DART GROUP PLC

INTERIM REPORT 2009

2009

DART GROUP PLC

Interim Results

Dart Group PLC (the "Group"), the aviation and distribution group, announces its interim results for the half year ended 30 September 2009. These results are presented under International Financial Reporting Standards (IFRS).

Highlights

- Turnover maintained at £272.7m (2008: £272.8m)
- Pre-tax profits down 23% to £28.1m (2008: £36.3m)
- Underlying pre-tax profits down 23% to £25.7m (2008: £33.5m)
- Aviation load factors increased to 81% (2008: 80%)
- £12.2m net cash generated from operating activities (2008: £20.3m)
- Interim dividend declared at 0.36p per share (2008: nil)

Chairman's Statement

I am pleased to report on the Group's trading for the six months ended 30 September 2009. The Group delivered a profit before tax of £28.1m, a decrease of 23% on last year (2008: £36.3m).

On an underlying basis (excluding the specific IAS39 mark to market adjustments), profit before tax amounted to £25.7m (2008: £33.5m). This trading performance was in line with expectations and reflects the tougher trading environment we are experiencing in the aviation business. ***Jet2.com,*** the Group's leisure airline, was successful in maintaining load factors, but in part at the expense of yields. Underlying EBITDA decreased by 23% to £40.0m (2008: £51.6m).

Net cash flow from operations of £12.2m was generated in the period (2008: £20.3m). Total capital expenditure in the first half amounted to £6.5m (2008: £9.5m), primarily relating to the overhaul of the Group's aircraft engines, in addition to a small acquisition by **Fowler Welch-Coolchain**. Net cash amounted to £16.1m at the end of the period, a £23.3m improvement on the previous year.

The Board has decided to pay an interim dividend of 0.36p per share, in recognition of the Group's trading performance in the period. The dividend will be paid on 29 January 2010 to shareholders on the register at 11 December 2009.

Jet2.com

Jet2.com has continued to focus on its core leisure routes from its bases in the North (Belfast, Blackpool, Edinburgh, Leeds Bradford, Manchester and Newcastle), whilst increasing its services to Eastern Mediterranean destinations. The company operates 31 aircraft of which 29 (21 Boeing 737-300s and 8 Boeing 757-200s) are owned by the Group. The 235 seat Boeing 757-200 enables us to serve popular Eastern Mediterranean, Red Sea and Canary Island destinations very cost effectively whilst still offering competitive economics to traditional Western Mediterranean resorts. It is also an ideal aircraft for our important passenger charter market.

We flew 2.2m scheduled passengers in the six months to 30 September 2009 (2008: 2.3m) with the total number of routes served from all bases rising to 94 (2008: 75). We were able to increase load factors, partly at the expense of yields, by focusing on flying popular routes at departure times convenient to our customers.

Ancillary revenues are continually being developed with gross revenue per passenger increasing to £20.70 during this half year (2008: £15.17). This increase is principally driven by sales made possible by our proprietary reservation system. Pre-ordered meals and advanced seat assignment have been particularly successful on some of our longer routes. Further enhancements continue to be introduced by our commercial and IT teams, including on-going development of our travel trade interfaces which allow easy access to ***Jet2.com's*** seat inventory for travel agents and tour operators. Jet2.com was recently honoured at the Northern Ireland Travel and Tourism Awards, winning the award for the Best Travel Internet Booking System.

After a very strong performance in the previous year, our freight and passenger charter business experienced reduced revenues, reflecting a weaker market for charter services. In total, charter revenues were down 18% in the first half. Pleasingly, however, on 29 October 2009 ***Jet2.com*** was voted Passenger Airline of the Year by the Baltic Air Charter Association.

Whilst the management of costs has been a particular focus, a significant proportion of the airline's cost base is foreign currency based and has suffered from the weakness of Sterling. Our fuel efficiency programme continues to deliver improved fuel utilisation; two of our Boeing 757 aircraft are now equipped with aero-dynamically efficient winglets with two more aircraft to be fitted this winter. In June 2009, the first Boeing 737 flight took place with Pratt & Whitney manufactured parts fitted to its CFM engines. ***Jet2.com*** is the lead customer for this programme, which delivers significant savings relative to the cost of OEM components.

