DART GROUP PLC

REPORT AND ACCOUNTS 2006

DART GROUP PLC Report and Accounts 2006

2006

DART GROUP PLC

Dart Group PLC is an aviation services and distribution group specialising in:

- the operation of low cost and charter air services throughout Europe;
- the distribution of fresh produce, temperature-controlled and ambient products to supermarkets and wholesale markets throughout the United Kingdom.

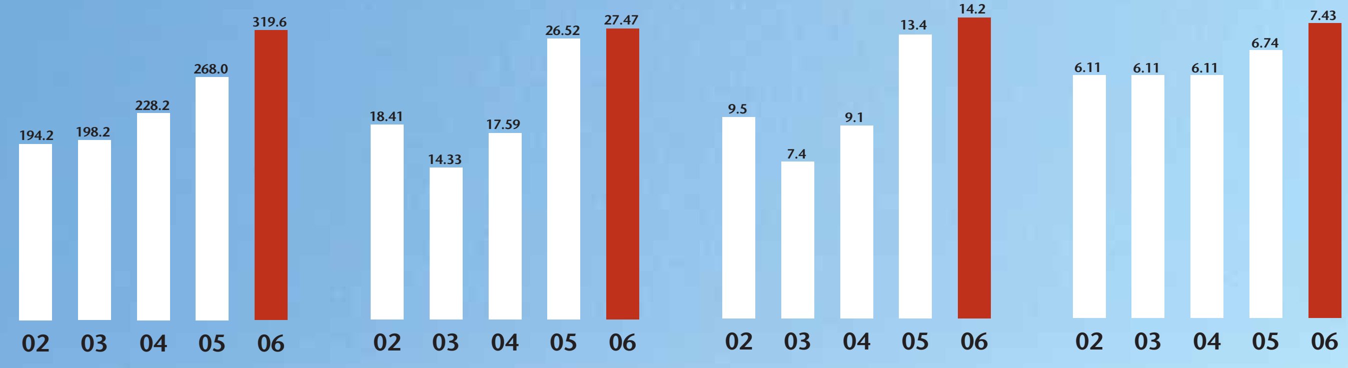
Financial Highlights

Turnover *£m*

Basic earnings per share before exceptional items *pence*

Profit before tax and exceptional items and after goodwill amortisation *£m*

Dividend per share *pence*



Chairman's Statement

I am pleased to report on the Group's trading for the year ended 31 March 2006.

Profit before tax, goodwill amortisation and exceptional items, amounted to £14.7m (2005 – £13.9m). Profit before tax amounted to £15.0m (2005 – £8.4m). Turnover was £319.6m (2005 – £268.0m). Earnings per share before the amortisation of goodwill and exceptional items were 28.90p (2005 – 27.96p), whilst basic earnings per share were 32.26p (2005 – 16.32p). The Board is recommending a final dividend of 5.18p (2005 – 4.70p), taking the total dividend for the year to 7.43p (2005 – 6.74p), an increase of 10.2%. The dividend, if approved, will be payable on 18 August 2006 to shareholders on the register on 23 June 2006.

During the year, the Group acquired three Boeing 757-200 aircraft and a further Boeing 737-300 series Quick Change aircraft. In total, capital expenditure amounted to £48.7m (2005 – £51.6m). As at 31 March 2006 the Group's net debt amounted to £5.5m (net cash at 31 March 2005 of £2.4m). Gearing as at 31 March 2006 was 9% (2005 – ungeared).

In excess of 80% of the 2006/07 ***Jet2.com*** fuel requirements have been hedged at average rates lower than the current market price. A small amount of fuel has been hedged in respect of the 2007/08 requirement. Neither ***Jet2.com***'s contract charter operations nor Fowler Welch-Coolchain currently has any material exposure to oil price risk as this is substantially covered in their commercial contracts.

The net exceptional credit of £0.8m comprises the profit on the sale of the Benair companies of £3.7m, offset by the cost of ceasing Airbus A300 "Eurofreighter" night freight operations, together with a provision for relocating key operational departments from Bournemouth International Airport to Leeds Bradford International Airport.

On 15 August 2005 the Company transferred its share listing from the main market of the London Stock Exchange to AIM. In the light of the significant increase in the market price of the Company's ordinary shares over recent years, we are proposing to split the ordinary shares into four. We believe that this will make the ordinary shares more marketable, particularly for the small shareholder. Subject to the passing of the necessary shareholder resolution at the Company's AGM to be held on 3 August 2006, it is, therefore, proposed that, with effect from the close of business on 3 August 2006, each issued and unissued ordinary share of 5 pence in the capital of the Company be sub-divided into four new ordinary shares of 1.25 pence each. Further information will be mailed to shareholders in due course.

On 31 August 2005 the Group sold its freight forwarding business, Benair Freight International, and has now entered into a contract for the sale of its Channel Islands business, Channel Express (CI) Limited. Following the completion of this sale, which is dependent on Jersey regulatory approval, the Company's business will comprise ***Jet2.com***, the scheduled low-cost airline based in the North of England, and Fowler Welch-Coolchain, our UK specialist temperature-controlled distribution business which has recently been enlarged by the acquisition of the business and assets of R F Fielding Cheshire Limited, whose main business of non temperature-controlled distribution is based in Stockport, Greater Manchester.

The activities of the trading companies are more fully described in the Review of Operations that follows this statement on pages 6 to 9.

Jet2.com

Jet2.com now flies to 26 destinations from six bases in the North of England, Scotland and Northern Ireland. The company also operates night time mail services with six "Quick Change" and one freighter Boeing 737-300 aircraft for Royal Mail and has an important passenger charter programme. The company's main operating base is Leeds Bradford International Airport and the decision has been taken to relocate the majority of the operational infrastructure, from our current offices in Bournemouth, to Leeds Bradford. This is a major undertaking and change for the many people affected. I am pleased to say that the majority of the company's senior management and about one third of other staff will make the move. The recruitment and training of replacements is obviously a considerable task and we are extremely grateful for everyone's help and determination to make the transition a success.

Jet2.com currently operates 22 Boeing 737-300 aircraft, which carry 148 passengers, and three larger Boeing 757-200s, which carry 235 passengers. The Boeing 757 enables us to fly more passengers at a lower seat cost on our more popular routes and also to fly to more distant winter sun destinations. We expect to increase both fleets over the coming year.

Jet2.com aims to offer the lowest possible fares to its holiday, city break and business destinations but also to give a welcoming on-board service which is enhanced by allocating seats at check-in. Ancillary revenues, including commissions from hotels, car hire, etc., sold through the website and through on-board sales are an important source of income and are continually being developed.

With the growing propensity for people to own overseas properties, take more frequent holidays and leisure breaks in exciting and attractive European cities and probably to retire to sunnier climes, we believe that there is huge potential growth in the leisure air travel market.

Jet2.com is now one of the most recognised air travel brands in the North of England and we are well positioned to successfully grow this business.

Fowler Welch-Coolchain

The Group's temperature-controlled distribution company, Fowler Welch-Coolchain, had an encouraging year with increased sales and profits. The improvement in sales was a reflection of new chilled distribution business for a number of the UK's major supermarkets and growth in the company's warehousing, storage and picking operations in both Teynham, Kent, and Spalding, Lincolnshire. In addition to the fresh produce and chilled distribution business, in Teynham up to 150,000 cases per week of cheese and pasta are being picked and despatched, whilst in Spalding the prepared meats business has now reached 375,000 cases per week. Considerable effort is constantly made to minimise operational costs and increase network distribution efficiencies by ensuring that vehicles are efficiently utilised between the company's sites. Pleasingly, one of the major constraints on growth in the distribution business – a shortage of qualified drivers – is receding as well-qualified personnel from Eastern Europe are becoming increasingly available.

Chairman's Statement
continued

Subject to Jersey regulatory approval, the Group's Channel Islands distribution business has been sold. The Channel Islands business was no longer seen as core and this disposal frees up management time and resources to concentrate on developing our UK distribution operations.

On 28 April 2006, the business and assets of R F Fielding Cheshire Limited (In Administration) were acquired. This company offered warehousing and distribution of non temperature-controlled goods and is primarily based in Stockport, Greater Manchester, where it had 160,000 sq ft of specialist warehouse premises. It was a well-established business with a good client base of customers similar to those of Fowler Welch-Coolchain. The company had run into financial difficulties and our management saw the opportunity to acquire the business and assets at an attractive price from the Administrator and to profitably incorporate the operation into the Fowler Welch-Coolchain network. This acquisition should contribute in excess of £15m of turnover in ambient distribution in the 2006/07 financial year and will give further opportunities both to increase the company's lorry fleet loaded miles and to drive down costs as a result of increased network efficiencies.

Fowler Welch-Coolchain has extensive temperature-controlled, warehousing and distribution facilities in Spalding and Teynham with a new distribution centre expected to come on stream in the north east of England, later this financial year. The new facilities of R F Fielding Cheshire Limited in the North West will further enhance the company's service levels and competitiveness. We expect further progress to be made in Fowler Welch-Coolchain in the new financial year, with growth being seen in all the business segments – temperature-controlled distribution, ambient distribution and warehousing operations.

Our staff
Change is always unsettling and the relocation of ***Jet2.com*** to Leeds Bradford is a considerable challenge for all concerned. I believe we have made every effort with our relocation packages and general assistance to give those that wish to make the move all possible encouragement. Obviously, there are many who, for family and other reasons, will be unable to relocate and will, therefore, be leaving us. We are very grateful to everyone for their contributions in the past that have brought us to our current position. We look forward to the exciting opportunities which our northern base brings to those who relocate and our new colleagues who join us.

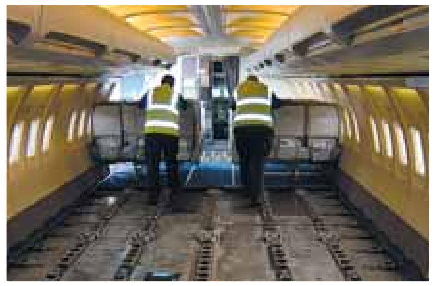
We also welcome the staff of R F Fielding Cheshire Limited to Fowler Welch-Coolchain. We have been very pleased by the enthusiasm with which they have embraced the recent changes and believe that together we can build an increasingly successful distribution business.

Outlook
I am more confident than ever for the continued growth of the Group. Of course, each of the separate businesses is in very competitive sectors. However, I believe we have the expertise, management, staff and assets to be increasingly successful in each. Current trading is in line with our budget and expectations.

Philip Meeson
Chairman 15 June 2006

A Review of Operations follows on pages 6 to 9.

Review of Operations – *Jet2.com*



During the year to 31 March 2006, the Group increased its owned aircraft fleet to 21 Boeing 737-300 aircraft, which carry 148 passengers, and three Boeing 757-200s, which carry 235 passengers. Since the year end two further Boeing 757-200s have been purchased. Of the Boeing 737-300s, six are “Quick Change” versions, allowing the seats to be removed and containers of mail to be loaded within 40 minutes, for Royal Mail’s “Postal Air Network”.

On 3 February 2006, the company flew its last Airbus A300 “Eurofreighter” cargo flight between Milan Bergamo and Cologne on behalf of United Parcel Service for whom we had been operating European air cargo services since 1988. Following notice of the termination of this business, it was decided to dispose of our two remaining Airbus A300s.

The first Airbus A300 was sold on 18 October 2005 and a contract has now been entered into to dispose of the second aircraft. Overall, the disposal of both aircraft, with their associated spares is expected to exceed book value, although some costs were incurred in relation to staff redundancies. We are very pleased that many of the Airbus A300 aircrew successfully transferred to the company’s other aircraft types.

In January 2006, ***Jet2.com*** established its head office at Leeds Bradford International Airport. Operational staff are now progressively transferring from the former headquarters in Bournemouth. Currently, the majority of the company’s senior management and about one third of other staff have indicated their willingness to relocate. Considerable recruitment is under way in Yorkshire with a very encouraging response. In October 2005, the company’s contracted-out call centre operation was transferred from Yorkshire to New Delhi, India, which has proved very successful and this will be followed by the company’s purchase ledger function, which is expected to expand materially as the business grows.

During the financial year, ***Jet2.com*** flew 2.25 million passengers from its northern bases to 26 European destinations. 16 destinations were flown from Leeds Bradford International Airport during the summer of 2005 with additional new routes to Menorca, Milan Bergamo, Pisa, Rome, Dusseldorf and Lanzarote being added for summer 2006. 14 destinations were served from Manchester with further services to Rome, Ibiza, Palma and Tenerife also being added in 2006. Belfast services to Barcelona, Prague and Leeds Bradford have been expanded with the addition of Murcia, Blackpool and Pisa. From Edinburgh, services to Pisa have been added to Manchester and Murcia.

Jet2.com commenced operations from Newcastle International Airport on 4 September 2005 with services to Murcia and later, Cork, with further flights to Amsterdam, Bergen, Pisa, Tenerife and Menorca announced in April this year. Services from Blackpool International Airport were commenced on 4 November 2005 to Belfast and later to Alicante, Murcia and Palma. New routes from Blackpool to Amsterdam, Faro, Prague and Tenerife have already been announced for this autumn and to Malaga for next spring when the company will have three Boeing 737-300s based at that airport. For details of the company’s route structure please visit our website at www.jet2.com.

This concentration of operations gives ***Jet2.com*** real strength in the North. The advertising budget is, therefore, focused and very effective. Our aim is to make ***Jet2.com*** the premier airline for leisure travel to and from the North.

We believe that passengers appreciate the real efforts our staff take to make them welcome on our flights. Whilst we aim to offer the lowest fares we also strive to provide a friendly service. Seats are allocated at check in and every effort is made to ensure a pleasant experience that our customers will want to repeat. We particularly value the very high standard of training in customer care that our experienced team give to cabin staff.

Our cabin staff are rewarded for on-board sales success which, in addition to the commissions the company receives for sales of car hire, hotels, insurance, etc. via the website, make up our ancillary revenues. The ancillary revenue team is led by a dedicated Business Director, thereby giving the appropriate attention to this most important income stream.

