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Air Partner plc
(“Air Partner”, “Group” or “Company)

Half year results for the six months ended 31 July 2019

Strategy producing encouraging results, despite tough market conditions

Air Partner, the global aviation services group, today reports results for the six months to 31 July 2019.

Financial Highlights:

	July 2019	July 2018 as restated [1] [2]	**Change (%)**
Gross profit	**£17.2m**	£17.3m	**(1.0)**
Underlying[§] profit before tax	**£3.0m**	£4.2m	**(29.5)**
Statutory profit before tax	**£2.8m**	£2.6m	**+6.8**
Net cash (non-JetCard cash less debt)	**£4.3m**	£6.7m	**(35.8)**
JetCard Cash	**£18.5m**	£16.2m	**+14.1**
Underlying[§] basic EPS (pence)	**4.3p**	6.2p	**(30.6)**
Basic EPS (pence)	**4.1p**	3.6p	**+13.9**
Interim dividend (pence)	**1.80p**	1.75p	**+2.9**

§ - Underlying results are stated before exceptional and other items (see notes 1 & 3)

[1] Gross profit has been restated for the half year ended 31 July 2018. Please refer to note 12 for more detail.

[2] Underlying EPS for the six months ended 31 July 2018 has been restated from 6.1p to 6.2p following a correction identified in the prior year audit to the weighted average number of shares for that period. Please see note 5 for more details.

- Gross profit was £17.2m, in line with prior period and stronger than levels anticipated at time of AGM
- Underlying[§] profit before tax of £3.0m, a year-on-year decrease, reflecting investment in overheads for future growth
- Statutory profit before tax up 6.8% to £2.8m
- Basic EPS up 13.9% to 4.1p; underlying[§] EPS of 4.3p, down 30.6% on the prior year
- Interim dividend of 1.80p, an increase of 0.05p (2.9%) on the prior year
- Net cash (excluding JetCard cash) increased to £4.3m from £2.0m at 31 January 2019

Operational Highlights & Outlook

- Gross profit in the US increased by 18.2% following further investment over the last year
- Gross profit in Consultancy & Training increased by 7.6%
- Slower Group Charter trading (gross profit down 14.4%) compensated by Private Jets and Freight (gross profit up 10.0% and 22.6% respectively)
- Administrative expenses up 7.3% due to investment to drive further organic growth:
  - Strengthened Board and management team with senior hires

- New offices opened to further grow geographical footprint
- New office opening in Dubai expected by the end of the year
- JetCard cash increased by £0.8 million from the year end, driven by growth in US customers

Mark Briffa, CEO of Air Partner, commented: "*I am pleased to report on a solid first half performance, despite a challenging operating environment. It is clear from these results that our strategy to diversify by revenue stream and geography is working, with Consulting & Training compensating for slower trading in our Group Charter division. Additionally, our earlier investments in the US are showing good results, with Private Jets trading particularly well in the period. We are pleased with the return we are generating on our organic growth initiatives and believe there is plenty of headroom for further growth too. We continue to invest in new offices, people and processes to increase market share in all our geographies. I am confident that we have the right platform in place to achieve our stated strategy to become a world-class aviation services group.*"

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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About Air Partner:

Founded in 1961, Air Partner is a global aviation services group providing aircraft charter, aviation safety consulting & training solutions and aviation managed services to industry, commerce, governments and private individuals, across civil and defence organisations. The Group has two divisions: Air Partner Charter, comprising Group Charter (formerly Commercial Jets), Private Jets, Freight and Remarketing; and Baines Simmons, which comprises Consulting & Training and Aviation Managed Services.

Group Charter charters large airliners to move groups of any size. Private Jets offers the Company's unique pre-paid JetCard scheme and on-demand charter for up to 19 people. Freight charters aircraft of every size to fly almost any cargo anywhere, at any time. Air Partner Remarketing provides comprehensive remarketing programmes for all types of commercial and corporate aircraft to a wide range of international customers.

Baines Simmons' Consulting & Training department offers Aviation Safety Management and Fatigue Risk Management, while its Aviation Managed Services offering comprises Air Traffic Services, Wildlife Hazard

Management, Aircraft Registry Services and Air Evacuation, which plans, executes and manages air support and air evacuations worldwide.

Air Partner has 14 offices across three continents, with its headquarters located alongside Gatwick airport in the UK. The group employs around 350 aviation professionals globally and operates 24/7. Air Partner is listed on the London Stock Exchange (AIR) and is the only publicly listed air charter broker and safety consultancy. It is ISO 9001:2015 compliant for commercial airline and private jet solutions worldwide.

More information is available on the company's website (www.airpartner.com).

CHAIR'S STATEMENT

Since the Group's Annual General Meeting (AGM) statement on 26 June 2019, the operating environment has continued to be challenging across the global aviation industry. Despite this macroeconomic backdrop, Air Partner's first half performance has been slightly stronger than the expectations included in the AGM statement, with the Group delivering gross profits of £17.2m, in line with the prior period (H1 2018: £17.3m).

Underlying profit before tax for the first half of the year stood at £3.0m (H1 2018: £4.2m), primarily driven lower by a weaker performance in our Group Charter division and an increase in our cost base as we invested for future organic growth. Statutory profit before tax was up 6.8% to £2.8m (H1 2018: £2.6m), due to the non-recurrence of exceptional costs from last year.

I have enjoyed a busy first six months since I was appointed Chair, spending time getting to know the business and the people at its heart. I have also met with numerous shareholders and attended the Group's two-day offsite strategy review with the rest of the Board and senior management team in June. I have been impressed by the people I have met and the opportunities I have seen, and I am confident that Air Partner's robust business model and strategy will enable us to meet our objectives to become a world-class, global aviation services group.

We have further invested to drive organic growth, where we see significant opportunity for Air Partner. In the last six months we have invested in upskilling our people and attracting talent in the UK and US, as well as opening new offices. We continue to assess acquisition opportunities that can add to the services we offer our customers, who remain at the centre of our business.

Our Board

On 1 May 2019, Paul Dollman joined the Board as Non-executive Director. On 26 June 2019, the date of our AGM, he took up the role of Chair of the Audit and Risk Committee, replacing Shaun Smith, who announced in October 2018 his intention to step down from the Board.

The Board firmly believes in the Group's long-term growth plans and its ability to fulfil them, and in line with that, I am pleased to report that every member of the Board, who did not previously hold shares in the company, has bought shares in the last six months. In total, the Board now holds 1.9% of the ordinary shares in the company, demonstrating a clear alignment with Air Partner's other shareholders.

Dividend

Despite the underlying profit before tax being down year-on-year, the Board is proposing to increase the interim dividend by 0.05p (2.9%) to 1.80p, which is in line with our stated dividend policy of cover being between 1.5 and 2.0 times underlying earnings per share.

The interim dividend is expected to be paid on 29 November 2019 to those shareholders registered at close of business on 1 November 2019. The ex-dividend date will be 31 October 2019.

Advisers

In September, post the period end, we announced that we had appointed Canaccord Genuity and N+1 Singer as Joint Brokers, with Canaccord also taking on the role of our Financial Advisers. We look forward to working with both teams as we seek to maximise value for all our shareholders.

Brexit

The Group is not immune to the uncertainty in the market caused by the ongoing Brexit discussions. However, we are fortunate that our ability to service customers and offer them our existing products is not directly linked to EU membership and the associated regulations. We work with an extensive range of approved operators, registered across multiple countries, and are free to charter the aircraft that is best for our customers, despite any regulatory changes. In addition, over the long term, should any changes in regulation arise, our Consulting & Training division is well placed to advise on these.

Future prospects

The Board is pleased with the Group's first half trading performance, which, despite the operating challenges across the global aviation industry, was slightly ahead of the guidance given at the time of the AGM. These results are encouraging for the Board, who look forward to the future with confidence. The investments made in the Group's infrastructure provide great potential for organic growth and diversification into new markets.

