27 April 2017

Air Partner plc

Preliminary results for the year ended 31 January 2017

Air Partner delivers strong full-year profits and good strategic progress

Air Partner plc (Air Partner or Group), the global aviation services group, today reports results for the year ended 31 January 2017.

	January 2017	January 2016	**Change (%)**
Gross transaction value (£m)	**215.8**	210.8	**2.4**
Gross profit (£m) *	**31.7**	27.3	**16.3**
Underlying profit before tax (£m) †	**5.1**	4.3	**17.2**
Statutory profit before tax (£m)	**4.3**	3.1	**38.6**
Cash #	**19.8**	19.8	**-**
Underlying basic EPS (p)	**6.5**	5.9	**10.2**
Basic continuing EPS	**5.4**	3.7	**45.9**
Final dividend (p)	**3.6**	3.4	**6.0**
Total dividend (p)	**5.2**	4.9	**7.2**

* The statutory revenue amount is £42.5m (2016: £49.9m)
† 'Underlying' excludes other items (see note 3) and discontinued operations.
# Includes JetCard cash of £15.9m (2016: £16.8m)

Financial highlights:

- Underlying PBT of £5.1m, an increase of 17.2%
- Gross margin up 180bps to 14.7% (12.9%)
- Underlying EPS of 6.5p, an increase of 10.2%
- Statutory PBT rose by 38.6% to £4.3m after £0.7m of other items
- Including JetCard, total cash balances of £19.8m (£19.8m)
- Excluding JetCard, Group cash balances of £3.9m (£3.0m) and net cash of £1.0m (net debt of £0.5m)
- Proposed final dividend of 3.6p, an increase of 6%, taking the total dividend for the year to 5.2p, an increase of 7.2%, covered 1.3X by underlying EPS

Operating highlights:

- Business mix: Consulting & Training division contributed 10% of the Group's underlying profit before tax
- Broking:
  - Commercial Jets strong, JetCard exceptional, Freight disappointing, Remarketing and ACMI both performed well
  - Good new business performance, particularly with sports
- Consulting & Training
  - Fully integrated and well positioned in the market
  - Awarded Isle of Man Aircraft Registry contract for 10 years in April 2016

- Good new business performance

Strategic highlights:

- Clockwork Research, a fatigue risk management consultancy, acquired in December 2016
- Cabot Aviation rebranded as Air Partner Remarketing
- New York office opened
- Share split and dividend policy confirmed
- Clear long-term strategy in place

Outlook:

- Trading has commenced in line with the Board's expectations and this, together with the pipeline of work for the next quarter, means that we begin the 2017/2018 financial year with a degree of optimism

Mark Briffa, CEO of Air Partner, commented: *"I am extremely pleased to be reporting on a year of significant activity and progress. We have delivered an outstanding service for our customers, and in doing so produced strong financial results, with profits and dividend in line with expectations. These results are beginning to reflect the last two years' hard work and commitment by colleagues across the Group to position Air Partner for the years ahead. With a clear long-term strategy to transform our business mix, we intend to improve the quality and visibility of our earnings and consequently the returns we deliver to the owners of our business."*

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CHAIRMAN'S STATEMENT

The Group has a clear long-term strategy to become a world class global aviation services group. Great progress has been made since we began this transformation in 2014, and the period under review has been no exception. Indeed, it has perhaps been the most active and successful period we have experienced during my 12 years at Air Partner.

The results of our long term strategy are beginning to emerge

I am pleased to report a strong performance for the year ended 31 January 2017. Gross profit rose by 16.3% to £31.7m, underlying profit before tax increased by 17.2% to £5.1m and reported profit before tax by 38.6% to £4.3m.

As I have mentioned in prior reports, in 2014 we took a thoughtful and critical look at our industry to evaluate not only our own market position, but the challenges and opportunities that lie ahead. As part of that process we undertook an extensive programme of engagement with our staff and customers to understand not only their needs, but their expectations of us. No stone was left unturned and we looked far into the future to assess what we wanted to be, where we wanted to be, and, just as importantly, where we did not want to be.

We formed a long-term strategy that places the customer first and has the power to transform our business model, reducing volatility and improving the overall quality of our earnings. This year, the results of this long-term strategy are beginning to emerge.

Maintaining a progressive dividend
We are proposing a final dividend of 3.6p, taking the full year dividend to 5.2p, an increase of 7.2% and equivalent to 1.3 times dividend cover. Our policy is to target cover between 1.5 and 2.0 times underlying earnings per share. Cover this year is below that range, due to a £0.4m prior year adjustment for tax that is a one-off occurrence. Subject to approval at the AGM on 28 June 2017, we expect to pay the final dividend on 5 July to those shareholders on the register at close of business on 9 June.

Board changes
During the period we completed the alignment of our Board to reflect the direction our Group is taking on its long term strategy. Accordingly we welcomed Amanda Wills CBE, Shaun Smith and Richard Jackson to the Board of Air Partner, effective 20 April, 1 May and 8 September 2016, respectively.

Having overseen these changes we announced on 2 February 2017 that I would be standing down as Chairman at the next AGM on 28 June 2017 after 12 years as a Non-executive director at Air Partner. I am delighted to announce that following a formal selection process, Peter Saunders, our current Senior Independent Director, will be my replacement as Chairman effective from that date, subject to his re-election at the AGM. Peter has played an important role in our transformation and the development of our long-term strategy and I trust will continue to both support and challenge the Executive team in the years ahead.

Thank you
Air Partner is a unique company. Our plc status is a key strength: it offers customers, employees and shareholders – indeed, all our stakeholders – reassurance that we operate to the highest standards of governance and ethics, and are transparent in all our finances and business dealings. Over the last five years since I became Chairman, it has been my privilege to witness the development of Air Partner from a pure broking business, to the vibrant, diverse aviation services company it is today. People are at the heart of our business, and it remains for me to thank my colleagues on the Board and across the whole Group for their support and hard work, not only in delivering a great set of results for our shareholders this year, but also in creating a strong platform for growth. I wish you all every success into 2017 and beyond.

