DART GROUP PLC

Report & Accounts 2011















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

- the operation of cost conscious scheduled, charter and tour operator flights by ***Jet2.com*** primarily to leisure destinations throughout Europe; and
- the distribution, by ***Fowler Welch***, of fresh produce, temperature-controlled and ambient products to supermarkets and wholesale markets throughout the United Kingdom.



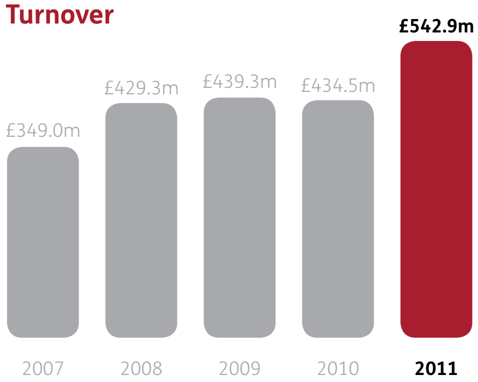




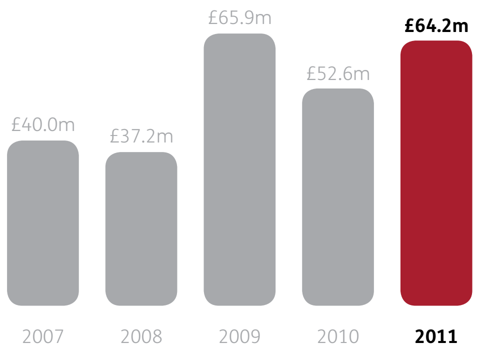



Highlights

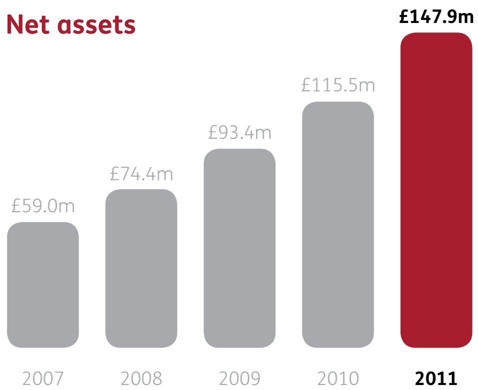
Turnover



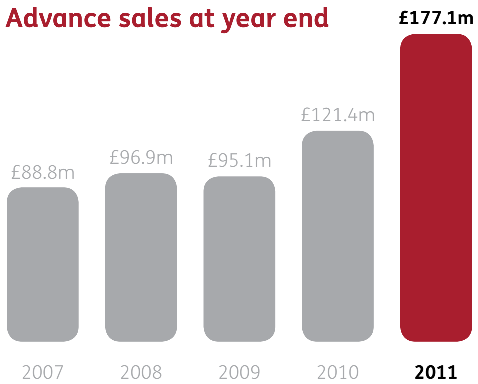
Underlying EBITDA



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 2011. Group turnover increased to £543m (2010: £435m) and profit before tax amounted to £26.2m (2010: £22.2m) with earnings per share of 12.2p (2010: 11.1p). Underlying profit before tax and before specific IAS 39 fair value movements was £25.9m (2010: £19.1m).

In consideration of the Group's current trading performance, the Board recommends a final dividend of 0.83p per share (2010: 0.75p). If approved at the Group's Annual General Meeting to be held on 8 September 2011, this dividend will be payable on 21 October 2011 to shareholders on the Group's register at the close of business on 16 September 2011. The associated ex dividend date will be 14 September 2011.

Profitability increased in Aviation, primarily due to increasing load factors, but decreased in Distribution, due to start-up costs at its new North West distribution centre and the rationalisation of its container operations.

Capital expenditure for the year was £68.0m (2010: £32.1m). This expenditure related principally to long term maintenance spend on aircraft airframes and engines and the freehold acquisition of the distribution centre at Heywood, near Manchester, "the Hub". Net cash flow from operating activities amounted to £113.8m (2010: £73.2m), driven principally by improved forward bookings at ***Jet2.com*** and ***Jet2holidays***, the Group's ATOL bonded tour operator.

As at 31 March 2011, the cash position amounted to £106.8m (2010: £52.2m), including money market deposits, at which point ***Jet2.com*** had received *circa* £135m of advance payments from customers in respect of future flights.

Aviation

Our strategy is to understand and meet the holiday needs of our Northern-based customers. We fly carefully scheduled flights to high volume leisure destinations, offering "friendly low fares" to seat only customers and "package holidays you can trust" to ***Jet2holidays*** customers.

Both products meet the demand for real value in these difficult and uncertain economic times. Higher utility prices, the rising cost of food and fuel, and employment uncertainty are all taking their toll on leisure spend. Both our seat only and package holiday products are absolutely geared to meet the holiday needs of value seeking customers.

To ensure we continue to deliver the right product, we are working hard to build our customer data capture and analysis capabilities which, coupled with our substantial in-house IT development expertise, means that we can progressively improve the tailoring of our leisure products, both seat only and packages, to meet our customers' needs, both present and future. Customer demand will lead our strategy — understanding the needs of our customers is key and we believe we are making great progress along this exciting and interesting path.

Aviation revenues rose by 28% as a result of increased passenger volumes and the growth of ***Jet2holidays***. This revenue growth was achieved despite the disruption to ***Jet2.com***'s flying programme caused by the eruption of volcano Eyjafjallajökull in April and May 2010, which resulted in the cancellation of over 400 flights. The overall profit impact as a result of this disruption is estimated at £3m, comprising refunded flight revenues, compensation claims and the repatriation of customers who were stranded overseas, together with an estimate of lost revenues, offset by variable operating cost savings on cancelled flights. In January 2011, we reluctantly took the decision to cease services to Sharm el Sheikh, Hurghada and Tunisia due to political unrest, redirecting the capacity to Western Mediterranean resorts.

During the financial year the Company flew 135 routes from its Northern bases to 51 destinations. Our unique proposition of "great flight times", "22 kg baggage allowance", "allocated seating" and "loyalty points for free flights" helped us to raise our overall load factor to 85% (2010: 80%). In March 2011 we commenced operations from our eighth Northern base, Glasgow, with services to nine popular sun destinations. This contributed to a 26% overall increase in network seat capacity for summer 2011.

We are particularly pleased to report the progress of ***Jet2holidays***, which is gaining encouraging sales momentum. We carried nearly 98,000 of our own package holiday customers on our flights during the past year, and we are now working to double that number for the current financial year.

Our packages encompass the flight, transfer and accommodation, with "3 star" and "4 star", "half board" and "all inclusive" packages being the top sellers. The Company now has over 800 directly contracted hotels in leading Eastern and Western Mediterranean resorts. We are determined to develop these relationships further in order to deliver our "best value" product. There are major opportunities to cross sell between our flight only and package holiday customers and we look forward to the continued growth of both.

Tremendous progress continues to be made with the development of our in-house sales and reservation systems for both ***Jet2.com*** and ***Jet2holidays***. Our industry leading IT team has enabled us to build a fast and very customer friendly sales platform for both our flight only and package products. Our revenue and IT teams work closely together to deliver additional customer focused services including choice of seating, meals, onboard entertainment and car hire. Together, these yielded £25.39 in additional retail revenue per passenger during the last financial year (2010: £21.12). Both ***Jet2.com*** and ***Jet2holidays*** revenues will benefit from our continued IT innovations and associated retail product developments.

As we build our customer focused leisure brand, information on all customer purchases and trends is constantly being gathered from bookings, questionnaires, surveys and focus groups. This is collated by our data management team and forms the basis of our continually evolving future strategy. Overall, we believe we have the right formula of innovation and differentiation for continued development and success in a tough and competitive trading environment.

Chairman's Statement

Distribution

The Group's leading logistics business ***Fowler Welch***, which specialises in the distribution of chilled and ambient foods on behalf of leading supermarkets and their suppliers, has experienced challenges during a year of considerable growth and development. Our new 50,000 pallet capacity Heywood distribution centre, "the Hub", which is located near Bury on the M62, north of Manchester, was opened with its enhanced facilities, IT infrastructure and layout alterations all being ready for business prior to Christmas. However, a combination of factors led to operational challenges and higher than anticipated operating costs in the initial months to ensure that customer service was protected. These early development issues have now been resolved. The Hub is set to become the focal point for our ambient business with a strong sales pipeline and improving financial performance. There are very significant opportunities for growth at this site over the coming years.

Overall our distribution revenues grew by 18% year on year, as a result of both new business wins and additional volumes, although operating margins have suffered from increased costs. Our Washington, Kent, South Coast and European operations each performed satisfactorily, although margins remained under pressure. Our main Spalding distribution centre had a more challenging period of trading and a weaker financial performance. ***Fowler Welch*** was careful to protect customer service at the expense of contribution in a challenging period of trading. The outcome of this has been the securing of additional business, as a direct result of the achievement of generally satisfactory service levels, especially during the very severe weather disruption during the Christmas trading period.

Fowler Welch (Containers) Limited (formerly Bawdsey Haulage) experienced difficult trading conditions in the container market, which led to the review and subsequent closure of our container operation in Felixstowe, whilst retaining a significant presence in the container market at our Kent, Spalding and Alconbury sites. Although reduced in scale, ***Fowler Welch (Containers)*** will retain the ability to provide a full service to its customers.

Following the success of our "Tesco Express" store distribution operations from Washington in the North East, we are delighted to have secured the business to develop a similar distribution operation to service Tesco's smaller stores in the South West. A newly leased site in Newton Abbot, Devon, will come on stream in the first half of this financial year to service Devon and Cornwall. We expect this to be the basis of further business expansion in the South West.

Considerable progress is being made in developing IT infrastructure across the business. The efficient Manhattan warehouse system has been fully implemented, yielding significant operational improvements. Further work is now being carried out to choose an IT solution to upgrade our transport management capabilities in this financial year, thereby giving greater transparency for managing fleet resources and enhancing the service we offer to our customers. The investment in fleet telemetry and management, coupled with the continual selection of increasingly efficient vehicles and the expansion of our double-deck trailer fleet, will generate both fuel savings and operating efficiencies and further improve our carbon footprint.

Over the past few years, the Company has significantly expanded its operations, widening its customer base and building a considerable position in the ambient distribution market, alongside its leading chilled distribution operations. We are now taking the opportunity to strengthen the senior management team in order that we fully capitalise on the potential of our distribution infrastructure, network, expertise and our reputation.

Our Staff

I believe we all understand and appreciate the financial challenges being experienced by our customers. To succeed in these difficult times, we have to deliver the best possible service at the lowest possible price. ***Fowler Welch***, ***Jet2.com*** and ***Jet2holidays*** each depends on our customers' satisfaction for continuing and, hopefully, increasing business. I count on everyone's support in delivering this together in the coming months.

Outlook

We hope to grow both our businesses in the year ahead, despite the continuing uncertain economic climate. ***Fowler Welch*** has significant business development opportunities throughout its operations and particularly, of course, in the North West. We have expanded ***Jet2.com*** for summer 2011 with four additional aircraft, a new base at Glasgow and a growing package holiday programme.

