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

AIR PARTNER

Air Partner plc

Interim Report July 2013

Strong operational performance - strategic initiatives delivering results.

Results:

	July 2013	July 2012	% variance
Revenue	£220.6m	£227.6m	(3%)
Underlying Profit Before Tax†	£4.2m	£3.2m	31%
Profit Before Tax	£3.9m	£4.1m	(5%)
Cash#	£20.7m	£15.7m	32%
Underlying basic EPS*	27.1p	21.3p	27%
Basic EPS	24.7p	29.1p	(15%)
Dividends	20.05p	18.20p	10%

† underlying profit is profit before non-trading items
# includes JetCard cash of £10.0m (2012: £7.6m)
* excluding non-trading items

Highlights:

- Underlying profit before tax up 31% on marginally lower revenue
- Revenue across strategic initiatives up by 39%
  - US revenue up 75%
  - Continental Europe's Private Jet revenues up 17%
  - Significant Tour Operator contracts won
  - Increased Oil & Gas client numbers
- Commercial Jets division revenues up 4%
  - Underlying profit before tax up 46%
  - Strong Tour Operator business mitigating reduced government spending
  - Successfully flew 4,300 passengers for global IT company
- Private Jet division revenues up 22%
  - Underlying profit before tax up by 47%
  - JetCard sales and renewals up by 35%
  - Dedicated product director appointed
- Freight division revenue down by 52% reflecting conclusion of large contract in prior year
- Second interim dividend increased by 10% to 14.0p; 12 month dividend up 10% to 20.05p
- Group remains debt free

Chairman's interim statement

Group performance

The Board is pleased to report a strong performance for the 52 week period to 31 July 2013. Due to the change in accounting reference date, this period is reported as a second interim result. Underlying profit before tax was £4.2m, an increase of 31% over the prior year (2012: £3.2m) despite a 3% reduction in revenue. This increase in profitability has been achieved by good broking and a favourable mix effect between the divisions resulting in an improvement in the gross profit margin to 10.4% (2012: 9.6%).

Profit before tax for the period of £3.9m, declined by 5% on the prior year (2012: £4.1m, which included a £0.9m credit for non-trading items). The current period includes £0.3m of non-trading costs relating to the restructuring of the business to a product led organisation. Overheads were broadly flat with tight cost control broadly funding investments in people and marketing. Revenue grew in the US, Private Jets Europe, Tour Operating and Oil & Gas, generally offsetting a reduction in the government and Conference & Incentive sectors.

Revenue for Commercial Jets across the Group increased by 4% and underlying profit before tax rose by 46%. Private Jets also traded well ahead of the prior year with revenue 22% higher and underlying profit up by 47%. As previously reported, whilst the Freight division has undertaken some important work, revenues remain at a significantly lower level than the prior year; down by 52%.

Cash has increased by £5.0m to £20.7m 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 declare a second interim dividend of 14.0p per share (2012: 12.7p) an increase of 10% over the final dividend declared at this stage last year bringing the total dividend paid for the year to 20.05p (2012: 18.20p). The dividend will be payable on 25 October 2013 to those shareholders who appeared on the register at 4 October 2013.

Strategy

During the period, Air Partner remained focused on its four strategic priorities; the US, Private Jets Europe, Tour Operating and Oil & Gas and opportunities in emerging markets. These initiatives delivered significant growth in the period. In the US, investment in experienced brokers led to a strong performance with revenue up 75% on the prior year. Revenue for Private Jets in Europe grew by 17% from a low base achieved through a greater focus on cross-territory collaboration. The focus on securing capacity for independent Tour Operators resulted in significant contracts in the UK and Europe. Client numbers in the Oil & Gas sector were up on the previous year as the Group continues to develop successful relationships and partnerships. Air Partner reviewed a number of potential opportunities within emerging markets; however we decided investment is not appropriate at this time.

