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25 October 2018

Half year results for the six months ended 31 July 2018

Air Partner delivers good first half trading

Air Partner plc ("Air Partner" or "Group"), the global aviation services group, today reports results for the six months to 31 July 2018.

	July 2018	July 2017	**Change (%)**
Gross Transaction Value	**£132.8m**	£135.5m	**(2.0)**
Gross profit	**£18.0m**	£18.1m	**(0.6)**
Underlying§ profit before tax	**£4.2m**	£4.1m	**2.4**
Statutory profit before tax	**£2.6m**	£3.7m	**(29.7)**
Net cash (non-JetCard cash less debt)	**£6.7m**	£10.6m	**(36.8)**
Underlying§ basic EPS (pence)	**6.1p**	5.6p	**8.9**
Basic continuing EPS (pence)	**3.6p**	4.9p	**(26.5)**
Interim dividend (pence)	**1.75p**	1.7p	**2.9**

§ - Underlying results are stated before other items (see note 1 & 3)

Financial Highlights:

- Gross profit of £18.0m broadly in line with the prior period
- Underlying§ profit before tax of £4.2m, a year-on-year increase of 2.4%
- Statutory profit before tax of £2.6m, £1.1m lower than the previous year driven by the associated costs of the accounting review
- Underlying§ EPS of 6.1p, 8.9% up on the prior year
- Proposed interim dividend of 1.75p, an increase of 2.9%, payable on 7 December 2018
- Net cash (excluding JetCard cash) of £6.7m, £1.9m up on the year end

Operating Highlights:

- Commercial Jets performed well against a tough comparative period, buoyed by strong FIFA World Cup and Tour Operator flying
- US profits increased across divisions: investment in talent coming through
- Private Jets strong in US; flat in UK and Europe
- Continued strength in Freight with gross profits up 36%
- Consulting & Training gross profit up 8%

Strategic Highlights and Outlook

- Progress against strategy: acquisitions now contributing 15% of Group gross profits
- Targeted recruitment driving organic growth
- Confidence in expectations for the full year

Mark Briffa, CEO of Air Partner, commented: "*I am pleased to report on a solid first half performance, in which we have made continued progress against our strategy. We have seen an increased contribution from our acquisitions, good trading against a tough comparable period, and strong performances from JetCard in the US and the Freight division, as well as increased activity from the FIFA World Cup and Tour Operations in Commercial Jets. This has resulted in good underlying profitability, an improvement in net cash from the year end and a healthy dividend increase. These results provide the Group with a solid platform for future growth, from which we can continue to build and strengthen the business, ever extending and enhancing the services and capabilities we offer our global client base.*"

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

CHAIRMAN'S STATEMENT

I am pleased to report that Air Partner has traded well over the first half of the year. Gross profit for the six months to 31 July 2018 is in line with the prior year at £18.0m (H1 2017: £18.1m) and underlying profit before tax rose by 2.4% to £4.2m (H1 2017: £4.1m). Statutory reported profit of £2.6m was lower than the prior year (H1 2017: £3.7m) due to the one-off costs associated with the accounting review.

It is encouraging that these results include substantial contributions from the areas we have invested in, especially our recent acquisitions, with good growth in Consulting & Training, the US business and our Freight division. These positive effects were offset by a reduction in the Commercial Jet division where gross profits were down 11.1% due to a significant one-off contract in the prior year. Our strategy continues to be one of targeted investment in our Charter business, while building a more complete portfolio of aviation services, with the express intention of reducing the Group's exposure to the volatility of the charter market and improving the overall quality of our earnings.

We are continuing to invest in our people, infrastructure and operations. The implementation of effective financial controls is advanced and will continue to be in sharp focus. I am excited about the progress the Group is making, and the steps being taken to ready Air Partner for the next phase of growth.

Our People

We are committed to recruiting and training the best people to join our already strong and customer focused teams, in Consulting & Training as well as in Charter and, over the course of this year, we have upgraded our finance capabilities.

Our success depends upon our teams within the Group, and on behalf of the Board, I would like to thank them for their continued hard work and outstanding commitment to our customers.

Board

In August we were all saddened by the passing of our Chairman Peter Saunders after a brief illness. Peter joined our Board in September 2014 and was appointed as Chairman in June 2017. Over this period, Peter provided a significant contribution to our strategy and as Chairman he provided strong leadership. I assumed the role of Interim Chairman while the search is undertaken for a successor to Peter.

In April, Neil Morris resigned as Chief Financial Officer ("CFO") and in September we announced the appointment of Joanne Estell as our CFO and Board Director.

Shaun Smith has informed the Board that he will not stand for re-election at the 2019 Annual General Meeting having completed his three year term as a Non-Executive Director. Shaun has been fully involved in both the recruitment process for our new CFO and the selection process for new Auditors who will be appointed in due course. The search for Shaun's replacement will run in parallel to our search for a Non-Executive Chairman. Shaun joined the Board in May 2016 and I express the thanks of a grateful Board for his diligence, support and counsel during his tenure.

Dividend

The Board is proposing an interim dividend of 1.75p, representing a year-on-year increase of 2.9%. The interim dividend is expected to be paid on 7 December 2018 to those shareholders registered at close of business on 9 November 2018. The ex dividend date will be 8 November 2018.

Outlook

The Board is pleased by the Group's trading performance over the first half of the year. We are encouraged by the success of prior investment in the business as demonstrated in these results, and we are committed to ongoing investment in our future. We will continue to upskill key positions, empower our people and enforce effective controls, enabling further delivery of our long term growth strategy. We therefore remain confident in the Group's prospects for the full year and beyond.

As we always state, the global charter business has consistently been, and will continue to be, a volatile industry. Against this backdrop we manage the business for the long term, with a very clear strategy of alignment to the needs of our global customer base. We have a strong portfolio of global aviation services, which provides us with diversified exposure to sectors and geographies, and our portfolio approach, without any single product or market dominance, often enables us to mitigate volatility, in either direction, in any one market or product line over the course of a year.

