluted earnings per share	(1,189)	2,499	(38)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,241,882	10,195,782	10,200,067
Effect of dilutive potential ordinary shares	23,268	13,666	43,080
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,265,150	10,209,448	10,243,147

5 Net cash from operating activities

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Operating profit for the period	918	3,926	5,152
Adjustments for:			
Depreciation and amortisation	221	298	566
Costs written off (hangar project)	-	-	536
Intercompany movement of aircraft	1,547	-	-
Movement on financial liability	(4)	(217)	(214)
Share option cost for period	125	197	353
Operating cash flows before movements in working capital	2,807	4,204	6,393
(Increase) / decrease in receivables	(1,669)	10,664	3,881
(Increase) / decrease in inventories	(10)	82	10
Increase / (decrease) in payables	2,054	(9,237)	(6,613)
Cash generated from operations	3,182	5,713	3,671
Income taxes paid	368	(1,808)	(2,396)
Interest paid	(22)	(3)	(11)
Net cash from operating activities	3,528	3,902	1,264

6 Reconciliation of movement of net funds

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
(Decrease) / increase in cash in the year	(1,547)	651	(5,112)
Effect of foreign exchange rate changes	14	741	493
Movement in net funds during the period	(1,533)	1,392	(4,619)
Opening net funds	16,137	20,756	20,756
Closing net funds	14,604	22,148	16,137

7 Tax

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Continuing operations			
Current tax:			
UK corporation tax	(167)	990	743
Foreign tax	10	117	409
	(157)	1,107	1,152
Deferred tax	(39)	(78)	(187)
Total tax on continuing activities	(196)	1,029	965
Discontinued operations			
Current tax:			
UK corporation tax	(340)	(308)	-
Foreign tax	-	-	-
	(340)	(308)	-
Deferred tax	-	-	(26)
Total tax on discontinued activities	(340)	(308)	(26)
Total tax	(536)	721	939

Income tax for the interim period is charged at 31.0% (2009: 22.4%), representing the best estimate of the weighted average income tax expected for the full financial year.

8 Goodwill

	Notes	£'000
Cost		
At 1 August 2008		4,374
Additions		-
At 31 January 2009		4,374
Provision for impairment		
At 1 August 2008		-
Impairment		-
At 31 January 2009		-
Net book value		
At 31 January 2009		4,374
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

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.

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 covering a five-year period 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%.

Air Partner Private Jets has suffered from a global downturn in the private jet aviation market, which has led to lower prices, lower yields, less flying hours and less optimisation. The Group has revised its cash flow forecasts for this company as a result and has impaired goodwill to its recoverable amount. The goodwill recognised on the acquisition of Air Partner Private Jets Limited has been fully impaired via the recognition of an impairment loss of £1,513,000. Further details of this are provided in the Chairman's statement.

9 Property, Plant and Equipment

	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 2008	208	855	1,401	389	176	3,029
Exchange adjustments	-	(31)	165	-	8	142
Additions	10	-	210	27	41	288
Disposals	-	-	(186)	-	-	(186)
At 31 January 2009	218	824	1,590	416	225	3,273
Depreciation						
At 1 August 2008	56	150	906	-	65	1,177
Exchange adjustments	-	(6)	140	-	6	140
Charge for the year	10	37	141	-	20	208
Disposals	-	-	(186)	-	-	(186)
At 31 January 2009	66	181	1,001	-	91	1,339
Net book value						
At 31 January 2009	152	643	589	416	134	1,934
Cost						
At 1 August 2009	218	1,519	1,645	-	197	3,579
Exchange adjustments	-	(170)	(33)	-	-	(203)
Additions	-	1,547	68	16	1	1,632
Disposals	-	(1,518)	(34)	-	(20)	(1,572)
Assets held for sale	(99)	-	(46)	-	(34)	(179)
At 31 January 2010	119	1,378	1,600	16	144	3,257
Depreciation						
At 1 August 2009	77	244	924	-	96	1,341
Exchange adjustments	-	-	(30)	-	-	(30)
Charge for the year	10	73	98	-	11	192
Disposals	-	(317)	(26)	-	(20)	(363)
Assets held for sale	(1)	-	(24)	-	(3)	(28)
At 31 January 2010	86	-	942	-	84	1,112
Net book value						
At 31 January 2010	33	1,378	658	16	60	2,145

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

10 Related Party Transactions

The Company had transactions in the ordinary course of business, during the period under review, with related parties.

