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

AIR PARTNER

Air Partner plc
Interim Report 2013

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

Results:

	Jan 2013	Jan 2012	%variance
• Revenue	£102.1m	£120.5m	(15%)
• Underlying Profit Before Tax†	£1.3m	£1.2m	8%
• Profit Before Tax	£1.3m	£2.3m	(41%)
• Cash#	£17.3m	£14.3m	20%
• Underlying basic EPS*	8.0p	7.3p	10%
• Basic EPS	8.0p	14.8p	(46%)
• Interim dividend	6.05p	5.50p	10%

† "underlying" profit is profit before non-trading items
# includes JetCard cash of £8.6m (2012: £6.0m)
* excluding non-trading items

Highlights:

- Underlying profit before tax up 8% on lower revenues
- Progress made against stated strategy
  - o Strong performance in the US
  - o Private Jet Europe revenues up 5%
  - o Tour Operator - new business secured for H2
  - o Oil & Gas client numbers increasing
- Private Jet division performed well with revenues up by 12% in traditionally weaker H1
  - o JetCard sales up by 14%
  - o Sale of first $1m JetCard to corporate client
- Commercial Jets division making progress in tough market - client base further diversified
  - o Government spending and overcapacity reduced revenues
  - o Successfully helped launch the all new Land Rover in H1 (7,000 reps from 53 countries)
  - o New Inclusive Tour Operator revenues benefit in H2
- Freight division's results reflect decline in global freight market and conclusion of large government contract in the prior year
- Strong US performance with revenues up 32% on the prior comparative period
  - o PJ division in US gaining good traction
  - o US election flying led to significant business for division
- Group remains debt free and with cash of £17.3m
- Interim dividend increased by 10%

Chairman's interim statement

Group performance

Results for the first six months to 31 January 2013 were in line with the Board's expectations despite the economic environment continuing to be challenging. Underlying profit before tax was £1.3m, an increase of 8%, with improved margins and reduced overheads more than offsetting a 15% reduction in revenue. The lower revenue reflects reduced government and Conference & Incentive business within Commercial Jets, partially offset by the initial progress made delivering against our four key areas of strategic focus.

Due to a non-recurring £1.0m credit resulting from the write-back of historic accruals in 2012, profit before tax of £1.3m was £1.0m lower than the prior year (2012: £2.3m). There were no non-trading items in the current period and on an underlying basis profit before tax grew by 8%. Cash has grown by £3.0m to £17.3m mainly due to new JetCard sales and lower working capital requirements arising from decreased government business. Given this strong overall performance the Board is pleased to be able to grow the interim dividend by 10% to 6.05p per share (2012: 5.50p).

Commercial Jet revenue fell by 11% in the period, impacted by ongoing overcapacity of wide bodied aircraft in the market place and the MoD taking more operations in house. Private Jet revenue grew by 12% with very good performances across the Group. Freight revenue has fallen by 56% as a result of the conclusion of a large UK government contract in 2012 and the ongoing challenging trading conditions across the whole freight sector.

The Group continues to monitor costs closely while making targeted staff appointments to drive growth within the Group's key strategic focus areas. Last year's restructuring combined with ongoing cost management this year has resulted in overheads being 8% lower than last year.

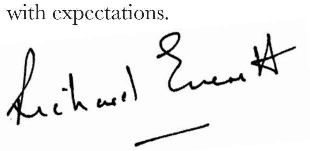
Strategy

Air Partner is making good progress against its strategy of diversifying its broking business focusing on the key areas of the US, Private Jet broking in Europe and broking in the Oil & Gas and Tour Operator markets. In the US investment in key talent and high quality broking skills have led to a strong performance with revenues up 32% on the prior year. Private Jets in continental Europe grew by 5%, achieved through the greater focus on cross-territory collaboration under a dedicated Private Jet manager. A number of contracts with independent tour operators have been secured within our Commercial Jet division and client numbers in the Oil & Gas sector are up on the previous year.

Changes in revenue streams across the divisions were partly a result of the changing client base as the Group diversifies its revenue streams in line with its strategy. The Private Jet division is focusing on high quality broking and building market share through high net worth individuals, corporate clients and JetCard. The Commercial Jet division will continue to transition from decreasing government revenues to securing non-governmental business.