Outlook
Trading has commenced in line with the Board's expectations and this, together with the pipeline of work for the next quarter, means that we begin the 2017/2018 financial year with a degree of optimism. The Board remains confident that the Group's long-term strategy to become a world-class aviation services group will continue to create shareholder value.

Richard Everitt, Chairman

CHIEF EXECUTIVE'S REVIEW

The Group has made great progress during the year, delivering an underlying profit before tax of £5.1m, a 17.2% increase year-on-year. As ever, these results reflect the dedication and drive of all our staff who continue to put our customers first, providing an unrivalled and differentiated service in our sector.

One Group, two divisions
The Group is structured into two complementary divisions: *Broking*, which delivers Aircraft Charter and Remarketing services, and *Consulting & Training*, which delivers professional services, predominantly in the aviation safety sector. Both divisions operate internationally, servicing a high quality customer base. Both divisions will play important roles in delivering our long-term strategy to become a world class global aviation services group with a balanced business mix between the two.

Our Aircraft Broking division has performed well this year, achieving a gross profit of £26.1m and an underlying operating profit of £6.6m which compare to £25.2m and £6.1m respectively in the prior year. This masks a better underlying performance, with some significant new business wins replacing a contract we expected not to be renewed as we entered the year. These new business wins were a result of some excellent teamwork, creativity and innovation by our people delivering solutions to some of our customers' most complex and technical needs. Our 'Customer First' approach is delivering, and helping us measure, better levels of service and partnership with our most valued customers. As a result we are seeing increased customer loyalty, and with a greater portfolio of products we are seeing the breadth of our activity with valued customers expand.

During the year we took steps to further enhance our Private Jet and JetCard offer, and we expect to evolve this product in the years ahead to reflect the lifestyle needs of our customers. In April 2017 we announced an exciting global strategic partnership with Camper & Nicholsons International. Since 1782, they have been synonymous with the world's leading yachts, and today are a global leader in all luxury yachting activities, specialising in their charter, sale, purchase, marketing, management and construction. This partnership provides customers with a one-stop shop for all luxury air and sea-based travel needs. Other initiatives are under way to further enhance our product and I hope to be able to report to you in the future about some innovative work we are doing to make our customer experience the very best it can be.

Air Partner Remarketing - formerly Cabot Aviation - also completed some significant projects in the year and the pipeline for the year ahead looks good. I believe the long-term outlook for our Remarketing operation is excellent as we work with more international customers and add scale to the operation. Remarketing will be a beneficiary of organic investment and focus, and while we will not rush anything, we hope to have a significantly larger Remarketing business in three to five years than we do today.

This year Cabot Aviation became the first of our acquired businesses to rebrand as Air Partner. The team, under the strong leadership of Tony Whitty, is responsible for all Remarketing activity at Air Partner globally and during the period we took the decision to consolidate all our short-term leasing activities under Tony's wing so that we can leverage our expertise and understanding of the marketplace and service the customer better. The results from both the rebranding and the combination have been outstanding, and the team has a very solid foundation to grow in the years ahead.

This report marks the first full year of operation from our Consulting & Training division, with a contribution of £0.5m, equating to 10% of our underlying profits. I am very pleased with this maiden performance, and excited that the division is well positioned for future success. Almost all of this comes from Baines Simmons, our leading aviation safety consultants specialising in aviation regulation, compliance and safety management, which has performed well and is in a strong position to grow and develop in the years ahead. In December 2016 - seven weeks before the end of the financial year and 15 months after the completion of the Baines Simmons acquisition - we acquired Clockwork Research, a leading fatigue risk management consultancy. Integration of Clockwork Research was carried out on time and as planned. Similar to our Remarketing team, Clockwork will be a beneficiary of future organic investment and focus as we assist them to scale the business.

As we work better together across the Group to deliver what the customer needs, we expect the division's contribution to our results to increase in future years as we strive to become a more balanced business.

A common platform for growth

I am pleased that we have maintained our commitment to organic investment in core systems and controls. Our technology programme, Project Connect, began in 2014 and got us fit to compete globally. It enabled the latest upgrades, which began in February and should be finalised by the end of 2017. The scale of the programme cannot be understated as it puts in place a solid foundation for future growth and is a core enabler to successfully carry out our long-term strategy.

We are introducing new platforms from which we can share data across the Group and which have the ability to accommodate the needs of any new acquisitions as soon as they come on board. This will give us greater consistency and flexibility. We introduced the new Group-wide finance system, which came on-stream in February, and will be moving all of our companies onto a common CRM platform during 2017.

Transforming the business mix

Organic growth and self-improvement are at the heart of our long-term strategy, and by aligning ourselves closely with our most valued customers, we are better able to identify not only new business opportunities but also the strategic gaps across the Group. We have identified the services and capabilities we need to add or enhance and also identified the geographies where we need to develop a presence or add scale. In the years ahead we will address these strategic gaps by either building a market leading position organically or acquiring suitable businesses and platforms.

It sounds straightforward – and as an idea, it is. The challenge lies in execution. We recognise that every acquisition carries as much risk as it does reward and opportunity. We will judge risk and reward in detail before committing to acquisitions and deploying our capital. We are able to quickly assess a business's strategic fit on various criteria, but alongside the analysis of its financial statements – the due diligence of financial track record and performance and the assessment of future economic returns all speak to value - we spend a huge amount of time getting comfortable with the non-financial components of a business, predominantly the people and culture.

The most important question we ask ourselves when we evaluate a potential acquisition is '*Is this an Air Partner company*?'. The acquired business will, from day one, carry our brand or an association with our brand, and indeed may adopt our brand in due course, so we need to get comfortable with a lot more than just the numbers. The strategy, product or service, capital, scale, customer base, operating ethos and methodologies are all important, but they are brought to life by the people and the organisation's culture. If we cannot tick all the boxes - both financial and non-financial - and get comfortable, we will not pursue the opportunity.

The aviation industry has many passionate and dedicated people who are delivering great products and services. Over the years we have had the privilege to meet great businesses and evaluated many opportunities. There is plenty of opportunity for acquisitions, but we are selective, looking for complementary businesses. In nearly every instance, we are dealing direct with the owners or managers and their decision to sell can be triggered by a variety of business or life events. In advance of that decision we are developing mutual trust and our understanding of the business.