As part of its recent strategic review, the Group identified a need to become more product focused and sales orientated. To this end the Group has been restructured to reflect its main areas of broking activity: Commercial Jets, Private Jets and Freight & Support Services. Shaping the Group along product lines enables synergies to be captured providing a greater ability to direct necessary skills, expertise and knowledge across borders in an inclusive and integrated approach.

People are central to Air Partner's success and during the year a number of key appointments have been made to further strengthen the group. The Board is pleased to welcome Grahame Chilton as a non-executive director appointed at the end of July. Grahame brings a wealth of global experience growing brokerage businesses which will be invaluable to the Company in the years ahead. The business also strengthened its senior management team in the period under review with the appointment of a Private Jets director (for the UK and the rest of Europe) which will be key to the success of this product's growth and expansion.

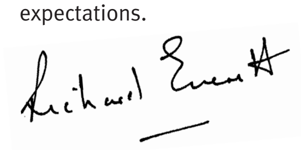
Work towards obtaining the ISO9001 accreditation for the UK has progressed and pending external certification later this year, will complement our European offices where ISO9001 was achieved at the end of 2012. Development of the integrated customer relationship management system has also progressed with £0.6m capitalised in the period with implementation expected later next year.

Accounting Reference Date

As announced in its Pre-Close statement on 26 July 2013 Air Partner has changed its accounting reference date from 31 July to 31 January. Accordingly, the Group has prepared this second interim statement in respect of the twelve month period ending 31 July 2013. The next results, due to be reported in March 2014, will be for the 18 months to 31 January 2014.

Outlook

The Board is confident that it has a sound strategy in place to continue to broaden its business base and is encouraged by the progress made to date. Further selective investment is now planned to support this progress. For the six months to 31 January 2014 trading prospects are currently in line with expectations.



Richard Everitt
Chairman

9 October 2013

CEO's review of operations

The Group has performed strongly over the last 12 months, growing underlying profit by 31%. Good progress continues to be made across the majority of our strategic initiatives. The strong performance in the US and in new business sectors has enabled us to offset revenue reductions in other parts of the business, predominantly Freight, which was impacted by both client specific and global economic factors.

Revenue across the whole of passenger broking increased by 8.4% with strong performances from both Private Jets and Commercial Jets. The Private Jet division saw growth in its major markets and improved sales performance through collaboration and high quality broking. Commercial Jet growth was also impressive against a market backdrop experiencing lower demand in the governmental and Conference & Incentive sectors.

As a result of our recent strategic review, the organisation has been restructured along product lines, led by divisional directors for Commercial Jets, Private Jets and Freight & Support Services. This more focused approach will allow us to deliver sales growth and enable best practice to be shared across territories. The divisions will be run in a more inclusive and integrated manner and in turn will help to better identify areas for improvement and investment. Largely for geographical reasons the US has been excluded from this restructure, although the structure within the US does follow product lines. The Group's restructuring has resulted in a £0.3m charge in the period, comprised primarily of redundancies, which have been classified as a non-trading item.

Commercial Jet Broking

The Commercial Jet division produced a robust performance for the twelve months to 31 July 2013, trading ahead of the prior year with revenue up by £5.9m to £144.8m (2012: £138.9m). Along with this 4% improvement in revenue, our focus on margin and tight control of costs led underlying profit before tax to increase by 46% to £2.3m (2012: £1.6m).

The strategy to respond to the reduction in government and Conference & Incentive business by focusing on growth sectors such as Tour Operating, Automotive, Sport and Oil & Gas has resulted in new business being successfully sourced. The Inclusive Tour Operator market across Europe has been robust with specialist, small independent Tour Operators thriving in the current environment. With Air Partner's expertise, knowledge and reputation, we have been able to source the right sized aircraft to accommodate their bespoke needs whilst at the same time providing flexibility on costs, deployment and capacity. The airlines and aircraft are specifically chosen to guarantee reliability and a high end service for both summer and winter programmes. Progress within the Oil & Gas sector is ongoing with client numbers up by 50% on the previous year. Air Partner offers a full suite of sector tailored products that are in demand whether private jet, freight movement or emergency evacuation for employees.