We will continue to grow both our fleets. We believe that the Boeing 737-300 has excellent economics for short distance flights, whilst the Boeing 757-200 gives competitive seat rates for longer distances and will allow the company a wider offering of winter sun destinations. This aircraft’s excellent performance characteristics enable operations to a wide variety of regional airports.

Every weekday night, the company’s six Boeing 737 “Quick Change” aircraft are reconfigured to carry post for Royal Mail. This is a vital service which enables Royal Mail to meet its next day delivery obligations over longer distances. The operation of the aircraft by day and by night obviously produces higher utilisation to the advantage of both ***Jet2.com*** and Royal Mail. Additional utilisation of our passenger aircraft is also achieved by our successful charter operations on behalf of other airlines, holiday companies, sporting groups and celebrities. This is an important revenue stream which is continually being developed by our enthusiastic team.

Review of Operations – Fowler Welch-Coolchain

Fowler Welch-Coolchain is one of the UK's leading temperature-controlled distribution businesses specialising in the distribution of fresh produce and chilled foods on behalf of UK supermarkets, other multiple retailers and their suppliers.

On 28 April 2006 the Group acquired the business and assets of R F Fielding Cheshire Limited (In Administration), a business specialising in non temperature-controlled (ambient) distribution to major retailers on behalf of manufacturers and suppliers and to various secondary wholesalers. This acquisition, through its strategically located 160,000 sq ft warehouse in Stockport, Greater Manchester, not only gives Fowler Welch-Coolchain a competitively based entry into this market but will also allow the company to generate further network efficiencies by more efficient vehicle utilisation. The new ambient business should contribute in the order of £15m of sales in a full year. The company plans to use this acquisition as a platform to grow its ambient distribution business.

The Group has agreed to sell its Channel Islands distribution business to a third party specialising in Channel Islands distribution. Contracts have been exchanged but the deal is subject to Jersey regulatory approval, which is hoped to be forthcoming by the end of June 2006. The Board considered that the Channel Islands distribution business was no longer core and that the management's focus needed to be on growing the UK mainland distribution business.

The major part of Fowler Welch-Coolchain's business remains chilled distribution of produce and prepared foods to the regional distribution centres of UK supermarkets and international transport, primarily from Holland. New business was won during the year from a number of the UK major supermarkets.

A key area of growth during the financial year was our warehousing, storage and picking operations in both Teynham, Kent, and Spalding, Lincolnshire. Not only does this

provide value added income to our warehousing operations it also results in substantial increased traffic into our distribution network. In Spalding, we were pleased to gain warehousing and distribution business from Bernard Matthews and in Kent we gained important business in respect of the storage and distribution of imported cheese and pasta. Although both these operations were subject to start up costs in the first half, operational efficiencies have now been achieved and the increased costs were eliminated in the second half. A new warehousing computer system will be implemented in 2006/07 to cater for the growth in this sector of our business.

The company has a successful warehouse and distribution operation based in Gateshead, Tyne and Wear. Negotiations are now taking place to acquire substantially larger premises, which will be particularly suited to this operation, giving us greater presence in the North East of England where, we believe, there are considerable business opportunities.

Until recently a constraint on the UK road transport industry has been the availability of suitably qualified heavy goods vehicle drivers. Following the accession of Poland and other Eastern European countries to the EC and the British Government's wise decision to admit those countries' workers to the UK labour market, this shortage has been alleviated. Whilst their driving licences are accepted in the UK, Fowler Welch-Coolchain has trained mainly Polish drivers to a higher standard. In conjunction with Lincoln University, the company has set up a training scheme to improve their spoken English and understanding of UK driving practices and our customers' needs.

Overall the market place remains tough and competitive with little scope for price increases and the need to be ever vigilant about costs remains. Our agreements with our customers generally allow increases in fuel to be passed on to them so the company has limited exposure in this respect. We believe that as business volumes grow economies of scale will enable us to increase our competitiveness in the marketplace.

Fowler Welch-Coolchain has had a good start to the new financial year and is well-positioned to successfully win new business as opportunities present themselves. Maximising the back haul opportunity arising from the company's recent acquisition and managing the integration of the new business into Fowler Welch-Coolchain's existing national network is one of our key objectives for the new year.

Financial Review

Capital structure

The Group's capital structure is as follows:–

	2006 £m	2005 £m
Net debt		
Loans	**31.5**	25.0
Cash and short-term deposits, net of bank overdrafts	**(26.0)**	(27.4)
	5.5	(2.4)
Shareholders' funds		
Equity interests	**59.3**	49.9
	64.8	47.5

Derivatives and other financial instruments

The Group's principal financial instruments, other than derivatives, comprise aircraft mortgages, bank loans and overdrafts, finance leases and hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group also has various other financial instruments, such as trade debtors and trade creditors that arise directly from its operations.

Outstanding derivative transactions at the year end relate to forward currency contracts, interest rate swaps, cross currency swaps and aviation fuel swaps as detailed in Note 18. The purpose of these is to manage the interest rate, fuel price and currency risks arising from the Group's operation and sources of finance. The Group's treasury policy permits the use of such instruments to manage interest, fuel price and currency risk. It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate, fuel price, liquidity and foreign exchange risks. The Board reviews and agrees policy for managing each of these risks and these are summarised below. These policies have been consistent during the year.

Interest rate risk

The Group's policy permits it to borrow in both fixed and floating rates of interest depending on rates available in the market as appropriate. All of the Group's interest rate risk is floating.

Aviation fuel price risk

The Group's policy is to forward cover future fuel requirements with up to 100% up to three years in advance. The magnitude of the aviation fuel swaps held is given in Note 18. For year ending 31 March 2007 the Group has hedged in excess of 80% of its current forecast fuel requirements. A small amount of hedges have been put in place for the year ending 31 March 2008 or thereafter.

Foreign currency risk

The Group has significant transactional foreign currency exposure, the most significant being the US Dollar.

Transactional currency exposures primarily arise as a result of purchases in foreign currency undertaken in the ordinary course of business. The Group's policy is to cover all material transactional risks for a minimum period of six months using forward foreign exchange contracts. For the year ending 31 March 2007, the Group has hedged 100% of its forecast foreign exchange requirements. It also has firm hedges for 35% of its forecast US Dollar requirement for the year ending 31 March 2008, 10% for the year ending 31 March 2009 and 8% for the year ending 31 March 2010. The magnitude of the foreign currency exchange risk is given in Note 18.

Structural currency exposures exist where the Group has a small Euro exposure in respect of net overseas investment. However, as these exposures are not material, no hedging has taken place.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of aircraft mortgages, overdrafts, bank loans, finance leases and hire purchase commitments. It is the Group's policy to match long-term assets with long-term liabilities. Accordingly, certain aircraft have been financed by mortgage facilities with a maximum maturity date of 10 years.

Financial Review
continued

Liquidity
A summary of the main components of the Group's cashflow statement and movement in net debt is detailed below:

	2006 £m	2005 £m
Operating profit	**7.5**	5.3
Depreciation and impairment	**16.6**	31.2
Amortisation of goodwill	**0.5**	0.5
EBITDA	**24.6**	37.0
Movement in working capital	**16.4**	31.4
Capital expenditure, net of disposals	**(45.5)**	(49.1)
Disposal of subsidiary undertakings	**4.0**	–
Net interest paid	**(1.6)**	(0.1)
Taxation paid	**(5.2)**	(1.4)
Issue of share capital	**0.6**	0.3
	(6.7)	18.1
Dividends paid	**(2.4)**	(2.2)
(Increase)/decrease in net debt resulting from cash flows	**(9.1)**	15.9
Exchange gain on opening net debt	**1.2**	1.6
(Increase)/decrease in net debt	**(7.9)**	17.5

Bank and other facilities
Bank and other facilities, as at 31 March 2006, are disclosed in Note 18 to the accounts.

Dividend
The dividend for the year has been increased by 10.2% to 7.43p per share. It is the Company's policy to follow a progressive dividend policy taking in to account the future capital spending requirements of the Company.

Taxation
An analysis of the taxation charge is set out in Note 7 to the accounts. The taxation charge as a percentage of profit before taxation, goodwill amortisation and profit on disposal of discontinued operations was 32.2% (2005 – 31.8%).

International Financial Reporting Standards
As a result of the Group having moved its share listing to the Alternative Investment Market (AIM), the implementation of International Financial Reporting Standards has been delayed.

Going concern
After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Mike Forder
Group Finance Director 14 June 2006

Directors and Senior Management

DART GROUP PLC

Philip Meeson (58): Group Chairman and Chief Executive
Michael Forder BA(Hons), FCMA, MCT (52): Group Finance Director
Trevor Crowley FCA (61): Senior Independent Non-Executive Director
Brian Templar BA(Hons), MILT (54): Independent Non-Executive Director
Nigel Lawrence BA(Hons) (51): Group Company Secretary

Jet2.com Limited

Philip Meeson: Chief Executive
Ian Doubtfire: Managing Director
Richard Bodin MBA, CIM: Business Director
Rob Bradshaw: Flight Operations Director
David Daughters MBA: Director – Parts Trading
Brian Gresham: Line Maintenance Director
Stephen Lee: Commercial Director
Andrew Menzies: Technical Director
Andrew Mondon ACA: Director – Accounting
Antony Sainthill BA(Hons), FIFP: Director – Aircraft Management
Hilary Shaw BA(Hons), MIPD: Personnel Director
Rob Trayhurn: Director – Safety Management
Philip Ward: Passenger Sales Director
David Williams: Director – IT Business Systems

Fowler Welch – Coolchain Limited

Jim Welch: President
Philip Meeson: Executive Chairman
David Inglis: Managing Director
John Peall: Deputy Managing Director
Lee Juniper: National Operations Director
David Cottam: Executive Director
Stephen King: Finance Director
Andrew Senior: Operations Director, North

Directors' Report

The directors present their report and the audited accounts for the year ended 31 March 2006.

Principal activity and business review

Dart Group PLC is an aviation services and distribution group specialising in:

- the operation of low cost and charter air services throughout Europe;
- the distribution of fresh produce, temperature-controlled and ambient products to supermarkets and wholesale markets throughout the United Kingdom.

A detailed review of the year's business and future developments is given in the Chairman's Statement and the Review of Operations.

Results and dividends

The results for the year are set out in the Profit and Loss Account and show a profit, after taxation, of £11.2m (2005 – £5.6m).

An interim dividend of 2.25p (2005 – 2.04p) per share was paid on 5 January 2006.

Subject to shareholders' approval, the directors recommend the payment of a final dividend of 5.18p (2005 – 4.70p) per share, which will be paid on 18 August 2006.

Directors

Executive Directors

Philip Meeson is Chairman and Chief Executive of Dart Group PLC and Chief Executive of ***Jet2.com*** and Executive Chairman of Fowler Welch-Coolchain.

In April 1983, his private company purchased the Channel Express Group which, at that time, distributed Channel Islands grown flowers to wholesale markets throughout the UK and freight from the UK into the Channel Islands. From that original business, he developed the Group's two businesses.

Having decided that the Company needed wider access to funding in order to accelerate its growth, Channel Express Group PLC was floated on the USM in 1988. In 1991, it changed its name to Dart Group PLC and moved to a full listing on the London Stock Exchange.

Prior to his acquisition of the Group, Philip trained as a pilot in the Royal Air Force, was five times British Aerobatic champion from 1978 and, with a partner, built up a major, quality car dealership in London and a vehicle distribution business.

Mike Forder, Group Finance Director, joined the Group in August 1998 and was appointed to the Board in August 1999. He previously held a number of senior financial management positions in other UK quoted groups, including Meggitt PLC and Cobham PLC.

Mike graduated from the University of Kent in 1977 and is a Fellow of the Chartered Institute of Management Accountants and a member of the Association of Corporate Treasurers.

Non-Executive Directors

Trevor Crowley FCA, senior independent non-executive director has served as a director since 1988. He is currently Chairman of the Audit Committee and his long experience with the Company enables him to provide a positive contribution to all financial aspects of the Group. His training and experience in exercising independent judgement in his capacity as an audit Partner in Levy Blair, a London based firm of Chartered Accountants, ensures his continuing independence despite his length of service with the Company.

Brian Templar has served as an independent non-executive director since 1993. He graduated with a BA (Hons) degree in Psychology. He has considerable experience in the distribution industry, having held senior management positions with NFC, LEX, Federal Express and Iveco. As Chairman of logistics consultants Davies & Robson, Brian continues to advise the Boards of both national and international clients on all aspects of supply chain management. His knowledge and understanding of changing market needs brings a valuable insight and independent view to the Board of the Group.

Directors' interests

(a) The directors who served during the whole year and their beneficial interest in the Company are set out below:

	Ordinary shares 31 March 2006	Ordinary shares 31 March 2005
P H Meeson	14,060,000	14,060,000
M E Forder	52,130	9,409
T P Crowley	12,047	12,047
B S Templar	33,678	33,678

(b) No directors have a non-beneficial interest in the shares of the Company. Interests in options to acquire ordinary shares are given in the Report on Directors' Remuneration on page 22. There have been no changes to the directors' interests above in the period since 31 March 2006.

(c) None of the directors has any direct or indirect interest in any contract or arrangement subsisting at the date of these accounts which is significant in relation to the business of the Group or the individual and is not otherwise disclosed.

Material holdings

Apart from the interest of P H Meeson in the capital of the Company, the directors are aware that the following holdings were interested, directly or indirectly, in three per cent or more of the issued share capital of the Company as at 23 June 2006:

Schroder Investment Management	14.45%
AXA Framlington Investment	7.63%
Aberforth Partners	5.76%
JO Hambro Capital Management Group	5.51%

Future developments

The Group's strategy is to grow its business through a combination of organic expansion and carefully planned acquisitions in areas related to its existing businesses and markets.

Movements in share capital

The issued share capital was increased by 323,577 five pence ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

22 July 1996	50,690	17 November 2000	15,982
19 December 1996	16,000	19 November 2001	4,500
26 June 1997	6,940	3 July 2002	9,540
12 December 1997	7,000	18 November 2002 (approved)	19,645
14 December 1998	15,500	18 November 2002 (unapproved)	100,000
12 July 1999	7,500	3 July 2003	12,000
3 December 1999	33,280	5 December 2003	13,000
19 July 2000	12,000		

Details of the movements in share capital are given in Note 19 to the accounts.