In line with our clear growth strategy, the Board continues to assess investment opportunities, both organic and acquisition, to enhance or extend the services and capabilities we offer our customers, which will strengthen and advance our business.

Richard Jackson
Interim Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Air Partner has performed well over the first half of the year with underlying profit before tax of £4.2m, an increase of 2.4% on the prior year. Other items of £1.6m were excluded from underlying profits, comprising £0.7m relating to the cost of the accounting review process, £0.5m of abortive acquisition fees and £0.2m of costs relating to the change of Board composition, all of which were in line with the

Board's expectations and were noted in the year end accounts, and £0.2m of amortisation of acquired intangibles.

Statutory reported profit for the period was therefore down 29.7% at £2.6m. Underlying trading has been strong over the first half and I am pleased with the progress made, and the hard work and commitment from all our people, which is delivering a consistently first-class experience to our customers globally.

It was with tremendous sadness that we learnt of our former Chairman Peter Saunders's death in August. Peter and I shared an unwavering belief of where our organisation should be on the global stage and he steered us with determination and strong leadership on our journey of transformation.

Divisional Review

Charter

Our Charter division benefited from strong performances in the US and in Freight. The US business has seen ongoing benefit from investments made in management and sales teams and the new office opened in Los Angeles in June strengthens Air Partner's existing US network, enabling the provision of a broad spectrum of Charter services to a wider US customer base. Freight performed well in the period with gross profits up 36.4% at £1.5m (H1 2017: £1.1m). Commercial Jets performed well over the first half, helping to offset the significant contribution of a large one-off contract in the comparative period. Charter gross profit for the six months ended 31 July 2018 was therefore broadly in line with the prior year at £15.4m (H1 2017: £15.7m) with underlying operating profit of £4.8m (H1 2017: £4.7m).

Commercial Jets

Commercial Jets had a strong second quarter due to increased activity around the FIFA World Cup and a good result from Tour Operations and short term leasing. Air Partner Remarketing has concluded sales for Kenya Airways and Investec Bank plc. The division also has a number of exclusive mandates in operation although these mandates may not complete, as previously expected, by year end. Commercial Jets contributes 47% to Group gross profit. Overall, largely due to the aforementioned one-off contract in the comparative period, gross profit for Commercial Jets was down 11.1% at £8.4m.

Private Jets

In Private Jets, gross profit increased year-on-year, by 5.9% to £5.4m (H1 2017: £5.1m). Overall, Private Jets contributes 30% to Group gross profit.

Private Jets in the US performed well with new card sales and bookings up over the first half. The continued success in the US has been driven by recent investments in the team and builds on a record performance in the region last year. The number of JetCards in issue in the US has risen by 20% over the first six months, with bookings up 34% and a good rate of renewals.

Private Jets in Europe and the UK were flat year-on-year, reflecting a normal gestation period of sales investment as new teams establish themselves. The number of JetCards in issue has increased and renewals across Europe and the UK are in line with expectations.

Freight

Our Freight division continues to outperform with gross profit up 36.4% to £1.5m (H1 2017: £1.1m). Freight contributes 8% to Group gross profit.

As well as bringing on board new clients through targeted marketing campaigns and successful cross selling with our Commercial Jets division, we have continued to invest in our teams across regions. We are quickly seeing the benefit of this investment with the experience, customers and opportunities it brings with it. Whilst freight is an especially volatile sector, these results are a great achievement in what we consider a strategic offering that enables us to provide our customers with a full suite of aviation services.

Consulting & Training

Our Consulting & Training division, which generated 15% of Group gross profit, is trading in line with the Board's expectations, successfully delivering some large programmes for our broad, global customer base. Gross profit was up 8.0% year-on-year to £2.7m (H1 2017: £2.5m) with underlying operating profit £0.5m (H1 2017: £0.4m).

Baines Simmons

New management and a focus on costs and contracts are having a positive impact at Baines Simmons where a number of new contracts across both military and commercial sectors were won over the first half. At the end of the last financial year, Baines Simmons won a four to six year contract with the Ministry of Defence. That programme has now started with good revenue projected for the second half of this financial year. The pipeline for the remainder of the year looks strong and the business under Air Partner's ownership is now set up for success.

Clockwork Research

Whilst small, Clockwork Research complements our Baines Simmons business and we now offer Fatigue Risk as part of the Baines Simmons portfolio of services. Over the first half, Clockwork Research has successfully undertaken a safety case for Air France and assisted Croydon Trams in managing their fatigue risk. As a result of the investment made in additional resource to support business development, the pipeline looks encouraging.

SafeSkys

We have made good progress with SafeSkys in its first year of ownership and are well advanced in our plans to integrate back office support functions. SafeSkys has a strong customer base, with long term contacts over four to six years providing good visibility of revenues. Under Air Partner ownership, we are encouraged by the growth opportunities we see in Wildlife Hazard Management Services and Air Traffic Control.

Strategy

We are making excellent progress in implementing our long term growth strategy. Our focus is on both organic growth and growth through acquisition. We are benefiting from a growing aviation market, and our broad offering and portfolio approach enable us to cross sell between our divisions and extensive customer base whilst driving internal efficiencies. We will continue to strengthen our core as we focus on key financial controls and deliver our CRM upgrade.

We are well regarded in the industry, with long term blue-chip customers across our business lines, and internationally recognised for our customer service. It is this standing within the industry that enables us to attract key talent as we continue to upskill management and processes. I am pleased with the considerable success of recent recruitment and we continue to actively hire across the organisation globally as we look to expand our existing offices and broaden our geographic reach with offices in new locations.

Outlook

We have delivered a solid trading performance over the first half of this financial year. We continue to implement our exciting growth plans, investing in people, offices and infrastructure, processes and controls, as we position the business for our next phase of growth.

