DART GROUP PLC

REPORT AND ACCOUNTS 2007

2007

DART GROUP PLC

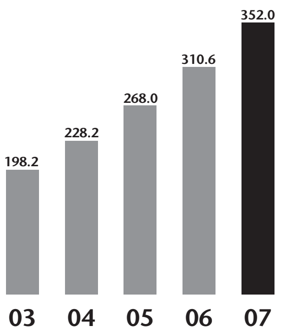
Dart Group PLC is an aviation services and distribution group specialising in:

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

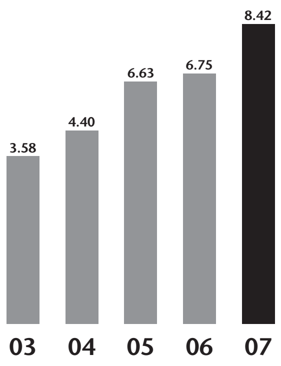
For full details of the Group's activities please visit our website – www.dartgroup.co.uk

Financial Highlights

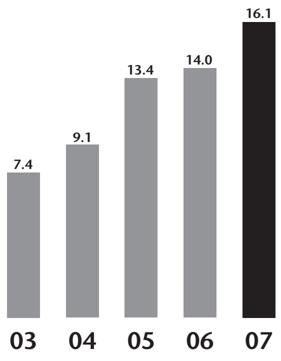
Turnover
£m



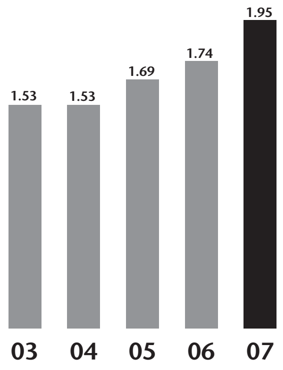
Basic earnings per share
before exceptional items
pence



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 2007.

Profit before tax, goodwill amortisation and exceptional items, amounted to £16.6m (2006 – £14.5m restated). Profit before tax and after goodwill amortisation and exceptional items amounted to £18.1m (2006 – £14.8m restated). Turnover was £352.0m (2006 – £310.6m restated). Earnings per share before the amortisation of goodwill and exceptional items were 8.78p (2006 – 7.11p restated), whilst basic earnings per share were 9.73p (2006 – 7.95p restated). The Board is recommending a final dividend of 1.430p (2006 – 1.295p), taking the total dividend for the year to 2.08p (2006 – 1.86p), an increase of 12%. The dividend, if approved, will be payable on 24 August 2007 to shareholders on the register on 6 July 2007. The lower tax charge of 25% is as a result of the largely tax free gain on the Channel Islands' business disposal together with a number of prior year tax credits, both these events are unlikely to re-occur in the future.

In total, capital expenditure amounted to £71.8m (2006 – £48.7m), and mainly related to the acquisition of five Boeing 757-200 aircraft, spare engines and the Group's spending on capitalised aircraft maintenance. As at 31 March 2007 the Group's net debt amounted to £14.1m (2006 – £5.5m). Gearing as at 31 March 2007 was 20% (2006 – 9%).

In excess of 72% of the 2007/08 ***Jet2.com*** fuel requirements have been hedged for the year ending 31 March 2008, together with 100% of the forecast US$ requirements. 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 Group completed the sale of its non-core Channel Islands' distribution business on 3 July 2006. The exceptional credit of £2.2m relates to the surplus of proceeds over book cost.

Jet2.com

Jet2.com, the Group's low-cost airline, expanded its operations from each of its six Northern UK bases during the year. The move of the administration and operational offices to Leeds Bradford International Airport was substantially completed and the Group's owned fleet increased to 29 aircraft with the addition of the five Boeing 757-200 aircraft. Leased-in aircraft have also been operated to meet seasonal demand.

Jet2.com's aim is to be the leading supplier of scheduled leisure flights from the North and the brand is aggressively promoted to achieve the public's recognition, via on-line advertising, press, posters, TV and radio. During the year the number of destinations served increased to 38 for summer 2007 (2006 – 31). Passengers carried are forecast to rise to 4.3m compared to 3.0m in the year ended 31 March 2007. The Company also operates night-time mail flights on behalf of Royal Mail and many series and individual charter flights for a diverse customer base.

In the autumn of 2006 the Company commenced services to The Canary Islands from Leeds Bradford, Manchester, Newcastle, Belfast and Blackpool utilising Boeing 757 aircraft. During the winter of 2007/08 up to 27 services a week will be flown to Tenerife, Gran Canaria and Lanzarote. It is also planned to introduce other year round sun destinations. The Company's policy is to offer the lowest possible fares throughout its network. The revenue from these is supplemented with value-added ancillary revenue streams such as commission on sales of insurance, hotels and car hire together with the profits on sales of in-flight food, drink and gifts. The associated revenues per passenger for the current year are forecast to increase considerably over that achieved in the last financial year.

In February 2007, ***Jet2holidays.com*** was launched to offer flexible duration flight, transfers and hotel packages linked, primarily, to our scheduled services. Whilst this is a highly competitive market, we believe that by packaging attractive hotels with our low fares we can give our leisure customers great value holidays. The concept is currently being marketed on a limited basis whilst the mechanics of the process are developed. However, we are pleased that the customer experience has proven good and we look forward to putting full promotional spend behind the product for the next year.

Jet2.com aims to expand its business by serving traditional leisure markets at highly competitive prices and developing a range of longer distance low-cost services that meet the aspirations of leisure travellers. Obviously routes take time to develop and costs are incurred in building volumes and taking market share. We will be continuing investment in new routes over the coming year so profit growth in this area of our business is likely to be flat.

Fowler Welch-Coolchain

The Group's logistics company, **Fowler Welch-Coolchain**, made considerable progress in the last financial year with new business wins, increased sales and improved profits. The Company primarily provides an integrated supply chain solution to supermarkets and their suppliers as well as food manufacturers, growers and importers. Capabilities include both chilled and ambient (non temperature-controlled) distribution together with warehousing and pick-to-order services. The Company's warehousing and picking operations, which feed the distribution network, continue to expand with substantial new business wins at both Kent and Spalding sites during the year. Volume is important to the business to increase the load fill of the distribution vehicles.

On 28 April 2006, **Fowler Welch-Coolchain** acquired the business and assets of R F Fielding Cheshire Ltd (In Administration), for a de minimis sum. This business specialises in ambient distribution from its base in North West England. Employee numbers amounted to 226 and the business utilised 79 tractor units and 133 trailers. It is operated from a 187,500 sq.ft leased premises in Stockport. Not only has this acquisition provided a foothold in this larger market, it has also improved the utilisation of the transport fleet via network synergies.

A 40,000 sq.ft. freehold facility on an 8 acre site was acquired in Washington, Tyne and Wear, on 4 September 2006. This facility replaced the Company's existing premises in Gateshead and is being fitted out for temperature-controlled storage and distribution. It will provide the North East England platform for growth in both the Company's chilled and ambient business.

It is the Company's strategy to invest and grow its chilled and ambient distribution and warehousing businesses by a combination of organic growth and selective acquisition.

Our Staff

The relocation of Dart Group's and ***Jet2.com***'s operational and administrative headquarters to Leeds Bradford International Airport has now been substantially completed and I am extremely grateful to the majority of the key staff who have made the move and ensured that the Companies' operations have continued seamlessly.

We will be sorry to lose our Group Finance Director, Mike Forder, in July and thank him for his substantial contribution to the Group's development.

However, we are very pleased to welcome his successor, Andrew Merrick, FCMA, who joins us on 2 July from Bradford & Bingley PLC where he was Director of Finance. Before, from 1988 to 1997, Andrew had a successful career at Thomas Cook Group where he undertook a number of operational finance roles. Prior to this Andrew worked for the international division of Midland Bank Limited. Andrew will bring valuable banking and travel industry experience to the Group.

It is important to acknowledge the dedication and hard work of each of the Group's operational and administrative staff in both **Fowler Welch-Coolchain** and ***Jet2.com.*** Both businesses are customer-focused and operationally demanding at all hours of the day. We are grateful to all and look forward to continuing to grow our business together.

Outlook

We expect to grow both our businesses organically in the year ahead, with also the possibility of selective acquisitions in **Fowler Welch-Coolchain** when there are sensibly priced opportunities.

In the competitive scheduled low-cost travel market, which is becoming progressively later booking and therefore more difficult to predict, whilst our 235 seat Boeing 757s differentiate our product and capabilities from several of our competitors, new routes still take time and money to develop to profitability. However, the consolidation of the major tour operators, who currently have large capacity to many of the destinations we also serve, should give real opportunities both for our scheduled business and ***Jet2holidays.com***. Therefore, overall, whilst I believe it is unlikely that the Group's profits will increase this year, growth should resume thereafter.

Philip Meeson
Chairman 27 June 2007

A Review of Operations follows on page 4.

