DART GROUP PLC

Report & Accounts 2010

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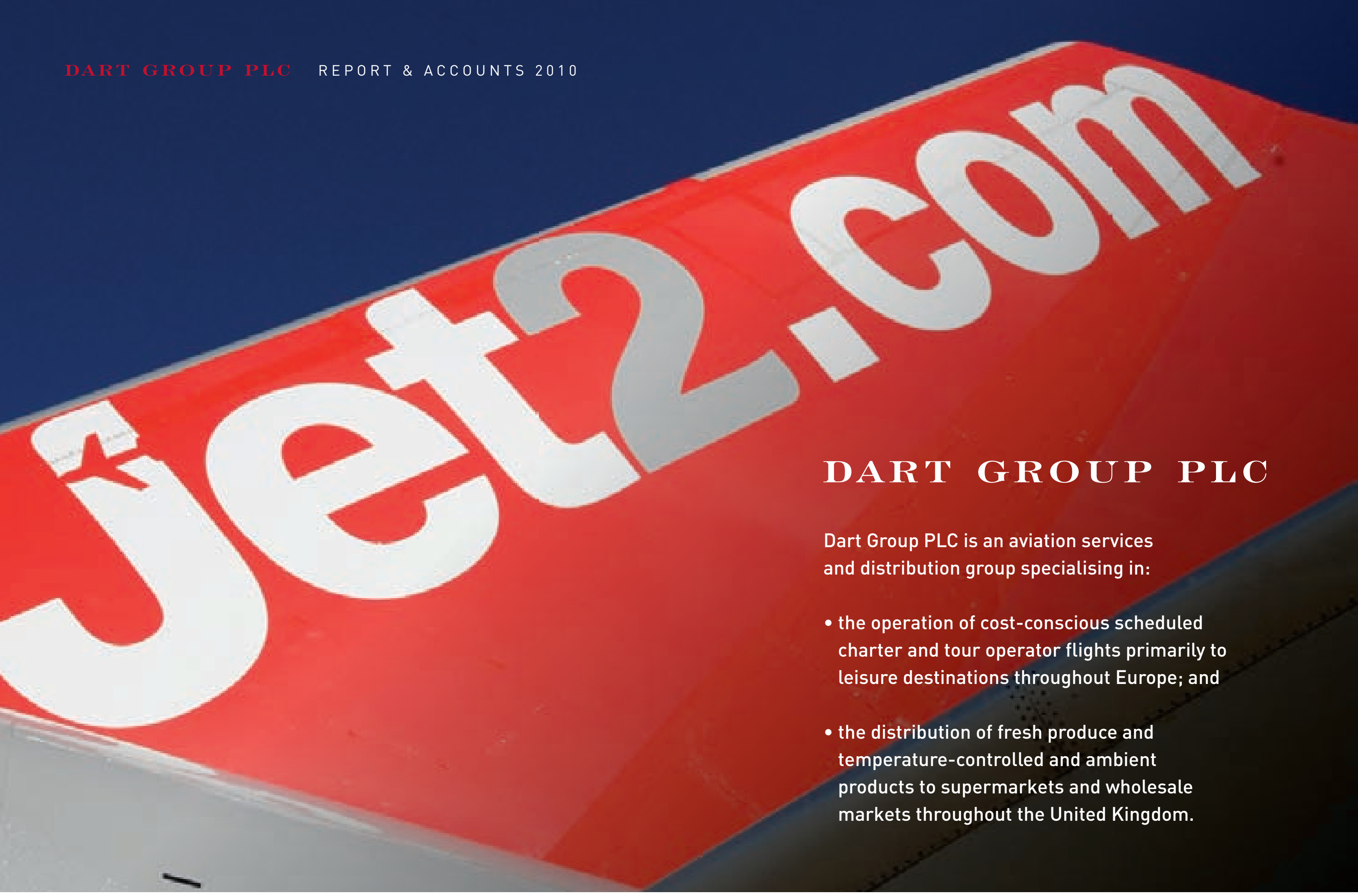


DART GROUP PLC

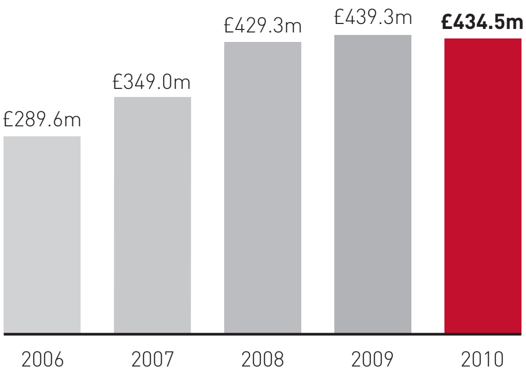
Dart Group PLC is an aviation services and distribution group specialising in:

- the operation of cost-conscious scheduled charter and tour operator flights primarily to leisure destinations throughout Europe; and

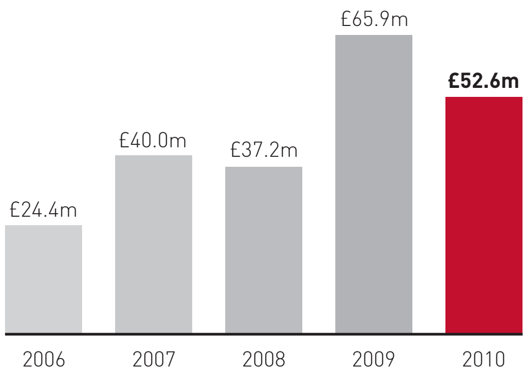
- the distribution of fresh produce and temperature-controlled and ambient products to supermarkets and wholesale markets throughout the United Kingdom.

Financial Highlights

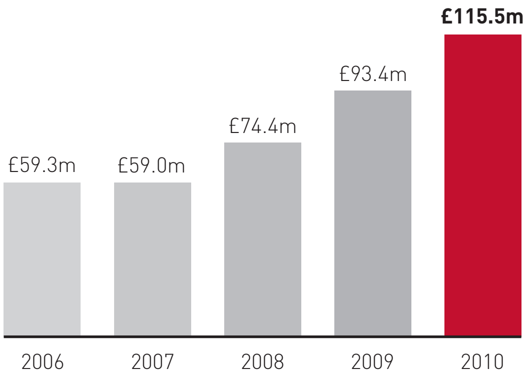
Continuing turnover



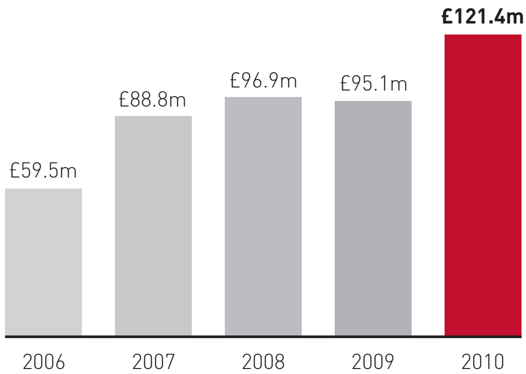
Underlying EBITDA



Net assets



Advance sales at year end



Contents

Chairman's Statement

I am pleased to report on the Group's trading for the year ended 31 March 2010 — a reasonably satisfactory year for the Group in what were challenging conditions for our Aviation business, ***Jet2.com***. It was, however, an encouraging year for our Distribution business, ***Fowler Welch-Coolchain***. Group turnover fell slightly to £434m (2009 — £439m). Group profitability was impacted by lower margins in ***Jet2.com***, as a result of reduced customer demand. Group profit before tax amounted to £22.2m (2009 — £33.5m) with earnings per share of 11.1p (2009 — 19.3p). Underlying profit before tax, before specific IAS 39 fair value movements, was £19.1m (2009 — £28.8m). In consideration of the Group's current trading performance, the Board recommends a final dividend of 0.75p per share (2009 — 0.71p). If approved at the Group's Annual General Meeting to be held on 2 September 2010, this dividend will be payable on 15 October 2010 to shareholders on the Group's register at the close of business on 10 September 2010. The associated ex dividend date will be 8 September 2010.

Capital expenditure for the year ended 31 March 2010 was £32.1m (2009 — £27.9m). This expenditure related principally to long term maintenance spend on aircraft airframes and engines, together with the acquisition of a further Boeing 757-200 aircraft. Net cash flow from operating activities amounted to £73.2m (2009 — £58.4m), driven principally by improved forward bookings in ***Jet2.com***. As at 31 March 2010, the Group's net cash position amounted to £52.2m (2009 — £11.8m), at which point ***Jet2.com*** had received *circa* £100m of advance payments from customers in respect of future flights.

Aviation

Jet2.com, the Group's leisure airline, experienced weaker customer demand for its passenger services, especially during off-peak and winter months, with flights to skiing destinations being particularly affected. However, early action was taken to reduce capacity and frequency in order to control potential losses. At the same time we continued to develop our services to year round "far sun" destinations, including additional flights to Cyprus, Egypt and the Canary Islands, although this was, of course, in the face of increased capacity from other operators. New destinations added to the ***Jet2.com*** network in 2009 were Dalaman, Dubrovnik, Newquay, Tel Aviv and Split, with capacity closely tailored to anticipated demand. Overall 2009/10 seat capacity was 7% below that of the previous year.

Jet2.com is supported by 5 key income streams:

- Seat only sales via the ***Jet2.com*** web site, with the unique proposition of "great flight times", "22kg baggage allowance", "allocated seating", and "loyalty points for free flights";
- ***Jet2holidays***.com — the Group's expanding Tour Operator, offering "great value packages that you can trust", using ***Jet2.com***'s flights and over 600 directly contracted hotels. Over 64,000 packages were sold in the year and this is planned to grow substantially going forward;
- The sale of allocations of seats on our flights to other tour operators, together with sales to the travel trade, thereby spreading commercial risk, especially for new routes;
- 750 whole-aircraft charters in the year for a wide range of customers including tour operators, other airlines, sports teams, pilgrims, government & national agencies, corporate customers, orchestras and cruise lines, to over 130 destinations in Europe, the United States, Canada, the United Arab Emirates and Saudi Arabia; and
- Our long-term contract with Royal Mail for whom we operate eight Boeing 737-300 "Quick Change" aircraft on night services, carrying primarily First Class mail. We have flown services for Royal Mail since 1978 and very much value our relationship.

During the year we carried over 3.1 million scheduled and charter passengers.

A key element in support of our planned future development is our in-house IT capability. Our software development team has built our ***Jet2.com*** and ***Jet2holidays.com*** reservations systems from scratch, working closely with our commercial and operational teams to deliver to exacting specifications. Our Web and IT team of over 40 employees (encompassing site design, database management, software development, operational support and quality assurance) creates and enhances internet based solutions that help us to deliver our great leisure products. We are continually developing and improving these IT business systems to meet our customers' needs in a fast changing market.

We use several leading-edge analytical tools to understand our customers' browsing and purchasing habits and these, together with focus groups and website usability testing, give us detailed insights into how we can better deliver products that are attractive to our customers. An example of this is our growing loyalty scheme, "***myJet2***". We have over 250,000 loyalty scheme members who earn points for their purchases, redeemable against flights.

Our in-house IT capabilities also greatly benefit the growth of our ancillary retail revenues, which include checked-in bags with a sector-leading weight allowance of 22kg, seat selection including extra leg room, pre-booked meals, great value in-flight service, foreign exchange and commissions on car hire. Together, these ancillary products brought in £21 per passenger in the financial year to 31 March 2010.

Our challenge is to differentiate the Company in the seat-only market. We believe our in-house IT, our caring and friendly service and our unique selling propositions go a good way to achieving this. With the contribution of passengers from ***Jet2holidays*** alongside our other income streams, we feel optimistic that, provided we are flexible, continue to innovate and to offer really great value fares, our Aviation business will prosper.

Distribution

It gives me great pleasure to report on the considerable progress made by our logistics business, ***Fowler Welch-Coolchain***, in the year. The Company specialises in the distribution of chilled and ambient foods and other consumer products on behalf of leading supermarkets and their suppliers.

Following the financial year end, in May 2010, after a long search, the Company completed the freehold purchase of a 500,000 sq. ft., 50,000+ pallet capacity, ambient distribution centre located adjacent to the motorway network in Heywood, Greater Manchester. This acquisition doubles the Company's distribution footprint. Known as "The Hub" (pictured on pages 8 and 12) and formerly used by major retailers, this facility is fully racked and ready to go — setting the scene for ***Fowler Welch-Coolchain*** to greatly expand its storage and distribution offering in the North West. The Company's existing North West distribution business, which is based at Stockport, Cheshire, is vacating its existing leasehold premises and will be fully operational from the Hub before Christmas 2010. It is also planned to offer temperature-controlled storage and distribution from The Hub following the installation of cold stores in the near future.

IT plays an important role in the success of ***Fowler Welch-Coolchain*** and it is pleasing to report on the successful implementation of the Company's Manhattan warehouse management software, which is delivering measurable efficiencies and will imminently also be implemented at the Hub.

Fowler Welch-Coolchain's Distribution business is benefiting from a number of new business wins, together with increased support from existing customers. We are delighted to be distributing the full range of products sold by Tesco Express convenience stores in the North East from our distribution centre in Washington, Tyne and Wear. Other new customers for this distribution centre include Cumbrian Seafoods, who have awarded ***Fowler Welch-Coolchain*** their pick-to-order warehousing and onward distribution requirements. The quality of service and growth in business at this site is really encouraging and rewarding, following our initial freehold investment four years ago and a substantial upgrade of facilities and services over the past 18 months. Our distribution business in Kent and our South Coast operations at Portsmouth and Southampton all out-performed expectations in the year, through new business wins and increased volumes from existing customers.

During the year, considerable internal warehouse development has taken place at our Spalding distribution centre, which is the Company's head office, allowing us to expand here also. Together with new operations for Tesco out of Avonmouth, the start of distribution operations in the Midlands for Mars, the growth of our European operations on behalf of American Airlines and others, and the development of our recently acquired container business, Bawdsey Haulage Limited in Felixstowe, the commercial outlook at ***Fowler Welch-Coolchain***, whilst hugely price competitive, looks encouraging.

Our Staff

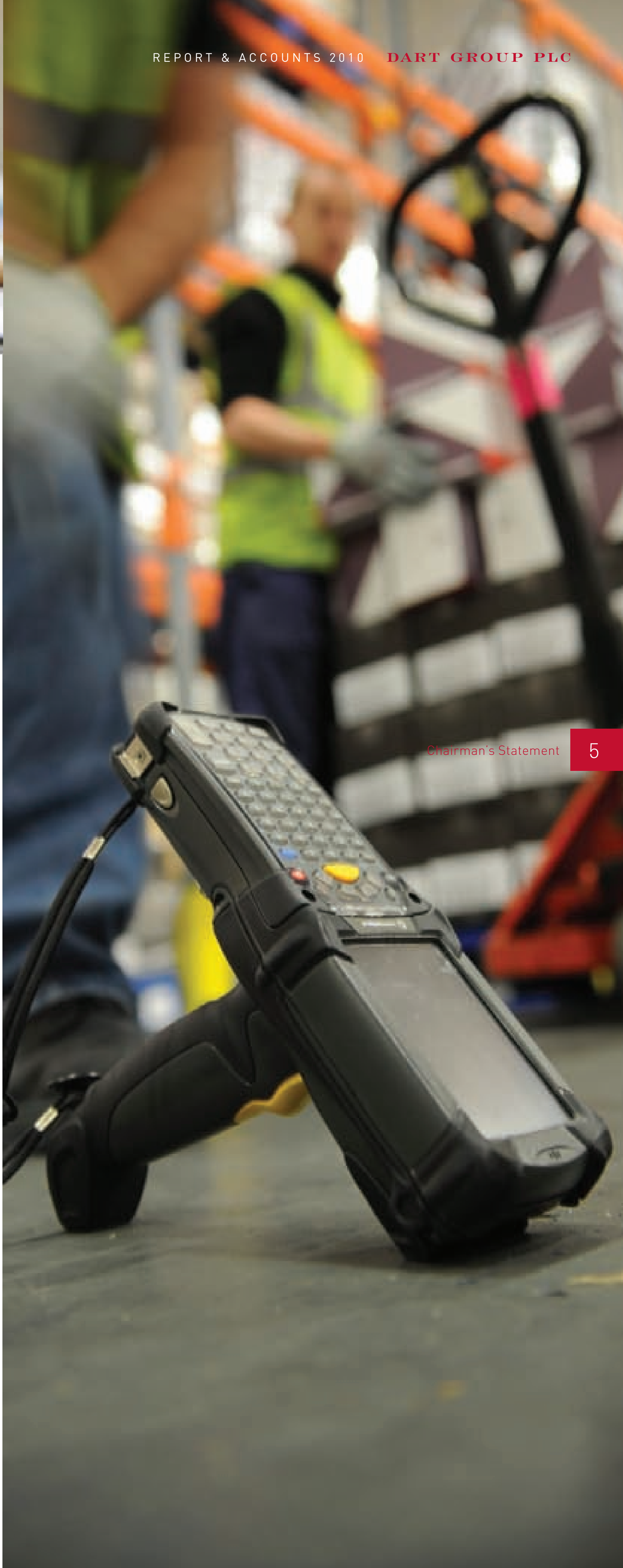
Our businesses must maintain their reputation for value for money and customer service. Low costs and flexibility have to be our drivers. This can only be achieved by focus on these key ingredients by each of us throughout the Group. I very much appreciate the support we receive in this respect — for we rely on customer demand to fuel our future growth.

