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Annual Report

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Contents

02	Financial Highlights
03	Chairman's Statement
06	CEO's Review
18	Financial Review
24	Board of Directors
26	Operating Board
28	Corporate and Social Responsibility Report
30	Directors' Report
38	Directors' Remuneration Report
44	Independent Auditor's Report
46	Financial Statements
52	Notes to the Financial Statements

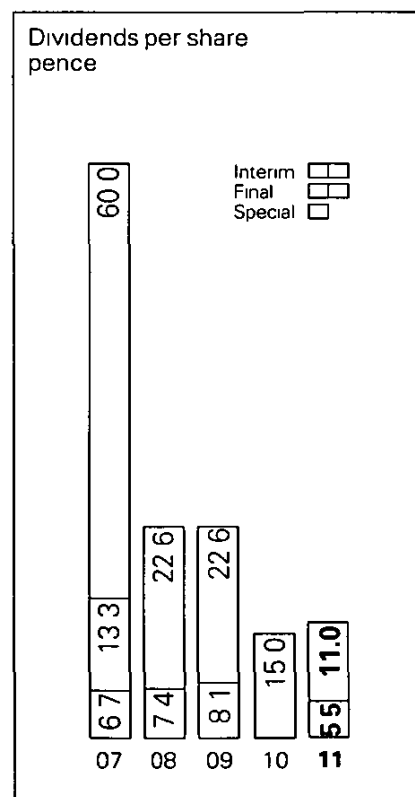
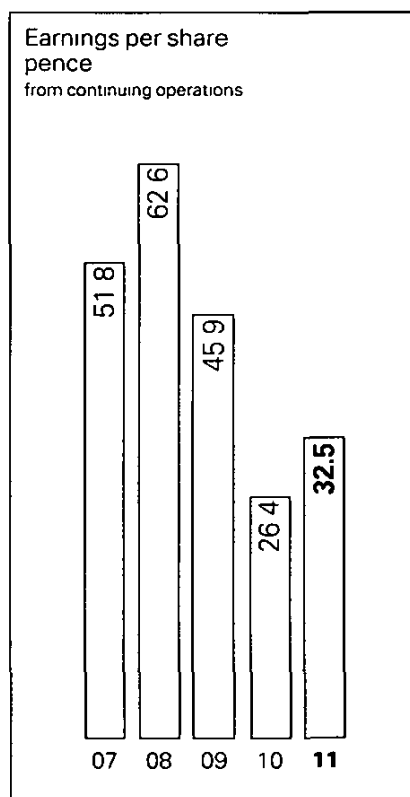
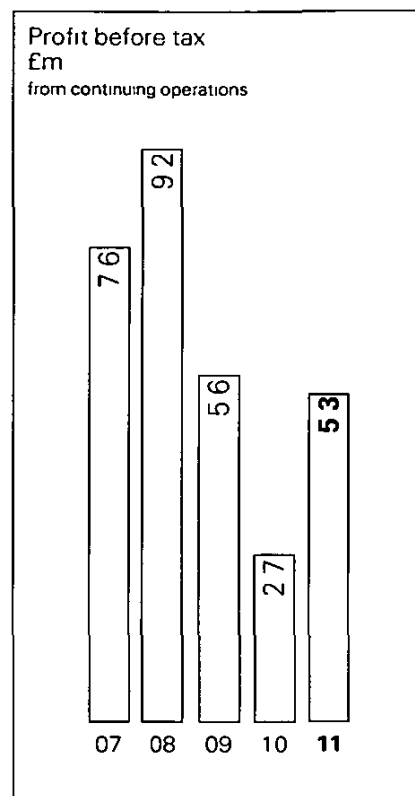
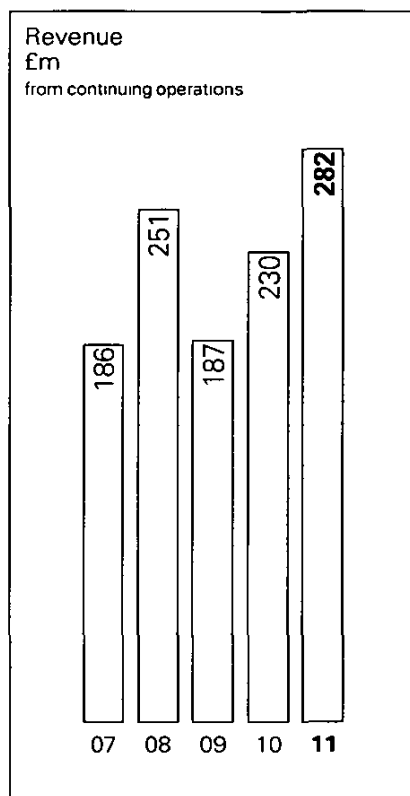
Longevity is a rare commodity in the aviation industry.

This year, Air Partner celebrates 50 years of successful aviation business. The family venture, founded in 1961 on the edge of the new Gatwick airport, is now a multi-million pound company listed on the London Stock Exchange, chartering more than 18,000 flights a year, touching every continent of the world, as a result of the united efforts of over 200 people in 21 international offices.

We celebrate that heritage not for its own sake but for the core strength it gives to the heart of our business – financial stability, dedication to service and a wealth of aviation knowledge, harnessed together to deliver the best experience we can for our clients.

Our commitment to service is undiminished, our business principles of trust, value and honesty remain unchanged and Air Partner looks forward to the future, with confidence.

Financial Highlights



One of Air Partner's great strengths is its ability to respond to ad-hoc demands – and this financial year has been particularly characterised by significant and unusual situations requiring a fast, co-ordinated response.

Chairman's Statement

Aubrey Adams, Chairman

Results and dividend

The decision to concentrate on core broking has strengthened confidence within Air Partner and has helped to bring about a near doubling of profit before tax to £5.3 million (2010: £2.7 million). Revenue this year increased by 23% to £282 million, a new high point for the Group.

Air Partner remains financially robust with no debt and the Board has been able to maintain its intention to increase dividends progressively year on year. Accordingly, a final dividend of 11 pence per share is proposed, to be paid on 16 December 2011 to shareholders on the register on 18 November 2011, subject to shareholder approval at the Annual General Meeting. This brings the total dividend for the year to 16.5 pence per share, an increase of 10% over the prior year.

Crucial to the delivery of these financial results has been the dedication of Air Partner's teams in their various countries and divisions, each contributing their individual skills and experience to a united goal. The Board is grateful to all those who work for, and with, Air Partner for their sustained effort – and for their support of the new management team in its first full year of running the business.

Chairman's Statement continued

Unusual circumstances

The Commercial Jet Broking division's rapid response to unusual trading circumstances led a profitable start to the financial year. International offices worked together to overcome a shortage of supply in wide-bodied aircraft which affected major clients in the latter part of 2010. Air Partner was able to maximise its supplier relationships to deliver charter contracts when others could not and, as a result, won important business.

The Group then experienced a period of high intensity emergency activity as the events of the Arab Spring in 2011 unfolded. Air Partner's financial security and its reputation for service to governments, non-governmental organisations and

multi-national corporate clients counted strongly in the flurry of evacuations. Performance this year has shown that good broking skills and the flexibility to react quickly, matched by global reach and experience, can deliver impressive results.

Whilst short term factors drive the demand for air charters, Air Partner is also focusing on its longer term aim to be the best global air charter provider, offering a total aviation solution for client needs and, at the same time, driving profitable growth for the benefit of shareholders and those who work within the business. The Group has entered a phase of cautious investment, to ensure that the building blocks are in place for Air Partner to be the leading global provider of aviation solutions into the future.

Increasing professionalism, together with improved financial reporting and stronger controls, will enhance Air Partner's governance. Investment in key people and in their continuing development will enable the Group to extend both its global presence and its service across the client portfolio. New system applications and the restructuring of operational management will improve efficiency, promote sales and extend business relationships.

Going forward, Air Partner needs to accommodate changes in the complexity of client needs, respond to increases in client numbers and further develop key products. In particular, we will aim to grow the contribution to Group profits from non-UK operations, whether from existing or newer developing markets.

Board

The Board was strengthened in June 2011 by the recruitment of a further independent non-executive director, Andrew Wood. A chartered management accountant and former Finance Director of BBA Aviation plc, Andrew brings to the Board highly relevant experience of private aviation and financial management, he now chairs the Audit Committee. The appointment was made using external consultants and followed a rigorous process, as recommended by the UK Corporate Governance Code. The Group as a whole will benefit from Andrew's knowledge and independent viewpoint.

I am very pleased to have been able to lead the Board and the Group out of an unsettled period and into its next phase of development. I will shortly be taking on a significant role within the Global Restructuring Group of the Royal Bank of Scotland and have therefore been reviewing my business commitments. With an excellent new management team in place at Air Partner and with the foundations firmly set for steady future growth, I have proposed that it would now be an appropriate time for the Board to begin the search for my successor. The Board will take the time needed to determine the qualities required of the next Chairman and the process will allow for an orderly transition over the coming months.

Economic situation

Global economic instability still presents the largest risk to Air Partner's short term growth prospects. Many Government, individual and corporate budgets are squeezed. Renewed financial volatility, resulting from US budget concerns and fiscal challenges in the Euro zone, means that recessionary pressure is a real threat in the short to medium term.

In a business such as this, where forward visibility of future bookings can be limited to weeks, rather than months, changes in any of our main client sectors can have a significant effect on annual performance and it is difficult to predict with any accuracy future trading levels. However, we remain convinced about the long term growth prospects for the markets in which we operate.

Recovery in the important financial and incentives sectors is dependent upon economic growth. In the aviation market as a whole, the business environment remains competitive. In the absence of more regulation or a major industry consolidation, day to day trading pressures are unlikely to improve in the shorter term. Within this tough economic environment, added value is an important factor across Air Partner's client base. Added value comes from industry knowledge, responsiveness to urgent needs, service levels which exceed clients' expectations and the ability to cover the globe, for any purpose, at any time.

Outlook

Trading performance in the year demonstrates clearly Air Partner's ability to add value and play an important role across the world. The team's years of experience and dedication to clients have been harnessed to competitive advantage, delivering a strong set of results. The Board is cautious in its assessment of prospects for the current year, given the severe economic uncertainty in major world markets and the lack of visibility which characterises our industry. Nevertheless, the Board is confident in the long term growth prospects for Air Partner's key markets and believes that cautious investment in people and in new systems will promote sales and provide a firm basis for future success.

The Group's core strategy remains unchanged – to focus on high quality broking and client care, to build a global presence at an appropriate pace and level of risk and to broaden the markets in which Air Partner is recognised as the leading provider of aviation solutions.

Aubrey Adams, Chairman
12 October 2011

CEO's Review

Mark Briffa, CEO

The new headquarters building, within sight of the runway at London Gatwick, reminds staff and visitors alike of the part they play in the excitement of aviation

Air Partner can celebrate more than one achievement this year. Not only has the Company reached the notable milestone of 50 years of operations: the headquarters office has moved into a modern, efficient home within the provinces of Gatwick Airport; revenue is up by 23% as a consequence of good trading in unusual circumstances and the Group can report a strong return to profit.

Our trading divisions

Commercial Jet Broking	Charter of large aircraft (20+ seats) for governments, industrial and commercial clients and tour operators
Private Jet Broking	Charter of smaller aircraft (19 seats or fewer) for smaller groups, individuals, air ambulance services and for roadshows
Freight Broking	Charter of cargo transport including emergency aid drops and a Time Critical door to door freight delivery service
Other Services	Fuel, an in-house travel agency, the Emergency Planning Division and Ops24 provide additional services hel

The Group rose to the challenge presented by extraordinary trading circumstances this year. Revenue of £6.8 million was generated from Commercial Jet and Freight broking of flights chartered in response to the events of the Arab Spring and significant ongoing contracts were also won across the Group, for example from clients in the automotive, transport and oil and gas sectors.

Strategic progress has been made in exploring new markets and in developing products, while the recruitment of additional sales and broking staff, including established aviation professionals, has expanded the specific industry knowledge and connections available to Air Partner. This investment in people and renewed focus on strategic priorities are showing results and the proportion of business being generated and executed by non-UK offices is growing.

Commercial Jet Broking

The Commercial Jet Broking division was able to take advantage of the co-ordinated resources of the Group's international offices to satisfy client requests for particular aircraft configurations, during a period of shortage of supply in the first half of the financial year. This division also saw the greatest impact from the high levels of demand for repatriation flights from Libya, Egypt, Bahrain and Tunisia in the early part of 2011. Commercial Jet broking teams in the UK, Germany, France, Dubai and the US together sourced aircraft to evacuate over 12,000 people over a six week period. The teams were also involved in dispatching repatriation and aid flights to Japan following the tsunami in March 2011, as part of Air Partner's contract with the Department for International Development ("DFID").

This division, the largest across the Group and the major contributor to Group profit, exceeded its targets for the year, with revenue increasing by 49% to £170.0 million (2010: £114.3 million) and an 84% increase in profit, to £2.7 million (2010: £1.5 million).

There was continuing success in tenders for governments and non-governmental organisations but sales were also strong in the tour operator market, where business is showing encouraging progress, in particular in Italy, France, Germany and Austria.

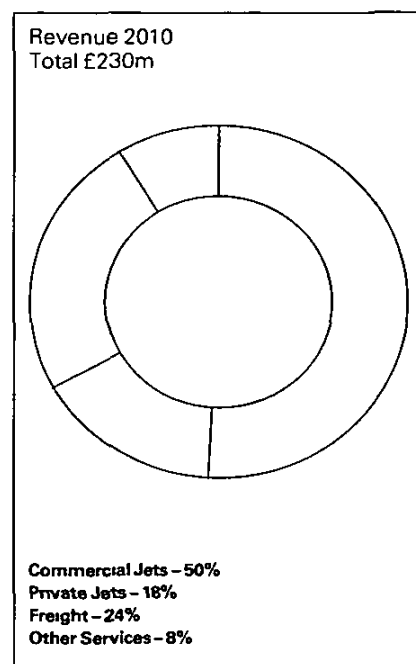
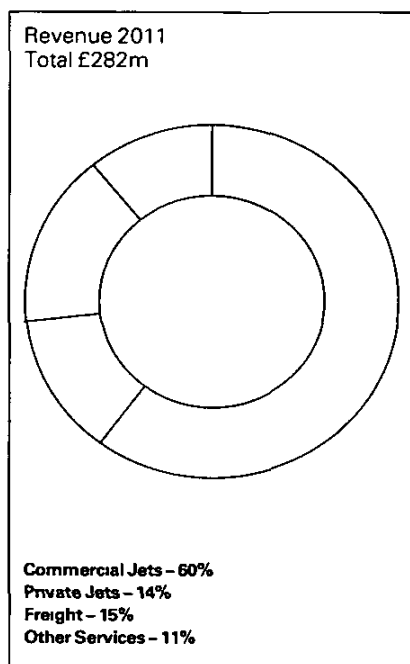
Air Partner will continue to seek out clients in smaller niche areas of business where there is an alignment of brand values and a shared understanding of the importance of high levels of customer service. These include pilgrim flights, sports team and entertainment industry contracts, where a bespoke and adaptable aviation solution provides the best service to meet specific needs.

CEO's Review continued

There was encouraging business from the Conference and Incentives sector, particularly in France and Switzerland. However, renewed instability within the Euro zone could limit short term recovery in this area.

The division has a three year target of developing new multinational markets to broaden its client base and has had some early success in the natural resources sector, where global reach and cost-effective solutions to logistical difficulties are important. Relationships have been renewed with automotive clients by the German office which has also responded well to tenders for longer term regular rotations and "shuttle" services into Russia and South Africa.

The division's aim is to continue to work closely with key clients but also to increase the number and quality of accounts to diversify risk in a period of economic uncertainty.



Private Jet Broking

The Private Jet Broking business continued to be affected by a move among some corporate and banking clients to de-scope their charter requests and choose lighter and smaller aircraft. This trend has coincided with a period of high capacity of such aircraft in a very competitive market. Revenue fell by 2% to £40.7 million (2010: £41.4 million) but careful control of margins and cost allocation significantly increased profitability.

After a difficult prior year, action was taken to address performance in this area of the business, notably by investment in building up the sales team. Increased sales focus, together with the division's strong reputation for client care, saw divisional profit increase by 85% to £1.2 million (2010: £0.7 million). Recruitment in the UK and US, developing sales relationships in Spain and Eastern Europe and a new office in Monaco are expected to reap rewards in the longer term. However, this sector remains particularly vulnerable to changes in the economic environment.

Client care is a key differentiator in this market and Air Partner was honoured by the renewal of the Royal Warrant as supplier of Aircraft Charter services to Her Majesty The Queen for a further three year period. This is a hallmark of great distinction and a source of pride for all members of the Air Partner team.

The high quality of service is not limited to heads of state but is extended to all private jet clients. Wide industry knowledge and relationships built up with a large number of different operators mean that Air Partner can charter flights in areas of the world inaccessible to some competitors and can respond well in difficult circumstances, such as the provision of ambulance flights.

01

02

01

JetCard provides flexibility, transparency and service valued by both individual and corporate clients

02

Your flight? Your choice. Air Partner adds the personal touch.

03 & 04

Teamwork: a critical factor in our success this year

03

04

For those looking for a fixed price solution, the JetCard product provides clients with guaranteed access to an aircraft of their choice, at 24 or 48 hours' notice, at a fully inclusive hourly rate. From the time of purchase, the hourly rate is fixed, there is no expiry date and the value of hours outstanding can be refunded to the client at any time.

While renewal rates remain strong, JetCard use has been evolving, with more corporate clients considering the JetCard as a convenient and transparent alternative to fractional ownership schemes and individuals travelling further, for business, leisure or international sporting and cultural events. JetCard's guaranteed ready access to private aviation can be used to secure an all-inclusive fixed price for regular routes within a single geographic area, or it can run alongside ad-hoc charter arrangements within a single Air Partner relationship.

Strengthening of the sales team contributed to an 82% increase in the number of JetCards sold and growth of 22% in JetCard cash deposits. Sales came from across the Group, with a third being generated outside the UK.

Freight Broking

The Freight Broking division experienced a year of transition as it sought to rebalance its business and develop stronger connections with clients in the freight forwarding and transport sectors, following completion of a major government contract. As a result, revenue was down 25% year on year to £41.8 million (2010: £55.7 million) and profit before tax in this sector fell by 36%, to £0.2 million (2010: £0.4 million).

The need for diversification of the client base is well recognised and focus on this area has resulted in client numbers in the industrial and commercial sector increasing by 19% in the period under review.

The growth of the international Air Partner freight network continues to be valuable in locating local capacity and the team has extended its international reach successfully through General Sales Agency arrangements in the Far East, providing wide-bodied capacity to the Hong Kong and Shanghai markets.