The US has performed ahead of expectations primarily driven by our investment in broking talent, large corporate events, the White House and the repatriation of stranded passengers. Commercial Jets in the UK traded significantly ahead of the prior year reflecting new business wins in the growth sectors.

Private Jet Broking

Private Jets had an excellent year led by a very strong performance in the US, UK and France. Progress is also being made in other territories where historically Air Partner's Private Jet offering has not been as strong. Revenue for the twelve months rose by 22% to £53.5m (2012: £44.0m) and underlying profit before tax rose by 47% to £1.5m (2012: £1.0m).

Sales of Air Partner's JetCard continues to improve, with new and renewed JetCards up by 35% in the period. The Group also recently launched its Corporate Card designed to deliver the same excellent JetCard service that the Group is known for, but with enhanced value for corporate users flying day-return flights from a regular base airport. Renewals of our flagship offering, JetCard, as well as new corporate clients, are testament to the flexibility and value for money that this product offers.

In the US we have been rewarded for our investment in broking talent which contributed towards increased revenues and client numbers during the period. From a low base, sales of new JetCards increased by 300% and card renewals were also up on the prior period. As previously announced, the Group sold its first $1m JetCard last year and we are pleased that this client has chosen to renew.

Freight Broking

Freight revenue is 52% lower than the comparative period, reflecting the conclusion of a large government contract and the continued weakness in the global air freight market. Revenues for the twelve month period decreased to £12.5m (2012: £25.9m) and as a result, despite cost control measures, underlying profit for the Freight Broking division as a whole decreased to £0.2m (2012: £0.3m). The Freight division remains a key part of Air Partner's product range.

In the prior year Air Partner adjusted its freight team to suit current demand. It continues to provide high quality, bespoke services in response to market demands as illustrated by the 'Sochi Express' proposition. This series of charter services prior to the Winter Olympics has been very well received by the market and will provide an opportunity to service the needs of the Freight divisions freight forwarding client's with a tailored logistics service. As a result, the division remains well placed to benefit from any improvement in the global freight market.

Review of operations

continued

Support Services

Revenue from Support Services (Travel, Fuel and Emergency Planning) for the period decreased to £9.8m (2012: £18.8m). As previously announced, these services now predominantly focus on internal support, rather than seeking to generate third party revenue. During the same period underlying profit was lower than the prior period at £0.2m (2012: £0.3m) albeit on much lower revenue. Our Emergency Planning Division experienced a 12% growth in client numbers against the prior period.

Strategic update

We are making good progress on our strategic initiatives and areas of focus. We are confident our strategy will enable us to grow our client numbers, revenues and profit into the future whilst also delivering improved levels of client satisfaction and employee reward. Revenue across our strategic initiatives rose by 39% compared to the prior period.

Repeat and referred business is vital to our success. It is imperative that our clients are engaging with the best and most experienced people in the industry with the right tools and support to capitalise on each and every opportunity. Non-repeatable business, such as repatriating stranded passengers or evacuating personnel due to war, civil unrest or terrorist activities requires a high degree of experience in go-now operations. This experience, combined with Air Partner's reputation for quality and safety, is increasingly relied on by large corporates and governments alike throughout the world.

USA

In the US, investment in key talent, through recruitment from our competitors, contributed towards a 75% increase in revenue during the period, mainly within our Commercial and Private Jet divisions. The impressive sales of new and renewed JetCards are expected to continue to grow in this territory, especially with our corporate clients. We recently opened an office in Houston where client relationships are being developed in the Oil & Gas sector and we expect these to transform into future business.