Outlook

We hope to grow both our businesses in the year ahead, despite the continuing challenging economic climate. ***Fowler Welch-Coolchain*** has good business development opportunities throughout its operations and particularly, of course, in the North West.

Given the right conditions, we will also invest in our leisure airline, with continued emphasis on leisure destinations, supported by seat-only and package holiday sales. In the current trading environment, both businesses have started the year reasonably satisfactorily, despite the disruption caused by the volcanic ash. With increasing demand for our Distribution services and a carefully tailored airline flying programme, we are reasonably well placed to deliver improved financial performance in this financial year.

Philip Meeson
Chairman
23 July 2010



Business and Financial Review

The Group is composed of two principal operating businesses, Aviation and Distribution, which trade in separate market segments.

2009/10 performance

The Group's financial performance for the year to 31 March 2010 is reported in line with International Financial Reporting Standards (IFRS), as adopted by the EU, which were effective at 31 March 2010.

Summary Income Statement

	2010 £m	2009 £m
Revenue	**434.5**	439.3
Net operating expenses[1]	**(415.1)**	(404.1)
Operating profit[1]	**19.4**	35.2
Net financing costs	**(0.5)**	(6.4)
Profit on disposal of fixed assets	**0.2**	—
Profit before taxation[1]	**19.1**	28.8
Financing costs	**0.5**	6.4
Depreciation	**33.0**	30.7
EBITDA[1]	**52.6**	65.9

[1] Stated excluding specific IAS 39 fair value movements.

Underlying Group profit before tax decreased from £28.8m to £19.1m in the year to 31 March 2010, reflecting a more challenging trading environment, in particular for the Group's Aviation operations. Overall turnover fell by 1%, with growth in Distribution revenues offset by a reduction in ***Jet2.com***, whose seat capacity was managed down in the light of reduced consumer demand in both Summer and Winter. Underlying EBITDA[1] of £52.6m (2009 — £65.9m) is down 20% on last year reflecting lower margins in the Aviation operations.

The Group's effective tax rate for the year of 30% (2009 — 19%) was substantially in line with the corporation tax rate, last year's lower rate being driven by the recognition of deferred tax assets from tax losses arising in prior years.

In recognition of a reasonably satisfactory year in challenging trading conditions and current trading performance, the Group recommends, subject to shareholder approval, a final dividend of 0.75p for the year ended 31 March 2010 (2009 — 0.71p).

The Group generated cash inflows of over £40m in the year, resulting in a positive net cash position as at 31 March 2010 of £52.2m (2009 — £11.8m). The Group's improved cash generation was principally driven by the Aviation division which saw an increase in forward bookings in the latter part of the year. Capital expenditure, which increased by approximately £4m in the year, included the acquisition of a further 757-200 aircraft in January 2010, to operate from ***Jet2.com***'s new base at East Midlands airport.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jet2


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FOWLER · WELCH
OWLER · WELCH

Business and Financial Review

Summary Cash Flow

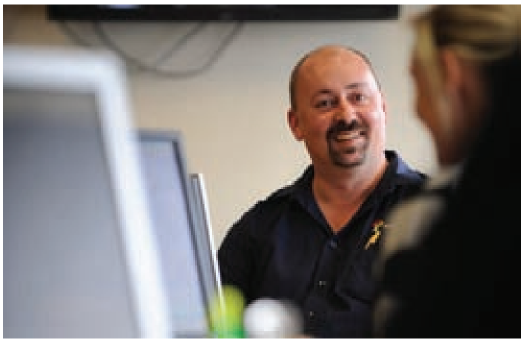
	2010 £m	2009 £m
EBITDA[1]	**52.6**	65.9
Other P&L adjustments	**0.3**	0.2
Movements in working capital	**17.9**	(4.6)
Financial derivative close out costs	**6.0**	–
Interest and taxes	**(4.1)**	(4.7)
Net cash generated from operating activities	**72.7**	56.8
Investing activities	**(32.3)**	(27.8)
Other items	**—**	–
Increase in net cash	**40.4**	29.0

[1] Stated excluding specific IAS 39 fair value movements.

The Group's balance sheet continued to strengthen, driven by both profit performance in the year and cash generation from advance bookings. The resultant increase in shareholders' equity and the improved cash position are the principal changes in the balance sheet from the previous year end. The business continues to be funded in part by customer payments received in advance of flights taken. The growth in trade payables is principally driven by deferred income growth, reflecting stronger forward booking performance for the forthcoming Summer relative to the previous year.

Summary Balance Sheet

	2010 £m	2009 £m
Non-current assets	**201.3**	199.7
Net current assets	**15.7**	2.6
Deferred revenue	**(121.4)**	(95.1)
Other liabilities	**(32.3)**	(25.6)
Cash	**52.2**	11.8
Shareholders' equity	**115.5**	93.4



Segmental performance

Aviation

The Aviation division comprises the Group's scheduled leisure airline, tour operations and associated commercial activities, trading under the ***Jet2.com*** and ***Jet2holidays.com*** brands. The Company operates 24 Boeing 737-300 aircraft, including eight "Quick Change" aircraft, and ten Boeing 757-200 aircraft, from its home base of Leeds Bradford International Airport, and Belfast, Blackpool, East Midlands, Edinburgh, Manchester and Newcastle airports.

During 2009/10, ***Jet2.com*** continued its careful development of the scheduled airline network, increasing the number of routes to Eastern Mediterranean destinations, whilst managing down winter capacity and reducing some frequencies, tailoring capacity to market demand. Overall scheduled airline seat capacity was reduced for both Summer 2009 and for Winter 2009/10. This careful route and capacity management resulted in load factors being increased to 80% (2008/9: 78%), albeit partly at the expense of yields. Load factor performance was supported by the ongoing development of the airline's yield management system and by the sale of seat allocations to third party tour operators, particularly on newer routes.

Retail revenues continue to be a very important source of income for the scheduled airline business, allowing low fares to be maintained. Retail revenue per passenger increased from £14.93 to £21.12 in 2009/10, these being generated from a number of sources including hold baggage charges, online seat assignment, extra leg room seats, on board sales, and commissions on car hire. Customers are also able to pre-order hot food. The business is devoting considerable resource to developing its in-house reservation system to both improve the booking experience for customers and optimise retail revenues. During the year the ***Jet2.com*** reservation system has also been enhanced to offer our customers dynamic currency conversion, online redemption for "***myJet2***" loyalty scheme members as well as discounted pricing on bundles of optional purchases such as food and extra leg room. The trade portal continues to be enhanced to provide the travel trade with easy access to ***Jet2.com*** scheduled flights in recognition of the importance of the dynamic packaging segment of customer demand.

Jet2.com's passenger and freight activities continue to be an important element of the overall Aviation operation. The passenger charter activity provides flights for many different end users, including tour operators, specialist holiday providers and in support of promotional, sporting and other events, and enables the business to improve utilisation of aircraft outside peak periods. The Royal Mail contract, under which night mail flights are undertaken every weekday from six UK airports, continues to be serviced well, with industry leading punctuality, to enable the Royal Mail to meet its service obligations. Total charter revenues reduced by 27% in the year reflecting a weaker market for passenger charter business, after a very strong year in 2008/9, although the business continues to enjoy a strong reputation with its customers, exemplified by being voted Passenger Airline of the Year by the Baltic Air Charter Association.

In 2007, the business launched ***Jet2holidays.com*** as another route to market for the distribution of airline seats. This element of the Aviation division has grown significantly and delivered over 64,000 holidays, all on ***Jet2.com*** flights in the year. Holidays are packaged dynamically by linking flights with accommodation and a range of airport transfer options. In order to improve the product range, pricing and the quality of the offering to our customers, increasingly accommodation is being contracted directly rather than via bed bank operators. The ***Jet2holidays.com*** website is constantly being enhanced to improve the quality of both the customer and the trade booking experience. The call centre, direct web bookings and bookings through online and offline trade sites are all important elements of the distribution mix.

The Group added an additional, leased, Boeing 737 aircraft to the fleet in June 2009 to enable the expansion of Manchester based operations, and provide additional charter availability. In January 2010, the purchase of an additional 757 aircraft was completed. This aircraft will predominantly be used for scheduled flying on Eastern Mediterranean routes from the new East Midlands base. Two additional 737 aircraft have also been acquired on a lease basis to support the Summer 2010 flying programme from Manchester, with a number of new routes being added.

We continue to benefit from the long term agreement with Pratt & Whitney for the fixed price maintenance of the CFM56-3 series engines, which power our Boeing 737-300 aircraft. Pratt & Whitney have also started to manufacture and supply a range of parts for these engines at attractive pricing under their Global Material Solutions Programme. The agreement with Pratt & Whitney delivers increased engine efficiency, cost certainty and price reductions for the business.

Business and Financial Review

Jet2.com continued to improve fuel efficiency during the year, with a multi-phase programme aimed at reducing both fuel burn and associated emissions. The Company has a significant checklist of actions, which include efficient aircraft loading, route optimisation, and lower aircraft flying speeds, made possible by the introduction of a newly implemented flight planning system, supplemented by ongoing engineering activity. Two further Boeing 757 aircraft were fitted with fuel efficient winglets this winter.

Aviation

	2010 £m	2009 £m
Revenue	**312.0**	326.4
Operating expenses[1]	**(300.0)**	(295.3)
Operating profit[1]	**12.0**	31.1
Net financing income/(costs)	**0.5**	(2.0)
Profit on disposal of property, plant and equipment	**0.2**	—
Profit before interest and tax[1]	**12.7**	29.1
Net financing (income)/costs	**(0.5)**	2.0
Depreciation	**32.0**	30.0
Aviation EBITDA[1]	**44.2**	61.1
Profit margin	**4.1%**	8.9%
EBITDA margin	**14.2%**	18.7%

[1] Stated excluding specific IAS 39 fair value movements.

KPIs

	2010	2009
Number of owned aircraft at 31 March	**30**	29
Passenger numbers	**3.1m**	3.2m
Load factor	**80%**	78%
Net ticket yield	**£48.69**	£51.86
Retail revenue per passenger	**£21.12**	£14.93
Average hedged price of fuel US$ per tonne	**$786**	$907
Percentage of estimated annual fuel requirement hedged for the next financial year	**90%**	100%
Capital expenditure	**£31.4m**	£27.9m
Average monthly staff turnover	**1.5%**	2.5%
Advance sales made at year end date	**£121.4m**	£95.1m

Jet2.com's financial performance was impacted by weaker demand for both scheduled flying and passenger charter operations, coupled with further investment in ***Jet2holidays.com***. Total Aviation revenues fell by 4.4%, despite the growth in holiday sales, without which year on year revenues would have been 7% down. Cost growth was contained to less than 2%, despite the impact of the weakness of sterling.

Distribution

The Group's Distribution business, ***Fowler Welch-Coolchain***, is one of the UK's leading logistics providers serving UK retailers, importers and manufacturers. Focusing on food and drink, the business operates from 12 strategically located distribution centres and offers a range of logistics solutions including storage, case pick-to-order and national distribution of both temperature-controlled and ambient products.

The entire share capital of ***Bawdsey Haulage Limited***, a container logistics business based in Felixstowe, was acquired in September 2009 for a relatively small sum. This acquisition has enabled growth with existing customers and also new clients. We now offer port-based distribution services from Southampton, Tilbury, Thamesport, Sheerness, Teesport and Liverpool, in addition to our comprehensive services from Britain's premier port of Felixstowe. This acquisition positions the business as an end-to-end logistics service provider of temperature-controlled, ambient and break bulk/full load container services.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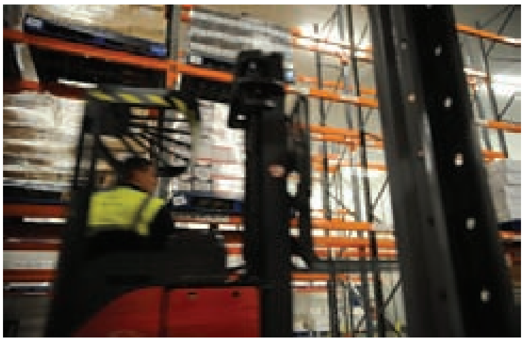
Business and Financial Review

In May 2010, the business completed the purchase of a 500,000 sq. ft. freehold distribution centre on 22 acres of land in Heywood, Greater Manchester. The acquisition of these premises, which are know as "The Hub" (pictured on pages 8 and 12), increases our stockholding capacity within our ambient business from *circa* 17,000 to 50,000 pallets with further space available to be temperature-controlled, thus providing a chilled distribution facility in the North West for existing and new clients.

The Company has built its reputation around a flexible service offering that meets the strict time-sensitive and multi-temperature supply chain requirements of UK retailers. On a daily basis, the Company collects local suppliers' products, which are then consolidated with product picked from stock holding in the Company's strategically based warehouses before delivery. This activity has increased in the year to approximately 1.5 million cases of various fast moving consumer goods handled on a weekly basis.

Distribution revenue increased by 9% in the year, with growth experienced across the network as a whole, through a combination of continued organic growth, substantial new business wins and the Bawdsey Haulage acquisition.

The increase in volumes near Manchester required an investment in operational capacity, with the addition of a short term satellite site for the ambient business to cover seasonal volume peaks, and extra space being secured for our Portsmouth operations in May 2009 to facilitate a new business win. Fleet size also increased during the year following the Bawdsey Haulage acquisition and the start of distribution operations in the Midlands for Mars, in addition to an overall expansion of our own fleet as a result of increased business and service level requirements.



Distribution

	2010 £m	2009 £m
Revenue	**122.5**	112.9
Operating expenses	**(115.1)**	(108.8)
Operating profit	**7.4**	4.1
Profit on disposal of property, plant and equipment	**—**	—
Profit before interest and tax	**7.4**	4.1
Depreciation	**1.0**	0.7
EBITDA	**8.4**	4.8

Business and Financial Review

KPIs	2010	2009
Warehouse space — sq. ft.	**621,000**	480,000
Number of tractor units in operation	**341**	304
Number of trailer units in operation	**800**	697
Mileage per gallon	**8.3**	8.7
Fleet mileage per annum	**34.9m**	33.0m
Number of employees	**1,148**	1,100

The actions taken in the previous financial year to improve operating efficiency, supplemented by further optimisation of the national network and continued focus on reduction in empty mileage, enabled ***Fowler Welch-Coolchain*** to improve its profit margin significantly. This improved performance was achieved despite the business driven capacity increases and the effects of the exceptionally severe winter on fuel efficiency.