We are delighted to have acquired three great businesses over the last two years - Cabot Aviation and Baines Simmons in 2015 and Clockwork Research in 2016. These businesses are all run by passionate and dedicated people and deliver an exceptional service to their customers. As well as the financial contribution, they bring new services and capabilities to the group which our customers and staff value, in the process making us a better and smarter organisation.

Previous reports introduced the acquisitions of Cabot Aviation and Baines Simmons and this year I am pleased to introduce Clockwork Research. Clockwork brings new services and capability in the specialist field of fatigue risk management. Clockwork uses systems models to measure, monitor and reduce fatigue in pilots and other key personnel, ensuring they get the necessary sleep to carry out their tasks effectively and safely. Founded by Dr Paul Jackson and Dr Alexandra Holmes, the business is a leader and innovator in its field. Both Paul and Alex are dedicated and passionate about helping customers tackle the challenges they face.

Great people

As we go forward on our journey of transformation, it's important that we share the same vision and that all our people understand it. Enhancing our brand is as much about our internal audience as it is about the external, and accordingly we are working to articulate our vision and values and enhance our internal communications by engaging our staff across the organisation more frequently. We can do a lot better, but we are starting from a strong base, with a rich heritage and globally recognised brand. We are increasingly becoming an exciting place to work with a clear long-term strategy, with services and capabilities that add value and enable us to compete beyond price, and will offer steady career progression. We aim to reward good performance and exceptional behaviour, and, as we grow, a key aim is to retain our existing culture that keeps people at its heart.

In January 2016, we hired Lee Pyle as Group Head of Technology. Under his leadership, we are making a considerable investment in technology in order to create a solid and sustainable basis for growth.

In June 2016, we hired Julia Timms as Group Marketing Director. During the latter part of the year she set in motion an overhaul of the Air Partner brand, which will become the umbrella brand for all our product offerings, including any future acquisitions. This is a really important lever of transformation, in that it will project a clear, unified identity to the world, enhancing our ability to cross sell our services.

Finally, in January 2017, we appointed David McCown, who was formerly our Vice-President for Business Development for the United States, to become the President for our US business, a key focus for organic growth for 2017 and beyond.

Divisional review

Broking

The period under review saw Commercial Jets deliver a strong performance in both Europe and USA. Gross profit increased by 5.0% to £14.7m (2016: £14.0m) and underlying operating profit improved to £3.8m, an increase of 30.4% (2016: £3.0m). This was driven largely by the performance of Air Partner Remarketing (previously Cabot Aviation) for a full year, while strong performances by tour operations, sports and government clients in Europe were able to offset the downturn in the oil and gas market in the UK. In the US, despite a reduced flying schedule from a key customer, we benefited from the presidential election, working on the Hillary for America campaign.

In the UK a one-off major oil and gas contract which operated throughout the previous financial year came to an end, but we continued to make gains in the sports market, particularly with a number of Premiership football teams.

Our Emergency Planning product, whereby we map out evacuation contingencies for blue chip companies with personnel stationed in volatile regions, is a subscription based service and provides a recurring income stream. The division typically serves companies operating in unstable parts of the world, but also assists charities with civil emergency evacuation and disaster relief. Emergency Planning met expectations for the year and, given the uncertainties in the geo-political environment, we believe this business is well placed for future growth.

Air Partner Remarketing had a profitable year in its first full year of ownership and goes into 2017 with a strong pipeline of mandates. Key sales successes included the sale of three Kenya B777s to a US operator. During the year, we moved short-term leasing (ACMI) into Air Partner Remarketing and as a result ACMI had its strongest year over the last five-year period. The integration of Air Partner Remarketing into our offices at Gatwick has been very smooth and successful.

Overall, Private Jets has fared well this year. Mixed results from ad hoc business, with corporate customers flying less often, was offset by JetCard, which had another record year. Gross profit increased by 9.3% to £10.2m and underlying operating profit rose by 4.4% to £2.5m. We had a great start to the year in the UK, though ad hoc flying tailed off somewhat in the second half of the year while conversely, in the US, we had a slow start and a strong finish. 2017 also saw strong performance for Private Jets in Europe, especially in Germany. JetCard utilisation has increased 41% on 2016, a fantastic achievement. Card numbers have increased by 13 to 222 although JetCard deposits have decreased to £15.9m (2016: £16.8m) reflecting the higher utilisation in the year.

The private jet market is extremely competitive but we believe our Customer First strategy, which delivers an unrivalled level of service, particularly for JetCard, together with our financial stability, transparency and security, means we have a unique proposition. We have some exciting initiatives under way which we believe will further extend our services in this area and deliver exceptional services to our customers. We continue to monitor technology platforms in the private jet space, but we fundamentally believe – and our customers seem to agree – that until technological capabilities have further developed, complex travel scheduling is better handled by people rather than machines.

Our Customer First programme remains pivotal to our operations and we believe it accounts for a large proportion of our continuing success. By putting our customers first, we continue to provide an unrivalled service, together with a value for money proposition. This formula is proving to be good for everyone who uses our services, as well as all our stakeholders.

As part of our strategy to grow in the US, we invested in a new office in New York, with the aim of growing our market share by highlighting our products' flexibility and service offering. Increased trade in US dollars will, we believe, help offset the Brexit effect in the UK.

We have invested in sales and have made greater in-roads into Europe where we already have a solid foothold. We have also started to offer additional services like controlled catering and have received enthusiastic feedback from our customers who, in this class, are extremely discerning and used to high standards. Furthermore, and as discussed, we went into partnership with Camper & Nicholsons International, the luxury yacht specialists, in April 2017.

Air Partner is primarily a passenger business, but we see Freight as a strategic, protective offering which allows us to offer a full aviation service to customers. From a small base we can add value – a good example being the German automotive business. The year's performance in that particular market was buoyant, and complements our service offering from Commercial Jets in the automotive sector.