Ed Warner
Non-Executive Chair

CHIEF EXECUTIVE'S REVIEW

While the period under review has been characterised by a number of macroeconomic and industry headwinds, including Brexit, heightening trade wars between the US and China and sector volatility, I am pleased to report that our diversification strategy has served us well and we traded slightly ahead of expectations given at the time of our AGM. As a result, gross profit for the period was broadly flat.

Importantly, we achieved these results despite a challenging period in Group Charter, driven by pressure on the French tour operations business due to shortages of supply and a significant flying programme for one of our UK customers being delayed. Encouragingly, our geography and product diversification has ensured this has not materially impacted our overall performance.

The Group has experienced a mixed performance across its core geographies in the period under review. I am especially pleased that the investments we made in the US in 2018 have helped drive our US business, with gross profit up year-on-year by over 18.2%. Last year's investments included a further office opening in Los Angeles, which is performing in line with management expectations.

Private Jets has been the stand out performer in the US market and we have seen strong demand for both our ad hoc offering and JetCard product. We have continued to invest in team expansion and infrastructure to support further growth plans, adding an office in Houston in February 2019 to support our oil & gas and energy sector activities. The US team has grown by circa 20% year-on-year and we now have 28 people working across five offices.

The UK gross profit was flat year-on-year. Consulting & Training saw growth in gross profit of 7.6% which offset a significant contract delay in Group Charter. Europe gross profit has declined by 11.1%, driven by the aforementioned French tour operations business.

Our people

As a customer-focused business, Air Partner is reliant on its great teams, which deliver unparalleled service and expertise on a daily basis. We remain committed to recruiting and investing in the best people so that we can continue to support our global customer base with a wide range of aviation services and extensive expertise. I continue to be impressed by the commitment of my colleagues, and I would like to thank them for their ongoing hard work.

We continued to exceed our customers' expectations, whether it is in Charter or in Consulting & Training, as shown in Charter by our net promoter score of 84%. Complex solutions that require advanced thought leadership or complicated charters is where the combined Air Partner team really excels.

Strategy

We remain committed to pursuing further organic and acquisitive investment opportunities that will help better serve our customers' needs, while also helping Air Partner become a world-class, global aviation services group. I am pleased that our strategy to diversify the business is paying off, as evidenced by the increased contribution from our Consulting & Training division in the first half of the year.

We see significant organic growth potential in our business across all product lines on the Charter side and to this end we have invested in upskilling, with senior hires at Board level and in the Charter division. I am especially pleased that Kevin Macnaughton joined us as Managing Director, Charter, in April 2019. Kevin, who has previously held a number of senior roles at NetJets, is responsible for the development of the Charter division's business strategy and we are pleased to have his expertise on board.

While investments initially increase our cost base, they enable us to serve our customers better and fuel organic growth, and I am confident that we will see a return on these investments in the years ahead - the US being very much a case in point. This year so far, we have opened an office in Singapore, which continues to develop its relationships across Freight and Remarketing, and an office in Houston. In addition, plans are well advanced to open a new office location in Dubai by the end of the year and we continue to assess the relative merits of other potential new office locations in regions that align with the Company's growth strategy.

Alongside our organic growth initiatives, we continue to assess targeted acquisition opportunities that would enable us to offer our customers an enhanced suite of aviation services in our Consulting & Training division.

This would further reduce the Group's exposure to the volatility of the charter market and improve the overall quality of our earnings.

We continue to see a good level of cross-selling and joint business development opportunities across the Group, which we have successfully capitalised on. This included Group Charter and Private Jets teaming up to work on a two-week European tour of a world-renowned music artist, with the former providing two aircraft to transport the crew and equipment while the latter arranged the artist’s transportation. We were very pleased to receive highly positive feedback at the end of the project. Within the Consulting & Training division, the ability to offer our customers aviation safety expertise, training, fatigue risk management and wildlife hazard management services in one place is increasingly opening new doors and presenting further opportunities.

By the end of the full year, our brand refresh will be completed and the whole company will be unified under one logo and brand identity. This will bring our Group closer together to further support teamwork and help capture further cross-selling opportunities.

DIVISIONAL REVIEW

Charter

Group Charter (formerly Commercial Jets)

Group Charter has had a mixed performance, partly due to the fact there have been no one-off major events in 2019 comparable to the FIFA World Cup in the first half of 2018. Despite this, our European offices, particularly Germany and Austria, have performed well, primarily driven by our work in the government and automotive sectors. In addition, our sport and Meetings, Incentive, Conferences & Exhibitions (MICE) business this year has been strong and we foresee further opportunities here in the second half of the year, particularly in relation to the sports sector. However, this strong performance has not been enough to offset a drop in tour operations activity in France, a reduction in flying by a key customer in the UK, as well as small decreases in activity in the US and Italy. As a result, Group Charter gross profit was down year-on-year at £7.2m (H1 2018: £8.4M).

While Air Partner Remarketing performed below expectations in the first half of the year, it has signed several new aircraft mandates, creating a strong pipeline of circa $5 million, which are forecast to convert in the next 12 months.

Private Jets

Private Jets gross profit increased by 10.0% to £6.0m (H1 2018: £5.4m), primarily driven by a strong performance in the US division, where gross profit was up 42.0% year-on-year. It was a difficult period for the UK and Europe, which saw a decline in gross profit of 10.6% and 2.4% respectively compared to the same period last year. This decline has been driven by Brexit uncertainty, along with some key customers flying less than in previous years.

We are extremely pleased with our JetCard performance in the US, with membership up circa 29% year-on-year, driven by the continued investment being made in hiring experienced people. Meanwhile, the number of JetCards in issue in the UK and Europe remained flat as customers are unwilling to change provider at this moment in time due to the current economic uncertainty. However, we successfully launched a fixed Trans-Atlantic rate for JetCard in July this year with a good pipeline of prospects showing interest.

Freight

Trade tensions have caused challenges for the Freight sector in general and air cargo volumes remain weak across the industry. Despite this, our Freight performance is slightly up year-on-year with gross profit of £1.9m (H1 2018: £1.5m) and we are cautiously optimistic for the full year. We are pleased with the investments that we have made to date and the teams that we have in place in this area of the business, but remain mindful of the economic environment.

Our aircraft-on-ground (AOG) product continues to be popular, and we have recently added a further six large airlines to our customer base. In addition, our on-board courier (OBC) service, suitable for smaller shipments, has grown year-on-year. OBC is looked after by a dedicated team of operations staff, who are located in the UK and Germany and work with a global network of around 200 couriers.

We remain committed to growing the Freight division with a focus on hiring the right talent and developing the AOG, OBC, freight forwarder and energy sectors.

Consulting & Training

Our Consulting & Training division has performed well in the period, with gross profit up 7.6% to £2.1m (H1 2018: £2.0m), and has seen a strong performance from the aviation, energy and ground handling sectors in particular.

We anticipate that a number of current contracts will continue throughout FY20 and beyond, including the supply of surveying services to the Isle of Man Aircraft Registry, which has recently added parked commercial jet aircraft to the certificate. Moreover, several large customers, across both the civil and military sectors, have confirmed their intention to continue projects with our consultancy service into FY21.

We launched our first pop up training academy in Europe in September with another one planned in the Middle East for the early part of next year.

Baines Simmons has always scored very strongly in customer feedback and this has continued, with more than 98% of customers rating our services as very good or excellent. As a result, the company has been awarded the Gold Trusted Service award by Feefo for the 5th consecutive year based on consistently high feedback.

Clockwork Research has now been fully integrated into our Consulting & Training business as our Fatigue Risk Management (FRM) offering, giving it the full support of our marketing, operations and product teams. Over the first half of this year, FRM has successfully undertaken safety cases for a major European airline, a UK transport provider and an international energy provider to manage their fatigue risk. While it is a relatively small part of our overall business, FRM works with a quality, blue-chip customer base and this engagement allows us to cross-sell other Consulting & Training products.