As we move into the second half, and ahead of the traditionally more challenging final quarter, trading has remained in line with management expectations.

Mark Briffa,
Chief Executive Officer

FINANCIAL REVIEW

Accounting policies

As required, we have adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. We have applied the new standards using the cumulative effect method i.e. recognising the cumulative effect of applying the new standard at the beginning of the year of initial application, with no restatement of comparative periods.

IFRS 9 does not have a material impact on the Group and although the adoption of IFRS15 does not change the overall net asset position for the Group, it has changed the presentation of trade receivables and deferred income in the balance sheet. Please refer to note 1 for a full disclosure of the impact.

IFRS 16

The group will adopt IFRS 16 from the start of the next financial year and as permitted, it will not retrospectively apply the standard. Under IFRS 16, the majority of operating leases will be accounted for as right of use assets, which will largely be offset by corresponding lease liabilities. The lease liability will increase net debt. It is anticipated that operating expenses will decrease and financing costs will increase as the current operating lease charge is replaced by depreciation and interest. The overall impact on net profit is not expected to be material.

Profit and Loss

Air Partner primarily uses gross profit as its key indicator of business performance. This is due to the potential for revenue, as determined under IFRS, to fluctuate depending on the number of contracts enacted in the year where the Company acts as principal, as opposed to agent.

Gross transaction value (GTV) was £132.8m (H1 2017: £135.5m) in the period and revenues were £25.4m representing an increase of 10.0% against H1 2017 (£23.1m). The definition of GTV is given in the accounting policies note.

Gross profit, the primary measure, was broadly flat to the prior year at £18.0m (H1 2017: £18.1m). Refer to the CEO section for a year-on-year break down by division. This converted to an underlying profit before tax of £4.2m an increase of 2.4% on the prior year (H1 2017: £4.1m).

Other items of £1.6m were excluded from underlying profits, comprising £0.7m relating to the cost of the accounting review process, £0.5m of abortive acquisition fees and £0.2m of costs relating to the change of Board composition, all of which were in line with the Board's expectations and were noted in the year end accounts, and £0.2m of amortisation of acquired intangibles.

Statutory reported profit before tax was £2.6m down by 29.7% on the prior year (H1 2017: £3.7m). This was driven by the level of other items in the period as described above

The Group's net finance charge of £0.1m (H1 2017: £0.1m) comprises interest on the Group's loan and interest receivable on cash balances.

Taxation

The income tax expense for the half year was £0.8m on the reported profit before tax of £2.6m. After adjusting for amortisation of acquired intangibles and other items, the underlying effective tax rate for the period was 23.1% (2017: 27.4%). This is higher than the UK statutory rate of tax due to the impact of international rates of tax. However it is lower than last year due to (i) the reduction in the US Corporation Tax rate from 35% to 21% due to the tax reform legislation commonly known as the Tax Cuts and Jobs Act, enacted on 22 December 2017, which has reduced the tax charge on profits earnt in the US and (ii) a change in mix in tax jurisdictions in which profits were earnt.

Earnings per share (EPS)

Underlying basic EPS was 6.1p (H1 2017: 5.6p), an increase of 8.9% in the period. Underlying basic EPS is calculated using the underlying profit attributable to the holders of ordinary shares. Basic EPS for the period was 3.6p (H1 2017: 4.9p), lower than the prior year due to the £1.4m of one-off other items in the period.

Balance sheet

Shareholders' funds

Shareholders' funds at 31 July 2018 stand at £11.7m versus £12.1m in the prior year. As disclosed at the year end, the prior year was restated for a reduction in net assets of £4.0m relating to a prior years accounting issue. The adjustment predominately concerns receivables and deferred income.

Goodwill and intangibles

Under IFRS, goodwill is no longer amortised but is instead subject to annual impairment tests. There were no impairments identified in the period. Goodwill on the balance sheet is valued at £6.8m (H1 2017: £3.8m) with the increase reflecting the recent acquisition of SafeSkys.

Intangible assets arising from business combinations are assessed at the time of acquisition in accordance with IFRS 3 and are amortised over their expected useful life. This amortisation is excluded from underlying profits.

Cash generation and net cash

At the balance sheet date the Group's own cash, net of borrowings, was £6.7m (H1 2017: £10.6m). The Group segregates JetCard cash to provide protection to our customers. This is shown as restricted bank balances on the face of the balance sheet.

Bank facilities

The Group's debt facility at 31 July 2018 comprised a revolving credit facility of up to £7.5m, arranged through the Group's principal banker, of which £2.5m was drawn down at the balance sheet date. The Group also has access to a multi-currency £1.5m overdraft facility. All financial covenants were complied with during the period and to the date of approval of this report.

Foreign currency effects

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

Accounting developments

We continue to build on the hard work already achieved to improve the overall control environment of Air Partner following the accounting review. We have strengthened the finance team in a number of areas and are in the process of rolling out new policies and procedures adopting the recommended best practices from our advisors as identified as part of the accounting review. We are already seeing real tangible benefits of this iterative process.

Joanne Estell
Chief Financial Officer

Forward-looking statements

Announcements issued by Air Partner plc may contain forward looking statements, indicated by words such as "aims", "believes," "expects", "intends," and similar expressions. These statements reflect current views and expectations up to the date of approval of this statement and are made in good faith by the directors. Unless otherwise required by laws, regulations or changes in accounting standards, Air Partner accepts no obligation to update these statements as a result of future events or new information subsequently obtained. New announcements will be made to the market as required under the Disclosure and Transparency Rules.

Trends and factors affecting the business

Air Partner's lead times for ad hoc bookings are measured in days or weeks, rather than months and future revenues cannot be predicted with any certainty. Forward bookings can be impacted very suddenly by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another. Lead times in the Remarketing business can be up to one year and therefore forecasting when a particular contract may be realised is not easy to predict. Economic uncertainty affects corporate, government and individual clients and affects the quality of supply of aircraft as operators consolidate or leave the market. These trends are outside the Group's control but the strategy remains to diversify the addressable market and broaden the client mix.