Air Partner's French office enhanced its reputation in the Freight market through its work chartering aircraft to Japan following the tsunami in March 2011, alongside important earthquake relief and medical equipment flights organised by colleagues in the German office. Under the framework contract with DFID, 100 tonnes of fresh water were transported from Hong Kong to Japan and, more recently, Land Cruisers were airlifted towards their final destination in Libya to support aid efforts.

Towards the end of the year, the Freight team launched its new Time Critical product. This new door to door freight delivery service includes online booking and tracking systems for the convenience of large corporate clients. The product has already generated interest from market leaders in the aerospace and automotive industries. Both of these sectors operate to tight schedules which are built into their brand values and are crucial to their own ongoing customer service standards.

Air Partner's facility to put together private aviation services with freight forwarding capacity matches this profile well and will be rolled out from the UK to other offices in the coming year.

CEO's Review continued

Other Services

The contribution to Group revenue from fuel sales, the Emergency Planning Division, aircraft sub-leasing within our 24 hour operations capability and the in-house travel agency increased by 59% to £29.5 million (2010: £18.6 million). These additional services are complementary to core broking capacity. They are important to the Group in extending relationships and proving to clients our integrated approach to solving their transport problems.

The Fuel team won a number of new major contracts this year harnessing the benefits of international co-operation across the UK, French and Italian offices in particular. New clients included non-governmental and major transport organisations, such as the World Food Programme and a contract won with British Airways for the supply of fuel to ad-hoc and diversion locations, outside its standard international fuelling arrangements. Other major airlines have expressed interest in similar services.

Political instability in North Africa and the Middle East generated higher levels of enquiry for the Emergency Planning Division. Contingency planning for the potential repatriation of employees is a priority for a wide range of multi-national organisations which operate in areas of the world subject to violent disturbance or natural disaster. From smaller charities to some of the largest oil companies, clients appreciate Air Partner's integrated industry knowledge and 24 hour operational capacity when faced with dangerous or difficult circumstances. Repatriation activities are often matched with relief and aid flights as people are evacuated, emergency supplies can be delivered for those who remain.

Substantial additional revenues were generated in this period by members of the Aircraft, Crew, Maintenance and Insurance (ACMI) team. This specialist sub-leasing service is built on knowledge of aircraft availability across a large number of operators. It allows commercial and private airlines to obtain substitute aircraft on short or longer term leases – for example, to replace a charter service aircraft which has experienced technical failure or for longer term weekly scheduled rotations during the busy European summer holiday season. The team doubled in size during the year to grow market share. Revenue grew significantly as a result of the team's 24 hour availability and excellent relationships with operators.

Together with the ACMI team, Air Partner's flight planning, flight watching and ground handling capabilities were rebranded during the year as Ops24. During this year, when airports in western Europe were badly affected by snow during the winter months and earthquakes in Japan and New Zealand later disrupted travel plans in the southern hemisphere, the flight operations centre at Gatwick was on hand to assist and advise clients.

The expertise within Ops24 allows bookings to be made on any size of aircraft at any time of the day or night, the Group's network of international offices means that payments can be made during weekends and holidays and an Air Partner client can be in contact with the team 24 hours a day, 365 days a year.

Profit from Other Services as a whole increased to £1.1 million (2010: £0.2 million).

01
Air Partner's new Time Critical service puts clients in control of urgent freight deliveries.

02
March 2011: Fresh water being shipped to Japan on the largest aircraft in the world, as part of international aid efforts.

03
A request from the RSPB resulted in a special delivery to Edinburgh Airport.

03

ABOUT AIR PARTNER

Vision

Air Partner's vision is to be the best global air charter provider, offering a total aviation solution for all client needs and, at the same time, driving profitable growth for the benefit of shareholders and those who work within the business

Business model

We charter flights on behalf of a wide range of clients, with operators who have the best aircraft available to meet those clients' specific schedules, budgets and quality requirements

Broadly, Air Partner's success depends on sales increasing in volume and value while overheads and general support costs are kept under control. Our business is founded on being able to respond quickly to ad-hoc requests from clients across many different countries while working together as one team. Meeting the needs of the customer is the aim of any charter – our goal is to exceed clients' expectations by providing the highest levels of service

Group structure

Air Partner plc is the main trading company and is registered in the UK, with a branch office in Dubai. Air Partner has an international presence through subsidiary companies, general sales agents and sales representatives in 21 offices in 16 countries. The main operating subsidiaries are listed in the notes to the accounts on page 69

Links between offices have been strengthened in this year, bringing Group success in a number of large tenders – for example with large automotive and transportation clients. The ability of one office to use others' local knowledge of geographies and quality suppliers broadens Air Partner's offering, strengthens relationships with suppliers and increases our buying power, providing joined up, cost effective solutions for the client, regardless of the client's nationality or destination. For example, Air Partner's subsidiary in Turkey played an important role in its first full year of operation through sourcing aircraft which would not otherwise have been available to fellow Group offices

Strategy

Our strategy remains to focus on core broking and to promote sales and build business by concentrating on five key target areas

- investing in the people and systems crucial to Air Partner's business
- building strong relationships with operators and aviation service providers across the world
- developing products which give clients the single best aviation solution for their needs
- diversifying the client base so that a fall in demand or cyclical changes in one key sector can be better absorbed
- growing the business into new territories outside existing developed markets, subject to proper risk assessment and business planning

In this period we have concentrated on building the strategic foundations for development of the business into different client markets and new geographic territories through the next five years

Air Partner international offices

Angers • Budapest • Cologne • Dubai • Fort Lauderdale • Hong Kong • Istanbul • London (Gatwick) • Los Angeles • Malmö • Milan • Monaco • Moscow • New Delhi • New York • Paris • Singapore • Tokyo • Vienna • Washington DC • Zurich

CEO's Review continued

Investment for expansion

The main asset of the Group is its people. 21 new client-facing roles have been created this year, representing an overall increase of over 18% in sales and broking capacity across the Group.

In this period, Air Partner has seen results from recruiting established professionals. An example is the substantial increase in sales by the US freight business following the recruitment of two experienced brokers. In turn, those who are at an earlier stage of their career benefit from working within a team of professionals and from continual learning.

The UK office was pleased to regain a one star rating in The Sunday Times 2011 "Best Companies To Work For" Survey. Talent management and learning and development initiatives are being implemented, which will encourage personal success to ensure that Air Partner people are "best in industry".

I would like to take this opportunity to thank all members of the team – from all offices – who have worked so hard, often at unsociable hours or under difficult circumstances, in this most unusual year.

To support the programme of investment in people, a commitment has also been made to implement a new integrated financial and customer relationship management system. This will give all members of the Air Partner team a co-ordinated resource to share information across the Group and take action in response to changes in the key indicators of business performance. It will improve administrative efficiency, help drive Group sales and marketing efforts and record feedback to enable continuous improvement in client care.

The Board is mindful that, while some returns from recent investments are already materialising, other benefits may take time to come through. In the meantime, we will invest cautiously where required. Costs must, and will, be monitored carefully.

02

Products geared to clients

High standards of client care add value to distinguish Air Partner's offering from that of a simple travel intermediary. Extending our service through different distribution channels is one way in which the benefits of private aviation can be made accessible to a new generation of clients who look across the global market for the best provider of any service.

The first booking through Freight's Time Critical service in June 2011 and the Air Partner iPhone App, launched just after the year end, are examples of a significant move forward. Both give potential clients the ability to check availability of the types of aircraft they might need and an easy way of comparing an integrated private aviation solution against the regular scheduled services. The success of these products, particularly in attracting new clients, will be monitored over the coming months.

They also require strong working relationships with other service providers. This is a key focus area for the Group. Alliances, supplier agreements and General Sales Agency arrangements, under which local knowledge is used to source supply and market Air Partner products in a particular country or business area, are starting to deliver results. The benefits have been seen this year in freight business won in south-east Asia, clients of CitationAir in the US using the Air Partner JetCard facility in Europe and specialist aircraft configurations required by Commercial Jet clients being sourced from France and Turkey.

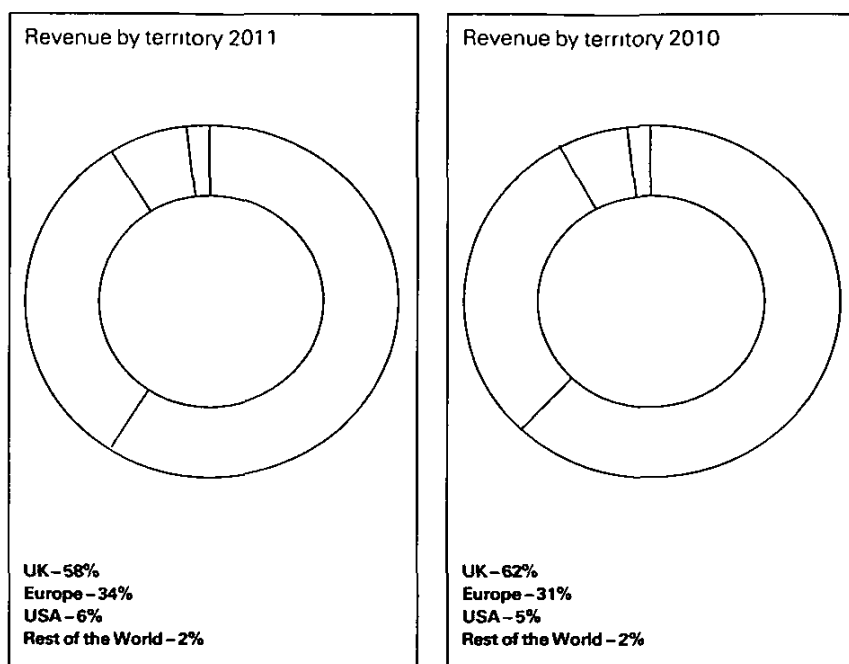
03

01
The Emergency Planning Division supports the contingency planning of multi-national organisations

02
All new joiners spend a week at the Gatwick HQ on our specialist aviation induction programme the Starters' Academy

03
In September 2011 Air Partner launched the first multi-lingual real-time iPhone App for global private jet availability

CEO's Review continued



Expanding into new areas, meeting new demands

The Group has a long term objective to increase the proportion of business derived from outside the UK. international offices this year have accounted for 42% of total revenues (2010: 38%). The largest offices outside the UK currently are France, Germany, Italy and the US and they have the greatest impact on non-UK revenues and profits. Following a review of the Dubai office, its focus has changed from full service delivery to generating sales. Progress will be kept under review in the current year.

Diversification of the business means looking towards new territories, whose economies are developing notwithstanding the fiscal concerns within the US and the EU. Detailed work is ongoing to establish a credible presence in Asia, with India a particular area of focus. The Group is also considering possible approaches to developing business further in South America and Africa. Provision has been made within the three year business plan for establishment of a presence in at least one of the BRIC territories, subject to careful consideration of the balance between risk and opportunity in each case.

The events of this year have shown that international reach is important but our goal is not just to place a flag on a territory – the strategy is to attract clients of different national origins, in different sectors, wherever they operate in the world. In turn, the Group will itself extend Air Partner's business model where there is client demand and availability of supply, keeping overheads and risk under control.

In a year of celebration of an unsurpassed fifty years' trading, Air Partner is proud to be still growing and developing – but it is also important to highlight the fundamental principles which have remained unchanged: the commitment to service, the building of strong relationships with clients, with suppliers and with people across the aviation industry and the eagerness "to deliver the impossible as a matter of routine".

Mark Briffa
CEO

Gavin Charles, CFO

Financial Review

Despite continuing difficult trading conditions, the business performed well during the period. Profit before tax rose by 93% to £5.3 million (2010: £2.7 million) driven by a 23% increase in revenue to £282 million (2010: £230 million) and an increase in gross profit margin to 9.2% (2010: 8.7%). Basic earnings per share from continuing operations rose 23% to 32.5 pence per share. Air Partner remains debt free.

Dividend

The Board has recommended payment of a final dividend for the year of 11 pence per share which, together with the interim dividend of 5.5 pence per share paid in April 2011, represents an increase of 10% on the total dividend of 15 pence per share paid in 2010. If approved by shareholders, the proposed final dividend will be paid on 16 December 2011 to shareholders on the register on 18 November 2011.

Discontinued operations

The business generated £0.7 million profit from discontinued operations. The closure of non-trading subsidiaries in Australia and a branch in Japan triggered a technical profit of £0.5 million with cumulative exchange differences in the translation reserve being recycled through the income statement, as required by International Financial Reporting Standards. The remaining £0.2 million represents an increase in the estimated return in respect of the administration of Air Partner Private Jets Limited, the former private jet operating company. The increase in expected return to the Company, to £0.6 million, was based on advice from the administrators.

Cash

Cash during the period fell by £4.5 million to £7.2 million. This was the result of a number of one-off cash outflows – principally, the resolution of historic accruals (£3.1 million), settlement of claims in relation to the discontinued private jet operating company (£0.6 million) and payments related to the relocation of the UK office (£0.6 million). Excluding these items, cash would have been £11.5 million, broadly in line with the opening position.

Internal Controls

Legacy issues have been tackled in this period. As set out above, a cash payment of £3.1 million was made in settlement of historic accruals.

In July 2011, an announcement was made to the market concerning a potential liability for amounts of unpaid Federal Excise Tax in respect of past flights involving a US destination. Provision of £1.0 million was made by the Group, resulting in a restatement of retained earnings of £0.8 million and a reduction in current year pre-tax profit of £0.2 million. This estimate includes likely costs in relation to the tax, interest for late payment, any penalties and professional fees. The reasonableness of the Company's detailed calculations supporting the estimated provision has been independently reviewed by a leading accountancy firm. The Company has initiated discussion with the US Internal Revenue Service and the liability is expected to be resolved before 31 July 2012.

Air Partner has strengthened its financial management team considerably and there have been significant improvements in processes and reporting procedures in the period under review. As a prudent step to minimise the likelihood that there were other significant legacy liabilities, it was also announced in July that a top four accountancy firm had been appointed to review control procedures and provide independent, additional assurance. This review has now been completed and did not identify any additional liabilities. The report did make some recommendations on improving internal controls, which will be implemented during the year.

Trends and factors affecting the business

Lead times for ad hoc bookings are measured in days or weeks, rather than months. Forward bookings can be impacted very suddenly by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another. Economic uncertainty affects corporate, government and individual clients and affects the quality of supply of aircraft as operators consolidate or leave the market. These are trends outside the Group's control but the strategy remains to diversify to address seasonality and changes in the client mix.

Key Performance Indicators

A high percentage of the Group's business is driven by the short term needs of the client. A long forward order book is therefore not available and not appropriate to use as a measure of the Group's longer term prospects.

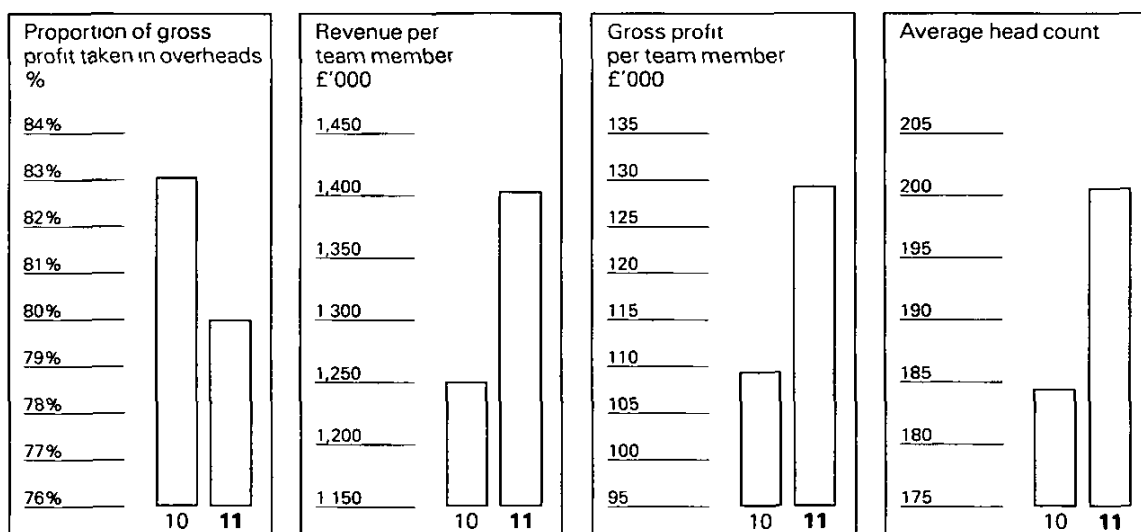
The Key Performance Indicators (KPIs) used in the year under review are shown here. The financial indicators are designed to help management and investors to assess performance and are capable of being measured over the longer term. Operational indicators relate the financial results to the number of people within Air Partner, whose efforts drive performance.

The Operating Board monitors gross profit, increases in head count and overheads, trading performance by each business division and geographical region and changes in the number of "active" clients on a monthly basis. Detailed segmental reporting is found in note 2 to the financial statements.

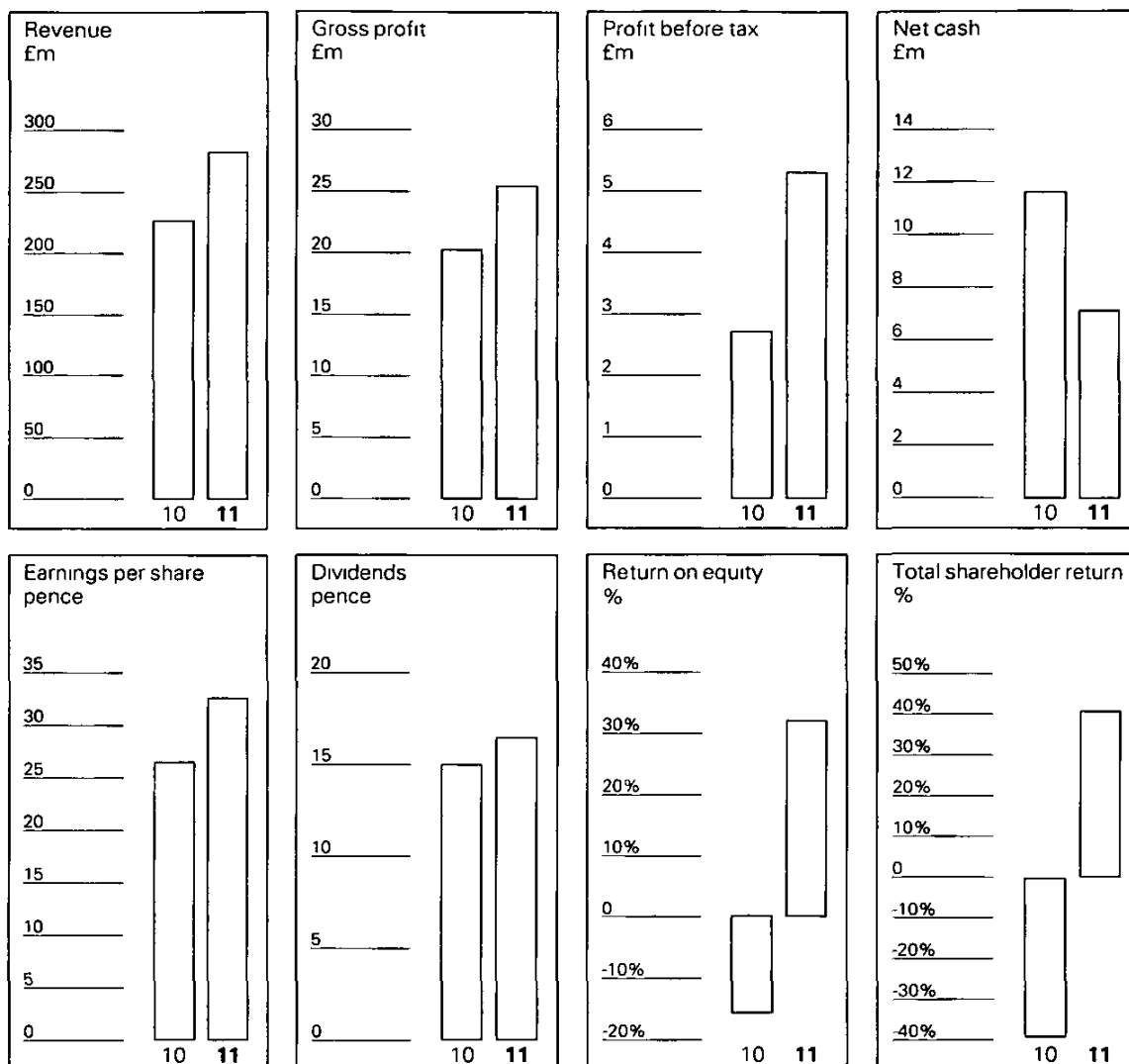
The directors have not provided information on all key indicators for reasons of commercial sensitivity but, subsequent to the year end, have reviewed the performance indicators and in future intend to report also on measures relating to client service and environmental and social responsibility.