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 3 August 2006 resolutions 8, 9, 10, 11 and 12 will be special business. Ordinary Resolution 8 covers the directors' authority to allot ordinary shares pursuant to Section 80 of the Company's Act 1985 up to an aggregate nominal amount of £200,000, such authority to expire on the close of the next Annual General Meeting. Special Resolution 9 covers the directors' authority to allot equity securities for cash (up to an aggregate nominal amount equal to 5% of the issued share capital of the Company at the date the Resolution is passed) and dis-apply pre-emption rights. Special Resolution 10 deals with authority for the Company to buy back its own shares. Ordinary Resolution 11 deals with the proposed share split. Special Resolution 12 deals with new Articles of Association of the Company. Further explanatory notes in respect of all of these resolutions under special business are included with the Annual General Meeting notice on pages 50 and 51.

Directors' Report
continued

Business Review and Operating and Financial Review

Section S234ZZB of the Companies Act 1985 requires companies to produce an enhanced business review in their Directors' Reports for periods beginning on or after 1 April 2005.

The Directors have prepared a balanced and comprehensive analysis of the business in the Chairman's Statement and Review of Operations. This section will, therefore, confine itself to risks only and certain Key Performance Indicators, split into ***Jet2.com*** and Fowler Welch-Coolchain, and should be read in conjuction with the rest of the information provided to shareholders in this document.

Jet2.com

The future growth in ***Jet2.com*** is largely dependent upon the commercial success of the Group's low cost airline. The principle risks associated with growing this business are passenger numbers, competition and financial risk.

The growth in passenger numbers is key and any risks which would depress their increase need to be considered. Factors such as terrorism and bird flu outbreaks are likely to deter people from travelling. In excess of 98% of ***Jet2.com*** ticket sales are made over the internet, any disruptions to the internet could create considerable problems in selling tickets. Most businesses face threats from competition and aggressive activities by competitors could depress growth.

The major financial risks facing the Group are the price of aviation fuel and the value of Sterling against the US Dollar, and to a lesser extent the Euro. The Group has comprehensive treasury operations designed to mitigate these financial risks.

The Company is relocating the ***Jet2.com*** head office to Leeds Bradford International Airport. Whilst this relocation poses a risk, currently the majority of the Company's senior management and approximately one third of other staff have indicated their willingness to relocate.

Certain Key Performance Indicators are:

	2006	2005
Number of owned aircraft	**25**	22
Passenger numbers	**2.3m**	1.3m
Number of European destinations served	**26**	18
Advance ticket sales made at year end	**£59.5m**	£37.8m
Percentage sales made over the internet	**98.4%**	97.4%
Average hedged price of fuel in US$ per tonne	**US$ 414**	US$ 297
Percentage of estimated annual fuel requirement hedged at year end date	**82%**	94%
Average monthly staff turnover	**2.0%**	1.7%

Overall the percentage load factor fell by a small amount as a result of the launch of a number of new bases, this was partially offset by an increase in yield.

Fowler Welch-Coolchain

The risks associated with Fowler Welch-Coolchain primarily relate to the loss of a substantial major UK supermarket customer. Fowler Welch-Coolchain's agreements with customers generally allow increases in fuel costs to be passed on to them and, therefore, it has limited exposure to oil price fluctuations.

Certain Key Performance Indicators are:

	2006	2005
Warehouse space – sq ft	**440,000**	280,000
Number of tractor units in operation	**242**	249
Number of trailer units in operation	**634**	666
Mileage per gallon	**8.39**	8.24
Fleet mileage per annum	**24.6m**	24.0m
Average monthly staff turnover	**2.5%**	2.6%

The business also monitors trailer load fill which increased marginally during the year.

Directors' Report

Payments to suppliers

It is the Group's policy to agree terms of payment with suppliers. Suppliers are made aware of the Group's terms of payment and the Group adheres to the terms agreed. It is not the Group's policy to follow a code or standard in relation to payment practice. At 31 March 2006 the Group's creditor days were 34.

Political and charitable contributions

The Group made no political contributions during the period. The Group made contributions to various local and national charities amounting to £3,800 during the period.

Health and safety at work

Maintaining the highest standards of safety in all its operations is central to the Group's continuing success. The Group Safety Office supports line Managers in the discharge of their responsibility for the safety of the operations they control. Providing expertise and advice on regulatory compliance and best practice in all aspects of flight safety and occupational health and safety, the Group Safety Office also maintains the Group's operational quality system. This comprehensive safety management system has helped deliver consistently improving safety statistics together with a commensurate reduction in insurance premium rates.

Environmental policy

The Group's policy is to minimise the impact on the environment of its business activities.

The Group seeks to continually minimise the consumption of fossil fuels in both its aircraft and truck fleets. This is achieved by pilot and driver training in minimising fuel burn and the control by management of fuel consumption.

Where on-site refuelling facilities are available, fuel traps exist to prevent fuel seeping into the water table. Employees are encouraged to share cars when travelling on company business.

In Fowler Welch-Coolchain, the concept of shared user and back haul help to contribute to reducing the overall number of miles driven during the year.

In respect of the aircraft fleet, all Group aircraft exceed the International Civil Aviation Organisation's Annex XVI to the Convention on International Civil Aviation, Volume 1, Part 2, Chapter 3 limitations, thereby minimising noise pollution.

Equal opportunities

The Group has a policy of treating job applicants and employees in the same way, regardless of their gender, race, ethnic origin or disability. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees. Employees are retained wherever possible in the event of disability during their employment.

Employee involvement

The importance of promoting and maintaining good communications with the Group's employees is recognised and its policy is to keep employees regularly informed on matters relating to their employment through the Group's Aviation Commercial and Special Technical Information bulletins, pensions newsletter, circulars and team briefings.

Statement as to disclosure of information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution proposing the re-appointment of KPMG Audit Plc as auditors to the Company will be put to the forthcoming Annual General Meeting.

By order of the Board

N A Lawrence
Secretary

14 June 2006

Report on Directors' Remuneration

Information not subject to audit –

Remuneration Committee and advisers

The Group's Remuneration Committee is chaired by Brian Templar and its other member is Trevor Crowley. The Committee makes recommendations to the Board, within agreed terms of reference, on an overall remuneration package for executive directors.

In 2004, the Company, under the guidance of the Remuneration Committee, appointed Towers Perrin, a leading firm of executive remuneration consultants, to assess comparability to the marketplace. Towers Perrin does not provide any other advice. When required, KPMG Audit Plc (the Company's auditor and tax service provider), will provide advice on both the approved and unapproved share option schemes. Philip Meeson, Chief Executive, provides advice in relation to the remuneration of other executive and non-executive directors.

Remuneration policy

The Company's policy on directors' remuneration for 2006/07 and subsequent financial years is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value. The package consists of basic salary, benefits, share options and performance related bonuses. In constructing the remuneration packages, the Committee aims to achieve a balance between fixed and variable remuneration. Consideration is given to pay and employment policies elsewhere in the Group, especially when determining annual salary increases.

Executive remuneration package

The Remuneration Committee, having taken external advice, believes that the value of the total employment packages of the Directors and senior managers, and the extent of performance-related elements within this, is appropriate when compared to analysis of comparable companies. The details of individual components of the remuneration package and service contracts are discussed below.

Basic salary and benefits

Base salaries for each executive director are determined by individual performance and reference to external market data. The salary and benefits are reviewed annually. The base salary is the only element of remuneration that is pensionable. Benefits principally comprise a car and private healthcare.

Share options

Share options under the Unapproved Scheme are awarded annually (subject to available headroom) by the Remuneration Committee to directors and senior managers, but only after challenging internal profit targets relating to the previous financial year have been achieved. These profit targets are deemed the most appropriate to reflect the performance of senior management. Share options under the Approved Scheme are awarded at the discretion of the Board to a wide range of key personnel up to the current statutory limit. Other than for share options granted on 5 December 2003 and 21 November 2005, the details of which are given below, there are no performance targets linked to the exercise of options once awarded.

For options granted on 5 December 2003 earnings must increase by at least an average of 5% over RPI per annum from the adjusted base financial year 2002/03 net profit figure of £9.468m for the three and six consecutive years to the financial years 2005/06 and 2008/09 respectively.

For options granted on 21 November 2005, earnings must increase by at least an average of 5% over RPI per annum of the base financial year 2004/5 net profit on ordinary activities before taxation figure of £13.472 million for the three and six consecutive years to financial years 2007/8 and 2010/11 respectively.

Inland Revenue approved schemes

Under the Dart Group PLC Approved Share Option Plan 2005, Dart Group Company Share Option Scheme and the Dart Group Executive Share Option Scheme, the maximum value of options held by any individual, including directors, at any one time is £30,000, the current statutory limit. All share options awarded are exercisable at the higher of the nominal value of the shares and the market price at the date of the award.

If an option holder ceases to be an employee of either Dart Group PLC or one of its subsidiary companies his option will normally lapse immediately. However, at the discretion of the directors, and in certain other defined circumstances, the option may be exercised within either six months of such cessation or six months after the third anniversary of the date of grant, whichever is the later.

Dart Group PLC Unapproved Share Option Plan 2005

This scheme was adopted by the Board on 8 November 2005. Options may be granted to employees, but not non-executive directors of Dart Group PLC, selected at the discretion of the Board. The full details of the scheme are summarised below.

1. Individual limit
   - 1.1 The maximum number of shares which may on any day be placed under option for subscription under the Scheme, when added to the number of shares previously placed under option for subscription under the Scheme or allocated for subscription in the preceding ten years under any other employees' share scheme adopted by the Company, shall not exceed 10% of the Company's issued share capital on that day.
   - 1.2 For the purpose of the above limits options which have lapsed are disregarded.
2. Grant of options
   - 2.1 The Scheme allows for the grant of options to take place at any time during the period of 42 days after the announcement by the Company of its results.
   - 2.2 The grant of options will be subject to the discretion of the directors based upon the satisfaction of performance conditions. Performance conditions will be a combination of Earnings per Share for the Group and, in the case of subsidiary directors, the profitability of individual subsidiary company as applicable.
   - 2.3 No option may be granted more than ten years after the adoption of the Scheme.
   - 2.4 Options are personal to the option holder and may not be transferred or assigned. Options will be non-pensionable. No payment will be required for the grant of any option.
3. Option price

   The holder of an option will be entitled to acquire ordinary shares at a price per share to be determined by the Board at the time when the option is granted. The option price will not be less than the nominal value of an ordinary share on which the option is granted.
4. Exercise of options
   - 4.1 Unless the Board decides otherwise, options will be exercisable as follows:
     - 4.1.1 as to 50% of the shares originally comprised in the option on or after the third anniversary of the date of grant
     - 4.1.2 as to the remaining 50% of the shares originally comprised in the option on or after the sixth anniversary of the date of grant.
   - 4.2 If an option holder ceases to be an employee of either Dart Group PLC or one of its subsidiary companies his option will normally lapse immediately. However, at the discretion of the directors, the option may be exercised within six months of such cessation.
   - 4.3 If the option holder dies, his personal representatives will have up to 12 months from the death in which to exercise.
   - 4.4 No option may be exercised more than ten years after the date of grant of the option.

Report on Directors' Remuneration
continued

5. Voting, dividend, transfer and other rights
   - 5.1 Until options are exercised, option holders have no voting or dividend rights in respect of the shares to which their options relate.
   - 5.2 Shares issued and allotted under the Scheme following the exercise of an option will rank *pari passu* in all respects with the then existing shares of the same class of the Company, with the exception of rights attaching by reference to a record date on or before the date of allotment.

Performance related bonuses
These are calculated based on fixed formulae which are determined in advance of each year by the Remuneration Committee. The formulae for P H Meeson and M E Forder measure the Group's profit before tax performance against a specified target. On achievement of the minimum target a bonus of 20% of basic salary is payable, increasing to a maximum of 30% of basic salary. From time to time an exceptional additional payment of up to 20% may be paid for outperformance.

Pensions
The executive directors are members of a money purchase pension scheme. The company does not have any final salary pension schemes.

Fees
The fees for non-executive directors are determined by the executive directors. The non-executive directors are not involved in any discussions or decisions about their own remuneration.

Service contracts
Both P H Meeson and M E Forder have service contracts that contain a rolling notice period of six months for either party.

Neither of the non-executive directors have service contracts. The remuneration of the non-executive directors takes the form of fees, which are set by the executive directors having taken advice on appropriate levels.

There are no predetermined special provisions for executive or non-executive directors with regard to compensation in the event of loss of office. The remuneration committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

The service contracts and letters of appointment of the directors who served in the year include the following terms:

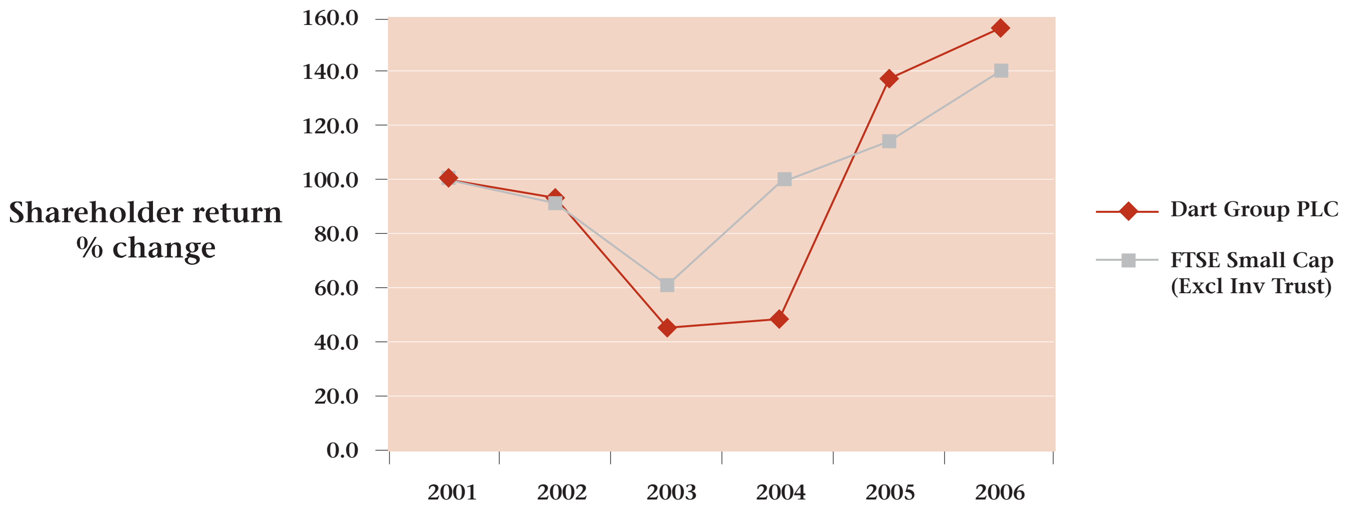
	Date of contract	*Notice period (months)*
Executive directors:		
P H Meeson	20 May 2003	6
M E Forder	6 October 1998	6

The non-executive directors do not have formal fixed term contracts or notice periods but must retire and, having been non-executive directors of the Company for more than 9 years, be re-appointed by rotation at the Annual General Meeting every year.