Review of Operations

Jet2.com

Jet2.com now operates 29 owned Boeing 737-300 and Boeing 757-200 aircraft with additional capacity leased-in seasonally, as needed, to meet demand, from its six airport bases in the North – Leeds Bradford, Manchester, Newcastle, Belfast, Blackpool and Edinburgh. The Company has a thriving passenger charter business and a long-term contract with Royal Mail to fly its unique Boeing 737-300 "Quick Change" aircraft on nightly mail flights throughout the UK. Following these flights, the aircraft are reconfigured to make a full operational contribution to the Company's passenger flying programme.

The Company has now substantially completed the move to Leeds Bradford International Airport – even transporting its Portacabin "duplex" office buildings from Bournemouth for occupation at the new airport site. Some engineering administration functions, together with the management of the Royal Mail operation will remain in Bournemouth.

The Company has significantly increased the number of city, sun and snow destinations it serves from each of its bases this year. Five new routes were opened from Leeds Bradford, eight from Manchester, seven from Newcastle, five from Belfast and four from Blackpool. For further details, visit our website at www.jet2.com.

The Company believes that The Canary Islands, which have formerly mainly been served by charter flights, will become an increasingly popular scheduled service destination, ideally suited to the performance of our 235 seat Boeing 757 aircraft. After successful services last winter to Tenerife and Lanzarote we will be operating up to 27 flights a week to the Islands this financial year. The Canary Islands Tourist Authorities will actively promote the destinations throughout our region and bookings to date are encouraging. The Company plans to further expand its longer distance services and winter sun routes to enhance our overall offering to our customers.

Our ancillary revenues are a vital contributor to our income and allow the Company to offer the lowest possible fares. Ancillary revenue per passenger increased by 39% in the year ended 31 March 2007 and it is anticipated further growth will be achieved in the new financial year. Contributing to this are charges for hold bags, extra leg room, seat allocation, internet check-in, commissions on sales of insurance, hotel and car hire and profits from on-board sales of food, beverages and gifts. The promotion of this sector of the business is hugely important. Crews are highly incentivised to continually increase on-board sales and great effort is made to introduce new products and find the best and most competitive providers.

The Company is also working hard to ensure that its aircraft are flown in the most environmentally friendly and fuel efficient way. A full time project General Manager is committed to continuous monitoring of our fuel and environmental performance.

Jet2.com is committed to contracting out many of its support operations, such as its call centre and purchase ledger functions, which are now handled extremely capably in India. However, it was decided this year to undertake our own check-in and handling of passengers and aircraft at Leeds Bradford and in several airports in Spain. By bringing these operations in-house, we will offer a better more efficient service at a competitive price. Our aim is to be regarded as a friendly airline with good customer service. We know that our staff will achieve this.

During the year the Company acquired five Boeing 757-200 aircraft. The Boeing 757-200 is a versatile aircraft able to carry up to 235 passengers over 3,000 miles. Its overall performance is particularly suited to Leeds Bradford which is a high airport with some operational constraints. The Boeing 757-200 allows the Company to offer a range of destinations from both Leeds Bradford and its other bases that other aircraft cannot match. At the same time it is extremely environmentally friendly in terms of noise, fuel efficiency and emissions. We expect to increase our Boeing 757 fleet over the coming years and also to operate similar, larger types which will allow our customers to explore an expanding range of popular destinations at the lowest possible fares.

On 17 June, we were pleased to sign a 15 year agreement with Pratt & Whitney for the fixed-price maintenance of the CFM56-3 series engines which power our Boeing 737-300 aircraft. Pratt & Whitney will also increasingly supply various parts that they will manufacture for this engine under their Global Material Solutions Programme. This agreement brings both price certainty and cost reductions. We look forward to a long and successful association with Pratt & Whitney.

The Company now operates seven Boeing 737 Quick Change and one Freighter for the Royal Mail nightly.

These are based at Newcastle, Belfast, Edinburgh, Stansted and Exeter. The Northern based aircraft fly ***Jet2.com*** passenger services during the day before their 40 minute transformation into mail aircraft, during which the seats are removed and mail loaded in containers. The Stansted based aircraft also flies a very busy charter programme both for tour operators, specialist holiday providers, and in support of promotional and sporting events. This is a business in which the Company has a long history of success and which we expect to further develop in the future alongside our low-cost services.

Fowler Welch-Coolchain

Fowler Welch-Coolchain has distribution centres strategically located in Spalding, Lincs, Teynham, Kent, Stockport, Cheshire, and Washington, Tyne and Wear, and 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. In addition the business has substantial pick-to-order and warehousing capabilities, together with a growing ambient (non temperature-controlled) distribution business. It is the Company's strategy to grow and invest in each of these business areas. During the year considerable investment has been made in the development of the company's IT systems to ensure the most cost effective and efficient service is delivered to our customers.

The distribution market place is, of course, very competitive and cost-conscious. Nevertheless despite these challenges the Company grew its business this year with increased sales in both chilled distribution, pick-to-order and warehousing operations, as well as building its new revenue stream in ambient distribution.

On 28 April 2006 the Group acquired the business and assets of R F Fielding Cheshire Ltd (In Administration), a business specialising in ambient distribution to major retailers and other wholesalers. Sales in this area are expected to grow in 2007/08 due to a new business win from a major supermarket group. As a result of its strategic location in Stockport, Cheshire, more efficient fleet synergy and utilisation for the whole distribution business has been achieved through the new flows of product for distribution from the North West.

On 3 July 2006 the Group sold its Channel Islands' transport and distribution business to a third party specialising in this sector of the market. In the light of the decline in the Channel Islands' horticultural industry, the Board considered this business was no longer core, and that management time should be freed up to concentrate on growing the mainland UK logistics operations.

Pick-to-order operations have been an important area of growth in recent years and this trend continued in 2006/07. In a typical week **Fowler Welch-Coolchain** picks and delivers approximately 1 million cases of prepared meats, cheeses, ready meals and pasta. An ambient goods picking operation is also carried out in Stockport providing important volumes which feed into the distribution network. The new computer system to support the growth in this market segment is also currently being implemented.

The lack of warehouse space and associated facilities for vehicles at the Gateshead site had become a constraint on growth in this region. It was, therefore, necessary to find bigger premises to enable the Company to tender for larger contracts in this area. During the year a new 8 acre freehold site was purchased in Washington, Tyne and Wear. The 40,000 sq. ft. warehouse facility, which is currently being converted for the Company's operations, will be the first multi-purpose ambient and chilled warehouse in the business, thus enabling both ambient and chilled distribution customers to be serviced from the same depot. Although the premises are currently operational, further coldstores and seven loading bays are presently being built. When complete, the new building, costing in the region of £5.5m, will provide a first-class facility for customers in this important region.

Fowler Welch-Coolchain offers a quality logistics solution to supermarkets, growers and food manufacturers based both in the UK and mainland Europe. With the recent investments in new premises in the North East of England, together with the ambient business in the North West the business offers a truly national solution to its customers' supply chain needs.

The ongoing need to be cost competitive remains a key business driver and the Company believes that as volumes grow it will increase its competitiveness in the marketplace. Looking forward, the business anticipates a further year of growth in 2007/08 and is confident that it is competitively placed to take full advantage of the opportunities in this sector in the future.

Financial Review

Capital structure

The Group's capital structure is as follows:-	**2007**	2006
	£m	£m
Net debt		
Loans	**18.0**	31.5
Cash and short-term deposits	**(3.9)**	(26.0)
	14.1	5.5
Shareholders' funds		
Equity interests	**71.1**	59.3
	85.2	64.8

Derivatives and other financial instruments

The Group's principal financial instruments, other than derivatives, comprise a revolving credit facility, bank loans and overdrafts, 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, 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 operations and sources of finance. The Group's treasury policy permits the use of such instruments to manage interest, fuel price and currency risk only. 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 the year ending 31 March 2008 the Group has hedged in excess of 72% of its current forecast fuel requirements. A small amount of hedges have been put in place for the year ending 31 March 2009 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 2008, the Group has hedged 100% of its forecast foreign exchange requirements. 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 a revolving credit facility, overdrafts, and bank loans. It is the Group's policy to match long-term assets with long-term liabilities. Accordingly, the Group's aircraft have been financed by mortgage facilities with a maximum maturity date of 5 years.

Liquidity

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

	2007 **£m**	2006 (restated) £m
Operating Profit	**18.6**	7.3
Depreciation and impairment	**20.9**	16.6
Amortisation of goodwill	**0.5**	0.5
EBITDA	**40.0**	24.4
Movement in working capital	**22.2**	16.6
Capital expenditure, net of disposals	**(69.0)**	(45.5)
Disposal of subsidiary undertakings and businesses	**3.8**	4.0
Net interest paid	**(1.1)**	(1.6)
Taxation paid	**(1.0)**	(5.2)
Issue of share capital	**0.7**	0.6
	(4.4)	(6.7)
Dividends paid	**(2.7)**	(2.4)
Increase in net debt resulting from cash flows	**(7.1)**	(9.1)
Exchange (loss)/gain on opening net debt	**(1.5)**	1.2
Increase in net debt	**(8.6)**	(7.9)

Bank and other facilities

Bank and other facilities, as at 31 March 2007, are disclosed in Note 18 to the accounts.