The United Kingdom is in the process of withdrawing from the European Union, and is scheduled to leave on 29 March 2019. There may be significant regulatory change depending on the terms of this withdrawal, currently being negotiated by the UK Government and the European Union. The Government has stated its intention to reach a positive deal which causes as little disruption to the aviation industry as possible. In September 2018, the Government issued a series of white papers covering ‘flights to and from the UK’, ‘aviation safety’ and ‘aviation security’ setting out regulatory changes in the event of a ‘no deal’ Brexit. We are closely following events as they develop; we comply with all relevant regulations and are confident that we will continue to do so post-Brexit.

Principal risks and uncertainties facing the Group

Aircraft charter broking, remarketing and consultancy can be classed as a relatively low financial risk business, in that the business sells capacity on aircraft owned and operated by a third party and contracts are normally placed as mirrored transactions, or remarkets aircraft on behalf of a third party. The Group does not have any contractual

arrangements with any significant individual or company which are essential to continuation of the business. The Board reviews risks which may have a significant impact on the Group, including operational aviation related risks (quality and quantity of supply, adverse weather conditions, competitive pricing pressure and regulatory changes) and financial risks such as foreign exchange and interest rate fluctuations, credit risk and liquidity and cash flow management. The profile of both financial and operational risks varies from time to time but the current level of risk is not substantially different from that as at 31 January 2018, as described in the principal risks and uncertainties section of the annual report. The principal risk to the Group's business remains the degree to which clients' available financial resources and the general economic conditions in which they operate affect their willingness to charter. The Group recognises that ad hoc charters are likely to continue to be impacted by changes, both positive and negative, in the macro-economic climate.

Related party transactions

There has been no significant change in the level of transactions between Air Partner plc and its subsidiaries since that disclosed in the annual report for the year ended 31 January 2018. Such transactions did not materially affect the financial position or performance of the Group in the period under review. There are no other related party transactions which are required to be disclosed under DTR 4.2.8R.

Going concern

After making enquiries, the directors are satisfied that the Group and the Company have adequate resources to continue in business for the foreseeable future. The directors have therefore continued to adopt the going concern basis in the preparation of these financial statements.

Directors' responsibility statement

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Mark Briffa	Joanne Estell
Chief Executive Officer	Chief Financial Officer
24 October 2018	24 October 2018

The directors of Air Partner plc are listed in the Group's Annual Report and Accounts for the year ended 31 January 2018 and on our website at www.airpartner.com.

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

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About Air Partner:

Founded in 1961, Air Partner is a global aviation services group that provides worldwide solutions to industry, commerce, governments and private individuals. The Group has two divisions: Charter division, comprising air charter broking and remarketing; and the Consulting & Training division, comprising the aviation safety consultancies, Baines Simmons, Clockwork Research and SafeSkys, as well as Air Partner's Emergency Planning Division. For reporting purposes, the Group is structured into four divisions: Commercial Jets, Private Jets, Freight (Charter) and Consulting & Training (Baines Simmons, Clockwork Research, SafeSkys and Air Partner's Emergency Planning Division). The Commercial Jet division charters large airliners to move groups of any size. Air Partner Remarketing, which is within the Commercial Jet division, provides comprehensive remarketing programmes for all types of commercial and corporate aircraft to a wide range of international clients. Private Jets offers the Company's unique pre-paid JetCard scheme and on-demand charter. Freight charters aircraft of every size to fly almost any cargo anywhere, at any time. Baines Simmons is a world leader in aviation safety consulting specialising in aviation regulation, compliance and safety management. Clockwork Research is a leading fatigue risk management consultancy. SafeSkys is a leading Air Traffic Control and Environmental services provider to UK and International airports. Air Partner is headquartered alongside Gatwick airport in the UK. Air Partner operates 24/7 year-round and has 20 offices globally. Air Partner is listed on the London Stock Exchange (AIR) and is ISO 9001:20015 compliant for commercial airline and private jet solutions worldwide. www.airpartner.com

Consolidated income statement

for the half year ended 31 July 2018

		Half year ended 31 July 2018 (unaudited)			Half year ended 31 July 2017 (unaudited)			Year ended 31 January 2018 (audited)		
Continuing operations	Note	**Underlying * £'000**	**Other items £'000**	**Total £'000**	Underlying * £'000	Other items £'000	Total £'000	Underlying * £'000	Other items £'000	Total £'000
Gross transaction value (GTV)		**132,849**	**-**	**132,849**	135,450	-	135,450	261,317	-	261,317
Revenue		**25,423**	**-**	**25,423**	23,109	-	23,109	48,508	-	48,508
Gross profit	2	**18,042**	**-**	**18,042**	18,118	-	18,118	36,082	-	36,082
Exceptional items		**-**	**-**	**-**	-	-	-	(400)	-	(400)
Administrative expenses		**(13,743)**	**(1,573)**	**(15,316)**	(13,966)	(371)	(14,337)	(29,792)	(1,011)	(30,803)
Operating profit	2	**4,299**	**(1,573)**	**2,726**	4,152	(371)	3,781	5,890	(1,011)	4,879
Finance income		**11**	**-**	**11**	2	-	2	11	-	11
Finance expense		**(103)**	**-**	**(103)**	(104)	-	(104)	(138)	-	(138)
Profit before tax		**4,207**	**(1,573)**	**2,634**	4,050	(371)	3,679	5,763	(1,011)	4,752
Taxation	9	**(972)**	**211**	**(761)**	(1,108)	26	(1,082)	(1,390)	218	(1,172)
Profit for the period	2	**3,235**	**(1,362)**	**1,873**	2,942	(345)	2,597	4,373	(793)	3,580
Attributable to:										
Owners of the parent company		**3,235**	**(1,362)**	**1,873**	2,942	(345)	2,597	4,373	(793)	3,580
Earnings/(loss) per share:										
Continuing operations										
Basic	5	**6.1p**	**(2.6)p**	**3.6p**	5.6p	(0.7)p	4.9p	8.4p	(1.5)p	6.9p
Diluted	5	**6.0p**	**(2.5)p**	**3.5p**	5.5p	(0.6)p	4.9p	8.1p	(1.5)p	6.6p