In Aviation Managed Services, Wildlife Hazard Management won contracts to provide fully managed services at three further airfields, in addition to retaining all its existing contracts. Our progress in this division is reflected in customer feedback: *"You were just light years ahead of the competition and every day since I've* *been nothing short of impressed by everything your team are doing".* Meanwhile, there is a robust plan in place within Air Traffic Control (ATC) to improve some of the underperforming legacy contracts.

Air Evacuation continues to perform well and we recently made the exciting announcement that we have entered into a strategic partnership with Northcott Global Solutions (NGS), the international emergency response company. Under the terms of the partnership, Air Partner will become NGS's preferred emergency air charter supplier, while we will be able to leverage their capabilities in medical provision, ground and maritime security, armed protection, and traveller tracking and intelligence, thereby offering our customers a broader suite of emergency evacuation services.

Outlook

We are encouraged by the progress we have made in what has been a difficult first half of the year for the aviation industry. In particular, the growth in Consulting & Training and the success of our US business clearly demonstrate that we are delivering on our strategy to diversify revenues across the Group.

Our long-term growth strategy continues to progress well, driven by our investments in organic growth across all our divisions, people, infrastructure and processes. This will enable us to build for the future and for the long-term interests of all our stakeholders.

We continue to assess acquisitions that can enhance or extend the services and capabilities we offer our customers and will ultimately strengthen and advance our business.

We expect Air Partner to deliver profits in the second half of the year in line with the first half of the year and to meet market expectations. The Board remains confident in the future prospects for the business and is encouraged by the forward order book and pipeline of business opportunity for next year.

Mark Briffa,

Chief Executive Officer

FINANCIAL REVIEW

Gross transactional value and revenue

Air Partner uses gross profit as its key indicator of business performance. This is due to the potential for revenue, as determined under IFRS, to fluctuate depending on the number of contracts enacted in the year where the Company acts as principal as opposed to an agent. For the sake of completeness, commentary below is given on gross transaction value (GTV) and revenues.

GTV of £124.1m (H1 2018: £132.8m) was down by 6.6%, which is principally due to the decrease in Group Charter activity as described in more detail in the gross profit section below. GTV represents the total value invoiced to customers and is stated exclusive of value added tax.

Revenue of £31.7m (H1 2018: £36.0m) decreased by 12.1% year-on-year. As described for GTV above, the principal reason for the reduction is the decrease in Group Charter activity which is described in more detail in the gross profit section below. There has been a change in presentation of overall revenues recognised in the comparative period following the first-time adoption of IFRS 15 and misstatements in the prior year; refer to note 12.

Gross profit

Gross profit of £17.2m was broadly flat against £17.3m in the prior period (the prior period gross profit has been restated, refer to note 12).

At a divisional level, the gross profit of the Charter division was down 2.1% year-on-year at £15.0m (H1 2018: £15.4m) due to a drop in tour operations, a reduction in flying by a key customer and no one-off major events comparable to the 2018 FIFA World Cup in 2019. Private Jets and Freight experienced increases in gross profit of 10.0% and 22.6% respectively. Private Jets growth was driven by the US while freight growth was driven by the UK.

As a result of investing in new offices and attracting key talent, we had stronger performance in the year from the US, with gross profit growth of 18.2% year-on-year. Due to events disclosed in the previous paragraph, UK gross profit (excluding Consulting & Training) declined by 3.3% and Europe gross profit has declined by 11.1%.

Consulting & Training delivered gross profit of £2.1m (H1 2018: £2.0m), an increase of 7.6%, which was driven by a strong performance in training at Baines Simmons.

Administrative expenses

Costs included in administrative expenses in the consolidated income statement are the Charter personnel costs, sales and marketing, finance, information systems, human resource management, legal and compliance, and other administrative costs.

Underlying administrative costs, including net impairment losses on financial assets, increased year-on-year by 6.6% to £13.9m (H1 2018: £13.0m), driven by investments made in strengthening the senior management team, opening new offices to expand the global footprint and in back office support to strengthen the overall control environment post the accounting review.

The Group expects to make further investments in administrative expenses as we pursue our plans to grow organically across new territories. The cost benefit of these investments will be assessed at the appropriate time before commitments are made.

Finance costs

The net interest charge for the period was £0.3m (H1 2018: £0.1m). The charge increased in the period, principally due to the adoption of IFRS 16 Leases which added a charge of £0.2m – please refer to note 10 for more detail. Excluding the impact of IFRS 16, there was a small increase in interest costs due to the additional £3.0m of debt that was called down from the revolving credit facility (RCF) in September 2018 to support growth in the Freight division.

Underlying profit before tax

The above results translated to an underlying* profit before tax of £3.0m, £1.2m (29.5%) below the prior year (H1 2018: £4.2m).

Underlying profit before tax is stated before exceptional and other items.

Exceptional and other items

Exceptional items are excluded from underlying performance measures by virtue of their size and nature, in order to better reflect management's view of the performance of the Group. In the year under review, the net effect of exceptional and other items on operating profit was £0.2m (FY18: £1.6m).

Exceptional and other items excluded from underlying profits in the period are broken down as follows:

	July 2019 £m's	July 2018 £m's	FYR January 2019 £m's
Underlying profit before tax	**3.0**	4.2	5.8
Release of deferred consideration	**0.3**	-	0.2
Amortisation of intangible assets arising on acquisition	**(0.2)**	(0.2)	(0.4)
Provision for prior year indirect tax charges	**(0.3)**	-	-
Change of Board composition	**-**	(0.2)	(0.4)
Accounting review costs	**-**	(0.7)	(1.3)
Abortive acquisition costs	**-**	(0.5)	(0.5)
Statutory reported profit before tax (£m)	**2.8**	2.6	3.4

The £0.3m exceptional profit relates to the release of the deferred consideration for the SafeSkys Limited acquisition. This was due to warranty claims settled with the previous owners in respect of the onerous contracts identified post acquisition.

This exceptional profit has been offset by £0.2m of amortisation of acquired intangibles and a £0.3m provision in respect of indirect tax charges for a prior year tax re-assessment in France. In respect of the latter, we are at an early stage in our discussions with the French Tax Administration and this represents Management's best estimate of the reassessment liability after taking expert legal advice. Final resolution of this matter is not expected for some time.

Statutory reported profit before tax

After the above exceptional and other items, statutory reported profit before tax was £2.8m, up 6.8% on the prior year (H1 2018: £2.6m).

Taxation

The Group seeks to manage the cost of taxation in a responsible manner to enhance its competitive position on a global basis while managing its relationships with tax authorities on the basis of full disclosure and legal compliance.

The underlying tax charge* of £0.7m (H1 2018: £0.8m) represents an effective rate of 23.4% (H1 2018: 23.1%) on the underlying profits before tax. On a statutory reported profit basis, the effective rate of taxation was 23.3% (H1 2018: 28.9%). The prior year had a number of exceptional costs which did not attract tax relief hence the statutory reported tax rate was unusually high.

** Adjusting for exceptional and other items.*

Earnings per share

Basic underlying* earnings per share from continuing operations was 4.3p (H1 2018: 6.2p), down 30.6% on the prior year. On a statutory basis, earnings per share from continuing operations was 4.1p (H1 2018: 3.6p), up by 13.9%, with H1 2018 affected by the level of exceptional items in the year.

**Underlying earnings are stated before exceptional and other items, see note 3.*

Dividends

Air Partner's stated dividend policy targets cover of between 1.5 and 2.0 times underlying earnings per share.

As a result, the Directors are proposing an interim dividend of 1.80p, an increase of 0.05p (2.9%) on H1 2018 (1.75p). Given the 29.5% decrease in underlying profits, the increased dividend reflects the Directors' confidence in the Group's potential for H2.

The interim dividend is expected to be paid on 29 November 2019 to shareholders on the Company register at the close of business on 1 November 2019. The ex-dividend date will be 31 October 2019.

Statement of financial position

Shareholders' funds

After considering the profit for the period, dividend payments, exchange rate differences and the introduction of IFRS 16 Leases (the impact of which is described further on), overall shareholders' funds at 31 July 2019 are £12.0m, representing an increase of £0.4m on the position at 31 July 2018 (£11.6m) and an increase of £0.3m on the position at 31 January 2019 (£11.7m).