However, overall, Freight's performance reflected the high prior year comparable, boosted by one key contract, which was not renewed. The downturn in the oil and gas industry, where Freight has traditionally been involved with the transportation of heavy pipes and other drilling gear, also meant a less busy period, with gross profit of £1.1m (2016: £1.9m) and underlying operating profit of £0.2m (2016: £0.8m). The division is always subject to the unpredictability of just-in-time logistics, from moving aircraft or automotive spares to mobilising at a moment's notice to assisting in disaster recovery.

Consulting & Training

In its first full year of operation, our Consulting & Training division delivered a gross profit of £5.7m and an underlying operating profit of £0.5m, equivalent to 10.3% of the Group total. Baines Simmons delivered good results in its first full year of ownership while in December 2016, the acquisition of Clockwork Research strengthened our Consulting & Training proposition. Over the coming year, we have an ambitious plan for the continuous development of SMARRT MAP (Safety Management and Risk Reduction Tool Measurement and Performance), which will enhance our overall proposition and further strengthen the relationship between our Consulting & Training services.

The introduction of Customer First into Baines Simmons has established strong foundations for the future and by the end of the year. By standardising many of our processes we can ensure the consistent high-quality delivery of our products and services. We constantly review these products and services to ensure they are aligned to our customers' needs.

The integration of shared Group services, such as marketing, finance, HR and IT, was largely completed during the year.

Baines Simmons continued to benefit from a number of large and long-term customer programmes which cut across both consulting and training products and services, while our Aviation Safety Academy experienced its best ever monthly performance in November.

In April 2016 we announced that we had been successful in securing a further 10-year contract to provide aviation support services to the Isle of Man Aircraft Registry (IOMAR). In January 2017, IOMAR was named Best Global Aviation Registry in World Commerce Review Magazine's 2017 awards. IOMAR will celebrate its 10-year anniversary in May 2017 and since launch almost 950 aircraft have been registered, highlighting the continued success of the Registry, which is now the sixth largest private/corporate aircraft registry in the world.

Clockwork Research, with its smart innovations in fatigue management, is a natural fit with Baines Simmons in terms of safety control and risk management. It strengthens our offering and the opportunities are good. Headed by a small team of enterprising academics, Clockwork is very well respected by major operators across the world. The business uses systems models to ensure that pilots and other essential personnel are getting the necessary sleep to carry out their tasks effectively and safely. The pipeline of future projects is encouraging, and includes a large project with a fleet operator in Asia to carry out a large-scale research study and then help them to build a fatigue management system. This is a first for the region.

Outlook

We're on a journey of transformation and 2016 has been an encouraging year on a number of fronts. The path ahead is exciting but as we always state, in the world of aviation, and most especially in the charter industry, we must be cautious when managing expectations. The charter business has always been, and will continue to be, a volatile industry. Despite this, over nearly six decades, we have developed our business and adapted to grow and succeed.

We are confident we have a successful and very clear long-term strategy. Despite the volatility of our markets we manage the operational business for long term success, aligned to our customers and trying our best to exceed their most complex and technical needs.

Our objective is to become a balanced business, with two market leading divisions – Aircraft Broking and Consulting & Training – delivering exceptional service and value to the customer, and as a consequence, high quality and increasingly visible earnings to our shareholders. This will add value to our customers and staff and build real value to the owners of our business.

Aircraft Broking still accounts for 90% of our profits, but in the future we expect our business mix to evolve significantly, driven by organic growth and suitable acquisitions. Our organic investments are rewarding us and we have some exciting initiatives under way. Our newly acquired businesses have delivered strong operational performance and made an excellent first full year financial contribution to the Group. We will continue to build relationships with the owners and managers of suitable businesses we have identified as potential acquisitions, but we will remain patient and keep to our strict evaluation criteria.

Mark Briffa, Chief Executive Officer

FINANCIAL REVIEW

A strong balance sheet

In a crowded market with low barriers to entry, we are able to use our financial position to differentiate our services to key customers through our ability to offer favourable credit terms on large projects, as evidenced by the movement in working capital and non-JetCard cash at the balance sheet date. In addition, we have expanded our service offering to pursue the strategy of becoming a global aviation services company through the acquisition of complementary businesses using cash or debt. Subsequent to the balance sheet date, the loan outstanding at 31 January 2017 was refinanced through a revolving credit facility of £7.5m which, in combination with an overdraft facility, provides the Group with £9m of facilities in addition to non-JetCard cash.

Financial overview

Revenue: Air Partner primarily uses gross profit as its key indicator of business performance given the potential for revenue, as determined under IFRS, to fluctuate depending on the number of contracts enacted in the year where we act as principal, as opposed to agent. The reduction in revenue of £7.4m to £42.5m (2016: £49.9m) is due to the non-repeat of a specific oil and gas contract which ended early in 2017.

Underlying operating profit: Underlying operating profit increased by 16.6% to £5.1m (2016: £4.4m), with the majority of the increase being attributable to the improved performance of the Consulting & Training division. Excluding the impact of Air Partner Remarketing's results from the Commercial Jets segment, our legacy business's performance decreased by £0.1m, or 2.9%, on a like-for-like basis.

Other items: Other items comprise restructuring costs, amortisation of intangible assets arising on acquisition, acquisition related costs and non-cash acquisition related costs (being the IFRS 2 charge arising on the share based consideration for Air Partner Remarketing). The overall reduction in 'other items' of £0.5m to £0.7m (2016: £1.2m) is due to:

1) The lower amount incurred in respect of restructuring of £0.2m following the major restructuring of the Operating Board that took place in the year ended 31 January 2016
2) Lower acquisition related costs of £0.1m, a reduction of £0.3m, due to there being only one acquisition in the year, that of Clockwork Research Limited.

Amortisation of intangibles arising from acquisitions of £0.3m and non-cash acquisition related costs of £0.1m were consistent with the prior year.

Operating profit: Operating profit has increased by £1.2m to £4.4m (2016: £3.2m), due to a combination of the increased trading performance of £0.7m at an underlying operating profit level combined with a reduction in 'other items' of £0.5m.

Finance charges: The Group's net finance charge remained at £0.1m, comprising interest on the Group's loan and interest receivable on cash balances.