Both businesses have started the year reasonably satisfactorily, although we expect these challenging economic conditions to continue to impact on yields in the Aviation sector for the foreseeable future.

Philip Meeson
Chairman
29 July 2011

Business and Financial Review

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

2010/11 performance

The Group's financial performance for the year to 31 March 2011 is reported in line with International Financial Reporting Standards (IFRS), as adopted by the EU, which were effective at 31 March 2011.

Summary Income Statement

	2011 £m	2010 £m
Revenue	**542.9**	434.5
Net operating expenses(1)	**(516.3)**	(415.1)
Operating profit(1)	**26.6**	19.4
Net financing costs	**(0.7)**	(0.5)
Profit on disposal of fixed assets	**—**	0.2
Underlying Group Profit before tax	**25.9**	19.1
Net financing costs	**0.7**	0.5
Depreciation(1)	**37.4**	33.0
Impairment of goodwill	**0.2**	—
EBITDA(1)	**64.2**	52.6

(1) Stated excluding specific IAS 39 fair value movements.

Underlying Group profit before tax increased from £19.1m to £25.9m in the year ended 31 March 2011, reflecting an improved trading environment for the Group's Aviation operations and a year of investment in ***Fowler Welch***, the Group's logistics business. Overall turnover increased by 25%, with growth in both businesses, including the establishment of an additional base for ***Jet2.com*** at East Midlands airport and business wins in ***Fowler Welch***. Underlying EBITDA of £64.2m (2010: £52.6m) is up 22% on last year, driven by both overall business growth and improved load factors in the Aviation operations.

The Group's effective tax rate for the year of 34% (2010: 30%) is higher than the headline corporation tax rate as a result of the impact of the acquisition of our new North West property on our deferred tax liabilities.

The Group generated net cash inflows of over £54m in the year, resulting in a positive net cash position, including money market deposits, of £106.8m (2010: £52.2m) as at 31 March 2011. The Group's cash generation was principally driven by the Aviation division, which saw an increase in forward bookings in the latter part of the year, reflecting the 26% expansion of the summer programme. Capital expenditure increased from £32.1m to £68.0m, driven by both a significant increase in long term aircraft maintenance expenditure, with an above average number of engines falling due for overhaul, and the acquisition of "the Hub", ***Fowler Welch***'s new North West distribution centre.


Jet2.com destination map
Bases
Destinations
Glasgow
Edinburgh
Newcastle
Belfast
Blackpool
Leeds Bradford
Manchester
East Midlands
Cork
Amsterdam
Düsseldorf
Prague
Krakow
Jersey
Paris
Salzburg
Budapest
La Rochelle
Dordogne
Geneva
Chambéry
Bergerac
Milan
Venice
Toulouse
Nice
Split
Pisa
Dubrovnik
Barcelona
Reus
Rome
Sardinia
Ibiza
Menorca
Majorca
Corfu
Alicante
Murcia
Faro
Malaga
Bodrum
Kos
Dalaman
Crete
Rhodes
Larnaca
Paphos
Tel Aviv
Madeira
Tenerife
Lanzarote
Gran Canaria

Business and Financial Review

Summary Cash Flow

	2011 £m	2010 £m
EBITDA(1)	**64.2**	52.6
Other P&L adjustments	**0.4**	0.3
Movements in working capital	**55.8**	17.9
Financial derivative close out (gains)/costs	**(1.8)**	6.0
Interest & taxes	**(4.8)**	(3.6)
Net cash generated from operating activities	**113.8**	73.2
Investing activities(2)	**(67.9)**	(32.3)
Other items	**8.7**	(0.5)
Increase in net cash/money market deposits	**54.6**	40.4

(1) Stated excluding specific IAS 39 fair value movements.
(2) Placements of money market deposits of £8.5m are presented as cash.

The Group's balance sheet continued to strengthen, driven by both profit performance and cash generation from advance bookings. The resultant increase in shareholders' equity, the improved cash position and the increase in non-current assets 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 and holidays taken. The deferred revenue growth reflects stronger customer forward booking performance for the forthcoming summer relative to the previous year.

Summary Balance Sheet

	2011 £m	2010 £m
Non-current assets	**248.7**	201.3
Net current assets(1)	**22.5**	15.7
Deferred revenue	**(177.1)**	(121.4)
Other liabilities	**(53.0)**	(32.3)
Cash and money market deposits	**106.8**	52.2
Shareholders' equity	**147.9**	115.5

(1) Stated excluding money market deposits.

Segmental performance

Aviation

The Aviation division comprises the Group's leisure airline, tour operation and associated commercial activities, trading under the ***Jet2.com*** and ***Jet2holidays*** brands. The Company operates 24 Boeing 737-300 aircraft, including eight Quick Change aircraft, twelve Boeing 757-200 aircraft, and two Boeing 737-800 aircraft from its home base of Leeds Bradford International Airport, and Belfast, Blackpool, East Midlands, Edinburgh, Glasgow, Manchester and Newcastle airports.

Jet2.com added two leased Boeing 757-200 aircraft and two leased Boeing 737-800s to the fleet towards the end of the financial year to enable the development of Glasgow as a new base and the expansion of East Midlands, Manchester, and Newcastle operations.

The Aviation division is supported by a number of revenue streams. Seat only sales represent the majority of aviation revenues, sold direct over the Internet, via the high street and online travel trade. Seats are also sold in the form of allocations to third party tour operators. The business also derives significant revenues from its whole plane passenger charters and its contract with Royal Mail for the overnight transportation of UK first class mail, utilising the Group's Quick Change aircraft. An increasing proportion of airline seats are now sold as part of a holiday package by the Group's ATOL bonded tour operator ***Jet2holidays***.

During the year ended 31 March 2011 we carried over 3.6 million scheduled and charter passengers, with more than 5% of these having purchased a ***Jet2holidays*** package.

The Aviation division saw improved financial performance, despite the eruption of the Eyjafjallajökull volcano in April and May 2010, which impacted profitability by *circa* £3m. In particular we saw increased customer demand for both flights and packages in the summer months, enabling higher load factors to be achieved across the network. Our seventh UK base, East Midlands, contributed profitably to this performance with an initial programme of seven routes. Winter performance suffered as a consequence of reduced demand for ski trips and by the cancellation of all flying to Tunisia and Egypt from February onwards. Aviation PBIT increased by 84% to £23.4m with a 28% increase in revenue to almost £400m. Overall, costs increased by 25%, reflecting a combination of business growth, increasing fuel costs and the continued weakness of sterling.

Business and Financial Review

During the year, ***Jet2.com*** continued its careful development of the scheduled airline network, expanding the programme from Newcastle and Manchester, largely by adding flights to tried and trusted ***Jet2.com*** destinations. New destinations added to the network in 2010 were Madeira, Monastir, Bergerac, Kos, Gran Canaria and Reus. Thirty-five new routes were added in total from our Northern bases, including seven winter routes.

Overall scheduled airline seat capacity was increased by 7% in the year ended 31 March 2011. This careful route and capacity management, coupled with some improvement in customer demand, resulted in load factors increasing to 85% (2010: 80%), with yields also increasing to £52.42 from £48.69 in the previous year.

Load factor performance was underpinned 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. The loyalty programme continues to prove popular with our customers, with over 330,000 customers now having earned points towards free ***Jet2.com*** flights.

Retail revenues continue to be a very important source of income for the leisure airline business, allowing low fares to be maintained. Retail revenue per passenger increased from £21.12 to £25.39 in 2010/11, this being generated from a number of sources including hold baggage charges for a sector leading 22 kg weight allowance, online seat assignment, extra leg room seats, onboard sales, and commissions on car hire. Customers can both pre-order hot meals and watch the latest movie releases on board. Using our customer information analytics capability, we are able to target customers through pre-departure communications in a very tailored way to generate additional retail sales.

The business devotes considerable in-house IT resources to develop its airline and holidays reservation systems improving the booking experience for customers and optimising retail revenues. In the last quarter of the year, unique visitors to the ***Jet2holidays.com*** site increased by 50% year on year with a 31% increase in ***Jet2.com*** site visitors. The ***Jet2.com*** reservation system has also been enhanced to offer customers the opportunity to acquire bundles of optional retail products at discounted pricing. We provide the travel trade with a bespoke link to the ***Jet2.com*** reservation system to facilitate flight bookings.

Jet2.com's passenger and freight charter operations increased revenues by 9% in the year. The passenger charter activity provides flights for many different end users, including tour operators, specialist holiday providers, the MOD, and in support of promotional, sporting and other events, enabling the business to improve utilisation of aircraft outside peak periods. We operated over 800 passenger charter flights during the year including taking over 2,000 Fulham supporters to the Europa Cup final in Hamburg in May 2010 and 20 Hajj flights to Jeddah in October and November. The Royal Mail contract, for which night mail flights are undertaken every weekday from six UK airports, continues to be serviced with industry leading punctuality, enabling Royal Mail to meet its universal service obligation.

Jet2.com continued to improve its environmental efficiency during the year by means of its wide-ranging fuel and operational efficiency programme.

This programme looks at all aspects of the airline's operation which can influence or directly impact upon the fuel, operational and environmental efficiency of its flying activities.

Further details of this scheme are included on page 21 of the Directors' Report, but the combined effects of all the elements of this scheme have led to a saving by the airline of over 20,000 tonnes of carbon emissions in the year.

The scheme is ongoing and further gains from its application can be expected in future years.

Another two Boeing 757 aircraft were fitted with fuel efficient winglets during the year. In addition, a Boeing 737-800 aircraft with winglets came into the fleet in February 2011, with another arriving after year end in May 2011. These additions will further contribute to the airline's carbon saving targets.

Business and Financial Review

In order both to save costs and improve customer service, we brought customer handling in-house at Manchester for summer 2010, with Blackpool and Newcastle following for summer 2011. We are also now undertaking all the passenger handling operations for our customers at Alicante airport, our fourth self handling base in Spain, the others being Malaga, Murcia and Palma.

Jet2holidays, the package holiday arm of the Aviation business, grew significantly with almost 98,000 package holidays customer departing in the year, all on ***Jet2.com*** flights, a 52% increase on the previous year. In order to improve the product range, pricing and the quality of the offering to our customers, the vast majority of accommodation is now secured directly with carefully chosen hotels by our in-house contracting team.

The ***Jet2holidays.com*** website is continually being developed to improve the quality of both the customer and the trade booking experience. This has resulted in significantly higher conversion levels year on year. The business also introduced a more sophisticated yield management tool in order to facilitate much more tailored holiday pricing. During the year, we secured a distribution agreement with both the Co-operative Travel Group and TUI to sell ***Jet2holidays*** through their retail outlets. Our in-house call centre and direct bookings made through online travel trade sites are also important elements of the distribution mix.

Aviation

	2011 £m	2010 £m
Revenue	**398.7**	312.0
Operating expenses(1)	**(374.9)**	(300.0)
Operating profit(1)	**23.8**	12.0
Net financing (costs)/income	**(0.4)**	0.5
Profit on disposal of property, plant & equipment	**—**	0.2
Profit before interest & tax(1)	**23.4**	12.7
Net financing costs/(income)	**0.4**	(0.5)
Depreciation(1)	**35.8**	32.0
Aviation EBITDA(1)	**59.6**	44.2
Profit margin	**5.9%**	4.1%
EBITDA margin	**14.9%**	14.2%

(1) Stated excluding specific IAS 39 fair value movements.