Goodwill and intangibles

Under IFRS, goodwill is subject to annual impairment tests. There were no impairment indicators in the period. Goodwill in the statement of financial position is carried at £6.8m (31 January 2019: £6.8m). Intangible assets arising from business combinations are assessed at the time of acquisition in accordance with IFRS 3 and are amortised over their expected useful life. This amortisation is excluded from underlying profits.

Other intangible assets comprise software development costs. In the period we spent £0.1m on rolling out the Customer Relationship Management system and a new booking tool for the Charter division.

Other balances

Movements in other balances within the statement of financial position reflect the trading results of the period.

Excluding the right of use assets as described in the IFRS 16 Lease section below, the Group has property, plant and equipment totalling £0.9m (H1 2018: £1.2m). Capital expenditure in the period was £0.3m (H1 2018: £0.4m).

In terms of working capital movements in the period, receivables increased by £5.6m and payables by £8.5m, giving a net favourable movement of £2.9m, which is in line with seasonal trends (H1 2018 had a net favourable movement of £1.2m).

Cash generation and net debt

Operating cash from trading activities after investment in capital expenditure and software was £8.9m. However, the adoption of IFRS 16 accounts for £2.8m of this amount, with lease payments that were previously reported within operating cash flows now reported within cash flows from financing activities. Excluding the presentational change as a result of IFRS 16, cash flows from operating activities would have increased by £6.2m. Non-JetCard cash in the bank was £9.8m compared to £9.2m at 31 July 2018 and £7.5m at 31 January 2019.

Net cash (non-JetCard cash offset by bank debt) was £4.3m (31 January 2019: £2.0m). Including JetCard cash of £18.5m (31 January 2019: £17.7m), net cash was £22.9m (31 January 2019: £19.7m).

Bank facilities

The Group has total debt facilities with NatWest of £9.0m. £7.5m of this is a revolving credit facility and was drawn down by £5.5m at 31 July 2019. This facility has been used to fund past acquisitions and the working capital needs of the business. This is repayable in February 2021 with no formal repayment scheduled prior to that date. To support short-term liquidity, the Group has access to a £1.5m overdraft facility. This was not utilised at 31 July 2019. The Group has complied with all the financial covenants relating to these facilities.

Exchange rates

The results of overseas operations are translated into Sterling at average exchange rates. The net assets are translated at period-end rates. The principle exchange rates, expressed in terms of the value of Sterling, are shown in the following table.

	Average rates			Period-end rates		
	31 July 2019	31 July 2018		31 July 2019	31 July 2018	
USD	1.29	1.35	USD strengthened by 4.6%	1.22	1.312	USD strengthened by 7.9%
EUR	1.15	1.13	EUR weakened by 1.1%	1.09	1.12	EUR strengthened by 2.5%

Accounting policies and recent accounting developments

The accounts in this report are prepared under International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU). The accounting polices used in preparing these accounts are set out in note 1.

IFRS 16 Leases

The group has adopted IFRS 16 retrospectively from 1 February 2019 but has not restated comparatives for the prior period as permitted under the specific transitional provisions in the standard.

The impact on the statement of financial position at 1 February 2019 was to add right of use assets of £11.4m, lease liabilities of £11.7m and a reduction in other liabilities of £0.1m, resulting in a reduction in reserves of £0.2m.

The right of use assets included an aeroplane used in our Italian business at £8.8m, fixtures and fittings at £1.4m and short leasehold property and leasehold improvements at £1.2m.

The impact on the income statement in this period has been to decrease cost of sales and overheads by a combined £0.1m but increase the interest charge by £0.2m, therefore decreasing profits in the period by £0.1m. Without the adoption of IFRS 16, underlying profit before tax and statutory profit before tax for the period would have been £3.1m and £2.9m respectively.

The reclassification of lease payments from operating expenses to depreciation, interest and repayments of finance lease liabilities has resulted in an increase in cash generated from operating activities of £2.8 million. The increase is offset by a matching increase in net cash used in financing activities.

The impact on the statement of financial position at 31 July 2019 has been to add right of use assets of £9.0m and lease liabilities of £9.3m with a reduction in reserves of £0.3m. This adverse effect on reserves will reverse out over the remaining period of the leases.

Please refer to note 10 for further detail.

Treasury and risk management

Foreign currency effects

Where possible, the Group uses natural hedges to minimise its foreign exchange exposure, for example matching JetCard deposits denominated in Euro or US Dollar with the respective liability. In addition, the Group uses derivatives to hedge certain transactions in accordance with its internal policies.

Financial risks

The main financial risks faced by the Group are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Directors regularly review and agree policies for managing these risks.

Credit risk is managed by monitoring limits and payment performance of counterparties. The Directors consider the level of general credit risk in current market conditions to be higher than normal. Where a customer is deemed to represent a level of credit risk, terms of trade are modified to limit the Group's exposure.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure.

Interest rate risk is managed by holding a mixture of cash and borrowings in Sterling, US Dollar and Euro at fixed and floating rates of interest.

Liquidity risk is managed by the Group having access to a revolving credit facility, which can be used for working capital means, and a moderate overdraft facility to provide short-term flexibility.

Going concern

The Group’s business activities, together with the factors likely to affect its future performance, are set out on in the Strategic Report and in the section ‘Principal Risks and Uncertainties’ of the 2019 Annual Report.

The Directors believe that the Group is well placed to manage its business risks and, after reviewing the Group’s current financial position, including factors affecting its cost base, the availability of financing facilities and forecasts for a period of not less than 12 months from the date of approval of these interim financial statements. The Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and that the Company is a going concern.

Joanne Estell

Chief Financial Officer

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

Following the accounting irregulates highlighted in April 2018, the business has focussed on its risk management framework and internal financial controls. The organisation has reviewed and introduced several improvements involving both people and processes. This work is continuing throughout 2019.

The United Kingdom is in the process of withdrawing from the European Union. There may be significant regulatory change depending on the terms of this withdrawal, currently being negotiated by the UK Government and the European Union. We are closely following events as they develop; we comply with all relevant regulations and are confident that we will continue to do so post-Brexit. While Brexit does present challenges to the Group, within Charter only a small percentage of current business would be impacted by any change in permission to fly. The strong relationships the group has across airline operators should enable it to source alternatives to best meet our customers’ needs. Within Consulting and Training, changes to rules and regulations tend to create business for the group, providing balance against perceived risks.

Economic uncertainty affects corporate, government and individual customers and affects the quality of supply of aircraft as operators consolidate or leave the market. These trends are outside the Group's control, but the strategy remains to diversify the addressable market and broaden the customer mix.

Principal risks and uncertainties facing the Group

In addition to the Internal Financial Controls and Brexit risks as highlighted above, the Group continues to operate in a highly competitive market where there are number of inherent risks including operational aviation related risks (such as 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).

In order to counteract the market challenges, the organisation continues to diversify and acquire businesses that provide good economic and operational synergies. Whilst this will have a positive impact, there is also a risk involving integration within the Group.

The Board reviews risks which may have a significant impact on the Group. The principal risks and uncertainties of the Group are detailed in the relevant section in the annual report.

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 for the year ended 31 January 2018. 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

The Directors confirm that, to the best of their knowledge, the extracts from the consolidated financial statements included in this report, which has been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole, and that the management report contained in this report includes a fair view of the development and performance of the business.

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

Mark Briffa	Joanne Estell
Chief Executive Officer	Chief Financial Officer
8 October 2019	8 October 2019

The directors of Air Partner plc are listed in the Group's Annual Report and Accounts for the year ended 31 January 2019 and on our website at www.airpartner.com.

See more at: http://www.airpartner.com/en/investors.