For Winter 09/10, ***Jet2.com*** has slightly reduced its overall scheduled capacity, reflecting a prudent approach in the current economic environment. For next summer we will be operating new scheduled services to seven sun destinations from East Midlands Airport (which are also available as package holidays with ***Jet2holidays.com***). We have also expanded our operations from both Newcastle and Manchester Airports and now operate more scheduled leisure routes than any other airline at Manchester Airport. Overall, we have planned a 2% increase in scheduled seat capacity for Summer 2010, with a higher proportion of Eastern Mediterranean destinations. New destinations for next summer include Bergerac, Gran Canaria, Kos, Madeira, Reus and Tunisia, and we have increased capacity to Egypt, Greece and Turkey.

We continue to invest in the development of ***Jet2holidays.com***, our ATOL protected tour operator, which delivered over 47,000 package holidays in the half year to September 2009, an 80% increase over the same period last year. It is expected that ***Jet2holidays.com*** will make an increasingly significant contribution to the airline's passenger numbers in the coming year. We believe that it will become increasingly successful through offering our leisure customers good value package holidays from their local airports, flying with ***Jet2.com***.

Fowler Welch-Coolchain

The Group's logistics company, **Fowler Welch-Coolchain**, provides an integrated supply chain solution for retailers, food manufacturers, growers and importers. Services provided from its distribution centres in Spalding (Lincs), Teynham (Kent), Washington (Tyne & Wear), Stockport (Cheshire) and Portsmouth (Hampshire) include both chilled and ambient storage and distribution, together with value adding pick-to-order warehousing operations. The company also has port operations in Sheerness and Southampton and provides transport services for imported container traffic entering the UK through the East Coast Port network.

There have been significant new business wins during the period and further additional business wins from existing customers. Our Washington distribution centre has seen increased Tesco Express deliveries, whilst our ambient consolidation centre at Stockport has increased its volumes into Asda stores, including the commencement of Asda George distribution. Like-for-like sales have increased by 8% year on year although fuel surcharges levied have reduced as a result of lower oil prices.

Operating margins have improved during the first six months of the year across the business. Our own vehicle performance has benefited from a combination of increased utilisation, more loaded miles and better networking of the combined fleet, in part driven by a reduction in the ambient fleet. We have continued to invest in driver training and have committed to introduce more 'best in class' fuel efficient vehicles as part of our continuing fleet replacement programme. This, together with a further expansion of our double-decker trailer fleet, will not only generate fuel savings and additional operating efficiencies, but also further reduce our carbon footprint. The Manhattan warehouse management system implemented at Spalding is also now generating substantial operating efficiencies and will be rolled out through all other chilled distribution centres during the remainder of the financial year.

We continue to develop our container transport operations, which not only enhances our ability to provide an end-to-end service to customers but also reduces traditional periods of vehicle downtime in our chilled network. The company increased its presence in this sector through the acquisition on 1 September 2009 of Bawdsey Haulage Limited, a company specialising in the distribution of containers from its depot at the Port of Felixstowe. This operation is expected to generate revenues of approximately £6m per annum. In addition to this acquisition, an operation has commenced at Teesport to further develop the container business.

Fowler Welch-Coolchain continues to exploit considerable growth opportunities across all its core activities and is in a good position to capitalise on further market consolidation.

Outlook

On an underlying basis, we expect full year trading to be in line with market expectations. ***Jet2.com*** forward booking levels are encouraging and **Fowler Welch-Coolchain** continues to perform strongly. However, we expect the current challenging trading environment to remain for some time and we will continue to manage the business prudently, whilst continuing to take advantage of market opportunities.