KPIs

	2011	2010
Number of owned aircraft at 31 March	**30**	30
Number of leased aircraft at 31 March	**8**	4
Passenger numbers	**3.4m**	3.1m
Load factor	**85%**	80%
Net ticket yield	**£52.42**	£48.69
Retail revenue per passenger	**£25.39**	£21.12
Average hedged price of fuel (US$ per tonne)	**$870**	$786
Percentage of estimated annual fuel requirement hedged for the next financial year	**91%**	90%
Capital expenditure	**£49.4m**	£31.4m
Average monthly staff turnover	**1.5%**	1.5%
Advance sales made at year end date	**£177.1m**	£121.4m

Segmental performance

Distribution

The Group's Distribution business, ***Fowler Welch***, is one of the UK's leading logistics providers serving UK retailers, importers and manufacturers. 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.

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 increased our stockholding capacity within our ambient business from *circa* 17,000 to 50,000 pallets. Further space is available at this site for the development of temperature-controlled storage, enabling the provision of a chilled distribution facility in the North West should customers require it.

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, ***Fowler Welch*** collects suppliers' products, which are then consolidated with product picked from stockholding in the Company's 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.

Overall, ***Fowler Welch*** operating profit reduced by £4.6m year on year principally as a result of costs incurred during relocation to the Hub and weakness in the container market, leading to closure of the Felixstowe site. The switch to the Hub during the year impacted profitability by *circa* £2m as a result of both one-off dual running costs and the step-up in the cost base associated with this larger facility. Elsewhere in the network, operational efficiency was impacted by the reduced availability of subcontractors and increased short term vehicle hire costs.

The container market proved challenging throughout the financial year, with reduced import volumes seen across all ports and overcapacity in the marketplace which led, inevitably, to a softening of distribution rates and a significant downturn in the trading position of our container operations. Since the year end, the decision has been taken to close our Felixstowe site whilst retaining significant customer volumes which will be serviced through our Kent, Spalding and Alconbury operating bases.

Distribution revenue increased by 18% in the year through a combination of growth with existing customers and substantial new business wins. In particular, we continued to increase the volume of deliveries for Tesco's smaller store formats from our Washington site, and have added ambient delivery volumes with both Asda and Morrisons. ***Fowler Welch*** also gained considerable new business and volume growth from a number of leading food producers.

Overall our vehicle fleet increased 15% to 391 vehicles, with additional vehicles being added to the majority of sites, reflecting increased volumes and a reduction in subcontractor availability. Driver numbers increased to 596 from 497 in the previous year. The trailer fleet remained static at *circa* 600 as we improved the tractor to trailer ratio. We have taken the decision to purchase a significant proportion of our refrigerated trailer fleet in the future and commenced this programme with a purchase of 30 trailers in January 2011.

Distribution

	2011 £m	2010 £m
Revenue	**144.2**	122.5
Operating expenses	**(141.4)**	(115.1)
Operating profit	**2.8**	7.4
Profit on disposal of property, plant & equipment	**—**	—
Profit before interest & tax	**2.8**	7.4
Depreciation	**1.8**	1.0
EBITDA	**4.6**	8.4

KPIs

	2011	2010
Warehouse space — sq. ft.	**847,000**	621,000
Number of tractor units in operation	**391**	341
Number of trailer units in operation	**798**	800
Mileage per gallon	**8.4**	8.3
Fleet mileage per annum	**39.8m**	34.9m
Number of employees	**1,280**	1,148


FOWLER • WELCH
VOLVO
FH
YP60 HRN
WELCH • COOLCHAIN
FOWLER • WELCH

Business and Financial Review

During the year, the Company focused its infrastructure investment on the Hub, which included the establishment of a fuel bunkering facility, vehicle wash, further loading bays and the implementation at this site of the Manhattan warehouse management system. The Hub was fully operational in time for Christmas after which the previous leasehold Stockport site was decommissioned. Significant work was undertaken in the remainder of the year to maximise the operational efficiency of this site.

Fowler Welch continues to maximise CO_2 efficiency through a combination of investment in vehicle telemetry, which has increased overall fleet visibility and control thereby reducing empty running; increased deployment of double deck trailers; and further optimisation of vehicle journey length. Our fleet replacement programme for both tractor and trailer units carefully evaluates the marketplace to ensure the optimum fuel efficient equipment is procured including EURO VI specification tractor units, further improving the business's carbon footprint.

The business has continued to promote a culture of green action and awareness across all activities. For example, the division has made substantial investments in new warehouse doors and loading bays which deliver increased thermal efficiency and lower energy costs for chilled warehouse operations. Ongoing driver training continues across all sites, encompassing regular defensive driver assessments that in turn deliver fuel efficiency improvements.

The additional warehousing capacity 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. Following the investment in the last 12 months, profitability in our Distribution business is expected to improve in the year to 31 March 2012.

Business and Financial Review

Principal risks and uncertainties

The Group's strategy is to grow its business through a combination of organic expansion and, if appropriate, 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 has seem some consolidation 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. Headline fare price competition remains very strong at every base from which ***Jet2.com*** 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 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 travel agencies, 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 management of fuel price variation through hedging 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 2010/11, and consumer uncertainty has increased in 2011/12. To mitigate this risk, the Group will continue to plan its flying programme carefully to take account of trends in demand. Expanding the ***Jet2holidays*** offering also enables the Group to increase revenues from our ***Jet2.com*** customers.

Political Risks

The Aviation business can be impacted by political uncertainty, both directly through reduced demand for travel to countries to which ***Jet2.com*** flies, and indirectly through the impact of such political uncertainty on fuel prices and exchange rates. This risk is mitigated through careful management of the route network and through the Group's approach to hedging fuel and foreign exchange risk.

Environmental Risks

As has been evidenced in 2010/11, the Aviation business is at potential risk from the force of nature, such as extreme weather conditions and volcanic activity. The business mitigates against this risk by establishing and regularly updating a carefully planned response to be implemented by a team of experts should there be significant disruption to our flying activity. The Group maintains prudent levels of liquid funds to enable the business to continue to operate through a period of sustained disruption to the flying programme.

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. It is clear that the increases in Airline Passenger Duty had an impact on flights to Egypt prior to the subsequent political uncertainty which caused ***Jet2.com*** to suspend flying to Sharm el Sheikh and Herghada. Further increases in Airline Passenger Duty are planned and the EU Emissions Trading Scheme is due to commence in 2012. There is a continuing 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 significant cash balances together with a range of unutilised banking facilities. The Group's objective is to manage liquidity risk by maintaining cash balances in appropriately liquid form, together with continuity and flexibility of funding through the use of bank facilities, whilst seeking to match long term assets with long term liabilities wherever possible.

Fuel, currency and carbon 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 22 to the Consolidated financial statements.

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 22 to the Consolidated financial statements. As at 31 March 2011 the Group had substantially hedged its forecasted fuel requirements for the 2011/12 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 and the euro.

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, airport charges and hotel accommodation. 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 2011, 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 22 to the Consolidated financial statements.

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.

The Group has also begun to hedge its carbon exposure in the run-up to the start of the EU Emissions Trading Scheme which commences in 2012. It has acquired approximately 80% of its requirement for 2012.

Capital risk management

The Group's objective when managing capital is 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.

Andrew Merrick
Group Finance Director
29 July 2011

Directors and Senior Management

Dart Group PLC

Philip Meeson:	Group Chairman and Chief Executive
Andrew Merrick:	Group Finance Director and Group Company Secretary
Trevor Crowley:	Senior Independent Non-Executive Director
Brian Templar:	Independent Non-Executive Director
Mark Laurence:	Independent Non-Executive Director

Aviation

Philip Meeson:	Chief Executive
Stephen Heapy:	Chief Commercial Officer
Ian Doubtfire:	Managing Director ***Jet2.com***
Andrew Merrick:	Finance Director
Richard Chambers:	HR Director
Ashley Cowen:	Operations Director (appointed 17/01/2011)
Robin Evans:	Flight Operations Director
Paul Humphreys:	Retail Director
Stephen Lee:	Commercial Director
Andrew Menzies:	Technical Director
Antony Sainthill:	Fleet Director
Philip Ward:	Passenger Sales Director

Distribution

Philip Meeson:	Executive Chairman
David Inglis:	Director
Nicholas Hay:	Managing Director (appointed 4/10/2010)
John Peall:	Deputy Managing Director
David Cottam:	Executive Director
John Kerrigan:	National Operations Director
Stephen King:	Finance Director
Andrew Merrick:	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 2011. 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 17;
- Current Directors' details and Directors who served through the year: pages 18 to 20;
- Directors' remuneration: pages 24 to 27; and
- Details of financial instruments and exposure to relevant risks: note 22 to the Consolidated financial statements.

Results and dividends

The results for the year are set out in the consolidated income statement and show a profit, after taxation, of £17.3m (2010: £15.6m).

An interim dividend of 0.40p per share was paid on 28 January 2011 (2010: 0.36p).

The Directors recommend the payment of a final dividend for the year ended 31 March 2011 of 0.83p per share (2010: 0.75p 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, and for the maintenance and development of 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.

Directors' Report

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 (now part of DHL), 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. He is also a member of an advisory group to the British Army. His wide experience, 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 sale of Collins Stewart in 2001 Mark has pursued a career in fund management most recently as a founding partner of Fundsmith. 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 2011 had the following interests in the ordinary shares of the Company:

	Ordinary shares 31 March 2011	Ordinary shares 31 March 2010
Philip Meeson	**56,240,000**	56,240,000
Andrew Merrick	**83,000**	83,000
Trevor Crowley	**48,188**	48,188
Brian Templar	**134,712**	134,712
Mark Laurence	**100,000**	100,000

(b) No Directors have a non-beneficial interest in the shares of the Company. Interests in options to acquire ordinary shares are given in the report on Directors' remuneration on page 27. There have been no changes to the Directors' interests above in the period since 31 March 2011.

(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.

Material holdings

Apart from the interest of Philip 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 8 July 2011:

Schroder Investment Management (Institutional Group)	21.9%
J.O. Hambro Capital Management Limited	6.5%

Issued share capital

The issued share capital was increased by 670,372 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
19 July 2000	12,000	Approved
17 November 2000	16,072	Approved
25 June 2001	6,000	Approved
19 November 2001	6,000	Approved
3 July 2002	11,040	Approved
18 November 2002	18,260	Approved
18 November 2002	100,000	Unapproved
3 July 2003	24,000	Approved
5 December 2003	100,000	Approved
21 June 2004	112,000	Approved
23 November 2005	10,000	Approved
18 December 2007	12,500	Approved
4 September 2008	52,500	Approved
4 September 2008	75,000	Unapproved
10 September 2009	65,000	Approved
10 September 2009	50,000	Unapproved

Details of the increases in issued share capital are given in note 22 to the Consolidated financial statements.

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 8 September 2011, resolutions 8 to 9 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 £226,110.53 such authority to expire on 1 March 2013 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.