Outlook

Poor visibility on lead times remains across the industry. This, combined with inconsistent trading patterns and current economic conditions, means that the Board remains cautious in its view on trading prospects for the remainder of this financial year. The Group traditionally has a stronger second half year and with income from the summer Tour Operator business and the Oil & Gas sector, combined with further expansion in the US and Europe, the Board expects full year results to be broadly in line with expectations.



Richard Everitt
Chairman

14 March 2013

CEO’s review of operations

Underlying profit growth in the period under review was driven by the Private Jet division which performed strongly, delivering growth in all major markets due to improved sales and high quality broking. The Commercial Jet division’s improved performance was derived from the US presidential election and increased private sector business.

The US performed strongly during the period in both the Private and Commercial Jet divisions. Revenue in Europe has declined, impacted by weaker demand in Commercial Jets (predominantly Conference & Incentive and government business). Progress to diversify into additional client areas is underway and is starting to show results, especially in the Tour Operator and Automotive markets. New business was sourced from a variety of industries in the private sector in the period offsetting lower revenue.

Private Jet Broking

Private Jets was again the strongest performing division in the Group. Revenues for the first six months grew by 12% to £22.7m (2012: £20.3 million) with underlying profit before tax up 30% to £0.4m (2012: £0.3m). The division contributed 22% to overall group revenues (2012: 17%).

The Private Jets division is already benefiting from an increased strategic focus both in Europe and the US. A number of key new staff have been recruited in the period and many of these are already making a positive contribution to the business. In the US the Private Jet team has built considerable momentum and in Europe, under the control of a dedicated manager, sales are also improving. A sustainable model has been implemented within the US and Europe to drive sales growth from high net worth individuals and JetCard as well as ad hoc corporate charters.

Sales of Air Partner’s JetCard continue to improve, with 17 new JetCards sold in the period. Collaboration between the US and UK offices as well as between our Emergency Planning and Private Jet departments led to the Group selling its first $1 million JetCard to a corporate client.

Commercial Jet Broking

The US delivered a robust performance, winning significant business related to the presidential election. The UK business also performed well, growing revenue despite reductions in government tenders. New business revenues from the Inclusive Tour Operator market across Europe are expected in the second half of the financial year. Revenue from Continental Europe has significantly reduced, predominantly as a result of lower demand, reflecting continued uncertainty within the Eurozone.

Revenue in the period for the division reduced by £8.2m to £64.9m (2012: £73.0m). Despite the 11% reduction in revenue, increased focus on margin and costs led to underlying profit before tax increasing by 14% to £0.7m. Air Partner is implementing its strategy to focus on new revenue streams from the private sector; Oil & Gas, Tour Operator, Automotive, Sports and Entertainment.

Client numbers in the Oil & Gas sector are up on the previous year, reaping rewards from partnerships and alliances. Successful contracts secured within Commercial Jets have also led to collaboration with other divisions, such as Freight with employees and equipment being transported for the same client.

Air Partner’s dedication to the highest levels of service as well as sourcing alternative revenue streams was typified by the recent support that the Group provided to Land Rover for the global launch of the all-new Range Rover. Air Partner flew over 7,000 car dealers from 53 countries around the world to Marrakech in Morocco. 126 flights were completed, supported 24/7 by a dedicated Air Partner team that was seconded around the world to implement the programme.

Recent business successes have led to a number of tour operators sourcing aircraft from Air Partner to support their summer season. Larger Inclusive Tour Operators have their own fleets, especially wide-bodied, but as the supply side of the Inclusive Tour Operating market shrinks, some smaller operators are finding it difficult to source suitable single-aisle aircraft that fit their bespoke requirements. Air Partner has the network and expertise to assist these operators providing them with the right aircraft, at the right price.

Freight Broking

Freight revenues in this period reduced to £7.9 million (2012: £17.9 million) and as a result, underlying profit for the Freight Broking division as a whole decreased to £0.1 million (2012: £0.2 million). Revenue fell due to the conclusion of a significant government contract in March 2012. The Group does not expect an improvement in this division until the global economy starts to recover and accordingly costs have been reduced in line with lower revenue. Freight broking represents a relatively small part of Air Partner’s business – less than 8% in the period, however it remains an important part of the suite of Air Partner’s offering to its clients.