*Before other items (see note 3)

Consolidated statement of comprehensive income

for the half year ended 31 July 2018 (unaudited)

	Half year ended 31 July 2018 £'000	Half year ended 31 July 2017 £'000	Year ended 31 January 2018 £'000
Profit for the period	**1,873**	**2,597**	3,580
Other comprehensive income – items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	**113**	**97**	(372)
Total comprehensive income for the period	**1,986**	**2,694**	3,208
Attributable to:			
Owners of the parent company	**1,986**	**2,694**	3,208

Consolidated statement of changes in equity

for the half year ended 31 July 2018 (unaudited)

	Share capital £'000	Share premium account £'000	Merger Reserve £'000	Own shares £'000	Translation reserve £'000	Share option reserve £'000	Restated [1] Retained earnings £'000	**Restated [1] Total equity £'000**
Opening equity as at 1 February 2017	522	4,755	354	(672)	1,410	2,017	2,571	**10,957**
Profit for the period	-	-	-	-	-	-	2,597	**2,597**
Exchange differences on translation of foreign operations	-	-	-	-	97	-	-	**97**
Total comprehensive income for the period	-	-	-	-	97	-	2,597	**2,694**
Share option movement for the period	-	-	-	-	-	299	-	**299**
Issue of shares	-	(59)	59	60	-	(60)	-	**-**
Share options exercised during the period	-	-	-	15	-	-	(14)	**1**
Dividends paid (note 4)	-	-	-	-	-	-	(1,869)	**(1,869)**
Closing equity as at 31 July 2017	522	4,696	413	(597)	1,507	2,256	3,285	**12,082**

[1] The balance sheets at 1 February 2017 and 31 July 2017 have been restated following the adjustments made in respect of the accounting issue set out in the Annual Report and Accounts for 2018. Please refer to note 1 for further details.

	Share capital £'000	Share premium account £'000	Merger Reserve £'000	Own shares £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2018	522	4,696	413	(818)	1,038	2,358	3,314	**11,523**
Profit for the period	-	-	-	-	-	-	1,873	**1,873**
Exchange differences on translation of foreign operations	-	-	-	-	113	-	-	**113**
Total comprehensive income for the period	-	-	-	-	113	-	1,873	**1,986**
Share option movement for the period	-	-	-	-	-	217	-	**217**
Dividends paid (note 4)	-	-	-	-	-	-	(1,979)	**(1,979)**
Closing equity as at 31 July 2018	522	4,696	413	(818)	1,151	2,575	3,208	**11,747**

Consolidated statement of financial position

as at 31 July 2018

	Note	31 July 2018 (unaudited) £'000	Restated [1] 31 July 2017 (unaudited) £'000	Restated [2] 31 January 2018 (audited) £'000
Assets				
Non-current assets				
Goodwill	6	**6,770**	3,860	6,753
Other intangible assets		**5,283**	4,795	5,337
Property, plant and equipment		**1,048**	1,084	1,188
Deferred tax assets		**497**	533	497
		13,598	10,272	13,775
Current assets				
Trade and other receivables		**26,068**	42,059	26,514
Current tax assets		**822**	568	683
Restricted bank balances		***12,590***	*10,977*	*5,203*
Other cash and cash equivalents		***12,893***	*17,842*	*17,990*
Total cash and cash equivalents		**25,483**	28,819	23,193
Derivative financial instruments		**-**	3	-
		52,373	71,449	50,390
Total assets		**65,971**	81,721	64,165
Current liabilities				
Trade and other payables		**(7,916)**	(4,941)	(7,273)
Current tax liabilities		**(1,734)**	(1,431)	(972)
Other liabilities		**(5,152)**	(12,905)	(4,925)
Borrowings		**-**	(2,872)	-
Deferred income and JetCard deposits		**(34,569)**	(46,520)	(34,351)
Provisions		**(293)**	(71)	(409)
Derivative financial instruments		**-**	-	(12)
		(49,664)	(68,740)	(47,942)
Net current assets		**2,709**	2,709	2,448
Long term liabilities				
Borrowings		**(2,500)**	-	(2,500)
Deferred consideration		**(977)**	(200)	(977)
Deferred tax liability		**(780)**	(699)	(802)
Provisions		**(303)**	-	(421)
Total long term liabilities		**(4,560)**	(899)	(4,700)
Total liabilities		**(54,224)**	(69,639)	(52,642)
Net assets		**11,747**	12,082	11,523
Equity				
Share capital		**522**	522	522
Share premium account		**4,696**	4,696	4,696
Merger Reserve		**413**	413	413
Own shares		**(818)**	(597)	(818)
Translation reserve		**1,151**	1,507	1,038
Share option reserve		**2,575**	2,256	2,358
Retained earnings		**3,208**	3,285	3,314
Total equity		**11,747**	12,082	11,523

[1] The balance sheet at 31 July 2017 has been restated following the adjustments made in respect of the accounting issue set out in the Annual Report and Accounts for 2018. This had the effect of reducing net assets and equity by £4.0m. Please refer to note 1 for further details. It has not been restated for the introduction of IFRS15 Revenue from Contracts with Customers.

[2] The balance sheet at 31 January 2018 has been restated following the modification of the amounts of identifiable assets and liabilities assumed since the provisional amounts included in the 2018 Financial Statements. Please see note 8 for further details. It has not been restated for the introduction of IFRS15 Revenue from Contracts with Customers.