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 2011, the Group's creditor days were 19 (2010: 22).

Political and charitable contributions

The Group made no political contributions during the period (2010: £nil).

The Group made contributions to various local and national charities amounting to £3,813 during the period (2010: £3,881).

Corporate social responsibility

The environment

Protection of the environment and the effects of burning fossil fuels continue to be a major focus for both the Aviation and Distribution businesses.

The Group takes its responsibility to the environment seriously, with fuel emissions being a significant issue in both businesses. In addition to environmental concerns, it is in our own and our customers' interests to ensure we operate in the most efficient and environmentally friendly way, minimising noise and emissions on every flight and minimising the carbon impact per unit of product delivered.

In ***Jet2.com***, we have an ongoing programme in place targeted at improving fuel efficiency and reducing emissions. This is being achieved by a series of initiatives including further investment in flight planning technology and an investment in fleet and aircraft modifications including an investment in winglets which improve aircraft performance during the take-off, climb and cruise elements of flights. Additionally, we undertake regular specific aircraft maintenance to enhance operational performance and ensure that we load the aircraft in the optimum way and eliminate unnecessary weight carried onboard. Fuel efficiency is carefully factored into our flight planning and in-flight operational procedures including flight speeds. We also work very closely with air traffic control organisations to improve the efficiency of airspace utilisation wherever possible.

During 2010 ***Jet2.com***, like all airlines operating within or into and out of EU airports, came within the regulatory mandate of the European Emissions Trading Scheme (EU ETS). The airline supports the aims of this scheme, which are to reduce emissions of greenhouse gases by 20% in 2020 compared to 1990 levels.

Compliance with the requirements of this scheme has involved significant developments to internal systems in order to report the required emissions data, in preparation for the start of the scheme in January 2012.

In respect of the aircraft fleet, all Group aircraft exceed the International Civil Aviation Organisation's requirements for minimising air pollution. Seven of the fleet are now fitted with winglets.

Over the last 12 months, ***Fowler Welch*** has continued to progress in reducing the environmental impact of its operations, identifying four key elements to its carbon footprint reduction objectives:

Directors' Report

Operational efficiency

By continuing to increase utilisation and reducing empty running of the increased fleet, the net carbon impact per unit of product delivered has further been reduced. ***Fowler Welch*** has made further investments in training, management processes and technology in order to achieve these goals. This investment includes the completion of the roll-out of an enhanced telemetry system, allowing improved 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 continue to reduce empty running, the impact of congestion, poor driving behaviour and, consequently, our net carbon footprint per unit delivered.

Vehicle technology

All of our newly acquired tractor units comply with the latest EURO V emissions standard and our ongoing fleet replacement programme for our refrigerated trailer fleet ensures we continue to benefit from the most fuel efficient refrigeration units on the market. We have increased the utilisation of our double deck trailer fleets, which have larger pallet capacities, on retail deliveries and trunk operations.

Warehouse and Refrigeration Initiatives

Warehouse operations have reduced energy consumption, and therefore environmental impact, as a result of the following actions:

- the implementation of enhanced wall insulation with secondary sealing, and door refurbishment and replacement, to minimise air and heat loss;
- the introduction of inverters to our refrigeration plant power supply, making more efficient the management of temperature; and
- the installation of additional internal rapid roller doors which help to maintain temperature regimes without disrupting operational processes and efficiency.

We also have a number of other ongoing energy initiatives focusing on air conditioning, recycling, printing, replacement of loading bay doors and low energy lighting.

Fowler Welch has continued to surpass all Carbon Trust targets since the base measurement year of 2007.

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 Group recognises the importance of promoting and maintaining good communications with its employees. Its policy is to keep employees regularly informed on matters relating to their employment through a range of information bulletins and newsletters covering a range of topics. These are supplemented by twice-yearly presentations at each base by the senior management team.

Jet2.com and ***Jet2holidays*** have a newly relaunched in-house recognition and reward scheme named a Great Deal Friendlier. The scheme recognises teams and individuals who have provided excellent service and gone the extra mile for both internal and external customers. This has been rolled out across the business and underpins our customer focus principles.

Jet2.com holds regular meetings with the independent consultative bodies representing our flight crews with representatives being elected to these bodies from across our bases.

Fowler Welch has a well-established framework of colleague representative forums. These forums are a vehicle for two-way communication, the resolution of workplace issues and the progression of suggestions for improvements to working practices. This is supplemented by regular communication with colleagues with regular business briefings and management conferences.

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.

Several audits and visits from the various regional Health and Safety and Environmental inspectors have been carried out during the past 12 months confirming ***Fowler Welch Coolchain***'s compliance and ever increasing commitment to Health and Safety management and ongoing improvement of operational system quality and processes.

Fowler Welch Coolchain has safety officers deployed at all its sites trained to IOSH standard and the larger operating base officers trained to the higher NEBOSH standard.

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 reaccreditation 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.

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 current level of forward bookings for the aviation business, the underlying assumptions and principal areas of uncertainty within future forecasts, in particular those related to market and customer risks which impact on future bookings, 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 current aviation forward booking profile, 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 2011 to be prepared on a going concern basis.

Auditor

Each of the persons who are Directors 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 Auditor are unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is 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 Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Andrew Merrick
Director
29 July 2011

Report on Directors' Remuneration

Remuneration Committee and Advisers

The Group's Remuneration Committee (the "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 auditor 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 2010/11 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 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 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, listed 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.

For options granted on 5 August 2010, 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 2009/10 net profit figure of £19.1 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.

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

1. Individual limit

    1.1 The maximum number of shares which may on any day be placed under option for subscription under the Scheme, when added to the number of shares previously placed under option for subscription under the scheme or allocated for subscription in the preceding ten years under any other employees' share scheme adopted by the Company, shall not exceed 10% of the Company's issued share capital on that day.

    1.2 For the purpose of the above limits options which have lapsed are disregarded.

2. Grant of options

    2.1 The scheme allows for the grant of options to take place at any time during the period of 42 days after the announcement by the Company of its results.

    2.2 The grant of options will be subject to the discretion of the Directors based upon the satisfaction of performance conditions. Performance conditions will be a combination of earnings per share for the Group and, in the case of subsidiary directors, the profitability of individual subsidiary company as applicable.

    2.3 No option may be granted more than ten years after the adoption of the Scheme.

    2.4 Options are personal to the option holder and may not be transferred or assigned. Options will be non-pensionable. No payment will be required for the grant of any option.

3. Option price

    The holder of an option will be entitled to acquire ordinary shares at a price per share to be determined by the Board at the time when the option is granted. The option price will not be less than the nominal value of an ordinary share on which the option is granted.

4. Exercise of options

    4.1 Unless the Board decides otherwise, options will be exercisable as follows:

        4.1.1 as to 50% of the shares originally comprised in the option on or after the third anniversary of the date of grant; and

        4.1.2 as to the remaining 50% of the shares originally comprised in the option on or after the sixth anniversary of the date of grant.

    4.2 If an option holder ceases to be an employee of either Dart Group PLC or one of its subsidiary companies their options will normally lapse immediately. However, at the discretion of the Directors, the option may be exercised within six months of such cessation.

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

    4.4 No option may be exercised more than ten years after the date of grant of the option.

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.

Report on Directors' Remuneration

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 50% of his base salary in either shares or cash, payable 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 Philip Meeson and Andrew Merrick have service contracts that contain a rolling notice period of six months for either party.

Trevor Crowley, Brian Templar, and Mark 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)
Philip Meeson	20 May 2003	6
Andrew 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.

Philip Meeson and Mark Laurence retire from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' emoluments

Executive Directors:	Basic salary and fees £	Benefits(1) £	Performance related bonuses £	**Total 2011 £**	Total 2010 £
Philip Meeson	397,800	20,276	—	**418,076**	408,945
Andrew Merrick	224,400	6,656	—	**231,056**	281,669
Trevor Crowley	25,000	—	—	**25,000**	25,000
Mark Laurence	25,000	—	—	**25,000**	21,096
Brian Templar	25,000	—	—	**25,000**	25,000
Aggregate emoluments	697,200	26,932	—	**724,132**	761,710

(1) 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 2011, the employer contributed to one of the Group's money purchase schemes an amount of £25,253 (2010: £25,253) in respect of Philip Meeson, and £31,314 (2010: £29,750) in respect of Andrew 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 No.	At 1 April 2010 No.	Granted during the year No.	Lapsed in the year No.	**At 31 March 2011 No.**
Andrew Merrick	Approved	101.75	29,484	—	—	**29,484**
Andrew Merrick	Unapproved	24.75	200,000	—	—	**200,000**
Andrew Merrick	Unapproved	52.50	180,952[(a)]	—	—	**180,952**
Andrew Merrick	Unapproved	67.00	—	82,090[(b)]	—	**82,090**

(a) Up to 50% exercisable from 10 September 2012 and in respect of all remaining shares from 10 September 2015, subject to performance conditions as described on pages 22-24. All of these options expire on 10 September 2019.
(b) Up to 50% exercisable from 5 August 2013 and in respect of all remaining shares from 5 August 2016, subject to performance conditions as described on pages 22-24. All of the options expire on 5 August 2020.

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £6,604 (2010: £13,883).

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 2011 was 84.25 pence per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were 99.00 pence and 50.75 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

Brian Templar
Director, Chairman of the remuneration committee

29 July 2011

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 2011, 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 principles 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 39.6% 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 19 and 20 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 Consolidated financial statements on page 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	3	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 Auditor. 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 2011 the Audit Committee discharged its responsibilities by:

- reviewing the Group's draft 2010/11 Annual Report and 2010/11 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 2011 audit fee and reviewing non-audit fees payable to the Group's external Auditor in 2011; and
- reviewing the external Auditor's plan for the audit of the Group's 2011 accounts, including key risks on the accounts, confirmations of auditor independence, and approving the terms of engagement for the audit.

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

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.

The Company has an independent internal audit group, 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

Relations with shareholders

Communications with shareholders are given high priority. The Business and Financial Review on pages 6 to 17 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 8 September 2011 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

Philip Meeson
Group Chief Executive
29 July 2011

Andrew Merrick
Group Finance Director
29 July 2011

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 2011 set out on pages 33 to 75. 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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/private.cfm.

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 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the 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
29 July 2011

Consolidated Group Income Statement

for the year ended 31 March 2011

		Year ended 31 March 2011			Year ended 31 March 2010		
Continuing operations	Note	**Results before specific fair value movements £m**	**Specific fair value movements[1] £m**	**Results for the year £m**	Results before specific fair value movements £m	Specific fair value movements[1] £m	Results for the year £m
Turnover	5	**542.9**	**—**	**542.9**	434.5	—	434.5
Net operating expenses	6	**(516.3)**	**0.3**	**(516.0)**	(415.1)	3.1	(412.0)
Operating profit	5, 7	**26.6**	**0.3**	**26.9**	19.4	3.1	22.5
Finance income	8	**1.3**	**—**	**1.3**	1.9	—	1.9
Finance costs	8	**(2.0)**	**—**	**(2.0)**	(2.4)	—	(2.4)
Net financing costs		**(0.7)**	**—**	**(0.7)**	(0.5)	—	(0.5)
Profit on disposal of fixed assets		**—**	**—**	**—**	0.2	—	0.2
Profit before taxation		**25.9**	**0.3**	**26.2**	19.1	3.1	22.2
Taxation	10	**(8.8)**	**(0.1)**	**(8.9)**	(5.6)	(1.0)	(6.6)
Profit for the year (all attributable to equity shareholders of the parent)		**17.1**	**0.2**	**17.3**	13.5	2.1	15.6
Earnings per share[2]							
— basic	12			**12.20p**			11.06p
— diluted	12			**11.68p**			10.62p
Non-GAAP measures							
Underlying earnings per share[3]							
— basic	12	**12.03p**			9.54p		
— diluted	12	**11.52p**			9.17p		

(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 IAS 39 fair value movements.