Taxation

The Group's underlying effective tax rate for the year was 33% (2016: 30%) and has been affected by an adjustment in respect of prior years totalling £0.4m. Without this adjustment, the underlying tax rate would have been 25%. The change arose primarily due to an adjustment in respect of a research and development claim made in the year ended 31 January 2015.

The statutory effective tax rate for the year was 35% (2016: 39%). The lower rate being due to a reduction in amounts disallowable for tax purposes included within 'other items'.

Financial position

JetCard cash: The reduction of £0.9m is a result of record utilisation in the year outstripping the pace of new cards and renewals. Subsequent to the balance sheet date, the Group will be placing all JetCard funds into segregated accounts as further assurance to our customers.

The net debt position has improved as a result of the improved trading position increasing net cash inflow from operating activities of £1.9m, less outflows for the investment in Clockwork Research of £0.4m, dividends paid of £2.6m and repayment of borrowings of £0.5m but benefiting from a foreign exchange gain of £1.6m.

As noted above, the Group's bank loan, which stood at £3.0m at the balance sheet date, was refinanced with a new revolving credit facility, which has total availability of £7.5m, provided by Air Partner's main bankers. The facility expires in February 2020.

With cash excluded, the Group is in a net current liabilities position as a result of deferred income, particularly in respect of the JetCard product exceeding other current assets.

Foreign exchange
Where possible, the Group uses natural hedging to minimise its foreign exchange exposure, for example matching JetCard deposits denominated in euro or US dollars with the respective deferred income. In addition, the Group also uses derivative financial instruments to hedge certain transactions in accordance with its internal policy. The fair value of these instruments at the balance sheet date was a liability of £9,000 (2016: an asset of £36,000) and the loss recognised through the income statement as a result in the change in fair value was a charge of £45,000 (2016: a gain of £186,000).

While Brexit has caused a degree of volatility in currency markets during the year, given our geographical reach - with profits arising in the US in dollars, and in Europe in euros - the Group as a whole has not suffered adversely financially as a result of the leave vote to date. In its charter division in the UK, the most likely country to have a currency mismatch between income and costs, the brokers are able to source alternative suppliers to help mitigate any erosion of margin and also apply the Group's internal policy on hedging when necessary. Overall, the Group's net foreign exchange gain through the income statement for the year was a gain of £20,000 (2016: gain of £2,000).

Neil Morris, 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
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. Lead times in the remarketing business can be up to one year and therefore forecasting when a particular contract may be realised is not always easy to predict. 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 and remarketing can be classed as a relatively low financial risk business, in that the business sells capacity on aircraft owned and operated by a third party and contracts are normally placed as mirrored transactions, or remarkets aircraft on behalf of a third party. 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 as at 31 January 2016, as described in the principal risks and uncertainties section of the annual report. 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 for the year ended 31 January 2016, other than the addition of Cabot Aviation Services Limited. 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.

Going concern
After making enquiries, the directors are satisfied that the Group and the 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.

Directors' responsibility statement
The responsibility statement below has been prepared in accordance with the Company's full annual report for the year ended 31 January 2017. Certain parts thereof are not included in this announcement.

Each of the directors serving at the date of approval of the accounts confirms that, to the best of his knowledge and belief:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group; and
- the Chairman's Statement, the Chief Executive's Review and the Financial Review, together with the supporting notes, give a fair review of the Group, including a description of the principal risks and uncertainties faced by Air Partner plc.

The responsibility statement was approved by the Board of Directors on 26 April 2017.

Mark Briffa
Chief Executive Officer
26 April 2017

Neil Morris
Chief Financial Officer
26 April 2017

The directors of Air Partner plc are listed on our website at www.airpartner.com.

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

Enquiries

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About Air Partner

Founded in 1961, Air Partner is a global aviation services group that provides worldwide solutions to industry, commerce, governments and private individuals. The Group has two divisions: Broking division, comprising air charter broking and remarketing; and the Consulting & Training division, comprising the aviation safety consultancies, Baines Simmons and Clockwork Research. For reporting purposes, the Group is structured into four divisions: Commercial Jets, Private Jets, Freight (Broking) and Consulting & Training (Baines Simmons and Clockwork Research). The Commercial Jet division charters large airliners to move groups of any size. Aircraft Remarketing, which is formed within the Commercial Jet division, provides comprehensive remarketing programmes for all types of commercial and corporate aircraft to a wide range of international clients. Private Jets offers the Company's unique pre-paid JetCard scheme and on-demand charter. Freight charters aircraft of every size to fly almost any cargo anywhere, at any time. Baines Simmons is a world leader in aviation safety consulting specialising in aviation regulation, compliance and safety management. Clockwork Research is a leading fatigue risk management consultancy. Air Partner is headquartered alongside Gatwick airport in the UK. Air Partner operates 24/7 year-round and has 20 offices globally. Air Partner is listed on the London Stock Exchange (AIR) and is ISO 9001:2008 compliant for commercial airline and private jet solutions worldwide. www.airpartner.com

Consolidated income statement
for the year ended 31 January 2017

		Year ended 31 January 2017			Year ended 31 January 2016		
Continuing operations	Note	**Underlying* £'000**	**Other items £'000**	**Continuing operations**	Underlying* £'000	Other items £'000	Total £'000
Gross transaction value (GTV)		**215,829**	**–**	**215,829**	210,752	–	210,752
Revenue		**42,538**	**–**	**42,538**	49,942	–	49,942
Gross profit	2	**31,707**	**–**	**31,707**	27,269	–	27,269
Administrative expenses		**(26,593)**	**(709)**	**(27,302)**	(22,883)	(1,178)	(24,061)
Operating profit	2	**5,114**	**(709)**	**4,405**	4,386	(1,178)	3,208
Finance income		**39**	**–**	**39**	10	–	10
Finance expense		**(96)**	**–**	**(96)**	(81)	–	(81)
Profit before tax		**5,057**	**(709)**	**4,348**	4,315	(1,178)	3,137
Taxation	7	**(1,654)**	**153**	**(1,501)**	(1,311)	81	(1,230)
Profit for the year from continuing operations		**3,403**	**(556)**	**2,847**	3,004	(1,097)	1,907
Discontinued operations							
Profit/(loss) for the year from discontinued operations		**–**	**–**	**–**	387	–	387
Profit for the year		**3,403**	**(556)**	**2,847**	3,391	(1,097)	2,294
Attributable to:							
Owners of the parent company		**3,403**	**(556)**	**2,847**	3,391	(1,097)	2,294
Earnings/(loss) per share:							
Continuing operations							
Basic	5	**6.5p**	**(1.1)p**	**5.4p**	5.9p	(2.2)p	3.7p
Diluted	5	**6.4p**	**(1.1)p**	**5.3p**	5.8p	(2.2)p	3.6p
Discontinued operations							
Basic	5	**–**	**–**	**–**	0.8p	–	0.8p
Diluted	5	**–**	**–**	**–**	0.8p	–	0.8p
Continuing and discontinued operations							
Basic	5	**6.5p**	**(1.1)p**	**5.4p**	6.7p	(2.2)p	4.5p
Diluted	5	**6.4p**	**(1.1)p**	**5.3p**	6.6p	(2.2)p	4.4p