Support Services

Revenue from Support Services (Travel, Fuel, Emergency Planning, ACMI and 24/7 Operations) decreased to £6.7 million (2012: £9.2 million). A reduction in the cost base meant that underlying profit remained stable at £0.1 million (2012: £0.1 million). The fall in revenue occurred in 24/7 Operations which, as previously announced, now predominantly focuses on internal support, rather than seeking to generate third party revenue.

Review of operations

continued

Strategic update

Air Partner is making good progress in each of its key areas of strategic focus and in the diversification of the Group's customer base and revenue stream. We are confident that this strategy offers good prospects for growing client numbers and revenues into the future.

Investment in key talent and high quality broking in the US has led to a very strong performance with revenues up 32% on the prior year. Broking is very much a people business reliant on industry knowledge supported by the right tools. The Board is confident that the right team is in place to expand market share in the US over the longer term.

The greater focus derived from having a dedicated Private Jet team for Continental Europe has helped to deliver a good performance with revenue increasing by 5%, driven by robust performances in France and Germany.

Traction is being made within the Oil & Gas sector with client numbers up on the previous year. As further progress is made engaging and establishing partnerships across this industry we are confident that the Group's market share will increase.

Independent tour operators have been engaged within the Tour Operator market across the Group. Air Partner has a number of contracts with some of the largest European independent tour operators for their summer flying programmes through to October 2013. Looking ahead, the team is already focusing its attention on the 2013 winter programmes and intends to replicate the success and relationships that have been developed for the current summer season.

During the period Air Partner completed the ISO 9001 certification of all Continental European offices. This external recognition is testament to the service that the Group provides and the importance that Air Partner places on quality for its clients. Certification in the UK should be completed by the end of 2013.

Financial review

Group profit before tax for the period was £1.3 million (2012: £2.3 million). The prior year result included a non-recurring £1.0m credit resulting from the write-back of historic accruals. Excluding this item, underlying profit before tax increased by 8%. There were no non-trading items in the current period.

Basic and fully diluted underlying earnings per share for the period increased by 10%, from 7.3p per share to 8.0p per share.

Cash reserves grew to £17.3m, boosted by new JetCard sales and lower working capital requirements due to decreased government business. Due to differing client and supplier payment terms, the Group's working capital requirements fluctuate across a wide range.

The Board has declared an interim dividend of 6.05p per share representing a growth of 10%. The dividend will be paid on 26 April 2013 to shareholders on the register on 2 April 2013. The intention remains to grow dividends progressively, so long as this is justified by business performance.

Looking forward

Despite the current macroeconomic conditions, Air Partner is trading profitably, increasing dividends, maintaining the highest standards of service and has evolved into a leaner operation better able to deal with varying market demands. Looking forward, uncertainty and challenge should eventually give way to greater market confidence and new opportunities which the Group is well positioned to further capitalise on.

Mark Briffa
CEO

14 March 2013

Financial information

Forward-looking statements

Announcements issued by Air Partner plc may contain forward looking statements, indicated by words such as “aims”, “believes,” “expects”, “intends,” and similar expressions. These statements reflect current views and expectations up to the date of approval of this statement and are made in good faith by the directors. Unless otherwise required by laws, regulations or changes in accounting standards, Air Partner accepts no obligation to update these statements as a result of future events or new information subsequently obtained. New announcements will be made to the market as required under the Disclosure and Transparency Rules.

Trends and factors affecting the business

Though the second half of the year is usually expected to produce higher levels of business, Air Partner’s lead times for ad hoc bookings are measured in days or weeks, rather than months and future revenues cannot be predicted with any certainty. Forward bookings can be impacted very suddenly by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another. Economic uncertainty affects corporate, government and individual clients and affects the quality of supply of aircraft as operators consolidate or leave the market. These are trends outside the Group’s control but the strategy remains to diversify to address seasonality and broaden the client mix.

Principal risks and uncertainties facing the Group

Aircraft charter broking on the Air Partner model can be classed as a relatively low financial risk business, in that the broker sells capacity on aircraft owned and operated by a third party and contracts are normally placed as mirrored transactions. The Group does not have any contractual arrangements with any significant individual or company which are essential to continuation of the business.

The Board reviews risks which may have a significant impact on the Group, including operational aviation-related risks (quality and quantity of supply, adverse weather conditions, competitive pricing pressure and regulatory changes) and financial risks such as foreign exchange and interest rate fluctuations, credit risk and liquidity and cash flow management. The profile of both financial and operational risks varies from time to time but the current level of risk is not substantially different from that at 31 July 2012, as described in the annual report for the year then ended.