Financial Review continued

Operational KPIs



Financial KPIs



All KPIs are based on continuing operations, except for Return on equity and Total shareholder return

Principal risks and uncertainties facing the Group

Aircraft charter broking on the Air Partner model can be classed as a relatively low financial risk business, in that the broker sells capacity on aircraft owned and operated by a third party and contracts are normally placed as mirrored transactions. The Group does not have any contractual arrangements with any significant individual or company which are essential to continuation of the business.

The Board has reviewed the processes for identification and reporting of risks during the year. Further details are provided in the Directors' Report. The profile of risks fluctuates from time to time and not all risks can be listed in full; nor can the actions being taken to manage and control risks be guaranteed to mitigate completely their effects on the business or to reduce risks absolutely.

The Board has not delegated its responsibility for financial risk management, including the management of treasury activities. Further information on interest rate, credit, liquidity and foreign currency risks is given in note 17 to the financial statements. Other risks and uncertainties which the Board considers to be material to Air Partner's ability to continue in business are summarised in the chart opposite.

The principal risk to the Group's business stems from the ongoing financial position of clients and the general economic conditions in which they operate, affecting their willingness to charter. Ad hoc charters are likely to continue to be impacted by serious economic instability in the major world markets.

Gavin Charles
CFO

Type of Risk	Impact on Air Partner business	Management/mitigation of risk
Economic Risk	Economic uncertainty reduces the demand for ad hoc aviation solutions	Diversification of the client base across governments and non-governmental organisations, commercial enterprises and individuals and across geographic regions allows for some smoothing when there are seasonal or sectoral changes in demand
Aviation Risk	Failure of aircraft chartered by Air Partner	High quality standards apply to the choice of aircraft and carrier for each charter. Air Partner maintains non-owned aircraft liability insurance which can also be extended to clients. All flights are watched in operation by Ops24.
External Risk	Adverse weather conditions or external incidents outside Air Partner's control (eg earthquake, ash cloud, terrorist alerts) close airports or mean flying is prohibited	Ops24 monitors external conditions very closely and will advise clients of any potential problems. There is potential upside if private charters can use smaller airfields or ad-hoc freight charter can recover deliveries otherwise delayed by a lack of scheduled flights.
Supply Risk	Suitable aircraft are not available for charter in key sectors /geographic areas	Air Partner deals with many different operators worldwide and is not reliant on a single supplier or contractor.
Competitor Risk	Air Partner falls behind competitors in product development, standards of service or cost effectiveness	The Group undertakes client surveys to ensure it remains responsive to client demands and within acceptable market price levels for the quality and standards of service provided.
Legal and Regulatory Risk	Group does not comply with applicable laws and regulations, including tax and civil aviation authority requirements or inadvertently breaches regulations	Management reviews policies and processes at Operating Board level. Recommendations made for increased internal controls to minimise contractual risk and ensure specialist aviation tax compliance will be acted upon over the coming year.
Business Interruption Risk	Systems for sourcing and booking aircraft and for client management and administration fail or cannot be accessed by employees	International scope reduces reliance on a single office location. Back-up operating systems are provided for and employees can work remotely if necessary.
Employee Risk	Failure to attract, retain and motivate high quality employees	The Group is investing in recruitment and in talent management, learning and development programmes to maintain staffing levels and improve performance on a continuing basis. Remuneration and motivational incentives are reviewed regularly and social events are provided to encourage family feeling across the Group.
Reputational Risk	Air Partner's reputation is damaged by an incident or inappropriate action, causing client losses	Air Partner's brand values of honesty, truth and reliability are treated very seriously. Discretion is key and its importance is communicated to all members of the team.

Board of Directors

Aubrey Adams (61)
Independent Non-Executive Chairman
AC RC NC

Aubrey became Chairman in April 2008, having previously served as CEO of Savills plc. His financial background, a track record in building growth and management skills, honed through leadership of a high quality, sales-focused organisation dealing with both commercial and private clients, are directly relevant to Air Partner's premium aircraft charter business.

He is Chairman of Max Property Group plc and Unitech Corporate Parks plc, a non-executive director of The British Land Company plc and Pinnacle Regeneration Group plc and is Chairman of the Board of Trustees of The Wigmore Hall Trust. Aubrey has been appointed as Head of Property within the Royal Bank of Scotland's Global Restructuring Group with effect from 1 November 2011.

Mark Briffa (46)
CEO
NC

Mark started his career with Air Partner as a Commercial Jets broker in 1996 and joined in the Board in 2006 as Chief Operating Officer, becoming CEO in April 2010. He has direct experience of air charter broking and wide knowledge of the private aviation sector worldwide, built up over more than 20 years in the industry.

Gavin Charles (46)
CFO

Gavin qualified as a chartered accountant with Ernst & Young and has more than 20 years' experience, having served as Finance Director in a number of UK and international companies. He was UK Finance Director of Miele Company Ltd before joining Air Partner as CFO in June 2010.

Tony Mack (62)
Non-Executive Director
AC RC

Tony is the son of Air Partner's founder and first joined the family business in 1970, becoming Managing Director in 1979. He was appointed as Executive Chairman in 1985 and led the initial flotation of Air Partner shares on the London Stock Exchange, before stepping back into a non-executive role in 2008. His knowledge and experience of private aviation are unequalled within Air Partner and he personifies the link between the Group's modern international presence and its founding principles of value and service.

Andrew Wood (60)
Independent Non-Executive Director
AC RC

Andrew joined the Board in June 2011 and has taken over from Richard Everitt as Chairman of the Audit Committee. He was formerly group finance director of BBA Aviation plc from 2001 to 2010 and of Racal Electronics Group from 1995 to 2000. A chartered management accountant, Andrew also serves as a non-executive director and Chairman of the Audit Committee of both Berendsen plc and Lavendon Group plc.

Richard Everitt (62)
Senior Independent Non-Executive Director
AC RC NC

Richard qualified as a solicitor, rising to the position of Director of BAA plc with responsibility for strategy and regulatory matters following its privatisation. He subsequently became Chief Executive of National Air Traffic Services in 2001 and, since December 2004, has been Chief Executive of the Port of London Authority. Richard chairs the Remuneration Committee and, having served on the Board since January 2005, is nominated as the Senior Independent Director.

Charles (Chuck) Pollard (54)
Independent Non-Executive Director
AC RC

Chuck brings to Air Partner his experience of the international non-scheduled airline industry as the former CEO of OmniAir International and World Airways. He is a director of Allegiant Travel Company, a US low cost air carrier, AirCastle Limited, an aircraft leasing and finance company listed on the New York Stock Exchange and Aero Mechanical Services Ltd, a Canadian company developing advanced aircraft communications systems. He has served as a non-executive director since July 2009.

Maximising the opportunities open to Air Partner through closer working relationships is the responsibility of the Operating Board. The Operating Board has been restructured from 1 August 2011 to lead day to day operations and report to the Main Board on day to day implementation of the longer term strategy.

With input from all divisions and key geographic areas, the restructuring of management responsibility will give focus to business planning and operational reviews, improve decision making and provide a means for operational issues to be discussed and resolved at an appropriate level. Between them, the members of the Operating Board can call upon over 90 years of aviation experience.

Operating Board

Mark Briffa
CEO, also reporting on HR, France,
Sweden and Middle East

Gavin Charles
CFO

Celine Shabbas
Director, Group Sales and Marketing

Birte Püschel-Kipke
Director, International Business,
reporting on Germany, Austria,
Italy and Switzerland

Phil Mathews
President of Air Partner, Inc (US)

Richard Smith
Director, UK Trading

Air Partner is reviewing its corporate and social responsibility policy and aims to identify over the coming year ways in which its impact on the environment and its contribution to the community as a whole can be improved.

Corporate and Social Responsibility Report

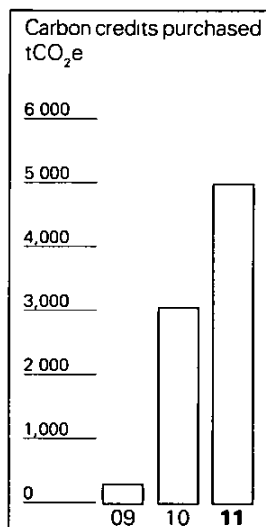
The Group's Business Ethics policy has been documented for the first time this year with training for all employees on how to do "the right thing". The policy, which contains a separate statement on Corporate Hospitality, can be downloaded from the corporate website www.airpartner.com/legal

Environmental awareness

The Group will seek to reduce its carbon footprint year on year. The move to a new headquarters office will itself improve energy efficiency and reduce road usage as staff and visitors can use excellent local transport connections. A waste monitoring and reduction programme has also been instigated.

Jet travel does have significant environmental consequences. Although we do not operate aircraft directly, we acknowledge that we should work with our clients, our suppliers and our service partners to monitor and review the impact of our operations.

Many clients are conscious of, and would like to reduce, the environmental impact of their flights and we are happy to recommend aircraft which have a lower fuel burn profile, though this is not always available for large freight flights, in particular. We can calculate automatically the carbon footprint of every flight and can provide clients with the data they need to make realistic decisions about both costs and emissions. We also include optional carbon offset costs as standard in our proposals. The number of tonnes offset can only be decided upon by our clients. The amount of carbon offset has shown a significant increase over the last three years but this remains a very small proportion in terms of the number of flights undertaken each year.



Carbon offsets are used to help fund climate-friendly technology projects in less developed parts of the world which make use of renewable energy sources or improve energy efficiency also providing socio-economic benefits. Projects this year, which have been vetted and endorsed by The CarbonNeutral Company, have included the Yugur Run-of-River Hydro Project. In this project, turbines provide clean energy to the Northwest China Grid, reducing carbon emissions by displacing electricity which would otherwise have been drawn primarily from fossil fuel power stations. The project has also contributed to the local economy through job creation and improvements in local infrastructure. This project is validated to the Verified Carbon Standard (VCS) and is registered with the Clean Development Mechanism (CDM).

There are occasions when air transport is the only solution and environmental damage has to be set against the undoubted benefit of being able to deliver fast, targeted help for those in need. Air Partner has expertise in chartering air ambulance and organ transplant flights and is proud of its involvement in providing humanitarian relief flights to deliver much needed aid and support to victims of war, famine, floods and earthquakes around the world. This year, in addition to emergency repatriation flights out of Egypt and Libya, relief flights were chartered to carry blankets and tents for temporary camps in Tunisia and to transport fresh water from Hong Kong in the wake of the earthquake in Japan.

Employees

The efforts of every single person in the business count towards Group performance. Investment in people has been targeted by the Board as a priority. Whether those people are experienced professional support staff, brokers or part of a sales team, all are expected to produce returns in the form of aircraft charters successfully delivered for clients.

Air Partner is proud of its commitment to learning and development. The Group provides induction training in the UK for every new member of staff, followed by short courses designed to increase knowledge, develop new ideas and promote and strengthen relationships between international teams and offices. We also encourage continued professional development. There are regular updates on the Group's performance through regular team and divisional briefings and through the CEO's blog, with individual office summaries and commentaries available on the staff intranet. Remuneration is linked to performance, throughout the business.

The Group is committed to providing equal opportunities and ensuring that employees are able to work without discrimination. Full and fair consideration is given to employment applications from persons with a disability. If an employee were to become disabled while in employment, the Group would make every effort to enable the employee to continue in employment and would make arrangements for additional equipment, support and training as appropriate.

Charitable and community support

The Group's Business Ethics policy, approved by the Board in June 2011, states that donations will not be made to political parties. There were no political donations in the current or prior period.

Within the UK, Air Partner is expanding its links with local schools. Members of the team visit schools to provide guidance on career paths and on subject choices which might further an interest in aviation. Work experience opportunities are provided each year for teenagers interested in aviation or in professional support roles.

The Group continued to support Help for Heroes as its corporate charity of the year in the UK. In addition to the Group's own contribution, individual members of the team supplemented fundraising for the charity through their own efforts.

Non-UK offices do not have a formal policy for charitable activities but various smaller donations were made, principally to local charities serving the communities in which the Group operates. The total amount of charitable donations made in the year by the Group was £14,417 (2010: £22,897). The decrease is a reflection of increased business activity, however, an increased budget has been set aside for community and charitable support in the coming year as the Group intends to improve and extend its commitment in this area.

The directors present their reports and the audited financial statements for the year to 31 July 2011.

Directors' Report

Information within the Chairman's Statement, the CEO's Review and the Financial Review on pages 3 to 23 is incorporated into the Directors' Report by reference, which constitutes the fair review of the business required by the Companies Act 2006. Corporate governance is discussed on pages 32 to 35. The details of the salaries, bonuses, benefits and share interests of directors are shown in the Directors' Remuneration Report on pages 38 to 43.

Principal activity

The principal activity of the Group continues to be aircraft charter broking and associated aviation services for a wide range of corporate, government and industrial clients and private individuals.

Results and dividends

The Group results are shown in the consolidated income statement on page 46. Profit after taxation for the year was £3.3 million (2010: £2.7 million). Factors influencing the results are discussed in the Financial Review on pages 18 to 23. A final dividend of 11 pence per share is proposed, to be paid on 16 December 2011 to shareholders on the register on 18 November 2011, subject to shareholder approval. Together with the interim dividend of 5.5 pence per share paid in April 2011, the total dividend for the year amounts to 16.5 pence per share (2010: interim dividend of 15 pence per share).

Policy on payment of creditors

Air Partner's policy is to negotiate the terms of payments with suppliers when agreeing the terms of each contract or transaction, to ensure that the suppliers are aware of the terms of payment, and to adhere to those terms. Payment terms for charters in particular vary, depending on the terms of each charter and the policies of the charter operator. At 31 July 2011, the average number of days outstanding for credit payments by the parent Company was 16 days (2010: 28 days) and by the Group 20 days (2010: 29 days).

Cash position and working capital

At 31 July 2011, the Group had £7.2 million of cash balances (2010: £11.7 million). This includes the cash reduction of £3.1 million, forecast at the half year stage, reversing a large historic accrual for amounts incurred by Air Partner but for which no invoices had been received. This matter has now been resolved and no further significant cash outflow is anticipated.

A potential liability for Federal Excise Tax was identified during the year. It is expected that this liability will be settled within the financial year ending 31 July 2012. Further information is provided within the Financial Review. Cash levels fluctuate during the year and there are wide peaks and troughs within each quarter, caused by differing client and supplier payment terms. Within the cash balance is a significant amount of pre-paid deferred income, which would be repayable on demand. The Board has reviewed cash flow forecasts and is satisfied that the current levels of cash held within the business are sufficient for working capital needs and for management of the trading account. The Group continues to have no outstanding debt.

Going concern

Having considered the Group's current financial position, the factors affecting its cost base, the state of the air charter market as a whole and forecast figures for a period of not less than twelve months from the date of approval of these financial statements, the directors are satisfied that the Group and the Company have adequate resources to continue in business for the foreseeable future and the Company is a going concern. The directors have continued to adopt the going concern basis in the preparation of these financial statements.

Expected future developments

The Group intends firmly to concentrate on the core business of broking but will seek to widen and broaden its client base, focusing on niche areas of business which align well with the Group's strengths. In particular, the Group will highlight industries and territories where different Air Partner offices can work together to provide high levels of service.

Air Partner has highlighted its intention to continue to invest in staff and infrastructure and the headquarters move to new offices at City Place has begun that process. Air Partner remains committed to becoming the best global air charter provider. We continue to believe that the best route to increasing long term value for our shareholders is to deliver excellent service across our whole product range and across the broadest possible geographic area, to the satisfaction of our clients.

Substantial shareholdings

As at 12 October 2011 the Company was aware of substantial interests in the Company's shares or had been notified of interests in voting rights under Chapter 5 of the Disclosure and Transparency Rules, as follows:

Shareholder	Number of shares	% held	Nature of holding
Aberforth Partners LLP	1,897,689	18.49	Indirect
Schroder Investments Ltd	1,438,982	14.02	Indirect
A G Mack and family	1,111,567	10.83	Direct
Standard Life Investments Ltd	1,018,327	9.92	Indirect
Henderson Global Investors	858,684	8.37	Indirect
BT Pension Scheme Trustees Limited	581,816	5.67	Indirect
BlackRock Investment Management (UK) Limited	482,672	4.70	Indirect
Unicon Asset Management Limited	364,453	3.55	Indirect
W S Yeates plc	310,000	3.02	Direct

The interests shown may include shares held under discretionary management agreements for which the manager may not exercise voting rights.

Share capital structure and shareholder rights

The authorised share capital of the Company is £750,000 divided into 15,000,000 ordinary shares of 5 pence each. All ordinary shares have equal rights to dividends and capital and to vote at general meetings of the Company, as set out in the Company's Articles of Association. The number of ordinary shares of 5 pence each issued and fully paid at 31 July 2011 was 10,261,393 (2010: 10,256,393). 5,000 shares were issued during the year following an exercise of options under the Company's share option plan.