*Before other items (see note 3)

Consolidated statement of comprehensive income
for the year ended 31 January 2017

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Profit for the year	**2,847**	2,294
Other comprehensive income – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**346**	(29)
Total comprehensive income for the year	**3,193**	2,265
Attributable to:		
Owners of the parent company	**3,193**	2,265

Consolidated statement of changes in equity
for the year ended 31 January 2017

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2015	513	4,518	–	(1,051)	1,093	1,485	6,753	**13,311**
Profit for the year	–	–	–	–	–	–	2,294	**2,294**
Exchange differences on translation of foreign operations	–	–	–	–	(29)	–	–	**(29)**
Total comprehensive income for the year	–	–	–	–	(29)	–	2,294	**2,265**
Issue of shares	9	296	295	(300)	–	–	–	**300**
Share option movement for the year	–	–	–	–	–	223	–	**223**
Deferred tax on share-based payment transactions	–	–	–	–	–	–	18	**18**
Share options exercised during the year	–	–	–	152	–	–	(84)	**68**
Dividends paid (note 4)	–	–	–	–	–	–	(2,331)	**(2,331)**
Closing equity as at 31 January 2016	522	4,814	295	(1,199)	1,064	1,708	6,650	**13,854**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2016	522	4,814	295	(1,199)	1,064	1,708	6,650	**13,854**
Profit for the year	–	–	–	–	–	–	2,847	**2,847**
Exchange differences on translation of foreign operations	–	–	–	–	346	–	–	**346**
Total comprehensive income for the year	–	–	–	–	346	–	2,847	**3,193**
Share option movement for the year	–	–	–	–	–	369	–	**369**
Issue of shares	–	(59)	59	60	–	(60)	–	**–**
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(66)	**(66)**
Share options exercised during the year	–	–	–	467	–	–	(286)	**181**
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	(23)	**(23)**
Dividends paid (note 4)	–	–	–	–	–	–	(2,574)	**(2,574)**
Closing equity as at 31 January 2017	522	4,755	354	(672)	1,410	2,017	6,548	**14,934**

Consolidated statement of financial position

as at 31 January 2017

	Note	31 January 2017 £'000	31 January 2016 £'000
Assets			
Non-current assets			
Goodwill		**3,787**	3,346
Other intangible assets		**4,956**	5,038
Property, plant and equipment		**1,086**	1,281
Deferred tax assets		**533**	143
		10,362	9,808
Current assets			
Trade and other receivables		**25,405**	23,708
Current tax assets		**506**	438
Restricted bank balances		***1,965***	*2,840*
Other cash and cash equivalents		***17,830***	*16,951*
Total cash and cash equivalents		**19,795**	19,791
Derivative financial instruments		**-**	36
		45,706	43,973
Total assets		**56,068**	53,781
Current liabilities			
Trade and other payables		**(4,359)**	(3,911)
Current tax liabilities		**(1,071)**	(133)
Other liabilities		**(4,463)**	(5,633)
Borrowings		**(514)**	(514)
Deferred income		**(27,350)**	(25,807)
Provisions		**-**	(421)
Derivative financial instruments		**(9)**	–
		(37,766)	(36,419)
Net current assets		**7,940**	7,554
Long term liabilities			
Borrowings		**(2,443)**	(2,957)
Deferred consideration		**(200)**	-
Deferred tax liability		**(725)**	(551)
Total long term liabilities		**(3,368)**	(3,508)
Total liabilities		**(41,134)**	(39,927)
Net assets		**14,934**	13,854
Equity			
Share capital		**522**	522
Share premium account		**4,755**	4,814
Merger reserve		**354**	295
Own shares reserve		**(672)**	(1,199)
Translation reserve		**1,410**	1,064
Share option reserve		**2,017**	1,708
Retained earnings		**6,548**	6,650
Total equity		**14,934**	13,854

Consolidated statement of cash flows
for the year ended 31 January 2017

	Note	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Net cash inflow from operating activities	6	**1,874**	5,785
Investing activities			
Continuing operations			
– Interest received		**39**	10
– Purchases of property, plant and equipment		**(96)**	(118)
– Purchases of intangible assets		**(173)**	(153)
– Acquisition of subsidiaries	9	**(362)**	(5,902)
Net cash used in by investing activities		**(592)**	(6,183)
Financing activities			
Continuing operations			
– Dividends paid		**(2,574)**	(2,331)
– Proceeds on exercise of share options		**181**	68
– New bank loans raised		**-**	3,600
– Repayments of borrowings		**(514)**	(129)
Net cash (used in)/generated by financing activities		**(2,907)**	1,208
Net (decrease)/increase in cash and cash equivalents		**(1,625)**	830
Opening cash and cash equivalents		**19,791**	18,794
Effect of changes in foreign exchange rates		**1,629**	167
Closing cash and cash equivalents		**19,795**	19,791

JetCard cash

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

	2017 £'000	2016 £'000
JetCard cash restricted in its use	**1,965**	2,840
JetCard cash unrestricted in its use	**13,901**	13,936
Total JetCard cash	**15,866**	16,776
Non-JetCard cash	**3,929**	3,015
Cash and cash equivalents	**19,795**	19,791

1 GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

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.