Private Jets Europe

Revenue for Private Jets in Continental Europe increased by 17%, led by a strong performance in France. Traction has also been derived in Germany, Switzerland and Italy through closer collaboration across the region although these territories continue to underperform relative to other markets within the Group. As we develop and build the Group's presence and our JetCard product in these territories, we expect synergies to lead to revenue and profit growth. We have further strengthened the Leadership Team during the period with the appointment of Paul Richardson as Private Jet director (excluding the US). Paul's business experience and strong networks in both wealth management and the sports industry make him ideally placed to lead growth in the Private Jet Division and achieve its strategic aims.

Oil & Gas

Within the Oil & Gas sector new offices have been established in Houston and Aberdeen to develop relationships and grow sales. By working closely with clients, we better understand their needs and are able to demonstrate how Air Partner can assist and deliver unrivalled levels of service. Corporate clients in this sector are potential users of the portfolio of products offered by Air Partner and interest is growing with client numbers up by 50% on the prior year, albeit from a low base.

Tour Operating

Air Partner's experience and skills have been proven within the Tour Operator market this year with revenue up by 34% compared to the prior period. During the period the Group secured a number of large accounts across Europe especially in the UK. Independent, niche Tour Operators, both big and small, have benefitted from our reliable service which in turn ensures that their own customers' needs are being met, if not exceeded. The Tour Operator team has already won business for the 2013 winter programmes, replicating the successful relationships that have been developed during the current summer season.

Emerging markets

During the period under review, Air Partner has reviewed a number of potential opportunities in new and emerging markets in Asia and South America. The lack of local representation in these markets has not hindered our ability to broker business and deliver high service levels to clients. At this time the Group does not believe that significant investment in these markets is appropriate. However, we continue to monitor and review all future opportunities and will seek to grow our presence in growth emerging markets through strong local partnerships.

Looking forward

Air Partner has performed well in the period, exceeding management expectations. This is testament to the dedication, hard work and professionalism of all of our people to whom I extend my appreciation. Our strategy builds on our strong product offering, experience and reputation driving improvements in our underlying performance. I firmly believe our strategy and focus is enhancing our organisation and through selective investments we are positioning ourselves to thrive in the medium and long term. The Group's performance in the current period remains positive and in line with management expectations.

Mark Briffa
CEO

9 October 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 period to July 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 and on our website at www.airpartner.com.

By order of the Board

Mark Briffa
CEO

Gavin Charles
CFO

9 October 2013

Condensed consolidated income statement

for the six months ended 31 July 2013

Continuing operations	Note	Six months ended 31 July 2013 (Unaudited and Unreviewed) Underlying* £'000	Non-trading items £'000	Total £'000	Six months ended 31 July 2012 (Unaudited and Unreviewed) Underlying* £'000	Non-trading items £'000	Total £'000
Revenue		118,458	-	118,458	107,080	-	107,080
Cost of sales		(105,938)	-	(105,938)	(96,481)	-	(96,481)
Gross profit		12,520	-	12,520	10,599	-	10,599
Administrative expenses		(9,609)	(328)	(9,937)	(8,617)	(211)	(8,828)
Operating profit		2,911	(328)	2,583	1,982	(211)	1,771
Finance income		11	-	11	24	-	24
Finance expense		(6)	-	(6)	(2)	89	87
Profit before tax		2,916	(328)	2,588	2,004	(122)	1,882
Taxation		(956)	81	(875)	(570)	164	(406)
Profit for the period		1,960	(247)	1,713	1,434	42	1,476
Attributable to:							
Owners of the parent company		1,960	(247)	1,713	1,434	42	1,476
Earnings per share:							
Continuing operations							
Basic	5	19.1p	(2.4)p	16.7p	14.0p	0.4p	14.4p
Diluted	5	18.9p	(2.4)p	16.5p	14.0p	0.4p	14.4p

* Before non-trading items

There were no profits or losses from discontinued operations during either the current or comparative periods.