The principal risk to the Group’s business remains the degree to which clients’ available financial resources and the general economic conditions in which they operate affect their willingness to charter. The Group recognises that ad hoc charters are likely to continue to be impacted by economic instability in the major world markets for the foreseeable future.

Related party transactions

There has been no significant change in the level of transactions between Air Partner plc and its subsidiaries, since that disclosed in the annual report to 31 July 2012. Such transactions did not materially affect the financial position or performance of the Group in the period under review. There are no other related party transactions which are required to be disclosed under DTR 4.2.8R.

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 2012.

By order of the Board

Mark Briffa
CEO

Gavin Charles
CFO

14 March 2013

Condensed consolidated income statement

for the half year ended 31 January 2013

Continuing operations	Note	Half year to 31 January 2013 (Unaudited) Underlying* £'000	Non-trading items £'000	Total £'000	Half year to 31 January 2012 (Unaudited) Underlying* £'000	Non-trading items £'000	Total £'000
Revenue	2	102,148	-	102,148	120,476	-	120,476
Cost of sales		(91,665)	-	(91,665)	(109,311)	-	(109,311)
Gross profit		10,483	-	10,483	11,165	-	11,165
Administrative expenses		(9,170)	-	(9,170)	(9,956)	1,029	(8,927)
Operating profit		1,313	-	1,313	1,209	1,029	2,238
Finance income		16	-	16	27	-	27
Finance expense		(3)	-	(3)	(8)	-	(8)
Profit before tax		1,326	-	1,326	1,228	1,029	2,257
Taxation	7	(508)	-	(508)	(479)	(264)	(743)
Profit for the period		818	-	818	749	765	1,514
Attributable to:			-				
Owners of the parent company		818	-	818	749	765	1,514
Earnings per share:							
Continuing operations							
Basic	5	8.0p	- p	8.0p	7.3p	7.5p	14.8p
Diluted	5	8.0p	- p	8.0p	7.3p	7.4p	14.7p

* *Before non-trading items (see note 3)*

Condensed consolidated statement of comprehensive income

for the half year ended 31 January 2013

	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Profit for the period	818	1,514
Exchange differences on translation of foreign operations	275	46
Exchange differences on liquidation of foreign operations	22	-
Total comprehensive income for the period	1,115	1,560
Attributable to:		
Owners of the parent company	1,115	1,560

Condensed consolidated statement of financial position

as at 31 January 2013

	Note	31 January 2013 (Unaudited) £'000	31 January 2012 (Unaudited) £'000	31 July 2012 (Audited) £'000
Non-current assets				
Goodwill	8	956	925	871
Other intangible assets	9	601	45	287
Property, plant and equipment	10	792	1,010	890
Deferred tax assets		557	405	469
		2,906	2,385	2,517
Current assets				
Trade and other receivables		33,855	26,805	30,544
Current tax assets		455	171	212
Cash and cash equivalents		17,252	14,337	15,716
Asset held for sale	11	697	1,033	690
Derivative financial instruments		19	-	-
		52,278	42,346	47,162
Total assets		55,184	44,731	49,679
Current liabilities				
Trade and other payables		(11,720)	(7,241)	(8,247)
Current tax liabilities		(55)	(439)	(367)
Other liabilities		(28,720)	(22,221)	(26,138)
Provisions	13	(672)	(1,430)	(724)
Derivative financial instruments		-	(27)	(90)
		(41,167)	(31,358)	(35,566)
Net current assets		11,111	10,988	11,596
Total liabilities		(41,167)	(31,358)	(35,566)
Net assets		14,017	13,373	14,113
Equity				
Share capital		513	513	513
Share premium account		4,518	4,518	4,518
Translation reserve		1,238	1,139	941
Share option reserve		1,330	1,212	1,238
Retained earnings		6,418	5,991	6,903
Total equity		14,017	13,373	14,113

Condensed consolidated statement of changes in equity

for the half year ended 31 January 2013

	Share capital £'000	Share premium account £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2011	513	4,518	1,093	1,087	5,606	12,817
Profit for the period	-	-	-	-	1,514	1,514
Exchange differences on translation of foreign operations	-	-	46	-	-	46
Total comprehensive income for the period	-	-	46	-	1,514	1,560
Share option movement for the period	-	-	-	125	-	125
Dividends paid	-	-	-	-	(1,129)	(1,129)
Closing equity as at 31 January 2012 (unaudited)	513	4,518	1,139	1,212	5,991	13,373