Options outstanding under all employee share schemes amounted to 7.77% of the Company's issued share capital as at 31 July 2011. This includes options granted which have not yet vested. No more than 10% of issued share capital in any rolling 10 year period may be taken up by employee share schemes.

Under the Articles of Association, the Company has authority to issue 15,000,000 ordinary shares. Resolutions to renew the authorities given to directors to allot shares, to disapply certain pre-emption rights and to make market purchases of the Company's own shares, all subject to appropriate limits, will be put to the Annual General Meeting ("AGM") to replace the authorities granted last year.

There are no specific restrictions on the size of a holding nor on the transfer of shares which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. No individual or corporate entity has the right to appoint a director. The appointment and replacement of directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Amendments to the Articles of Association may be made by special resolution of the shareholders which requires a majority of 75% of those voting to be in favour.

Compliance with the UK Corporate Governance Code

For the financial year ended 31 July 2011 the Board considers it complied with all aspects of the UK Corporate Governance Code (the "Code") except for the provisions below

C 2.1 and C 3.5 New formats for risk reporting have been discussed this year. It has been agreed that the Audit Committee, on behalf of the Board, will receive a report, at least twice a year, on business risks and the actions being taken to manage or mitigate against such risks. The Committee will report to the Board and will ensure that all members of the Board are informed if a substantial change to the risk register has become evident.

The Audit Committee will receive an annual review of the effectiveness of internal controls, including financial, operational and compliance controls, from the CFO.

There is currently no internal audit function. A separate department was previously not found to be cost effective. Following a recommendation made in the independent report on internal controls, received by the Board in September 2011, it is intended that a new appointment will be made during the current financial year to take responsibility for internal audit and specialist aviation tax compliance.

Diversity

Air Partner is a team made up of people with a broad range of backgrounds. Despite the efforts of the Board and of the external consultants engaged in the formal appointment process, the search for a new non-executive director did not, however, attract a similarly diverse range of candidates. Air Partner does not intend to adopt a quota system, preferring to appoint the best candidate for any position, but will instruct any external agent appointed for senior appointments in future to provide a list of candidates from as many different backgrounds as possible.

The male/female split within the Group is shown in the chart below

	Male	Female
Main Board	7	0
Operating Board	4	2
Senior Management Team	9	4
Group Totals	103	110

Performance evaluation

The Board undertook a formal evaluation of its own performance and that of each of the directors for the first time this year. The exercise was conducted internally by a questionnaire, completed both by Board members and by others within the business with whom they have regular contact. The questionnaire included an opportunity for directors to identify any requirement for further training or more regular updates on business or regulatory changes.

The evaluation exercise recognised the variety of skills contributed by directors but identified that greater expertise in the field of marketing and communications could be useful within the Group in the longer term. A new position has been created at Operating Board level to champion marketing and sales across the Group and this will build on the key aim of diversifying the current client base.

The Board's handling of difficult situations was noted.

Overall, the results showed that the Board is generally effective. In the coming year the Board intends to give particular attention to discussion of ways in which the Group can extend its global reach and develop the core strategy.

Board constitution

The Board, as shown on pages 24 and 25, is made up of two executive and five non-executive directors, including the Chairman who is responsible for leadership of the Board. The balance of the Board is such that no individual or group of individuals can dominate the Board's decision making and there is a mix of skills and experience. Neither of the executive directors is a director of a public company outside the Group. Clear responsibilities are allocated to each of the non-executive Chairman, the CEO, the CFO and the Senior Independent Director. These are set out in writing and are available from the Company Secretary or at www.airpartner.com/investors/corporate-governance.

The Board carries ultimate responsibility for the conduct of the Group's business. A formal schedule of matters is reserved for Board decision, including formulation and development of strategy, major acquisitions or disposals, significant bank borrowings, Board level appointments, the approval of financial reports and price sensitive statements and overall business risk assessment. A copy of the schedule is available online at www.airpartner.com/investors/corporate-governance. The Board receives reports at each meeting from the CEO, the CFO and, following meetings of Board Committees, from their respective Chairmen.

Independence of non-executive directors

The Board considers all the non-executive directors, other than Tony Mack, to be independent. Tony Mack is a former executive Chairman and holds more than 10% of the Company's share capital.

Chuck Pollard receives fees from Air Partner, Inc. from time to time for consultancy relating to Air Partner's US operations. These are calculated at a daily rate and are not considered by the Board to be material. The Board values highly Mr Pollard's independence of thought and judgment.

The Chairman's other directorships are listed in his biography. The Board intends to begin a selection process to find a successor to Aubrey Adams as Chairman and will report on progress to shareholders through public announcements issued through a Regulatory Information Service, which will also be made available on the corporate website.

Re-election of directors

In accordance with best practice, all directors will resign at this year's AGM. Andrew Wood was appointed by the Board on 7 June 2011 and will seek election by shareholders for the first time. All other directors being eligible will stand for re-election.

Following performance evaluation, the Board confirms its belief that all directors bring significant value to the business, are effective in Board decision-making and show the appropriate level of commitment to their roles. The Board therefore recommends the re-election of all directors, as listed in the separate Notice of AGM.

Board and Committee meetings

The Board meets formally at least six times per year, with additional meetings to approve the publication of the annual and interim results.

Attendance at Board and Committee meetings by each director in the year to 31 July 2011 is set out below:

Number of meetings

	Main Board	Audit Committee	Remuneration Committee	Nominations Committee
Executive Directors				
M A Briffa	7/8	–	–	3/3
G Charles	8/8	3/3*	–	3/3
Non-executive Directors				
A J Adams	8/8	3/3	3/4	3/3
R Everitt	8/8	3/3	3/4	3/3
A G Mack	8/8	3/3	4/4	–
C W Pollard	8/8	3/3	4/4	–
A R Wood (from 7 June 2011)	2/2	1/1	2/2	–

Gavin Charles is not a member of the Audit Committee but attends meetings by invitation.

A Nominations Committee will be constituted for each new director appointment. Membership will vary but the terms of reference for the Committee have been agreed by the Board and are available online at www.airpartner.com/investors/corporategovernance.

In December 2010, the Board established a Nominations Committee, made up of the Chairman, Richard Everitt and the CEO, to recruit an independent non-executive director with recent and relevant financial experience, to become Chairman of the Audit Committee.

The job specification provided to independent external search agents, Russell Reynolds, set out the Board's requirement for a financially astute individual with a strong listed company background and experience of chairing an Audit Committee. The agents were also asked to take account of the current Board membership and Air Partner's intentions to grow internationally. The Nominations Committee met to review the "long list" and asked for a greater diversity of candidates to be put forward for consideration. From the final shortlist of two, the Nominations Committee recommended the appointment of Andrew Wood and Andrew joined the Board on 7 June 2011. His induction included time spent with each of the main trading divisions, overseas visits and discussions with the executive directors to gain a broad understanding of Air Partner's business. Opportunities will be arranged over the coming months for Andrew to meet major shareholders.

It is expected that a similar process will be followed for selection of a new Chairman to succeed Aubrey Adams.

Directors' Report continued

The Remuneration Committee is made up of the non-executive directors and is chaired by Richard Everitt. Andrew Wood joined the Committee in June 2011. The Remuneration Committee reviews remuneration policy on behalf of the Board and, in particular, is responsible for setting executive remuneration levels and making discretionary performance-related awards to the executive directors. The Remuneration Committee's report appears in full on pages 38 to 43.

The Audit Committee is also made up of the non-executive directors. Andrew Wood assumed the Chairmanship of this committee on his appointment to the Board. Previously, Richard Everitt was the Chairman of the Committee. Although not members, the external auditor and the CFO are notified of all meetings and may attend by invitation. At each meeting, the Committee has the opportunity to talk to the external auditor without the CFO being present.

The principal duties of the Audit Committee are to monitor the integrity of the Company's financial statements, to ensure that appropriate accounting policies and standards are being followed, to review on behalf of the Board the effectiveness of audit procedures and the work of the independent auditor and to monitor on behalf of the Board the systems for internal financial control. The Board as a whole is responsible for internal control and risk management. The Audit Committee is required to report its findings to the Board making any necessary recommendations for action or improvements.

Report of the Audit Committee for the year ended 31 July 2011

The Committee met three times during the year. In addition to reviewing the interim and annual results announcements in advance of publication and planning for the annual statutory audit, the Committee has focused on documenting more formally the process for risk management and continues to review internal control developments.

A report on internal controls was received by the Board in September 2011 from a top four accountancy firm. The independent review was commissioned following voluntary disclosure to the US IRS of a failure to account for certain amounts of Federal Excise Tax, to provide additional assurance and minimise the likelihood of further legacy issues relating to accounting needing to be resolved. The review did not identify any additional liabilities but did make some recommendations on improving internal controls, including the creation of an internal audit role, which will be implemented during the year.

The Audit Committee will review the action plan for implementation of the recommendations on behalf of the Board and will report back to the Board on improvements made, or to be made, to the control environment.

A formal report was received from the statutory auditor, Mazars LLP, in respect of the audit inspections carried out and matters arising from the report were discussed prior to the Board's approval of the annual financial statements. The Committee has reviewed the external auditor's independence and the effectiveness of the audit process, taking into consideration relevant UK regulatory requirements.

Mazars LLP also provide taxation advice to the Group but a clear distinction is maintained between audit and non-audit work to ensure that their independence and objectivity is not prejudiced by the level of fees received. The total amount paid for non-audit work this year was £18,000, compared with £95,000 for the audit work.

The Committee considered in advance the content and scope of audit work and the audit fees proposed by Mazars LLP and discussed changes in accounting policies and new developments within the business which might affect financial reporting going forward. The auditor has also been consulted concerning the treatment of historic accruals and provisions in this and prior year accounts.

The Audit Committee recommended to the Board in June 2011 that the Group audit should be put out to tender, to assess changes in the market since the appointment of Mazars LLP in 2007 and in acknowledgement of the Group's movement into more complex international areas of business. The formal audit process, involving four leading accounting firms, has not yet been completed but the Audit Committee expects to make a recommendation to the Board before the end of 2011. A resolution concerning the appointment of auditors for the year ending 31 July 2012 will be included in the Notice of AGM and the results of the competitive tender will be announced via a Regulatory Information Service and on the Company's website www.airpartner.com/investors/regulatory-news.

Internal Control

During the year, the full Board was responsible for the Group's system of internal control and for reviewing its effectiveness, though reports were provided in the first instance to the Audit Committee by the CFO and the statutory auditor

The key internal procedures currently in place are as follows

- A three year business planning cycle has been introduced, from which a detailed and comprehensive annual budget is produced, both documents being formally approved by the Board
- The Board also maintains a schedule of key matters reserved for its approval, which include financing and changes to banking arrangements, all significant capital expenditure and all acquisitions and disposals
- Both the Operating Board and the main Board receive monthly financial reports, showing the performance of each division and country, with relevant commentaries to highlight variance from budget or particular areas of concern
- Business performance reports are circulated on a daily basis for sales bookings, and monthly to the Operating Board to monitor overall performance
- Clearly defined authority limits and controls are in place over contract signing limits and purchasing commitments, in particular brokers operate within individual, pre-set limits of authority and only those staff who have successfully completed a six month probationary period can sign charter commitments on behalf of the Group
- Each of the Group's major offices is visited at least once a year by a senior member of the Finance team. In future, there will be a discrete internal audit process to review operating procedures and ensure that the control environment remains strong
- Finance and support teams have been strengthened during the year so the business has ready access to professional advice
- Risk registers will be reviewed by the Audit Committee twice each year. Between such meetings, any significant risks identified will be notified to directors and control procedures suggested for their approval to mitigate against such risks, where possible
- Complex treasury instruments are not used in the normal course of business and any specific projects that may involve such instruments require Board approval. The Group does not trade in derivatives

The directors confirm that they will in future receive an annual report from the CFO on the work of the internal audit function and the effectiveness of the system of internal control

In their review, the directors will consider the nature of the Group's business, the risks to which that particular business is exposed, the likelihood of such risks occurring and the costs of protecting against them. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance

A whistle-blowing policy is in place across the Group to enable members of staff to bring to the attention of any director serious matters of financial misconduct which they believe would damage the performance or reputation of Air Partner plc

Applying the principles of the Code

Improvements have been made in corporate governance during the year, reflecting growth in the business under a new management team. Air Partner's main market listing on the London Stock Exchange is valued by clients and suppliers as a mark of quality and transparency of information and I believe that the systems in place for governance, as detailed above, are appropriate for a smaller listed company

Aubrey Adams
Chairman

Directors' Report continued

Operating Board

The Operating Board meets monthly to monitor operational performance, to consider new developments in line with the Group's strategic aims and to discuss issues relating to different geographic regions or trading divisions. The Operating Board has its own terms of reference and limits of authority, below those of the Main Board. The executive directors report back to each main Board meeting. Operating Board members will be invited to attend main Board sessions during each year, to have the opportunity to present their business plans, report on progress and give an update on key operational activity, future plans and business opportunities. In turn, non-executive directors attend some sessions of the Operating Board, purely as observers, to gain a better understanding of current issues across the Group.

Company Secretary

All directors have access to the Company Secretary who is charged with ensuring that Board procedures are followed, that the Company complies with applicable rules and regulations and that Board members receive appropriate and timely information to enable them to discharge their duties effectively. The Company Secretary advises the Board on governance matters and can make arrangements for the provision of independent legal advice for individual directors, on request and up to a maximum fee limit set by the Board. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Additional information for shareholders

Information on share capital and major interests in shares, which is required to be disclosed under Rule 7.2.6 of the Disclosure and Transparency Rules, appears within the Directors' Report on page 31.

Communication with shareholders

The Board is keen to ensure that effective communication with shareholders, analysts and the financial press is maintained throughout the year. This is achieved through timely publication of the annual and half year results and other announcements, as well as through presentations to analysts and significant shareholders. The Board seeks to present its strategy and performance in an objective and balanced manner. Directors are encouraged to meet significant shareholders and are keen to gain an understanding of the views and comments of both institutional and private individual shareholders.

The Board welcomes the participation of shareholders in the AGM and will again, this year, count all votes cast, whether in person or by proxy, by means of a poll on every resolution. The Chairmen of Board Committees will be available at the AGM to answer any questions that might arise. In accordance with the UK Corporate Governance Code the votes cast and the numbers of shares voted for and against each resolution, and any votes withheld, will be made public by means of an announcement through a Regulatory Information Service and on the Company's website.

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report. The provisions of a deed of indemnity granted to existing directors were extended during the year to Gavin Charles and Andrew Wood. In certain circumstances, the Company can indemnify directors, in accordance with its Articles of Association, against costs incurred in the defence of legal proceedings brought against them by virtue of their office. Directors' and officers' liability insurance is provided for the benefit of all directors, the Company Secretary and senior managers.

AGM

The AGM will be held at 9.30am on Friday 9 December 2011 at our new headquarters at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The Notice of AGM is contained in a separate document which has been sent by post, together with a Proxy Form, to those shareholders who prefer a paper copy and by email where shareholders have agreed that Air Partner can communicate with them electronically. Both the Notice of AGM and the Proxy Form are available to download at www.airpartner.com/investors/AGM.

Directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the business review, the Directors' Report, the Directors' Remuneration Report and the Group and parent Company financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted for use in the European Union. Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position, financial performance and cash flows. This requires the fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Directors are also required to

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Group website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' statement of responsibility for accounts

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 Company; and
- the Chairman's Statement, the CEO's Review, the Financial Review and the Directors' Report give a fair review of the Group, together with a description of the principal risks and uncertainties that the Group faces.

The responsibility statement was approved by the Board of Directors on 12 October 2011.

Directors' statement of responsibility for disclosure of information to auditors

As required by section 418 of the Companies Act 2006, each director serving at the date of approval of the financial statements confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of their reports of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

Auditor

Mazars LLP have confirmed that they are willing to be reappointed as auditor for the financial year ending 31 July 2012, subject to the outcome of the competitive audit tender which is currently underway.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing the appointment of a statutory auditor will be proposed at the AGM.

The Directors' Report was approved by the Board on 12 October 2011 and is signed on its behalf by



Helen Perkins
Company Secretary

Air Partner plc (registered in England and Wales, no. 980675)
2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

This report has been approved by the Board and will be put to a vote at the AGM, as required by the Directors' Remuneration Report Regulations (2002).

Directors' Remuneration Report

The report is in two sections: information not subject to audit and information that is subject to audit.

INFORMATION NOT SUBJECT TO AUDIT

Remuneration Committee structure

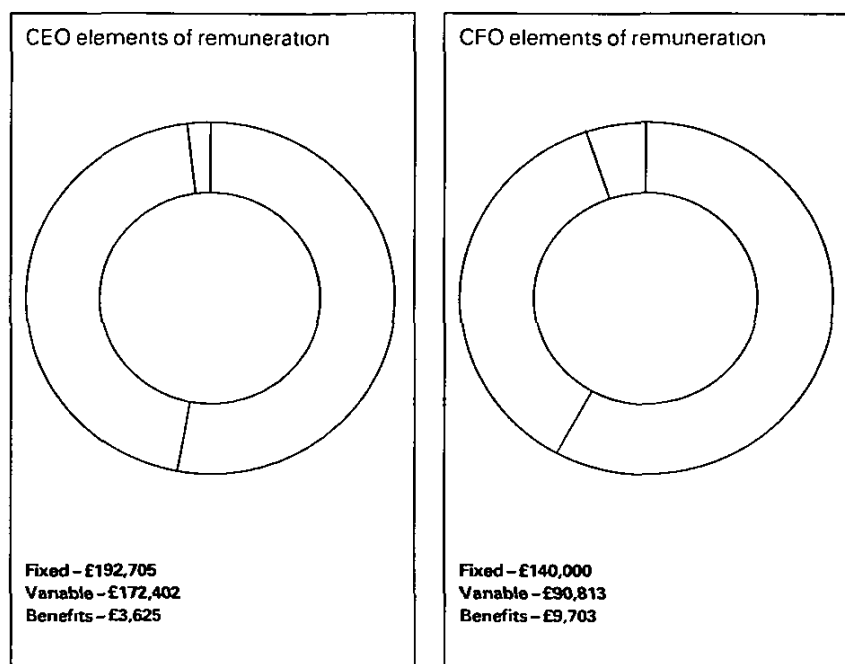
The Remuneration Committee is constituted as a formal sub-committee of the Board with its own defined Terms of Reference. Its primary role is to review and set the remuneration policy for the executive directors within the context of salaries and benefits paid across the Group as a whole. The full Board agrees the remuneration of the Chairman and non-executive directors on the principle that no individual should be able to determine their own remuneration.

All the non-executive directors were members of the Committee for the whole year, with the exception of Andrew Wood who joined the Committee on 7 June 2011. The Committee is chaired by Richard Evers.

The Committee can obtain information and advice from the Head of HR, the Company Secretary, the executive directors and any other employees as required. It may also obtain, at the expense of the Company, any necessary legal or professional advice, up to a pre-determined limit but has not needed to do so in the year under review.