Condensed consolidated statement of comprehensive income

for the six months ended 31 July 2013

	Six months ended 31 July 2013 (Unaudited & Unreviewed) £'000	Six months ended 31 July 2012 (Unaudited & Unreviewed) £'000
Profit for the period	1,713	1,476
Exchange differences on translation of foreign operations	82	(198)
Exchange differences on liquidation of foreign operations	-	-
Total comprehensive income for the period	1,795	1,278
Attributable to:		
Owners of the parent company	1,795	1,278

Condensed consolidated income statement

for the twelve months ended 31 July 2013

Continuing operations	Note	Twelve months ended 31 July 2013 (Unaudited) Underlying* £'000	Non-trading items £'000	Total £'000	Twelve months ended 31 July 2012 (Audited) Underlying* £'000	Non-trading items £'000	Total £'000
Revenue		220,606	-	220,606	227,556	-	227,556
Cost of sales		(197,603)	-	(197,603)	(205,792)	-	(205,792)
Gross profit		23,003	-	23,003	21,764	-	21,764
Administrative expenses		(18,779)	(328)	(19,107)	(18,573)	818	(17,755)
Operating profit		4,224	(328)	3,896	3,191	818	4,009
Finance income		27	-	27	51	-	51
Finance expense		(9)	-	(9)	(10)	89	79
Profit before tax		4,242	(328)	3,914	3,232	907	4,139
Taxation	7	(1,464)	81	(1,383)	(1,049)	(100)	(1,149)
Profit for the period		2,778	(247)	2,531	2,183	807	2,990
Attributable to:							
Owners of the parent company		2,778	(247)	2,531	2,183	807	2,990
Earnings per share:							
Continuing operations							
Basic	5	27.1p	(2.4)p	24.7p	21.3p	7.8p	29.1p
Diluted	5	27.0p	(2.4)p	24.6p	21.3p	7.8p	29.1p

* Before non-trading items (see note 3)

There were no profits or losses from discontinued operations during either the current or comparative periods.

Condensed consolidated statement of comprehensive income

for the twelve months ended 31 July 2013

	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Profit for the period	2,531	2,990
Exchange differences on translation of foreign operations	357	(152)
Exchange differences on liquidation of foreign operations	22	-
Total comprehensive income for the period	2,910	2,838
Attributable to:		
Owners of the parent company	2,910	2,838

Condensed consolidated statement of financial position

as at 31 July 2013

	Note	31 July 2013 (Unaudited) £'000	31 July 2012 (Audited) £'000
Non-current assets			
Goodwill	8	966	871
Other intangible assets	9	904	287
Property, plant and equipment	10	717	890
Deferred tax assets		633	469
		3,220	2,517
Current assets			
Trade and other receivables		45,893	30,544
Current tax assets		244	212
Cash and cash equivalents		20,651	15,716
Asset held for sale	11	-	690
Derivative financial instruments		3	-
		66,791	47,162
Total assets		70,011	49,679
Current liabilities			
Trade and other payables		(12,478)	(8,247)
Current tax liabilities		(191)	(367)
Other liabilities		(41,393)	(26,138)
Provisions	13	(771)	(724)
Derivative financial instruments		-	(90)
		(54,833)	(35,566)
Net current assets		11,958	11,596
Total liabilities		(54,833)	(35,566)
Net assets		15,178	14,113
Equity			
Share capital		513	513
Share premium account		4,518	4,518
Translation reserve		1,320	941
Share option reserve		1,317	1,238
Retained earnings		7,510	6,903
Total equity		15,178	14,113

Condensed consolidated statement of changes in equity

for the twelve months ended 31 July 2013

Audited

	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	-	-	-	-	2,990	2,990
Exchange differences on translation of foreign operations	-	-	(152)	-	-	(152)
Total comprehensive income for the period	-	-	(152)	-	2,990	2,838
Share option movement for the period	-	-	-	151	-	151
Dividends paid	-	-	-	-	(1,693)	(1,693)
Closing equity as at 31 January 2012	513	4,518	941	1,238	6,903	14,113