	Share capital £'000	Share premium account £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2012	513	4,518	941	1,238	6,903	14,113
Profit for the period	-	-	-	-	818	818
Exchange differences on translation of foreign operations	-	-	275	-	-	275
Exchange differences on liquidation of foreign operations	-	-	22	-	-	22
Total comprehensive income for the period	-	-	297	-	818	1,115
Share option movement for the period	-	-	-	92	-	92
Dividends paid	-	-	-	-	(1,303)	(1,303)
Closing equity as at 31 January 2013 (unaudited)	513	4,518	1,238	1,330	6,418	14,017

Condensed consolidated statement of cash flows

for the half year ended 31 January 2013

	Note	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Cash flows from operating activities			
Continuing operations	6	2,371	7,988
Discontinued operations	14	-	664
Net cash inflow from operating activities		2,371	8,652
Investing activities			
Continuing operations			
- Interest received		16	27
- Purchases of property, plant and equipment		(15)	(68)
- Purchases of intangible assets		(323)	(49)
Net cash used in investing activities		(322)	(90)
Financing activities			
Continuing operations			
- Dividends paid	4	(1,303)	(1,129)
Net cash used in financing activities		(1,303)	(1,129)
Net increase in cash and cash equivalents		746	7,433
Opening cash and cash equivalents		15,716	7,151
Effect of foreign exchange rate changes		790	(247)
Closing cash and cash equivalents		17,252	14,337

Notes to the unaudited financial information for the half year ended 31 January 2013

1 Accounting policies

Basis of preparation

This condensed financial information for the half year ended 31 January 2013 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. The condensed financial information was authorised by the Board on 13 March 2013. The interim condensed financial statements are unaudited and should be read in conjunction with the annual financial statements for the year ended 31 July 2012.

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, Deloitte LLP, issued an unqualified opinion on the Group's statutory financial statements for the year ended 31 July 2012. 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 2012 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 2012.

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.

Third party claims

An assessment has been made of the potential costs of settlement of third party claims received following the closure of Air Partner Private Jets Limited, based on discussions with advisors 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. See note 13 for further details.

Valuation of aircraft

During the year ended 31 July 2012, the carrying value of the Group's sole owned aircraft was written down to management's estimate of its fair value less costs to sell, based on a third party valuation. It is possible that the aircraft will not be sold, or that the sales price will differ from the third party valuation, or that the selling costs will not equal management's estimates. See note 11 for further details.

Accruals related to air charter contracts

When revenues and costs for air charter contracts are initially recognised, estimates may need to be made in order to accrue items of income and expenditure that have not been invoiced. These estimates may not reflect the ultimate outcome. During the year ended 31 July 2012, an extensive review of historical accruals related to air charter contracts was performed and as a result a number of accruals were reversed. See note 3 for further details.

2 Segmental analysis

The services provided by the Group consist of hiring different types of aircraft for charter to its clients 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 (which includes operations and travel 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 basis consistent with 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.

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

Half year to 31 January 2013 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Other Services £'000	Total £'000
Total revenues	65,268	22,734	7,991	6,794	102,787
Revenues from transactions with other operating segments	(408)	(75)	(72)	(84)	(639)
Revenues from external customers	64,860	22,659	7,919	6,710	102,148
Depreciation and amortisation	(67)	(40)	(6)	(10)	(123)
Finance income and expense	7	4	1	1	13
Underlying profit before tax	719	431	65	111	1,326
Non-trading items (see note 3)	-	-	-	-	-
Profit before tax	719	431	65	111	1,326

Half year to 31 January 2012 (Unaudited) Contining operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Other Services £'000	Total £'000
Total revenues	73,110	20,318	18,465	10,308	122,201
Revenues from transactions with other operating segments	(82)	(43)	(526)	(1,074)	(1,725)
Revenues from external customers	73,028	20,275	17,939	9,234	120,476
Depreciation and amortisation	(72)	(37)	(18)	(11)	(138)
Finance income and expense	9	5	3	2	19
Underlying profit before tax	632	332	164	100	1,228
Non-trading items (see note 3)	531	278	137	83	1,029
Profit before tax	1,163	610	301	183	2,257

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 reviews revenue 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.