Consolidated income statement

for the half year ended 31 July 2019

Continuing operations	Note	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 as restated [1 2] (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Gross transaction value (GTV)	2	**124,143**	132,849	273,348
Revenue	2	**31,668**	36,028	77,461
Cost of sales	2	(14,502)	(18,686)	(42,003)
Gross profit	2	**17,166**	17,342	35,458
Administrative expenses before exceptional and other items		**(13,902)**	(12,953)	(29,039)
Exceptional and other items	3	**(155)**	(1,573)	(2,445)
Total administrative expenses		**(14,057)**	(14,526)	(31,484)
Net impairment losses on financial assets		**(1)**	(90)	(413)
Operating profit	2	**3,108**	2,726	3,561
Operating profit before exceptional and other items		**3,263**	4,299	6,006
Finance income		**33**	11	32
Finance expense		**(329)**	(103)	(224)
Profit before income tax		**2,812**	2,634	3,369
Profit before income tax and exceptional and other items		**2,967**	4,207	5,814
Income tax expense	8	**(654)**	(761)	(484)
Profit for the period	2	**2,158**	1,873	2,885
Attributable to:				
Owners of the parent company		**2,158**	1,873	2,885
Earnings per share:				
Continuing operations				
Basic	5	**4.1p**	3.6p	5.6p
Diluted	5	**4.0p**	3.5p	5.4p

[1] Revenue has been restated for the half year ended 31 July 2018 following the introduction of IFRS 15 and for other misstatements reported at 31 January 2019. Please refer to note 12 for more detail.

[2] Gross profit and administrative expenses before exceptional and other items have been restated for the half year ended 31 July 2018 as reported at 31 January 2019. Please refer to note 12 for more detail.

Consolidated statement of comprehensive income

for the half year ended 31 July 2019

	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Profit for the period	**2,158**	**1,873**	2,885
Other comprehensive income – items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	**182**	**113**	26
Total comprehensive income for the period	**2,340**	**1,986**	2,911
Attributable to:			
Owners of the parent company	**2,340**	**1,986**	2,911

Consolidated statement of changes in equity

for the half year ended 31 July 2019 (unaudited)

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Translation reserve £'000	Retained earnings as restated [1] £'000	**Total equity as restated [1] £'000**
Opening equity as at 1 February 2018	522	4,814	295	(748)	1,038	5,487	**11,408**
Profit for the period	-	-	-	-	-	1,873	**1,873**
Exchange differences on translation of foreign operations	-	-	-	-	113	-	**113**
Total comprehensive income for the period	-	-	-	-	113	1,873	**1,986**
Share option movement for the period	-	-	-	422	-	(205)	**217**
Dividends paid (note 4)	-	-	-	-	-	(1,979)	**(1,979)**
Closing equity as at 31 July 2018	522	4,814	295	(326)	1,151	5,176	**11,632**

[1] The balance sheets at 1 February 2018 and 31 July 2018 have been restated following the adjustments made in respect of the accounting issue set out in the Annual Report and Accounts for 2019. Please refer to note 12 for further details.

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Translation reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2019	522	4,814	295	(326)	1,064	5,312	**11,681**
Adoption of IFRS 16 [1]						(166)	**(166)**
Profit for the period	-	-	-	-	-	2,158	**2,158**
Exchange differences on translation of foreign operations	-	-	-	-	182	-	**182**
Total comprehensive income for the period	-	-	-	-	182	2,158	**2,340**
Issue of shares [2]	7	486	-	-	-	(435)	**58**
Share option movement for the period	-	-	-	-	-	101	**101**
Share options exercised in the period	-	-	-	168	-	(146)	**22**
Dividends paid (note 4)	-	-	-	-	-	(2,011)	**(2,011)**
Closing equity as at 31 July 2019	529	5,300	295	(158)	1,246	4,813	**12,025**

[1] Please refer to note 10 for further details about the adoption of IFRS 16.

[2] Issue of shares relates to the share options for employees that have been exercised during the period.

Consolidated statement of financial position
as at 31 July 2019

	Note	31 July 2019 (unaudited) £'000	31 July 2018 as restated [1] (unaudited) £'000	31 January 2019 (audited) £'000
Assets				
Non-current assets				
Goodwill	6	**6,794**	6,770	6,750
Other intangible assets		**4,581**	5,283	4,882
Property, plant and equipment		**939**	1,048	855
Right of use assets	10	**8,988**	-	-
Deferred tax assets		**311**	497	365
Total non-current assets		**21,613**	13,598	12,852
Current assets				
Trade and other receivables		**25,703**	25,926	19,062
Current tax assets		**158**	822	313
JetCard bank balances		***18,535***	*16,247*	*17,692*
Other cash and cash equivalents		***9,822***	*9,236*	*7,462*
Total cash and cash equivalents		**28,357**	25,483	25,154
Derivative financial instruments		**24**	-	-
Total current assets		**54,242**	52,231	44,529
Total assets		**75,855**	65,829	57,381
Liabilities				
Current liabilities				
Trade and other payables		**(7,967)**	(7,493)	(8,044)
Current tax liabilities		**(480)**	(2,157)	(593)
Other liabilities		**(6,875)**	(5,152)	(3,736)
Lease liabilities	10	**(5,800)**	-	-
Borrowings		**-**	-	-
Deferred income and JetCard deposits		**(32,217)**	(34,569)	(25,412)
Deferred consideration		**-**	-	(800)
Provisions		**(718)**	(293)	(689)
Derivative financial instruments		**-**	-	(8)
Total current liabilities		**(54,057)**	(49,664)	(39,282)
Net current assets		**185**	2,567	5,247
Non-current liabilities				
Borrowings		**(5,500)**	(2,500)	(5,500)
Lease liabilities	10	**(3,530)**	-	-
Deferred consideration		**-**	(800)	-
Deferred tax liability		**(650)**	(753)	(700)
Provisions		**(93)**	(480)	(218)
Total non-current liabilities		**(9,773)**	(4,533)	(6,418)
Total liabilities		**(63,830)**	(54,197)	(45,700)
Net assets		**12,025**	11,632	11,681
Equity				
Share capital		**529**	522	522
Share premium account		**5,300**	4,814	4,814
Merger reserve		**295**	295	295
Own shares		**(158)**	(326)	(326)
Translation reserve		**1,246**	1,151	1,064
Retained earnings		**4,813**	5,176	5,312
Total equity		**12,025**	11,632	11,681

[1] The Statement of Financial Position at 31 July 2018 has been restated for changes in accounting standards and for certain misstatements previously reported in the 2019 Annual Report. Please refer to note 12 for more detail.

Consolidated statement of cash flows

for the half year ended 31 July 2019

	Note	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 as restated [1] (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Cash generated from operations	7	**9,733**	4,679	3,097
- Interest received		**33**	11	32
- Interest paid		**(329)**	(103)	(224)
- Income tax paid		**(593)**	(306)	(996)
Net cash inflow from operating activities		**8,844**	4,281	1,909
Investing activities				
– Purchases of property, plant and equipment		**(300)**	(50)	(136)
– Purchases of intangible assets		**(121)**	(196)	(351)
– Acquisition of subsidiaries		**(430)**	-	-
Net cash used in investing activities		**(851)**	(246)	(487)
Financing activities				
– Repayment of finance lease liabilities	10	**(2,718)**	-	-
– Dividends paid to the company shareholders		**(2,011)**	(1,979)	(2,890)
– Proceeds on exercise of share options		**22**	-	-
– Increase in borrowings		**-**	-	3,000
Net cash (used in) / generated from financing activities		**(4,707)**	(1,979)	110
Net increase in cash and cash equivalents		**3,286**	2,056	1,532
Opening cash and cash equivalents		**25,154**	23,193	23,193
Effect of foreign exchange rate changes		**(83)**	234	429
Closing cash and cash equivalents		**28,357**	25,483	25,154

[1] The cash generated from operations and the income tax paid in the half year ended 31 July 2018 were previously misstated and have both been increased by £133,000. Please refer to note 12 for more detail.