Within the year, the Company completed the implementation of Manhattan, a globally recognised warehouse management system, into its chilled warehousing operations. This generated operational efficiencies through labour savings and allows real-time online visibility of stock levels and management information. The system will be implemented into the ambient operation at "The Hub" during the first half of the current financial year.

Over the last year, the Distribution business continued to make progress in reducing the environmental impact of its operations and thereby further reduced its carbon footprint. By maximising our network, further reduction in empty mileage and enhanced trailer fill, the net carbon impact per unit of product delivered reduced. A key driver in this improvement was the introduction of a further 15 double deck trailers during the year. Whilst this has a detrimental impact on fuel efficiency, the overall carbon impact is reduced by virtue of the 50% increase in trailer fill which this equipment delivers. An enhanced telematics system was deployed during the year and when fully operational will deliver enhanced vehicle operating visibility and will enable a further reduction in empty running to be achieved.

Ongoing driver training continues across all sites, encompassing regular defensive driver assessments that in turn deliver fuel efficiency improvements. Our fleet replacement programme for both tractor and trailer units continues to evaluate the marketplace to ensure the optimum fuel efficient equipment is procured, further improving the business's carbon footprint.

Given the global economic climate experienced over the last 12 months, and the ongoing challenges facing the distribution industry as a whole, the food and drink sector has again proved resilient in this downturn.

Fowler Welch-Coolchain remains well positioned in its marketplace to exploit further opportunities as a result of ongoing consolidation within its sector.

The additional warehousing capacity secured and the Company's growing reputation as a quality, low cost end-to-end service provider, offering national as well as regional solutions, will enable the business to continue to grow organically through existing and new customer relationships.

Principal risks and uncertainties

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. The principal risks and uncertainties facing the business include the following:

Competition

The Group is impacted by competitor activity in both of its business areas. In the Distribution business, the market continues to consolidate as smaller players either exit the market or are taken over. The loss of a substantial customer is the largest financial risk facing the Company. This risk is mitigated by ***Fowler Welch-Coolchain***'s focus on service levels and cost control, both of which are critical to success in this sector.

The leisure airline sector continues to be an intensely competitive market, despite the high profile failures of both XL and Globespan in recent years. Headline fare price competition remains very strong at every base from which the airline flies. The Group will continue to focus on customer driven scheduling on popular routes in order to maximise both its load factor and retail revenue income on its aircraft. The operation will continue to benefit from non-scheduled flight aircraft utilisation through its passenger and freight charter activities and from a broad distribution base for its scheduled seats via the web, through the trade, via tour operator seat allocations and its in-house tour operation.

Fuel prices

The cost of fuel will continue to be a very significant element of the Aviation cost base, and the effective active management of fuel price variation will continue to be important to the business.

The Group's fuel price risk management strategy aims to limit the exposure of the Aviation division to sudden and significant increases in oil prices, whilst ensuring the business remains competitive.

The Distribution division is not directly affected by such price rises, since contracts allow for increases to be passed on to its customers.

Economic conditions

Ultimately, economic conditions will have an impact on the level of consumer demand for the Group's airline services. Whilst we believe that UK consumers regard their summer holiday as a very important element of the household budget, it is clear that there was a reduction in discretionary travel in 2009/10. To mitigate this risk, the Group will continue to plan its flying programme carefully to take account of trends in demand. Expanding the ***Jet2holidays.com*** offering also enables the Group to increase revenues from our ***Jet2.com*** customers.

Government policy

It is stated UK and EU policy to apply additional taxes to the aviation industry, and it is foreseeable that the tax burden will continue on the road haulage sector also. Load factor will become an increasing issue for the sector given the planned introduction of a successor to Airline Passenger Duty and the EU Emissions Trading Scheme, both of which will be charged on an aircraft basis. There is a risk that the imposition of these taxes, at levels in excess of the economic cost of emissions, may result in reduced passenger demand.

Treasury management

Liquidity Risk

Liquidity risk reflects the risk that the Group will have insufficient funds to meet its financial obligations as they fall due. As at the year end, the Group had a range of banking facilities. The Group's objective is to manage liquidity risk by maintaining cash balances together with continuity and flexibility of funding through the use of banking facilities, whilst seeking to match long-term assets with long-term liabilities wherever possible. Since the year end, the Group has completed the acquisition of a major new Distribution site in the North West and is in the final stages of completing long term financing associated with this site.

Fuel and currency hedging

The Group utilises foreign exchange and fuel forward contracts to hedge its exposure to movements in US dollar and euro exchange rates and to Jet Fuel prices arising as a result of its aviation activities. The Group's treasury policy permits the use of such instruments to manage fuel price and currency risk only. The Board reviews and agrees this policy for managing each of these risks at least annually; these policies have been consistent during the year. It is the Group's policy that no trading in financial instruments shall be undertaken.

Details on derivative transactions outstanding at the year end relating to forward currency contracts, cross currency swaps and aviation fuel swaps are detailed in note 21 to the Group accounts.

Business and Financial Review

The policy in relation to fuel and foreign currency hedging is summarised below:

Aviation fuel price risk
The Group's policy is to forward cover future fuel requirements up to 100% and up to three years in advance. The magnitude of the aviation fuel swaps held is given in note 21 to the Group accounts. As at 31 March 2010 the Group had substantially hedged its forecasted fuel requirements for the 2010/11 year and a proportion of its requirements for the subsequent two years in line with the Board's policy

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, in particular related to expenditure on aviation fuel, aircraft maintenance, air traffic control and airport charges. The Group's policy is to cover all material transactional risks for a minimum period of six months using forward foreign exchange contracts. As at 31 March 2010, the Group had hedged substantially all of its forecast foreign exchange requirements for the current year. The magnitude of the foreign currency exchange risk is given in note 21 to the Group accounts.

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.

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst providing returns for shareholders. The Group maintains a conservative approach to dividend policy, ensuring funds are retained to support further business growth.

A D Merrick
Group Finance Director
23 July 2010

Directors and Senior Management

Dart Group PLC

Philip Meeson: Group Chairman and Chief Executive
Andrew Merrick BSc (Hons), FCMA: Group Finance Director
Trevor Crowley FCA: Senior Independent Non-Executive Director
Brian Templar BA (Hons), MILT: Independent Non-Executive Director
Mark Laurence: Independent Non-Executive Director
Tamsin Winspear: Group Company Secretary and Head of Regulatory Affairs

Aviation

Philip Meeson: Chief Executive
Ian Doubtfire: Managing Director, *Jet2.com*
Stephen Heapy: Managing Director, *Jet2holidays* (appointed 30/11/2009)
Andrew Merrick: Finance Director
Richard Chambers: HR Director (appointed 24/08/2009)
Robin Evans: Flight Operations Director
Claire Flynn FCIPD: Tour Operations Director
Brian Gresham: Line Maintenance Director
Paul Humphreys: Retail Director
Stephen Lee: Commercial Director
Andrew Menzies: Technical Director
Antony Sainthill BA (Hons), FIFP: Fleet Director
Philip Ward: Passenger Sales Director

Distribution

Philip Meeson: Executive Chairman
David Inglis: Managing Director
John Peall: Deputy Managing Director
Andrew Merrick: Director
David Cottam: Executive Director
Lee Juniper: Commercial Director
John Kerrigan: National Operations Director (appointed 01/01/2010)
Stephen King ACMA: Finance Director

Directors' Report

The Directors present their annual report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 31 March 2010. The corporate governance statement set out on pages 28 to 30 forms part of this report.

Principal activities

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

- the operation of leisure aviation services throughout Europe; and
- the distribution of fresh produce and temperature-controlled and ambient products to supermarkets and wholesale markets throughout the United Kingdom.

Business review

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found in the following sections of the annual report, which are incorporated into this report by cross-reference:

- Business and financial review: pages 6 to 16;
- Current Directors' details and Directors who served through the year: pages 17 to 19;
- Directors' remuneration: on pages 23 to 27; and
- Details of financial instruments and exposure to relevant risks: note 21 to the Group accounts.

Results and dividends

The results for the year are set out in the consolidated income statement and show a profit, after taxation, of £15.6m (2009 — £27.1m).

An interim dividend of 0.36p per share was paid on 26 January 2010 (2009 — £nil).

The Directors recommend the payment of a final dividend for the year ended 31 March 2010 of 0.75p per share (2009 — 0.71p per share), given the satisfactory trading performance of the Group in the year.

Directors

Executive Directors

Philip Meeson is Chairman and Chief Executive of Dart Group PLC; Chief Executive of the aviation business; and Executive Chairman of the distribution business.

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 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 before moving to AIM in 2005.

Andrew Merrick, Group Finance Director, joined the Group in July 2007. He previously held a number of senior financial management positions at both Bradford & Bingley plc and Thomas Cook Group Limited. He is a non-executive Director of Incommunities Group Limited (previously known as Bradford Community Housing Trust). Andrew graduated from The City University in 1983 and is a Fellow of the Chartered Institute of Management Accountants. As Group Finance Director, Andrew is responsible for all finance matters, treasury activities, including both fund raising and hedging of the Group's fuel and foreign currency arrangements and the Group's IT infrastructure.

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 valuable contribution to all financial aspects of the Group. His training and experience in exercising independent judgement in his former capacity as an audit partner for over thirty years in Levy Blair, 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 Levy Blair in April 2007 when the firm merged with another London-based firm, Rayner Essex Chartered Accountants LLP, after which he acted as a consultant to the combined firm until April 2010.

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.

Mark Laurence joined the Company on 28 May 2009 as a non-executive Director. Mark was for five years a member of the highly ranked transport equity research team at Kitcat & Aitken and Smith New Court which was subsequently taken over by Merrill Lynch in 1995. From 1995 to 1997 Mark was part of the UK Equity Strategy team at Merrill Lynch and in 1997 he joined Collins Stewart, becoming a shareholder the following year. Following the successful sale of Collins Stewart in 2001 Mark has pursued a career in fund management devising and overseeing the launch of a number of innovative investment products. Mark is a Governor of Bryanston School in Dorset and a member of the Endowment Investment Committee of King's College University, London.

Directors' interests

(a) The Directors who held office at 31 March 2010 had the following interests in the ordinary shares of the Company:

	Ordinary shares 31 March 2010	Ordinary shares 31 March 2009
P H Meeson	**56,240,000**	56,240,000
A D Merrick	**83,000**	83,000
T P Crowley	**48,188**	48,188
B S Templar	**134,712**	134,712
M A S Laurence	**100,000**	nil

(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 pages 26 and 27. There have been no changes to the Directors' interests above in the period since 31 March 2010.

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

(d) In addition to his Non-Executive Director duties, Mark Laurence has worked in a consultancy capacity during the year, the details of which are included in note 27.

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 3% or more of the issued share capital of the Company as at 30 June 2010:

Schroder Investment Management (Institutional Group)	20.75%
J.O. Hambro Capital Management Limited	8.11%

Issued share capital

The issued share capital was increased by 138,160 1.25 pence ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

Date	Number of Options	Scheme
18 November 2002	4,160	Approved
3 July 2003	6,000	Approved
5 December 2003	28,000	Approved
5 December 2003	100,000	Unapproved

Details of the increases in issued share capital are given in note 22 to the Group accounts.

Directors' Report

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 2 September 2010, resolutions 8 to 10 will be special business. Ordinary Resolution 7 covers the Directors' authority to allot ordinary shares pursuant to section 551 of the Companies Act 2006 up to an aggregate nominal amount of £232,401.83, such authority to expire on 1 March 2012 or, if earlier, on the close of the next Annual General Meeting. Special Resolution 8 covers the Directors' authority to allot on a non pre-emptive basis equity securities for cash up to a maximum aggregate nominal amount equal to 5% of the issued share capital of the Company at the date the Resolution is passed. Special Resolution 9 deals with authority for the Company to buy back its own shares up to a maximum of an aggregate nominal amount equal to 10% of the issued share capital of the Company at the date the Resolution is passed. Special Resolution 10 deals with the authority to call a general meeting on 14 clear days' notice. Further explanatory notes in respect of all of these resolutions under special business are included with the notice of the Annual General Meeting.

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 2010, the Group's creditor days were 22 (2009 — 25).

Political and charitable contributions

The Group made no political contributions during the period (2009 — £nil).

The Group made contributions to various local and national charities amounting to £3,881 during the period (2009 — £1,994).

Corporate and social responsibility

The environment

The Group takes its responsibility to the environment seriously, with fuel emissions being a significant issue in both the Aviation and Distribution businesses. In addition to environmental concerns, it is in our own and our customers' interests to ensure we operate at maximum fuel efficiency.

In ***Jet2.com***, we have a programme in place targeted at improving fuel efficiency and reducing emissions by 4% per annum. This is being achieved by a series of initiatives including further investment in flight planning technology, aircraft maintenance activity focused on reducing drag, and investment in winglets which improve aircraft performance during the take-off, climb and cruise segments of flights.

In respect of the aircraft fleet, all Group aircraft exceed the International Civil Aviation Organisation's requirements for minimising air pollution.

At ***Fowler Welch-Coolchain***, we are undertaking a series of initiatives to maximise fuel efficiency and minimise emissions, including the promotion of shared use of our facilities and efficient return back haul, which help contribute to reducing the overall number of miles driven during the year.

Over the last twelve months, ***Fowler Welch-Coolchain*** has made substantial progress in reducing the environmental impact of its operations, identifying four key elements to its carbon footprint reduction objectives:

Operational efficiency
By increasing both payload utilisation and reducing empty running, the net carbon impact per unit of product delivered is reduced. ***Fowler Welch-Coolchain*** has made further investments in training, management processes and technology in order to achieve these goals. This investment includes an enhanced telematics system currently being deployed across the entire fleet. This will permit real time vehicle, driver, route and consignment management. Linked to the Company's existing transport management system and with further interfaces to key client systems, we hope to reduce empty running, the impact of congestion, poor driving behaviour and, consequently our net carbon footprint per unit delivered.

We also commenced a new initiative with a major Spanish client to increase efficiency by changing ordering patterns which increased net vehicle fill by 5%, with a consequent reduction in carbon footprint per case delivered.

Vehicle technology
We continue to work closely with commercial vehicle manufacturers to identify potential fuel saving initiatives. We are currently undertaking initial trials with hydrogen injection systems for diesel engines as well as long term testing of liquid petroleum gas powered vehicles. All of our newly acquired tractor units comply with the latest EURO V emissions standard and our latest refrigerated trailers are the most fuel efficient on the market. We have increased the number of double deck trailers, which permit a larger number of pallets to be carried.

Refrigeration technology
For our warehouse operations, we are in progress with a project to replace the refrigerant in our chillers with the latest environmentally friendly alternatives in accordance with European Directives. We have also invested in some upgrades to both sealed dock-levellers and internal structures in order to minimise heat ingress. We are also continuing to work directly with the Carbon Trust in order to progress our agenda in this key area.

Culture
We have expanded our non-operational environmental awareness programme across each of our sites. This includes initiatives such as reducing our reliance on office air conditioning, recycling plastic cups, installing low energy lighting, initiating a "Think Before You Print" campaign and the publishing of a quarterly e-newsletter for colleagues with an environmental focus.

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.

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 officers 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, driver training and occupational health and safety, the safety officers 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.

Fowler Welch-Coolchain has safety officers deployed at all its sites trained to IOSH standard. Our Stockport depot staff have received formal congratulations from the Health and Safety Executive for the work they have done to increase focus on safety, including being asked to present our findings within the local community as a standard bearer for good safety culture.

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.

During the year, ***Fowler Welch-Coolchain*** achieved re-accreditation for its Business in the Community "Big Tick" award, recognising the efforts made in the vocational skills domain.

Our communities

Across the Group, we endeavour to support our local communities in a variety of ways. In addition to providing prizes for local fund-raising activities, we act as sponsors of local sports teams, and support our staff in community work.