T P Crowley and B S Templar retire from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.

Performance graph
The graph below shows the percentage change in the total shareholder return (with dividends reinvested) for each of the last five financial years of a holding of the Company's shares against the corresponding change in a hypothetical holding of shares in the FTSE Small Cap.

The FTSE Small Cap was selected as it represents a broad equity market index in which the Company is a constituent member.



Information subject to audit

Directors' remuneration
The remuneration of the directors is as follows:

	Basic salary and fees £	*Benefits (1) £*	*Performance related bonuses £*	*Total 2006 £*	*Total 2005 £*
Executive directors:					
P H Meeson	**176,839**	**14,490**	**53,052**	**244,381**	274,824
M E Forder	**147,805**	**11,557**	**73,903**	**233,265**	226,594
Non-executive directors:					
T P Crowley (2)	**23,250**	**–**	**–**	**23,250**	18,000
B S Templar	**23,250**	**–**	**–**	**23,250**	18,000
	371,144	**26,047**	**126,955**	**524,146**	537,418

(1) The remuneration package of each executive director includes non-cash benefits comprising the provision of a company car and private health insurance.

(2) T P Crowley is a partner of Levy Blair, a firm of Chartered Accountants. The remuneration included above represents fees payable to Levy Blair for services of T P Crowley as a non-executive director.

Pension entitlement
In respect of 2006 the employer contributed to one of the Group's money purchase schemes an amount of £24,757 (2005 – £24,036) in respect of P H Meeson and £20,492 (2005 – £19,460) in respect of M E Forder.

Report on Directors' Remuneration

continued

Interests in options

The Company has four share option schemes by which executive directors and other senior executives are able to subscribe for ordinary shares in the Company and acquire shares in the Company. The interests of the directors who served during the year were as follows:

Director	*Share Scheme*	*Exercise price*	*At 1 April 2005 No.*	*Awarded during the year No.*	*Exercised during the year No.*	*Expired unexercised during the year No.*	*At 31 March 2006 No.*
M E Forder	Approved	210p	14,280	–	(14,280)	–	a) –
	Unapproved	190p	25,000	–	(12,500)	–	b) 12,500
	Unapproved	125p	50,000	–	–	–	c) 50,000
	Unapproved	314p	–	20,000	–	–	d) 20,000

The options are exercisable between the following dates:

(a) Up to 50 per cent from 3 December 2002 and up to 100 per cent from 3 December 2005 to 3 December 2009. These were exercised on 27 March 2006.

(b) Up to 50 per cent from 18 November 2005 and up to 100 per cent from 18 November 2008. All of these options expire on 18 November 2012. 12,500 were exercised on 16 February 2006.

(c) Up to 50 per cent from 5 December 2006 and up to 100 per cent from 5 December 2009, subject to performance conditions as described on page 18. All of these options expire on 5 December 2013.

(d) Up to 50 per cent from 21 November 2008 and up to 100 per cent from 21 November 2011, subject to performance conditions as described on page 18. All of these options expire on 21 November 2015.

The mid-market price of the Company's shares on 31 March 2006 was 419 pence per five pence ordinary share. The highest and lowest closing mid-market prices during the year were 232 pence and 426.5 pence respectively.

The interests of the directors to subscribe for or acquire ordinary shares have not changed since the year end.

On behalf of the Board

B S Templar

Director, Chairman of the Remuneration Committee 14 June 2006

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and the Parent Company financial statements in accordance with UK Accounting Standards.

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Workings of the Board and its Committees

As the Company is now listed on the Alternative Investment Market, there is no requirement to report on compliance with the Combined Code.

The Workings of the Board and its Committees

The Board

The Board currently comprises Philip Meeson, who owns 40.3% of the issued share capital of Dart Group PLC and performs the role of Chairman and Chief Executive, Mike Forder, the Group Finance Director, and two independent non-executive directors, Trevor Crowley and Brian Templar. The biographies of the directors appear on page 14. These demonstrate a range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of the directors' responsibilities in respect of the directors' report and the financial statements is set out on page 23 and a statement on going concern is given within the Financial Review on page 12.

The Board has a formal schedule of matters specifically reserved to it for decision. All directors have access to the advice and services of the Company Secretary, Nigel Lawrence, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary ensures that the directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board meets quarterly, reviewing trading performance, ensuring adequate funding and setting and monitoring strategy. To enable the Board to discharge its duties, all directors receive appropriate and timely information, and in months when the Board does not meet, the directors receive a formal written report.

The Group does not operate a Nomination Committee due to the size and nature of the Board. New director appointments are a matter for the Board as a whole.

The following committees deal with the specific aspects of the Group's affairs.

Board committees

The number of full Board Meetings and Committee Meetings attended by each Director during the year was as follows:-

	Scheduled and held Board meetings	*Remuneration Committee meetings*	*Audit Committee meetings*
Philip Meeson, Chairman and Chief Executive	4	1*	–
Mike Forder, Group Finance Director	4	–	2*
Trevor Crowley, Senior Independent Non-Executive Director	4	1	2
Brian Templar, Non-Executive Director	4	1	2

* By invitation

Remuneration Committee

The Group's Remuneration Committee is chaired by Brian Templar and its other member is Trevor Crowley. It is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for the executive directors, including performance related bonus schemes, pension rights and compensation payments.

Audit Committee

The Audit Committee which is chaired by Trevor Crowley, its other member being Brian Templar, meets not less than twice per year. The Committee provides a forum for reporting by the Group's external auditors. Meetings are also attended, by invitation, by the Chief Executive and Group Finance Director.

The Audit Committee is responsible for reviewing a wide range of matters including the half-year and annual accounts before their submission to the Board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders.

In 2006 the Audit Committee, operating under its previous terms of reference, discharged its responsibilities by:

- reviewing the Group's draft 2006 financial statements and 2005 interim results statement prior to Board approval and reviewing the external auditor's reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing and approving the 2006 audit fee and reviewing non-audit fees payable to the Group's external auditors in 2006;
- reviewing the external auditor's plan for the audit of the Group's 2006 accounts, including key risks on the accounts, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- reviewing an annual report on the Group's systems of internal control and its effectiveness and reporting to the Board on the results of the review.

From 2005, the Audit Committee will meet at least twice a year. The Committee meets with Executive Directors and management, as well as privately with the external auditors.

The Company does not have an independent internal audit department capable of performing a full and regular monitoring role of the Company's procedures. Despite this, it is felt that the financial record keeping is robust and capable of highlighting significant departures from procedures. Other areas of risk assessment and monitoring which may normally be carried out by an internal audit department are, in the main, covered by the Board either as a whole or within the various meetings highlighted.

Internal control

The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. Any such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material mis-statement or loss.

The Board has maintained its processes for the year and up to the date of signing of the accounts for identifying, evaluating and managing the significant risks faced by the Group and the Board confirms that these accord with the Turnbull Guidance for directors on internal control.

Fundamental to the process is the regular review by the Board of reports on the operating risks facing each business unit and the actions taken to mitigate these. The Audit Committee receives and considers a detailed annual report on internal control from the Group Finance Director, which is discussed in detail with the Company's external auditors, and subsequently reports back to the Board.

The Workings of the Board and its Committees

continued

In order to ensure compliance with laws and regulations, and promote effective and efficient operations, the directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. Comprehensive guidance on financial and non-financial matters for all managers and employees is given in the Group Management Manual. In particular there are clear procedures for:

- approval of invoices before authorisation for their payment;
- capital investment, with detailed appraisal, authorisation and post investment review; and
- financial reporting, within a comprehensive financial planning, budgeting and accounting framework.

The Board confirms that the directors have reviewed the effectiveness of the system of internal control.

Relations with shareholders

Communications with shareholders are given high priority. The Review of Operations and Financial Review on pages 6 to 12 include a detailed review of the Group's business and future developments. There is regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the interim and full year results.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the chairmen of the Audit and Remuneration Committees are available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 3 August 2006 can be found in the Notice of the Meeting on pages 50 and 51.

Independent Auditor's Report

To The Members of Dart Group PLC

We have audited the Group and Parent Company financial statements (the ''financial statements'') of Dart Group PLC for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 23. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the Financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referenced from the Directors' Report.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 March 2006 and of the Group's profit for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 June 2006

Group Profit and Loss Account

for the year ended 31 March 2006

	Note	2006 Before exceptional items £m	2006 Exceptional items (note 5) £m	2006 Total £m	2005 Before exceptional items (restated) £m	2005 Exceptional items (note 5) £m	2005 Total (restated) £m
Turnover							
Continuing operations	2	**310.1**	–	**310.1**	246.0	–	246.0
Discontinued operations	2	**9.5**	–	**9.5**	22.0	–	22.0
		319.6	–	**319.6**	268.0	–	268.0
Net operating expenses excluding goodwill amortisation		**(305.4)**	**(6.2)**	**(311.6)**	(254.0)	(8.2)	(262.2)
Goodwill amortisation	10	**(0.5)**	–	**(0.5)**	(0.5)	–	(0.5)
Net operating expenses	3	**(305.9)**	**(6.2)**	**(312.1)**	(254.5)	(8.2)	(262.7)
Operating profit							
Continuing operations		**13.3**	**(6.2)**	**7.1**	12.8	(8.2)	4.6
Discontinued operations		**0.4**	–	**0.4**	0.7	–	0.7
		13.7	**(6.2)**	**7.5**	13.5	(8.2)	5.3
Profit on disposal of discontinued operations		–	**3.7**	**3.7**	–	–	–
Profit on disposal of fixed assets	5	–	**3.3**	**3.3**	–	0.8	0.8
Net interest (including exchange gains)	4	**0.5**	–	**0.5**	(0.1)	2.4	2.3
Profit on ordinary activities before taxation	5	**14.2**	**0.8**	**15.0**	13.4	(5.0)	8.4
Taxation	7	**(4.7)**	**0.9**	**(3.8)**	(4.3)	1.5	(2.8)
Profit on ordinary activities after taxation for the period		**9.5**	**1.7**	**11.2**	9.1	(3.5)	5.6
Earnings per share – total							
– basic	9	**27.47p**		**32.26p**	26.52p		16.32p
– diluted	9	**27.27p**		**32.02p**	26.34p		16.21p
Earnings per share – continuing operations							
– basic	9	**26.68p**		**20.84p**	24.96p		14.76p
– diluted	9	**26.49p**		**20.69p**	24.79p		14.66p
Earnings per share – discontinued operations							
– basic	9	**0.79p**		**11.42p**	1.56p		1.56p
– diluted	9	**0.78p**		**11.33p**	1.55p		1.55p

Statement of Total Recognised Gains and Losses

	2006 £m	2005 £m
Profit on ordinary activities after taxation	**11.2**	5.6
Exchange gain on foreign equity investment	–	0.1
Total recognised gains and losses relating to the year	**11.2**	5.7

A statement of the movement on reserves is given in Note 20 to the accounts.

Balance Sheets

at 31 March 2006

	Note	Group 2006 £m	Group 2005 (restated) £m	Company 2006 £m	Company 2005 (restated) £m
Fixed assets					
Intangible assets	10	**6.8**	7.3	–	–
Tangible assets	11	**131.5**	99.3	**128.5**	104.1
Investments	12	–	–	**20.2**	20.7
		138.3	106.6	**148.7**	124.8
Current assets					
Stock	13	**7.5**	4.6	–	–
Debtors	14	**23.8**	25.5	**5.9**	5.0
Cash at bank and in hand		**26.0**	27.4	–	–
		57.3	57.5	**5.9**	5.0
Current liabilities					
Creditors: amounts falling due within one year	15	**(98.6)**	(88.6)	**(95.7)**	(88.4)
Net current liabilities		**(41.3)**	(31.1)	**(89.8)**	(83.4)
Total assets less current liabilities		**97.0**	75.5	**58.9**	41.4
Creditors: amounts falling due after more than one year	16	**(28.0)**	(19.4)	**(28.0)**	(19.3)
Provisions for liabilities	17	**(9.7)**	(6.2)	**(10.8)**	(6.4)
Net assets		**59.3**	49.9	**20.1**	15.7
Capital and reserves					
Called up share capital	19	**1.7**	1.7	**1.7**	1.7
Share premium account	20	**8.6**	8.0	**8.6**	8.0
Profit and loss account	20	**49.0**	40.2	**9.8**	6.0
Shareholders' funds – equity interests	21	**59.3**	49.9	**20.1**	15.7

The accounts on pages 28 to 48 were approved by the Board of Directors at a meeting held on 14 June 2006 and were signed on its behalf by:

P H Meeson
M E Forder } *Directors*

Group Cash Flow Statement

for the year ended 31 March 2006

	Note	2006 £m	2005 £m
Net cash inflow from operating activities	25	**41.0**	68.3
Returns on investment and servicing of finance	24	**(1.6)**	(0.1)
Taxation	24	**(5.2)**	(1.4)
Capital expenditure and financial investment	24	**(45.5)**	(49.1)
Disposal of subsidiary undertakings	24	**4.0**	–
Equity dividends paid		**(2.4)**	(2.2)
Cash (outflow)/inflow before financing		**(9.7)**	15.5
Financing	24	**6.8**	(2.2)
(Decrease)/increase in cash in the year	26	**(2.9)**	13.3

Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)

	Note	2006 £m	2005 £m
(Decrease)/increase in cash in the year		**(2.9)**	13.3
Cash (inflow)/outflow from the (increase)/decrease in net debt in the year	26	**(6.2)**	2.5
Change in net debt resulting from cash flows		**(9.1)**	15.8
Exchange differences		**1.2**	1.6
Net funds/(debt) at 1 April	26	**2.4**	(15.0)
Net (debt)/funds at 31 March	26	**(5.5)**	2.4

Notes to the Accounts

1. Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the consolidated financial statements of the Group. Except as noted below, the Group has applied consistent accounting policies.

Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation
The accounts of the Company and all of its trading subsidiary undertakings are consolidated on the basis of accounts made up to 31 March 2006.

Goodwill
Goodwill arising on acquisitions prior to 1 April 1997 was written off directly against reserves. Goodwill previously eliminated against reserves has not been re-instated on implementation of FRS 10.

Goodwill arising on acquisitions after 1 April 1997 has been capitalised in the balance sheet and amortised over its estimated economic life up to a presumed maximum of 20 years. It will be reviewed for impairment at the end of its first full financial year following the acquisition and in other periods if events indicate that the carrying value may not be recoverable.

If a subsidiary or associated undertaking is subsequently sold or closed any goodwill previously written off directly to reserves or not yet amortised through the profit and loss account is taken into account in determining the profit or loss on disposal.

Investments
Investments are recorded at cost, less provisions for impairment in value where appropriate. Certain of the Group's activities are conducted through corporate interests which are accounted for as joint arrangements. The Group accounts for its own assets, liabilities and cash flows measured in accordance with the terms of the joint arrangement.

Turnover
Turnover (which excludes Value Added Tax), represents fresh produce and flower distribution, cargo aircraft operations, passenger aircraft operations, freight forwarding and all other charges for services provided by the Group. Revenues on aircraft operations are not recognised in turnover until the relevant flights have taken place.

Stock
Aircraft spares are valued at the lower of cost and estimated net realisable value. Net realisable value is that which would arise on sales in the normal course of business.

Tangible fixed assets
Tangible fixed assets are stated at cost. In addition, interest attributable to the purchase of aircraft and other assets and progress payments made on account whilst such aircraft are undergoing conversion from passenger to freighter or quick change is capitalised and added to the cost of the asset concerned. Interest is capitalised at rates equal to the rates paid on the financial instruments used to finance the purchase and conversion of aircraft.

Depreciation is calculated to write off the cost of fixed assets down to their estimated residual value using the straight line method over their estimated useful lives as follows:

Leasehold property	Over the term of the lease
Freehold property	30 years
Aircraft, engines and propellers	3-10 years
Plant, vehicles and equipment	3-7 years

Freehold land is not depreciated.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance of its engines and airframe and is amortised over a period ranging from 1 to 10 years from the date of acquisition. Subsequent costs incurred which lend enhancement to future periods such as long-term scheduled maintenance and major overhaul of aircraft and engines are capitalised and amortised at a variable rate dependent on the actual usage of the aircraft itself, such that over time the depreciation charge will match the related maintenance expenditure.

Notes to the Accounts

continued

1. Accounting policies – (continued)

The carrying values of tangible fixed assets are reviewed for impairment in the period, if events indicate the carrying value may not be recoverable.

Leases
Assets acquired under finance leases are capitalised and the related liability is recorded as an obligation to pay future rentals. Finance charges are allocated to accounting periods on the basis of the outstanding capital obligation.

Lease contracts of an operating lease nature are accounted for as operating leases, where the rental charges are charged to the consolidated profit and loss account on a straight-line basis.

Aircraft maintenance
Short term maintenance
All maintenance expenditure relating to events expected to occur at least annually are expensed as incurred.

Leased aircraft
Provision is made for the estimated future costs of major overhauls of leased airframes, engines and auxiliary power units by making appropriate charges to the profit and loss account calculated by reference to the number of hours or cycles operated during the year as a consequence of aircraft rectification obligations arising from the operating lease agreements.

Owned aircraft
As set out above under *Tangible fixed assets*, maintenance expenditure on owned aircraft which lends enhancements to future periods is capitalised within tangible fixed assets. All other costs relating to maintenance are charged to the profit and loss account as incurred.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from fair value adjustments of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs
All Group pensions are provided from the proceeds of money purchase schemes. The charge to the Profit and Loss Account represents the payments due during the year.

Foreign currency
Transactions in foreign currencies have been translated into Sterling at the rates applicable when they were completed and monetary assets and liabilities at the year end have been translated at the rates at that date. Differences arising on exchange are reflected in the results for the year.

On consolidation, assets and liabilities of overseas subsidiary undertakings are translated into Sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange. Exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and at closing rates, are taken to reserves.

1. Accounting policies – (continued)

Financial Instruments
The Group uses forward foreign currency contracts, currency option products and aviation fuel swaps to reduce exposure to foreign exchange rates and aviation fuel price volatility. The criteria for forward foreign currency contracts are that the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified, and it must reduce the risk of foreign exchange movements on the Group's operations. The criteria for aviation fuel swaps are that the instrument must be related to probable aviation fuel requirements within the next three years, and it must reduce the risk of aviation fuel price movements on the Group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or, where the instrument is used to hedge a committed or probable future transaction, are deferred until the transaction occurs.

Accounting policy changes
FRS 21 Events after the balance sheet date
During the year the Group adopted FRS 21 Events after the balance sheet date which superseded SSAP 17. Under the new standard, final dividends payable are recognised only in the period in which they are approved in the Annual General Meeting and therefore become a liability and interim dividends are recognised in the period in which they are paid, whereas under SSAP 17 dividends were accrued for when proposed. This change in accounting policy has lead to a reduction in Creditors: amounts due within one year and an increase in net assets of £1.6 million as at 31 March 2005. The profit for the year ended 31 March 2005 has not been affected.

FRS 25 Financial instruments: Disclosure and presentation
During the year the Group adopted the presentation aspects of FRS 25 Financial Instruments: Disclosure and presentation. As a result, dividends payable are shown as a movement in reserves instead of an appropriation within the profit and loss account. This change in accounting policy has not resulted in any change to the profit for the year ended 31 March 2005 or the balance sheet as at that date.

As the Group has not yet adopted FRS 26 Financial instruments: Measurement, it has also not yet adopted the disclosure aspects of FRS 25.

No other financial reporting standard that became effective during the financial year had a material impact on these financial statements.

2. Turnover

	2006 £m	2005 £m
Distribution		
– continuing operations	**115.7**	100.1
Aviation Services		
– continuing operations	**194.4**	145.9
– discontinued operations	**9.5**	22.0
	319.6	268.0

Turnover arising:	**2006 £m**	2005 £m
– **Continuing operations**		
Within the United Kingdom and the Channel Islands	**184.8**	185.2
Between the United Kingdom and Mainland Europe	**125.3**	60.8
– **Discontinued operations**		
Within the United Kingdom and the Channel Islands	**9.1**	21.0
Within the Far East	**0.4**	1.0
	319.6	268.0

Analyses of profit before taxation and net assets between the different segments of the Group are not given as, in the opinion of the directors, such analyses would be seriously prejudicial to the commercial interests of the Group due to the highly competitive markets in which the Group's operations are conducted.

Notes to the Accounts

continued

3. Net operating expenses

	2006 £m	2005 £m
Direct operating costs	**209.4**	158.4
Staff costs including restructuring (note 6)	**65.0**	55.0
Depreciation and amortisation:		
Depreciation of tangible fixed assets	**13.3**	23.0
Impairment of tangible fixed assets	**3.3**	8.2
Amortisation of intangible fixed assets	**0.5**	0.5
Other operating charges	**21.4**	18.5
Other operating income:		
Rents receivable	**(0.5)**	(0.5)
Other	**(0.3)**	(0.3)
Profit on disposal of fixed assets	**–**	(0.1)
	312.1	262.7

4. Net interest and currency gains receivable/(payable)

	2006 £m	2005 £m
On other loans	**(1.5)**	(0.6)
Other interest payable	**(0.6)**	(0.3)
	(2.1)	(0.9)
Interest receivable	**0.3**	0.7
Interest payable capitalised within fixed assets	**0.3**	0.1
Foreign exchange gains	**2.0**	2.4
	0.5	2.3

5. Profit on ordinary activities before taxation

		2006 £m	2005 £m
Profit on ordinary activities before taxation is stated after charging:			
Auditors' remuneration:	for audit services	**0.1**	0.1
	for other services	**0.3**	0.1
Operating lease rentals:	land and buildings	**0.3**	0.9
	plant and machinery	**18.6**	15.3

Auditors remuneration paid by the Company for audit services amounted to £47,000 (2005 – £38,000), and for non-audit services £215,000 (2005 – £73,800).

Exceptional items

	2006 £m	2005 £m
Operating items		
Re-organisation costs	**(2.2)**	–
A300 closure costs	**(0.7)**	–
Impairment of fixed assets	**(3.3)**	(8.2)
Profit on disposal of fixed assets and investments		
Gain on disposal of F27 fleet	**–**	0.8
Gain on disposal of A300	**3.3**	–
Profit on disposal of discontinued operations	**3.7**	–
Net interest including exchange gains	**–**	2.4
Net exceptional items before taxation	**0.8**	(5.0)

5. Profit on ordinary activities before taxation – (continued)

The reorganisation cost relates to the move of the ***Jet2.com*** operational departments from Bournemouth International Airport to Leeds Bradford International Airport. A decision has been taken to withdraw from Airbus A300 airfreight operations which has resulted in redundancy and other closure costs. One of the two remaining Airbus A300 aircraft was sold prior to 31 March 2006, whilst an exchange of contracts has taken place for the sale of the last Airbus A300.

On 31 August 2005, the Group completed the sale of Benair Freight International Limited and Benair Freight Pte Limited, representing the entire freight forwarding activities of the Group. The disposal is analysed as follows:

	£m
Net assets disposed of:	
Fixed assets	0.3
Debtors	4.0
Cash at bank	0.9
Creditors	(4.0)
	1.2
Costs of disposal	0.2
Profit on disposal	3.7
	5.1
Satisfied by:	
Cash	**5.1**

The profit attributable to members of the parent company for the year ended 31 March 2006 includes profits of £0.4m earned by Benair Freight International Limited and Benair Freight Pte Limited up to the date of disposal.

During the year ended 31 March 2006 Benair Freight International Limited and Benair Freight Pte Limited utilised £0.1m of the Group's net operating cashflows, received £nil in respect of net returns on investments and servicing of finance, paid £0.1m in respect of taxation and utilised £nil for capital expenditure and financial investment.

6. Directors and employees

The average monthly number of persons, including executive directors, employed by the Group during the year was:

	2006 Number	2005 Number
Operations	**1,372**	1,192
Administration	**382**	375
	1,754	1,567

	2006 £m	2005 £m
Wages and salaries	**59.0**	49.6
Social security costs	**4.9**	4.3
Other pension costs	**1.1**	1.1
	65.0	55.0

Details of directors' remuneration are disclosed in the Report on Directors' Remuneration on page 21.

Notes to the Accounts

continued

7. Taxation

	2006 £m	2005 £m
Current taxation:		
UK Corporation Tax based upon the profits for the year	**0.3**	2.4
Foreign tax – current year	**–**	0.1
Current tax charge for the year	**0.3**	2.5
Deferred taxation:		
Origination and reversal of timing differences		
– current year	**3.4**	0.3
– prior year	**0.1**	–
	3.5	0.3
	3.8	2.8

The current tax assessed for the year is lower (2005 – higher) than the standard rate of corporation tax in the UK. The differences are explained below:-

	2006 £m	2005 £m
Profit on ordinary activities	**15.0**	8.4
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 – 30%)	**4.5**	2.5
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	**0.2**	0.4
Capital allowances for period in excess of depreciation	**(3.0)**	(0.3)
Lower tax rates on overseas earnings	**(0.1)**	(0.1)
Profit on disposals not taxable	**(1.3)**	–
Current tax charge for the year (see above)	**0.3**	2.5

Based upon current capital expenditure plans, the Group expects to continue to be able to claim capital allowances in advance of depreciation in future years. There are no unrelieved tax losses carried forward.

A number of Group companies have open tax positions over several years which have not been agreed with HM Revenue and Customs. In some instances HM Revenue and Customs has indicated that it considers higher amounts of Corporation Tax should have been paid in relation to earlier periods than the position calculated by the Group. The items being challenged by HM Revenue and Customs relate principally to the timing of tax charges and deductions rather than permanent differences in the tax position. As a result, any successful challenge by HM Revenue and Customs would give rise principally to a partial crystallisation of the Group's deferred tax provision at an earlier stage than is currently anticipated, rather than an overall increase in the Group's total tax liabilities. In such circumstances, there may be a liability to interest on overdue tax and HM Revenue & Customs could potentially seek penalties although these would be strongly resisted.

8. Dividends paid in the period

	2006 £m	2005 £m
Interim 2.25 pence (2005 – 2.04 pence) per share – paid	**0.8**	0.7
Final 4.70 pence (2005 – 4.26 pence) per share – paid	**1.6**	1.5
	2.4	2.2

Proposed for approval at the AGM (not recognised as a liability as at 31 March 2006):

	2006 £m	2005 £m
Final 5.18 pence (2005 – 4.70 pence) per share.	**1.8**	1.6

9. Earnings per share

The calculation of basic earnings per share is based on earnings for the year ended 31 March 2006 of £11.2m (2005 – £5.6m). The calculation of basic earnings per share before exceptional items is based on earnings for the year ended 31 March 2006 of £9.5m (2005 – £9.1m). Both calculations are based on 34,617,401 shares (2005 – 34,396,934) being the weighted average number of shares in issue for the year.