Dividend

The dividend for the year has been increased by 12% to 2.08p per share (2006 – 1.86p per share) consisting of an interim dividend of 0.65p per share paid on 4 January 2007 (2006 – 0.56p per share) and a final proposed dividend of 1.43p per share payable on 24 August 2007 (2006 – 1.295p 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 Group.

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 25.9% (2006 – 32.2%).

International Financial Reporting Standards

As a result of the Group having moved its share listing to the Alternative Investment Market (AIM), the Company anticipates the adoption of International Financial Reporting Standards in the financial year ending 31 March 2008. The directors are currently assessing the likely areas of financial impact following transition and these will be reported at the time of announcing the 2007 interim results.

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 27 June 2007

Directors and Senior Management

DART GROUP PLC

Philip Meeson: Group Chairman and Chief Executive

Michael Forder BA(Hons), FCMA, MCT: Group Finance Director and Group Company Secretary

Trevor Crowley FCA: Senior Independent Non-Executive Director

Brian Templar BA(Hons), MILT: Independent Non-Executive Director

Jet2.com Limited

Philip Meeson: Chief Executive

Ian Doubtfire: Managing Director

Richard Bodin MBA CIM: Business Director

Rob Bradshaw: Flight Operations Director

Ian du Cros – Director Cargo and Mail Operations

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

Rob Trayhurn: Director – Safety Management

Philip Ward: Passenger Sales Director

David Williams: Director – IT Business Systems

Claire Flynn BSc(Hons), FCIPD: Personnel Director

Fowler Welch – Coolchain Limited

Jim Welch: President

Philip Meeson: Executive Chairman

David Inglis: Managing Director

David Cottam: Executive Director

Lee Juniper: European Operations Director

Stephen King ACMA: Finance Director

John Peall: Deputy Managing Director

Directors' Report

The directors present their report and the audited accounts for the year ended 31 March 2007.

Principal activity and business review

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

- the operation of passenger aircraft on low-cost and charter services throughout Europe; and
- 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 £13.6m (2006 as restated – £11.0m).

A final dividend for the year ended 31 March 2006 of 1.295p (2005 – 1.175p) per share was paid on 18 August 2006.

An interim dividend of 0.65p (2006 – 0.5625p) per share was paid on 4 January 2007.

Subject to shareholders' approval, the directors recommend the payment of a final dividend for the year ended 31 March 2007 of 1.43p (2006 – 1.295p) per share, which will be paid on 24 August 2007.

Directors

Executive Directors

Philip Meeson is Chairman and Chief Executive of Dart Group PLC; 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 business sectors – Aviation Services and Distribution.

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.

In light of the Group's recent relocation of its Head Office operations from Bournemouth to Leeds, Mike will resign as a Director on 24 July 2007.

Directors' Report
continued

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 for over thirty years, a London based firm of Chartered Accountants, ensures his continuing independence despite his length of service with the Company. He retired as a partner in April 2007 when the firm merged with another London-based firm, Rayner Essex Chartered Accountants, and he continues to act as a consultant for the combined firm.

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 interests in the Company are set out below:

	Ordinary shares 31 March 2007	Ordinary shares 31 March 2006
P H Meeson	56,240,000	56,240,000
M E Forder	307,120	208,520
T P Crowley	48,188	48,188
B S Templar	134,712	134,712

(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 18. There have been no changes to the directors' interests above in the period since 31 March 2007.

(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 entities were interested, directly or indirectly, in three per cent or more of the issued share capital of the Company as at 6 July 2007:

Schroder Investment Management	17.06
Black Rock Investment Management	8.84
JO Hambro Capital Management Group	5.62
AXA Framlington Investment Management	5.28

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.

Increases in issued share capital

The issued share capital was increased by 1,496,948 1.25 pence each ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

22 July 1996	101,520	19 November 2001	142,400
19 December 1996	40,000	3 July 2002	1,792
21 July 1998	40,000	18 November 2002 (approved)	38,480
14 December 1998	38,000	18 November 2002 (unapproved)	160,000
12 July 1999	50,000	3 July 2003	59,600
3 December 1999	20,000	5 December 2003 (approved)	176,000
19 July 2000	72,000	5 December 2003 (unapproved)	420,000
17 November 2000	59,156	21 June 2004	32,000
25 June 2001	6,000	23 November 2005 (approved)	40,000

Details of the increases in issued 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 9 August 2007 resolutions 9, 10 and 11 will be special business. Ordinary Resolution 9 covers the directors' authority to allot ordinary shares pursuant to section 80 of the Companies 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 10 covers the directors' authority to allot on a non-pre-emptive basis 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. Special Resolution 11 deals with authority for the Company to buy back its own shares. Further explanatory notes in respect of all of these resolutions under special business are included with the notice of the Annual General Meeting on pages 50 and 51.

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 conjunction 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 principal 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.

Directors' Report
continued

Certain Key Performance Indicators are:

	2007	2006
Number of owned aircraft	**29**	25
Passenger numbers	**3.0m**	2.3m
Load Factor (% of aircraft seats occupied)	**73%**	69%
Number of European destinations served	**31**	26
Advance ticket sales made at year end date	**£88.8m**	£59.5m
Percentage ticket sales made over the internet	**98.4%**	98.4%
Average hedged price of fuel US$ per tonne	**$654**	$414
Percentage of estimated annual fuel requirement hedged at year end date	**73%**	82%
Average monthly staff turnover	**2.3%**	2.0%

Overall the percentage load factor and yield both rose during the year.

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:

	2007	2006
Warehouse space – sq.ft.	**480,000**	440,000
Number of tractor units in operation	**328**	242
Number of trailer units in operation	**755**	634
Mileage per gallon	**8.44**	8.39
Fleet mileage per annum	**33.4m**	24.6m
Average monthly staff turnover	**3.6%**	2.5%

The business also monitors trailer load fills.

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 2007 the Group's creditor days were 35 (2006 – 34).

Political and charitable contributions
The Group made no political contributions during the period (2006 – £nil). The Group made contributions to various local and national charities amounting to £1,929 (2006 – £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 ***Jet2.com*** and **Fowler Welch-Coolchain** Safety Offices support 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 Safety Offices also maintain the Companies' operational quality systems. These safety management systems have 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

Mike Forder
Secretary 27 June 2007

Report on Directors' Remuneration

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 2007/08 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 periodically (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 (by option exercise price) 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 their options 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; and

      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 their options 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, their personal representatives will have up to 12 months from date of death in which to exercise the options.

   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 10% of basic salary is payable, increasing to a maximum of 50% of basic salary at the upper limits.

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:

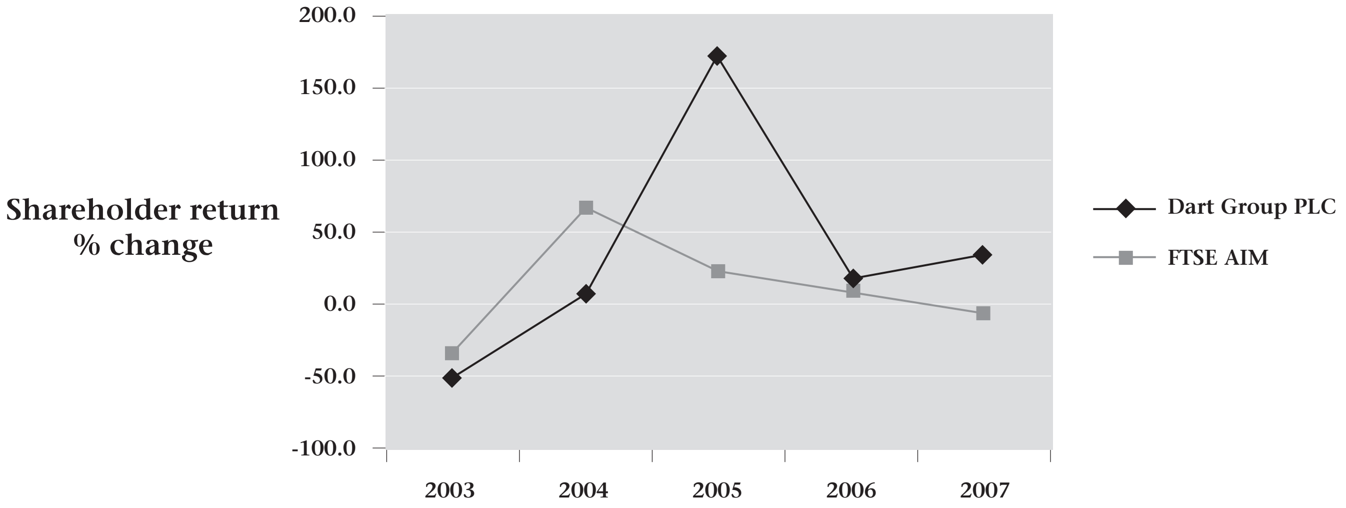
	Date of contract	*Notice period* (months)
Executive directors:		
P H Meeson	20 May 2003	6
M E Forder	6 October 1998	6

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 AIM All-Share.