Remuneration policy

Air Partner's success depends on the quality and performance of its people. The Remuneration Committee aims to ensure that overall remuneration is not excessive, but remains appropriate for an international Group which is growing in complexity. The Committee has reviewed executive directors' base salaries by reference both to external studies of remuneration in other smaller listed companies and to the salaries of Operating Board members and lower levels of management within the Group itself. Performance related pay is an important element for all members of the team, including executive directors.



The annual bonus scheme for the year to 31 July 2011 contained objective financial performance targets, applicable across Group management functions up to Board level. Performance conditions are set for each grant of share options to executive directors.

Performance evaluation

The Board undertook for the first time this year an evaluation of its own performance, that of Board committees and the performance of each director, with the exception of Andrew Wood who joined the Board towards the end of the year, on 7 June 2011.

The Company has only two executive directors and the Remuneration Committee feels that performance should be assessed by the Chairman and the Board, without engaging external consultants, for the time being.

The performance of Mark Briffa, as CEO, is reviewed annually at a personal level by the Chairman, by reference to individual objectives set at the beginning of the year. Individual and corporate performance is targeted by the Remuneration Committee when setting annual criteria for the award of any discretionary bonus and for the exercise of longer term incentives, such as share options. Awards are made according to those criteria following the end of each financial year.

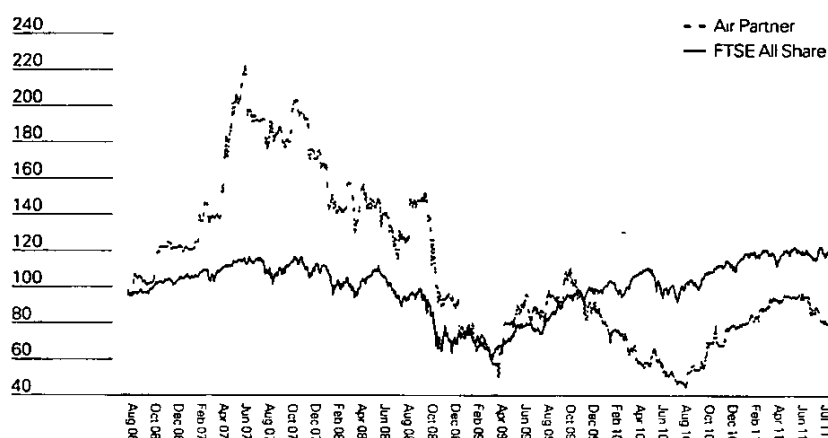
The performance of Gavin Charles, as CFO, is assessed half-yearly by the CEO. Training and development needs and objectives are set which also feed through to the annual criteria set by the Remuneration Committee for the award of any discretionary annual bonus and longer term incentives, as above.

The Board believes that the current non-executives bring direct and relevant experience either of the aviation world or of good business practice in general and their continuation in office is in the best interests of the Company and the Group as a whole.

Performance graph

To help investors to measure Air Partner's comparative performance, the graph on the following page shows the change in the total shareholder return of the Company for each of the last five financial years compared with the FTSE All Share Index.

Air Partner and FTSE All Share Index total return (rebased)



Directors' Remuneration Report continued

Air Partner is not currently a constituent member of the FTSE All Share Index but the Index has been selected as an appropriate comparator because it is easily accessible by investors and covers the performance of a broad range of companies, including aviation, transport and luxury retail businesses

Directors' service contracts

Formal contracts for service between Air Partner plc and each executive director were in place for the year under review, dated 9 January 2006 for Mark Briffa and 23 June 2010 for Gavin Charles. The contracts provided for retirement at the age of 65 and contained a rolling twelve months' notice period. In the event of early termination of the contract, a director might be eligible to receive an amount equal to basic salary, Company pension contribution and contractual benefits for the notice period but the Company would not normally make payments beyond its statutory and contractual obligations.

Under terms of reference agreed in September 2010, any ex-gratia payments made at the discretion of the Remuneration Committee in excess of statutory or contractual obligations will be limited to an amount not exceeding one year's bonus plus legal fees, so long as such fees do not exceed £5,000.

The contracts are expected to be updated in the current year to reflect better the responsibilities of each executive director and to take account of recent changes in legislation.

Non-executive directors' Letters of Appointment

On appointment, each non-executive director signed a Letter of Appointment with the Company, setting out the duties and commitment expected, the initial term and fee and arrangements for renewal or termination of the appointment, based on a rolling three month notice period. Initial terms of appointment were set individually.

New letters of appointment were issued in September 2011 to Mr Everitt, Mr Mack and Mr Pollard, aligning their terms of appointment with those agreed for Mr Wood in June 2011. The new letters confirm a standard term of three years, renewable once by mutual consent and, in exceptional circumstances, by one further period, such that no non-executive director may serve for a period of more than nine years.

Non-executive directors' Letters of Appointment

Director	Date of initial letter	Date of appointment	Initial term	Unexpired term at 31 July 2011	Current maximum term	Unexpired term at 30 Sept 2011
A J Adams	31 Dec 2007	1 Apr 2008	5 y	1 y 8 m	5 y	1 y 6 m
R L Everitt	10 Oct 2004	1 Jan 2005	7 y	5 m	9 y	2 y 3 m
A G Mack	18 Mar 2008	1 Apr 2008	5 y	1 y 8 m	6 y	2 y 6 m
C W Pollard	2 Jul 2009	6 Jul 2009	3 y	1 y 11 m	6 y	3 y 9 m
A R Wood	7 Jun 2011	7 Jun 2011	3 y	2 y 10 m	6 y	5 y 8 m

The standard fee of £25,000 per annum for each non-executive director was increased to £30,000 from 1 August 2011, with a £5,000 supplement for the Chairmen of the Audit and Remuneration Committees and an additional £35,000 being paid to the Chairman of the Board. The increase was determined following a review of fees paid by comparable smaller listed companies and better reflects the time commitment now expected of non-executive directors. The fees paid during the year are shown in the table on page 43.

Non-executive directors are not eligible to receive additional employee benefits such as pension contributions, bonuses or grants of options under the Company's employee share scheme but are reimbursed for legitimate expenses incurred in the performance of their duties.

Mr Pollard receives additional consultancy fees, calculated at a daily rate, for advisory work related to the development of Air Partner, Inc in the US. Such fees amounted to \$3,000 in the period under review and are not considered material.

The Company intends to have at least two independent non-executives on the Board at any time. The board considers each of Mr Everitt, Mr Pollard and Mr Wood to be independent.

No director has any direct or indirect interest in any contract or arrangement subsisting at the date of these financial statements which is significant in relation to the business of the Group and which has not otherwise been disclosed.

Individual components of remuneration

Basic salary, pension and benefits

The Remuneration Committee has not undertaken a formal benchmarking exercise this year but has received information about the structure and value of executive remuneration within comparable smaller listed companies.

The package for executive directors consists of basic salary, a pension contribution equivalent to 12% of base salary and entitlement to benefits, plus an annual bonus which may be awarded at the discretion of the Remuneration Committee if corporate and individual targets are met. Executive directors may also participate in share option awards, again at the discretion of the Remuneration Committee.

The Group does not operate any final salary pension schemes. Benefits in the year included private health insurance for directors and their families, appropriate life and critical illness cover, reimbursement of home telephone expenses, sports or gym club membership and, in the case of Gavin Charles, a car allowance.

Annual bonus

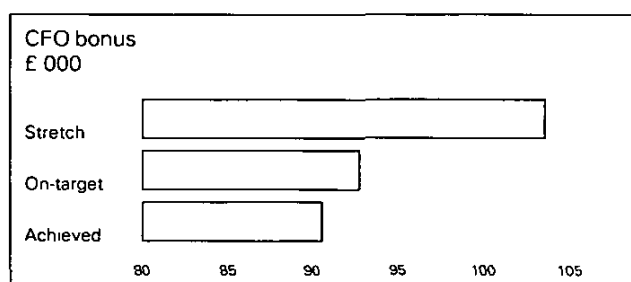
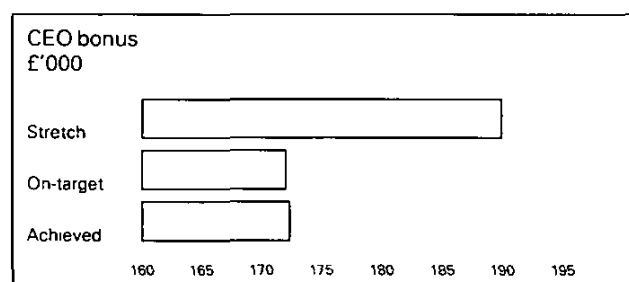
A new bonus scheme for senior executives was introduced in September 2010. The annual bonus is based on 100% of salary for on-target performance by Mark Briffa and 75% of salary for Gavin Charles.

30% of the on-target bonus depends on individual achievement in Key Responsibility Areas (KRAs), determined each year by the Remuneration Committee.

The remaining 70% is linked to corporate performance, evidenced by the reported underlying profit of the Group, excluding discontinued and exceptional items. Outperformance is rewarded for each 1% above target profit up to 115% of the original profit target.

The maximum potential bonus for the CEO if all individual criteria were fully delivered and 115% of target Group profit was achieved would be 110.5% of salary and for the CFO 82.975% of salary. No bonus at all is payable if less than 60% of the Group profit target is delivered and only the element of bonus relating to individual KRAs is payable if Group profit is below 85% of the original target.

Bonus awards approved by the Remuneration Committee in respect of the financial year to 31 July 2011 are shown in the charts below.



Directors' Remuneration Report continued

Share options

Share options are awarded at the Remuneration Committee's discretion under the Company Share Option Plan which was first approved by shareholders in 2003. No further grants of options may be made under this scheme after 18 July 2013.

Grants may be awarded under both HMRC "approved" and "unapproved" parts of the plan and typically are granted to most employees who have completed at least two years service and to individuals who join the Group at a senior level.

Exercises of options by staff below director level and exercises of all options granted before 24 May 2010 are subject only to a service condition. Options vest three years from the date of grant and expire if not exercised within ten years, except in exceptional circumstances such as the death of the holder. All outstanding options lapse upon cessation of employment, unless there are special circumstances such as redundancy or retirement when options must be exercised within a six month period. Options may not be granted at a discount and the aggregate market price for options awarded during any one year period may not exceed four times the individual's relevant emoluments.

The vesting of options granted to directors on or after 24 May 2010 is subject to additional performance criteria intended to align directors' interests with those of investors.

A maximum of 80% of the options awarded may vest in 2013 if growth in the Group's undiluted earnings per share from continuing operations (EPS) has increased by 33% over a period of approximately three years. Half of this number of options will vest if EPS over the same period has increased by 22.5%, with a sliding scale for growth between 22.5% and 33%. None of these options will vest if EPS has grown by less than 22.5% over the period. The initial measurement of EPS was taken from the annual accounts of the Group to 31 July 2010 and options may vest if the performance conditions have been satisfied by reference to the annual accounts of the Group as at 31 July 2013.

The remaining 20% of options shall vest completely if underlying profit before tax from activities outside the UK has increased by 50% over the same three year period. This target has been set to align with the Group's stated business objective to increase its geographical diversification.

In respect of the grants of options made on 26 October 2010, 80% of the options granted will vest if EPS has grown over the three year period from 26.8 pence to 35.7 pence. None of these options will vest if EPS after three years does not exceed 32.8 pence.

Grants of options will generally be made within 42 days of the announcement of annual or half yearly results and the base measurement for EPS will be that shown in the annual or half yearly accounts of the Group most recently published. The Remuneration Committee must be satisfied at the time of vesting that the underlying performance of the Group justifies the vesting. No options may vest until the Committee has written to participants to confirm that the necessary conditions have been fulfilled.

Directors' beneficial interests in shares

The directors who held office during the year had the following beneficial interests in ordinary shares of 5 pence each in the Company, fully paid up, at the beginning and end of the year, or as shown below.

Directors' beneficial interests in shares

	31 July 2011	31 July 2010 (or date of appointment)
A J Adams	50,000	20,000
M A Briffa	24,600	24,600
G Charles	—	—
R L Everitt	5,000	—
A G Mack	1,111,567	1,061,567
C W Pollard	25,000	25,000
A R Wood (from 7 June 2011)	—	—

There were no changes in the directors' beneficial interests in shares between 31 July 2011 and 12 October 2011 (being the latest practicable date prior to the publication of this report). No director has a non-beneficial interest in the shares of the Company.

INFORMATION SUBJECT TO AUDIT

Share options

Non-executive directors are not eligible to participate in the Company's share option scheme. Details of the options held by executive directors at the beginning and end of the year are as follows:

Share options

		Number of options								
Name	Notes	31 July 2010	Granted	Exercised	Expired	Forfeited	31 July 2011	Exercise price	Earliest date of exercise	Expiry date
M A Briffa	(a)	40,000	—	—	—	—	40,000	792 5p	21 Nov 2009	21 Nov 2016
	(b)	10,000	—	—	—	—	10,000	884 0p	24 Jan 2011	24 Jan 2018
	(c)	40,000	—	—	—	—	40,000	545 0p	27 Nov 2011	27 Nov 2018
		50,000	—	—	—	—	50,000	338 0p	24 May 2013	24 May 2020
		—	25,000	—	—	—	25,000	392 5p	26 Oct 2013	26 Oct 2020
		140,000	25,000	—	—	—	165,000			
G Charles		—	40,000	—	—	—	40,000	392 5p	26 Oct 2013	26 Oct 2020

Options are generally exercisable between three and ten years from the date of grant, subject to continuing service. Exercises of options under grants (a), (b) and (c) are not subject to any additional performance criteria.

During the year, no director exercised options or made a gain on the exercise of share options.

The market price per share at 31 July 2011 was 427.5 pence (31 July 2010 317.0 pence) and ranged between 316.5 pence and 520.0 pence during the year. The average price during the year was 445.1 pence per share.

An independent valuation of the fair value of options has been carried out. Further details are shown in note 18 to the financial statements "Share based payments".

Directors' emoluments

Details of directors' emoluments received during the year are set out below:

Directors' emoluments

	Salary/fees £	Bonus £	Benefits £	Employer's pension contributions £	2011 Total £	2010 Total £
Executive directors						
M A Briffa	172,058	172,402	3,625	20,647	368,732	214,565
G Charles	125,000	90,813	9,703	15,000	240,516	14,382*
Non-executive directors						
A J Adams	60,000	—	—	—	60,000	60,000
R L Everitt	25,000	—	—	—	25,000	25,000
A G Mack	25,000	—	—	—	25,000	25,000
C W Pollard†	25,000	—	—	—	25,000	17,976
A Wood (from 7 June 2011)	5,340	—	—	—	5,340	—
Total directors' emoluments	437,398	263,215	13,328	35,647	749,588	356,923

* Benefits paid to Mr Charles in the prior year have been restated, based on invoices received since approval of the prior year accounts.

† Payments were made monthly to Mr Pollard in US dollars (total \$38,248). The total has been translated using an exchange rate of \$1.5299/£1, set in August 2010.

Non-executive directors are reimbursed for legitimate business expenses incurred in the performance of their duties. Expenses reimbursed to Mr Pollard, including economy air fares to Board meetings, amounted to \$19,152 in the year to 31 July 2011 (2010: \$15,367).

Aggregate emoluments disclosed do not include any amounts for the value of options to subscribe for ordinary shares in the Company granted to or held by directors.

The Directors' Remuneration Report was approved by the Board on 12 October 2011 and is signed on its behalf by:

Richard Everitt
Chairman of the Remuneration Committee

Independent Auditor's Report to the members of Air Partner plc for the year ended 31 July 2011

We have audited the financial statements of Air Partner plc for the year ended 31 July 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibility Statement set out on pages 36 and 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 July 2011 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

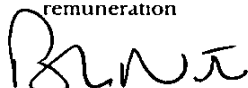
We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the directors' statement, set out on page 31, in relation to going concern,
- the part of the Directors' Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to the shareholders by the Board on directors' remuneration



Robert Neate (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

12 October 2011

Financial Statements

Consolidated income statement for the year ended 31 July 2011

		2011	2010
		£ 000	(Restated) £ 000
Continuing operations	Note		
Revenue	2	281,931	229,968
Cost of sales		(256,050)	(209,863)
Gross profit		25,881	20,105
Administrative expenses		(20,623)	(16,735)
Restructuring costs	27	–	(742)
Operating profit	3	5,258	2,628
Finance income	5	45	123
Finance expense	5	(40)	(23)
Profit before tax		5,263	2,728
Taxation	6	(1,934)	(26)
Profit for the period from continuing operations		3,329	2,702
Profit/(loss) for the period from discontinued operations	28	733	(4,406)
Profit/(loss) for the period		4,062	(1,704)
Attributable to			
Equity holders of the parent company		4,062	(1,704)
Earnings per share			
Continuing & discontinued operations			
Basic	8	39 6p	(16 6)p
Diluted	8	39 2p	(16 6)p
Continuing operations			
Basic	8	32 5p	26 4p
Diluted	8	32 1p	26 3p
Discontinued operations			
Basic	8	7 1p	(43 0)p
Diluted	8	7 1p	(42 9)p

Consolidated statement of comprehensive income for the year ended 31 July 2011

	2011	2010
	£ 000	(Restated) £ 000
Profit/(loss) for the period	4,062	(1,704)
Exchange differences on translation of foreign operations	178	248
Exchange differences on liquidation of foreign operations	(532)	–
Total comprehensive income/(expenditure) for the period	3,708	(1,456)
Attributable to		
Equity holders of the parent company	3,708	(1,456)

Consolidated statement of financial position
as at 31 July 2011

		2011	2010	1 August 2009
	Note	£'000	(Restated) £'000	(Restated) £'000
Assets				
Non-current assets				
Goodwill	9	755	755	2,268
Other intangible assets	10	–	–	29
Property, plant and equipment	11	2,066	1,843	2,238
Deferred tax assets	19	418	767	616
		3,239	3,365	5,151
Current assets				
Inventories		–	–	424
Trade and other receivables	13	44,881	41,753	28,382
Financial assets	17	–	14	–
Current tax assets		114	47	359
Cash and cash equivalents		7,151	11,720	16,137
		52,146	53,534	45,302
Total assets		55,385	56,899	50,453
Current liabilities				
Trade and other payables	14	(14,574)	(17,230)	(12,452)
Financial liabilities	17	(44)	–	(3)
Provisions	15	(1,720)	(2,099)	(726)
Current tax liabilities		(359)	(248)	(537)
Other liabilities	16	(25,871)	(26,315)	(22,027)
		(42,568)	(45,892)	(35,745)
Net current assets		9,578	7,642	9,557
Non-current liabilities				
Deferred tax liabilities	19	–	(48)	(18)
		–	(48)	(18)
Total liabilities		(42,568)	(45,940)	(35,763)
Net assets		12,817	10,959	14,690
Equity				
Share capital	21	513	513	512
Share premium account		4,518	4,499	4,440
Translation reserve		1,093	1,447	1,199
Share option reserve		1,087	859	896
Retained earnings		5,606	3,641	7,643
Equity attributable to equity holders of the parent		12,817	10,959	14,690
Total equity		12,817	10,959	14,690
Total equity and liabilities		55,385	56,899	50,453