Consolidated statement of cash flows

for the half year ended 31 July 2018

	Note	**Half year ended 31 July 2018 (unaudited) £'000**	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Net cash inflow from operating activities	8	**4,270**	10,079	10,243
Investing activities				
– Interest received		**11**	2	11
– Purchases of property, plant and equipment		**(50)**	(217)	(708)
– Purchases of intangible assets		**(196)**	(53)	(204)
– Acquisition of subsidiaries		**-**	-	(1,974)
Net cash used in investing activities		**(235)**	(268)	(2,875)
Financing activities				
– Dividends paid		**(1,979)**	(1,869)	(2,752)
– Proceeds on exercise of share options		**-**	1	269
– Purchase of own shares				(500)
– New bank loans raised		**-**	2,872	-
– Repayment of borrowings		**-**	(2,872)	(457)
Net cash used in financing activities		**(1,979)**	(1,868)	(3,440)
Net increase in cash and cash equivalents		**2,056**	7,943	3,928
Opening cash and cash equivalents		**23,193**	19,795	19,795
Effect of foreign exchange rate changes		**234**	1,081	(530)
Closing cash and cash equivalents		**25,483**	28,819	23,193

JetCard cash

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

	31 July 2018 (unaudited) £'000	31 July 2017 (unaudited) £'000	31 January 2018 (audited) £'000
JetCard cash restricted in its use	**12,590**	10,977	5,203
JetCard cash unrestricted in its use	**3,657**	4,394	10,688
Total JetCard cash	**16,247**	15,371	15,891
Non-JetCard cash	**9,236**	13,448	7,302
Cash and cash equivalents	**25,483**	28,819	23,193

1 GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

The Directors of Air Partner plc present their interim report and the unaudited condensed consolidated financial statements for the six months ended 31 July 2018.

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

The Interim Financial Statements have been reviewed, but not audited, by Deloitte LLP and were approved by the Board of Directors on 24 October 2018.

The information for the six months ended 31 July 2018 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements, for the year ended 31 January 2018, which were prepared in accordance with European Union endorsed International Financial Reporting Standards ("IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Annual Report and Financial Statements for the year ended 31 January 2018 were approved by the Board of Directors on 11 June 2018 and delivered to the Registrar of Companies. The auditor's report on those financial statements was qualified; please refer to the Independent Auditor's Report to the members of Air Partner Plc in the Annual Report and Accounts 2018.

Basis of preparation

This condensed financial information for the half year ended 31 July 2018 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as adopted by the European Union. These interim condensed financial statements are unaudited and should be read in conjunction with the annual financial statements for the year ended 31 January 2018.

As reported in the financial statements for the year ended 31 January 2018 an accounting issue was identified which gave rise to a change in the prior years' earnings results and all the consolidated statements of financial position dating back to the year ended 31 July 2011. The cost of the review is disclosed in note 3.

The company has had to estimate in which historical accounting periods the £4.4m (£4.0m net of tax) accounting issue arose between years ended 31 July 2011 and 31 January 2018 as accurate prior accounting records could not be recreated. Of the £4.4m identified, £0.9m is a known issue relating to the year ended 31 July 2011.

The directors have spread the accounting error of £4.4m as follows:

Accounting periods	Exceptional item recorded in period £'000	Cumulative financial effect £'000
Years ended 31 July 2011 to 31 January 2016	3,600	3,600
Year ended 31 January 2017	400	4,000
Year ended 31 January 2018	400	4,400

In respect of the interim results for the half year ended 31 July 2017 the accounting issue has been assumed not to affect the earnings results for that period, it will however affect the second half of the year to 31 January 2018 by £0.4m. In terms of the balance sheet, the accounting issue has given rise to a decrease in net assets of £4.0m at both 31 July 2017 and 31 January 2017 (the latter having been restated in the comparatives for the financial statements for the year ended 31 January 2018).

The comparative balance sheet at 31 July 2017 has been restated in this interim report as follows:

Line item description	31 July 2017 as previously stated £'000	31 July 2017 as restated £'000
Trade and other receivables	42,245	42,059
Trade and other payables	(4,796)	(4,941)
Other liabilities	(11,873)	(12,905)
Current tax assets	488	568
Deferred income and JetCard deposits	(43,827)	(46,520)
Net current assets/(liabilities)	6,686	2,709
Net assets	16,059	12,082
JetCard cash unrestricted in its use	7,150	4,394
Non-JetCard cash	13,448	10,692

Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2018 other than:

As required by the IFRS accounting standards, we have first time adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 February 2018.

Details of the IFRS 15 and IFRS 9 accounting policies are as follows:

IFRS 15

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a 5-step approach to revenue recognition, and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The effect of initially applying IFRS 15 has been an equal reduction in both trade receivables and deferred income in respect of contracts where a customer has paid Air Partner in advance but the service was not delivered by the balance sheet date. The statement of financial position at 31 July 2018 includes this adjustment. The timing of revenue recognition has not been affected by IFRS15, under which revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations, and therefore there has been no effect upon the opening reserves at 31 January 2018 nor on the results for the period to 31 July 2018.

The Group has adopted this standard on the cumulative effect method and so has recognised the cumulative effect of applying the new standard at the beginning of this period with no restatement of comparative periods. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued income' and 'deferred income', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has not adopted the terminology used in IFRS 15 to describe such balances.

Apart from as described above, the application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group.

The Group recognises broking revenues at the point of flight departure. The key judgements in relation to revenue recognition is the judgement of whether the Group is acting as principal or agent in transactions with customers. In making its judgement, management considers the detailed terms of sales transactions with customers in order to determine whether the Group is performing as the principal obligor. This assessment determines how revenue is recognised as either principal or agent in accordance with the criteria set out IFRS 15. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, less VAT and other sales-related taxes.