The FTSE AIM All-Share was selected as it represents a broad equity market index in which the Company is a constituent member.



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

	Basic salary and fees £	*Benefits (1)* £	*Total 2007* £	*Total 2006* £
Executive directors:				
P H Meeson	**180,376**	**16,840**	**197,216**	244,381
M E Forder *(2)*	**170,000**	**11,498**	**181,498**	233,265
Non-executive directors:				
T P Crowley *(3)*	**25,000**	–	**25,000**	23,250
B S Templar	**25,000**	–	**25,000**	23,250
	400,376	**28,338**	**428,714**	524,146

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

(2) During the year the aggregate amount of pre-tax gain on share options exercised by M E Forder was £93,000 (2006 – Gain made by M E Forder £56,295).

(3) T P Crowley was a partner of Levy Blair, a firm of Chartered Accountants which has recently merged with Rayner Essex Chartered Accountants. The remuneration included above represents fees payable to Levy Blair for services of T P Crowley as a non-executive director.

Report on Directors' Remuneration
continued

Pension entitlement
In respect of 2007 the employer contributed to one of the Group's money purchase schemes an amount of £25,253 (2006 – £24,757) in respect of P H Meeson and £23,282 (2006 – £20,492) in respect of M E Forder.

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 2006 No.*	*Exercised during the year No.*	*At 31 March 2007 No.*
M E Forder	Unapproved	47.50p	a) 50,000	–	50,000
	Unapproved	31.25p	b) 200,000	100,000	100,000
	Unapproved	78.50p	c) 80,000	–	80,000

The options are exercisable between the following dates:

(a) Up to 100 per cent from 18 November 2008. All of these options expire on 18 November 2012.

(b) 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 14. All of these options expire on 5 December 2013. 100,000 options were exercised on 6 December 2006.

(c) 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 14. All of these options expire on 21 November 2015.

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £6,754 (2006 as re-stated – £8,096).

The mid-market price of the Company's shares on 31 March 2007 was 131 pence per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were 156.5 pence and 89.9 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 27 June 2007

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 and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Board

The Board currently comprises Philip Meeson, who owns 39.9% 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 pages 9 and 10. 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 financial statements is set out on page 19 and a statement on going concern is given within the Financial Review on page 6.

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 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 scheduled, held and attended by each Director during the year was as follows:-

	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 2007 the Audit Committee, operating under its previous terms of reference, discharged its responsibilities by:

- reviewing the Group's draft 2007 financial statements and 2006 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 2007 audit fee and reviewing non-audit fees payable to the Group's external auditors in 2007;
- reviewing the external auditor's plan for the audit of the Group's 2007 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.

The Audit Committee meets 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.

The Workings of the Board and its Committees
continued

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 misstatement 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.

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.

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.

Relations with Shareholders
Communications with shareholders are given high priority. The Review of Operations and Financial Review on pages 4 to 6 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 9 August 2007 can be found in the Notice of the Meeting on page 50 and 51.

Independent Auditor's Report

To The Members of Dart Group PLC

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

We have audited the Group and Parent Company financial statements (the ''financial statements'') of Dart Group PLC for the year ended 31 March 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 Directors' Report, and the financial statements 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 19.

Our responsibility is to audit the financial statements 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 are 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. In addition we 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 misstatements 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. It also includes an assessment of the significant estimates and judgments 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 misstatement, 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.

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 2007 and of the Group's profit for the year then ended;
- the financial statements 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

KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 June 2007

Group Profit and Loss Account

for the year ended 31 March 2007

	Notes	2007 Before exceptional items £m	2007 Exceptional items (note 5) £m	2007 Total £m	2006 Before exceptional items (restated) £m	2006 Exceptional items (note 5) £m	2006 Total (restated) £m
Turnover							
Continuing operations	2	**349.0**	–	**349.0**	289.6	–	289.6
Discontinued operations	2	**3.0**	–	**3.0**	21.0	–	21.0
		352.0	–	**352.0**	310.6	–	310.6
Net operating expenses excluding goodwill amortisation		**(332.8)**	**(0.1)**	**(332.9)**	(296.6)	(6.2)	(302.8)
Goodwill amortisation	10	**(0.5)**	–	**(0.5)**	(0.5)	–	(0.5)
Net operating expenses	3	**(333.3)**	**(0.1)**	**(333.4)**	(297.1)	(6.2)	(303.3)
Operating profit							
Continuing operations	3	**18.5**	**(0.1)**	**18.4**	12.4	(6.2)	6.2
Discontinued operations	3	**0.2**	–	**0.2**	1.1	–	1.1
		18.7	**(0.1)**	**18.6**	13.5	(6.2)	7.3
Profit on disposal of discontinued operations	5	–	**2.2**	**2.2**	–	3.7	3.7
(Loss)/profit on disposal of fixed assets	5	–	**(0.1)**	**(0.1)**	–	3.3	3.3
Net interest (including exchange (loss)/gains)	4	**(2.6)**	–	**(2.6)**	0.5	–	0.5
Profit on ordinary activities before taxation	5	**16.1**	**2.0**	**18.1**	14.0	0.8	14.8
Taxation	7	**(4.3)**	**(0.2)**	**(4.5)**	(4.7)	0.9	(3.8)
Profit for the year		**11.8**	**1.8**	**13.6**	9.3	1.7	11.0
Earnings per share – total							
– basic	9	**8.42p**		**9.73p**	6.75p		7.95p
– diluted	9	**8.36p**		**9.66p**	6.70p		7.89p
Earnings per share – continuing operations							
– basic	9	**8.10p**		**7.98p**	6.19p		4.74p
– diluted	9	**8.04p**		**7.92p**	6.15p		4.70p
Earnings per share – discontinued operations							
– basic	9	**0.32p**		**1.75p**	0.56p		3.21p
– diluted	9	**0.32p**		**1.74p**	0.55p		3.19p

Statement of Total Recognised Gains and Losses

	2007 £m	2006 (restated) £m
Profit on ordinary activities after taxation	**13.6**	11.0
Total recognised gains and losses relating to the period	**13.6**	11.0
Prior year adjustment FRS 20 share based payment (note 1)	**(0.3)**	
Total recognised gains and losses since previous annual report	**13.3**	

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

Balance Sheets

at 31 March 2007

	Note	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 (restated) £m
Fixed assets					
Intangible assets	10	**6.3**	6.8	–	–
Tangible assets	11	**179.1**	131.5	**165.9**	128.5
Investments	12	–	–	**20.7**	20.5
		185.4	138.3	**186.6**	149.0
Current assets					
Stock	13	**8.2**	7.5	–	–
Debtors	14	**44.0**	23.8	**4.2**	5.9
Cash at bank and in hand		**3.9**	26.0	–	–
		56.1	57.3	**4.2**	5.9
Current liabilities					
Creditors: amounts falling due within one year	15	**(138.1)**	(98.6)	**(132.6)**	(95.7)
Net current liabilities		**(82.0)**	(41.3)	**(128.4)**	(89.8)
Total assets less current liabilities		**103.4**	97.0	**58.2**	59.2
Creditors: amounts falling due after more than one year	16	**(18.0)**	(28.0)	**(18.0)**	(28.0)
Provisions for liabilities	17	**(14.3)**	(9.7)	**(13.7)**	(10.8)
Net assets		**71.1**	59.3	**26.5**	20.4
Capital and reserves					
Called up share capital	19	**1.8**	1.7	**1.8**	1.7
Share premium account	20	**9.2**	8.6	**9.2**	8.6
Profit and loss account	20	**60.1**	49.0	**15.5**	10.1
Shareholders' funds – equity interests	21	**71.1**	59.3	**26.5**	20.4

The accounts on pages 24 to 48 were approved by the Board of Directors at a meeting held on 27 June 2007 and were signed on its behalf by:

P H Meeson
M E Forder
} *Directors*

Group Cash Flow Statement

for the year ended 31 March 2007

	Note	2007 £m	2006 £m
Net cash inflow from operating activities	25	**62.2**	41.0
Returns on investment and servicing of finance	24	**(1.1)**	(1.6)
Taxation	24	**(1.0)**	(5.2)
Capital expenditure and financial investment	24	**(69.0)**	(45.5)
Disposal of subsidiary undertakings	24	**3.8**	4.0
Equity dividends paid		**(2.7)**	(2.4)
Cash outflow before financing		**(7.8)**	(9.7)
Financing	24	**(12.8)**	6.8
Decrease in cash in the year	26	**(20.6)**	(2.9)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2007 £m	2006 £m
Decrease in cash in the year		**(20.6)**	(2.9)
Cash outflow/(inflow) from the decrease/(increase) in debt in the year	26	**13.5**	(6.2)
Change in net debt resulting from cash flows		**(7.1)**	(9.1)
Exchange differences		**(1.5)**	1.2
Net debt at 1 April	26	**(5.5)**	2.4
Net debt at 31 March	26	**(14.1)**	(5.5)

Notes to the Accounts

1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the consolidated financial statements of the Group, except for the adoption of FRS 20 Share-based Payments during the current financial year. This has resulted in a restatement of the profit and loss account for the prior year as described below.