This consolidated financial information was approved for issue on 26 April 2017.

This consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 January 2017 were approved by the board of directors on 26 April 2017, but have not yet been delivered to the Registrar of Companies. The auditor's reports on the financial statements for the years ended 31 January 2017 and 31 January 2016 were unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The financial statements for the period ended 31 January 2016 have been delivered to the Registrar of Companies.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in May 2017.

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 report.

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 chartering different types of aircraft and related aviation services.

The group has four operating segments: Commercial Jet Broking, Private Jet Broking, Freight Broking and Consulting and Training. Cabot Aviation Services results are aggregated in to Commercial Jet Broking. 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 revenue, assets and 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:

Year ended 31 January 2017 **Continuing operations**	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Consulting and Training £'000	Corporate costs £'000	**Total £'000**
Segmental gross profit	14,704	10,236	1,113	5,654	-	**31,707**
Depreciation and amortisation	(249)	(162)	-	(62)	-	**(473)**
Underlying operating profit	3,848	2,491	233	527	(1,985)	**5,114**
Other items (see note 3)	(182)	-	-	(399)	(128)	**(709)**

Segment result	3,666	2,491	233	128	(2,113)	**4,405**
Finance income						**39**
Finance expense						**(96)**
Profit before tax						**4,348**
Tax						**(1,501)**
Profit for the year						**2,847**

Year ended 31 January 2016 **Continuing operations**	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Consulting and Training £'000	Corporate costs £'000	**Total £'000**
Segmental gross profit	14,005	9,361	1,857	2,046	–	**27,269**
Depreciation and amortisation	(339)	(186)	–	(6)	–	**(531)**
Impairment losses	(361)	–	–	(29)	–	**(390)**
Underlying operating profit	2,952	2,387	767	(99)	(1,621)	**4,386**
Other items (see note 3)	(436)	(261)	(44)	(437)	–	**(1,178)**
Segment result	2,516	2,126	723	(536)	(1,621)	**3,208**
Finance income						**10**
Finance expense						**(81)**
Profit before tax						**3,137**
Tax						**(1,230)**
Profit after tax						**1,907**
Discontinued operations						**387**
Profit for the year						**2,294**

The 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. Apart from the UK, no single country is deemed to have material non-current asset levels other than goodwill in relation to the French operation of £965,000 (2016: £848,000).

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 UK, Europe, the USA and the Rest of the World:

Continuing operations	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	**Total £'000**
Year ended 31 January 2017					
Gross profit	18,812	8,930	3,771	194	**31,707**
Non-current assets (excluding deferred tax assets)	8,696	1,090	39	4	**9,829**
Year ended 31 January 2016					
Gross profit	16,486	7,353	3,187	243	**27,269**
Non-current assets (excluding deferred tax assets)	8,616	995	48	6	**9,665**

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	**Total £'000**
Year ended 31 January 2017					
Gross profit	3,047	2,547	1,854	1,482	**8,930**
Year ended 31 January 2016					
Gross profit	2,730	2,306	1,491	826	**7,353**

3 OTHER ITEMS

Continuing operations	2017 £'000	2016 £'000
Restructuring costs	**(183)**	(419)
Amortisation of purchased intangibles	**(304)**	(242)
Acquisition costs	**(128)**	(419)
Non-cash acquisition related costs	**(94)**	(98)
	(709)	(1,178)
Tax effect of other items	**153**	81
Other items after taxation	**(556)**	(1,097)

Restructuring costs relate to changes to the management structure following the acquisitions made during the prior year.

4 DIVIDENDS

	2017 £'000	2016 £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the year ended 31 January 2016 of 16.9 pence per share (Final dividend the year ended 31 January 2015 of 15.4 pence)	**1,741**	1,578
Interim dividend for the year ended 31 January 2017 of 8.03 pence per share (Interim dividend for the year ended 31 January 2016 of 7.33 pence)	**833**	753
	2,574	2,331

All dividends above were prior to the Company's shareholders approving a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017.

The Directors propose a final dividend for the year ended 31 January 2017 of 3.6 pence per share, subject to shareholder approval at the Annual General Meeting to be held on 28 June 2017.

The Air Partner Employee Benefit Trust, which held 341,820 ordinary shares of 1p each at 31 January 2017 (2016: 159,236 ordinary shares of 5p each) representing 0.65% (2016: 1.6%) of the Company's issued share capital is not entitled to receive dividends. A further 413,640 ordinary shares of 1p each (2016: 100,910 ordinary shares of 5p each) shares are held by the Trust in a nominee capacity for two (2016: two) beneficiaries of the Trust.

5 EARNINGS PER SHARE

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

Continuing and discontinued operations	2017 £'000	2016 £'000
Earnings for the calculation of basic and diluted earnings per share		
Profit attributable to owners of the parent company	**2,847**	2,294
Adjustment to exclude other items	**556**	1,097
Underlying profit attributable to owners of the parent company	**3,403**	3,391

Number of shares	Number	Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	**52,361,659**	50,606,225
Effect of dilutive potential ordinary shares: share options	**1,133,083**	275,720
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**53,494,742**	50,881,945

From continuing operations	2017 £'000	2016 £'000
Earnings		
Profit attributable to owners of the parent company	**2,847**	2,294
Adjustment to exclude profit for the year from discontinued operations	**-**	(387)
Adjustment to exclude other items	**556**	1,097
Underlying earnings for the calculation of basic and diluted earnings per share	**3,403**	3,004

From discontinued operations	2017 £'000	2016 £'000
Earnings		
Earnings for the calculation of discontinued basic and diluted earnings per share	**-**	387

On 25 January 2017, the Company's shareholders approved a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017. As a result the prior year number of shares and EPS calculations have been restated to show comparable numbers.

The denominators used are the same as those above for both basic and diluted earnings per share from continuing and discontinued operations.