Consolidated Group Statement of Comprehensive Income

for the year ended 31 March 2011

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m
Profit for the year	**17.3**	15.6
Exchange differences on translating foreign operations	**—**	—
Effective portion of fair value movements in cash flow hedges	**23.0**	10.6
Net change in fair value of effective cash flow hedges transferred to profit	**(1.8)**	0.1
Taxation on components of other comprehensive income	**(5.2)**	(3.0)
Other comprehensive income and expense for the period, net of taxation	**16.0**	7.7
Total comprehensive income for the period all attributable to owners of the parent	**33.3**	23.3

Consolidated Balance Sheet

at 31 March 2011

	Note	2011 £m	2010 £m
Non-current assets			
Goodwill	13	**6.8**	7.0
Property, plant and equipment	14	**222.2**	191.4
Derivative financial instruments	22	**19.7**	2.9
		248.7	201.3
Current assets			
Inventories	15	**0.8**	0.3
Trade and other receivables	17	**74.1**	66.8
Derivative financial instruments	22	**39.7**	18.8
Money market deposits	16	**8.5**	—
Cash and cash equivalents	16	**98.3**	52.2
		221.4	138.1
Total assets		**470.1**	339.4
Current liabilities			
Trade and other payables	18	**239.9**	179.2
Borrowings	20	**0.7**	0.3
Provisions	21	**3.9**	2.7
Derivative financial instruments	22	**24.7**	9.4
		269.2	191.6
Non-current liabilities			
Other non-current liabilities	19	**9.9**	6.6
Borrowings	20	**8.7**	0.3
Derivative financial instruments	22	**—**	0.3
Deferred tax liabilities	10	**34.4**	25.1
		53.0	32.3
Total liabilities		**322.2**	223.9
Net assets		**147.9**	115.5
Shareholders' equity			
Share capital	23	**1.8**	1.8
Share premium		**9.6**	9.3
Cash flow hedging reserve	23	**25.6**	9.6
Retained earnings		**110.9**	94.8
Total shareholders' equity		**147.9**	115.5

The accounts on pages 33 to 75 were approved by the Board of Directors at a meeting held on 29 July 2011 and were signed on its behalf by:

Andrew Merrick
Director
Dart Group PLC

Registered no. 01295221

Consolidated Group Cash Flow Statement

for the year ended 31 March 2011

	Note	2011 £m	2010 £m
Cash flows from operating activities			
Profit on ordinary activities before taxation		**26.2**	22.2
Adjustments for:			
Finance income	8	**(1.3)**	(1.9)
Finance costs	8	**2.0**	2.4
Profit on disposal of property, plant and equipment		**—**	(0.2)
Depreciation	14	**37.1**	33.0
Impairment of goodwill	13	**0.2**	—
Equity settled share based payments	23	**0.4**	0.3
Net financial derivative close out costs		**(1.8)**	6.0
Specific fair value movements		**—**	(2.8)
Operating cash flows before movements in working capital		**62.8**	59.0
(Increase)/decrease in inventories		**(0.5)**	0.1
Increase in trade and other receivables		**(7.3)**	(21.8)
Increase in trade and other payables		**62.4**	39.8
Increase in provisions		**1.2**	0.2
Cash generated from operations		**118.6**	77.3
Interest received		**0.1**	—
Interest paid		**(1.6)**	(2.4)
Income taxes paid		**(3.3)**	(1.7)
Net cash from operating activities		**113.8**	73.2
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(68.0)**	(32.1)
Business acquisitions		**—**	(0.5)
Proceeds from sale of property, plant and equipment		**0.1**	0.3
Net increase in money market deposits	16	**(8.5)**	—
Net cash used in investing activities		**(76.4)**	(32.3)
Cash flows from financing activities			
Repayment of borrowings		**(0.6)**	(0.4)
New loans advanced		**9.4**	—
Proceeds on issue of shares		**0.3**	—
Equity dividends paid	11	**(1.6)**	(1.5)
Net cash from financing activities		**7.5**	(1.9)
Effect of foreign exchange rate changes		**1.2**	1.4
Net increase in cash in the year		**46.1**	40.4
Cash and cash equivalents at beginning of year		**52.2**	11.8
Cash and cash equivalents at end of year	26	**98.3**	52.2

Consolidated Group Statement of Changes in Equity

for the year ended 31 March 2011

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	Total reserves £m
Balance at 1 April 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**
Total comprehensive income for the year	—	—	16.0	17.3	33.3
Issue of share capital	—	0.3	—	—	0.3
Dividends paid in the year	—	—	—	(1.6)	(1.6)
Share based payments	—	—	—	0.4	0.4
Balance at 31 March 2011	**1.8**	**9.6**	**25.6**	**110.9**	**147.9**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2011 were authorised by the Board of Directors on 29 July 2011 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 68 to 75.

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.

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 following the need for the Group to join the EU Emissions Trading Scheme from 1 January 2012. The Group also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance 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 derivatives 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. 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.

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

2. Accounting policies — continued

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows through to 31 March 2014.

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, and other, facilities and forecasts of future trading. The Directors have assessed the current level of forward bookings for the aviation business, the underlying assumptions and principal areas of uncertainty within future forecasts, in particular those related to market and customer risks which impact on future bookings, 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 current aviation forward booking profile, 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 2011 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, check-in 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 point when services are performed. 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 substantially 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

2. Accounting policies — continued

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.

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.

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 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	2-17 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 its major components and to the prepaid maintenance of its engines and airframes and is amortised over the period until the next maintenance event. 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. The underlying value of the aircraft is depreciated to the expected residual value of the aircraft as at 30 years post original build date. 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.

2. Accounting policies — continued

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.

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 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

2. Accounting policies — continued

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.

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.

Money market deposits

Money market deposits comprise deposits with maturity more than three months after the reporting date.

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. The Group also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance volatility. Such derivative financial instruments are stated at fair value. The gain or loss on remeasurement 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

2. Accounting policies — continued

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.

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 unvested as of 1 April 2006.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

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 has been tested annually thereafter. Goodwill is attributable to two cash-generating units: ***Fowler Welch-Coolchain***, whose principal activity is temperature-controlled distribution, and ***Fowler Welch (Containers)***, whose principal activity is road haulage. Impairment reviews take account of the recoverable amount of cash-generating units 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% (2010: 2.0%) has been assumed. Projected cash flows have been discounted utilising a discount rate of 10% (2010: 10%). As a result, the £0.2m of goodwill attributable to the ***Fowler Welch (Containers)*** cash-generating unit has been impaired in full.

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 further impairment.

The carrying amount of goodwill with an indefinite life at the balance sheet date was £6.8m (2010: £7.0m). £0.2m of impairment losses were recorded during the year.

Impairment of assets excluding goodwill

Aircraft carrying values were tested for impairment on transition to IFRS. Thereafter, where there is a risk that carrying values are impaired a full impairment review is undertaken. The smallest cash-generating unit to which this can be applied is by aircraft fleet type.

The carrying amounts of aircraft were £180.2m (2010: £166.2m). 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 redemption patterns.

4. New IFRS and amendments to IAS and interpretations

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

International Financial Reporting Standards	Applies to periods beginning after
IAS 24 *Related party disclosures (revised 2009)*	January 2011
IFRS 13 *Fair value measurement*	May 2011
IAS 1 *Presentation of Financial Statements (amended)*	June 2011
IAS 19 *Post-employment benefits*	June 2011
IFRS 7 *Amendments to Financial Instruments: Disclosures*	July 2011
IAS 12 *Amendment Income taxes on deferred tax*	January 2012
IFRS 9 *Financial Instruments*	January 2013

International Financial Reporting Interpretations Committee	Applies to periods beginning after
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 2010
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	July 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 underlying 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

5. Segmental reporting — continued

Year ended 31 March 2011 Continuing	Distribution £m	Aviation £m	Unallocated £m	Total £m
Revenue	144.2	398.7	—	**542.9**
EBITDA(1)	4.6	59.6	—	**64.2**
Operating profit(1)	2.8	23.8	—	**26.6**
Profit on disposal of property, plant and equipment	—	—	—	**—**
Finance income	—	—	1.3	**1.3**
Finance costs	—	(0.4)	(1.6)	**(2.0)**
Underlying profit/(loss) before taxation(1)	2.8	23.4	(0.3)	**25.9**
Specific fair value movements(2)	—	0.3	—	**0.3**
Profit/(loss) before taxation	2.8	23.7	(0.3)	**26.2**
Taxation	—	—	(8.9)	**(8.9)**
Profit/(loss) for the year after taxation	2.8	23.7	(9.2)	**17.3**
Assets and liabilities				
Segment assets	70.1	340.4	—	**410.5**
Unallocated assets(3)	—	—	59.6	**59.6**
Total assets	70.1	340.4	59.6	**470.1**
Segment liabilities	(39.1)	(280.5)	—	**(319.6)**
Unallocated liabilities(4)	—	—	(2.6)	**(2.6)**
Total liabilities	(39.1)	(280.5)	(2.6)	**(322.2)**
Net assets	31.0	59.9	57.0	**147.9**
Other segment information				
Property, plant and equipment additions	17.8	50.2	—	**68.0**
Depreciation, amortisation and impairment	(1.8)	(35.3)	—	**(37.1)**
Share based payments	(0.1)	(0.3)	—	**(0.4)**
Expenditure on Goodwill	—	—	—	**—**

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**

5. Segmental reporting — continued

Year ended 31 March 2010	Distribution £m	Aviation £m	Unallocated £m	**Total £m**
Assets and liabilities				
Segment assets	48.9	238.3	—	**287.2**
Unallocated assets[5]	—	—	52.2	**52.2**
Total assets	48.9	238.3	52.2	**339.4**
Segment liabilities	(20.7)	(202.1)	—	**(222.8)**
Unallocated liabilities[6]	—	—	(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)**

(1) Stated excluding specific IAS 39 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 £59.6m of cash and cash equivalents managed on a Group basis.

(4) Unallocated liabilities include £2.6m of corporation tax payable.

(5) Unallocated assets include £52.2m cash and cash equivalents managed on a Group basis.

(6) Unallocated liabilities include £1.1m of corporation tax payable.