FRS 20: Share-based Payments
The fair value of employee share option plans is measured at the date of grant of the option using the binomial valuation model. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting the cumulative expense is calculated, based on the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, and hence the number of equity instruments that will ultimately vest. Cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in reserves. The Group has taken advantage of the transitional provisions of FRS 20 in respect of the fair value of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 31 March 2006. The cost of these share options reflected in the results of the Group for the year is £0.2m. The share-based payment charge for the previous year amounted to £0.2m and the previous year profit has been restated in respect of this matter. Furthermore, the carrying amount of investments in subsidiaries has been increased for share-based payment charges recognised by subsidiary undertakings. Following the adoption of FRS 20 Share-based Payments, this has resulted in an increase in the cost of investments held by the Company at 1 April 2006 by £0.3m.

Restatement of prior year intra-group trading
In addition, the results for the Distribution division in 2006 have also been restated to remove intra-group turnover which had previously not been fully eliminated. As a result, 2006 turnover and net operating costs have both been reduced by £9.0m. This item had no impact on operating profit. There was no impact on any earlier years.

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 2007.

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.

Notes to the Accounts

continued

1. Accounting policies – (continued)

Turnover

Turnover (which excludes Value Added Tax and Air Passenger Duty) arises from passenger aircraft operations, holidays, ancillary activities, cargo aircraft operations and, warehousing and distribution conducted by the Group.

Revenue from ticket sales for scheduled passenger flights is recognised in turnover once the relevant flight has taken place. Ancillary revenue from cabin service sales, excess baggage charges and extra leg room charges are also recognised once the relevant flight has taken place. Separately identified incremental credit card charges and call centre booking fees are recognised at the date of booking and booking change fees are recognised when the change is made, in line with the costs which such charges are designed to recover. Commission earned from hire car and hotel bookings is recognised on departure and from travel insurance on booking, reflecting the time when the commission can no longer be recovered on cancellation. The total revenue from holidays is recognised at the date of departure. Charter aircraft income is recognised when the flight has taken place. Aircraft parts sales are recognised when the supply is made.

Distribution revenue relating to deliveries is recognised when the delivery has been completed. Warehousing revenue is spread evenly over the period to which it relates.

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.

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

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.

1. Accounting policies – (continued)

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.

Cash
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdraft payable on demand.

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.

Notes to the Accounts

continued

2. Turnover

	2007	2006 (restated)
	£m	£m
Distribution		
– continuing operations (including acquisition – see below)	**110.0**	95.2
– discontinued operations	**3.0**	11.5
Aviation Services		
– continuing operations	**239.0**	194.4
– discontinued operations	**–**	9.5
	352.0	310.6

	2007	2006 (restated)
	£m	£m
Turnover arising:		
– **Continuing operations**		
Within the United Kingdom and the Channel Islands (including acquisition – see below)	**156.2**	164.3
Between the United Kingdom and Mainland Europe	**192.8**	125.3
– **Discontinued operations**		
Within the United Kingdom and the Channel Islands	**3.0**	20.6
Within the Far East	**–**	0.4
	352.0	310.6

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.

On 28 April 2006 **Fowler Welch-Coolchain** Limited acquired the trade and assets of R F Fielding Cheshire Limited (In Administration) for a de minimis sum. No goodwill arose on the acquisition and there have been no fair value adjustments in respect of the assets acquired. The turnover reflected in the Group Profit and Loss Account in respect of this business amounted to £14.5m during the year. There were no material profits arising in respect of this business in the year.

3. Net operating expenses

	2007	2006 (restated)
	£m	£m
Direct operating costs	**215.7**	200.4
Staff costs including restructuring (note 6)	**72.2**	65.2
Depreciation and amortisation:		
Depreciation of tangible fixed assets	**20.9**	13.3
Impairment of tangible fixed assets	**–**	3.3
Amortisation of intangible fixed assets	**0.5**	0.5
Other operating charges	**24.6**	21.4
Other operating income:		
Rents receivable	**(0.3)**	(0.5)
Other	**(0.2)**	(0.3)
	333.4	303.3

3. Net operating expenses – (continued)

	2007 Discontinued Operations £m	2007 Continuing Operations £m	2007 Total £m	2006 Discontinued Operations (restated) £m	2006 Continuing Operations (restated) £m	2006 Total (restated) £m
Turnover	**3.0**	**349.0**	**352.0**	21.0	289.6	310.6
Net operating expenses excluding goodwill amortisation	**(2.8)**	**(330.0)**	**(332.8)**	(19.9)	(276.7)	(296.6)
Goodwill amortisation	–	**(0.5)**	**(0.5)**	–	(0.5)	(0.5)
Exceptional items	–	**(0.1)**	**(0.1)**	–	(6.2)	(6.2)
Net operating expenses	**(2.8)**	**(330.6)**	**(333.4)**	(19.9)	(283.4)	(303.3)
Operating profit	**0.2**	**18.4**	**18.6**	1.1	6.2	7.3

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

	2007 £m	2006 £m
On other loans	**(2.0)**	(1.5)
Other interest payable	**(0.4)**	(0.6)
	(2.4)	(2.1)
Interest receivable	**1.1**	0.3
Interest payable capitalised within fixed assets	**0.8**	0.3
Foreign exchange (losses)/gains	**(2.1)**	2.0
	(2.6)	0.5

5. Profit on ordinary activities before taxation

	2007 £m	2006 £m
Profit on ordinary activities before taxation is stated after charging:		
Operating lease rentals: land and buildings	**0.6**	0.3
plant and machinery	**13.1**	18.6

Auditors Remuneration

	2007 £m	2006 £m
Audit of these financial statements	**0.1**	0.1
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**0.1**	0.1
Other services pursuant to such legislation	**0.1**	0.1
Other services relating to taxation	**0.1**	0.1

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes to the Accounts

continued

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

Exceptional items

	2007	2006
	£m	£m
Operating items (continuing operations)		
Re-organisation costs	**(0.1)**	(2.2)
A300 closure costs	**–**	(0.7)
Impairment of fixed assets	**–**	(3.3)
Profit on disposal of fixed assets and investments		
(Loss)/gain on disposal of A300 (continuing operations)	**(0.1)**	3.3
Profit on disposal of discontinued operations	**2.2**	3.7
Net exceptional items before taxation	**2.0**	0.8

All of the exceptional items in both the current and previous year are chargeable to corporation tax at a rate of 30%, with the exception of the profits on disposal of discontinued operations. The 2007 profit on disposal of discontinued operations of £2.2m (2006 – £3.7m) attracted a tax charge of £0.2m (2006 – £nil).

The reorganisation costs in both years relate to the move of the ***Jet2.com*** operational departments from Bournemouth International Airport to Leeds Bradford International Airport. A decision to withdraw from Airbus A300 airfreight operations in the prior year resulted in redundancy and other closure costs. One of the two remaining Airbus A300 aircraft was sold prior to 31 March 2006 at a profit of £3.3m, whilst an exchange of contracts had taken place for the sale of the last Airbus A300. The 2006 impairment charge of £3.3m relates to this final aircraft. The impairment was necessary as neither the value in use nor the anticipated sale proceeds supported the unimpaired book value. The sale of this aircraft was completed on 22 June 2006 giving rise to a loss on disposal of £0.1m.

On 3 July 2006 the Group completed the sale of the trade, assets and liabilities of Channel Express (CI) Limited to a third party specialising in Channel Islands' distribution. The disposal is analysed as follows:

	2007
	£m
Net Assets disposed of:	
Fixed Assets	**0.5**
Debtors	**2.4**
Creditors	**(1.3)**
	1.6
Costs of disposal	**0.2**
Profit on disposal of discontinued operations	**2.2**
Consideration	**4.0**
Satisfied by:	
Cash	**4.0**

The operating profit attributable to the Group for the year ended 31 March 2007 includes profits of £0.2m earned by Channel Express (CI) Limited up to the date of disposal of its trade, assets and liabilities.

During the year ended 31 March 2007 Channel Express (CI) Limited contributed £0.4m of the Group's net operating cashflows, received £0.1m 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.

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

In the prior year, 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:

	2006 £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 of discontinued operations	3.7
Consideration	5.1
Satisfied by:	
Cash	5.1

The operating profit attributable to the Group for the year ended 31 March 2006 includes profits of £0.4m earned by Benair Freight International 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:

	2007 Number	2006 Number
Operations	**1,623**	1,372
Administration	**517**	382
	2,140	1,754

	2007 £m	2006 (re-stated) £m
Wages and salaries	**65.5**	59.2
Social security costs	**5.6**	4.9
Other pension costs	**1.1**	1.1
	72.2	65.2

Included within the amounts shown in respect of wages and salaries is £0.2m in relation to share-based payment charges (2006 – £0.2m restated).