Directors' Report

Post-balance sheet event

Subsequent to the year end, the Group's Aviation operations were impacted by the disruption to its flying programme caused by volcano Eyjafjallajökull, which resulted in the cancellation of over 400 flights. The Group continues to process subsistence claims from its passengers who were unfortunately unable to return home as scheduled due to this situation, which was totally outside the airline's control. The overall impact on profit as a result of this disruption, including the costs of repatriating customers via a fleet of coaches, is estimated at £3m.

Going concern

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities and forecasts of future trading. The Directors have assessed the underlying assumptions and principal areas of uncertainty within these forecasts, in particular those related to market and customer risks, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks should they crystallise and have also reviewed the key strategies which underpin the forecast and the Group's ability to implement them successfully.

On the basis of the current liquidity position, the forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the financial statements for the year ended 31 March 2010 to be prepared on a going concern basis.

Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware: and
- The Director has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG Audit Plc has expressed its willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

A D Merrick
Director
23 July 2010

Report on Directors' Remuneration

Remuneration committee and advisers

The Group's remuneration committee is chaired by Brian Templar; 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.

When required, KPMG Audit Plc (the Company's auditors and tax service provider) and Addleshaw Goddard provide advice on both the approved and unapproved share option schemes. Philip Meeson, Group 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 2009/10 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, pension contributions 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. 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 under the Unapproved Scheme on 4 September 2008 and 10 September 2009 (the details of which are given below), there are no performance targets linked to the exercise of options once awarded.

For options granted on 4 September 2008, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2007/8 net profit figure of £3.9 million.

For options granted on 10 September 2009, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2008/9 net profit figure of £28.8 million.

Where the performance condition is not satisfied at the end of its respective three or six year performance period, the relevant 50% share options granted shall then immediately lapse.

HMRC 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 granted are exercisable at the higher of (a) the nominal value of the shares and (b) the market value of the shares at the date of grant.

Report on Directors' Remuneration

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 twelve 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.

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 assessed each year by the remuneration committee taking into account both individual and Company performance. The maximum bonus payable under the short term performance related scheme is 50% of base salary. Andrew Merrick is also entitled to participate in a long term incentive plan. Under this scheme, subject to certain performance conditions being met, he could be entitled to an award of up to 100% of his base salary in either shares or cash, of which 50% would be payable in 2010 and a further 50% in 2013.

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 A D Merrick have service contracts that contain a rolling notice period of six months for either party.

T P Crowley, B S Templar, and M A S Laurence do not 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:

Executive Directors:	Date of contract	Notice period (months)
P H Meeson	20 May 2003	6
A D Merrick	6 June 2008	6

The non-executive Directors do not have formal fixed term contracts or notice periods but must retire by rotation and be reappointed at each Annual General Meeting.

A D Merrick and B S Templar retire from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.

Report on Directors' Remuneration

Directors' emoluments

Executive Directors:	Basic salary and fees[1] £	Benefits[2] £	Performance related bonuses £	Total 2010 £	Total 2009 £
P H Meeson	390,000	18,945	—	408,945	502,647
A D Merrick	220,000	6,669	55,000	281,669	357,065
T P Crowley	25,000	—	—	25,000	25,000
M A S Laurence	21,096	—	—	21,096	—
B S Templar	25,000	—	—	25,000	25,000
Aggregate emoluments	**681,096**	**25,614**	**55,000**	**761,710**	**909,712**

[1] **No salary increase was awarded to any Director during 2009/10. Year-on-year increases in basic salary for the Executive Directors reflect the full year effect of increases awarded in the previous year.**

[2] The remuneration package of each executive Director includes non-cash benefits comprising the provision of a Company car or car allowance and private health insurance.

Pension entitlement

In respect of 2010, the employer contributed to one of the Group's money purchase schemes an amount of £25,253 (2009 — £25,253) in respect of P H Meeson, and £29,750 (2009 — £24,500) in respect of A D Merrick.

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 2009 No.	Granted during the year No.	Lapsed in the year No.	**At 31 March 2010 No.**
A D Merrick	Approved	101.75	29,484	—	—	**29,484**
A D Merrick	Unapproved	24.75	200,000	—	—	**200,000**
A D Merrick	Unapproved	52.50	—	180,592[a]	—	**180,592**

[a] Up to 50% from 10 September 2012 and up to 100% from 10 September 2015, subject to performance conditions as described on pages [22 and 23]. All of these options expire on 10 September 2019.

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £13,883 (2009 — £5,392).

The aggregate emoluments disclosed above do not include any amounts for the fair value of options to acquire ordinary shares in the Company granted to, or held by, the Directors. No such options were exercised in the year.

The mid-market price of the Company's shares on 31 March 2010 was 51.00 pence per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were 68.00 pence and 32.50 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
23 July 2010

Corporate Governance Statement

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance that was issued in 2006 by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders.

Statement of compliance with the Combined Code

Throughout the year ended 31 March 2010, the Company has been in compliance with the Code provisions set out in section 1 of the 2008 FRC Combined Code.

Statement about applying the principals of the Code

The Company has applied the principles set out in section 1 of the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the main principles have been applied is set out below and in the Directors' Remuneration Report and Audit Committee Report.

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, Andrew Merrick, the Group Finance Director, and three independent non-executive Directors, Trevor Crowley, Brian Templar and Mark Laurence. The biographies of the Directors appear on pages 18 and 19 of this annual report. These Directors 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 annual report and financial statements is set out on page 31 and a statement on going concern is given within the notes to the Group accounts on pages 38 and 39.

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 at least five times a year, 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 the 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	5	2*	—
Andrew Merrick, Group Finance Director	5	—	2*
Trevor Crowley, Senior Independent Non-Executive Director	5	2	2
Brian Templar, Non-Executive Director	5	2	2
Mark Laurence, Non-Executive Director	5	—	2

* By invitation

Remuneration committee

The Group's Remuneration Committee is chaired by Brian Templar; 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 is chaired by Trevor Crowley and with both Brian Templar and Mark Laurence also being members. It meets not less than twice per year and 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 results and annual report, 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 2010 the Audit Committee discharged its responsibilities by:

- reviewing the Group's draft 2010 annual report and 2009 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 the appropriateness of the Group's control framework;
- reviewing and approving the 2010 audit fee and reviewing non-audit fees payable to the Group's external auditors in 2010; and
- reviewing the external auditor's plan for the audit of the Group's 2010 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.

Since 2005, the Audit Committee has met at least twice a year.

The Company has an independent internal audit department, which performs a full and regular monitoring role of the Company's procedures, driving improvements into the robustness of controls and highlighting significant departures from procedures back to the business. 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.

Corporate Governance Statement

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 and the Board confirms that these accord with the Turnbull Guidance for Directors on internal control.

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, reporting and accounting framework.

Relations with shareholders

Communications with shareholders are given high priority. The business and financial review on pages 6 to 16 includes 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 2 September 2010 can be found in the notice of the meeting.

Statement of Directors' Responsibilities

in respect of the annual report and the financial statements

Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Parent Company's transactions and 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 2006. They have 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.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. The management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

P Meeson
Group Chief Executive
23 July 2010

A D Merrick
Group Finance Director
23 July 2010

Independent Auditor's Report

to the Members of Dart Group PLC

We have audited the financial statements of Dart Group plc for the year ended 31 March 2010 set out on pages 33 to 74. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Leeds
23 July 2010

Consolidated Group Income Statement

for the year ended 31 March 2010

Continuing operations	Note	**Year ended 31 March 2010** Results before specific fair value movements £m	Specific fair value movements[1] £m	Results for the year £m	Year ended 31 March 2009 Results before specific fair value movements £m	Specific fair value movements[1] £m	Results for the year £m
Turnover	5	**434.5**	**—**	**434.5**	439.3	—	439.3
Net operating expenses	6	**(415.1)**	**3.1**	**(412.0)**	(404.1)	4.7	(399.4)
Operating profit	5, 7	**19.4**	**3.1**	**22.5**	35.2	4.7	39.9
Finance income	8	**1.9**	**—**	**1.9**	0.9	—	0.9
Finance costs	8	**(2.4)**	**—**	**(2.4)**	(7.3)	—	(7.3)
Net financing costs		**(0.5)**	**—**	**(0.5)**	(6.4)	—	(6.4)
Profit on disposal of fixed assets		**0.2**	**—**	**0.2**	—	—	—
Profit before taxation		**19.1**	**3.1**	**22.2**	28.8	4.7	33.5
Taxation	10	**(5.6)**	**(1.0)**	**(6.6)**	(5.1)	(1.3)	(6.4)
Profit for the year (all attributable to equity shareholders of the Parent)		**13.5**	**2.1**	**15.6**	23.7	3.4	27.1
Earnings per share[2]							
— basic	12			**11.06p**			19.27p
— diluted	12			**10.62p**			18.80p
Non-GAAP measures							
Underlying earnings per share[3]							
— basic	12	**9.54p**			16.87p		
— diluted	12	**9.17p**			16.46p		

[1] In order to assist the reader to understand the underlying business performance, the Group discloses separately within the income statement specific IAS 39 fair value movements (refer to note 2 accounting policies — basis of preparation).

[2] Earnings per share is calculated in accordance with IAS 33, "Earnings per share".

[3] Underlying earnings per share excludes specific fair value movements.

Consolidated Group Statement of Comprehensive Income

for the year ended 31 March 2010

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit for the year	**15.6**	27.1
Exchange differences on translating foreign operations	**—**	(0.2)
Effective portion of fair value movements in cash flow hedges	**10.6**	6.9
Net change in fair value of effective cash flow hedges transferred to profit	**0.1**	(18.7)
Taxation on components of other comprehensive income	**(3.0)**	3.7
Other comprehensive income and expense for the period, net of taxation	**7.7**	(8.3)
Total comprehensive income for the period, all attributable to owners of the parent	**23.3**	18.8

Consolidated Group Balance Sheet

at 31 March 2010

	Note	**2010 £m**	2009 £m
Non-current assets			
Goodwill	13	**7.0**	6.8
Property, plant and equipment	14	**191.4**	190.5
Derivative financial instruments	21	**2.9**	2.4
		201.3	199.7
Current assets			
Inventories	15	**0.3**	0.4
Trade and other receivables	17	**66.8**	45.1
Derivative financial instruments	21	**18.8**	32.7
Cash and cash equivalents	16	**52.2**	11.8
		138.1	90.0
Total assets		**339.4**	289.7
Current liabilities			
Trade and other payables	18	**181.9**	139.9
Borrowings	20	**0.3**	—
Derivative financial instruments	21	**9.4**	30.8
		191.6	170.7
Non-current liabilities			
Other non-current liabilities	19	**6.6**	6.4
Borrowings	20	**0.3**	—
Derivative financial instruments	21	**0.3**	0.2
Deferred tax liabilities	10	**25.1**	19.0
		32.3	25.6
Total liabilities		**223.9**	196.3
Net assets		**115.5**	93.4
Shareholders' equity			
Share capital	22	**1.8**	1.8
Share premium		**9.3**	9.3
Cash flow hedging reserve	22	**9.6**	1.9
Retained earnings		**94.8**	80.4
Total shareholders' equity		**115.5**	93.4

The accounts on pages 33 to 74 were approved by the Board of Directors at a meeting held on 23 July 2010 and were signed on its behalf by:

A D Merrick
Director

Consolidated Group Cash Flow Statement

for the year ended 31 March 2010

	Note	**2010 £m**	2009 £m
Cash flows from operating activities			
Profit on ordinary activities before taxation		**22.2**	33.5
Adjustments for:			
Finance income	8	**(1.9)**	(0.9)
Finance costs	8	**2.4**	7.3
Profit on disposal of property, plant and equipment		**(0.2)**	—
Depreciation	14	**33.0**	30.7
Equity settled share based payments	22	**0.3**	0.2
Net financial derivative close out costs		**6.0**	—
Specific fair value movements		**(2.8)**	(4.7)
Operating cash flows before movements in working capital		**59.0**	66.1
Increase/decrease in inventories		**0.1**	(0.1)
Increase in trade and other receivables		**(21.8)**	(5.3)
Increase in trade and other payables		**40.0**	7.3
Financial derivative close out costs		**—**	(6.5)
Cash generated from operations		**77.3**	61.5
Interest received		**—**	0.1
Interest paid		**(2.4)**	(2.8)
Income taxes paid		**(1.7)**	(0.4)
Net cash from operating activities		**73.2**	58.4
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(32.1)**	(27.9)
Business acquisitions	13	**(0.5)**	—
Proceeds from sale of property, plant and equipment		**0.3**	0.1
Net cash used in investing activities		**(32.3)**	(27.8)
Cash flows from financing activities			
Repayment of borrowings		**(0.4)**	(22.0)
Transaction costs paid		**—**	(0.9)
Equity dividends paid	11	**(1.5)**	—
Net cash used in financing activities		**(1.9)**	(22.9)
Effect of foreign exchange rate changes		**1.4**	0.1
Net increase in cash in the year		**40.4**	7.8
Cash and cash equivalents at beginning of year		**11.8**	4.0
Cash and cash equivalents at end of year	25	**52.2**	11.8

Consolidated Group Statement of Changes in Equity

for the year ended 31 March 2010

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	Other reserves £m	Total reserves £m
Balance at 1 April 2008	**1.8**	**9.3**	**10.0**	**53.1**	**0.2**	**74.4**
Total comprehensive income for the year	—	—	(8.1)	27.1	(0.2)	18.8
Share based payments	—	—	—	0.2	—	0.2
Balance at 31 March 2009	**1.8**	**9.3**	**1.9**	**80.4**	**—**	**93.4**
Total comprehensive income for the year	—	—	7.7	15.6	—	23.3
Dividends paid in the year	—	—	—	(1.5)	—	(1.5)
Share based payments	—	—	—	0.3	—	0.3
Balance at 31 March 2010	**1.8**	**9.3**	**9.6**	**94.8**	**—**	**115.5**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2010 were authorised by the Board of Directors on 23 July 2010 and the balance sheet was signed on the Board's behalf by Andrew Merrick, Group Finance Director. Dart Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange.

The Group's financial statements consolidate the financial statements of Dart Group PLC and its subsidiaries. The results of undertakings bought or sold are consolidated from the period from the date of acquisition or for the period up to the date of disposal. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

2. Accounting policies

The Group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("Adopted IFRSs").

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 67 to 74.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention except for all derivative financial instruments that have been measured at fair value and disposal groups held for sale that have been measured at the lower of fair value, less costs to sell, and their carrying amounts prior to the decision to treat them as held for sale.

In order to allow a better understanding of the financial information presented, and specifically the Group's underlying business performance, the Group presents its income statement in three columns such that it identifies: (i) results before specific IAS 39 fair value movements; (ii) the effect of specific IAS 39 fair value movements; and (iii) results for the year. For the purpose of clarity, in the explanation of the basis of preparation applied to these consolidated financial statements, we describe these columns as the "left hand column", the "middle column" and the "right hand column" respectively.

The Group uses forward foreign currency contracts, currency option products and aviation fuel swaps to hedge exposure to foreign exchange rates and aviation fuel price volatility. Such derivative financial instruments are stated at fair value.

Ineffectiveness in qualifying cash flow hedges under IAS 39 can arise as a result of the difference between the contractual profile of a hedge and the profile of transactions defined as the hedged item. IAS 39 requires ineffectiveness in qualifying cash flow hedges to be recorded in the income statement, and therefore the Group records this ineffectiveness in the left hand column when it relates to a cash flow hedge, reflecting underlying performance.

IFRS compliant hedge documentation was not in place prior to 1 April 2007. Movements in the fair value of derivatives in existence at this time, along with subsequent fair value movements on these cash flow hedges that would have qualified for hedge accounting had the documentation requirement been met, are separately presented in the middle column to assist the reader's understanding of underlying business performance and to provide a more meaningful presentation.

The right hand column presents the results for the year showing all gains and losses recorded in the consolidated Group income statement.

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 31 March 2013.

2. Accounting policies — continued

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities and forecasts of future trading. The Directors have assessed the underlying assumptions and principal areas of uncertainty within these forecasts, in particular those related to market and customer risks, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks should they crystallise and have also reviewed the key strategies which underpin the forecast and the Group's ability to implement them successfully.