6. Net operating expenses

	2011 £m	2010 £m
Direct operating costs		
Fuel	**122.8**	95.3
Landing, navigation & handling	**91.9**	80.7
Aircraft and vehicle rentals	**16.8**	10.4
Maintenance costs	**19.1**	14.3
Subcontractor charges	**28.9**	27.4
Accommodation costs	**20.7**	12.1
In-flight cost of sales	**9.3**	6.4
Fair value movements on derivatives	**—**	(3.1)
Other direct operating costs	**27.3**	24.1
Staff costs	**104.2**	85.4
Depreciation of property, plant and equipment	**37.1**	33.0
Impairment of goodwill	**0.2**	—
Other operating charges	**38.6**	26.3
Other operating income	**(0.9)**	(0.3)
	516.0	412.0

Other operating income includes rents receivable and other sundry income. The split of prior year operating expenses has been updated to better reflect current year operating expense classification.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

7. Operating profit

		2011 £m	2010 £m
Operating profit is stated after charging:			
Operating lease rentals:	land and buildings	**1.7**	1.7
	plant and machinery	**12.5**	8.9

Auditor's remuneration

	2011 £m	2010 £m
Audit of these financial statements	**0.1**	0.1
Amounts receivable by Auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**—**	—
Other services relating to taxation	**0.1**	0.1

8. Net finance costs

	2011 £m	2010 £m
Finance income		
Interest receivable	**1.3**	1.4
Ineffective portion of changes in fair value of cash flow hedges (note 22)	**—**	0.5
	1.3	1.9
Finance costs		
Borrowings	**(1.3)**	(2.0)
Other interest payable	**(0.3)**	(0.4)
Ineffective portion of changes in fair value of cash flow hedges (note 22)	**(0.4)**	—
	(2.0)	(2.4)
Net finance costs	**(0.7)**	(0.5)

9. Employees

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

	2011 Number	2010 Number
Continuing operations		
Operations	**2,898**	2,232
Administration	**663**	518
	3,561	2,750

9. Employees — continued

	2011 £m	2010 £m
Wages and salaries	**93.6**	76.1
Share options — value of employee services	**0.4**	0.3
Social security costs	**8.4**	7.6
Other pension costs	**1.8**	1.4
	104.2	85.4

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.

	2011 £m	2010 £m
Details of key management personnel		
Short term employee benefits	**3.6**	4.4
Post-employment benefits	**0.2**	0.3
Share based payments	**—**	—
Total employee benefit costs of key management personnel	**3.8**	4.7

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 24 to 27.

	2011	2010
Details of Directors' remuneration		
Highest paid Director	**£0.4m**	£0.4m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options	**—**	—

10. Taxation

	2011 £m	2010 £m
Current taxation:		
UK corporation tax based upon the profits for the year:		
— current year	**5.1**	3.7
— prior year	**(0.3)**	—
— foreign tax	**—**	—
Current tax charge for the year	**4.8**	3.7

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

10. Taxation — continued

	2011 £m	2010 £m
Deferred taxation:		
Origination and reversal of temporary differences		
— current year	**4.0**	2.4
— prior year	**1.2**	0.5
Rate changes	**(1.1)**	—
	4.1	2.9
Total tax in income statement for the year	**8.9**	6.6

The current tax assessed for both the current and previous year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £m	2010 £m
Profit before taxation	**26.2**	22.2
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010: 28%)	**7.3**	6.2
Effects of:		
Impact of abolition of IBAs on existing and newly acquired property	**1.8**	(0.1)
Tax rate change	**(1.1)**	—
Prior year tax charge/(credit)	**0.9**	0.5
Total (see above)	**8.9**	6.6

During the period the Group has reflected the change in the enacted tax rate from 28% to 26%, which is effective from 1 April 2011. The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. The future 1% main tax rate reductions are not expected to have a material impact on the financial statements.

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

	2011 £m	2010 £m
Deferred tax assets	**6.1**	2.9
Deferred tax liabilities	**(40.5)**	(28.0)
	(34.4)	(25.1)

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

	2011 £m	2010 £m
As at 1 April	**(25.1)**	(19.0)
Charge to income statement	**(4.1)**	(2.9)
Taken direct to equity	**(5.2)**	(3.2)
	(34.4)	(25.1)

10. Taxation — continued

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

Deferred tax assets

	Financial instruments £m
At 1 April 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
Charge to income	(0.9)
Credit to equity	4.5
At 31 March 2011	**6.5**

Deferred tax liabilities

	Accelerated capital allowances £m	Financial instruments £m	Other £m	**Total £m**
At 1 April 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**
Charge/(credit) to income	3.9	(0.8)	0.1	**3.2**
Charge to equity	—	9.7	—	**9.7**
At 31 March 2011	**25.0**	**15.4**	**0.5**	**40.9**

11. Dividends

	2011 £m	2010 £m
Interim 0.40 pence (2010: 0.36 pence) per share — paid	**0.5**	0.5
Final 0.75 pence (2010: 0.71 pence) per share — paid	**1.1**	1.0
	1.6	1.5

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

12. Earnings per share

Earnings per share is presented both before 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 22 to these Consolidated financial statements.

	2011 No.	2010 No.
Basic weighted average number of shares in issue	**141,558,080**	141,117,098
Dilutive potential ordinary shares:		
Employee share options	**6,260,822**	5,739,785
Diluted weighted average number of shares in issue	**147,818,902**	146,856,883

Basis of calculation — earnings (basic and diluted)

	£m	£m
Profit before specific IAS 39 fair value movements	**17.1**	13.5
Specific IAS 39 fair value movements	**0.2**	2.1
Profit after specific IAS 39 fair value movements for the purposes of calculating basic and diluted earnings	**17.3**	15.6

	Year to 31 March 2011		Year to 31 March 2010	
	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	**12.03p**	**12.20p**	9.54p	11.06p
— diluted	**11.52p**	**11.68p**	9.17p	10.62p

13. Goodwill

	£m
Cost	
As at 1 April 2009	6.8
Recognised on acquisition of a subsidiary	0.2
As at 1 April 2010 and 31 March 2011	7.0
Impairment provision	
As at 1 April 2009 and 1 April 2010	—
Impairment provision	0.2
As at 31 March 2011	0.2
Net book value	
As at 31 March 2011	**6.8**
As at 31 March 2010	7.0

14. Property, plant and equipment

	Freehold property £m	Short leasehold property £m	Aircraft and engines £m	Plant, vehicles and equipment £m	**Total £m**
Cost					
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 1 April 2010	18.8	2.7	345.9	30.4	**397.8**
Additions	14.0	—	46.6	7.4	**68.0**
Disposals	—	—	(8.4)	(0.4)	**(8.8)**
At 31 March 2011	**32.8**	**2.7**	**384.1**	**37.4**	**457.0**
Depreciation					
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 1 April 2010	(4.6)	(1.4)	(179.7)	(20.7)	**(206.4)**
Charge for the year	(0.8)	(0.1)	(32.6)	(3.6)	**(37.1)**
Disposals	—	—	8.4	0.3	**8.7**
At 31 March 2011	**(5.4)**	**(1.5)**	**(203.9)**	**(24.0)**	**(234.8)**
Net book value					
At 31 March 2011	**27.4**	**1.2**	**180.2**	**13.4**	**222.2**
At 31 March 2010	14.2	1.3	166.2	9.7	191.4

Included within the cost of aircraft and engines is £1.6m (2010: £1.6m) of interest capitalised. Aircraft and engine additions in the year include £nil (2010: £nil) of interest capitalised.

15. Inventories

	2011 £m	2010 £m
Consumables	**0.8**	0.3

Included within direct operating costs of sales are £19.0m (2010: £13.9m) of inventories utilised and recognised as an expense in the year. Included within direct operating costs is £1.2m (2010: £0.4m) of inventories written down and recognised as an expense in the year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

16. Money market deposits and cash and cash equivalents

	2011 £m	2010 £m
Money market deposits (maturity more than three months after the balance sheet date)	**8.5**	—
Cash at bank and in hand	**98.3**	52.2

Included within cash is £81.1m (2010: £38.1m) 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:	2011 £m	2010 £m
Trade receivables	**54.7**	41.9
Other receivables	**19.4**	24.9
	74.1	66.8

Included within other receivables is £6.4m (2010: £2.9m) recoverable after more than one year.

Ageing analysis of trade receivables

	31 March 2011			31 March 2010		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	**47.1**	**—**	**47.1**	38.6	—	38.6
Up to 1 month past due	**4.6**	**(0.2)**	**4.4**	1.8	(0.1)	1.7
Over 1 month past due	**3.6**	**(0.4)**	**3.2**	1.7	(0.1)	1.6
	55.3	**(0.6)**	**54.7**	42.1	(0.2)	41.9

18. Trade and other payables

Current:	2011 £m	2010 £m
Trade payables	**24.6**	23.9
Other taxation and social security	**4.8**	4.9
Income tax	**2.6**	1.1
Deferred income	**177.1**	121.4
Other creditors and accruals	**30.7**	27.9
	239.8	179.2

19. Other non-current liabilities

	2011 £m	2010 £m
Other creditors and accruals	**9.9**	6.6

20. Borrowings

	2011 £m	2010 £m
Bank loans	**9.3**	0.4
Finance leases	**0.1**	0.2
	9.4	0.6

Loans are repayable as follows:

	2011 £m	2010 £m
Within one year	**0.7**	0.3
Between one and two years	**0.6**	—
Between two and five years	**1.9**	0.1
Over five years	**6.2**	0.2
	9.4	0.6

Bank loans represent a £9.3m (2009: £nil) term loan facility bearing a rate of interest of 2.75% over LIBOR.

21. Provisions

	Maintenance		Other		Total	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
At 1 April 2010	**2.1**	1.3	**0.6**	0.6	**2.7**	1.9
Provision in the year	**3.2**	0.8	**1.2**	0.3	**4.4**	1.1
Utilised	**(2.8)**	—	**(0.4)**	(0.3)	**(3.2)**	(0.3)
At 31 March 2011	**2.5**	2.1	**1.4**	0.6	**3.9**	2.7

Maintenance provisions relate entirely to aircraft maintenance and the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes during the lease term and to ensure that aircraft are returned to the lessor in accordance with its contractual requirements.

The balance in the prior year had previously been reported within other payables. The element due after more than one year is not significant.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

22. Financial instruments

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

Market risk

This is detailed on pages 16 and 17 of the Business and Financial Review.

Liquidity risk

This is detailed on page 17 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.

Commodity derivatives — carbon

The Group uses forward contracts of carbon EUAs and CERs to hedge its exposure to movements in carbon 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, forward carbon 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.

22. Financial instruments — continued

Cash flow hedges relate to forecast cash flows through to 31 March 2014.

(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 2011.

Financial Assets	31 March 2011 Carrying amount £m	31 March 2010 Carrying amount £m
Financial assets:		
Cash and cash equivalents	**98.3**	52.2
Money market deposits	**8.5**	—
Loans and receivables:		
Trade receivables	**48.1**	36.5
Designated cash flow hedge relationships:		
Forward US dollar contracts	**0.2**	5.0
Forward euro contracts	**2.7**	0.3
Forward jet fuel contracts	**55.9**	16.4
Forward carbon contracts	**0.6**	—
Total financial assets	**214.3**	110.4

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

Financial Liabilities	31 March 2011 Carrying amount £m	31 March 2010 Carrying amount £m
Financial liabilities:		
Trade payables	**24.6**	23.9
Bank loans	**9.3**	0.4
Finance leases	**1.2**	0.2
Designated cash flow hedge relationships:		
Forward US dollar contracts	**6.9**	0.5
Forward euro contracts	**—**	0.5
Forward jet fuel contracts	**17.8**	8.7
Total financial liabilities	**59.8**	34.2

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

22. Financial instruments — continued

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 2 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.