Details of directors' remuneration are disclosed in the Report on Directors' Remuneration on page 17.

Notes to the Accounts

continued

7. Taxation

	2007 £m	2006 (restated) £m
Current taxation:		
UK Corporation Tax based upon the profits for the year:		
– current year	**0.3**	0.3
– prior year	**(0.1)**	–
Current tax charge for the year	**0.2**	0.3
Deferred taxation:		
Origination and reversal of timing differences		
– current year	**4.7**	3.4
– prior year	**(0.4)**	0.1
	4.3	3.5
	4.5	3.8

The current tax assessed for the year is lower (2006 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:-

	2007 £m	2006 (restated) £m
Profit before taxation	**18.1**	14.8
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	**5.4**	4.4
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	**2.2**	0.3
Capital allowances for period in excess of depreciation	**(6.8)**	(3.0)
Lower tax rates on overseas earnings	**(0.1)**	(0.1)
Profit on disposals not taxable	**(0.4)**	(1.3)
Prior year tax credit	**(0.1)**	–
Current tax charge for the year (see above)	**0.2**	0.3

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.

8. Dividends paid in the period

	2007 £m	2006 £m
Interim 0.65 pence (2006 – 0.56 pence) per share – paid	**0.9**	0.8
Final 1.295 pence (2006 – 1.175 pence) per share – paid	**1.8**	1.6
	2.7	2.4
Proposed for approval at AGM (not recognised as a liability as at 31 March 2007):		
Final 1.43 pence (2006 – 1.295 pence) per share	**2.0**	1.8

9. Earnings per share

The calculation of basic earnings per share is based on earnings for the year ended 31 March 2007 of £13,628,000 (2006 as restated – £11,010,000). The calculation of basic earnings per share before exceptional items is based on earnings for the year ended 31 March 2007 of £11,796,000 (2006 as restated – £9,349,000). Both calculations are based on 140,073,882 shares (2006 – 138,469,604) 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 2007 of £13,628,000 (2006 as restated – £11,010,000). The diluted earnings per share before exceptional items is based on earnings for the year ended 31 March 2007 of £11,796,000 (2006 as restated – £9,349,000). Both calculations are based on 141,122,024 ordinary shares (2006 – 139,488,044) calculated as follows:

	2007	2006
Basic weighted average number of shares	**140,073,882**	138,469,604
Dilutive potential ordinary shares:		
Employee share options	**1,048,142**	1,018,440
	141,122,024	139,488,044

10. Intangible fixed assets

Group	Goodwill **£m**
Cost	
At 1 April 2006 and 31 March 2007	**9.9**
Amortisation	
At 1 April 2006	**3.1**
Provided during the year	**0.5**
At 31 March 2007	**3.6**
Net Book Value	
At 31 March 2006	6.8
At 31 March 2007	**6.3**

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 fixed assets

Group	Freehold property £m	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	Total £m
Cost					
At 1 April 2006	**12.1**	**1.8**	**201.4**	**19.9**	**235.2**
Additions	**4.6**	**0.3**	**62.6**	**4.3**	**71.8**
Disposal of business	**–**	**(0.1)**	**–**	**(1.7)**	**(1.8)**
Disposals	**(0.4)**	**–**	**(9.7)**	**(1.3)**	**(11.4)**
At 31 March 2007	**16.3**	**2.0**	**254.3**	**21.2**	**293.8**
Depreciation					
At 1 April 2006	**(2.3)**	**(1.5)**	**(85.2)**	**(14.7)**	**(103.7)**
Charge for the year	**(0.5)**	**–**	**(18.5)**	**(1.9)**	**(20.9)**
Disposal of business	**–**	**0.1**	**–**	**1.2**	**1.3**
Disposals	**–**	**–**	**7.4**	**1.2**	**8.6**
At 31 March 2007	**(2.8)**	**(1.4)**	**(96.3)**	**(14.2)**	**(114.7)**
Net book value					
At 31 March 2006	9.8	0.3	116.2	5.2	131.5
At 31 March 2007	**13.5**	**0.6**	**158.0**	**7.0**	**179.1**

Company	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	Total £m
Cost				
At 1 April 2006	**0.9**	**172.3**	**2.0**	**175.2**
Additions	**0.3**	**51.1**	**0.2**	**51.6**
Disposals	**–**	**(15.6)**	**(0.1)**	**(15.7)**
At 31 March 2007	**1.2**	**207.8**	**2.1**	**211.1**
Depreciation				
At 1 April 2006	**(0.5)**	**(44.6)**	**(1.6)**	**(46.7)**
Charge for the year	**(0.1)**	**(5.7)**	**(0.2)**	**(6.0)**
Disposals	**–**	**7.4**	**0.1**	**7.5**
At 31 March 2007	**(0.6)**	**(42.9)**	**(1.7)**	**(45.2)**
Net book value				
At 31 March 2006	0.4	127.7	0.4	128.5
At 31 March 2007	**0.6**	**164.9**	**0.4**	**165.9**

Company

Aircraft and engines having an original cost of £207.6m (2006 – £161.8m) and accumulated depreciation of £42.8m (2006 – £34.4m) are held for use by a subsidiary company under operating leases.

Group and Company

Included within the cost of aircraft and engines is an amount of £1.6m of interest capitalised. Aircraft and engine additions in the year include £0.8m (2006 – £0.3m) of interest capitalised.

12. Investments

Group	2007 £m
Shares in joint venture entity:	
At 1 April 2006 and 31 March 2007	–

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	2007 £m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2006 as previously reported	20.2
Prior year adjustment (note 1)	0.3
At 1 April 2006 as re-stated	20.5
Additions	0.2
At 31 March 2007	**20.7**

The principal subsidiary undertakings are:

Name	Principal activity	Country of incorporation or registration
Fowler Welch-Coolchain Limited	Temperature controlled distribution	England
Fowler Welch-Coolchain BV	Temperature controlled distribution	The Netherlands
Jet2.com Limited	Operation of cargo and passenger aircraft	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 non-trading wholly owned subsidiary undertaking of the Company. The issued share capital of each subsidiary undertaking consists entirely of ordinary shares.

13. Stock

	2007 £m	2006 £m
Group		
Aircraft parts	**8.0**	7.3
Sundries	**0.2**	0.2
	8.2	7.5

14. Debtors

	Group		Company	
	2007 £m	2006 £m	**2007 £m**	2006 £m
Trade debtors	**30.7**	21.2	–	–
Amounts owed by Group undertakings	–	–	**1.3**	4.7
Corporation tax	**1.0**	–	–	0.8
Other debtors and prepayments	**12.3**	2.6	**2.9**	0.4
	44.0	23.8	**4.2**	5.9

Notes to the Accounts

continued

15. **Creditors:** amounts falling due within one year

	Group		Company	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Bank overdraft	–	–	**95.0**	54.9
Other loans	–	3.5	–	3.5
Trade creditors	**36.3**	26.2	**0.1**	0.3
Amounts owed to Group undertakings	–	–	**35.7**	30.0
Corporation tax	–	0.8	**0.3**	–
Overseas tax	**0.7**	–	–	–
Other taxation and social security	**5.2**	2.5	**0.7**	0.1
Deferred income	**88.8**	59.5	–	–
Other creditors and accruals	**7.1**	6.1	**0.8**	6.9
	138.1	98.6	**132.6**	95.7

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** Limited of £18.3m (2006 – £10.5m).

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

	Group		Company	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Other loans	**18.0**	28.0	**18.0**	28.0

Loans are repayable as follows:

	Group		Company	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Within one year:				
Other loans	–	3.5	–	3.5
Between one and two years:				
Other loans	–	3.5	–	3.5
Between two and five years:				
Other loans	**18.0**	10.5	**18.0**	10.5
Over five years:				
Other loans	–	14.0	–	14.0
	18.0	31.5	**18.0**	31.5

The loan above of £18m is net of £1m of facility arrangement fees which are being amortised over the term of the loan.

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

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

	Group		Company	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Secured loan of £nil (2006 – £10.0m) repayable by quarterly instalments with a balloon payment payable in August 2013	**–**	10.0	**–**	10.0
Secured loan of £nil (2006 – £4.5m) repayable by quarterly instalments with a balloon payment payable in March 2013	**–**	4.5	**–**	4.5
Secured loan of £nil (2006 – £17.0m) repayable by quarterly instalments with a balloon payment payable in May 2012	**–**	17.0	**–**	17.0
	–	31.5	**–**	31.5

The loan balances of £18.0m (2006 – £31.5m) bear interest at variable rates of up to 1.45% (2006 – up to 1%) over LIBOR. The loans held at 31 March 2007 are secured over the Group's aircraft and freehold properties.