The Board also reviews information 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, the 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 2013 (Unaudited)					
Revenues from external customers	52,938	36,158	11,401	1,651	102,148
Non-current assets (excluding deferred tax assets)	1,218	831	262	38	2,349
Half year to 31 January 2012 (Unaudited)					
Revenues from external customers	59,870	49,721	8,626	2,259	120,476
Non-current assets (excluding deferred tax assets)	984	817	142	37	1,980

3 Non-trading items

Continuing operations	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Write-back of historical accruals and other credit balances	-	1,029
Tax effect of non-trading items	-	(264)
Non-trading items after taxation	-	765

During the half year ended 31 January 2012, the Group wrote back £1,029,000 of credit balances from the balance sheet, resulting in a gain within administrative expenses in the income statement. These balances were estimates of invoices and credit notes for revenues and costs related to air charter contracts. Following an extensive review, the Group concluded that these balances should no longer be retained. This review was completed by 31 July 2012.

4 Dividends

	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Final dividend for year ended 31 July 2012 of 12.7 pence (2011: final dividend of 11.0 pence) per share	1,303	1,129

The final dividend for the half year ended 31 July 2012 was paid on 14 December 2012.

5 Earnings per share

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

	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Earnings for the calculation of basic and diluted earnings per share		
Continuing operations		
Profit attributable to owners of the parent company	818	1,514
Non-trading items	-	(765)
Underlying profit - continuing operations	818	749
Number of shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,261,393	10,261,393
Effect of dilutive potential ordinary shares: share options	5,409	19,030
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,266,802	10,280,423

The calculation of underlying earnings per share (before non-trading items) is included as the directors believe it provides a better understanding of the underlying performance of the Group. Non-trading items are disclosed in note 3.

6 Net cash inflow from operating activities

Continuing operations	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Profit for the period	818	1,514
Adjustments for:		
Finance income	(16)	(27)
Finance expense	3	8
Income tax expense	508	743
Depreciation and amortisation	123	138
Fair value gains on derivative financial instruments	(109)	(17)
Share option cost for period	92	125
Decrease in provisions	(52)	(290)
Foreign exchange differences	(356)	-
Operating cash flows before movements in working capital	1,011	2,194
(Increase) / decrease in receivables	(2,168)	20,757
Increase / (decrease) in payables	4,682	(14,245)
Cash generated from operations	3,525	8,706
Income taxes paid	(1,151)	(710)
Interest paid	(3)	(8)
Net cash inflow from operating activities	2,371	7,988

7 Tax

Continuing operations	Half year to 31 January 2013 (Unaudited) £'000	Half year to 31 January 2012 (Unaudited) £'000
Current tax:		
UK corporation tax	268	446
Foreign tax	288	256
Amounts under-provided in previous years	40	28
	596	730
Deferred tax	(88)	13
Total tax	508	743
Of which:		
Tax on underlying profit	508	479
Tax on non-trading items (see note 3)	-	264
	508	743

Income tax for the interim period was charged at 34.9% (half year ended 31 January 2012: 31.7%), representing the best estimate of the weighted average income tax expected for the full financial year.

8 Goodwill

	Goodwill £'000
Cost	
At 1 August 2011	755
Foreign currency adjustments	170
At 31 January 2012	925
Provision for impairment	
At 1 August 2011 and 31 January 2012	-
Net book value	
At 31 January 2012	925
Cost	
At 1 August 2012	871
Foreign currency adjustments	85
At 31 January 2013	956
Provision for impairment	
At 1 August 2012 and 31 January 2013	-
Net book value	
At 31 January 2013	956
At 31 July 2012	871

Goodwill relates entirely to one cash generating unit, being Air Partner International SAS.

For the purpose of impairment testing, the recoverable amount of the cash generating unit was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering a three-year period. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts was 2% (2012: 2%). The rate used to discount the forecast cash flows was 10% (2012: 10%).

The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a material impairment of goodwill.

9 Other intangible assets

	Software £'000
Cost	
At 1 August 2011	-
Additions	49
At 31 January 2012	49
Amortisation	
At 1 August 2011	-
Charge for the half year	4
At 31 January 2012	4
Net book value	
At 31 January 2012	45
Cost	
At 1 August 2012	297
Additions	323
Foreign currency adjustments	1
At 31 January 2013	621
Amortisation	
At 1 August 2012	10
Charge for the half year	10
At 31 January 2013	20
Net book value	
At 31 January 2013	601
At 31 July 2012	287

Other intangible assets comprise acquired software.