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

6 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Profit for the year		
Continuing operations	**2,847**	1,933
Discontinued operations	**-**	387
	2,847	2,320
Adjustments for:		
Finance income	**(39)**	(10)
Finance expense	**96**	81
Income tax expense	**1,501**	1,328
Depreciation and amortisation	**780**	745
Fair value losses/(gains) on derivative financial instruments	**45**	(186)
Share option cost for period	**369**	223
Decrease in provisions	**(421)**	(91)
Foreign exchange differences	**(938)**	(140)
Operating cash flows before movements in working capital	**4,240**	4,270
Increase in receivables	**(481)**	(1,377)
(Decrease)/increase in payables	**(867)**	3,901
Cash generated from operations	**3,009**	6,794
Income taxes paid	**(922)**	(928)
Interest paid	**(96)**	(81)
Net cash inflow from operating activities	**1,874**	5,785

7 TAXATION

	Continuing operations		**Discontinued operations**		**Total**	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Current tax:						
UK corporation tax	**528**	561	**-**	98	**528**	659
Foreign tax	**822**	488	**-**	-	**822**	488
Current tax adjustments in respect of prior years (UK)	**376**	12	**-**	-	**376**	12
Current tax adjustments in respect of prior years (Overseas)	**66**	333	**-**	-	**66**	333
	1,792	1,394	**-**	98	**1,792**	1,492
Deferred tax	**(291)**	(164)	**-**	-	**(291)**	(164)
Total tax	**1,501**	1,230	**-**	98	**1,501**	1,328
Of which:						
Tax on underlying profit	**1,654**	1,311	**-**	98	**1,654**	1,409
Tax on other items (see note 3)	**(153)**	(81)	**-**	-	**(153)**	(81)
	1,501	1,230	**-**	98	**1,501**	1,328

Corporation tax in the UK was calculated at 20% (2016: 20.16%) of the estimated assessable profit for the period. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

The charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	2017 £'000	2016 £'000
Profit from continuing operations before tax	**4,348**	3,163
Profit from discontinued operations before tax	**-**	485

Accounting profit before tax	**4,348**	3,648
Tax at the UK corporation tax rate of 20% (2016: 20.16%)	**870**	735
Effect of change to UK corporation tax rate (2016: 21% from 1 February 2015 to 31 March 2015)	**(41)**	(61)
Tax effect of items that are not recognised in determining taxable profit	**64**	205
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**212**	139
Current tax adjustments in respect of prior years	**442**	303
Deferred tax not recognised	**22**	7
Options deductions	**(68)**	-
Total tax charge	**1,501**	1,328

The UK corporation tax rate decreased from 21% to 20% from 1 April 2016. The impact on the tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced. A reduction to 19% effective from 1 April 2017 and to 17% on 1 April 2020 was substantively enacted on 16 October 2016 and the deferred tax balance has been adjusted to reflect this change.

8 CONTINGENT LIABILITIES

The Group had issued the following guarantees at the year end.

Description	Currency	2017 £'000	2016 £'000
Dubai employee rights	Sterling	**-**	17

In addition, the Company's bankers hold a free and floating charge over the Company's assets. There is also contingent consideration of up to £600,000 payable to the vendors of Baines Simmons Limited depending on the performance to 31 January 2018.

9 ACQUISITIONS

On 12 December 2016, Air Partner plc acquired 100% of the issued share capital of Clockwork Research Limited, obtaining control of the company on that date. Clockwork Research Limited is a leading fatigue risk management consultant. The acquisition of Clockwork Research Limited adds significant specialist consulting expertise and knowledge to the group.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Clockwork Research Limited £'000
Fair values of assets acquired	
Financial assets	**325**
Property, plant and equipment	**35**
Intangible assets – customer relationships	**174**
Deferred tax on intangible assets	**(35)**
Financial liabilities	**(163)**
Goodwill	**333**
Total consideration	**669**
Satisfied by	
Cash	**469**
Deferred consideration	**200**
Total consideration transferred	**669**

Net cash outflow arising on acquisition	
Cash consideration	**469**
Less cash and cash equivalents acquired	**(107)**
Net cash outflow	**362**

Deferred consideration of up to £200,000 is payable depending on earnings performance in the 12 month periods ending 31 March 2017 and 31 March 2018. The directors consider it likely that the performance conditions will be met and have therefore recognised the maximum amounts payable.

No goodwill is deductible for tax purposes.

The goodwill of £333,000 arising from the acquisition is attributable to the value of the assembled workforce and the ability of the senior staff to generate future business.

Acquisition related costs (included in Other items) amounted to £55,000.

Clockwork Research Limited contributed revenue of £70,000 and losses after tax of £3,000 being the results for the period between the date of acquisition and 31 January 2017.

10 PRIOR YEAR ACQUISITIONS

On 18 August 2015, Air Partner plc acquired 100% of the issued share capital of Baines Simmons Limited, obtaining control of the company on that date. Baines Simmons Limited is a leading aviation safety consultant. Baines Simmons Limited will enable Air Partner to extend the Group's service and product capabilities with offerings complementary to its existing broking business.

Contingent consideration of up to £600,000 is payable to the vendors of Baines Simmons Limited depending on the performance to 31 January 2018. As the directors do not consider it likely that the minimum performance threshold will be met, no amounts have been recognised in respect of this.

At 31 January 2016 the purchase price allocation was provisional, the accounting in respect of the acquisition of Baines Simmons Limited has since been finalised. This resulted in adjustment to the value of intangibles recognised on acquisition, an increase in customer relationships of £1.6m, and decreases in the value of the brand of £0.04m and training materials of £0.2m.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed on the acquisition of Baines Simmons are set out in the table below.

	Baines Simmons Limited £'000
Fair values of assets acquired	
Financial assets	**1,490**
Property, plant and equipment	**191**
Intangible assets – brands	**158**
Intangible assets – customer relationships	**3,448**
Intangible assets – training materials	**415**
Deferred tax on intangible assets	**(780)**
Financial liabilities	**(983)**
	3,939
Goodwill	**1,711**
Total Consideration	**5,650**
Satisfied by	
Cash	**5,650**

Net cash outflow arising on acquisition	
Cash consideration	**5,650**
Less cash and cash equivalents acquired	**(350)**
Net cash outflow	**5,300**