(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 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)
Other comprehensive income	34.6	(11.6)	—	—	34.6	(11.6)
Credited/(charged) in income statement	3.1	(3.4)	—	—	3.1	(3.4)
At 31 March 2011	**59.4**	**(24.7)**	**—**	**—**	**59.4**	**(24.7)**

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.

	2011 £m	2010 £m
Amounts credited/(charged) in the Group income statement		
Operating expenses		
Fair value movements — fuel derivatives	**—**	1.9
Specific fair value movements	**—**	3.1
Amount credited as operating expenses	**—**	5.0
Finance costs		
Fair value movements — fuel derivatives	**—**	0.5
Fair value movements — forward currency contracts	**(0.3)**	—
	(0.3)	5.5

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

22. Financial instruments — continued

(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 2011			31 March 2010		
Financial assets	Derivative financial instruments £m	Other receivables £m	Total £m	Derivative financial instruments £m	Other receivables £m	Total £m
< 1 year	**39.7**	**154.9**	**194.6**	18.8	88.3	107.1
1 - 2 years	**19.2**	**—**	**19.2**	2.3	0.3	2.6
2 - 5 years	**0.5**	**—**	**0.5**	0.6	0.1	0.7
	59.4	**154.9**	**214.3**	21.7	88.7	110.4

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

	31 March 2011			31 March 2010		
Financial liabilities	Derivative financial instruments £m	Other loans and payables £m	Total £m	Other loans and payables £m	Other receivables £m	Total £m
< 1 year	**24.7**	**25.5**	**50.2**	9.4	24.2	33.6
1 - 2 years	**—**	**0.9**	**0.9**	0.3	0.2	0.5
2 - 5 years	**—**	**2.5**	**2.5**	—	0.1	0.1
> 5 years	**—**	**6.2**	**6.2**	—	—	—
	24.7	**35.1**	**59.8**	9.7	24.5	34.2

(d) Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2011 in respect of which all conditions precedent had been met at that date are as follows:

	Amounts drawn down		Facilities available	
	2011 £m	2010 £m	2011 £m	2010 £m
Committed facilities:				
Revolving credit facilities[a]	**—**	—	**25.0**	25.0
Bank loans[b]	**9.3**	—	**9.5**	—
	9.3	—	**34.5**	25.0

(a) The £25.0m revolving credit facilities include a number of funding lines committed until 31 July 2013.

(b) The £9.5m bank loan facility matures July 2015.

In addition to the above facilities, the Group was committed to a Letter of Credit, issued to a credit card processing company, with respect to ***Jet2**.com* advance ticket sales. The Letter of Credit facility is committed until July 2012 on a reducing basis. A total of $65m is committed until July 2011 and $45m is committed thereafter until July 2012. At the year end the full $65m, or £40.5m, was utilised (2010: $65m or £42.9m).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

22. Financial instruments — continued

(e) Interest rate risk

Financial Assets

	31 March 2011			31 March 2010		
	Floating rate financial assets £m	Financial assets which no interest is receivable £m	Total £m	Floating rate financial assets £m	Financial assets which no interest is receivable £m	Total £m
Money market deposits	8.5	—	8.5	—	—	—
Cash and cash equivalents						
Sterling	85.4	7.0	92.4	33.8	—	33.8
US dollar	0.9	2.2	3.1	—	11.8	11.8
Euro	—	2.5	2.5	—	6.6	6.6
Other	—	0.3	0.3	—	—	—
Total	86.3	12.0	98.3	33.8	18.4	52.2

The floating rate financial assets comprise cash on deposit at various market rates according to currency and term. The Group operates composite bank accounts which allow the offset of individual bank and overdraft accounts in each currency.

Money market deposits comprise deposits maturing more than three months after the balance sheet date.

Financial Liabilities

	31 March 2011			31 March 2010		
	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	9.3	0.1	9.4	0.3	0.5	0.8

The floating rate liabilities comprise mortgages and bank overdrafts which bear interest at rates of up to 2.75% over three month LIBOR (2010: 2.56% 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.

22. Financial instruments — continued

(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
2011				
Sterling	**31.1**	**2.5**	**0.1**	**33.7**
2010				
Sterling	22.0	4.4	0.4	26.8

(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 2011 + / - £m	31 March 2010 + / - £m
Impact on Profit and Loss		
10% change in jet fuel prices	**3.8**	0.8
5% movement of sterling	**—**	0.7
Impact on Equity		
5% movement of sterling	**1.6**	0.6

23. Called up share capital and reserves

	Number of shares	2011 £m	2010 £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 2010	141,203,854	**1.8**	1.8
Options exercised	670,372	**—**	—
As at 31 March 2011	**141,874,226**	**1.8**	1.8

The Company received the sum of £281,248 (2010: £44,477) in respect of options exercised during the year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

23. Called up share capital and reserves — continued

Employee share schemes

Dart Group PLC has a number of share based option schemes in operation, which are described in detail in the report on Directors' remuneration on pages 24 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 2011.

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

	2011 £m	2010 £m
Equity settled share based payments	**0.4**	0.3

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 700,000 (2010: 800,000) ordinary shares of 1.25p each. At 31 March 2011 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
220,000	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.

The Company has granted options to employees under the Dart Group Unapproved Share Option Plan 2005 in respect of 2,346,306 (2010: 2,418,159) ordinary shares of 1.25p each. At 31 March 2011 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
372,600	78.50p	In respect of all shares before the options expire on 21 November 2015.
490,174	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.
1,057,785	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.
425,747	67.00p	In respect of half of the shares from 5 August 2013 and in respect of all remaining shares from 5 August 2016. The options expire on 5 August 2020.

23. Called up share capital and reserves — continued

The Company has granted options to employees under the Dart Group Executive and Dart Group Company Share Option Schemes in respect of 424,392 (2010: 845,184) ordinary shares of 1.25p each. At 31 March 2011 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
12,000	88.75p	In respect of all shares the options expire on 25 June 2011.
42,000	72.625p	In respect of all shares the options expire on 19 November 2011.
50,392	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.
24,000	47.50p	In respect of all shares before the options expire on 18 November 2012.
48,000	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.
128,000	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.
120,000	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.

The Company has granted options to employees under the Dart Group PLC Approved Share Option Plan 2005 in respect of 6,079,879 (2010: 6,189,595) ordinary shares of 1.25p each. At 31 March 2011 the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
464,800	79.125p	In respect of 262,400 shares from 23 November 2009 and in respect of all remaining shares from 23 November 2011. The options expire on 23 November 2015.
256,984	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.
77,500	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.
2,368,136	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.
50,000	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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

23. Called up share capital and reserves — continued

Number of shares	Option price per share	Options exercisable
2,237,691	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.
167,500	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.
230,522	67.00p	In respect of half of the shares from 5 August 2013 and in respect of all remaining shares from 5 August 2016. The options expire on 5 August 2020.
226,746	94.50p	In respect of half of the shares from 23 December 2013 and in respect of all remaining shares from 23 December 2016. The options expire on 23 December 2020.

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
2011								
Approved share option plan 2005								
Grant #1	240,522	£0.1m	68.50p	67.00p	1.8%	1.5%	55.0%	2.83%
Grant #2	226,746	£0.2m	98.25p	94.50p	1.8%	1.5%	98.3%	3.07%
Unapproved share option plan 2005								
Grant #1	425,747	£0.1m	68.50p	67.00p	1.8%	1.5%	55.0%	2.83%

	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	58.50p	59.00p	1.8%	1.5%	55.0%	3.36%
Grant #2	2,557,691	£0.6m	50.55p	52.50p	1.8%	1.5%	55.0%	3.27%
Grant #3	175,000	£0.0m	47.25p	46.75p	1.8%	1.5%	55.0%	3.46%
Approved share option plan 2005								
Grant #1	1,107,785	£0.3m	50.55p	52.50p	1.8%	1.5%	55.0%	3.27%

The fair value of services received in return for share options granted is 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.

23. Called up share capital and reserves — continued

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. Certain market conditions apply to options granted under the Dart Group Unapproved Share Option Plan 2005.

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

	2011 Number of options	2011 Weighted average exercise price Pence	2010 Number of options	2010 Weighted average exercise price Pence
Outstanding at 1 April	**10,010,014**	**47.0**	6,986,448	43.4
Granted	**893,015**	**74.0**	3,940,476	52.4
Exercised (see below)	**(619,260)**	**39.5**	(138,160)	32.0
Lapsed	**(837,584)**	**64.1**	(778,750)	45.3
Outstanding at 31 March	**9,446,185**	**48.5**	10,010,014	47.0
Exercisable at 31 March	**1,403,392**	**52.9**	1,873,260	51.9
Estimated weighted average share price of options exercised in year		**75.82**		49.5

Options outstanding at 31 March are in respect of all options issued since 7 November 2002 (refer 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 6.6 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.

24. Commitments

(a) Capital commitments:

	2011 £m	2010 £m
Contracted for but not provided	**—**	—

Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

24. Commitments — continued

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

Group	Land and buildings 2011 £m	Land and buildings 2010 £m	Aircraft and engines 2011 £m	Aircraft and engines 2010 £m	Plant and machinery 2011 £m	Plant and machinery 2010 £m
Less than one year	**1.3**	1.8	**6.8**	2.4	**10.6**	8.8
Between two and five years	**3.3**	1.2	**51.7**	4.7	**17.0**	14.5
Over five years	**3.8**	0.5	**3.7**	—	**1.7**	1.0
	8.4	3.5	**62.2**	7.1	**29.3**	24.3

25. Contingent liabilities

The Group has issued various guarantees in the ordinary course of business, none of which is 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 an approximate $2.5m liability in the unlikely event that the counterclaim is successful.

26. Notes to the cash flow statement

Changes in net debt

	At 1 April 2010 £m	Cash flow £m	Exchange differences £m	At 31 March 2011 £m
Cash at bank and in hand	52.2	46.1	—	**98.3**
Bank loans due within one year	(0.3)	(0.4)	—	**(0.7)**
Bank overdrafts	—	—	—	**—**
Cash and cash equivalents	51.9	45.7	—	**97.6**
Bank loans due after one year	(0.3)	(8.4)	—	**(8.7)**
Net cash/(debt)	51.6	37.3	—	**88.9**

27. Pension scheme

The Group operates a defined contribution scheme. The pension charge for the period represents contributions payable by the Group to the scheme and amounted to £1.8m (2010: £1.4m). There were no outstanding or prepaid contributions at either the current or previous year end.

28. Related party transactions

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

Compensation of key management personnel

The key management personnel of the Group comprise the Chairman and executive and non-executive Directors, as outlined on page 18 of the Annual Report. The compensation of key management personnel can be found in note 9 to the Consolidated financial statements and in the Directors' remuneration report set out on pages 24 to 27 of the Annual Report.