17. Provisions for liabilities

	Group		Company	
	2007	2006	**2007**	2006
Deferred Tax	**£m**	£m	**£m**	£m
Accelerated capital allowances				
Provision at start of period	**9.1**	6.2	**10.2**	6.4
Deferred tax charge in profit and loss account	**4.8**	2.9	**2.9**	3.8
Provision at end of period	**13.9**	9.1	**13.1**	10.2
Other short term timing differences				
Provision at start of period	**0.6**	–	**0.6**	–
Deferred tax charge in profit and loss account	**(0.2)**	0.6	**–**	0.6
Provision at end of period	**0.4**	0.6	**0.6**	0.6
Total Deferred Tax				
Provision at start of period	**9.7**	6.2	**10.8**	6.4
Provision at end of period	**14.3**	9.7	**13.7**	10.8

There are no un-provided deferred taxation assets or liabilities at either the current or previous year end.

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 6 to 7. 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.

	2007		2006	
	Book Value	**Fair Value**	Book Value	Fair Value
	£m	**£m**	£m	£m
Primary financial instruments				
Short-term borrowings and current portion of long-term borrowings	**–**	**–**	(3.5)	(3.5)
Long-term borrowings	**(18.0)**	**(18.0)**	(28.0)	(28.0)
Cash and short-term deposits	**3.9**	**3.9**	26.0	26.0
Derivative financial instruments held to hedge the exposure on future costs				
Forward foreign currency contracts	**–**	**(13.2)**	–	5.6
Fuel derivatives	**–**	**(3.3)**	–	1.0

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

Interest Risk – Financial Liabilities	Floating rate financial liabilities **£m**
2007	
Sterling	**18.0**
2006	
Sterling	31.5

The floating rate liabilities comprise aircraft mortgages and bank overdrafts which bear interest at rates of up to 1.45% (2006 – up to 1%) over LIBOR.

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

18. Financial instruments – (continued)

Interest Risk – Financial Assets

	Floating rate financial assets £m	Financial assets on which no interest is payable £m	Total £m
2007			
Sterling	**1.9**	**–**	**1.9**
US Dollar	**0.1**	**0.1**	**0.2**
Other	**–**	**1.8**	**1.8**
	2.0	**1.9**	**3.9**
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

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 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	Other £m	Total £m
2007				
Sterling	**(3.1)**	**(1.0)**	**(0.6)**	**(4.7)**
2006				
Sterling	23.9	3.8	–	27.7

As at 31 March 2007 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 losses at 31 March 2007 amounted to £16.5m (2006 – gain £6.6m) of which £10.0m (2006 – gain £5.4m) are expected to be recognised in the profit and loss account in the year ended 31 March 2008. Gains included in the profit and loss account that arose in previous years amounted to £5.4m (2006 – gain £7.7m).

Maturity of financial liabilities

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

Notes to the Accounts

continued

18. Financial instruments – (continued)

Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2007 in respect of which all conditions precedent had been met at that date are as follows:-

	Amounts drawndown		Facilities available	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Committed facilities:				
Revolving credit facility	**19.0**	–	**100.0**	–
Amortising flexible aircraft mortgages	**–**	31.5	**–**	31.6
Multi option facility	**–**	–	**–**	9.4
Bank overdrafts	**–**	–	**10.0**	5.0
Total committed facilities	**19.0**	31.5	**110.0**	46.0

The outstanding loan shown above is disclosed net of amortising arrangement fees as disclosed in note 16 to the accounts.

During the year the Group's borrowing facilities were renegotiated resulting in the repayment in full of all outstanding borrowings at that date. Of the £100.0m revolving credit facility, which is committed until March 2012. £71.0m is committed to a Letter of Credit issued to a credit card processing company with respect to ***Jet2.com*** advance ticket sales.

19. Called up share capital

	Number of shares	**2007 £m**	2006 £m
Authorised ordinary shares of 1.25p each	160,000,000	**2.0**	2.0
Allotted, called-up and fully paid			
As at 1 April 2006	139,442,116	**1.7**	1.7
Options exercised	1,496,948	**0.1**	–
As at 31 March 2007	140,939,064	**1.8**	1.7

On 3 August 2006 all of the Company's issued share capital and shares subject to unexercised share options were converted from 5p ordinary shares to 1.25p ordinary shares in a 4:1 share split.

The Company received the sum of £0.7m (2006 – £0.6m) in respect of options exercised during the year.

19. Called up share capital – (continued)

Employee share schemes

Group and Company

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares:

The Company has granted options to employees under the Dart Group Executive and Dart Group Company Share Option Schemes in respect of 1,460,236 (2006 – 2,609,172) ordinary shares of 1.25p each. At 31 March 2007 the following options had not been exercised:

Number of shares	*Option price*	*Option exercisable*
46,800	44.625p per share	In respect of all shares before the options expire on 14 December 2008.
10,000	52.50p per share	In respect of all shares before the options expire on 12 July 2009.
4,000	52.50p per share	In respect of all shares before the options expire on 3 December 2009.
96,000	64.375p per share	In respect of all shares before the options expire on 19 July 2010.
145,816	75.625p per share	In respect of all shares before the options expire on 17 November 2010.
30,000	88.75p per share	In respect of 12,000 shares from 25 June 2004 and in respect of all remaining shares from 25 June 2007. The options expire on 25 June 2011.
54,000	72.625p per share	In respect of 12,000 shares from 19 November 2004 and in respect of all remaining shares from 19 November 2007. The options expire on 19 November 2011.
89,120	65.875p per share	In respect of 32,776 shares from 3 July 2005 and in respect of all remaining shares from 3 July 2008. The options expire on 3 July 2012.
63,700	47.50p per share	In respect of 16,160 shares from 18 November 2005 and in respect of all remaining shares from 18 November 2008. The options expire on 18 November 2012.
84,400	37.125p per share	In respect of 24,400 shares from 3 July 2006 and in respect of all remaining shares from 3 July 2009. The options expire on 3 July 2013.
440,400	31.25p per share	In respect of 165,200 shares from 5 December 2006 and in respect of all remaining shares from 5 December 2009. The options expire on 5 December 2013.
160,000	37.125p per share	In respect of half of the shares from 21 June 2007 and in respect of all remaining shares from 21 June 2010. The options expire on 21 June 2014.
236,000	78.75p per share	In respect of half of the shares from 19 November 2007 and in respect of all remaining 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 732,400 (2006 – 790,400) ordinary shares of 1.25p each. At 31 March 2007 the following options had not been exercised:

Number of shares	*Option price*	*Options exercisable*
732,400	79.125p per share	In respect of half of the shares from 23 November 2008 and in respect of all remaining shares from 23 November 2011. The options expire on 23 November 2015.

Notes to the Accounts

continued

19. Called up share capital – (continued)

The Company has granted options to employees under the Dart Group 2002 Unapproved Share Option Scheme in respect of 1,180,000 (2006 – 1,860,000) ordinary shares of 1.25p each. At 31 March 2007 the following options had not been exercised:

Number of shares	*Option price*	*Options exercisable*
460,000	47.50p per share	In respect of 60,000 shares from 18 November 2005 and in respect of all remaining shares from 18 November 2008. The options expire on 18 November 2012.
720,000	31.25p per share	In respect of 170,000 shares from 5 December 2006 and in respect of all remaining 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 1,285,200 (2006 – 1,395,200) ordinary shares of 1.25p each. At 31 March 2007 the following options had not been exercised:

Number of shares	*Option price*	*Options exercisable*
1,285,200	78.50p per share	In respect of half of the shares from 21 November 2008 and in respect of all remaining shares from 21 November 2011. The options expire on 21 November 2015.

The number and weighted average exercise prices of share options are as follows:

	2007		2006	
	Weighted average exercise price Pence	**Number of shares over which options granted**	Weighted average exercise price Pence	Number of shares over which options granted
Outstanding at the beginning of the period	**56.6**	**5,474,660**	42.4	3,887,640
Granted during the period	–	–	78.7	2,185,600
Exercised during the period	**40.0**	**(926,080)**	45.2	(578,580)
Lapsed during the period	**57.1**	**(366,480)**	34.8	(20,000)
Outstanding at the end of the period	**60.2**	**4,182,100**	56.6	5,474,660
Exercisable at the end of the period	**36.7**	**435,760**	47.5	212,640

The options outstanding at the year end have an exercise price in the range of 31.25p to 79.125p and a weighted average contractual life of 7.6 years.