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' received by the Group in respect of its JetCard product and 'non-JetCard cash' as follows:

	31 July 2019 (unaudited) £'000	31 July 2018 (unaudited) £'000	31 January 2019 (audited) £'000
Total JetCard cash	**18,535**	16,247	17,692
Non-JetCard cash	**9,822**	9,236	7,462
Cash and cash equivalents	**28,357**	25,483	25,154

1 GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

The Directors of Air Partner plc present their interim report and the unaudited condensed consolidated financial statements for the six months ended 31 July 2019.

The Company is a limited liability company incorporated and domiciled in England and Wales under registration number 00980675. The address of its registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA. The Company is listed on the London Stock Exchange.

These condensed consolidated interim financial statements ("Interim Financial Statements") were approved for issue on 8 October 2019.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 January 2019 were approved by the Board of Directors on 9 May 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was qualified on the basis on the historic accounting issue impacting previous financial periods therefore impacts the comparability of FY19 figures.

The interim financial statements have been reviewed, but not audited, by PricewaterhouseCoopers LLP.

Forward-looking statements

Certain statements in these interim financial statements are forward looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. As these interim financial statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Basis of preparation

This condensed financial information for the half year ended 31 July 2019 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. These interim condensed financial statements are unaudited and should be read in conjunction with the annual financial statements for the year ended 31 January 2019, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2019 other than:

- The Group has had to change its accounting policies as a result of adopting IFRS 16 ‘Leases.’ The above accounting standard is effective for periods beginning on or after 1 January 2019. No retrospective adjustments have been made on adoption of IFRS 16. See note 10 for further details.
- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Copies of these financial statements can be found either on Companies House or the Air Partner website (https://www.airpartner.com/en/investors/financial-information/).

Going concern

The Directors are, based on current financial projections, satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, that is a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements.

Gross transaction value

Gross transaction value (GTV) represents the total value invoiced to customers and is stated exclusive of value added tax.

Exceptional and other items

The directors believe that the underlying profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally and management are remunerated. The underlying profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to reported profit before tax are to exclude the following:

- restructuring costs
- significant and one-off impairment charges and provisions that distort underlying trading
- costs relating to strategy changes that are not considered normal operating costs of the underlying business
- acquisition costs
- amortisation of intangible assets recognised on acquisition
- acquisition consideration classified as an employee cost under IFRS 3 Business Combinations.

The directors consider exceptional items to be one off expenses that are unlikely to reoccur and are not in part of the usual course of business. Other items are expenses that are incurred as a result of accounting adjustments required on consolidation. These are regular expenses but are not considered to be part of the underlying group performance.

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 future periods.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 January 2019, with the exception of changes in estimates that are required in determining the provision for income taxes, the provision for uncertain tax positions associated with an on-going tax inspection in France (see note 3), and the application of IFRS 16 (see *Note 10 – Changes in Accounting Policy* for details).

2 SEGMENTAL ANALYSIS

The services provided by the Group consist of chartering different types of aircraft and related aviation services.

The Group has four operating segments: Group Charter, Private Jets and Freight (comprising Charter) and Consulting & Training. Overheads, with the exception of Corporate costs, are allocated to the Group's operating segments in relation to operating activities.

Sales transactions between operating segments are carried out on an arm's length basis. All results, assets and liabilities reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

The Board does not review, assets or liabilities at segmental level, therefore these items are not disclosed.

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

Half year ended 31 July 2019 (unaudited) Continuing operations	Group Charter £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	**Total £'000**
Gross transactional value	73,025	35,755	10,703	4,660	-	**124,143**
Revenue	12,260	12,814	1,934	4,660	-	**31,668**
Cost of Sales	(5,073)	(6,833)	(70)	(2,526)	-	**(14,502)**
Segmental gross profit	7,187	5,981	1,864	2,134	-	**17,166**
Administrative expenses and net impairment losses on financial assets	(5,154)	(4,257)	(1,435)	(1,850)	(1,207)	**(13,903)**
Depreciation and amortisation of non-acquired assets (included within cost of sales & administrative expenses)	(2,969)	(163)	(51)	(59)	-	**(3,242)**
Operating profit before exceptional and other items	2,033	1,724	429	284	(1,207)	**3,263**
Exceptional and other items (see note 3)	-	-	-	128	(283)	**(155)**
Segment result	2,033	1,724	429	412	(1,490)	**3,108**
Finance income						**33**
Finance expense						**(329)**
Profit before tax						**2,812**
Income tax expense						**(654)**
Profit for the year						**2,158**

Half year ended 31 July 2018 as restated (unaudited) Continuing operations	Group Charter £'000	Private Jets £'000	Freight £'000	Consulting & Training as restated[1] £'000	Corporate costs £'000	**Total £'000**
Gross transactional value	80,055	35,032	13,726	4,036	-	**132,849**
Revenue	16,847	13,077	2,068	4,036	-	**36,028**
Cost of sales	(8,448)	(7,639)	(547)	(2,052)	-	**18,686**
Segmental gross profit	8,399	5,438	1,521	1,984	-	**17,342**
Administrative expenses and net impairment losses on financial assets	(5,467)	(4,054)	(1,009)	(1,532)	(981)	**(13,043)**
Depreciation and amortisation of non-acquired assets (included within administrative expenses)	(187)	(121)	(34)	(59)	-	**(401)**
Operating profit before exceptional and other items	2,932	1,384	512	452	(981)	**4,299**
Exceptional and other items (see note 3)	-	-	-	(173)	(1,400)	**(1,573)**
Segment result	2,932	1,384	512	279	(2,381)	**2,726**
Finance income						**11**
Finance expense						**(103)**
Profit before tax						**2,634**
Income tax expense						**(761)**
Profit for the year						**1,873**

[1] In the half year ended 31 July 2018 £700,000 of costs in relation to training consultants were mistakenly included within administrative expenses whereas they should have been included in direct costs. Therefore gross profit and administrative expenses have both been reduced by £700,000. There was no effect on operating profit.

The parent company is domiciled in the UK but due to the nature of the Group's operations a significant amount of gross profit is derived from overseas countries. The Group reviews gross profit based upon location of the assets used to generate that gross profit.

The Board also reviews information on a geographical basis based on 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:

Continuing operations	United Kingdom as restated [1 2] £'000	Europe as restated [2] £'000	United States of America £'000	Rest of the World £'000	**Total as restated [1] £'000**
Half year ended 31 July 2019 (unaudited)					
Gross profit	8,434	4,911	3,738	83	**17,166**
Non-current assets (excluding deferred tax assets)	12,520	8,707	75	-	**21,302**
Half year ended 31 July 2018 (unaudited)					
Gross profit	8,501	5,525	3,162	154	**17,342**
Non-current assets (excluding deferred tax assets)	11,729	1,321	50	1	**13,101**

[1] In the half year ended 31 July 2018 £700,000 of costs in relation to training consultants were mistakenly included within administrative expenses whereas they should have been included in direct costs. Therefore gross profit and administrative expenses have both been reduced by £700,000. There was no effect on operating profit.

[2] Non-current assets at 31 July 2018 have been restated to include the goodwill of £994,000 in respect of Air Partner International S.A.S. (France) within Europe rather than the United Kingdom.

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	**Total £'000**
Half year ended 31 July 2019 (unaudited)					
Gross profit	1,678	1,900	577	756	**4,911**
Half year ended 31 July 2018 (unaudited)					
Gross profit	2,625	1,300	906	694	**5,525**

3 EXCEPTIONAL AND OTHER ITEMS

Continuing operations	**Half year ended 31 July 2019 (unaudited) £'000**	Half year ended 31 July 2018 (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Change in Board composition [1]	**-**	(180)	(396)
Costs relating to accounting review and associated items [2]	**-**	(748)	(1,300)
Amortisation of intangibles arising on acquisition	**(187)**	(173)	(376)
Abortive acquisition costs [3]	**-**	(472)	(550)
Release of deferred consideration [4]	**315**	-	177
Provision for prior year indirect tax charges [5]	**(283)**	-	-
	(155)	(1,573)	(2,445)
Tax effect of other items [6]	**37**	211	322
Exceptional and other items after taxation	**118**	(1,362)	(2,123)

1 Change in Board composition costs relate to the unforeseen costs of changing the Group's Chief Financial Officer; the hiring of an interim Chief Financial Officer; the recruitment costs for a new Chair following the untimely death of Peter Saunders and the costs of recruiting a new Chair of the Audit and Risk Committee, which took place in the period. The level of Board changes and associated costs were considered highly unusual.