The calculation of diluted earnings per share is based on earnings for the year ended 31 March 2006 of £11.2m (2005 – £5.6m). The diluted earnings per share before exceptional items is based on earnings for the year ended 31 March 2006 of £9.5m (2005 – £9.1m). Both calculations are based on 34,872,011 ordinary shares (2005 – 34,628,280) calculated as follows:

	2006 000's	2005 000's
Basic weighted average number of shares	**34,617**	34,397
Dilutive potential ordinary share:		
Employee share options	**255**	231
	34,872	34,628

10. Intangible fixed assets

Group	Goodwill **£m**
Cost	
At 1 April 2005 and 31 March 2006	**9.9**
Amortisation	
At 1 April 2005	**2.6**
Provided during the year	**0.5**
At 31 March 2006	**3.1**
Net Book Value	
At 31 March 2005	7.3
At 31 March 2006	**6.8**

Goodwill arising on the acquisition of Coolchain Group Limited is being amortised evenly over its expected economic useful life of 20 years.

Notes to the Accounts
continued

11. Tangible assets

Group	Freehold property £m	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	Total £m
Cost					
At 1 April 2005	**11.9**	**1.8**	**161.4**	**18.2**	**193.3**
Additions	**0.3**	**–**	**45.4**	**3.0**	**48.7**
Disposals	**(0.1)**	**–**	**(5.4)**	**(1.3)**	**(6.8)**
At 31 March 2006	**12.1**	**1.8**	**201.4**	**19.9**	**235.2**
Depreciation					
At 1 April 2005	**(2.1)**	**(1.4)**	**(76.6)**	**(13.9)**	**(94.0)**
Charge for the year	**(0.3)**	**(0.1)**	**(10.8)**	**(2.1)**	**(13.3)**
Impairment	**–**	**–**	**(3.3)**	**–**	**(3.3)**
Disposals	**0.1**	**–**	**5.5**	**1.3**	**6.9**
At 31 March 2006	**(2.3)**	**(1.5)**	**(85.2)**	**(14.7)**	**(103.7)**
Net book value					
At 31 March 2005	9.8	0.4	84.8	4.3	99.3
At 31 March 2006	**9.8**	**0.3**	**116.2**	**5.2**	**131.5**

Company	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	Total £m
Cost				
At 1 April 2005	**0.9**	**141.6**	**1.7**	**144.2**
Additions	**–**	**36.1**	**0.3**	**36.4**
Disposals	**–**	**(5.4)**	**–**	**(5.4)**
At 31 March 2006	**0.9**	**172.3**	**2.0**	**175.2**
Depreciation				
At 1 April 2005	**(0.5)**	**(38.3)**	**(1.3)**	**(40.1)**
Charge for the year	**–**	**(5.4)**	**(0.3)**	**(5.7)**
Impairment	**–**	**(3.3)**	**–**	**(3.3)**
Disposals	**–**	**2.4**	**–**	**2.4**
At 31 March 2006	**(0.5)**	**(44.6)**	**(1.6)**	**(46.7)**
Net book value				
At 31 March 2005	0.4	103.3	0.4	104.1
At 31 March 2006	**0.4**	**127.7**	**0.4**	**128.5**

Company
Aircraft and engines having an original cost of £161.8m (2005 – £131.1m) and accumulated depreciation of £34.4m (2005 – £28.1m) are held for use by a subsidiary company under operating leases.

Group and Company
Aircraft and engine additions in the year include £0.3m (2005 – £0.1m) of interest capitalised.

12. Investments

Group	2006 £m
Shares in joint venture entity:	
At 1 April 2005 and 31 March 2006	–

Investments represent the Group's investment in a 50:50 joint venture entity, Postal Air Network Limited, through its subsidiary undertaking, ***Jet2.com*** Limited, and with an external party. This is accounted for in the Group accounts as a joint arrangement. The cost of the investment was £50.

Company	2006 £m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2005	20.7
Disposals (note 5)	(0.5)
At 31 March 2006	**20.2**

The principal subsidiary undertakings are:

Name	Principal activity	Country of incorporation or registration
Channel Express (CI) Limited	Provision of freight and flower distribution services to, and from, the Channel Islands	Guernsey
Fowler Welch-Coolchain Limited	Temperature controlled distribution	England
Fowler Welch-Coolchain BV	Temperature controlled distribution	The Netherlands
Jet2.com Limited	Operation of low cost and charter air services throughout Europe	England

All subsidiaries are wholly owned by the Company, with the exception of Fowler Welch-Coolchain BV which is owned by Fowler Welch Limited, a dormant wholly owned subsidiary undertaking of the Company. The issued share capital of each subsidiary undertaking consists entirely of ordinary shares.

13. Stock

Group	2006 £m	2005 £m
Aircraft parts	**7.3**	4.4
Sundries	**0.2**	0.2
	7.5	4.6

14. Debtors

	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Trade debtors	**21.2**	**–**	22.3	–
Amounts owed by Group undertakings	**–**	**4.7**	–	4.9
Corporation Tax	**–**	**0.8**	–	–
Other debtors and prepayments	**2.6**	**0.4**	3.2	0.1
	23.8	**5.9**	25.5	5.0

Notes to the Accounts

continued

15. Creditors: amounts falling due within one year

	2006 Group £m	2006 Company £m	2005 Group (restated) £m	2005 Company (restated) £m
Bank overdraft	**–**	**54.9**	–	47.5
Other loans	**3.5**	**3.5**	5.7	5.7
Trade creditors	**26.2**	**0.3**	30.7	0.5
Amounts owed to Group undertakings	**–**	**30.0**	–	30.9
Corporation Tax	**0.8**	**–**	5.6	2.7
Other taxation and social security	**2.5**	**0.1**	1.8	0.1
Deferred income	**59.5**	**–**	37.8	–
Other creditors and accruals	**6.1**	**6.9**	7.0	1.0
	98.6	**95.7**	88.6	88.4

	Group £m	Company £m
Prior year adjustments – (decrease)		
Dividend proposed	(1.6)	(1.6)

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** Limited of £10.5m (2005 – £18.0m).

16. Creditors: amounts falling due after more than one year

	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Other loans	**28.0**	**28.0**	19.3	19.3
Overseas taxation	**–**	**–**	0.1	–
	28.0	**28.0**	19.4	19.3

Loans and finance leases are repayable as follows:

	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Within one year:				
Other loans	**3.5**	**3.5**	5.7	5.7
Between one and two years:				
Other loans	**3.5**	**3.5**	2.7	2.7
Between two and five years:				
Other loans	**10.5**	**10.5**	8.1	8.1
Over five years:				
Other loans	**14.0**	**14.0**	8.5	8.5
	31.5	**31.5**	25.0	25.0

16. Creditors: amounts falling due after more than one year – (continued)

Details of loans not wholly repayable within five years are as follows:-

	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Secured loan of US$nil (2005 – $7.5m) repayable by monthly amounts until August 2008 with a balloon payment payable in August 2008	**–**	**–**	4.0	4.0
Secured loan of £10.0m (2005 – £1.5m) repayable by quarterly instalments with a balloon payment payable in August 2013	**10.0**	**10.0**	1.5	1.5
Secured loan of £4.5m (2005 – £1.5m) repayable by quarterly instalments with a balloon payment payable in March 2013	**4.5**	**4.5**	1.5	1.5
Secured loan of £17.0m (2005 – £15.0m) repayable by quarterly instalments with a balloon payment payable in May 2012	**17.0**	**17.0**	15.0	15.0
Unsecured loan of £nil (2005 – £3.0m) repayable in full on 24 June 2005	**–**	**–**	3.0	3.0
	31.5	**31.5**	25.0	25.0

Included in the total loans of £31.5m (2005 – £25.0m) are loans totalling £nil (2005 – £4.0m) which bear interest at a fixed rate of 5.56%. The remaining loan balances of £31.5m (2005 – £21.0m) bear interest at variable rates of less than 1% over LIBOR. The loans are secured over certain of the Group's aircraft.

17. Provisions for liabilities

Deferred tax	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Accelerated capital allowances				
Provision at start of period	**6.2**	**6.4**	5.9	5.9
Deferred tax charge in profit and loss account	**2.9**	**3.8**	0.3	0.5
Provision at end of period	**9.1**	**10.2**	6.2	6.4
Deferred foreign exchange gains				
Deferred tax charge in profit and loss account	**0.6**	**0.6**	–	–
Provision at end of period	**9.7**	**10.8**	6.2	6.4

There are no un-provided deferred taxation liabilities.

Notes to the Accounts

continued

18. Financial instruments

An explanation of the Group's objectives, policies and strategies for the role of financial instruments in managing the risks of the Group can be found in the Financial Review on pages 10 and 12. The disclosures given below exclude trade debtors and trade creditors except for those relating to currency exposure.

Fair values
Set out below is a comparison of book values and fair values of all of the Group's financial assets and financial liabilities.

	2006		2005	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Primary financial instruments				
Short-term borrowings and current portion of long-term borrowings	**(3.5)**	**(3.5)**	(5.7)	(5.8)
Long-term borrowings	**(28.0)**	**(28.0)**	(19.1)	(19.1)
Cash and short-term deposits	**26.0**	**26.0**	27.4	27.4
Derivative financial instruments held to hedge the exposure on future costs				
Forward foreign currency contracts	**–**	**5.6**	–	(1.9)
Fuel derivatives	**–**	**1.0**	–	11.9
Interest rate swap	**–**	**–**	–	0.1

The amounts shown in the above table take into account fixed interest rate loans, the fair value of which is determined using market values.

Forward foreign currency, fuel derivative contracts, interest rate and cross currency swaps are measured at market value and all relate to exercise dates within three years of the balance sheet date, in accordance with the Group's risk management policy.

Interest risk – financial liabilities

	Fixed rate financial liabilities £m	Floating rate financial liabilities £m	Total £m
2006			
Sterling	**–**	**31.5**	**31.5**
2005			
Sterling	–	21.0	21.0
US Dollar	4.0	–	4.0
	4.0	21.0	25.0

The fixed rate liabilities comprise certain aircraft mortgages and interest rate swaps, as detailed in Note 16 which bear interest at a total weighted average rate of nil% (2005 – 4.23%).

The floating rate liabilities comprise aircraft mortgages and bank overdrafts which bear interest at rates of less than 1% over either LIBOR or bank base rates.

The maturity profile of the above financial liabilities is shown in Note 16.

18. Financial instruments – (continued)

Interest risk – financial assets

	Floating rate financial asset £m	Financial assets on which no interest is payable £m	Total £m
2006			
Sterling	**19.0**	**0.5**	**19.5**
US Dollar	**0.8**	**–**	**0.8**
Other	**–**	**5.7**	**5.7**
	19.8	**6.2**	**26.0**
2005			
Sterling	3.6	1.6	5.2
US Dollar	17.9	2.6	20.5
Singapore Dollar	0.2	0.3	0.5
Other	–	1.2	1.2
	21.7	5.7	27.4

The floating rate financial assets comprise cash on money market deposits at various market rates according to their currency. The Group operates composite bank accounts which allow the offset of individual bank and overdraft accounts in different currencies.

The financial assets on which no interest is payable comprise cash in hand and bank current account balances.

Currency exposure
The US Dollar loan and overdraft balances noted above have been used to finance the purchase of aircraft, and are accounted for within a US Dollar branch. Accordingly, any currency exposure on the loan and overdraft balances is largely hedged against the currency movement on the aircraft assets.

The table below shows the Group's net currency exposures that give rise to net currency gains or losses recognised in the profit and loss account. Such exposures comprise monetary assets and liabilities that are not denominated in the functional currency of the operating unit involved.

Currency	US Dollar £m	Euros £m	SGD £m	Other £m	Total £m
2006					
Sterling	**23.9**	**3.8**	**–**	**–**	**27.7**
2005					
Sterling	15.4	(1.7)	(0.2)	(0.2)	13.3

As at 31 March 2006 the Group also held open various forward exchange contracts taken out to hedge expected foreign currency requirements.

Hedges
Gains and losses on instruments used for hedging currency, interest and fuel price risk are not recognised until the instruments mature. Unrecognised gains at 31 March 2006 amounted to £6.6m (2005 – £10.1m) of which £5.4m (2005 – £7.7m) are expected to be recognised in the profit and loss account in the year ended 31 March 2007. Gains included in the profit and loss account that arose in previous years amounted to £7.7m (2005 – £0.1m).

Notes to the Accounts

continued

18. Financial instruments – (continued)

Maturity of financial liabilities

Financial liabilities comprise loans and bank overdrafts. The maturity of the loans and bank overdrafts is given in Note 16.

Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2006 in respect of which all conditions precedent had been met at that date are as follows:-

	Amounts drawndown		Facilities available	
	2006	2005	**2006**	2005
	£m	£m	**£m**	£m
Committed facilities:				
Amortising flexible aircraft mortgages	**31.5**	22.0	**31.6**	39.0
Multi option facility	–	–	**9.4**	–
Bank overdrafts	–	–	**5.0**	5.0
Total committed facilities	**31.5**	22.0	**46.0**	44.0
Uncommitted facilities:				
Multi option facility	–	3.0	–	5.0
Total uncommitted facilities	–	3.0	–	5.0
	31.5	25.0	**46.0**	49.0

The committed facilities relating to amortising flexible aircraft mortgages expire in the periods from 2012 to 2013 (2005 – 2008 to 2013). The multi-option facility is a 5 year facility expiring in 2010. The committed bank overdraft facility is reviewed annually, with the next review in August 2006.

19. Called up share capital

	Number of shares	**2006 £m**	2005 £m
Authorised ordinary shares of 5p each	40,000,000	**2.0**	2.0
Allotted, called-up and fully paid			
As at 1 April 2005	34,536,952	**1.7**	1.7
Options exercised	323,577	–	–
As at 31 March 2006	34,860,529	**1.7**	1.7

The Company received the sum of £0.6m (2005 – £0.3m) in respect of options exercised during the year.