On the basis of the current liquidity position, the forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the financial statements for the year ended 31 March 2010 to be prepared on a going concern basis.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Revenue

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

Revenue from ticket sales for scheduled passenger flights and total revenue from holidays is recognised at the date of departure. Charter aircraft income is recognised in the period in which the service is provided. Retail revenue from cabin service sales, excess baggage charges, seat assignment fees 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 cover.

Commission earned from hire car and hotel bookings is recognised on departure and from travel insurance on booking, reflecting the time when commission can no longer be recovered on cancellation. Amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet within trade and other payables as deferred revenue.

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.

The Group operates a loyalty programme. The programme operates through the airline's "***myJet2***" loyalty scheme and allows members of the scheme to accumulate points that entitle them to substantial free travel. Revenue is recorded at the amount of consideration received or receivable, less the fair value of the points awarded. The full fair value of the points is deducted from the consideration, and carried forward as a liability.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

2. Accounting policies — continued

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation. are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations, and of related qualifying hedges are taken directly to the translation reserve. They are released into the income statement upon disposal.

The Group has taken advantage of relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs (1 April 2006).

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 such as Postal Air Network Limited, which are accounted for as joint venture arrangements. The Group accounts for its own assets, liabilities and cash flows measured in accordance with the terms of the joint arrangement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Interest attributable to the purchase of aircraft and other assets and progress payments 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 property, plant and equipment down to their estimated residual value using the straight-line method over their estimated useful economic lives or the estimated useful economic lives of their individual major components as follows:

Short leasehold property	Over the life of the lease
Freehold property	30 years
Aircraft and engines	3–10 years
Plant, vehicles and equipment	3–7 years
Freehold land	Not depreciated

An element of the cost of acquired aircraft is attributed on acquisition to prepaid maintenance of its engines and airframes and is amortised over a period ranging from one to ten 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 over the length of period benefiting from the enhancements. All other maintenance costs are expensed to the income statement as incurred.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less that its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2. Accounting policies — continued

At each balance sheet date, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill is allocated to cash generating units and is not amortised but is subject to an impairment test both annually and when indications of impairment arise. Goodwill is stated at cost less any accumulated impairment losses.

Prior to 1 April 2006, goodwill was amortised over its estimated useful life, such amortisation ceased on 31 March 2006. Goodwill previously written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not taken into account in calculating any profit or loss on disposal of a business.

Goodwill is allocated to a cash generating unit for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, or Groups of assets. Impairment of goodwill is not reversed.

Inventories

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

Aircraft spares, held for long term use, are classified within tangible fixed assets within the financial statements.

Aircraft maintenance provisions

The Group operates a power by the hour contract for the maintenance of its B737 engines. This contract fixes the maintenance costs for the overhaul of these engines and payments are made to the maintenance provider to reflect usage.

Amounts payable under this contract are held in the balance sheet until an individual engine overhaul is undertaken. At such an event, the notional cost of overhaul is capitalised and then depreciated in line with usage, over the remaining life of the aircraft.

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 income statement 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

The accounting for maintenance expenditure on owned aircraft, other than that performed under power by the hour contracts, is as set out under Property, plant and equipment above.

Borrowings

All borrowings are stated at the fair value of consideration received after deduction of issue costs. Issue costs together with other finance costs are charged to the income statement over the period of the term of the borrowings at a constant rate, or more quickly if appropriate. Issue and finance costs are deducted from the carrying value of those borrowings.

Cash and cash equivalents

Cash equivalents are defined as including short term deposits with original maturity within three months and restricted cash paid over to various counterparties as collateral against relevant exposures. For the purposes of the consolidated cash flow statement, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

2. Accounting policies — continued

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium accounts exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of the finance expenses. Finance payments associated with financial instruments that are classified as equity are dividends and recorded directly in equity.

Financial instruments

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, using the effective interest method, less any impairment loss.

Trade and other payables

Trade and other payables are recognised at fair value.

Interest bearing loans and borrowing

All loans and borrowings are initially recorded at the fair value of their net proceeds. Thereafter they are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedging

The Group uses forward foreign currency contracts, currency option products and aviation fuel swaps and options to hedge exposure to foreign exchange rates and aviation fuel price volatility. Such derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement unless hedge accounting is applied.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument from the inception of the hedging relationship is recognised directly in a hedging reserve within equity. Any ineffective portion is recognised within finance costs/income in the income statement.

When the hedged, highly probable, forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of that asset or liability.

For all other cash flow hedges, the recycling of the cash flow hedge is taken to the income statement (left hand column) in the same period in which the hedged commitment affects profit or loss. For all hedges entered into prior to 1 April 2007, a notional recycling adjustment is made at that time from the left hand column to the middle column.

Leases

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease.

2. Accounting policies — continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits

Defined contribution plans

All Group pensions are provided from the proceeds of money purchase schemes. The charge to the income statement represents the payments due during the year.

Share based payments

The Company issues equity settled share based payments to certain employees. 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 vesting conditions, and hence the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in profit and loss.

The Group has applied the exemption available under IFRS 1 to apply IFRS 2 only to those options granted after 7 November 2002, which were invested as of 1 April 2006.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

3. Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Directors in the application of the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Goodwill

Goodwill was tested for impairment on transition to IFRS and annually thereafter, with no impairment identified. The smallest cash generating unit to which goodwill is attributable is ***Fowler Welch-Coolchain*** whose principal activity is temperature-controlled distribution. The impairment review takes account of the recoverable amount of this cash generating unit which is based on a value in use calculation utilising the unit's annual budget for the forthcoming year and forecasts for the following four years. Thereafter a growth rate of 2.0% (2009 — 2.5%) has been assumed. Projected cash flows have been discounted utilising a discount rate of 10% (2009 — 8%).

The key sensitivity in this calculation is the discount rate used, although the Directors consider that it is unlikely that any currently foreseeable change in the discount rate would give rise to impairment.

The carrying amount of goodwill with an indefinite life at the balance sheet date was £7.0m (2009 — £6.8m). No impairment losses were recorded during the year.

Impairment of assets excluding goodwill

Aircraft carrying values were tested for impairment on transition to IFRS and annually thereafter, with no impairment identified. The smallest cash generating unit to which this can be applied is by aircraft fleet type.

The carrying amounts of aircraft were £166.2m (2009 — £165.6m). No impairment losses were recorded during the year.

Residual value of tangible fixed assets

Judgements have been made in respect of the residual values of aircraft included in property, plant and equipment. Those judgements determine the amount of depreciation charged in the income statement.

Customer loyalty programme

Judgements have been made in respect of the level of expiry for all non redeemed points. This level of point utilisation is estimated by management based on the terms and conditions of membership and historical accumulation and redemptions of points.

4. Adoption of new and revised standards

The following new standards and amendments to standards were adopted by the Group for the first time for the financial year beginning 1 April 2009.

IFRS 8 — *Operating Segments*. The Group adopted IFRS 8 which replaces IAS 14 — *Segment Reporting* ("IAS 14"), during the year ended 31 March 2010. IFRS 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. IAS 14 required identification of two sets of segments — one based on business units and the other on geographical areas. IFRS 8 requires additional disclosures around identifying segments and their products and services. There has been no change to the operating segments as a result of the adoption of IFRS 8 and the reportable segments are consistent with that previously reported under the primary business segments format of the segment reporting under IAS 14. Since the change in accounting policy only impacts the presentation and disclosure aspects, there is no impact on reported results or earnings per share.

IAS 1 (revised) — *Presentation of Financial Statements*. The revised standard prohibits the presentation of items of income and expense within the statement of changes in equity, therefore requiring "non owner changes in equity" to be presented separately from owner changes in equity. All "non owner changes in equity" are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present two statements. Also, the revised standard includes the statement of changes in shareholders' equity as a primary statement, rather than as a note to the financial statements. Since the change in accounting policy only impacts the presentation and disclosure aspects, there is no impact on reported results or earnings per share.

Amendments to IFRS 7 *Improving Disclosures about Financial Instruments*. The relevant aspects of the amendment have been included in these financial statements.

The IASB and IFRIC have issued the following standards and interpretations, with an effective date after the date of these financial statements. Their adoption is not expected to have a material affect on the financial statements of the Group.

	Applies to periods beginning after
New and revised standards	
IFRS 3 *Business Combinations* (revised 2009)	1 July 2009
IAS 24 *Related Party Disclosures* (revised 2009)	1 January 2011
IFRS 9 *Financial Instruments*	1 January 2013
Amendments to standards and interpretations	
Improvements to IFRSs 2009 — various standards	1 January 2010
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Additional Exemptions for First-time Adopters	1 January 2010
Amendments to IFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendment to IAS 32 Financial Instruments: Presentation — Classification of Rights Issues	1 February 2010
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

5. Segmental reporting

Business segments

The Group's businesses are organised into two operating segments:

- Aviation, comprising the Group's scheduled leisure airline and tour operations, trading under the ***Jet2.com*** and ***Jet2holidays.com*** brands; and
- Distribution, comprising the Group's logistics operations.

The operating segments are based on the components that the Board, the Group's principal decision making body (the CODM), monitors in making decisions about operating matters. Such components are identified on the basis of information that is provided internally to formulate allocation of resource to segments and assess performance. When making resource allocation decisions within the aviation business, the Board evaluates route revenue and yield data. However, allocation decisions are made based on the entire route network and the deployment of the entire aircraft fleet. The objective in making allocation resource decisions is to maximise the aviation business results rather than individual routes within the network. The Board assesses the performance of each business based on both underling profit before tax and EBITDA, which exclude specific IAS 39 fair value adjustments.

Revenue from reportable segments is measured on a basis consistent with the income statement. All segment revenue is derived wholly from external customers hence intersegment revenue is nil. Revenue is principally generated from within the UK, the Group's country of domicile.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Year ended 31 March 2010

Continuing	Distribution £m	Aviation £m	Unallocated £m	**Total £m**
Revenue	122.5	312.0	—	**434.5**
EBITDA[1]	8.4	44.2	—	**52.6**
Operating profit[1]	7.4	12.0	—	**19.4**
Profit on disposal of property, plant and equipment	—	0.2	—	**0.2**
Finance income	—	0.5	1.4	**1.9**
Finance costs	—	—	(2.4)	**(2.4)**
Underlying profit/(loss) before taxation[1]	7.4	12.7	(1.0)	**19.1**
Specific fair value movements[2]	—	3.1	—	**3.1**
Profit/(loss) before taxation	7.4	15.8	(1.0)	**22.2**
Taxation	—	—	(6.6)	**(6.6)**
Profit/(loss) for the year after taxation	7.4	15.8	(7.6)	**15.6**
Asset and liabilities				
Segment assets	48.9	238.3	—	**287.2**
Unallocated assets[3]	—	—	52.2	**52.2**
Total assets	48.9	238.3	52.2	**339.4**
Segment liabilities	(20.7)	(202.1)	—	**(222.8)**
Unallocated liabilities[4]	—	—	(1.1)	**(1.1)**
Total liabilities	(20.7)	(202.1)	(1.1)	**223.9**
Net assets	28.2	36.2	51.1	**115.5**
Other segment information				
Property, plant and equipment additions	1.2	30.9	—	**32.1**
Depreciation, amortisation and impairment	(1.0)	(32.0)	—	**(33.0)**
Share based payments	(0.1)	(0.2)	—	**(0.3)**
Expenditure on goodwill	(0.2)	—	—	**(0.2)**

5. Segmental reporting — continued

Year ended 31 March 2009

Continuing	Distribution £m	Aviation £m	Unallocated £m	**Total £m**
Revenue	112.9	326.4	—	**439.3**
EBITDA[1]	4.8	61.1	—	**65.9**
Operating profit[1]	4.1	31.1	—	**35.2**
Profit on disposal of property, plant and equipment	—	—	—	**—**
Finance income	—	0.8	0.1	**0.9**
Finance costs	—	(2.8)	(4.5)	**(7.3)**
Underlying profit/(loss) before taxation[1]	4.1	29.1	(4.4)	**28.8**
Specific fair value adjustments[2]	—	4.7	—	**4.7**
Profit/(loss) before taxation	4.1	33.8	(4.4)	**33.5**
Taxation	—	—	(6.4)	**(6.4)**
Profit/(loss) for the year after taxation	4.1	33.8	(10.8)	**27.1**
Asset and liabilities				
Segment assets	39.6	237.3	—	**276.9**
Unallocated assets[5]	—	—	12.8	**12.8**
Total assets	39.6	237.3	12.8	**289.7**
Segment liabilities	(15.5)	(180.6)	—	**(196.1)**
Unallocated liabilities[6]	—	—	(0.2)	**(0.2)**
Total liabilities	(15.5)	(180.6)	(0.2)	**(196.3)**
Net assets	24.1	56.7	12.6	**93.4**
Other segment information				
Property, plant and equipment additions	1.8	26.1	—	**27.9**
Depreciation, amortisation and impairment	(0.7)	(30.0)	—	**(30.7)**
Share based payments	(0.1)	(0.1)	—	**(0.2)**

[1] Stated excluding specific IAS fair value movements.

[2] Specific IAS 39 fair value movements relate to fuel and FX derivatives, entered into for the purposes of the Aviation business, for which IFRS compliant hedge documentation was not in place prior to 1 April 2007.

[3] Unallocated assets include £52.2m cash and cash equivalents managed on a Group basis.

[4] Unallocated liabilities include £1.1m of corporation tax payable.

[5] Unallocated assets include £11.8m cash and cash equivalents managed on a Group basis and £1.0m of recoverable income taxes.

[6] Unallocated liabilities include £0.2m of recoverable foreign taxes.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

6. Net operating expenses

	2010 £m	2009 £m
Direct operating costs		
Fuel	**95.3**	103.8
Landing, navigation & handling	**72.3**	67.7
Aircraft and vehicle rentals	**10.4**	11.4
Maintenance costs	**13.8**	16.6
Subcontractor charges	**27.4**	27.3
Fair value movements on derivatives	**(3.1)**	(4.7)
Other direct operating costs	**51.5**	28.1
Staff costs	**85.4**	86.3
Depreciation of property, plant and equipment	**33.0**	30.7
Other operating charges	**26.3**	33.4
Other operating income	**(0.3)**	(1.2)
	412.0	399.4

Other operating income includes rents receivable, proceeds from the disposal of airport slots and other sundry income.

7. Operating profit

		2010 £m	2009 £m
Operating profit is stated after charging:			
Operating lease rentals:	land and buildings	**1.7**	1.6
	plant and machinery	**8.9**	10.4

Auditor's remuneration

	2010 £m	2009 £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
Other services relating to taxation	**0.1**	0.1

8. Net finance costs

	2010 £m	2009 £m
Finance income		
Interest receivable	**1.4**	0.1
Ineffective portion of changes in fair value of cash flow hedges (note 21)	**0.5**	0.8
	1.9	0.9
Finance costs		
Borrowings	**(2.0)**	(2.7)
Ineffective portion of changes in fair value of cash flow hedges (note 21)	**—**	(2.8)
Other interest payable	**(0.4)**	(1.8)
	(2.4)	(7.3)
Net finance costs	**(0.5)**	(6.4)

Included within borrowing costs is £nil (2009 — £1.7m) of amortised borrowing arrangement fees written off following the bank refinancing activities.

9. Employees

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

	2010 Number	2009 Number
Continuing operations		
Operations	**2,232**	2,089
Administration	**518**	484
	2,750	2,573

	2010 £m	2009 £m
Wages and salaries	**76.1**	76.9
Share options — value of employee services	**0.3**	0.2
Social security costs	**7.6**	7.4
Other pension costs	**1.4**	1.8
	85.4	86.3

Remuneration of the Directors, who are key management personnel of the Group, is set below in aggregate. There are no personnel, other than the Directors, who as key management have authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of Dart Group PLC. No member of key management had any material interest during the year in a contract of significance (other than a service contract) with the Company or any of its subsidiaries.