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Year to 31 July 2009 (audited) £'000
Trading Transactions			
Subsidiaries			
Sales to subsidiaries	40	4	114
Purchases from subsidiaries	1,021	1,276	2,477
Amounts owed by subsidiaries	483	1,711	2,160

Outstanding balances that relate to trading balances are placed on the inter-company accounts with no specific credit period.

	Half year to 31 January 2010 (unaudited) £'000	Half year to 31 January 2009 (unaudited) £'000	Full year to 31 July 2009 (audited) £'000
Loans to related parties			
Loans to Air Partner Private Jets Limited	-	3,000	3,000

During the period under review, the Lee Baron Group Limited charged fees to the Group of £nil (2009 year end: £33,500) and Gleeds Building Surveying Limited £nil (2009 year end: £55,700) in respect of project management on the development of a hangar in Biggin Hill. P Savile, brother of D C W Savile, a director, is employed by Gleeds Building Surveying Limited and was previously employed by Lee Baron Group Limited. The initial contract negotiation for this year was supervised by S J White and A G Mack, independent of D C W Savile. At the period end there was a balance of £nil (2009 year end: £11,500) owed to Gleeds Building Surveying Limited and £nil owed to Lee Baron Group Limited (2009 year end: £nil).

During the 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, is employed by Avmarine Consultancy Limited and was paid £30,030 during the course of the period under review (2009 year end: £28,894). The contract rates were agreed by the Board excluding J Barber. At the period end there was a balance of £6,000 (2009 year end: £4,500) owed to M Barber.

11 Contingent Liabilities

The Group has a terminable indemnity for £240,000 (2009 year end: £240,000) in respect of a passenger sales agency agreement and also a bank guarantee for £4,500 (2009 year end: £4,500) lodged in regard to certain employee rights in Dubai.

12 Discontinued Operations

At the interim report date, the Board was actively looking to sell its subsidiary, Air Partner Private Jets Limited and hence has classified the assets and liabilities associated with the subsidiary as a discontinued operation in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations'.

However on 15 March 2010, the planned sale fell through and consequently the Board has decided to put the company into administration.

As a result of this decision, the profits for the forthcoming period to 31 July 2010 will be impacted following the administration process and the estimated financial effect of this is £629,000.

Notes to the condensed consolidated statement of consolidated income

	Half year to 31 Jan 2010 (unaudited) Discontinued ops £'000	Half year to 31 Jan 2009 (unaudited) Discontinued ops £'000	Year to 31 July 2009 (audited) Discontinued ops £'000
Revenue	3,254	5,312	9,369
Cost of sales	(2,700)	(4,394)	(6,576)
Gross profit	554	918	2,793
Administrative expenses	(1,757)	(2,021)	(5,424)
Impairment of goodwill	-	-	(2,106)
Operating loss	(1,203)	(1,103)	(4,737)
Finance income	-	22	23
Finance costs	(15)	(19)	(28)
Loss before tax	(1,218)	(1,100)	(4,742)
Taxation	340	308	27
Loss on disposal of discontinued operations	(878)	(792)	(4,715)
Loss recognised on the measurement to fair value less costs to sell	(1,513)	-	-
Loss for the period from discontinued operations	(2,391)	(792)	(4,715)

	Half year to 31 January 2010 (unaudited) discontinued operations £'000
Assets	
Non-current assets	
Goodwill	-
Other intangible assets	-
Property, plant and equipment	151
Deferred tax assets	-
	151
Current assets	
Inventories	434
Trade and other receivables	1,467
Current tax assets	-
Cash and cash equivalents	85
	1,986
Total assets held for sale	2,137
Current liabilities	
Trade and other payables	(322)
Financial liabilities	-
Current tax liabilities	-
Other liabilities	(1,165)
	(1,487)
Net current assets	499
Non-current liabilities	
Deferred tax liability	(21)
	(21)
Total liabilities held for sale	(1,508)
Net assets held for sale	629



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