19. Called up share capital – (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial valuation model.

	Approved share option plan 2005		Unapproved share option plan 2005	
	2007	2006	**2007**	2006
Fair value at measurement date	–	£0.2m	–	£0.4m
Weighted average share price	–	79.125p	–	78.5p
Exercise price	–	79.125p	–	78.5p
Expected volatility (expressed as percentage used in the modelling under binomial valuation model)	–	33%	–	33%
Option life (expressed as weighted average life used in the modelling under binomial valuation model)	–	4.5 years	–	4.5 years
Risk free interest rate (based on national government bonds)	–	4.21%	–	4.19%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The total expenses recognised for the period arising from share based payments are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Equity-settled share-based payments	**0.2**	0.2	–	–

20. Reserves

	Group		Company	
	Share premium £m	Profit & loss £m	Share premium £m	Profit & loss £m
At 1 April 2006 as previously stated	8.6	49.0	8.6	9.8
Prior year adjustment (note 1)	–	–	–	0.3
At 1 April 2006 as restated	8.6	49.0	8.6	10.1
Issue of shares under share option scheme	**0.6**	–	**0.6**	–
Reserves movement arising from share-based payment charge	–	**0.2**	–	**0.2**
Profit for the year	–	**13.6**	–	**7.9**
Dividends paid in the year	–	**(2.7)**	–	**(2.7)**
At 31 March 2007	**9.2**	**60.1**	**9.2**	**15.5**

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 £7.9m (2006 – £6.5m) is dealt with in the accounts of the Company. The cumulative goodwill written off against reserves as at 31 March 2007 amounted to £2.3m (2006 – £2.3m).

Notes to the Accounts

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21. Reconciliation of movements in shareholders' funds

	Group		Company	
	2007	2006 (restated)	**2007**	2006 (restated)
	£m	£m	**£m**	£m
Profit for the year	**13.6**	11.0	**7.9**	6.2
Dividends paid in the year	**(2.7)**	(2.4)	**(2.7)**	(2.4)
Reserves movement arising from share-based payment charge	**0.2**	0.2	**0.2**	0.2
	11.1	8.8	**5.4**	4.0
Issue of shares under share option schemes	**0.7**	0.6	**0.7**	0.6
Net addition to shareholders' funds	**11.8**	9.4	**6.1**	4.6
Opening shareholders' funds (originally £20.1m for Company before adding prior year adjustment of £0.3m)	**59.3**	49.9	**20.4**	15.8
Closing shareholders' funds	**71.1**	59.3	**26.5**	20.4

22. Commitments

	Group		Company	
(a) Capital commitments:	**2007**	2006	**2007**	2006
	£m	£m	**£m**	£m
Contracted for but not provided	**4.7**	–	–	–

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

	Land & Buildings		Plant & Machinery	
	2007	2006	**2007**	2006
Group	**£m**	£m	**£m**	£m
Operating leases which expire:				
within one year	**0.2**	0.3	**11.0**	10.5
between two and five years	**0.3**	0.2	**6.6**	13.9
over five years	**0.2**	–	**1.0**	–
	0.7	0.5	**18.6**	24.4

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

	2007 £m	2006 £m
Returns on investment and servicing of finance		
Interest paid: bank and other loans	**(2.2)**	(1.9)
Interest received: bank	**1.1**	0.3
	(1.1)	(1.6)
Taxation		
Corporation and overseas tax paid	**(1.0)**	(5.2)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(71.8)**	(48.7)
Disposal of tangible fixed assets	**2.8**	3.2
	(69.0)	(45.5)
Disposal of subsidiary undertakings and business		
Proceeds from disposal of discontinued operations (net of costs)	**3.8**	4.9
Net cash balances leaving the Group with disposal	**–**	(0.9)
	3.8	4.0
Financing		
Ordinary share capital issued	**0.7**	0.6
Other loans repaid	**(88.1)**	(14.2)
Other loans advanced	**74.6**	20.4
	(12.8)	6.8

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

	2007 £m	2006 (restated) £m
Operating profit	**18.6**	7.5
Depreciation and impairment	**20.9**	16.6
Amortisation of goodwill	**0.5**	0.5
Increase in stock	**(0.7)**	(2.9)
(Increase)/decrease in debtors	**(21.5)**	1.7
Increase in creditors	**44.2**	17.4
Share-based payments charge	**0.2**	0.2
Net cash inflow from operating activities	**62.2**	41.0

Notes to the Accounts

continued

26. Analysis of net debt

	At 31 March 2007 £m	Cashflow £m	Exchange differences £m	At 1 April 2006 £m
Other loans due within one year	**–**	**3.5**	–	(3.5)
Other loans due after one year	**(18.0)**	**10.0**	–	(28.0)
Total debt	**(18.0)**	**13.5**	–	(31.5)
Cash at bank and in hand	**3.9**	**(20.6)**	**(1.5)**	26.0
Net debt	**(14.1)**	**(7.1)**	**(1.5)**	(5.5)

27. Pension scheme

The Group operates a defined contribution scheme. The pension charge for the period represents contributions payable by the Group to the scheme and amounted to £1.1m (2006 – £1.1m). There were no outstanding or prepaid contributions at either the current or previous year end.

28. Related party transactions

There are no related party transactions, except those as disclosed in the Directors' Report on page 10.

Secretary and Advisers

Secretary and Registered Office	Michael Forder Building 470 Bournemouth International Airport Christchurch Dorset BH23 6SE	
Auditors	KPMG Audit Plc 1 The Embankment Neville Street Leeds LS1 4DW	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers	Barclays Corporate Banking Centre Barclays Bank PLC 4th Floor Apex Plaza Forbury Road Reading RG1 1AX	Allied Irish Bank 3rd floor, Cavendish House 39 Waterloo Street Birmingham B2 5PP
	Bank of Scotland 1st Floor Jellicoe House Botleigh Grange Hedge End Southampton SO30 2AF	Fortis Bank S.A./N.V. Camomile Court 23 Camomile Street London EC3A 7PP
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	Winterflood Securities Limited London
	Merrill Lynch International Limited London	

Notice of Meeting

Company Number 1295221 (England & Wales)

Notice is hereby given that the Annual General Meeting of the Company will be held at 9.30 a.m. on 9 August 2007 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 2007, together with the auditors' report.

(2) To receive and consider the report on directors' remuneration for the year ended 31 March 2007.

(3) To declare a final dividend for the year ended 31 March 2007 of 1.43 pence per ordinary share.

(4) To re-elect Mr P H Meeson 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-elect Mr A D Merrick as a director.

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

Special business

(9) 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.

(10) 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.

(11) 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 1.25 pence each in the share 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 shares hereby authorised to be purchased is 14,093,906 ordinary shares of 1.25 pence each (representing 10% of the Company's issued ordinary share capital at 6 July 2007);
- 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 2008 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.

Dated 9 July 2007
By order of the Board

Michael Forder
Secretary

R*egistered Office*
Building 470
Bournemouth International Airport
Bournemouth 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 7 August 2007 (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 7 August 2007 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 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 4ZB 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

Resolutions 9 and 10: 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 its 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 9 and 10 will extend the directors' flexibility to act in the best interests of the Company if opportunities to issue new shares arise. Under resolution 9, 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 10, 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 9 August 2007.

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 9 and 10 will last until the conclusion of the next Annual General Meeting of the Company to be held in 2008.

Resolution 11: 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 2007. The authority will lapse at the earlier of the close of the next Annual General Meeting or 3 November 2008.

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 Committees, 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 4,182,100 ordinary shares. This represents 2.97% 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 3.3% of the Company's issued share capital. There are currently no outstanding warrants to subscribe for equity shares in the Company.

Financial Calendar

Annual General Meeting	**9 August 2007**
Final dividend payment	**24 August 2007**
Results for the six months to 30 September 2007	**November 2007**
Interim dividend payment	**January 2008**
Results for the twelve months to 31 March 2008	**June 2008**

Shareholder Notes

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 9 August 2007, 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**	**Withheld**
1.	To receive and consider the directors' report and accounts for the year ended 31 March 2007, together with the auditors' report.			
2.	To receive and consider the report on directors' remuneration for the year ended 31 March 2007.			
3.	To declare a final dividend for the year ended 31 March 2007 of 1.43 pence per ordinary share.			
4.	To re-elect Mr P H Meeson 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-elect Mr A D Merrick as a director.			
8.	To re-appoint KPMG Audit Plc as auditors and authorise the directors to fix their remuneration.			

SPECIAL BUSINESS

Ordinary Resolution		**For**	**Against**	**Withheld**
9.	To authorise the directors to allot securities pursuant to section 80(1) of the Companies Act 1985 (the "Act") up to an aggregate nominal value of £200,000.			
Special Resolutions				
10.	To authorise the directors to allot securities pursuant to section 95 of the Act up to an aggregate nominal amount equal to 5% of the issued share capital at the time of the passing of this resolution.			
11.	To authorise the Company to make market purchases (within the meaning of section 163(3) of the Act) of up to 14,093,906 ordinary shares.			

Signature .... Dated 2007

Notes:
1. To be valid this Form of Proxy (and the power of attorney or other authority (if any) under which it is signed or a duly certified copy thereof) must be deposited with the Company's registrars, Capita Registrars Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZB 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. The vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution however it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. 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 PLUS
LICENCE No. RLUB-TCHH-JEBH

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Proxies
The Registry
34 Beckenham Road
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BR3 4ZB

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