2 The costs of the accounting review and associated expense relate to the accounting review as explained in the strategic review in the 2019 Annual Report and Accounts.

3 In 2019, the abortive acquisition costs in the main relate to professional fees expensed in respect of potential transactions, which were abandoned due to the aforementioned accounting review. Please refer to the 2019 Annual Report and Accounts for further detail.

4 The release of deferred consideration in the half year ended 31 July 2019 is in respect of SafeSkys Limited and in the year ended 31 January 2019 it was in respect of Clockwork Research Limited. The balance of the deferred consideration in respect of SafeSkys (£430,000) was paid during the period along with related administration costs (£55,000).

5 An additional provision of £283,000 has been made in the period in respect of indirect tax charges for a prior year tax re-assessment in France. We are at an early stage in our discussions with the French Tax Administration and this represents Management's best estimate of the reassessment liability after taking expert legal advice. Final resolution of this matter is not expected for some time.

6 A tax credit was included in the half year ended 31 July 2019 in respect to substantially all of the exceptional and other items apart from the release of deferred consideration regarding SafeSkys Limited. A tax credit was included in 2019 in respect to substantially all of the exceptional and other items apart from those in relation to the abortive acquisition costs and the release of deferred consideration regarding Clockwork Research Limited.

4 DIVIDENDS

	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Amounts recognised as distributions to owners of the parent company			
Final dividend for the year ended 31 January 2019 of 3.85 pence	**2,011**	-	-
Final dividend for the year ended 31 January 2018 of 3.8 pence	**-**	1,979	1,979
Interim dividend for the year ended 31 January 2019 of 1.75 pence	**-**	-	911
	2,011	1,979	2,890

5 EARNINGS PER SHARE

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

Earnings per share	Half year ended 31 July 2019 (unaudited) Pence	Half year ended 31 July 2018 (unaudited) Pence	Year ended 31 January 2019 (audited) Pence
Continuing operations			
Basic	**4.1**	3.6	5.6
Diluted	**4.0**	3.5	5.4

Earnings per share	Half year ended 31 July 2019 (unaudited) Pence	Half year ended 31 July 2018 as restated [1] (unaudited) Pence	Year ended 31 January 2019 (audited) Pence
Excluding exceptional and other items			
Basic	**4.3**	6.2	9.6
Diluted	**4.2**	6.0	9.4

[1] The basic earnings per share excluding exceptional and other items for the half year ended 31 July 2018 has been restated from 6.1p to 6.2p following a correction to the weighted average number of shares for that period identified in the prior year audit. The restatement of the weighted average number of shares used in the calculation is set out in the weighted average number of ordinary shares table below within this note.

From continuing operations	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Earnings			
Profit attributable to the owners of the parent company	**2,158**	1,873	2,885
Adjustment to exclude exceptional and other items [1]	**118**	1,362	2,123
Underlying earnings for the calculation of basic and diluted earnings per share	**2,276**	3,235	5,008

[1] The calculation of underlying earnings per share (before exceptional and other items) is included as the Directors believe it provides a better understanding of the underlying performance of the Group. Exceptional and other items are disclosed in note 3.

Weighted average number of ordinary shares	**Half year ended 31 July 2019 (unaudited) Number**	Half year ended 31 July 2018 as restated [1 2] (unaudited) Number	Year ended 31 January 2019 (audited) Number
Issued and fully paid	**52,464,730**	52,217,565	52,217,565
Less those held by the Air Partner Employee Benefit Trust	**(102,241)**	(336,660)	(239,888)
Number for the calculation of basic earnings per share	**52,362,489**	51,880,905	51,977,677
Effect of dilutive potential ordinary shares: share options	**1,204,501**	1,605,686	1,399,368
Number for the calculation of dilutive earnings per share	**53,566,990**	53,486,591	53,377,045

1 The weighted average number of ordinary shares used in the calculation of the half year ended 31 July 2018 has been restated to remove the weighted average number of ordinary shares held by the Air Partner Employee Benefit Trust as they do not attract dividends.

2 The weighted average number of ordinary shares used in the calculation of the half year ended 31 July 2018 has been restated to include future IFRS 2 charges along with the exercise price. This change has reduced the number of dilutive potential ordinary shares arising from share options from 1,937,204 to 1,605,686.

6 GOODWILL

	£'000
Cost	
At 1 February 2018	**6,753**
Foreign currency adjustments	**17**
At 31 July 2018	**6,770**
At 1 February 2019	**6,750**
Foreign currency adjustments	**44**
At 31 July 2019	**6,794**
Provision for impairment	
At 1 February 2018, 31 July 2018 and 31 July 2019	**–**
Net book value	
At 31 July 2019	**6,794**
At 31 July 2018	**6,770**
At 31 January 2019	**6,750**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	31 July 2019 (unaudited) £'000	31 July 2018 (unaudited) £'000	31 January 2019 (audited) £'000
Air Partner International S.A.S. (France)	**1,018**	994	974
Cabot Aviation Services Limited	**787**	787	787
Baines Simmons Limited	**1,711**	1,711	1,711
Clockwork Research Limited	**396**	396	396
SafeSkys Limited	**2,882**	2,882	2,882
	6,794	6,770	6,750

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. 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.

7 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 as restated [1] (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Profit for the period	**2,158**	1,873	2,885
Adjustments for:			
Finance income	**(33)**	(11)	(32)
Finance expense	**329**	103	224
Income tax expense	**654**	761	484
Depreciation, amortisation and loss on disposal	**3,429**	459	1,275
Fair value gains on derivative financial instruments	**(8)**	(12)	(4)
Share option cost for period	**101**	217	252
Decrease in provisions / deferred consideration	**(466)**	(234)	(100)
Foreign exchange differences	**698**	276	6
Operating cash inflows before movements in working capital	**6,862**	3,432	4,990
Increase in receivables	**(5,625)**	(9,321)	(2,958)
Increase in payables	**8,496**	10,568	1,065
Cash generated from operations	**9,733**	4,679	3,097

[1] The increase in payables and the income tax paid in the half year ended 31 July 2018 were previously misstated and have both been increased by £133,000.

8 INCOME TAX EXPENSE

	Total		
	Half year ended 31 July 2019 (unaudited) £'000	Half year ended 31 July 2018 (unaudited) £'000	Year ended 31 January 2019 (audited) £'000
Current tax:			
UK corporation tax	**370**	236	665
Foreign tax	**265**	551	289
Current tax adjustments in respect of prior years (UK)	**-**	-	(563)
Current tax adjustments in respect of prior years (overseas)	**-**	-	40
	635	787	431
Deferred tax	**19**	(26)	53
Total tax	**654**	761	484
Of which:			
Tax on underlying profit	**691**	972	806
Tax on other items (see note 3)	**(37)**	(211)	(322)
	654	761	484

9 RELATED PARTY TRANSACTIONS

There were no material related party transactions requiring disclosure for the periods ended 31 July 2019 and 31 July 2018.

10 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 February 2019.

The Group has adopted IFRS 16 retrospectively from 1 February 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 February 2019.

a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's banking borrowing rate as at 1 February 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on the 1 February 2019 was 3.3%.