Consulting and Training contract revenues are recognised as the performance obligation is satisfied over time. Customers are usually billed in advance creating a contract liability which is then recognised as the performance obligation is met over a straight-line basis.

IFRS 9

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, and the adoption of IFRS 9 has not had a material effect on the Group's accounting policies related to financial instruments.

IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, a financial asset is classified at: measured at:

- amortised cost;

- fair value through other comprehensive income (FVTOCI) – debt investment;

- FVTOCI – equity investment; or

- fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are subject to new rules regarding provisions for impairment, however as the Group has minimal financial assets (other than trade debtors), and a history of minimal impairments against these assets, the impact on transition is not material.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime Extended Credit Losses.

Going concern

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

Gross transaction value

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

Other items

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

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

Key accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or future periods.

2 SEGMENTAL ANALYSIS

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

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

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

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

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

Half year ended 31 July 2018 (unaudited) Continuing operations	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	**Total £'000**
Segmental gross profit	8,399	5,438	1,521	2,684	-	**18,042**
Underlying operating profit	2,932	1,384	512	452	(981)	**4,299**
Other items (see note 3)				(173)	(1,400)	**(1,573)**
Segment result	2,932	1,384	512	279	(2,381)	**2,726**
Finance income						**11**
Finance expense						**(103)**
Profit before tax						**2,634**
Tax						**(761)**
Profit after tax						**1,873**

Half year ended 31 July 2017 (unaudited) Continuing operations	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	**Total £'000**
Segmental gross profit	9,444	5,140	1,073	2,461	-	**18,118**
Underlying operating profit	2,736	1,376	577	408	(945)	**4,152**
Other items (see note 3)	(147)	-	-	(224)	-	**(371)**
Segment result	2,589	1,376	577	184	(945)	**3,781**
Finance income						**2**
Finance expense						**(104)**
Profit before tax						**3,679**
Tax						**(1,082)**
Profit after tax						**2,597**

The company is domiciled in the UK but due to the nature of the Group's operations a significant amount of gross profit is derived from overseas countries. The Group reviews gross profit based upon location of the assets used to generate that gross profit. Apart from the UK, no single country is deemed to have material non-current asset levels other than goodwill in relation to the French operation.

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

Continuing operations	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	**Total £'000**
Half year ended 31 July 2018 (unaudited)					
Gross profit	9,201	5,525	3,162	154	**18,042**
Non-current assets (excluding deferred tax assets)	12,696	327	50	1	**13,074**
Half year ended 31 July 2017 (unaudited)					
Gross profit	9,837	4,633	3,046	602	**18,118**
Non-current assets (excluding deferred tax assets)	8,486	1,092	158	3	**9,739**

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	**Total £'000**
Half year ended 31 July 2018 (unaudited)					
Gross profit	2,625	1,300	906	694	**5,525**
Half year ended 31 July 2017 (unaudited)					
Gross profit	1,772	996	1,215	650	**4,633**

3 OTHER ITEMS

Continuing operations	**Half year ended 31 July 2018 (unaudited) £'000**	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Change in Board composition [1]	**(180)**	-	-
Restructuring costs	**-**	(13)	(279)
Post year-end accounting review costs [2]	**(748)**	-	-
Amortisation of intangibles arising on acquisition	**(173)**	(152)	(277)
Acquisition costs	**-**	(174)	(368)
Non-cash acquisition related costs	**-**	(32)	(87)
Abortive acquisition costs [3]	**(472)**	-	-
	(1,573)	(371)	(1,011)
Tax effect of other items	**211**	26	218
Other items after taxation	**(1,362)**	(345)	(793)

[1] Change in Board composition costs relate to the changes in Chief Financial Officer which took place in the period.

[2] The costs of the post year-end accounting review relate to the work carried out to investigate the accounting issue identified in April 2018 and correct the previous periods results. Please refer to the Annual Report and Accounts 2018 for further detail.

[3] The abortive acquisition costs relate to fees incurred in respect of a potential acquisition which had to be abandoned due to the aforementioned accounting review. Please refer to the Annual Report and Accounts 2018 for further detail.

4 DIVIDENDS

	Half year ended 31 July 2018 (unaudited) £'000	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Amounts recognised as distributions to owners of the parent company			
Final dividend for the year ended 31 January 2018 of 3.8 pence	**1,979**	-	-
Final dividend for the year ended 31 January 2017 of 3.6 pence)	**-**	1,869	1,869
Interim dividend for the year ended 31 January 2018 of 1.7 pence	**-**	-	883
	1,979	1,869	2,752

5 EARNINGS PER SHARE

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

Continuing operations	Half year ended 31 July 2018 (unaudited) £'000	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Earnings for the calculation of basic and diluted earnings per share			
Profit attributable to owners of the parent company	**1,873**	2,597	3,580
Adjustment to exclude other items	**1,362**	345	793
Underlying profit attributable to owners of the parent company	**3,235**	2,942	4,373

Number of shares	Number	Number	Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	**52,217,565**	52,687,808	52,217,565
Effect of dilutive potential ordinary shares: share options	**1,937,204**	1,133,971	2,076,265
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**54,154,769**	53,821,779	54,293,830

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

6 GOODWILL

	Restated [1] £'000
Cost	
At 1 February 2017	**3,787**
Foreign currency adjustments	**73**
At 31 July 2017	**3,860**
At 1 February 2018	**6,753**
Foreign currency adjustments	**17**
At 31 July 2018	**6,770**
Provision for impairment	
At 1 February 2017, 31 July 2017 and 31 July 2018	**–**
Net book value	
At 31 July 2018	**6,770**
At 31 July 2017	**3,860**
At 31 January 2018	**6,753**

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

	31 July 2018 (unaudited) £'000	31 July 2017 (unaudited) £'000	31 January 2018 (restated) £'000
Air Partner International S.A.S. (France)	**994**	1,015	977
Cabot Aviation Services Limited	**787**	787	787
Baines Simmons Limited (Training and Consulting)	**1,072**	1,072	1,072
Baines Simmons Limited (Managed Services)	**639**	639	639
Clockwork Research Limited	**396**	347	396

SafeSkys Limited (see [1] below)	**2,882**	-	2,882
	6,770	3,860	6,753

[1] The provisional amounts recognised in respect of the intangible assets acquired and liabilities in respect of SafeSkys Limited, which was acquired on 1 September 2017, assumed at 31 January 2018 have been revised in these interim statements giving rise to an increase in goodwill of £877,000 at both 31 July 2018 and 31 January 2018. More detail is in note 7.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a material impairment of goodwill.