	2010 £m	2009 £m
Details of key management personnel		
Short term employee benefits	**4.4**	3.5
Post-employment benefits	**0.3**	0.3
Share based payments	**—**	—
Total employee benefit costs of key management personnel	**4.7**	3.8

In addition to the following, details of executive Directors' remuneration, along with information concerning options and retirement benefits, are set out in the report on Directors' remuneration on pages 23 to 27.

	2010	2009
Details of Directors' remuneration		
Highest paid Director	**£0.4m**	£0.5m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options	**—**	—

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

10. Taxation

	2010 £m	2009 £m
Current taxation:		
UK corporation tax based upon the profits for the year:		
— current year	**3.7**	—
— prior year	**—**	(0.5)
— foreign tax	**—**	—
Current tax charge for the year	**3.7**	(0.5)
Deferred taxation:		
Origination and reversal of temporary differences		
— current year	**2.4**	7.6
— prior year	**0.5**	(0.7)
Rate changes	**—**	—
	2.9	6.9
Total tax in income statement for the year	**6.6**	6.4

The current tax assessed for the year is higher (2009 — lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2010 £m	2009 £m
Profit before taxation	**22.2**	33.5
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 — 28%)	**6.2**	9.4
Effects of:		
Expenses not deductible for tax purposes	**—**	—
Recognition of previously unrecognised tax losses	**—**	(3.6)
Industrial buildings allowances	**(0.1)**	1.3
Current year losses for which no deferred tax asset was recognised	**—**	0.5
Lower tax rates on overseas earnings	**—**	—
Tax rate change	**—**	—
Prior year tax charge/(credit)	**0.5**	(1.2)
Total (see above)	**6.6**	6.4

On 22 June 2010 it was announced that the rate of corporation tax will be reducing from 28% over a four year period to 24% at a rate of 1% per year with the first reduction to 27% on 1 April 2011. The change in the tax rate has not yet been substantively enacted and therefore the calculations in the accounts are based on the rates applicable at the balance sheet date and do not reflect the change in tax rate which has not yet become effective.

The net deferred tax liability in the balance sheet is as follows:

	2010 £m	2009 £m
Deferred tax assets	**2.9**	10.8
Deferred tax liabilities	**(28.0)**	(29.8)
	(25.1)	(19.0)

10. Taxation — continued

The movement in the net deferred tax liability is as follows:

	2010 £m	2009 £m
As at 1 April	**(19.0)**	(15.8)
Charge to income statement	**(2.9)**	(6.9)
Taken direct (to)/from equity	**(3.2)**	3.7
	(25.1)	(19.0)

Movements in deferred tax assets and liabilities prior to offset are shown below:

Deferred tax assets

	Financial instruments £m
At 1 April 2008	2.8
Credit to income	0.3
Credit to equity	7.7
At 31 March 2009	10.8
Charge to income	(1.7)
Charge to equity	(4.4)
Reclassification to deferred tax liabilities	(1.8)
At 31 March 2010	**2.9**

Deferred tax liabilities

	Accelerated capital allowances £m	Financial instruments £m	Other £m	Total £m
At 1 April 2008	14.1	4.1	0.4	**18.6**
Charge to income	5.5	1.7	—	**7.2**
Charge to equity	—	4.0	—	**4.0**
At 31 March 2009	19.6	9.8	0.4	**29.8**
Charge/(credit) to income	1.5	(0.3)	—	**1.2**
Credit to equity	—	(1.2)	—	**(1.2)**
Reclassification from deferred tax assets	—	(1.8)	—	**(1.8)**
At 31 March 2010	**21.1**	**6.5**	**0.4**	**28.0**

There are £1.9m of unrelieved tax losses not provided for at the current year end (2009 — £1.1m).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

11. Dividends

	2010 £m	2009 £m
Interim 0.36 pence (2009 — nil pence) per share — paid	**0.5**	—
Final 0.71 pence (2009 — nil pence) per share — paid	**1.0**	—
	1.5	—

12. Earnings per share

Earnings per share is presented both before specific IAS 39 fair value movements and after specific IAS 39 fair value movements in order to allow a better understanding of the financial information presented, and specifically the Group's underlying business performance. Further details of the specific IAS 39 fair value movements can be found in note 21 to these consolidated Financial Statements.

	2010 No.	2009 No.
Basic weighted average number of shares in issue	**141,117,098**	141,065,694
Dilutive potential ordinary shares:		
Employee share options	**5,739,785**	3,524 ,964
Diluted weighted average number of shares in issue	**146,856,883**	144,590,658

Basis of calculation — earnings (basic and diluted)

	£m	£m
Profit before specific IAS 39 fair value movements	**13.5**	23.7
Specific IAS 39 fair value movements	**2.1**	3.4
Profit after specific IAS 39 fair value movements for the purposes of calculating basic and diluted earnings	**15.6**	27.1

	Year to 31 March 2010		Year to 31 March 2009	
	Before specific IAS 39 fair value movements	After specific IAS 39 fair value movements	Before specific IAS 39 fair value movements	After specific IAS 39 fair value movements
Earnings per share				
— basic	**9.54p**	**11.06p**	16.87p	19.27p
— diluted	**9.17p**	**10.62p**	16.46p	18.80p

13. Goodwill

	£m
Cost	
As at 1 April 2008 and 1 April 2009	6.8
Recognised on acquisition of a subsidiary	0.2
As at 31 March 2010	7.0
Impairment provision	
As at 1 April 2008, 1 April 2009 and 31 March 2010	—
Net book value	
As at 31 March 2009 and 31 March 2010	**7.0**

On 1 September 2009, the Group acquired ***Bawdsey Haulage*** Limited for consideration of £0.5m, generating goodwill of £0.2m.

14. Property, plant and equipment

	Freehold property £m	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	**Total £m**
Cost					
At 1 April 2008	17.3	2.0	293.4	24.3	**337.0**
Additions	1.5	—	22.7	3.7	**27.9**
Disposals	—	—	—	(0.6)	**(0.6)**
At 1 April 2009	18.8	2.0	316.1	27.4	**364.3**
Additions	—	—	29.8	2.3	**32.1**
Acquired in the period	—	0.7	—	1.1	**1.8**
Disposals	—	—	—	(0.4)	**(0.4)**
At 31 March 2010	**18.8**	**2.7**	**345.9**	**30.4**	**397.8**
Depreciation					
At 1 April 2008	(3.4)	(1.4)	(123.4)	(15.4)	**(143.6)**
Charge for the year	(0.6)	—	(27.1)	(3.0)	**(30.7)**
Disposals	—	—	—	0.5	**0.5**
At 1 April 2009	(4.0)	(1.4)	(150.5)	(17.9)	**(173.8)**
Charge for the year	(0.6)	—	(29.2)	(3.2)	**(33.0)**
Disposals	—	—	—	0.4	**0.4**
At 31 March 2010	(4.6)	(1.4)	(179.7)	(20.7)	**(206.4)**
Net book value					
At 31 March 2010	**14.2**	**1.3**	**166.2**	**9.7**	**191.4**
At 31 March 2009	14.8	0.6	165.6	9.5	190.5
At 31 March 2008	13.9	0.6	170.0	8.9	193.4

Included within the cost of aircraft and engines is £1.6m (2009 — £1.6m) of interest capitalised. Aircraft and engine additions in the year include £nil (2009 — £nil) of interest capitalised.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

15. Inventories

	2010 £m	2009 £m
Consumables	**0.3**	0.4

Included within direct operating costs of sales are £13.9m (2009 — £12.5m) of inventories utilised and recognised as an expense in the year. Included within direct operating costs is £0.4m (2009 — £0.4m) of inventories written down and recognised as an expense in the year.

16. Cash and cash equivalents

	2010 £m	2009 £m
Cash at bank and in hand	**52.2**	11.8

Included within cash is £38.1m (2009 — £8.1m) of cash paid over to various counterparties as collateral against relevant risk exposures. These balances are considered to be restricted and collateral is returned either on the maturity of the exposure or if the exposure reduces prior to this date.

17. Trade and other receivables

Current:	2010 £m	2009 £m
Trade receivables	**36.5**	25.3
Amounts due from joint venture parties (note 27)	**5.4**	6.0
Income taxes	**—**	1.0
Other receivables	**24.9**	12.8
	66.8	45.1

Included within other receivables is £2.9m (2009 — £2.4m) recoverable after more than one year.

Ageing analysis of trade receivables

	31 March 2010 Gross receivables	**31 March 2010** Provision for doubtful debts	**31 March 2010** Net trade receivables	31 March 2009 Gross receivables	31 March 2009 Provision for doubtful debts	31 March 2009 Net trade receivables
Not past due	**33.2**	**—**	**33.2**	23.9	—	23.9
Up to 1 month past due	**1.8**	**(0.1)**	**1.7**	0.7	—	0.7
Over 1 month past due	**1.7**	**(0.1)**	**1.6**	0.9	(0.2)	0.7
	36.7	**(0.2)**	**36.5**	25.5	(0.2)	25.3

18. Trade and other payables

Current:	2010 £m	2009 £m
Trade payables	**23.9**	18.5
Overseas taxes	**—**	0.2
Other taxation and social security	**4.9**	4.8
Income tax	**1.1**	—
Deferred income	**121.4**	95.1
Other creditors and accruals	**30.6**	21.3
	181.9	139.9

19. Other non-current liabilities

	2010 £m	2009 £m
Other creditors and accruals	**6.6**	6.4

20. Borrowings

	2010 £m	2009 £m
Bank loans	**0.4**	—
Finance leases	**0.2**	—
	0.6	—

Loans are repayable as follows:

	2010 £m	2009 £m
Within one year	**0.3**	—
Between one and two years	**—**	—
Between two and five years	**0.1**	—
Over five years	**0.2**	—
	0.6	—

Bank loans represent a £0.4m (2009 — £nil) mortgage facility bearing a rate of interest of 2.56% over base rate.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

21. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

Market risk

This is detailed on pages 14 and 15 of the Business and Financial Review.

Liquidity risk

This is detailed on page 15 of the Business and Financial Review.

Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the Group has policies and procedures in place to ensure such risk is limited by placing credit limits on each counterparty. The Group continuously monitors such limits and defaults by counterparties, incorporating this information into credit risk controls. The Group does not hold any collateral to mitigate this exposure.

The maximum credit exposure to credit risk is limited to the carrying value of each asset as summarised in point (c) below.

Foreign currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than sterling. The currencies in which these transactions are primarily denominated are US dollar and euro. The Group can experience adverse or beneficial effects arising from foreign exchange rate movements. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency.

The Group uses forward foreign exchange contracts to hedge its exposure to movements in the US dollar and euro exchange rates as a result of its aviation activities.

Commodity derivatives — aviation fuel

The Group uses fuel swaps and fuel collars to hedge its exposure to movements in jet fuel prices in its aviation activities.

These instruments were designated as cash flow hedges and accounted for as such under UK GAAP. At transition to IFRS, gains and losses on these instruments were recognised in equity.

Under IAS 39, the forward currency derivatives and fuel swaps are eligible for cash flow hedge accounting, but for the year ended 31 March 2007 the appropriate hedge documentation required by IAS 39 was not in place such that although these instruments acted as economic hedges during that period, hedge accounting was not available and movements in fair value were taken to profit and loss. Movements in fair value are summarised in section (b) below.

Cash flow hedges relate to forecast cash flows through to 31 March 2012.

21. Financial instruments — continued

(a) Carrying amount and fair values of financial instruments

Set out below is a comparison by category of the carrying amounts and fair value of all the Group's financial assets and liabilities as at 31 March 2010.

Financial assets	31 March 2010 Carrying amount £m	31 March 2009 Carrying amount £m
Financial assets:		
Cash and cash equivalents	**52.2**	11.8
Loans and receivables:		
Trade receivables	**36.5**	25.3
Designated cash flow hedge relationships:		
Forward US dollar contracts	**5.0**	21.4
Forward euro contracts	**0.3**	—
Forward jet fuel contracts	**16.4**	13.7
Total financial assets	**110.4**	72.2

Financial Statements 57

There are no differences between the carrying values of the Group's financial assets and their fair values.

Financial liabilities	31 March 2010 Carrying amount £m	31 March 2009 Carrying amount £m
Financial liabilities:		
Trade payables	**23.9**	18.5
Bank loans	**0.4**	—
Finance leases	**0.2**	—
Designated cash flow hedge relationships:		
Forward US dollar contracts	**0.5**	—
Forward euro contracts	**0.5**	0.1
Forward jet fuel contracts	**8.7**	30.9
Total financial liabilities	**34.2**	49.5

There are no differences between the carrying values of the Group's financial liabilities and their fair values.

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

- due to their short maturities, the fair values of trade receivables, other receivables and trade payables have been stated at their book value;
- the fair value of derivative financial instruments have been measured by reference to the fair value of the instruments, as provided by external counterparties; and
- the fair value of fuel derivatives is based on the expected full recovery of these assets from the relevant counterparties.

IFRS 7 requires the classification of fair value measurements using a fair value hierarchy that reflects the nature of the inputs used in making the assessments.

The fair value of the Group's foreign currency derivative financial instruments is designated as level 1, as the inputs are based on quoted prices in active markets for identical assets or liabilities. Fuel derivatives, which are measured by reference to external counterparty information, are classified as level 2.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

21. Financial instruments — continued

(b) Movements in fair value of financial instruments

Net movements in fair value of financial instruments are as follows:

	Cash flow hedges		Not designated as hedges		Total	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Net carrying amount at 1 April 2008	14.8	(7.6)	0.5	(0.8)	15.3	(8.4)
Other comprehensive income	15.9	(21.0)	—	—	15.9	(21.0)
Credited/(charged) in income statement	4.4	(2.4)	(0.5)	0.8	3.9	(1.6)
At 31 March 2009	35.1	(31.0)	—	—	35.1	(31.0)
Other comprehensive income	(16.5)	18.9	—	—	(16.5)	18.9
Credited/(charged) in income statement	3.1	2.4	—	—	3.1	2.4
At 31 March 2010	**21.7**	**(9.7)**	**—**	**—**	**21.7**	**(9.7)**

Following the introduction of hedge documentation from 1 April 2007, existing derivative financial instruments have been reclassified as effective cash flow hedges with subsequent fair value movements in fair values being taken through equity.

	2010 £m	2009 £m
Amounts credited/(charged) in the Group income statement		
Operating expenses		
Fair value movements — fuel derivatives	**1.9**	—
Specific fair value movements	**3.1**	4.7
Amount credited as operating expenses	**5.0**	4.7
Finance costs		
Fair value movements — fuel derivatives	**0.5**	(2.3)
Fair value movements — forward currency contracts	**—**	0.3
	5.5	2.7

Gains/(losses) on cash flow hedges recycled from equity into the income statement are all reflected within net operating expenses.

(c) Maturity profile of financial assets and liabilities

The maturity profile of the carrying value of the Group's financial assets at the end of the year was as follows:

	31 March 2010			31 March 2009		
Financial assets	Derivative financial instruments £m	Other receivables £m	Total £m	Derivative financial instruments £m	Other receivables £m	Total £m
< 1 year	**18.8**	**88.3**	**107.1**	32.7	37.1	69.8
1–2 years	**2.3**	**0.3**	**2.6**	2.4	—	2.4
2–5 years	**0.6**	**0.1**	**0.7**	—	—	—
	21.7	**88.7**	**110.4**	35.1	37.1	72.2

21. Financial instruments — continued

The maturity profile of the carrying value of the Group's financial liabilities at the end of the year was as follows:

Financial liabilities	31 March 2010 Derivative financial instruments £m	31 March 2010 Other loans & payables £m	31 March 2010 Total £m	31 March 2009 Derivative financial instruments £m	31 March 2009 Other loans & payables £m	31 March 2009 Total £m
< 1 year	**9.4**	**24.2**	**33.6**	30.8	18.5	49.3
1–2 years	**0.3**	**0.2**	**0.5**	0.2	—	0.2
2–5 years	**—**	**0.1**	**0.1**	—	—	—
	9.7	**24.5**	**34.2**	31.0	18.5	49.5

(d) Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2010 in respect of which all conditions precedent had been met at that date are as follows:

	Amounts drawn down 2010 £m	Amounts drawn down 2009 £m	Facilities available 2010 £m	Facilities available 2009 £m
Committed facilities:				
Revolving credit facilities	**—**	—	**25.0**	100.0
Bank overdrafts	**—**	—	**—**	10.0
Letter of Credit	**42.9**	—	**42.9**	—
	42.9	—	**67.9**	110.0

Of the £42.9m letter of credit facility, which at 31 March 2010 was committed until July 2012, £42.9m was committed to a Letter of Credit issued to a credit card processing company with respect to ***Jet2.com*** advance ticket sales.