For leases previously classified as operating leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	1 February 2019 £'000
Operating lease commitments disclosed as at 1 February 2019	**3,147**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**2,993**
Add finance lease liabilities recognised	**8,854**
(Less): Short term leases recognised on a straight-line basis as an expense	**(174)**
(Less): Low value leases recognised on a straight-line basis as an expense	**(11)**
Lease liability recognised	**11,662**
of which are:	
Current lease liabilities	**5,446**
Non-current lease liabilities	**6,216**
Lease liability recognised	**11,662**

The associated right-of-use assets were measured on a retrospective basis as if the new rules have always been applied. Where appropriate, right-of-use assets were adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 July 2019 £'000	31 January 2019 £'000
Short leasehold property and leasehold improvements	997	1,233
Fixtures and equipment	1,174	1,351
Motor vehicles	13	16
Aircraft	6,804	8,782
	8,988	11,382

The change of accounting policy affected the following items in the balance sheet on 1 February 2019:

- right-of-use assets - increase by £11,382k
- lease liabilities - increase by £11,662k
- operating lease incentive accrual liability – decrease by £114k
- the net impact on retained earnings on 1 February 2019 was £166k, the balancing impact of the other adjustments.

a (i) Impact on geographic disclosures and earnings per share

The group does analyse non-current assets by geographic region and the inclusion of right-of-use assets at 31 July 2019 has had a material impact on the segments and the total with the following increases:

	31 July 2019 £'000
UK	1,504
Europe	7,437
United States of America	47
	8,988

There was no material change in the basic and diluted earnings per share for the six months to 31 July 2019 as a result of the adoption of IFRS 16.

a (ii) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease.*

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment for which rental contracts are typically 3-10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

From 1 February 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items of office equipment.

The adoption of IFRS 16 resulted in a reduction in profit for the period of £92,000, due to IFRS 16 accelerating the impact of finance costs within lease contracts. It has also resulted in an increase in cash generated from operating activities of £2.7 million. The increase is offset by a matching increase in net cash generated from financing activities.

11 FINANCIAL INSTRUMENTS

Fair value estimation

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 July 2019:

31 July 19	Level 1 (Unaudited) £'000	Level 2 (Unaudited) £'000	Level 3 (Unaudited) £'000	Total (Unaudited) £'000
Assets				
Forward exchange contracts	24	-	-	**24**
Total assets	24	-	-	24
Liabilities				
Forward exchange contracts	-	-	-	-
Total liabilities	-	-	-	-

The Group held no financial assets or liabilities measured and recognised at fair value at 31 July 2018.

The forward exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Group's valuation process

Derivatives financial instruments are valued using NatWest mid-market rates at the statement of financial position date.

The Group's finance department performs the valuation of forward exchange contracts required for financial reporting purposes.

The results of the valuation processes are included in the Group's monthly reporting to the Directors, which includes all members of the Audit Committee.

Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short term in nature. The fair value of the following financial assets and liabilities approximate to their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Lease liabilities
- Borrowings

12 Restatement of the 2018 interim financial statements

The consolidated income statement has been restated as shown in this table:

Continuing operations	Note	As per 2018 Interim financial statements £'000	Restated training and consulting [1] £'000	Restated revenue [2] £'000	Restated revenue as a result of IFRS 15 review [3] £'000	Restated 2018 Interim financial statements £'000
Gross transaction value (GTV)	2	132,849	—	—	—	132,849
Revenue	2	25,423	—	2,966	7,639	36,028
Cost of sales	2	(7,381)	(700)	(2,966)	(7,639)	(18,686)
Gross profit	2	18,042	(700)	—	—	17,342
Administrative expenses before exceptional and other items		(13,653)	700	—	—	(12,953)
Exceptional and other items	3	(1,573)	—	—	—	(1,573)
Total administrative expenses		(15,226)	700	—	—	(14,526)
Net impairment losses on financial assets		(90)	—	—	—	(90)
Operating profit	3	2,726	—	—	—	2,726
Operating profit before exceptional and other items		4,299	—	—	—	4,299
Finance income		11	—	—	—	11
Finance costs		(103)	—	—	—	(103)
Finance costs – net		(92)	—	—	—	(92)
Profit before income tax		2,634	—	—	—	2,634
Profit before income tax before exceptional and other items		4,207	—	—	—	4,207
Income tax expense	10	(761)	—	—	—	(761)
Profit for the year		1,873	—	—	—	1,873

[1] Gross profit has been restated to include the costs of staff directly engaged in delivering the training and consulting activities. This restatement has lowered both gross profit and administrative expenses before exceptional and other items by £700,000. There has been no change to operating profit.

[2] The revenue has been restated by a £2,966,000 increase. There has been no change to gross profit. This restatement is due to charter customer contracts misstatements last year. This arose because certain contracts which should have been considered principal were incorrectly classified as agent.

[3] A review of customer contracts took place following the introduction of the new accounting standard IFRS 15 Revenue from Contracts with Customers. As a result of this review Air Partner is now considered to be principal in certain additional types of customer contracts rather than agent, as was the case before, and therefore the revenue for the period ended 31 July 2018 has been restated for this increase.

Consolidated statement of financial position as at 31 July 2018

The consolidated statement of financial position has been restated as shown in this table:

	Original £'000	Corporation tax restatement [1]	Reserves restatements [2]	Deferred consideration / provision restatement [3]	IFRS 9 [4]	Restated £'000
Assets						
Non-current assets						
Goodwill	6,770	—	—	—	—	6,770
Other intangible assets	5,283	—	—	—	—	5,283
Property, plant and equipment	1,048	—	—	—	—	1,048
Deferred tax assets	497	—	—	—	—	497
Total non-current assets	**13,598**	**—**	**—**	**—**	**—**	**13,598**
Current assets						
Trade and other receivables	26,068	—	—	—	(142)	25,926
Current tax assets	822	—	—	—	—	822
Total cash and cash equivalents	25,483	—	—	—	—	25,483
Total current assets	**52,373**	**—**	**—**	**—**	(142)	**52,231**
Total assets	**65,971**	**—**	**—**	**—**	(142)	**65,829**
Liabilities						
Current liabilities						
Trade and other payables	(7,916)	423	—	—	—	(7,493)
Current tax liabilities	(1,734)	(423)	—	—	—	(2,157)
Other liabilities	(5,152)	—	—	—	—	(5,152)
Deferred income	(34,569)	—	—	—	—	(34,569)
Provisions	(293)	—	—	—	—	(293)
Derivative financial instruments	-	—	—	—	—	-
Total current liabilities	**(49,664)**	**—**	**—**	**—**	**—**	**(49,664)**
Net current assets	**2,709**	**—**	**—**	**—**	**(142)**	**2,567**
Non-current liabilities						
Borrowings	(2,500)	—	—	—	—	(2,500)
Deferred consideration	(977)	—	—	177	—	(800)
Provisions	(303)	—	—	(177)	—	(480)
Deferred tax liability	(780)	—	—	—	27	(753)
Total non-current liabilities	**(4,560)**	**—**	**—**	**—**	27	**(4,533)**
Total liabilities	**(54,224)**	**—**	**—**	**—**	27	**(54,197)**
Net assets	**11,747**	**—**	**—**	**—**	(115)	**11,632**
Equity						
Share capital	522	—	—	—	—	522
Share premium account	4,696	—	118	—	—	4,814
Merger reserve	413	—	(118)	—	—	295
Own shares reserve	(818)	—	492	—	—	(326)
Translation reserve	1,151	—	—	—	—	1,151
Retained earnings	5,783	—	(492)	—	(115)	5,176
Total equity	**11,747**	**—**	**—**	**—**	(115)	**11,632**

The consolidated statement of financial position at 31 July 2018 has been restated for:

1 A balance sheet misclassification when £423,000 of current tax liability was included in trade and other payables in error.

2 Misstatements which were made in respect to the share premium account, merger reserve, own share reserves and retained earnings.

3 The earn-out amount provided in respect of the Clockwork acquisition was included in deferred consideration but should have been included in provisions as it was earnings dependent.

4 The adoption of IFRS 9 which has reduced trade and other receivables by £142,000, reduced the deferred tax liability by £27,000 and retained earnings by £115,000.

Independent review report to Air Partner Plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Air Partner Plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results of Air Partner Plc for the 6 month period ended 31 July 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated statement of financial position as at 31 July 2019;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the half year results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 enquiries, 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, 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.

We have read the other information contained in the half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Gatwick
8 October 2019