Unaudited

	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	-	-	-	-	2,531	2,531
Exchange differences on translation of foreign operations	-	-	357	-	-	357
Exchange differences on liquidation of foreign operations	-	-	22	-	-	22
Total comprehensive income for the period	-	-	379	-	2,531	2,910
Share option movement for the period	-	-	-	79	-	79
Dividends paid	-	-	-	-	(1,924)	(1,924)
Closing equity as at 31 July 2013	513	4,518	1,320	1,317	7,510	15,178

Condensed consolidated statement of cash flows

for the twelve months ended 31 July 2013

	Note	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Cash flows from operating activities			
Continuing operations	6	5,658	10,871
Discontinued operations		-	664
Net cash inflow from operating activities		5,658	11,535
Investing activities			
Continuing operations			
- Interest received		27	51
- Purchases of property, plant and equipment		(36)	(230)
- Purchases of intangible assets		(640)	(298)
- Purchases in respect of asset held for sale		(10)	-
- Proceeds on disposal of property, plant and equipment		8	-
- Proceeds on disposal of asset held for sale		815	-
Net cash used in investing activities		164	(477)
Financing activities			
Continuing operations			
- Dividends paid	4	(1,924)	(1,693)
Net cash used in financing activities		(1,924)	(1,693)
Net increase in cash and cash equivalents		3,898	9,365
Opening cash and cash equivalents		15,716	7,151
Effect of foreign exchange rate changes		1,037	(800)
Closing cash and cash equivalents		20,651	15,716

During the twelve months to 31 July 2012, the Group received £664,000 cash from the administrators of Air Partner Private Jets Limited, a wholly owned subsidiary that was put into administration on 15 March 2010. Other than this, discontinued operations contributed £nil to the Group's net operating cashflows during the current and comparative periods.

Notes to the unaudited financial information for the twelve months ended 31 July 2013

1 Accounting policies

Basis of preparation

This condensed financial information for the twelve months ended 31 July 2013 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted by the European Union. It was authorised by the Board on 9 October 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 under International Financial Reporting Standards ("IFRS") as adopted by the European Union 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.

Change of accounting reference date.

On 26 July 2013 the Group announced it was changing its accounting reference date from 31 July to 31 January. Accordingly, the next full financial statements will be prepared for the 18 month period to 31 January 2014.

Going concern

The Group has considerable cash resources and no debt. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

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 Support 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 assets and liabilities 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:

Twelve months ended 31 July 2013 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Support Services £'000	Total £'000
Total revenues	146,033	53,609	12,733	9,925	222,300
Revenues from transactions with other operating segments	(1,249)	(112)	(194)	(139)	(1,694)
Revenues from external customers	144,784	53,497	12,539	9,786	220,606
Depreciation and amortisation	(122)	(77)	(10)	(13)	(222)
Finance income and expense	10	6	1	1	18
Underlying profit before tax	2,325	1,488	189	240	4,242
Non-trading items (see note 3)	(179)	(115)	(15)	(19)	(328)
Profit before tax	2,146	1,373	174	221	3,914

Twelve months ended 31 July 2012 (Audited) Contining operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Support Services £'000	Total £'000
Total revenues	139,675	44,033	26,972	19,166	229,846
Revenues from transactions with other operating segments	(773)	(64)	(1,078)	(375)	(2,290)
Revenues from external customers	138,902	43,969	25,894	18,791	227,556
Depreciation and amortisation	(138)	(88)	(29)	(25)	(280)
Finance income and expense	64	40	14	12	130
Underlying profit before tax	1,597	1,011	337	287	3,232
Non-trading items (see note 3)	447	284	95	81	907
Profit before tax	2,044	1,295	432	368	4,139

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.