19. Called up share capital – (continued)

The Company has granted options to employees under the Dart Group Executive and Dart Group Company Share Option Schemes in respect of 652,293 (2005 – 900,898) ordinary shares of 5p each. At 31 March 2006 the following options had not been exercised:

Number of shares	*Option price*	*Option exercisable*
25,380	115.5p per share	On all shares before the options expire on 22 July 2006.
20,000	123.75p per share	On all shares before the options expire on 19 December 2006.
10,000	225.0p per share	On all shares before the options expire on 21 July 2008.
26,200	178.5p per share	On all shares before the options expire on 14 December 2008.
20,000	210.0p per share	On all shares before the options expire on 12 July 2009.
6,000	210.0p per share	On all shares before the options expire on 3 December 2009.
42,000	257.5p per share	On 16,500 shares from 19 July 2003 and on all the shares from 19 July 2006. The options expire on 19 July 2010.
61,172	302.5p per share	On 24,562 shares from 17 November 2003 and on all the shares from 17 November 2006. The options expire on 17 November 2010.
12,000	355.0p per share	On half of the shares from 25 June 2004 and on all the shares from 25 June 2007. The options expire on 25 June 2011.
49,100	290.5p per share	On 23,800 shares from 19 November 2004 and on all the shares from 19 November 2007. The options expire on 19 November 2011.
23,176	263.5p per share	On 8,642 shares from 3 July 2005 and on all shares from 3 July 2008. The options expire on 3 July 2012.
29,165	190.0p per share	On 10,660 shares from 18 November 2005 and on all the shares from 18 November 2008. The options expire on 18 November 2012.
39,000	148.5p per share	On half of the shares from 3 July 2006 and on all the shares from 3 July 2009. The options expire on 3 July 2013.
172,100	125.0p per share	On half of the shares from 5 December 2006 and on all the shares from 5 December 2009. The options expire on 5 December 2013.
48,000	148.5p per share	On half of the shares from 21 June 2007 and on all the shares from 21 June 2010. The options expire on 21 June 2014.
69,000	315.0p per share	On half of the shares from 19 November 2007 and on all the shares from 19 November 2010. The options expire on 19 November 2014.

The Company has granted options to employees under the Dart Group PLC Approved Share Option Plan 2005 in respect of 197,600 (2005 – Nil) ordinary shares of 5p each. At 31 March 2006 the following options had not been exercised:

197,600	316.5p per share	On half of the shares from 23 November 2008 and on all the shares from 23 November 2011. The options expire on 23 November 2015

The Company has granted options to employees under the Dart Group 2002 Unapproved Share Option Scheme in respect of 465,000 (2005 – 565,000) ordinary shares of 5p each. At 31 March 2006 the following options had not been exercised:

170,000	190.0p per share	On 42,500 shares from 18 November 2005 and on all the shares from 18 November 2008. The options expire on 18 November 2012.
295,000	125.0p per share	On half of the shares from 5 December 2006 and on all the shares from 5 December 2009. The options expire on 5 December 2013.

The Company has granted options to employees under the Dart Group Unapproved Share Option Plan 2005 in respect of 348,800 (2005 – Nil) ordinary shares of 5p each. At 31 March 2006 the following options had not been exercised:

348,800	314.0p per share	On half of the shares from 21 November 2008 and on all the shares from 21 November 2011. The options expire on 21 November 2015.

Notes to the Accounts

continued

20. Reserves

	Group (restated) Share premium £m	Group (restated) Profit & loss £m	Company (restated) Share premium £m	Company (restated) Profit & loss £m
At 1 April 2005 as previously reported	8.0	38.6	8.0	4.4
Prior year adjustment (note 1)	–	1.6	–	1.6
At 1 April 2005 as restated	8.0	40.2	8.0	6.0
Issue of shares under share option schemes	**0.6**	–	**0.6**	–
Profit for the year	–	**11.2**	–	**6.2**
Dividends paid in the year	–	**(2.4)**	–	**(2.4)**
At 31 March 2006	**8.6**	**49.0**	**8.6**	**9.8**

	Group £m	Company £m
Prior year adjustment		
– Dividends proposed (note 1)	1.6	1.6

The Company has taken advantage of the provisions of Section 230 of the Companies Act 1985 and has not published its own Profit and Loss Account. Of the profit on ordinary activities after taxation for the year a profit of £6.2m (2005 – £3.2m) is dealt with in the accounts of the Company. The cumulative goodwill written off against reserves as at 31 March 2006 amounted to £2.3m (2005 – £2.3m).

21. Reconciliation of movements in shareholders' funds

	Group 2006 £m	Group 2005 (Restated) £m	Company 2006 £m	Company 2005 (Restated) £m
Profit for the year	**11.2**	5.6	**6.2**	3.2
Dividends paid in the year	**(2.4)**	(2.2)	**(2.4)**	(2.2)
	8.8	3.4	**3.8**	1.0
Currency translation differences	–	0.1	–	–
Issue of shares under share option schemes	**0.6**	0.3	**0.6**	0.3
Net addition to shareholders' funds	**9.4**	3.8	**4.4**	1.3
Opening shareholders' funds (originally £48.3m before adding prior year adjustment of £1.6m)	**49.9**	46.1	**15.7**	14.4
Closing shareholders' funds	**59.3**	49.9	**20.1**	15.7

22. Commitments

(a) Capital commitments:

	2006 Group £m	2006 Company £m	2005 Group £m	2005 Company £m
Contracted for but not provided	–	–	–	–

(b) Annual commitments under non-cancellable operating leases:

Group	2006 Land & buildings £m	2006 Plant & machinery £m	2005 Land & buildings £m	2005 Plant & machinery £m
Operating leases which expire:				
within one year	**0.3**	**10.5**	0.6	11.4
between two and five years	**0.2**	**13.9**	0.7	15.4
over five years	–	–	0.2	–
	0.5	**24.4**	1.5	26.8

23. Contingent liabilities

The Group has issued various guarantees in the ordinary course of business, none of which are expected to lead to a financial gain or loss.

The Company has cross guarantees in respect of the banking arrangements of certain of its subsidiary undertakings. In the normal course of business a number of contingent liabilities have arisen. In the Group and Company, none of these is expected to lead to a material gain or loss.

24. Gross cash flows

	2006 £m	2005 £m
Returns on investment and servicing of finance		
Interest paid: bank and other loans	**(1.9)**	(0.8)
Interest received: bank	**0.3**	0.7
	(1.6)	(0.1)
Taxation		
Corporation and overseas tax paid	**(5.2)**	(1.4)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(48.7)**	(51.6)
Disposal of tangible fixed assets	**3.2**	2.5
	(45.5)	(49.1)
Disposal of subsidiary undertakings		
Proceeds from disposal of discontinued operations (net of costs)	**4.9**	–
Net cash balances leaving the Group with disposal	**(0.9)**	–
	4.0	–
Financing		
Ordinary share capital issued	**0.6**	0.3
Other loans repaid	**(14.2)**	(32.0)
Other loans advanced	**20.4**	29.5
	6.8	(2.2)

Notes to the Accounts
continued

25. Reconciliation of operating profit to net cash flow from operating activities

	2006 £m	2005 £m
Operating profit	**7.5**	5.3
Depreciation and impairment	**16.6**	31.2
Amortisation of goodwill	**0.5**	0.5
Profit on disposal of fixed assets	**–**	(0.1)
(Increase) in stock	**(2.9)**	(2.4)
Decrease in debtors	**1.7**	5.7
Increase in creditors	**17.6**	28.1
Net cash inflow from operating activities	**41.0**	68.3

26. Analysis of net (debt)

	At 31 March 2006 £m	Cashflow £m	Exchange differences £m	At 1 April 2005 £m
Other loans due within one year	**(3.5)**	**2.2**	**–**	(5.7)
Other loans due after one year	**(28.0)**	**(8.4)**	**(0.3)**	(19.3)
Total debt	**(31.5)**	**(6.2)**	**(0.3)**	(25.0)
Cash at bank and in hand, net of bank overdrafts	**26.0**	**(2.9)**	**1.5**	27.4
Net (debt)/funds	**(5.5)**	**(9.1)**	**1.2**	2.4

Short-term deposits are included within cash at bank and in hand on the balance sheet.

27. Related party transactions

There are no related party transactions, except those as disclosed in the Report on Directors' Remuneration on page 15.

Secretary and Advisers

Secretary and Registered Office
Nigel Lawrence BA(Hons)
Building 470
Bournemouth International Airport
Christchurch
Dorset BH23 6SE

Auditors
KPMG Audit Plc
Dukes Keep
Marsh Lane
Southampton SO14 3EX

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
Barclays Corporate Banking Centre
Barclays Bank plc
P.O. Box 612
Ocean Way
Ocean Village
Southampton SO14 2ZP

Allied Irish Bank plc
3rd Floor
Cavendish House
39 Waterloo Street
Birmingham B2 5PP

Stockbrokers
Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

Solicitors
Addleshaw Goddard
150 Aldersgate Street
London EC1A 4EJ

Financial Advisers
Smith & Williamson Corporate Finance
25 Moorgate
London EC2R 6AY

Market Makers in Company Shares
Collins Stewart Limited
London

Merrill Lynch International Limited
London

Winterflood Securities Limited
London

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 9.30 a.m. on 3 August 2006 at 45 Moorfields, London EC2Y 9AE, for the transaction of the following business:

Ordinary business

(1) To receive and consider the Directors' Report and Accounts for the year ended 31 March 2006, together with the Auditors' Report.

(2) To receive and consider the Report on Directors' Remuneration for the year ended 31 March 2006.

(3) To declare a final dividend for the year ended 31 March 2006 of 5.18 pence per ordinary share.

(4) To re-elect Mr M E Forder as a director.

(5) To re-elect Mr T P Crowley as a director.

(6) To re-elect Mr B S Templar as a director.

(7) To re-appoint KPMG Audit Plc as auditors and authorise the directors to fix their remuneration.

Special business

(8) To consider and, if thought fit, approve the following resolution which it is intended to propose as an Ordinary Resolution:

That the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £200,000 (in substitution for and to the exclusion of all previous allotment authorities granted prior to this meeting) provided that this authority shall expire (unless previously renewed, revoked or varied by the Company in general meeting) on the close of the next Annual General Meeting of the Company and that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

(9) To consider and, if thought fit, approve the following resolution which it is intended to propose as a Special Resolution:

That the directors be empowered pursuant to Section 95 of the Act to allot equity securities of the Company (within the meaning of Sections 94(2) and 94(3A) of the Act) for cash, as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall expire on the close of the next Annual General Meeting of the Company and shall be limited to:

(a) the allotment of equity securities whether in connection with a rights issue, open offer or otherwise to ordinary shareholders in proportion (or as nearly as may be) to the respective numbers of ordinary shares held by them (but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements, record dates, or other legal or practical problems under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise howsoever); and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount equal to 5% of the issued share capital at the time of the passing of this resolution,

save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. References in this resolution to the power to allot equity securities for cash otherwise than on a pre-emptive basis shall include the power to sell or allot treasury shares under Section 162D(1) of the Act.

(10) To consider and, if thought fit, approve the following resolution which it is intended to propose as a Special Resolution:

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 5 pence each or, subject to the passing of resolution (11) below, 1.25 pence, in the capital of the Company, and where such shares are held as treasury shares, the Company may use them for the purpose of its employee share schemes, provided that:

- the maximum number of ordinary shares hereby authorised to be purchased is 3,489,625 (representing 10% of the Company's issued ordinary share capital at 6 July 2006);
- the minimum price, exclusive of any expenses, which may be paid for an ordinary share is the nominal value thereof;
- the maximum price, exclusive of any expenses, which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company taken from the AIM Appendix to the London Stock Exchange Daily Official List (as applicable at the time the proposed purchase is to be contracted) for the five business days immediately preceding the day on which such share is contracted to be purchased;
- the authority hereby conferred shall expire on the earlier of 3 November 2007 and the close of the next Annual General Meeting of the Company; and
- the Company may make a contract for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contract as if such authority had not expired.

(11) To consider and, if thought fit, approve the following resolution which it is intended to propose as an Ordinary Resolution:

That each ordinary share of 5 pence nominal value in the capital of the Company, whether issued or unissued, be sub-divided into four ordinary shares of 1.25 pence nominal value.

(12) To consider and, if thought fit, approve the following resolution which it is intended to propose as a Special Resolution:

That new Articles of Association of the Company in a form to be exhibited at the meeting and signed by the Chairman for the purposes of identification be adopted in substitution for and to the exclusion of the Company's present Articles of Association.

Dated 7 July 2006
By order of the Board

N A Lawrence
Secretary

Registered Office
Building 470
Bournemouth International Airport
Christchurch
Dorset BH23 6SE

Notes

In accordance with Regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Company's register of members at 9.30 a.m. on 1 August 2006 (or, in the case of any adjournment, no later than 48 hours before the time of the adjourned meeting) will be entitled to attend or vote at the meeting and that the number of votes which any such shareholder may cast, upon a poll, will be determined by reference to the number of shares registered in such shareholder's name at that time. Changes to entries on the register of members after 9.30 a.m. on 1 August 2006 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member of the Company. The register of directors' shareholdings, copies of directors' service contracts and the proposed new Articles of Association of the Company will each be available for inspection at the registered office during normal business hours on any weekday excluding Saturdays and public holidays from the date of this notice until the date of the meeting and at the place of the meeting from 9.15 a.m. until the conclusion of the meeting.

A form of proxy is enclosed herewith and attention is directed to the guidance in the footnotes thereon. To be valid, forms of proxy must be returned to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received not later than 48 hours before the time of the meeting.

Completion and return of a form of proxy does not preclude a member entitled to attend and vote at the meeting from doing so if he so wishes.

Notice of Meeting

continued

Explanatory notes

Resolution 8 and 9: Allotment of shares
Under the Companies Act 1985 (the "Act"), the directors of a company may only allot unissued shares if authorised to do so by members. The Act also prevents allotments for cash, other than to existing shareholders in proportion to their existing holdings, unless the directors are specifically authorised to do so. Passing Resolutions 8 and 9 will extend the directors' flexibility to act in the best interests of the Company if opportunities to issue new shares arise. Under Resolution 8, the directors will be able to issue new ordinary shares up to a nominal value of £200,000. Other than in respect of the Company's obligations under its employee share schemes, the directors have no present intention of issuing any shares under this authority.