Philip Meeson,
Chairman 19 November 2009

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Dart Group PLC

Consolidated Group Income Statement (unaudited)

For the half year ended 30 September 2009

	Note	**Half year ended 30 September 2009**			Half year ended 30 September 2008			Year ended 31 March 2009 - Audited		
		Before Specific IAS 39 mark to market adjustments £m	**Specific IAS 39 mark to market adjustments £m**	**IFRS £m**	Before Specific IAS 39 mark to market adjustments £m	Specific IAS 39 mark to market adjustments £m	IFRS £m	Before Specific IAS 39 mark to market adjustments £m	Specific IAS 39 mark to market adjustments £m	IFRS £m
Turnover	*3*	**272.7**	**-**	**272.7**	272.8	-	272.8	439.3	-	439.3
Net operating expenses		**(247.4)**	**2.4**	**(245.0)**	(237.9)	2.8	(235.1)	(405.3)	4.7	(400.6)
Other operating income		-	-	-	1.0	-	1.0	1.2	-	1.2
Operating profit		**25.3**	**2.4**	**27.7**	35.9	2.8	38.7	35.2	4.7	39.9
Finance income		**2.2**	**-**	**2.2**	2.4	-	2.4	0.9	-	0.9
Finance costs		**(1.8)**	**-**	**(1.8)**	(4.8)	-	(4.8)	(7.3)	-	(7.3)
Net financing costs		**0.4**	**-**	**0.4**	(2.4)	-	(2.4)	(6.4)	-	(6.4)
Profit on ordinary activities before taxation		**25.7**	**2.4**	**28.1**	33.5	2.8	36.3	28.8	4.7	33.5
Taxation	6	**(7.2)**	**(0.7)**	**(7.9)**	(10.3)	(0.8)	(11.1)	(5.1)	(1.3)	(6.4)
Profit for the period (all attributable to equity shareholders of the parent)		**18.5**	**1.7**	**20.2**	23.2	2.0	25.2	23.7	3.4	27.1

	Note									
Earnings per share - total	4									
- basic		**13.10p**		**14.31p**	16.39p		17.81p	16.87p		19.27p
- diluted		**12.67p**		**13.83p**	16.39p		17.81p	16.46p		18.80p
Earnings per share – continuing operations										
- basic		**13.10p**		**14.31p**	16.39p		17.81p	16.87p		19.27p
- diluted		**12.67p**		**13.83p**	16.39p		17.81p	16.46p		18.80p

Dart Group PLC

Consolidated Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2009

	Half year ended 30 September 2009	Half year ended 30 September 2008	Year ended 31 March 2009 Audited
	£m	£m	£m
Profit for the period	**20.2**	25.2	27.1
Exchange differences on translating foreign operations	**-**	(0.1)	(0.2)
Effective portion of changes in fair value of cash flow hedges	**(0.5)**	*(1.9)*	(11.8)
Taxation on components of other comprehensive income	**0.1**	0.5	3.7
Other comprehensive income & expense for the period, net of taxation	**(0.4)**	(1.5)	(8.3)
Total comprehensive income for the period all attributable to owners of the parent	**19.8**	23.7	18.8

Dart Group PLC

Consolidated Group Balance Sheet (unaudited)

As at 30 September 2009

	30 September 2009	30 September 2008	31 March 2009 Audited
	£m	£m	£m
Non-current assets			
Goodwill	**7.0**	6.8	6.8
Property, plant and equipment	**183.4**	186.3	190.5
Derivative financial instruments	**5.0**	6.0	2.4
	195.4	199.1	199.7
Current assets			
Inventories	**1.0**	0.3	0.4
Trade and other receivables	**45.4**	47.9	45.1
Derivative financial instruments	**6.3**	6.6	32.7
Cash and cash equivalents	**16.5**	0.4	11.8
	69.2	55.2	90.0
Total assets	**264.6**	254.3	289.7
Current liabilities			
Trade and other payables	**114.5**	118.6	139.9
Borrowings	**0.4**	7.6	-
Derivative financial instruments	**2.0**	2.1	30.8
	116.9	128.3	170.7
Non-current liabilities			
Other non current liabilities	**6.1**	6.2	6.4
Derivative financial instruments	**7.3**	4.1	0.2
Deferred tax	**20.9**	17.5	19.0
	34.3	27.8	25.6
Total liabilities	**151.2**	156.1	196.3
Net assets	**113.4**	98.2	93.4
Capital and reserves			
Called up share capital	**1.8**	1.8	1.8
Share premium account	**9.3**	9.3	9.3
Cash flow hedging reserve	**1.5**	8.6	1.9
Profit and loss account	**100.8**	78.4	80.4
Other reserves	**-**	0.1	-
Total shareholders' equity	**113.4**	98.2	93.4