These financial statements were approved and authorised for issue by the Board on 12 October 2011 and are signed on its behalf by



M A Briffa
Director

G Charles
Director

Consolidated statement of changes in equity
for the year ended 31 July 2011

Group	Share capital £ 000	Share premium account £'000	Share option reserve £ 000	Translation reserve £ 000	Retained earnings £ 000	Total equity £'000
Opening equity as at 1 August 2009 – as previously stated	512	4,440	896	1,199	8,240	15,287
Restatement – Federal Excise Tax	–	–	–	–	(597)	(597)
Opening equity as at 1 August 2009 – restated	512	4,440	896	1,199	7,643	14,690
Loss for the period – as previously stated	–	–	–	–	(1,655)	(1,655)
Restatement – Federal Excise Tax	–	–	–	–	(49)	(49)
Exchange differences on translation of foreign operations	–	–	–	248	–	248
Total comprehensive expenditure for the period – restated	–	–	–	248	(1,704)	(1,456)
Share option movement for the period	–	–	(20)	–	–	(20)
Issue of shares under share option scheme	1	59	(17)	–	17	60
Dividends	–	–	–	–	(2,315)	(2,315)
Closing equity as at 31 July 2010 – restated	513	4,499	859	1,447	3,641	10,959
Profit for the period	–	–	–	–	4,062	4,062
Exchange differences on translation of foreign operations	–	–	–	178	–	178
Exchange differences on liquidation of foreign operations	–	–	–	(532)	–	(532)
Total comprehensive income for the period	–	–	–	(354)	4,062	3,708
Share option movement for the period	–	–	233	–	–	233
Issue of shares under share option scheme	–	19	(5)	–	5	19
Dividends	–	–	–	–	(2,102)	(2,102)
Closing equity as at 31 July 2011	513	4,518	1,087	1,093	5,606	12,817

Financial
Statements
continued

Company statement of changes in equity
for the year ended 31 July 2011

Company	Share capital £ 000	Share premium account £'000	Share option reserve £ 000	Retained earnings £ 000	Total equity £ 000
Opening equity as at 1 August 2009					
– as previously stated	512	4,440	896	7,182	13,030
Restatement – Federal Excise Tax	–	–	–	(597)	(597)
Restatement – group share-based payments	–	–	–	406	406
Opening equity as at 1 August 2009 – restated	512	4,440	896	6,991	12,839
Loss for the period – as previously stated	–	–	–	(5,431)	(5,431)
Restatement – Federal Excise Tax	–	–	–	(49)	(49)
Restatement – group share-based payments	–	–	–	45	45
Total comprehensive expenditure for the period – restated	–	–	–	(5,435)	(5,435)
Share option movement for the period	–	–	(20)	–	(20)
Issue of shares under share option scheme	1	59	(17)	17	60
Dividends	–	–	–	(2,315)	(2,315)
Closing equity as at 31 July 2010 – restated	513	4,499	859	(742)	5,129
Profit for the period	–	–	–	6,176	6,176
Total comprehensive income for the period	–	–	–	6,176	6,176
Share option movement for the period	–	–	233	–	233
Issue of shares under share option scheme	–	19	(5)	5	19
Dividends	–	–	–	(2,102)	(2,102)
Closing equity as at 31 July 2011	513	4,518	1,087	3,337	9,455

Translation reserve

The translation reserve represents the accumulated exchange differences arising from the impact of the translation of subsidiaries with a functional currency other than Sterling

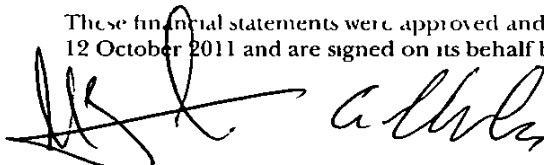
Share option reserve

The share option reserve relates to the accumulated costs associated with the outstanding share options issued to staff but not exercised

Company statement of financial position
as at 31 July 2011

	Note	2011 £'000	2010 (Restated) £ 000	1 August 2009 (Restated) £ 000
Assets				
Non-current assets				
Property, plant and equipment	11	890	283	573
Deferred tax assets	19	338	537	454
Investments	12	1,714	2,329	3,875
Other receivables		–	–	3,000
		2,942	3,149	7,902
Current assets				
Trade and other receivables	13	28,414	27,207	16,897
Financial assets	17	–	14	–
Cash and cash equivalents		1,864	4,029	9,635
		30,278	31,250	26,532
Total assets		33,220	34,399	34,434
Current liabilities				
Trade and other payables	14	(6,576)	(10,466)	(6,095)
Financial liabilities	17	(44)	–	(3)
Current tax liabilities		(137)	(174)	(467)
Provisions	15	(1,720)	(2,099)	(726)
Other liabilities	16	(15,288)	(16,531)	(14,304)
		(23,765)	(29,270)	(21,595)
Net current assets		6,513	1,980	4,937
Total liabilities		(23,765)	(29,270)	(21,595)
Net assets		9,455	5,129	12,839
Equity				
Share capital	21	513	513	512
Share premium account		4,518	4,499	4,440
Share option reserve		1,087	859	896
Retained earnings		3,337	(742)	6,991
Total equity		9,455	5,129	12,839

These financial statements were approved and authorised for issue by the Board on 12 October 2011 and are signed on its behalf by



M A Briffa
Director

G Charles
Director

Air Partner plc
Registered No 980675

Financial
Statements
continued

Consolidated and company statement of cash flows
for the year ended 31 July 2011

	Note	Group		Company	
		2011 £ 000	2010 £ 000	2011 £ 000	2010 £'000
Cash flows from operating activities					
Continuing operations	22	(1,446)	(675)	(1,690)	(4,094)
Discontinued operations	28	(575)	(1,336)	(575)	–
Net cash outflow from operating activities		(2,021)	(2,011)	(2,265)	(4,094)
Investing activities					
Continuing operations					
– Interest received		45	123	22	78
– Dividends received		–	–	3,007	867
– Equity investment in subsidiary		–	(22)	(320)	(22)
– Purchases of property, plant and equipment		(672)	(119)	(577)	(73)
Net cash (used in)/generated by investing activities		(627)	(18)	2,132	850
Financing activities					
Continuing operations					
– Dividends paid		(2,102)	(2,315)	(2,102)	(2,315)
– Proceeds on issue of shares		19	60	19	60
Discontinued operations	28	–	26	–	–
Net cash used in financing activities		(2,083)	(2,229)	(2,083)	(2,255)
Net decrease in cash and cash equivalents		(4,731)	(4,258)	(2,216)	(5,499)
Opening cash and cash equivalents		11,720	16,137	4,029	9,635
Effect of foreign exchange rate changes		162	(159)	51	(107)
Closing cash and cash equivalents		7,151	11,720	1,864	4,029

Notes to the financial statements for the year ended 31 July 2011

1 Accounting policies

a) Basis of preparation of financial statements

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

The financial statements are presented in Sterling and, unless otherwise stated, figures are rounded to the nearest thousand. They are prepared on the historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value. These financial statements have been prepared on a going concern basis.

Impact of new International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

- IFRS 2 Share-based Payment (amendment), effective for periods beginning on or after 1 January 2010. The standard has been amended to clarify the accounting for group share-based payment transactions. Although the adoption of this amendment did not have any impact on the financial position of the Group, it has resulted in a restatement of the comparative information within the Company's financial statements as follows:
 - As at 1 August 2009: an increase in investments in subsidiaries of £406,000 and a corresponding increase in retained earnings;
 - As at 31 July 2010: an increase in investments in subsidiaries of £451,000 and an increase in profit for the year then ended of £45,000;
 - Adoption of the amendment resulted in an increase in investments in subsidiaries of £528,000 as at 31 July 2011 and an increase in profit for the year then ended of £77,000.
 - IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective for periods beginning on or after 1 July 2010. The interpretation provides guidance on the accounting treatment to be applied by the issuer of equities when a financial liability is extinguished by the issue of equity instruments. The adoption of the interpretation had no effect on the financial position or performance of the Group.
 - Improvements to IFRSs (issued April 2009), certain improvements effective for periods beginning on or after 1 January 2010. This set of amendments was issued to make necessary, but non-urgent, amendments to IFRSs. The adoption of the amendments had no effect on the financial position or performance of the Group.
 - Improvements to IFRSs (issued May 2010), certain improvements effective for periods beginning on or after 1 July 2010. This set of amendments was issued to make necessary, but non-urgent, amendments to IFRSs. The adoption of the amendments had no effect on the financial position or performance of the Group.
- The following standards and interpretations came into effect but they are not relevant to the Group:
- IAS 32 Financial Instruments: Presentation, Classification of Rights Issues (amendment), effective for periods beginning on or after 1 February 2010.

New standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 August 2010 or later periods, but they have not been early adopted by the Group

- IAS 1 Presentation of Financial Statements, effective for periods beginning on or after 1 July 2012,
- IAS 12 Income taxes – Recovery of underlying assets (amendment), effective for periods beginning on or after 1 January 2012,
- IAS 24 Related Party Disclosures (revised), effective for periods beginning on or after 1 January 2011,
- IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (revised), effective for periods beginning on or after 1 January 2013,
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment), effective for periods beginning on or after 1 January 2011,
- Improvements to IFRSs (issued May 2010) – certain improvements effective for periods beginning on or after 1 January 2011,
- IFRS 7 (amendment) Financial instruments disclosures, effective for periods beginning on or after 1 July 2011,
- IFRS 9 Financial Instruments, effective for periods beginning on or after 1 January 2013,
- IFRS 10 Consolidated Financial Statements, effective for periods beginning on or after 1 January 2013,
- IFRS 11 Joint Arrangements, effective for periods beginning on or after 1 January 2013,
- IFRS 12 Disclosure of Interests in Other Entities, effective for periods beginning on or after 1 January 2013,
- IFRS 13 Fair Value Measurement, effective for periods beginning on or after 1 January 2013

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the directors, will have a material effect on the reported income or net assets of the Group or the Company

Notes to the financial statements for the year ended 31 July 2011 continued

1 Accounting policies continued

Restatement – Federal Excise Tax

During the year, the Company identified a liability in relation to unpaid Federal Excise Tax due on certain flights contracted by the Company outside the US but involving a US destination. Further details are provided in note 15. This liability had not been identified and provided for in prior years, and accordingly the comparative information within the Group and Company financial statements has been restated as follows:

- As at 1 August 2009: an increase in provisions of £726,000, an increase in deferred tax assets of £129,000 and a corresponding reduction in retained earnings of £597,000,
- As at 31 July 2010: an increase in provisions of £780,000, an increase in deferred tax assets of £134,000, an increase in administrative expenses of £31,000, an increase in finance expense of £23,000, a reduction in the taxation charge of £5,000, and a reduction in basic and diluted earnings per share respectively of 0.48 pence and 0.48 pence,
- The restatement resulted in an increase in provisions of £1,000,000 and a reduction in current tax liabilities of £177,000 as at 31 July 2011, and an increase in administrative expenses of £196,000, an increase in finance expense of £24,000, a reduction in the taxation charge of £43,000, and a reduction in basic and diluted earnings per share respectively of 1.73 pence and 1.71 pence for the year then ended.

Re-presentation – financial instruments disclosures

The comparative information in certain of the financial instruments disclosures in note 17 has been re-presented, since in prior years items which did not meet the definition of financial assets and liabilities were disclosed as such. The re-presentation resulted in reductions in disclosed Group financial assets and financial liabilities of £15,186,000 and £27,634,000 as at 31 July 2010 respectively, and reductions in disclosed Company financial assets and financial liabilities of £11,553,000 and £15,641,000 as at 31 July 2010 respectively.

b) Basis of consolidation

The consolidated financial statements include the results of the Company (including its branch in Dubai and former branches in Japan and Spain) and its subsidiary undertakings, all of which have been made up to 31 July 2011.

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amounts of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of combination.

c) 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.

Federal Excise Tax

An estimate has been made of the Company's liability for unpaid Federal Excise Tax arising on certain flights contracted by the Company outside the US but involving a US destination. The estimate is supported by detailed calculations, and assumptions which are based on input from the Company's US tax advisors. However, these calculations are complex and discussions with the relevant authorities are still at a preliminary stage, hence the ultimate payment may vary from the amount provided at the reporting date. See note 15 for further details.

Third party claims

An assessment has been made of the potential costs of settlement of third party claims received following the closure of Air Partner Private Jets Limited, based on discussions with advisors and the outcomes of similar legal cases. There is no guarantee that such claims will be successful, nor that the full amount of the provision will be required. See note 15 for further details.

Proceeds from administration

On 15 March 2010, Air Partner Private Jets Limited, a wholly-owned subsidiary, was put into administration. On that date the control of the subsidiary was passed to the administrators. Management has made an estimate of the dividends that the Company will receive, based on advice from the administrators. However, until the administration process is finalised, there is no certainty as to the Company's final dividends. See note 28 for further details.

Impairment of aircraft

During the year, the carrying value of the Group's sole owned aircraft was written down to management's estimate of its recoverable amount. Based on the assumption that the aircraft will be sold, the recoverable amount was equal to an estimate of the aircraft's fair value less costs to sell, based on a sales price agreed with a third party. It is possible that the sale will not be completed, or that the final sales price will differ from the agreed amount, or that the selling costs will not equal management's estimates. See note 11 for further details.

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

1 Accounting policies continued

ii) Financial statements of foreign operations

The assets and liabilities of overseas foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

e) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

f) Intangible assets – arising on business combinations

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be reliably measured. The cost of such intangible assets is their fair value at the acquisition date. Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relationships – 33% per annum on a straight-line basis

g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement by instalments over the estimated useful lives as follows:

Short leasehold property	–	over the life of the lease
Leasehold improvements	–	over the life of the lease
Fixtures and equipment	–	10–33% per annum on a straight-line basis
Motor vehicles	–	25% per annum on a reducing balance basis
Aircraft	–	8–33% per annum on a straight-line basis

h) Impairment of assets

The Group assesses whether there are any indicators of impairment for all assets at each reporting date. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which the goodwill relates is tested annually for impairment or more frequently when events or changes in circumstances indicate that it might be impaired. The carrying values of property, plant and equipment, investments measured using a cost basis and intangible assets other than goodwill are reviewed for impairment only when events indicate the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash-generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value-in-use to the Group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

In determining a cash-generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit or asset that have not already been included in the estimate of future cash flows

These calculations require the use of estimates (see notes 9 and 12)

i) Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets held at fair value through profit or loss which are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial assets at fair value through profit or loss comprise derivative financial instruments.

Derivative financial instruments

The Group enters into derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to foreign exchange rate risk. Derivatives not designated into an effective hedge relationship are classified as a financial asset or a financial liability. The Group has not designated any derivatives as hedging items and therefore does not apply hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months at the end of the reporting period. These are classified as non-current assets. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The Group's loans and receivables comprise 'trade receivables' and 'cash and cash equivalents' in the balance sheet.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

1 Accounting policies continued

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Financial liabilities

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss, and at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if expected to be settled within 12 months, otherwise they are classified as non-current. Financial liabilities at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial liabilities at fair value through profit or loss comprise derivative financial instruments.

Financial liabilities at amortised cost

The Group's financial liabilities at amortised cost comprise 'trade payables'. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity instruments issued by the Group

An equity instrument is a contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the balance sheet.

j) Inventories

Inventories represent spare aircraft parts which were used in the repair and maintenance of aircraft used by the Group. Inventories were valued at the lower of cost and net realisable value computed on the first in first out basis. Items were invoiced out to customers when utilised in repairs and maintenance.

k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

l) Revenue

Revenue is measured as the fair value of the consideration received for the provision of goods and services to third-party customers and is stated exclusive of Value Added Tax. In respect of the Group's principal activities (being that of air charter brokers hiring aircraft for charter to its customers and the provision of travel agency services), the full contract value is realised as revenue when the economic benefits are deemed to have passed to the customer. That is generally classified when the first flight of a particular contract has taken place. For revenue that relates to a series of flights, revenue received in advance is deferred until each relevant flight date has passed. Income from aircraft leasing is recognised on a straight-line basis over the term of the relevant lease.

m) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for resource allocation and assessing performance of the operating segments, is considered to be the Board. The nature of the operating segments is set out in note 2.

n) Share-based payments

The Group will from time to time grant options to employees to subscribe for ordinary shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which employees become unconditionally entitled to the options, based on management's estimate of the number of options which will ultimately vest, adjusting at each reporting date for the effect of non market-based vesting conditions.

o) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense in the period in which the employees render service. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

1 Accounting policies *continued*

p) Taxation

The tax expense represents current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the reporting date.

q) Exceptional items

Exceptional items are those items that in the directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

r) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer all, or substantially all, of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income or expenditure from operating leases is recognised on a straight-line basis over the lease term.

s) Dividends

Final dividends on ordinary shares are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised as a liability in the period in which they are paid.

2 Segmental analysis

The services provided by the Group consist of hiring different types of aircraft for charter to its clients and related aviation services. The Board reviews the performance of the services that are provided by the Group on the following basis: Commercial Jet Broking, Private Jet Broking, Freight Broking and Other Services. Each of these components has been identified as an operating segment.

Sale transactions between operating segments are carried out on an arm's length basis and all revenues, results, assets and liabilities which are reviewed by the Board are prepared on a basis consistent with those that are reported in the financial statements.

Revenues from external customers are derived primarily from the provision of services within the Commercial Jet, Private Jet and Freight Broking operations. Revenues are also derived through the offering of operations and travel services.

The Board does not review information about the amounts of additions which are made to the operating segments' non-current assets. Assets and liabilities are not reviewed at a segmental level, therefore these are not disclosed.

Discontinued operations comprised the activities of Air Partner Private Jets Limited, which was put into administration on 15 March 2010.

