

Dart Group PLC

Dart Group restates its 2006/2007 Financial Information under IFRS

On 22 November 2007, Dart Group PLC (“the Group”) will be announcing its interim results for the six months ended 30 September 2007. As required by AIM Rules, results for this and subsequent periods will be reported under International Financial Reporting Standards. In those interim results, the Group will also restate its financial information under IFRS for the year ended 31 March 2007 and for the six months ended 30 September 2006.

Whilst there is no change in the Group’s cash flows, this restatement has a particular impact on the treatment of contracts taken out to hedge the Group’s exposure to fuel and foreign currency movements, the effect of which is to alter the timing of recognition of changes in value of these contracts.

To highlight the effect of the restatement under IFRS and how the Group will present this in future results announcements, the headline consolidated financial results for the Group under IFRS for the year ended 31 March 2007 are summarised below, alongside the equivalent numbers reported under UK GAAP for that period. In addition, in the final column the results for the same period are shown for information, as if hedge accounting under IFRS had been possible in the period for all relevant derivative contracts.

Dart Group will present its future results, including the interim results to be released on 22 November 2007, in the same manner, showing both the actual IFRS presentation and, for information purposes, as if hedge accounting under IFRS could have been adopted in 2006/7 for all relevant derivative contracts.

£m (except as indicated)	UK GAAP (audited)	IFRS restatement (unaudited)	IFRS restatement assuming hedge accounting (unaudited)
Income Statement			
Turnover	352.0	349.0	349.0
EBITDA ⁽¹⁾	40.0	22.1	39.8
Operating Profit ⁽¹⁾	18.6	1.2	18.9
Profit/(loss) before taxation ⁽¹⁾	15.9	(3.6)	14.1
Profit attributable to equity shareholders	13.6	0.7	13.1
Balance sheet			
Net assets	71.1	59.0	59.0
Earnings per Share (p)			

9.73

0.53

9.37

Notes

(1) The above UK GAAP figures for EBITDA, Operating Profit and Profit before taxation exclude the £2.2m profit which the group made on the sale of Channel Express (CI) Limited during the year ended 31 March 2007. This is to make them comparable to the equivalent IFRS figures which only show profits in relation to discontinued operations below the Profit before tax line.

Treatment of Derivative Transactions

Dart Group utilises foreign exchange contracts and fuel forward contracts to hedge its exposure to US\$ and Euro exchange rates and Jet Fuel prices as a result of its aviation activities. The Group's policy is to hedge these risks in advance of the relevant cash expenditure in order to minimise variation in the Group's cost base.

Under UK GAAP, the Group hedge accounted for such instruments, deferring recognition of the contract until maturity and reporting the underlying transaction at the contracted rate. The fair value of these instruments was reported in Note 18 to the Accounts.

Under IFRS, from 1 April 2007, the Group will also hedge account for these instruments, having put the necessary documentation in place to meet the requirements of the new Standards. As such, any movements in the fair value of these contracts, prior to maturity, will be reported in Reserves (without impacting the Profit & Loss Account for the relevant period), as long as these instruments effectively hedge the relevant risks.

The hedge documentation required under IFRS differs from that required under UK GAAP and this was not in place for the year ended 2006/7. As a result, hedge accounting cannot be adopted in restating the results for this period in accordance with IFRS and therefore fair value movements must be reported within the Profit & Loss Account.

Impact on Restatement of 2006/7 Results

The unavailability of hedge accounting under IFRS for derivative contracts results in a timing difference in the recognition of changes in the value of these contracts which will reverse in subsequent accounting periods.

The aggregate impact of the restatement of derivative transactions on the year ended 31 March 2007 is to reduce profit by £19.3m and decrease net assets at that date by £12.6m. This reflects the movement in the fair value of derivatives in the period and an adjustment to the carrying value of aircraft and engines to reflect the use of spot rather than hedged exchange rates in establishing the pound sterling value of these assets.

Of this aggregate adjustment, £17.7m is the timing difference, which relates to contracts that would have been eligible for hedge accounting under IFRS if appropriate documentation had been in place. Accordingly, the final column above presents 2006/7 results as if hedge accounting had been applied to these contracts to allow a comparison of the underlying performance of the business going forward.

Under the required IFRS treatment, the £17.7m charge to Profit & Loss Account in 2006/07 will reverse in future periods (via a reduction in the fuel costs, depreciation and other operating costs that the business would otherwise have recorded) as the relevant contracts mature. Again in those future periods, these movements will also be presented, for information purposes, on a fully hedge accounted basis to allow a comparison of the underlying performance of the business.

The remaining £1.6m of the adjustment relates to the differing treatment under IFRS of hedging instruments which include option structures and over-hedged positions. A similar level of difference between UK GAAP and IFRS is to be expected in respect of these positions for 2007/8.

Other Impacts of the adoption of IFRS

In addition to the changes in the treatment of derivatives, goodwill is no longer amortised under IFRS, increasing the 2006/7 operating profit by £0.5m. In presentation terms only, there are also changes to the treatment of a business which was discontinued in 2006/7 and to the classification of certain spare parts.

For full details of the restatement please visit the Dart Group website www.dartgroup.co.uk.

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