Dart Group PLC

Consolidated Group Cash Flow Statement (unaudited)
For the half year ended 30 September 2009

	Half year ended 30 September		Year ended 31 March
	2009	2008	2009 Audited
	£m	£m	£m
Cash flows from operating activities			
Profit before taxation from continuing operations	**28.1**	36.3	33.5
Adjustments for:			
Finance income	**(2.2)**	(2.4)	(0.9)
Finance costs	**1.8**	4.8	7.3
Depreciation	**14.7**	16.6	30.7
Financial derivative close out costs	**7.4**	-	-
Equity settled share based payments	**-**	0.1	0.2
Fair value adjustments	**(2.4)**	(2.6)	(4.7)
Operating cash flows before movements in working capital	**47.4**	52.8	66.1
(Increase) in inventories	**(0.6)**	-	(0.1)
Decrease / (increase) in trade and other receivables	**0.6**	2.3	(5.3)
(Decrease) / increase in trade and other payables	**(33.4)**	(33.9)	7.3
Financial derivative close out costs	**-**	-	(6.5)
Cash generated from operations	**14.0**	21.2	61.5
Interest received	**-**	1.0	0.1
Interest paid	**(1.8)**	(2.3)	(2.8)
Tax received / (paid)	**-**	0.4	(0.4)
Net cash generated from operating activities	**12.2**	20.3	58.4
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**-**	-	0.1
Business acquisition	**(0.7)**	-	-
Purchase of property, plant and equipment	**(5.8)**	(9.5)	(27.9)
Net cash used in investing activities	**(6.5)**	(9.5)	(27.8)
Cash flows from financing activities			
Net repayments of proceeds from borrowings	**-**	(22.0)	(22.0)
Interim dividend paid	**(1.0)**	-	-
Transaction costs paid	**-**	-	(0.9)
Net cash used in financing activities	**(1.0)**	(22.0)	(22.9)
Effects of exchange rate changes	**-**	-	0.1
Net increase / (decrease) in cash and cash equivalents	**4.7**	(11.2)	7.8
Cash and cash equivalents at beginning of period	**11.8**	4.0	4.0
Cash and cash equivalents at end of period	**16.5**	(7.2)	11.8

Dart Group PLC

Consolidated Group Statement of Changes in Equity (unaudited)
For the half year ended 30 September 2009

	Share Capital £m	Share Premium £m	Cash Flow Hedging Reserve £m	Retained Earnings £m	Other Reserves £m	Total Reserves £m
Balance at 1 April 2008	**1.8**	**9.3**	**10.0**	**53.1**	**0.2**	**74.4**
Total comprehensive income for the period	-	-	(1.4)	25.2	(0.1)	23.7
Share based payments	-	-	-	0.1	-	0.1
Balance at 30 September 2008	**1.8**	**9.3**	**8.6**	**78.4**	**0.1**	**98.2**
Total comprehensive income for the period	-	-	(6.7)	1.9	(0.1)	(4.9)
Share based payments	-	-	-	0.1	-	0.1
Balance at 31 March 2009	**1.8**	**9.3**	**1.9**	**80.4**	**-**	**93.4**
Total comprehensive income for the period	-	-	(0.4)	20.2	-	19.8
Share based payments	-	-	-	0.2	-	0.2
Balance at 30 September 2009	**1.8**	**9.3**	**1.5**	**100.8**	**-**	**113.4**

Dart Group PLC

Notes to the consolidated financial statements

For the half year ended 30 September 2009 (unaudited)

1. General information

The accounts for Dart Group Plc (the "Group") have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("Adopted IFRS"). The Group's accounts consolidate the accounts of Dart Group PLC and its subsidiaries.

The interim report for the six months ended 30 September 2009 was approved by the Board of Directors on 18 November 2009.

2. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, except for all derivative financial instruments which have been measured at fair value. In addition this interim financial report does not comply with IAS 34, *Interim Financial Reporting*, which is not currently required to be applied under AIM rules.

Except as described below the accounting policies, presentation and methods of computation are consistent with those described in the Group's accounts for the year ended 31 March 2009.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009:

- IAS1 (revised), "Presentation of Financial Statements" requires a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is a choice between presenting comprehensive income in one statement or two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present two statements. In addition IAS1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement. The other revisions to IAS1 have not had a significant impact on the presentation of the Group's financial information.
- Amendment to IFRS2 (Share Based Payments) clarifies, amongst other matters, the treatment of cancelled options. The impact is insignificant.
- IFRS8, "Operating Segments" replaces IAS14, "Segment Reporting" and requires the disclosure of segment information on the same basis as the management information provided to the Chief Operating decision maker. The adoption of this standard has not resulted in a change in the Group's reportable segments, being aviation services and distribution.
- IAS23 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. The impact is not expected to be material to the Group.

The interim financial information for the 6 months ended 30 September 2009 has not been audited or reviewed by the auditors. The comparative figures for the financial year ended 31 March 2009 are not the Group's statutory accounts for that financial year. Those accounts, which were prepared under IFRS, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The Group's accounts are presented in pounds sterling and all values are rounded to the nearest £100,000 except where indicated otherwise.

Notes to the consolidated financial statements – continued

For the half year ended 30 September 2009 (unaudited)

3. Segmental information

For management purposes the Group is divided into two main segments, Aviation Services and Distribution. These divisions are the basis on which the Group reports its primary segmental information in the day-to-day management of the business. The following is an analysis of the Group's revenue by operating segment. All of the segmental revenue reported is from external customers.

Segmental Revenues	**Half year to 30 September 2009**	Half year to 30 September 2008	Year to 31 March 2009 Audited
	£m	£m	£m
Aviation services	**215.4**	215.6	326.4
Distribution	**57.3**	57.2	112.9
	272.7	272.8	439.3

4. Earnings per share

The calculation of earnings per share is based on the following:

	Half year to 30 September 2009	Half year to 30 September 2008	Year to 31 March 2009 Audited
Profit for the period (£m)	**20.2**	25.2	27.2
Weighted average number of ordinary shares in issue during the period used to calculate basic earnings per share	**141,089,854**	141,065,694	141,065,694
Weighted average number of ordinary shares in issue during the period used to calculate diluted earnings per share	**145,906,222**	141,065,694	144,590,658

5. Dividends

An interim dividend has been proposed during the six month period to 30 September 2009 of 0.36p per share (2008: nil).

6. Taxation

The tax charge for the period of £7.9 million is calculated by applying an estimated effective tax rate of 28% for the year to 31 March 2010 to the profit for the period (2008: 30.6%).

Notes to the consolidated financial statements – continued

For the half year ended 30 September 2009 (unaudited)

7. Reconciliation of net cash flow to movement in net cash / (debt)

	Half year to 30 September 2009 £m	Half year to 30 September 2008 £m	Year to 31 March 2009 Audited £m
Increase / (decrease) in cash in the period	**4.7**	(11.2)	7.9
Movement in net debt in the period	**(0.4)**	22.0	21.2
Change in net debt resulting from cash flows in the period	**4.3**	10.8	29.1
Other non cash changes	**-**	(0.8)	(0.1)
Net cash / (debt) at beginning of period	**11.8**	(17.2)	(17.2)
Net cash / (debt) at end of period	**16.1**	(7.2)	11.8

8. Contingent liabilities

The Group is in litigation in the US against Sutra Inc and Novak Niketic, who provided use of the reservation system operated by Jet2.com until February 2008, in relation to the termination of the use of this system. An unspecified counterclaim has been lodged which is being vigorously defended by the Group in respect of which the Directors estimate approximately $2.5m liability in the unlikely event that the counterclaim is successful.

9. Other matters

This report will be posted on the Company's website, www.dartgroup.co.uk and copies are available from the Company Secretary at the registered office of the Company, Low Fare Finder House, Leeds Bradford International Airport, Leeds LS19 7TU.