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

	Private Jet Broking £'000	Commercial Jet Broking £'000	Freight Broking £'000	Other Services £'000	Discontinued Operations £'000	Total £'000	Discontinued Operations £'000	Continuing Operations £'000
2011								
Total revenues	40,692	170,017	41,806	31,860	–	284,375	–	284,375
Revenues from transactions with other operating segments	(36)	(40)	(35)	(2,333)	–	(2,444)	–	(2,444)
Revenues from external customers	40,656	169,977	41,771	29,527	–	281,931	–	281,931
Depreciation and amortisation	(77)	(169)	(15)	(68)	–	(329)	–	(329)
Finance income and expense	1	3	–	1	–	5	–	5
Profit before tax	1,237	2,700	240	1,086	733	5,996	(733)	5,263
2010								
Total revenues	41,717	115,353	55,918	20,383	4,135	237,506	(4,135)	233,371
Revenues from transactions with other operating segments	(306)	(1,071)	(237)	(1,789)	(1,128)	(4,531)	1,128	(3,403)
Revenues from external customers	41,411	114,282	55,681	18,594	3,007	232,975	(3,007)	229,968
Depreciation and amortisation	(147)	(323)	(82)	(48)	(62)	(662)	62	(600)
Restructuring costs	(182)	(399)	(101)	(60)	–	(742)	–	(742)
Finance income and expense (restated)	23	50	17	10	–	100	–	100
Profit before tax (restated)	668	1,466	373	221	(4,406)	(1,678)	4,406	2,728

The Company is domiciled in the UK but, due to the nature of the Group's operations, a significant amount of revenue from external customers is derived from overseas countries. The Group attributes revenue to individual countries based upon the location of the assets used to generate those revenues. Apart from the UK, no single country is deemed to have material revenue and non-current asset levels, but the Board continues to monitor potential reportable segments.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

2 Segmental analysis continued

The Board also reviews information about operating segments on a geographical basis based on the parts of the world which are considered to be key to operational activities. As a result the following additional information is provided showing a geographical split of the United Kingdom, Europe, the United States of America and the Rest of the World

	United Kingdom £ 000	Europe £ 000	United States of America £ 000	Rest of the World £ 000	Discontinued Operations £ 000	Total £'000
2011						
Revenues from external customers	164,604	96,409	15,874	5,044	–	281,931
Non-current assets (excluding deferred tax assets)	1,489	171	1,149	12	–	2,821
2010						
Revenues from external customers	142,111	72,625	11,082	4,150	3,007	232,975
Non-current assets (excluding deferred tax assets)	868	158	1,556	16	–	2,598

The Group had revenues of £75,214,000 from one customer who accounted for more than 10% of the Group's external revenue during the year (2010 £64,932,000). This customer is based in the United Kingdom and operates in each business segment.

3 Operating profit

Operating profit for the year has been arrived at after charging/(crediting) the following

	2011 £'000	2010 (Restated) £ 000
Net foreign exchange loss/(gain)	653	(334)
Change in the fair value of derivative financial instruments	58	(17)
Restructuring costs (see note 27)	–	742
Depreciation of property, plant and equipment	329	600
Impairment of aircraft	186	–
Amortisation of intangible fixed assets	–	29
Operating lease rentals – land and buildings	638	443
Operating lease rentals – other	120	100
Staff costs (see note 4)	12,471	10,817

Fees payable to the principal auditor and its network firms for audit and other services are disclosed on the following page

	2011 £ 000	2010 £ 000
The analysis of auditor's remuneration is as follows		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	77	77
Fees payable to the Company's auditor and its associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside Great Britain)	18	17
Total audit fees	95	94
Fees payable to the Company's auditor and its associates for other services to the Group		
Tax services	9	10
Other services	9	9
Total non-audit fees	18	19

4 Directors and employees

The average number of people employed by the Group (including directors) during the year, analysed by category was as follows

	2011 Number	2011 Discontinued Operations Number	2010 Number	2010 Discontinued Operations Number
Operations	142	–	124	22
Administration	58	–	60	3
	200	–	184	25

	2011 £ 000	2011 Discontinued Operations £ 000	2010 £ 000	2010 Discontinued Operations £ 000
The aggregate payroll costs comprised				
Wages and salaries	10,299	–	9,093	1,060
Social security costs	1,903	–	1,407	98
Pension costs	269	–	317	30
	12,471	–	10,817	1,188

The Group contributes to personal pension plans of certain employees and this cost is charged to the income statement in the year in which it is incurred

Full disclosure of directors' emoluments, share options and directors' pension entitlements which form part of their remuneration packages, and their interests in the Company's share capital are disclosed in the Directors' Remuneration Report

Notes to
the financial
statements for
the year ended
31 July 2011
continued

5 Finance income and expense

	2011 £ 000	2010 £ 000
Finance income		
Interest on bank deposits	45	123
	2011 £ 000	2010 (Restated) £ 000
Finance expense		
Interest on bank overdrafts	16	–
Interest on unpaid Federal Excise Tax	24	23
	40	23

6 Tax

	2011 £ 000	2010 (Restated) £ 000
Continuing operations		
Current tax		
UK corporation tax	917	264
Foreign tax	739	414
Amounts overprovided in previous years	(17)	(559)
	1,639	119
Deferred tax (see note 19)	295	(93)
Total tax on continuing operations	1,934	26
Discontinued operations		
Total tax on discontinued operations	–	–
Total tax	1,934	26

Corporation tax in the UK was calculated at 27.33% (2010: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

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

	2011 £ 000	2010 (Restated) £ 000
Profit from continuing operations before tax	5,263	2,728
Profit/(loss) from discontinued operations before tax	733	(4,406)
Accounting profit/(loss) before tax	5,996	(1,678)
Tax at the UK corporation tax rate of 26% (2010: 28%)	1,559	(470)
Effect of UK corporation tax rate at 28% from 1 August 2010 to 31 March 2011	79	–
Tax effect of expenses that are not deductible in determining taxable profit	208	1,092
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	105	(37)
Tax effect of prior year adjustments	(17)	(559)
Total tax charge	1,934	26

The UK corporation tax rate decreased from 28% to 26% from 1 April 2011. The impact on the current year's tax charge is shown above. The deferred tax balance has been adjusted to reflect this change (see note 19).

Further reductions to the UK corporation tax rate have been announced. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the reporting date and, therefore, are not recognised in these financial statements.

7 Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the period		
Dividend for year ended 31 July 2010 of 15.0 pence (2009 final dividend of 22.6 pence) per share	1,538	2,315
Interim dividend for year ended 31 July 2011 of 5.5 pence (2010 0.0 pence) per share	564	–
	2,102	2,315

8 Earnings per share

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

	2011 £'000	2010 (Restated) £'000
Earnings		
Continuing and discontinued operations		
Earnings for the calculation of basic earnings per share being net profit/(loss) attributable to equity holders of the parent	4,062	(1,704)
Earnings for the calculation of diluted earnings per share	4,062	(1,704)
Continuing operations		
Earnings for the calculation of basic earnings per share being net profit attributable to equity holders of the parent	3,329	2,702
Earnings for the calculation of diluted earnings per share	3,329	2,702
Discontinued operations		
Earnings for the calculation of basic earnings per share being net profit/(loss) attributable to equity holders of the parent	733	(4,406)
Earnings for the calculation of diluted earnings per share	733	(4,406)
Number of shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,257,311	10,249,078
Effect of dilutive potential ordinary shares – share options	107,255	21,974
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,364,566	10,271,052

Notes to
the financial
statements for
the year ended
31 July 2011
continued

9 Goodwill

Group	Goodwill £'000
Cost	
At 1 August 2009	4,374
Disposal of a subsidiary	(3,619)
At 31 July 2010 and 31 July 2011	755
Provision for impairment	
At 1 August 2009	(2,106)
Impairment in year	(1,513)
Disposal of a subsidiary	3,619
At 31 July 2010 and 31 July 2011	-
Net book value	
At 31 July 2010 and 31 July 2011	755

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. Impairment is recognised as an exceptional item above operating profit in the consolidated income statement.

The goodwill recognised on the acquisition of Air Partner Private Jets Limited was fully impaired in the prior year and subsequently eliminated when control of this entity passed to the administrators on 15 March 2010. The remaining goodwill relates entirely to one cash generating unit, being Air Partner International SAS.

Goodwill has been measured on the basis of its value in use, by applying cash flow projections based on the financial forecasts circulated to the Board covering a three-year period and is allocated to the appropriate cash generating unit, being Air Partner International SAS. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The estimated growth rates are based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts is 2%. The rate used to discount the forecast cash flows is 10%.

The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in an impairment of goodwill.

10 Other intangible assets

Group	Customer relationships £ 000
Cost	
At 1 August 2009	525
Disposal of a subsidiary	(525)
At 31 July 2010 and 31 July 2011	-
Amortisation	
At 1 August 2009	496
Charge for the year	29
Disposal of a subsidiary	(525)
At 31 July 2010 and 31 July 2011	-
Net book value	
At 31 July 2010 and 31 July 2011	-

Other intangible assets arose on the acquisition of Air Partner Private Jets Limited and have been eliminated at the date control passed to the administrators

11 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £ 000	Aircraft £ 000	Fixtures and equipment £'000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 August 2009	218	1,519	1,645	197	3,579
Exchange adjustments	-	303	(5)	(2)	296
Additions	-	-	119	-	119
Disposals	-	-	(131)	(92)	(223)
Elimination on disposal of subsidiary	(114)	-	(96)	(61)	(271)
At 1 August 2010	104	1,822	1,532	42	3,500
Exchange adjustments	6	(111)	38	3	(64)
Additions	693	-	141	-	834
Disposals	-	-	(8)	-	(8)
At 31 July 2011	803	1,711	1,703	45	4,262
Depreciation and impairment					
At 1 August 2009	77	244	924	96	1,341
Exchange adjustments	-	40	(1)	(1)	38
Charge for the year	20	153	410	17	600
Disposals	-	-	(124)	(73)	(197)
Elimination on disposal of subsidiary	(17)	-	(77)	(31)	(125)
At 1 August 2010	80	437	1,132	8	1,657
Exchange adjustments	4	(9)	35	2	32
Charge for the year	28	117	176	8	329
Impairment loss	-	186	-	-	186
Disposals	-	-	(8)	-	(8)
At 31 July 2011	112	731	1,335	18	2,196
Net book value					
At 31 July 2011	691	980	368	27	2,066
At 31 July 2010	24	1,385	400	34	1,843

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale. Based on a sales price agreed with a third party, the Group has assessed the aircraft's fair value less costs to sell at £980,000. Accordingly, the Group has recognised an impairment loss of £186,000.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

11 Property, plant and equipment *continued*

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 August 2009	112	1,298	68	1,478
Additions	–	73	–	73
Disposals	–	(14)	(53)	(67)
At 1 August 2010	112	1,357	15	1,484
Additions	693	46	–	739
At 31 July 2010	805	1,403	15	2,223
Depreciation				
At 1 August 2009	70	798	37	905
Charge for the year	19	311	6	336
Disposals	–	(6)	(34)	(40)
At 1 August 2010	89	1,103	9	1,201
Charge for the year	3	128	1	132
At 31 July 2011	92	1,231	10	1,333
Net book value				
At 31 July 2011	713	172	5	890
At 31 July 2010	23	254	6	283

12 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries (Restated) £'000	Total (Restated) £'000
Shares in subsidiary undertakings at cost at 1 August 2009 – as previously stated	3,469	–	3,469
Restatement – group share-based payments	–	406	406
Shares in subsidiary undertakings at cost at 1 August 2009 – as restated	3,469	406	3,875
Additions – shares in subsidiary	22	–	22
Additions – group share-based payments	–	45	45
Impairment of investment in Air Partner Benelux BV	(12)	–	(12)
Impairment of investment in Air Partner (Switzerland) AG	(37)	–	(37)
Impairment of investment in Air Partner Sweden AB	(29)	–	(29)
Impairment of investment in Air Partner Havacılık ve Tasımacılık Limited Şirketi	(22)	–	(22)
Impairment of investment in Air Partner Private Jets Limited (see note 28)	(1,513)	–	(1,513)
Shares in subsidiary undertakings at cost at 31 July 2010	1,878	451	2,329
Additions – capital contributions to subsidiaries	–	605	605
Additions – group share-based payments	–	77	77
Liquidation of Air Partner Leasing Pty Limited	(692)	–	(692)
Impairment of investment in Air Partner Leasing USA, Inc	(319)	–	(319)
Impairment of investment in Air Partner Sweden AB	–	(285)	(285)
Impairment of investment in Business Jets Limited	(1)	–	(1)
Shares in subsidiary undertakings at cost at 31 July 2011	866	848	1,714

The additions in the year comprise a capital contribution to two subsidiaries, and the fair value of services recognised by subsidiary undertakings arising from share options granted by the Company

The Company tests its investments for impairment if there are indications that the investments may be impaired. The recoverable amount of each investment in a subsidiary is measured on the basis of its value in use, by applying cash flow projections based on the financial forecasts circulated to the Board covering a three-year period. The key assumptions for the value in use calculation for each subsidiary are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The estimated growth rates are based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts is 2%. The rate used to discount the forecast cash flows is 10%. The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a further impairment of the Company's investments.

The following is a list of the principal trading subsidiaries of which Air Partner plc, incorporated in England and Wales, is the beneficial owner

Name	Principal activity	Country of incorporation	Holding
Air Partner International SAS	Air charter broking	France	100%
Air Partner International GmbH	Air charter broking	Germany	100%
Air Partner, Inc	Air charter broking	US	100%
Air Partner Leasing USA, Inc	Aircraft leasing	US	100%
Air Partner (Switzerland) AG	Air charter broking	Switzerland	100%
Air Partner Travel Consultants Limited	Travel agency	England and Wales	100%
Air Partner Srl	Air charter broking	Italy	100%
Air Partner Havacılık ve Tasımacılık Limited Şirketi	Air charter broking	Turkey	100%*
Air Partner Sweden AB	Air charter broking	Sweden	100%

* 40% is held by a subsidiary undertaking

In the opinion of the directors the recoverable amount of the Company's subsidiary undertakings is considered to be in excess of the carrying value

13 Trade and other receivables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Gross trade receivables	28,127	26,713	14,576	15,704
Allowance for bad and doubtful debts	(252)	(260)	(134)	(146)
Trade receivables	27,875	26,453	14,442	15,558
Amounts owed by Group undertakings	–	–	1,880	–
Social security and other taxes	455	114	257	96
Other receivables	846	1,016	610	405
Prepayments and accrued income	15,705	14,170	11,225	11,148
	44,881	41,753	28,414	27,207

The directors consider that the carrying amount of trade and other receivables approximates their fair value

Notes to
the financial
statements for
the year ended
31 July 2011
continued

13 Trade and other receivables *continued*

All trade and other receivables have been reviewed for indicators of impairment. The following receivables were determined to be impaired and were fully provided for, because of poor payment history.

	Group £ 000	Company £'000
At 1 August 2009	539	60
Receivables written off during the year	(215)	(215)
(Credit)/charge for the year	(64)	301
At 31 July 2010	260	146
Receivables written off during the year	(58)	–
Charge/(credit) for the year	50	(12)
At 31 July 2011	252	134

In addition, some of the unimpaired trade receivables were past due at the reporting date. The age of financial assets past due but not impaired is as follows:

	Group		Company	
	2011 £'000	2010 £ 000	2011 £'000	2010 £ 000
Neither past due nor impaired	18,662	17,658	9,233	9,890
Past due but not impaired				
– By not more than 3 months	6,537	7,745	3,555	4,820
– By more than 3 months but not more than 6 months	1,709	840	938	707
– By more than 6 months but not more than 1 year	631	244	522	286
– By more than 1 year	336	(34)	194	(145)
	27,875	26,453	14,442	15,558

14 Trade and other payables

	Group		Company	
	2011 £'000	2010 £ 000	2011 £'000	2010 £ 000
Trade payables	13,880	16,706	6,444	10,175
Other taxation and social security payable	694	524	132	291
	14,574	17,230	6,576	10,466

The directors consider that the carrying amount of trade and other payables approximates their fair value.

15 Provisions

	Group			Company		
	2011 £'000	2010 (Restated) £ 000	2009 (Restated) £ 000	2011 £'000	2010 (Restated) £ 000	2009 (Restated) £'000
Federal Excise Tax Administration claims	1,000	780	726	1,000	780	726
Dilapidations	572	1,147	–	572	1,147	–
	148	172	–	148	172	–
	1,720	2,099	726	1,720	2,099	726

A provision of £1,000,000 (2010 £780,000 as restated) has been made in relation to unpaid Federal Excise Tax due on certain flights contracted by the Company outside the US but involving a US destination. The Company and its US tax advisors are in preliminary discussions with the relevant authorities to understand and resolve any outstanding payments. The outstanding liability is expected to be settled before 31 July 2012.

A provision of £572,000 (2010 £1,147,000) has been made in relation to the potential costs of settlement of claims which have been received from third parties following the closure of Air Partner Private Jets Limited. All remaining claims within this provision are expected to be settled by 31 July 2013.

£148,000 (2010 £172,000) was provided for dilapidations costs for the Company's previous registered office which were expected to be incurred on or before the expiry of the current lease on those premises on 1 November 2011. Subsequent to the year end, a final payment was made in full and final settlement which totalled £148,000.

16 Other liabilities

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred income	17,414	17,794	7,592	8,348
Accruals	6,960	7,274	4,975	5,888
Other liabilities	1,497	1,247	42	86
Amounts owed to Group undertakings	–	–	2,679	2,209
	25,871	26,315	15,288	16,531

The directors consider that the carrying amount of other liabilities approximates their fair value.

17 Financial instruments

The objectives of the Group's treasury activities are to manage financial risk, minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities and to ensure that the working capital requirements fit the needs of the ongoing business.

The Group has various financial instruments such as cash, trade receivables and trade payables that arise directly from its operations, along with forward currency contracts undertaken to minimise risk on future business.

a) Interest rate risk

The Group's policy is to manage interest rate risk and to maximise its return from its cash balances. The Group's main interest rate risk is to variable rates on cash held at the bank. Certain cash balances are deposits on fixed interest terms, but are never lodged for more than three months to ensure that the Group does not suffer unduly from the risk of interest rate variation.

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash held at year end on fixed interest rates	1,610	3,400	16	–
Cash held at year end on variable interest rates	5,541	8,320	1,848	4,029
	7,151	11,720	1,864	4,029

Notes to
the financial
statements for
the year ended
31 July 2011
continued

17 Financial instruments *continued*

The following table illustrates the sensitivity of cash held on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate range on which interest was receivable during the year was 0.0% to 2.3% (2010: 0.0% to 1.75%).

Group	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash held at year end on variable interest rates	55	83	(55)	(83)

Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash held at year end on variable interest rates	18	40	(18)	(40)

b) Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Group		Company	
	2011 £'000	2010 (Re-presented) £'000	2011 £'000	2010 (Re-presented) £'000
Cash and cash equivalents	7,151	11,720	1,864	4,029
Trade and group receivables	27,875	26,453	16,322	15,558
	35,026	38,173	18,186	19,587

The Group constantly monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to an external credit verification process.

The directors consider that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk to commercial customers, as credit risk is predominantly government based.

The credit risk on liquid fuels and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Refer to notes 9, 11 and 12 for details of impairment losses.

c) Liquidity risk

The Group faces liquidity risks in paying operators before a flight occurs or before payment is received from the client. The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the client has been received.