The £25.0m revolving credit facilities include a number of funding lines with maturities ranging from July 2010 to July 2012, all of which are in the process of being extended to July 2013.

(e) Interest rate risk

Financial assets

	31 March 2010 Floating rate financial assets £m	31 March 2010 Financial assets on which no interest is receivable £m	31 March 2010 Total £m	31 March 2009 Floating rate financial assets £m	31 March 2009 Financial assets on which no interest is receivable £m	31 March 2009 Total £m
Sterling	**33.8**	**—**	**33.8**	—	10.9	10.9
US dollar	**—**	**11.8**	**11.8**	—	—	—
Euro	**—**	**6.6**	**6.6**	—	—	—
Other	**—**	**—**	**—**	—	0.9	0.9
	33.8	**18.4**	**52.2**	—	11.8	11.8

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

21. Financial instruments — continued

Financial liabilities

	31 March 2010			31 March 2009		
	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Total £m**	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling	**0.3**	**0.5**	**0.8**	—	—	—

The floating rate liabilities comprise mortgages and bank overdrafts which bear interest at rates of up to 2.56% over base rate (2009 — 3.75% over LIBOR).

An interest rate sensitivity analysis has not been provided on the basis that the Group is in a cash positive position. This, coupled with historically low interest rates, causes interest rate risk to be immaterial.

(f) Currency exposure

Financial instruments that are not denominated in the functional currency of the operating unit involved expose the Group to a currency risk. The table below shows the carrying value of the Group's financial instruments at 31 March, including derivative financial instruments, on which exchange differences would be recognised in the income statement in the following year.

Currency	US dollar £m	Euro £m	Other £m	Total £m
2010				
Sterling	**22.0**	**4.4**	**0.4**	**26.8**
2009				
Sterling	45.2	(2.4)	0.6	43.4

21. Financial instruments — continued

(g) Sensitivity analysis

The following table shows the impact of currency translation exposures arising from monetary assets and liabilities of the Group that are not denominated in sterling along with the impact of a reasonably possible change in fuel prices, with all other variables held constant.

	31 March 2010 + / - £m	31 March 2009 + / - £m
Impact on profit and loss		
10% change in jet fuel prices	**0.8**	—
5% movement of sterling	**0.7**	2.1
Impact on equity		
5% movement of sterling	**0.6**	—

22. Called up share capital and reserves

	Number of shares	**2010 £m**	2009 £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 2009	141,065,694	**1.8**	1.8
Options exercised	138,160	**—**	—
As at 31 March 2010	141,203,854	**1.8**	1.8

The Company received the sum of £44,477 (2009 — £nil) in respect of options exercised during the year.

Employee share schemes

Dart Group PLC has a number of share based options schemes in operation, which are described in detail in the report on Directors' remuneration on pages 23 to 27 of this annual report. These plans have been accounted for in accordance with the fair value recognition provisions of IFRS 2, "Share based payments", which means that IFRS 2 has been applied to all grants of employee share based payments that had not vested at 31 March 2010.

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

	2010 £m	2009 £m
Equity settled share based payments	**0.3**	0.2

Summary of options outstanding

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 2002 Unapproved Share Option Scheme in respect of 800,000 (2009 — 900,000) ordinary shares of 1.25p each. At 31 March 2010 the following options had not been exercised:

Number of shares	**Option price per share**	**Options exercisable**
320,000	47.50p	In respect of all shares before the options expire on 18 November 2012.
480,000	31.25p	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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

22. Called up share capital and reserves — continued

The Company has granted options to employees under the Dart Group Unapproved Share Option Plan 2005 in respect of 2,418,159 (2009 — 1,568,758) ordinary shares of 1.25p each. At 31 March 2010 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
745,200	78.50p	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.
565,174	24.75p	In respect of half of the shares from 4 September 2011 and in respect of all remaining shares from 4 September 2014. The options expire on 4 September 2018.
1,107,785	52.50p	In respect of half of the shares from 10 September 2012 and in respect of all remaining shares from 10 September 2015. The options expire on 10 September 2019.

The Company has granted options to employees under the Dart Group Executive and Dart Group Company Share Option Schemes in respect of 845,184 (2009 — 983,344) ordinary shares of 1.25p each. At 31 March 2010 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
54,000	64.375p	In respect of all shares before the options expire on 19 July 2010.
61,492	75.625p	In respect of all shares before the options expire on 17 November 2010.
18,000	88.75p	In respect of all shares before the options expire on 25 June 2011.
48,000	72.625p	In respect of all shares before the options expire on 19 November 2011.
61,432	65.875p	In respect of 41,136 shares from 3 July 2005 and in respect of all remaining shares from 3 July 2009. The options expire on 3 July 2012.
42,260	47.50p	In respect of all shares before the options expire on 18 November 2012.
72,000	37.125p	In respect of 24,000 shares from 3 July 2006 and in respect of all remaining shares from 3 July 2009. The options expire on 3 July 2013.
236,000	31.25p	In respect of 114,000 shares from 5 December 2006 and in respect of all remaining shares from 5 December 2009. The options expire on 5 December 2013.
112,000	37.125p	In respect of 48,000 shares from 21 June 2008 and in respect of all remaining shares from 21 June 2010. The options expire on 21 June 2014.
140,000	78.75p	In respect of half of the shares from 19 November 2008 and in respect of all remaining shares from 19 November 2010. The options expire on 19 November 2014.

22. Called up share capital and reserves — continued

The Company has granted options to employees under the Dart Group PLC Approved Share Option Plan 2005 in respect of 6,189,595 (2009 — 3,797,270) ordinary shares of 1.25p each. At 31 March 2010 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
474,800	79.125p	In respect of half of the shares from 23 November 2009 and in respect of all remaining shares from 23 November 2011. The options expire on 23 November 2015
311,468	101.75p	In respect of half of the shares from 3 August 2010 and in respect of all remaining shares from 3 August 2013. The options expire on 3 August 2017.
115,000	53.25p	In respect of half of the shares from 18 December 2010 and in respect of all remaining shares from 18 December 2013. The options expire on 18 December 2017.
2,545,636	24.75p	In respect of half of the shares from 4 September 2011 and in respect of all remaining shares from 4 September 2014. The options expire on 4 September 2018.
100,000	59.00p	In respect of half of the shares from 1 June 2012 and in respect of all remaining shares from 1 June 2015. The options expire on 1 June 2019.
2,467,691	52.50p	In respect of half of the shares from 10 September 2012 and in respect of all remaining shares from 10 September 2015. The options expire on 10 September 2019.
175,000	46.75p	In respect of half of the shares from 16 December 2012 and in respect of all remaining shares from 16 December 2015. The options expire on 16 December 2019.

Details of the awards made during the year and the key assumptions used in determining the fair value for these awards are as detailed below:

	Number Granted	Fair value at measurement date	Share price at date of grant	Exercise price	Dividend yield	Employee exit rate	Expected volatility	Risk free interest rate
2010								
Approved share option plan 2005								
Grant #1	100,000	£0.0m	59.00p	59.00p	1.8%	2.5%	75.0%	4.50%
Grant #2	2,557,691	£0.6m	52.50p	52.50p	1.8%	2.5%	75.0%	4.50%
Grant #3	175,000	£0.0m	46.75p	46.75p	1.8%	2.5%	75.0%	4.50%
Unapproved share option plan 2005								
Grant #1	1,107,785	£0.2m	52.50p	52.50p	1.8%	2.5%	75.0%	4.50%

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

22. Called up share capital and reserves — continued

	Number Granted	Fair value at measurement date	Share price at date of grant	Exercise price	Dividend yield	Employee exit rate	Expected volatility	Risk free interest rate
2009								
Approved share option plan 2005								
Grant #1	2,861,002	£0.4m	24.75p	24.75p	1.8%	2.5%	75.0%	4.50%
Approved share option plan 2005								
Grant #1	733,558	£0.1m	24.75p	24.75p	1.8%	2.5%	75.0%	4.50%

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.

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

	2010 Number of options	**2010** Weighted average exercise price Pence	2009 Number of options	2009 Weighted average exercise price Pence
Outstanding at 1 April	**6,986,448**	**43.4**	3,808,288	63.1
Granted	**3,940,476**	**52.4**	3,594,560	24.7
Exercised (see below)	**(138,160)**	**32.0**	—	—
Lapsed	**(778,750)**	**45.3**	(416,400)	63.1
Outstanding at 31 March	**10,010,014**	**47.0**	6,986,448	43.4
Exercisable at 31 March	**1,873,260**	**51.9**	1,491,420	60.0
Estimated weighted average share price of options exercised in year		**49.5**		—

Options outstanding at 31 March are in respect of all options issued since 7 November 2002 (refer to note 2).

The options outstanding at the year end have an exercise price in the range of 24.8p to 101.8p and a weighted average contractual life of 8.1 years.

Reserves

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

23. Commitments

(a) Capital commitments:

	2010 £m	2009 £m
Contracted for but not provided	**—**	—

(b) Minimum future commitments under non-cancellable operating leases are as follows:

	Land & buildings		Plant & machinery	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Less than one year	**1.8**	1.2	**11.2**	9.4
Between two and five years	**1.2**	1.3	**19.2**	20.2
Over five years	**0.5**	0.7	**1.0**	1.6
	3.5	3.2	**31.4**	31.2

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

25. Notes to the cash flow statement

Changes in net debt

	At 1 April 2009 £m	On acquisition £m	Cash flow £m	Exchange differences £m	**At 31 March 2010 £m**
Cash at bank and in hand	11.8	—	40.4	—	**52.2**
Bank loans due within one year	—	—	(0.3)	—	**(0.3)**
Bank overdrafts	—	—	—	—	**—**
Cash and cash equivalents	11.8	—	40.1	—	**51.9**
Bank loans due after one year	—	(1.0)	0.7	—	**(0.3)**
Net cash/(debt)	11.8	(1.0)	40.8	—	**51.6**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2010

26. 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 £1.4m (2009 — £1.8m). There were no outstanding or prepaid contributions at either the current or previous year end.

27. Related party transactions

The Group undertook the following transactions in the ordinary course of business during the year with related parties.

	2010 £m	2009 £m
Sales to joint venture parties	**32.0**	34.8
Amounts owed by joint venture parties	**5.4**	6.0

Joint Ventures

Jet2.com has entered into a joint venture relationship with Titan Airways Limited. The purpose of the joint venture, Postal Air Network Limited, is to allow the two controlling parties to satisfy a contract as one single entity and accordingly no profits are expected.

Compensation of key management personnel

The key management personnel of the Group comprise the chairman and executive and non-executive Directors, as outlined on pages 17 to 19 of the annual report. The compensation of key management personnel can be found in note 9 to the Group accounts and the Directors' remuneration report set out on pages 23 to 27 of the annual report.

Mark Laurence was employed as a consultant by Dart Group PLC from December 2008 to March 2010 to provide advice to the Group in a number of specific areas. His total fees, including his remuneration as a Director, amounted to £0.2m during the year.

28. Post-balance sheet event

Subsequent to the year end, the Group's Aviation operations were impacted by the disruption to its flying programme caused by volcano Eyjafjallajökull, which resulted in the cancellation of over 400 flights. The Group continues to process subsistence claims from its passengers who were unfortunately unable to return home as scheduled due to this situation, which was totally outside the airline's control. The overall impact on profit as a result of this disruption, including the costs of repatriating customers via a fleet of coaches, is estimated at £3m.

Company Balance Sheet

at 31 March 2010

	Note	2010 £m	2009 £m
Fixed assets			
Tangible fixed assets	4	**177.0**	171.5
Investments	5	**25.7**	25.3
		202.7	196.8
Current assets			
Inventories		**—**	0.6
Debtors	6	**3.4**	8.5
Cash and cash equivalents		**—**	—
		3.4	9.1
Current liabilities			
Creditors: amounts falling due within one year	7	**(139.2)**	(164.8)
Net current liabilities		**(135.8)**	(155.7)
Total assets less current liabilities		**66.9**	41.1
Provisions for liabilities	8	**(21.2)**	(19.4)
Net assets		**45.7**	21.7
Shareholders' equity			
Share capital	9	**1.8**	1.8
Share premium	9	**9.3**	9.3
Profit and loss account	9	**34.6**	10.6
Total shareholders' equity	9	**45.7**	21.7

The accounts on pages 67 to 74 were approved by the Board of Directors at a meeting held on 23 July 2010 and were signed on its behalf by:

A D Merrick
Director

Notes to the Company Financial Statements

for the year ended 31 March 2010

1. Basis of preparation

The Company financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

Under Financial Reporting Standard 1 (Revised) ("FRS"), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Group includes the Company in its own published consolidated financial statements.

2. Accounting policies

A summary of the principal accounting policies, which have been consistently applied throughout the year and the preceding year is set out below.

Going concern

Dart Group PLC is accounted for on a going concern basis. Dart Group PLC provides treasury services for the Group and, as such, its financial performance is inextricably linked with the performance of its subsidiaries.

The Directors have prepared financial forecasts for the Company, comprising operating profit, balance sheet and cash flows through to 31 March 2013.

For the purposes of their assessment of the appropriateness of the preparation of the Company's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities and forecasts of future trading. The Directors have assessed the underlying assumptions and principal areas of uncertainty within these forecasts, in particular those related to market and customer risks, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks should they crystallise and have also reviewed the key strategies which underpin the forecast and the Company's ability to implement them successfully.

On the basis of the current liquidity position, the forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the financial statements for the year ended 31 March 2010 to be prepared on a going concern basis.

Foreign currencies

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.

Investments

Investments are recorded at cost, less provisions for impairment in value where appropriate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Interest attributable to the purchase of aircraft and other assets and progress payments 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 property, plant and equipment down to their estimated residual value using the straight-line method over their estimated useful economic lives or the estimated useful economic lives of their individual major components as follows:

Short leasehold property	Over the life of the lease
Freehold property	30 years
Aircraft and engines	3–10 years
Plant, vehicles and equipment	3–7 years

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance of its engines and airframes and is amortised over a period ranging from one to ten 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 over the length of period benefiting from the enhancements.

2. Accounting policies — continued

Inventories

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

Aircraft spares held for long term use are classified within tangible fixed assets within the financial statements.

Aircraft maintenance costs

Jet2.com, a wholly owned subsidiary undertaking, leases aircraft from the Company and has a legal obligation to undertake specific periodic maintenance on the aircraft it operates. These obligations require ***Jet2.com*** to continue to maintain the aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease and to ensure that the aircraft is returned to the Company in a satisfactory condition.

The Company receives a monthly security deposit from ***Jet2.com*** based on a monthly usage calculation. The deposit is refunded to ***Jet2.com*** once the maintenance activity has been completed by ***Jet2.com***. As such these are classified as Amounts due to Group undertaking within creditors less than one year.

The monthly security deposit payment is set at a level which is estimated to cover the cost of future maintenance procedures when they occur, matching the initial monthly maintenance charges on operating leased aircraft and the amortisation of capitalised maintenance on owned aircraft.

Impairment of assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of net realisable value and value in use. In addressing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less that its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

At each balance sheet date, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Borrowings

All borrowings are stated at the fair value of consideration received after deduction of issue costs. Issue costs together with other finance costs are charged to the income statement over the period of the term of the borrowings at a constant rate, or more quickly if appropriate. Issue and finance costs are deducted from the carrying value of those borrowings.