There were no commitments at the period end to purchase any intangible assets.

10 Property, plant and equipment

	Short leasehold property and leasehold improvements £'000	Aircraft £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2011	803	1,711	1,703	45	4,262
Additions	27	-	41	-	68
Foreign currency adjustments	(8)	-	(38)	(3)	(49)
Reclassified as held for sale	-	(1,711)	-	-	(1,711)
At 31 January 2012	822	-	1,706	42	2,570
Depreciation					
At 1 August 2011	112	731	1,335	18	2,196
Charge for the year	41	-	89	4	134
Foreign currency adjustments	(6)	-	(31)	(2)	(39)
Reclassified as held for sale	-	(731)	-	-	(731)
At 31 January 2012	147	-	1,393	20	1,560
Net book value					
At 31 January 2012	675	-	313	22	1,010
Cost					
At 1 August 2012	816	-	1,691	39	2,546
Additions	-	-	7	-	7
Foreign currency adjustments	12	-	54	5	71
At 31 January 2013	828	-	1,752	44	2,624
Depreciation					
At 1 August 2012	180	-	1,455	21	1,656
Charge for the year	45	-	65	3	113
Foreign currency adjustments	12	-	47	4	63
At 31 January 2013	237	-	1,567	28	1,832
Net book value					
At 31 January 2013	591	-	185	16	792
At 31 July 2012	636	-	236	18	890

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale. Accordingly, the aircraft was reclassified as an asset held for sale. See note 11 for further details.

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

11 Asset held for sale

	Aircraft £'000
At 1 August 2011	-
Reclassification from property, plant and equipment	980
Foreign currency adjustments	53
At 31 January 2012	1,033
At 1 August 2012	690
Foreign currency adjustments	7
At 31 January 2013	697

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale. Accordingly, the aircraft was reclassified as an asset held for sale. Based on a third party valuation, the carrying value of the aircraft at 31 July 2012 was written down to its fair value less costs to sell of £690,000, resulting in an impairment charge for the half year of £335,000. The Group continues to be in discussions with a number of parties regarding a potential sale.

12 Contingent liabilities

At 31 January 2013, the Group had a charge over cash of £240,000 (31 January 2012 and 31 July 2012: £240,000) in respect of a passenger sales agency agreement. Additionally, at 31 January 2013 the Group had a bank guarantee for £17,000 (31 January 2012 and 31 July 2012: £17,000) lodged in regard to certain employee rights in Dubai.

13 Provisions

	31 January 2013 (Unaudited) £'000	31 January 2012 (Unaudited) £'000	31 July 2012 (Audited) £'000
US Federal Excise Tax	-	858	-
Administration claims	474	572	474
Restructuring	198	-	250
	672	1,430	724

At 31 January 2012, a provision of £858,000 was held in relation to unpaid Federal Excise Tax due on certain flights contracted by the Company outside the US but involving a US destination. During the year ended 31 July 2012, the Company and its US tax advisors concluded discussions with the relevant authorities, resulting in payments totalling £468,000 including interest for late payment and professional fees. The remaining provision was written back to the income statement.

A provision of £474,000 (31 January 2012: £572,000, 31 July 2012: £474,000) was held 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 July 2014.

The restructuring provision relates to redundancy costs incurred as part of a structural review of the business completed in the year ended 31 July 2012. Whilst the majority of the employees affected had left the business prior to 31 July 2012, a number of employees either have left or will leave during the current year as part of a formal and fully communicated plan. The redundancy provision for those individuals who had not left the business at 31 January 2013 totalled £198,000 (31 July 2012: £250,000) across the Group.

14 Discontinued operations

On 15 March 2010, 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 administrators. As a result of this decision, the results of Air Partner Private Jets Limited up to the date of disposal were classified as discontinued operations.

During the half year to 31 January 2012, the Group received £664,000 cash from the administrators of Air Partner Private Jets Limited. Other than this, discontinued operations contributed £nil to the Group's net operating cash flows during the current and comparative periods. There were no profits or losses from discontinued operations during either the current or comparative periods.

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