2 Segmental analysis (continued)

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
Twelve months ended 31 July 2013 (Unaudited)					
Revenues from external customers	102,717	83,049	31,551	3,289	220,606
Non-current assets (excluding deferred tax assets)	1,204	974	370	39	2,587
Twelve months ended 31 July 2012					
Revenues from external customers	110,089	94,446	18,064	4,957	227,556
Non-current assets (excluding deferred tax assets)	990	850	163	45	2,048

3 Non-trading items

Continuing operations	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Write-back of historical accruals and other credit balances	-	1,029
US Federal Excise Tax	-	532
Impairment of aircraft	-	(335)
Restructuring costs	(328)	(319)
Non-trading items before taxation	(328)	907
Tax effect of non-trading items	81	(100)
Non-trading items after taxation	(247)	807

During the prior period, 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.

At the commencement of the prior period, a provision of £1,000,000 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 prior year, 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 of £532,000 was written back to the income statement, resulting in a gain of £443,000 within administrative expenses and a gain of £89,000 within finance expense.

In the prior period the carrying value of the Group's sole owned aircraft was written down by £335,000 to its fair value less costs to sell of £690,000 based on a third party valuation. The aircraft was disposed during the twelve month period ended 31 July 2013. See note 11 for further details.

The reorganisation of the Group to report on a product-led basis has resulted in restructuring costs of £328,000 in the current period. In the prior period, the Group's cost reduction restructuring exercise resulted in costs of £319,000. These costs in both the current and prior periods comprised redundancy payments, external legal advice and outplacement costs. These costs were included within administrative expenses.

4 Dividends

	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Amounts recognised as distributions to owners of the parent company in the period		
Final dividend for year ended 31 July 2012 of 12.7 pence (2011: 11.0 pence) per share	1,303	1,129
First interim dividend for the eighteen month period ended 31 January 2014 of 6.05 pence (interim dividend for the year ended 2012: 5.5 pence) per share	621	564
	1,924	1,693

The final dividend for the half year ended 2012 was paid on 14 December 2012 and the first interim dividend for the eighteen month period ended 31 January 2014 was paid on 26 April 2013.

5 Earnings per share

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

	Six months ended 31 July 2013 (Unaudited & Unreviewed) £'000	Six months ended 31 July 2013 (Unaudited & Unreviewed £'000	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Earnings for the calculation of basic and diluted earnings per share				
Continuing operations				
Profit attributable to owners of the parent company	1,713	1,476	2,531	2,990
Non-trading items	247	(42)	247	(807)
Underlying profit	1,960	1,434	2,778	2,183
Number of shares				
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,261,393	10,261,393	10,261,393	10,261,393
Effect of dilutive potential ordinary shares: share options	91,153	-	40,528	7,791
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,352,546	10,261,393	10,301,921	10,269,184

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	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Profit for the period	2,531	2,990
Adjustments for:		
Finance income	(27)	(51)
Finance expense	9	(79)
Income tax expense	1,383	1,149
Depreciation and amortisation	222	280
Impairment of asset held for sale	-	335
Loss on disposal of property, plant and equipment	3	-
Profit on disposal of asset held for sale	(82)	-
Fair value gains on derivative financial instruments	(93)	46
Share option cost for period	79	151
Increase/(decrease) in provisions	47	(907)
Foreign exchange differences	(376)	236
Operating cash flows before movements in working capital	3,696	4,150
(Increase) / decrease in receivables	(13,815)	11,927
Increase / (decrease) in payables	17,541	(3,908)
Cash generated from operations	7,422	12,169
Income taxes paid	(1,755)	(1,288)
Interest paid	(9)	(10)
Net cash inflow from operating activities	5,658	10,871