Leases

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash equivalents are defined as including short term deposits with original maturity within three months, less overdraft repayable on demand.

Financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised costs, using the effective interest method, less any impairment loss.

Notes to the Company Financial Statements

for the year ended 31 March 2010

2. Accounting policies — continued

Trade and other creditors

Trade and other creditors are recognised initially at fair value.

Interest bearing loans and borrowing

All loans and borrowings are initially recorded at the fair value of their net proceeds. Thereafter they are measured at amortised cost using the effective interest method.

Derivative financial instruments

The Company uses forward foreign currency contracts and currency option products to reduce exposure to foreign exchange rate 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 Company'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.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Employee benefits

Pension costs

All pensions are provided from the proceeds of money purchase schemes. The charge to profit and loss represents the payments due during the year.

Share based payments

The Company issues equity settled share based payments to certain employees. 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 vesting conditions, and hence the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in profit and loss.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity.

3. Profit of the Parent Company

The Company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and has not published its own profit and loss account. Of the profit on ordinary activities after taxation for the year, a profit of £6.3m (2009 — loss £9.8m) is dealt with in the accounts of the Company.

4. Tangible fixed assets

	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	**Total £m**
Cost				
At 1 April 2009	1.2	228.9	3.7	**233.8**
Additions	—	14.5	0.2	**14.7**
At 31 March 2010	**1.2**	**243.4**	**3.9**	**248.5**
Depreciation				
At 1 April 2009	(0.6)	(59.2)	(2.5)	**(62.3)**
Charge for the year	—	(8.5)	(0.7)	**(9.2)**
At 31 March 2010	**(0.6)**	**(67.7)**	**(3.2)**	**(71.5)**
Net book value				
At 31 March 2010	**0.6**	**175.7**	**0.7**	**177.0**
At 31 March 2009	0.6	169.7	1.2	171.5

Aircraft and engines having an original cost of £243.4m (2009 — £228.9m) and accumulated depreciation of £67.7m (2009 — £59.2m) are held for use by a subsidiary company under operating leases.

5. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2009	25.3
Additions	0.4
At 31 March 2010	**25.7**

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 aircraft on scheduled and charter services	England
Jet2holidays.com Limited	Provision of package holidays	England
Bawdsey Haulage Limited	Road Haulage	England

All subsidiaries are wholly owned by the Company, with the exception of Bawdsey Haulage Limited, which is owned by ***Fowler Welch-Coolchain*** Limited and ***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.

Notes to the Company Financial Statements

for the year ended 31 March 2010

6. Debtors

Current:	2010 £m	2009 £m
Other debtors and prepayments	**1.4**	0.5
Corporation tax recoverable	**1.6**	1.1
Amounts owed by Group undertakings	**0.4**	6.9
	3.4	8.5

7. Creditors: amounts falling due within one year

	2010 £m	2009 £m
Bank overdraft	**39.2**	88.5
Trade creditors	**0.5**	0.6
Amounts owed to Group undertakings	**98.9**	72.6
Other creditors and accruals	**0.6**	3.1
	139.2	164.8

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £50.4m (2009 — £45.8m).

The bank overdraft position within Dart Group PLC reflects the fact that funds are managed on a Group basis, with composite banking arrangements in place with the Group's bankers, allowing offset with individual bank and overdraft accounts in different currencies across the Group.

8. Provisions for liabilities

Deferred tax	2010 £m	2009 £m
Accelerated capital allowances		
Provision at start of year	**18.8**	16.8
Profit and loss account	**1.8**	2.0
Provision at end of year	**20.6**	18.8
Other short term timing differences		
Provision at start of year	**0.6**	0.6
Profit and loss account	**—**	—
Provision at end of year	**0.6**	0.6
Total deferred tax		
Provision at start of year	**19.4**	17.4
Provision at end of year	**21.2**	19.4

9. Reserves

	Share capital £m	Share premium £m	Profit & loss £m	Shareholders' Funds £m
At 1 April 2009	1.8	9.3	10.6	21.7
Profit for the year	—	—	6.3	6.3
Dividends received in the year	—	—	18.6	18.6
Dividends paid in the year	—	—	(1.5)	(1.5)
Reserves movement arising from share based payment charge	—	—	0.6	0.6
At 31 March 2010	**1.8**	**9.3**	**34.6**	**45.7**

10. Directors and employees

	2010 £m	2009 £m
Wages and salaries	**1.1**	1.9
Social security costs	**0.2**	0.3
Other pension costs	**0.1**	0.1
	1.4	2.3

On average the Company had 12 employees during the year ended 31 March 2010 (2009 — 9). Details of Directors' emoluments are set out in the Directors' remuneration report on pages 23 to 27.

Notes to the Company Financial Statements

for the year ended 31 March 2010

11. Share based payments

Details of share based payment schemes operated by the Group are disclosed in note 22 of the consolidated financial statements. Amounts charged in the Company accounts for the year were £22,619 (2009 — £22,094).

12. Contingent liabilities

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.

13. Related Party Transactions

The Company has taken advantage of the exemption granted by paragraph 3c of FRS 8, not to disclose transactions and balances with other Group companies.

14. Other Information

Disclosure notes relating to auditor's remuneration and called-up share capital are included within the consolidated financial statements of the Group in notes 7 and 22 respectively.

Glossary of Terms

CODM	Chief operating decision maker.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Load factor	The percentage relationship of passengers carried to total seat capacity available.
Mileage per gallon	Average number of miles driven for every gallon of fuel used.
Net capital reserves	Total equity reserves net of cash flow hedging reserve.
Net ticket yields	Total ticket revenue, excluding taxes, divided by number of passengers.
Passenger numbers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for the "***myJet2***" loyalty programme, seats for promotional purposes and seats provided to staff for business travel.
Retail revenue	All non-ticket revenue, including credit card fees, baggage charges, advanced seat assignment fees, extra leg room fees, in-flight sales and commissions earned on products.
Underlying EBITDA	Earnings before interest, taxation, depreciation, amortisation and specific IAS 39 fair value movements.
Underlying profit before tax	Profit before tax and specific IAS 39 fair value movements.

Secretary and Advisers

Registered number	1295221	
Secretary and Registered Office	Tamsin Winspear Low Fare Finder House Leeds Bradford Airport Leeds LS19 7TU	
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 Bank PLC Barclays Corporate Banking Centre 4th Floor Apex Plaza Forbury Road Reading RG1 1AX	
	Clydesdale Bank (trading as Yorkshire Bank) 4 Victoria Place Manor Road Leeds LS11 5AE	
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 Europe Limited London	KBC Peel Hunt Limited London
	Elara Capital Plc London	Liberum Capital Limited London
	Evolution Securities Limited London	Winterflood Securities Limited London

Financial Calendar

Annual General Meeting	2 September 2010
Proposed final dividend payment	October 2010
Results for the six months to 30 September 2010	November 2010
Proposed interim dividend payment	January 2011
Results for the 12 months to 31 March 2010	June 2011

Notice of Annual General Meeting

Notice is given that the 2010 Annual General Meeting of Dart Group PLC (the "**Company**") will be held at 9.30 a.m. on 2 September 2010 at 45 Moorfields, London, EC2Y 9AE to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 7 inclusive will be proposed as Ordinary Resolutions and resolutions 8 to 10 inclusive will be proposed as Special Resolutions.

Ordinary Business

1 To receive the accounts of the Company for the financial year ended 31 March 2010, together with the Directors' and Auditors' reports on them.

2 To declare a final dividend for the financial year ended 31 March 2010 of 0.75 pence per ordinary share of 1.25 pence in issue.

3 To re-elect Andrew Merrick (who is retiring by rotation) as a Director of the Company.

4 To re-elect Brian Templar (who is retiring by rotation) as a Director of the Company.

5 To reappoint KPMG Audit Plc as Auditors of the Company.

6 To authorise the Directors to determine the Auditors' remuneration.

7 That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into such shares ("Allotment Rights") but so that:

(a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £232,401.83;

(b) this authority shall expire on 1 March 2012 or, if earlier, on the conclusion of the Company's 2011 Annual General Meeting;

(c) before such expiry, the Company may make any offer or agreement which would or might require shares to be allotted or Allotment Rights be granted after such expiry and, notwithstanding such expiry, the Directors may allot such shares or grant such Allotment Rights pursuant to any such offer or agreement; and

(d) all other authorities vested in the Directors on the date of this notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 1985), that remain unexercised at the commencement of this meeting are revoked.

Special Business

8 That the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred on them by Resolution 7 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with any rights issue, open offer or other pre-emptive offer which is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to (i) fractions of such securities, (ii) the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, (iii) the use of one or more currencies for making payments in respect of such offer, (iv) any such shares or other securities being represented by depositary receipts, (v) treasury shares or (vi) any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and

(b) the allotment of equity securities (other than pursuant to paragraph 8 (a) above) up to an aggregate nominal amount of £88,379.91.

and shall expire at such time as the authority conferred on the Directors by Resolution 7 in the notice of this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities pursuant to any such offer or agreement.

9 That the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693(4) of that Act) of ordinary shares of 1.25 pence each in the capital of the Company and, where shares are held as treasury shares, to use them, *inter alia*, for the purposes of employee share plans operated by the Company, provided that:

(a) the maximum aggregate number of such shares that may be purchased under this authority is 14,140,785 Ordinary Shares;

(b) the minimum price which may be paid for such a share is 1.25 pence (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for such a share is an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the AIM Appendix to the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased or, in the case of a tender offer, the terms of the tender offer are announced;

(d) this authority shall expire on 1 March 2012 or, if earlier, on the conclusion of the Company's 2011 Annual General Meeting; and

(e) the Company may complete or conclude, in whole or in part, a purchase of shares after the expiry of this authority pursuant to a contract entered into before such expiry.

10 That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Tamsin Winspear
Company Secretary
Registered office:
Low Fare Finder House
Leeds Bradford Airport
Leeds
West Yorkshire
LS19 7TU
23 July 2010

Notice of Annual General Meeting

Notes:

1 A member must be registered as the holder of Ordinary Shares as at 06.00 p.m. on 31 August 2010 (or, in the case of an adjournment, as at 6.00 p.m. on the day two days immediately preceding the day fixed for the adjourned meeting) in order to be entitled to attend and vote at the meeting as a member in respect of those shares.

2 A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company. A proxy form is enclosed and attention is directed to the guidance in the footnotes thereon.

3 To be valid, the completed form of proxy must arrive not later than 48 hours before the time set for the meeting at 09.30 a.m. on 2 September 2010 (or, in the case of an adjournment, by the time 48 hours before the time appointed for the adjourned meeting) to the Company's Registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU during usual business hours, together with any power of attorney or other written authority under which the proxy form is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority. Completing and returning a proxy form will not prevent a member from attending in person and voting at the meeting should he so wish. Electronic proxy appointment is not available for the meeting. Nor may any document or information in relation to proceedings at the meeting (including proxies) be sent by any other electronic means.

4 Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If he has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 2 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.

5 As at 23 July 2010 (being the latest practicable date prior to the printing of this document), the Company's issued share capital consisted of 141,407,854 Ordinary Shares, all carrying one vote each. The Company does not hold any shares in treasury. Accordingly, the total voting rights in the Company were 141,407,854.

6 Copies of the terms and conditions of appointment of the non-executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays in the UK excepted) from the date of this notice until the conclusion of the 2010 Annual General Meeting.

Explanatory Notes

The ordinary business to be proposed at the 2010 Annual General Meeting is set out in Resolutions 1 to 7 inclusive.

Resolution 2 — Declaration of final dividend

Members are being asked to approve a final dividend of 0.75 pence for each ordinary share of 1.25 pence in the capital of the Company in respect of the financial year ended 31 March 2010. If approved, the dividend will be paid on 15 October 2010 to holders of ordinary shares on the register of members at the close of business on 10 September 2010.

Resolutions 3 and 4 — Re-election of Directors retiring by rotation

In compliance with article 87 of the Company's articles of association, one-third of the Directors are required to retire at the 2010 Annual General Meeting. In addition, each Director shall retire from office at the third Annual General Meeting after he was appointed or reappointed if he would not otherwise fall within the Directors to retire by rotation and did not retire at either of those meetings. Accordingly, Andrew Merrick and Brian Templar will retire at the 2010 Annual General Meeting. Each Director will offer himself for re-election as a Director at the 2010 Annual General Meeting and he is recommended by the Board for re-election. Biographical details of each of the Directors can be found on page 18 and 19 of the Annual Report.

Resolution 7 — Authority to allot Ordinary Shares

Your Board is proposing to renew the general authority, last given at the Company's 2009 Annual General Meeting, to allot Ordinary Shares. Resolution 7 would give the Directors the authority to allot up to 18,592,146 authorised but unissued Ordinary Shares, being all of the new Ordinary Shares, representing approximately 13.1% of the issued ordinary share capital of the Company as at 23 July 2010. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2012. The Board has no present intention of exercising this authority and intends to seek its renewal at subsequent Annual General Meetings of the Company.

The special business to be proposed at the 2010 Annual General Meeting is set out in Resolutions 8 to 10 inclusive

Resolution 8 — Disapplication of statutory pre-emption provisions

Your Board is proposing to renew the Directors' authority to allot Ordinary Shares for cash and to sell treasury shares other than pro rata to existing shareholders. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2012.

Resolution 8 would restrict the number of new Ordinary Shares which may be allotted for cash to an aggregate maximum of 7,070,393 Ordinary Shares, being equivalent to approximately 5% of the issued ordinary share capital of the Company as at 23 July 2010. The new authority would also permit allotments to shareholders on a pre-emptive basis subject only, where necessary, to dealing with fractional entitlements and entitlements of foreign shareholders.

Resolution 9 — Authority to purchase Ordinary Shares

This special resolution seeks shareholders' authority for the Company to make market purchases of its own Ordinary Shares. The Directors have no present intention of exercising this authority, but would wish to have the flexibility to do so in the future. Purchases of own Ordinary Shares would only be made through AIM. Any Ordinary Shares purchased would be cancelled (in which case the number of Ordinary Shares in issue would thereby be reduced) or held in treasury. The Directors will only exercise the authority to make purchases of Ordinary Shares granted by this resolution if they believe that to do so would result in an improvement in earnings per share and/or is in the best interests of the shareholders generally. The maximum number of Ordinary Shares which may be purchased is 14,140,785, representing approximately 10% of the issued ordinary share capital of the Company as at 23 July 2010. The authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2012. The minimum price that could be paid for an Ordinary Share would be 1.25 pence and the maximum price would be equal to 105% of the average of the middle market quotations for an Ordinary Share, as derived from

Explanatory Notes

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 the share is contracted to be purchased, in each case excluding expenses. The Directors expect that, if the authority were to be exercised, the consideration for such purchases would be defrayed by utilising the distributable reserves of the Company.

The Companies Act 2006 permits the Company to purchase its own shares and, rather than cancel those shares, to hold them as treasury shares, in which case they would carry no voting rights and no entitlement to any dividend for as long as the are held as treasury shares.

The Directors also intend to seek renewal of this authority at future Annual General Meetings.

As at 31 March 2010, options over a total of 10,252,938 Ordinary Shares were outstanding and not exercised. That number of Ordinary Shares represents approximately 7.3% of the Company's issued ordinary share capital as at the same date. It would represent approximately 8.1% of the issued ordinary share capital if the authority to purchase the Company's own Ordinary Shares conferred by Resolution 9 had been exercised in full at that date.

Resolution 10 — Notice of General Meeting

This resolution, which will be proposed as a special resolution, is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. The regulations implementing this Directive will increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an Annual General Meeting) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2010, shareholders must have approved the calling of meetings on 14 days' notice. This resolution seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed in order to renew this power.

Shareholder Notes

Shareholder Notes

DART GROUP PLC

DART GROUP PLC

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