Under Resolution 9, the directors will also be able to issue shares for cash either in a rights or other pre-emptive issue or other than to existing shareholders on a pre-emptive basis up to a maximum aggregate nominal amount equal to five per cent of the issued share capital of the Company as at 3 August 2006.

These resolutions and the limits on the authorities contained therein are consistent with the current recommendations of the Investment Committees of the Association of British Insurers and the National Association of Pension Funds generally adhered to by public companies and are intended to ensure that the interests of existing shareholders are protected so that, for example, in the event of an issue of new shares for cash to new shareholders which is not a rights or other pre-emptive issue, the proportionate interest of existing shareholders could not without their agreement be reduced by more than five per cent.

The authorities sought by Resolutions 8 and 9 will last until the conclusion of the next Annual General Meeting of the Company to be held in 2007.

Resolution 10: Market purchase of own shares
Section 162 of the Act permits a company to purchase its own shares provided it is authorised to do so by its Articles of Association and the purchase has been authorised by the shareholders in general meeting. Your directors consider that there may be occasions when it would be desirable for the Company to purchase its own shares in the market for cancellation or to be held in treasury.

The purpose of this special resolution is to seek authority for the Company to make purchases of shares in the market representing up to 10 per cent. of the Company's issued ordinary share capital at 6 July 2006. The authority will lapse at the earlier of the close of the next Annual General Meeting and 3 November 2007.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Treasury Shares Regulations") came into force on 1 December 2003. The effect of the Treasury Shares Regulations is to allow companies the choice of either holding their own shares acquired by way of market purchase as treasury stock or cancelling them. No dividends will be paid on, and no voting rights will attach to, shares while they remain in treasury. The Act, which has been amended to incorporate the changes introduced by the Treasury Shares Regulations, allows companies to either sell treasury shares for cash, transfer them for the purposes of its employee share schemes or cancel them. The directors believe that it is desirable for the Company to have the choice of either cancelling, or holding in treasury, shares which it purchases as it gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company added flexibility in managing its share capital base.

Authorisation is sought for the Company to use any shares repurchased and held in treasury for the purposes of its employee share schemes. If any such shares are used the Company will, so long as required under the guidelines of the Association of British Insurers Investment Committee, count them towards the limits in the schemes on the number of new shares which may be issued under them.

This proposal should not be taken as an indication that the Company will purchase its ordinary shares at any particular price or, indeed, at all or to imply any opinion on the part of your directors as to the market or other value of the Company's shares. Your directors will only exercise the power to effect the purchase by the Company of its own shares at price levels and in circumstances which they consider to be in the interests of the Company, after taking into account its investment opportunities and overall financial position, and which, in particular, would lead to a beneficial impact on the earnings per share of the remaining issued ordinary shares. In any event, no purchase will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

The total number of employee options and purchase rights to subscribe for equity shares currently outstanding is 1,663,693 ordinary shares. This represents 4.8% of the Company's current issued share capital. If the Company bought back the maximum number of shares permitted pursuant to this special resolution and all such shares were cancelled, the total number of options outstanding would represent 5.3% of the Company's issued share capital. There are currently no outstanding warrants to subscribe for equity shares in the Company.

Resolution 11: Share split
In light of the significant increase in the market price of the Company's shares over recent years, it is proposed that each of the ordinary shares of 5 pence each in the capital of the Company (issued and unissued) will be divided into four new ordinary shares of 1.25 pence. Subject to the passing of Resolution 11, the proposed sub-division will take effect from 8.00 am on 4 August 2006.

The directors believe that having a larger number of ordinary shares with a lower market value than at present will serve to make those shares more marketable, particularly for the small shareholder. Following the proposed sub-division, a shareholder will hold four 1.25 pence ordinary shares in place of each 5 pence ordinary share currently held. The value of each shareholding will not be affected by the proposed sub-division itself. The new ordinary shares will, in all respects, rank *pari passu* with and, except for the difference in nominal value, be subject to the same rights and restrictions as the existing ordinary shares and, in particular, the holders of new ordinary shares will have the same voting rights, the same rights to participate in dividends or income of the Company and the same rights on a liquidation of the Company as holders of existing shares.

There will be no increase in total share capital as a result of the sub-division, no new shares are being marketed or being made available to non-shareholders in whole or in part, and no additional funds are being raised. The Company will make appropriate adjustments to awards held by participants in the Company's share option schemes.

It is emphasised that the entitlement of shareholders to any dividend will be unaffected by the proposed sub-division. Any final dividend declared on 3 August 2006 will be declared by reference to the existing ordinary shares of 5 pence each. If Resolution 11 is passed, all future dividends will be declared by reference to the proposed ordinary shares of 1.25 pence each. While the amount of dividend per share after sub-division will be one-quarter the amount that it would otherwise have been, shareholders will receive that dividend on four shares rather than one, giving the same overall level of dividend payment. Mandates or other instructions for the payment of dividends on existing shares will, unless and until revoked, continue to apply to the ordinary shares of 1.25 pence each. The sub-division will have no UK tax implications.

Application will be made for the sub-divided shares to be admitted to trading on AIM. It is expected that admission will become effective and that dealings in the sub-divided shares on AIM will commence at 8.00 am on 4 August 2006.

Holders of ordinary shares in certificated form will receive new share certificates representing their entire holding of ordinary shares of 1.25 pence following the sub-division. Existing share certificates in respect of 5 pence ordinary shares will become void with effect from the opening of business on 4 August 2006 and should be destroyed. New share certificates are expected to be posted by 11 August 2006 to holders of ordinary shares on the register at the close of business on 3 August 2006 and will be sent at the shareholders' risk. During the period from 4 August 2006 to the despatch of new certificates, transfers of shares in certificated form will be certified against the register.

If Resolution 11 is passed, the existing 5 pence ordinary shares will cease to settle in CREST after the close of business on 3 August 2006 and four ordinary shares of 1.25 pence each in place of each 5 pence ordinary share previously held will be credited to the accounts of holders in CREST by the opening of business on 4 August 2006, at which time settlement in CREST of the ordinary shares of 1.25 pence each will commence.

Resolution 12: Adoption of new articles of association
The existing articles of association of the Company were adopted in their current form in 1991 and have not been materially revised since. During the intervening period, and particularly in the last few years, there have been a number of changes in the law, regulation and market practice affecting the constitutional documents of UK listed public companies. Having reviewed the existing articles of association in light of these changes, the directors therefore consider it prudent to adopt entirely new articles of association (the "New Articles") given the number of additional amendments that should be made.

A copy of the proposed New Articles will be available for inspection at the registered office during normal business hours on any weekday excluding Saturdays and public holidays until the date of the meeting and at the place of the meeting from 9.15 a.m. until its conclusion. A copy of the New Articles can also be viewed on the Company's website www.dartgroup.co.uk.

A summary of the principal differences between the existing articles of association of the Company and the New Articles is set out below.

Electronic communications
The Companies Act 1985 (Electronic Communications) Order 2000 and the Electronic Communications Act 2000 set out a legislative regime which facilitates the use of electronic communications by companies.

The new articles enable the Company to take advantage of electronic communications and, among other things, enable proxy appointments by members holding uncertificated shares to be communicated electronically, by permitting, but not requiring, the use of electronic communications. In addition, the New Articles will allow the Company (subject to certain conditions) to use email to send notices and other documents to holders of its listed securities and to publish documents on a website in lieu of sending them to the holders who so elect.

Uncertificated shares (CREST)
Under the Uncertificated Securities Regulations 2001 (the "2001 Regulations"), the Company may permit the holding of shares in uncertificated form and the transfer of any such shares by CREST (provided that its Articles of Association are in all respects consistent with the holding of shares in uncertificated form, with the transfer of title to shares by means of CREST and with the 2001 Regulations).

The new articles specifically provide for the holding and transfer of uncertificated shares through CREST but do not affect the right of shareholders to continue to hold their shares in certificated form if they wish to do so.

Payment of dividends
In relation to the changes made in respect of electronic communications, the New Articles now allow for the payment of dividends to the person entitled to payment in cash, by cheque or warrant or other funds transfer system or by any other method approved by the Board and agreed by the person so entitled, including by means of CREST. Any cheque, warrant or order sent or transfer made in respect of dividends is at the risk of the person entitled to payment.

Treasury shares
The Treasury Shares Regulations allow companies to hold up to ten per cent. of the nominal value of their issued share capital as treasury shares subject to certain restrictions (as detailed in the explanatory note to Resolution 10). The provisions of the New Articles relating to treasury shares reflect these changes in the law and will, if approved, enable the Company to hold shares in treasury and deal with treasury shares and other business of the Company in accordance with the Regulations.

Share warrants
The New Articles contain specific provisions allowing the Company to issue share warrants where appropriate.

Board meetings and general meetings
The New Articles allow Board meetings to take place using videoconferencing facilities as well as by telephone and contain provisions for the directors to take appropriate steps to deal with safety and security and orderly conduct issues at general meetings. The Chairman may also invite third parties to attend and speak at any general meeting where he considers that such persons have appropriate knowledge or experience.

Borrowing powers
In order to ensure that the Company has sufficient headroom in the level of its permitted borrowings and a degree of flexibility to fund its operations in the future, it is proposed that the New Articles will not impose any limit on the Company's borrowing powers, the Board in practice being constrained by the willingness of its lenders to support the Company.

Notice of Meeting
continued

Directors' fees
The limit on non-executive director's fees has remained unchanged since 1991. In order for the Company to allow for the proper remuneration of, and to continue to attract and retain, non-executive directors of a sufficient calibre, it is proposed that the aggregate limit on their fees be increased from £40,000 to £125,000 per annum.

Indemnity
The Companies (Audit, Investigations and Community Enterprise) Act 2004 came into effect in April 2005 and permits any company (i) to indemnify its directors against any liability incurred by them to any person (other than to the company and its associated companies) in connection with negligence, default, breach of duty or breach of trust in relation to that company; and (ii) to provide its directors with funds to cover the costs incurred in defending proceedings brought against them. Previously, this was prohibited under section 310 of the Act.

Since directors are increasingly being added as defendants in legal action brought against companies, the Board believes that the risk of directors being placed under significant financial strain is increasing. The Board feels that the provision of appropriate indemnities and the funding of directors' defence costs as they are incurred, as permitted by the new law, is fair and reasonable protection for the directors, and is also important to ensure that the Company continues to attract and retain directors of a sufficient calibre.

The Board, therefore, proposes that the New Articles should reflect the new statutory provisions. Notwithstanding these new provisions, individual directors will still be liable to pay any damages awarded to the Company in an action brought against them by the Company and, if their defence is unsuccessful, to repay their defence costs to the extent funded by the Company.

If the Company indemnifies the directors, it is required by law to make appropriate disclosure in the Directors' Report issued annually to shareholders. Shareholders will also have the right to inspect any relevant indemnification agreement.

The new legislation does not restrict the Company from indemnifying or funding the defence costs of other officers of the Company.

Jurisdiction
The New Articles contain a provision making clear that each member submits, with regard to all disputes between it and (among others) the Company or any of its directors, to the exclusive jurisdiction of the courts of England and Wales.

Expected timetable of principal events:

Latest time and date for receipt of forms of proxy	9.30 am on 1 August 2006
Annual general meeting	9.30 am on 3 August 2006
Record date for sub-division	5.00 pm on 3 August 2006
Effective date for sub-division	8.00 am on 4 August 2006
Admission to trading on AIM of sub-divided shares	8.00 am on 4 August 2006
CREST accounts credited	4 August 2006
Despatch of certificates for sub-divided shares	by 11 August 2006

Financial Calendar

Annual General Meeting	**3 August 2006**
Final dividend payment	**18 August 2006**
Results for the six months to 30 September 2006	**November 2006**
Interim dividend payment	**January 2007**
Results for the twelve months to 31 March 2007	**June 2007**

DART GROUP PLC Form of Proxy

I/We, ...
(Block letters please)

of ....
being (a) member(s) of the above-named Company, hereby appoint the Chairman of the Meeting

or* ....
as my/our proxy to vote and act for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.30 am on 3 August 2006, and at any adjournment thereof.

*If any other proxy is desired, delete "Chairman of the Meeting" and insert the name of the proxy desired and initial the alteration. Such other proxy need not be a member of the Company but must attend the meeting in person to represent the member.

Please indicate with an 'X' in the space below how you wish your votes to be cast. In the absence of any specific directions, the proxy will abstain or vote at his discretion.

ORDINARY BUSINESS

Ordinary Resolutions	For	Against
1.		
2.		
3.		
4.		
5.		
6.		
7.		

SPECIAL BUSINESS

Ordinary Resolution		
8.		
Special Resolutions		
9.		
10.		
Ordinary Resolution		
11.		
Special Resolution		
12.		

Signature .... Dated 2006

Notes:
1. This Form of Proxy must be deposited with the Company's registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time appointed for the meeting.
2. In the case of a Corporation, this Form of Proxy should be either under its common seal or signed by its duly authorised attorney or by an officer on behalf of the Corporation.
3. In the case of joint holdings, the first named should sign.
4. If this Form of Proxy is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
5. Completion and return of a form of proxy does not preclude a member entitled to attend and vote at the meeting from doing so if he so wishes.

SECOND FOLD

BUSINESS REPLY SERVICE
LICENCE No. MB 122

1

Capita Registrars (Proxies)
PO Box 25
Beckenham
Kent
BR3 4BR

THIRD FOLD

FIRST FOLD

DART GROUP PLC Report and Accounts 2006

Dart Group PLC
Building 470
Bournemouth International Airport
Christchurch
Dorset BH23 6SE
ENGLAND

Tel: +44 (0)1202 597676
Fax: +44 (0)1202 593480
E-mail: info@dartgroup.co.uk
Website: **www.dartgroup.co.uk**