The Group manages cash within its operations and ensures that cash collection is efficiently managed. Any excess cash is placed on low-risk, short-term interest-bearing

deposits or distributed to shareholders through dividends, although the Group retains enough working capital in the business to ensure that the business operations can run smoothly

As at 31 July 2011, the Group's financial liabilities had contractual maturities which are summarised below

Group	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2011	2010 (Re-presented)	2011	2010	2011	2010	2011	2010
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade payables	13,880	16,706	–	–	–	–	–	–
Derivative financial instruments	44	–	–	–	–	–	–	–
	13,924	16,706	–	–	–	–	–	–

Company	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2011	2010 (Re-presented)	2011	2010	2011	2010	2011	2010
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade and group payables	9,123	12,384	–	–	–	–	–	–
Derivative financial instruments	44	–	–	–	–	–	–	–
	9,167	12,384	–	–	–	–	–	–

d) Foreign currency risk

The Group has invested in foreign operations outside the United Kingdom and also buys and sells goods and services denominated in currencies other than Sterling. As a result the value of the Group's non-Sterling revenue, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in US Dollar and Euro rates in particular. The Group's policy on foreign currency risk is not to enter into forward contracts for buys/sells until a firm contract has been signed.

The Group considers using derivatives where appropriate to hedge its exposure to fluctuations in foreign exchange rates. The purpose is to manage the currency risks arising from the Group operations. It is the Group's policy that no trading in financial instruments will be undertaken.

Foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, were as follows

Group	2011 £ 000				2010 (Re-presented) £ 000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Nominal amounts								
Financial assets	20,988	7,596	5,598	844	18,956	8,283	10,267	681
Financial liabilities	8,044	1,528	3,936	416	8,055	3,561	5,028	62
Short-term exposure	29,032	9,124	9,534	1,260	27,011	11,844	15,295	743
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	29,032	9,124	9,534	1,260	27,011	11,844	15,295	743

Company	2011 £ 000				2010 (Re-presented) £ 000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Nominal amounts								
Financial assets	5,978	6,852	4,926	430	3,984	5,809	9,760	48
Financial liabilities	3,319	1,984	3,828	36	2,774	3,562	6,048	–
Short-term exposure	9,297	8,836	8,754	466	6,758	9,371	15,808	48
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	9,297	8,836	8,754	466	6,758	9,371	15,808	48

Notes to
the financial
statements for
the year ended
31 July 2011
continued

17 Financial instruments continued

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the Euro and US Dollar exchange rates, with all other variables held constant, on profit before tax and equity

It assumes a 10% change of the Sterling/Euro exchange rate for the year ended 31 July 2011 (2010 10%) A 15% change is also assumed for the Sterling/US Dollar exchange rate (2010 15%)

Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months The sensitivity is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates

If Sterling had strengthened against the Euro and US Dollar by 10% (2010 10%) and 15% (2010 15%) respectively the impact would have been as follows

Group	2011 £'000			2010 (Re-presented) £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(2,099)	(1,139)	(3,238)	(1,896)	(1,242)	(3,138)
Financial liabilities	804	229	1,033	806	534	1,340
Effect on profit before tax	(1,295)	(910)	(2,205)	(1,090)	(708)	(1,798)

Company	2011 £'000			2010 (Re-presented) £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(598)	(1,028)	(1,626)	(398)	(871)	(1,269)
Financial liabilities	332	298	630	277	534	811
Effect on profit before tax	(266)	(730)	(996)	(121)	(337)	(458)

If Sterling had weakened against the Euro and US Dollar by 10% (2010 10%) and 15% (2010 15%) respectively the impact would have been as follows

Group	2011 £'000			2010 (Re-presented) £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	2,099	1,139	3,238	1,896	1,242	3,138
Financial liabilities	(804)	(229)	(1,033)	(806)	(534)	(1,340)
Effect on profit before tax	1,295	910	2,205	1,090	708	1,798

Company	2011 £'000			2010 (Re-presented) £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	598	1,028	1,626	398	871	1,269
Financial liabilities	(332)	(298)	(630)	(277)	(534)	(811)
Effect on profit before tax	266	730	996	121	337	458

e) Forward contracts

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and any change in their fair value is recognised in the income statement.

At the reporting date, the total notional amount of outstanding forward foreign exchange contracts that the Group has committed are as below and their related fair value is as follows (terms not exceeding three months from 31 July 2011)

Group & Company	2011 £'000	2010 £'000
Forward foreign exchange contracts	2,580	6,728
Financial (liability)/asset	(44)	14

Changes in the fair value of derivative financial instruments amounting to £58,000 have been charged to the income statement in the year (2010 credit of £17,000).

These derivative financial instruments are not traded in active markets. Their fair value has been determined by using valuation techniques which maximise the use of observable market data, namely the contract exchange rate and the bank's forward rate. The derivatives are therefore categorised as level 2 using the fair value hierarchy.

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group has no debt and capital therefore consists entirely of equity.

The Group's primary tool in managing risk is cash flow analysis. In addition to strategic cash flow management the Group performs detailed weekly cash flow modelling.

The schedule of matters reserved for Board decision includes approval of any financial instruments or bank borrowings in excess of £2,000,000.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

17 Financial instruments *continued*

Financial assets by category

Group	2011 £'000	2010 (Re-presented) £'000
Financial assets held at fair value through profit or loss – held for trading	–	14
Loans and receivables	35,026	38,173
Current assets which are not financial assets	17,120	15,347
	52,146	53,534

Company	2011 £'000	2010 (Re-presented) £'000
Financial assets held at fair value through profit or loss – held for trading	–	14
Loans and receivables	18,186	19,587
Current assets which are not financial assets	12,092	11,649
	30,278	31,250

Financial liabilities by category

Group	2011 £'000	2010 (Re-presented) £'000
Financial liabilities held at fair value through profit or loss – held for trading	(44)	–
Financial liabilities measured at amortised cost	(13,880)	(16,706)
Current liabilities which are not financial liabilities	(28,644)	(29,186)
	(42,568)	(45,892)

Company	2011 £'000	2010 (Re-presented) £'000
Financial liabilities held at fair value through profit or loss – held for trading	(44)	–
Financial liabilities measured at amortised cost	(9,123)	(12,384)
Current liabilities which are not financial liabilities	(14,598)	(16,886)
	(23,765)	(29,270)

The directors consider that the carrying amount of the financial assets and liabilities approximates their fair value

18 Share-based payments

The Company operates a share option scheme under which options may be granted to certain Group employees to subscribe for ordinary shares in the Company. The Scheme rules cover grants under an Approved and an Unapproved section of the scheme. According to those rules, options may be granted at an exercise price equal to the average quoted market price of the Company's shares on the dealing day immediately preceding the date of grant. The vesting period is three years. With certain exceptions, options are forfeited if an employee leaves the Group and outstanding options expire if they remain unexercised after a period of 10 years from the date of grant.

Details of the share options outstanding during the year are as follows

	2011		2010	
	Number of share options	Weighted average exercise price(pence)	Number of share options	Weighted average exercise price(pence)
Outstanding at the beginning of the period	749,075	476.1	667,675	627.8
Granted during the period	72,500	393.0	342,250	318.0
Forfeited during the period	(19,260)	409.3	(245,850)	670.0
Exercised during the period	(5,000)	387.5	(15,000)	403.0
Outstanding at the end of the period	797,315	470.8	749,075	476.1
Exercisable at the end of the period	202,775	696.3	171,000	650.2

The weighted average remaining contractual life of share options outstanding at the year end was 7.54 years (2010: 8.50 years)

The exercise prices of share options outstanding at the year end ranged from 295 pence to 884 pence (2010: 295 pence to 884 pence)

The weighted average market price for the year on the exercise of options was 500 pence (2010: 520 pence)

The fair value received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on the Trinomial model. The contractual life of the option (10 years) is used as an input into this model.

The inputs into the Trinomial model are as follows

	26 October 2010
Underlying share price (pence)	394p
Exercise price (pence)	393p
Expected volatility	50%
Vesting period	3 years
Option life	10 years
Employee exit rate	5%
Employee exercise multiple	1.5
Risk-free interest rate	3.06%
Dividend yield	4.0%

Of 72,500 options granted on 26 October 2010, 65,000 were granted to directors and are subject to both service and performance conditions. A maximum of 80% of the options will vest if growth in the Company's undiluted earnings per share from continuing operations (EPS) has increased by 33% over a period of approximately three years. Half of this number of options will vest if EPS over the same period has increased by 22.5%, with a sliding scale for growth between 22.5% and 33%. None of these options will vest if EPS has grown by less than 22.5% over the period. The remaining 20% of options will vest if underlying profit before tax from activities outside the UK has increased by 50% over the same three year period.

18 Share-based payments *continued*

The remaining 7,500 options granted on 26 October 2010 were subject only to a service condition

Expected volatility was determined by calculating the historical volatility of the Group's share price over the ten years prior to the grant date, along with six other quoted companies that were considered to exhibit some degree of comparability with Air Partner

The weighted average fair value of options granted during the year was £1.34

The total charge for the year relating to employee share-based payment plans was £233,000 (2010 credit of £20,000), all of which related to equity share-based payment transactions

19 Deferred tax

Deferred tax has been calculated at 26% (2010 27%) in respect of UK companies and at the prevailing tax rates for the overseas subsidiaries. The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods

Group	Tax deduction for Federal Excise Tax £'000	Net accelerated tax depreciation £'000	Tax losses £'000	Share- based payment adjustment £'000	Other temporary differences £'000	Total £'000
At 1 August 2009						
– as previously stated	–	153	63	263	(10)	469
Restatement						
– Federal Excise Tax	129	–	–	–	–	129
At 1 August 2009						
– as restated	129	153	63	263	(10)	598
Elimination on disposal of subsidiary	–	12	–	–	–	12
Exchange differences on opening balances	–	15	1	–	–	16
Credit/(expense) to the income statement	5	(37)	125	(10)	10	93
At 1 August 2010						
– as restated	134	143	189	253	–	719
Exchange differences on opening balances	–	(4)	(3)	–	1	(6)
(Expense)/credit to the income statement	(134)	(42)	(186)	(5)	72	(295)
At 31 July 2011	–	97	–	248	73	418

Notes to
the financial
statements for
the year ended
31 July 2011
continued

19 Deferred tax *continued*

Company	Tax deduction for Federal Excise Tax £ 000	Net accelerated tax depreciation £'000	Share- based payment adjustment £ 000	Other temporary differences £'000	Total £ 000
At 1 August 2009 – as previously stated	–	62	263	–	325
Restatement – Federal Excise Tax	129	–	–	–	129
At 1 August 2009 – as restated	129	62	263	–	454
Credit/(expense) to the income statement	5	88	(10)	–	83
At 1 August 2010 – as restated	134	150	253	–	537
(Expense)/credit to the income statement	(134)	(96)	(5)	36	(199)
At 31 July 2011	–	54	248	36	338

The following is the analysis of the deferred tax balances for financial reporting purposes

	Group		Company	
	2011 £ 000	2010 (Restated) £ 000	2011 £'000	2010 (Restated) £'000
Deferred tax liabilities	–	(48)	–	–
Deferred tax assets	418	767	338	537
	418	719	338	537

No liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries because the overseas tax paid by the dividend paying subsidiaries overall is sufficient to fully offset any UK tax liability

20 Employee benefits

In the UK, the Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held in individual personal pension schemes which are fully transferable if the employee leaves the Company.

Similar schemes operate across the rest of the Group depending on local regulations and individual social contribution levels. The amount of expense related to such pension contributions is disclosed in note 4.

21 Share capital

	2011 £ 000	2010 £ 000
Authorised		
15,000,000 (2010 15,000,000) ordinary shares of 5 0 pence each	750	750
Issued and fully paid		
10,261,393 (2010 10,256,393) ordinary shares of 5 0 pence each	513	513

The Company has one class of ordinary shares which carries no right to fixed income and entitles holders to one vote per share at general meetings of the Company

On 25 May 2011, 5,000 ordinary shares of 5 0 pence each were issued on exercise of share options. Correspondingly, £19,000 was credited to the share premium account

22 Net cash outflow from operating activities

	Group		Company	
	2011 £ 000	2010 (Restated) £'000	2011 £ 000	2010 (Restated) £'000
Continuing operations				
Operating profit/(loss) for the period	5,258	2,628	3,016	(6,283)
Adjustments for				
Depreciation and amortisation	329	600	132	336
Impairment of aircraft	186	–	–	–
Impairment of investments	–	–	605	1,613
Impairment of non-current loan to Group undertaking	–	–	–	3,000
Fair value losses/(gains) on derivative financial instruments	58	(17)	58	(17)
Share option cost/(credit) for period	233	(20)	156	(65)
Loss on disposal of property, plant and equipment	–	26	–	2
Operating cash flows before movements in working capital	6,064	3,217	3,967	(1,414)
(Increase)/decrease in receivables	(2,867)	(14,930)	500	(10,581)
(Decrease)/increase in payables	(3,203)	11,103	(5,380)	7,917
Increase in provisions	172	31	172	31
Cash generated from/(used in) operations	166	(579)	(741)	(4,047)
Income taxes paid	(1,596)	(96)	(914)	(32)
Interest paid	(16)	–	(35)	(15)
	(1,446)	(675)	(1,690)	(4,094)

Notes to
the financial
statements for
the year ended
31 July 2011
continued

23 Operating lease arrangements

	2011 Land and buildings £'000	2010 Land and buildings £'000	2011 Aircraft leasing £'000	2010 Aircraft leasing £'000	2011 Other £'000	2010 Other £'000	2011 Total £'000	2010 Total £'000
The Group as lessee								
Minimum lease payments under operating leases recognised as costs for the year	638	443	–	533	120	100	758	1,076

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2011 Land and buildings £'000	2010 Land and buildings £'000	2011 Other £'000	2010 Other £'000	2011 Total £'000	2010 Total £'000
The Group as lessee						
Within one year	528	66	78	45	606	111
In the second to fifth year inclusive	860	561	130	95	990	656
After five years	848	–	–	–	848	–
	2,236	627	208	140	2,444	767

Operating lease payments represent rentals payable by the Group for certain office properties it uses and for certain aircraft within Air Partner Private Jets Limited in the prior year. Leases are negotiated in isolation, dependent on the trading conditions in the country or region concerned.

	2011 Aircraft leasing £'000	2010 Aircraft leasing £'000
The Group as lessor		
Within one year	234	251
In the second to fifth year inclusive	799	1,004
After five years	–	21
	1,033	1,276

Aircraft leasing rental income earned during the year was £79,000 (2010: £nil)

24 Profit for the financial year

The Group financial statements do not include a separate income statement for Air Partner plc (the parent undertaking) as permitted by Section 408 of the Companies Act 2006. The parent Company profit after tax for the financial year was £6,176,000 (2010: loss of £5,435,000 as restated) including dividends from subsidiary companies of £3,471,000 (2010: £596,000). The parent Company has no other items of comprehensive income.

Notes to
the financial
statements for
the year ended
31 July 2011
continued

25 Related party transactions

The Company had the following transactions with related parties in the ordinary course of business during the year under review

	2011 £ 000	2010 £'000
Trading transactions		
Subsidiaries		
Sales to subsidiaries	117	305
Purchases from subsidiaries	1,525	1,794
Amounts owed by subsidiaries at 31 July	1,880	–
Amounts owed to subsidiaries at 31 July	(2,679)	(2,209)

Outstanding balances that relate to trading balances are placed on inter-company accounts with no specific credit period

During the prior year, M Barber was employed as a contractor in the engineering department of Air Partner Private Jets Limited. M Barber, brother of J Barber, a director in the prior year, was employed by Avmarine Ltd and was paid £nil during the course of the year ended 31 July 2011 (2010 £35,523). The contract rates were agreed by the Board excluding J Barber. As at 31 July 2011 there was a balance of £nil owed to M Barber (2010 £nil).

	2011 £ 000	2010 £ 000
Compensation of key management (being the directors)		
Short-term employee benefits	713	811
Post-employment benefits	36	77
Termination benefits	–	730
Share-based payment	55	–
	804	1,618

26 Contingent liabilities

The Group had a charge over cash of £240,000 in respect of a passenger sales agency agreement (2010 terminable indemnity for £240,000). Additionally the Group had a bank guarantee for £10,000 (2010 £4,500) lodged in regard to certain employee rights in Dubai.

27 Restructuring costs

Restructuring costs are those items the Group considers to be material and which therefore have been disclosed separately. During the year the following restructuring costs were incurred and paid by the Group.

	2011 £ 000	2010 £'000
Employee restructuring costs	–	742

28 Discontinued operations

Group profit/(loss) from discontinued operations comprises the following

	2011 £ 000	2010 £ 000
Gain on liquidation of subsidiaries and branch	532	–
Disposal of Air Partner Private Jets Limited	201	(4,406)
	733	(4,406)

During the year, the Company liquidated two of its Australian subsidiaries, Air Partner Leasing Pty Limited and Air Partner Leasing No. 2 Pty Limited, and a former branch in Japan. In accordance with IAS 21, the cumulative exchange differences relating to these foreign operations and accumulated in the translation reserve were taken to profit on liquidation. This resulted in a gain of £532,000 (2010 £nil).

On 15 March 2010, Air Partner Private Jets Limited, a wholly-owned subsidiary, was put into administration. On that date the control of the subsidiary was passed to the administrators. As a result of this decision, the results of Air Partner Private Jets Limited up to the date of disposal have been classified as discontinued operations in the consolidated income statement in the prior year. An analysis of discontinued operations is presented below.

	2011 £'000	2010 £'000
Revenue	–	3,007
Cost of sales	–	(2,419)
Gross profit	–	588
Administrative expenses	–	(2,218)
Impairment of goodwill	–	(1,513)
Operating loss	–	(3,143)
Finance costs	–	(26)
Profit/(loss) on disposal	201	(90)
Legal provision	–	(1,147)
Profit/(loss) before tax	201	(4,406)
Taxation	–	–
Profit/(loss) after tax	201	(4,406)

A loss of £90,000 arose on the administration of Air Partner Private Jets Limited during the prior year, being the loss of net assets at the time of administration (as shown below), less expected return from the administrators of £400,000. In the current year, the Company's estimate of the expected return from the administrators increased to £601,000, based on advice from the administrators. This change in estimate resulted in a profit on disposal of £201,000.

During the year, Air Partner Private Jets Limited contributed a reduction of £575,000 (2010: reduction of £1,336,000) to the Group's net operating cashflows and received £nil (2010: £26,000) in respect of financing activities.

The effect of discontinued operations on segment results is disclosed in note 2.

	2011 £'000	2010 £'000
Assets		
Non-current assets		
Property, plant and equipment	–	147
	–	147
Current assets		
Inventories	–	386
Trade and other receivables	–	1,679
Cash and cash equivalents	–	58
	–	2,123
Total assets	–	2,270
Current liabilities		
Trade and other payables	–	(1,519)
Other liabilities	–	(248)
	–	(1,767)
Net current assets	–	356
Non-current liabilities		
Deferred tax liabilities	–	(13)
	–	(13)
Total liabilities	–	(1,780)
Net assets	–	490

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