7 ACQUISITIONS OF SUBSIDIARIES

On 1 September 2017, Air Partner plc acquired 100% of the share capital of SafeSkys Limited, obtaining control of the company on that date. SafeSkys Limited is a leading Air Traffic Control and Environmental Services provider to UK and International Airports. The acquisition of SafeSkys adds significant consulting expertise and knowledge to the Group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed have been modified since the provisional amounts included in the 2018 Financial Statements. In particular, the provisions of £710,000 relate to two onerous contracts identified in the SafeSkys business as part of the fair value exercise on acquisition. As a result, management is in discussions with the previous owner in relation to warranty claims under the sale and purchase agreement. The revised amounts together with the original provisional amounts are as follows:

	Revised Amounts used at 31 July 2018 (unaudited) £'000	Provisional amounts used at 31 January 2018 (audited) £'000
Fair value of net assets acquired		
Financial assets	**534**	632
Property, plant and equipment	**87**	90
Intangible assets – customer relationships	**622**	487
Intangible assets – SafeSkys trade name	**14**	14
Deferred tax liability on intangible assets	**(140)**	(113)
Financial liabilities	**(289)**	(115)
Provisions	**(710)**	-
Goodwill	**2,882**	2,005
Total net assets acquired	**3,000**	3,000
Satisfied by		
Cash	**2,200**	2,200
Deferred consideration	**800**	800
Total consideration	**3,000**	3,000
Net cash outflow arising on acquisition		
Cash consideration	**2,200**	2,200
Less cash and cash equivalents acquired	**(226)**	(226)
Net cash outflow	**1,974**	1,974

The balance sheet at 31 January 2018 shown as a comparative in this report has been restated for these changes.

8 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Half year ended 31 July 2018 (unaudited) £'000	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Profit for the period	**1,873**	2,597	3,580
Adjustments for:			
Finance income	**(11)**	(2)	(11)
Finance expense	**103**	104	138
Income tax expense	**761**	1,082	1,172
Depreciation and amortisation	**459**	432	1,129
Fair value gains on derivative financial instruments	**(12)**	(12)	3
Share option cost for period	**217**	299	341
(Decrease)/Increase in provisions	**(234)**	-	120
Foreign exchange differences	**276**	(1,081)	(31)
Operating cash inflows before movements in working capital	**3,432**	3,419	6,441
(Decrease)/increase in receivables	**(9,321)**	(13,605)	(987)
Increase in payables	**10,435**	21,100	6,333
Cash generated from operations	**4,546**	10,914	11,787
Income taxes paid	**(173)**	(731)	(1,406)
Interest paid	**(103)**	(104)	(138)
Net cash inflow from operating activities	**4,270**	10,079	10,243

9 TAXATION

		Total	
	Half year ended 31 July 2018 (unaudited) £'000	Half year ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Current tax:			
UK corporation tax	**236**	925	1,086
Foreign tax	**551**	157	163
Current tax adjustments in respect of prior years (UK)	**-**		(60)
	787	1,082	1,189
Deferred tax	**(26)**	26	(17)
Total tax	**761**	1,108	1,172
Of which:			
Tax on underlying profit	**972**	1,108	1,390
Tax on other items (see note 3)	**(211)**	(26)	(218)
	761	1,082	1,172

INDEPENDENT REVIEW REPORT TO AIR PARTNER PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2018 which comprises the income statement, the statement of financial position, the statement of changes in equity,

the cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

Except as described in the following section, we conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The Company has provided disclosure of an accounting issue which arose in accounting periods dating back at least as far as the year ended 31 July 2011 in the financial statements for the year ended 31 January 2018. Specifically:

- Certain inappropriate financial journals had been deliberately processed without effective review

- These journals had been used to conceal accounting issues including unreconciled balance sheet accounts and recoverability issues on a major account
- In certain cases, supporting accounting records were inappropriately created and manipulated in order to avoid detection of the accounting issues; and it has not been possible to reproduce all original supporting documents at given points in time

Due to limitations in the Company's ability to recreate historical accounting records, in respect of £3.4m of the accumulated £4.4m overstatement of net assets, the directors of the Company were unable to identify which accounting periods and line items this adjustment related to. As a result, the directors apportioned the income statement impact of the adjustment beginning in the accounting period 31 July 2011. This has resulted in an exceptional expense of £0.3m net of tax for the year ended 31 January 2018 (no adjustment was apportioned for the 6 months ended 31 July 2017) together with an adjustment of £4.0m to opening retained earnings as at 1 February 2017.

We were unable to obtain sufficient, appropriate evidence in respect of the £3.4m of the total adjustment described above. Consequently, we were unable to determine whether any adjustments to the above amounts for the periods to 31 July 2017 and 31 January 2018 were necessary.

This relates solely to the allocation of this adjustment across the income statement in the prior years, and the consequential impact on the balance sheet as at 1 February 2017 and 31 July 2017. There is no impact on the balance sheet as at 31 January 2018.

Our audit opinion for the year ended 31 January 2018 was modified accordingly. Our review conclusion on the current period's condensed set of financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified conclusion

Except for the adjustments to the corresponding figures in the condensed set of financial statements that we might have been aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
Reading, United Kingdom
24 October 2018