7 Tax

Continuing operations	Twelve months ended 31 July 2013 (Unaudited) £'000	Twelve months ended 31 July 2012 (Audited) £'000
Current tax:		
UK corporation tax	691	823
Foreign tax	816	357
Amounts under-provided in previous years	40	18
	1,547	1,198
Deferred tax	(164)	(49)
Total tax	1,383	1,149
Of which:		
Tax on underlying profit	1,464	1,049
Tax on non-trading items (see note 3)	(81)	100
	1,383	1,149

Corporation tax in the UK was calculated at 23.66% (twelve months ended 31 July 2012: 25.33%) of the estimated assessable profit for the period. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

8 Goodwill

	Goodwill £'000
Cost	
At 1 August 2011	755
Foreign currency adjustments	116
At 31 July 2012	871
Foreign currency adjustments	95
At 31 July 2013	966
Provision for impairment	
At 1 August 2011, 31 July 2012 and 31 July 2013	-
Net book value	
At 31 July 2013	966
At 31 January 2012	871
At 31 July 2011	755

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	298
Foreign currency adjustments	(1)
At 31 January 2012	297
Additions	640
Foreign currency adjustments	1
At 31 July 2013	938
Amortisation	
At 1 August 2011	-
Charge for the period	9
Foreign currency adjustments	1
At 31 July 2012	10
Charge for the period	24
Foreign currency adjustments	-
At 31 July 2013	34
Net book value	
At 31 July 2013	904
At 31 July 2012	287
At 1 August 2011	-

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	28	-	62	-	90
Foreign currency adjustments	(15)	-	(74)	(6)	(95)
Reclassified as held for sale	-	(1,711)	-	-	(1,711)
At 31 July 2012	816	-	1,691	39	2,546
Additions	(5)	-	33	-	28
Foreign currency adjustments	14	-	64	4	82
Disposals	(8)	-	(8)	(38)	(54)
At 31 July 2013	817	-	1,780	5	2,602
Depreciation					
At 1 August 2011	112	731	1,335	18	2,196
Charge for the period	81	-	183	7	271
Foreign currency adjustments	(13)	-	(63)	(4)	(80)
Reclassified as held for sale	-	(731)	-	-	(731)
At 31 July 2012	180	-	1,455	21	1,656
Charge for the period	87	-	104	7	198
Foreign currency adjustments	14	-	57	3	74
Disposals	(6)	-	(7)	(30)	(43)
At 31 July 2013	275	-	1,609	1	1,885
Net book value					
At 31 July 2013	542	-	171	4	717
At 31 July 2012	636	-	236	18	890
At 1 August 2011	691	980	368	27	2,066

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale and accordingly, the aircraft was reclassified as an asset held for sale. The aircraft was subsequently disposed of during the 12 month period ended 31 July 2013. 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
Impairment	(335)
Foreign currency adjustments	45
At 31 July 2012	690
Additions	10
Foreign currency adjustments	33
Disposal	(733)
At 31 July 2013	-

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale and accordingly, the aircraft was reclassified as an asset held for sale. The aircraft was subsequently disposed of during the 12 month period ended 31 July 2013 for a consideration of US$1,230,000 (£815,000).

12 Contingent liabilities

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

13 Provisions

	31 July 2013 (Unaudited) £'000	31 July 2012 (Unaudited) £'000
Administration claims	473	474
Restructuring	298	250
	771	724

A provision of £473,000 (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 March 2016.

During the prior financial year, the Group completed a cost reduction restructuring exercise. This resulted in a provision of £250,000 for employees who left the Group after the year end. Of this amount, £170,000 was utilised during the current financial period and the remaining £80,000 will still be required. Additionally, and as a result of the change to a product-led reporting structure, during the current financial period further redundancies were identified and communicated to the relevant employees, resulting in a further provision of £218,000. The total provision at the balance sheet date therefore totals £298,000.

Independent Review Report to Air Partner PLC

for the twelve month period ended 31 July 2013

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 12 months ended 31 July 2013 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 13. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the statutory financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the twelve months ended 31 July 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor

Crawley, United Kingdom

9 October 2013

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