Mark Laurence was employed as a consultant by Dart Group PLC during the prior year to provide advice to the Group in a number of specific areas. His total fees, including his remuneration as a Director, amounted to £25k (2010: £0.2m).

Company Balance Sheet
at 31 March 2011

	Note	2011 £m	2010 £m
Fixed assets			
Tangible fixed assets	5	**185.5**	177.0
Investments	6	**28.1**	25.7
		213.6	202.7
Current assets			
Debtors	7	**1.5**	3.4
Cash and cash equivalents		**0.5**	—
		2.0	3.4
Current liabilities			
Creditors: amounts falling due within one year	8	**(142.1)**	(139.2)
Net current liabilities		**(140.1)**	(135.8)
Total assets less current liabilities		**73.5**	66.9
Provisions for liabilities	9	**(21.9)**	(21.2)
Net assets		**51.6**	45.7
Shareholder's equity			
Share capital	10	**1.8**	1.8
Share premium	10	**9.6**	9.3
Profit and loss account	10	**40.2**	34.6
Total Shareholder's equity	10	**51.6**	45.7

The accounts on pages 68 to 75 were approved by the Board of Directors at a meeting held on 29 July 2011 and were signed on its behalf by:

Andrew Merrick
Director
Dart Group PLC

Registered no. 01295221

Notes to the Company Financial Statements

for the year ended 31 March 2011

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 and aircraft leasing 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 2014.

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, and other, facilities and forecasts of future trading. The Directors have assessed the current level of forward bookings for the aviation business, the underlying assumptions and principal areas of uncertainty within future forecasts, in particular those related to market and customer risks which impact on future bookings, 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 current aviation forward booking profile, 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 2011 to be prepared on a going concern basis.

Revenue

Turnover (which excludes Value Added Tax) arises from the leasing of aircraft to other Group companies and is recognised as services are provided.

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.

Tangible fixed assets

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.

Notes to the Company Financial Statements

for the year ended 31 March 2011

2. Accounting policies — continued

Depreciation is calculated to write 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	2-17 years
Plant, vehicles and equipment	3-7 years

An element of the cost of acquired aircraft is attributed on acquisition to its major components and to the prepaid maintenance of its engines and airframes and is amortised over the period until the next maintenance event. 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. The underlying value of the aircraft is depreciated to the expected residual value of the aircraft as at 30 years post original build date. All other maintenance costs are expensed to the income statement as incurred.

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 manufacturers' 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.

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.

2. Accounting policies — continued

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.

Trade and other creditors
Trade and other creditors 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
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.

Notes to the Company Financial Statements

for the year ended 31 March 2011

2. Accounting policies — continued

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. Accounting estimates and judgements

In the application of the Company'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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets

A full impairment review of aircraft carrying values is undertaken annually or more frequently if a risk that carrying values are impaired is identified. The smallest cash-generating unit to which this can be applied is by aircraft fleet type.

The carrying amounts of aircraft were £184.5m (2010: £175.7m). 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 Tangible fixed assets. Those judgements determine the amount of depreciation charged in the profit and loss account.

4. 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 £6.8m (2010: profit £6.3m) is dealt with in the accounts of the Company.

5. Tangible fixed assets

	Short leasehold property £m	Aircraft & engines £m	Plant, vehicles & equipment £m	**Total £m**
Cost				
At 1 April 2010	1.2	243.4	3.9	**248.5**
Additions	—	18.4	0.4	**18.8**
Disposals	—	(8.4)	—	**(8.4)**
At 31 March 2011	**1.2**	**253.4**	**4.3**	**258.9**
Depreciation				
At 1 April 2010	(0.6)	(67.7)	(3.2)	(71.5)
Charge for the year	(0.1)	(9.6)	(0.6)	(10.3)
Disposals	—	8.4	—	8.4
At 31 March 2011	**(0.7)**	**(68.9)**	**(3.8)**	**(73.4)**
Net book value				
At 31 March 2011	**0.5**	**184.5**	**0.5**	**185.5**
At 31 March 2010	0.6	175.7	0.7	177.0

Aircraft and engines having an original cost of £253.4m (2010: £243.4m) and accumulated depreciation of £68.9m (2010: £67.7m) are held for use by a subsidiary company under operating leases.

6. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2010	25.7
Additions	2.4
At 31 March 2011	**28.1**

The principal subsidiary undertakings are:

Name	**Principal activity**	**Country of incorporation or registration**
Fowler Welch-Coolchain Limited	Temperature controlled distribution	England
Jet2.com Limited	Operation of aircraft on scheduled and charter services	England
Jet2holidays Limited	Provision of package holidays	England

The issued share capital of each subsidiary undertaking consists entirely of ordinary shares.

All of the above principal subsidiaries have been consolidated in the Dart Group PLC consolidated accounts.

Notes to the Company Financial Statements

for the year ended 31 March 2011

7. Debtors

Current:	2011 £m	2010 £m
Other debtors and prepayments	**0.9**	1.4
Corporation tax recoverable	**0.1**	1.6
Amounts owed by Group undertakings	**0.5**	0.4
	1.5	3.4

8. Creditors: amounts falling due within one year

	2011 £m	2010 £m
Bank overdraft	**44.9**	39.2
Trade creditors	**0.3**	0.5
Amounts owed to Group undertakings	**95.9**	98.9
Other creditors and accruals	**1.0**	0.6
	142.1	139.2

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £46.8m (2010: £50.4m).

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.

9. Provisions for liabilities

Deferred tax	2011 £m	2010 £m
Accelerated capital allowances		
Provision at start of year	**20.6**	18.8
Profit and loss account	**0.7**	1.8
Provision at end of year	**21.3**	20.6
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	**21.2**	19.4
Provision at end of year	**21.9**	21.2

10. Reserves

	Share capital £m	Share premium £m	Profit & loss £m	**Shareholder's equity £m**
At 1 April 2010	1.8	9.3	34.6	**45.7**
Profit for the year	—	—	6.8	**6.8**
Dividends paid in the year	—	—	(1.6)	**(1.6)**
Issue of share capital	—	0.3	—	**0.3**
Reserves movement arising from share based payment charge	—	—	0.4	**0.4**
At 31 March 2011	**1.8**	**9.6**	**40.2**	**51.6**

11. Directors and employees

	2011 £m	2010 £m
Wages and salaries	**1.4**	1.1
Social security costs	**0.2**	0.2
Other pension costs	**—**	0.1
	1.6	1.4

On average the Company had 15 employees during the year ended 31 March 2011 (2010: 12). Details of Directors' emoluments are set out in the Directors' remuneration report on page 26. Details of the highest paid Director are set out in note 9 to the Consolidated financial statements.

12. Share based payments

Details of share based payment schemes operated by the Group are disclosed in note 23 of the consolidated financial statements. Amounts charged in the Company accounts for the year were £18,904 (2010: £22,619).

13. 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.

14. 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.

15. 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 23 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, check-in 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	01295221
Secretary and Registered Office	Andrew Merrick Low Fare Finder House Leeds Bradford Airport Leeds LS19 7TU
Auditor	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
	Santander Leeds Corporate Banking Centre 44 Merrion Street Leeds LS2 8JQ
Stockbroker	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR
Solicitors	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
	Bird & Bird LLP 15 Fetter Lane London EC4A 1JP
Nominated advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY

Financial Calendar

Annual General Meeting	8 September 2011
Proposed final dividend payment	21 October 2011
Results for the 6 months to 30 September 2011	17 November 2011
Proposed interim dividend payment	January 2012
Results for the 12 months to 31 March 2012	July 2012

Notice of Annual General Meeting

Notice is given that the 2011 Annual General Meeting of Dart Group PLC (the "**Company**") will be held at 09.30 am on 8 September 2011 at Buchanan Communications, 107 Cheapside, London, EC2V 6DN, 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 9 inclusive will be proposed as Special Resolutions.

Ordinary Business

1. To receive the accounts of the Company for the financial year ended 31 March 2011, together with the Directors' and Auditor's reports on them.
2. To declare a final dividend for the financial year ended 31 March 2011 of 0.83 pence per ordinary share of 1.25 pence in issue.
3. To re-elect Philip Meeson (who is retiring by rotation) as a Director of the Company.
4. To re-elect Mark Laurence (who is retiring by rotation) as a Director of the Company.
5. To reappoint KPMG Audit Plc as Auditor of the Company.
6. To authorise the Directors to determine the Auditor's 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 to 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 £226,110.53;
   (b) this authority shall expire on 1 March 2013 or, if earlier, on the conclusion of the Company's 2012 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 to 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 the notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 2006), 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

Notice of Annual General Meeting

(b) the allotment of equity securities (other than pursuant to paragraph 8 (a) above) up to an aggregate nominal amount of £88,694.47,

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 14,191,116 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 2013 or, if earlier, on the conclusion of the Company's 2012 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.

By order of the Board

Andrew Merrick
Group Finance Director and Group Company Secretary

Registered office:
Low Fare Finder House
Leeds Bradford International Airport
Leeds
West Yorkshire
LS19 7TU
29 July 2011

Notes:

1. A member must be registered as the holder of Ordinary Shares as at 6.00 pm on 6 September 2011 (or, in the case of an adjournment, as at 6.00 pm 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 am on 8 September 2011 (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 PXS, 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. 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 2011 Annual General Meeting.

Explanatory Notes

Ordinary Business

The ordinary business to be proposed at the 2011 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 0.83 pence for each ordinary share of 1.25 pence in the capital of the Company in respect of the financial year ended 31 March 2011. If approved, the dividend will be paid on 21 October 2011 to holders of ordinary shares on the register of members at the close of business on 16 September 2011.

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 2011 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, Philip Meeson and Mark Laurence will retire at the 2011 Annual General Meeting. Each Director will offer himself for re-election as a Director at the 2011 Annual General Meeting and he is recommended by the Board for re-election. Biographical details of each of the Directors can be found on pages 19 to 20 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 2010 Annual General Meeting, to allot Ordinary Shares. Resolution 7 would give the Directors the authority to allot up to 18,088,842 new Ordinary Shares, representing approximately 12.7% of the issued ordinary share capital of the Company as at 21 July 2011. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2013. The Board has no present intention of exercising this authority and intends to seek its renewal at subsequent Annual General Meetings of the Company.

Special Business

The special business to be proposed at the 2011 Annual General Meeting is set out in Resolutions 8 and 9.

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 2013.

Resolution 8 would restrict the number of new Ordinary Shares which may be allotted for cash to an aggregate maximum of 7,095,558 Ordinary Shares, being equivalent to approximately 5% of the issued ordinary share capital of the Company as at 21 July 2011. 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 14,191,116, representing approximately 10% of the issued ordinary share capital of the Company as at 21 July

2011. The authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2013. 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 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 they are held as treasury shares.

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

As at 31 March 2011, options over a total of 9,550,577 Ordinary Shares were outstanding and not exercised. That number of Ordinary Shares represents approximately 6.7% of the Company's issued ordinary share capital as at the same date. It would represent approximately 7.5% 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.

Shareholder Notes

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