

**DART GROUP PLC**

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**INTERIM REPORT 2005**

**2005**



## Chairman's Statement

for the half year to 30 September 2005

I am pleased to report on the Group's trading for the six months ended 30 September 2005. Profit before tax, goodwill amortisation and exceptional items amounted to £14.8m (2004 restated – £11.9m) whilst profit before tax but after goodwill amortisation and exceptional items was £18.2m (2004 restated – £6.2m). The seasonal pattern of profitability seen in recent years is likely to be repeated this year, with *Jet2.com* being profitable in the summer and loss making in the winter.

The exceptional credit of £3.7m relates to the surplus of disposal proceeds over the book value on the sale of the Benair companies, whose business is air and sea freight forwarding and which were considered non-core to the Group's main businesses. The restated prior year exceptional charge relates to the first half effect of the change in the accounting policies covering foreign exchange and maintenance accounting and the impairment review which was analysed fully in the 2005 Annual Report and Accounts.

Capital expenditure in the first half amounted to £22.7m (2004 – £22.8m) and related mainly to the acquisition of two Boeing 757 aircraft and ongoing maintenance of the aircraft fleet. Net debt at 30 September was £7.7m (2004 – £14.4m), representing gearing of 13% (2004 – 30%).

On 15 August 2005, the Company transferred its share listing from the main market to AIM.

The Board is pleased to declare an increased interim dividend of 2.25p per share (2004 – 2.04p), an increase of 10%. The dividend will be paid on 5 January 2006 to shareholders on the register as at 25 November 2005.

### Aviation

During the past six months, **Channel Express (Air Services)** has operated 24 Boeing 737-300

aircraft (of which, 20 are owned) and three Airbus A300 "Eurofreighters". The company flies seven Boeing 737-300 "Quick Change" aircraft nightly for Royal Mail in freight configuration. These are then quickly re-configured into passenger aircraft to operate both charter flights and *Jet2.com's* low-cost services.

The main customer for our Airbus A300s, United Parcel Service, recently advised us that its aircraft needs had changed with the ongoing development of its European business. Consequently, we have taken the decision to cease operating the type and to dispose of the Group's two owned aircraft and return the third to its lessor. One aircraft has now been sold and there is encouraging interest in the second. As far as possible, employees on this fleet are being offered other jobs within the company.

Between 1 April and 30 September, *Jet2.com* has flown over 1.25 million passengers (2004 – 570,000) from its main Leeds Bradford and Manchester bases. Operations were also commenced from Newcastle on 4 September and from Blackpool on 29 September. In addition, new services have recently been announced from Belfast and Edinburgh. The company's route structure is easily accessible at [www.jet2.com](http://www.jet2.com). Almost 97% of bookings are made over the internet, with our contracted call centre (now based in India) handling the remainder as well as flight enquiries.

We plan to continue to grow *Jet2.com's* low-cost services from the North, primarily flying to leisure destinations from regional airports. As routes develop, 148-seat Boeing 737-300 aircraft will be replaced by 235-seat Boeing 757-200s. The Boeing 757-200 offers both a competitive seat rate and greater range, widening our choice of destinations. The Group purchased two Boeing 757-200s in May and the first of these is now in service from Leeds Bradford, with the second

## Chairman's Statement

*continued*

joining it this month. This winter, services to Tenerife, Faro and ski destinations are being flown with these aircraft. They will primarily fly to southern Spain next summer.

The company will be operating these two aircraft types for the foreseeable future and both fleets will be expanded as the business grows. We believe that there is considerable potential for substantial growth in the low-cost sector and that by offering a friendly product at the lowest possible price **Jet2.com** will be a successful competitor in this exciting field.

### Distribution

The Group's temperature-controlled distribution company, **Fowler Welch-Coolchain**, is one of the country's largest providers of these specialist distribution services to supermarkets, importers and producers. Operating from its primary distribution centres in Spalding, Lincs, and Teynham, Kent, together with operations in Portsmouth, Southampton, Bristol and Gateshead, the company collects and distributes fresh produce and chilled foods throughout the UK and from The Netherlands. This is a growing sector increasingly dominated by the supermarkets, therefore, the business is geared to offering the highest standard of service at the lowest possible price.

The company works closely with its customers to maximise business opportunities and has won both additional business from existing customers and new distribution business from Somerfield

Stores during the period. Since then further distribution business has also been won at both Gateshead and Teynham.

The summer saw the start of significant warehousing and distribution contracts which form a basis for further opportunities for the company. The new operation from Teynham involves the picking and despatch of up to 150,000 cases of cheeses and pasta per week whilst in Spalding our chilled foods pick and despatch business has now reached 350,000 cases per week. In the short-term we have incurred some start up costs as these new operations have been brought on-stream. However, we believe that the long-term opportunities for the division in this business are significant.

### Outlook

We have made an encouraging start to the second half of the financial year and, therefore, remain optimistic for a successful outcome to the full year.



**Philip Meeson**

*Chairman*

17 November 2005

[www.dartgroup.co.uk](http://www.dartgroup.co.uk)

# Unaudited Interim Consolidated Results

for the half year to 30 September 2005

	Half Year to 30 September 2005 (unaudited) Before exceptional items	Half Year to 30 September 2005 (unaudited) Exceptional items	Half Year to 30 September 2005 (unaudited) Total	Half Year to 30 September 2004 (unaudited) Before exceptional items (restated)	Half Year to 30 September 2004 (unaudited) Exceptional items	Half Year to 30 September 2004 (unaudited) Total (restated)	Year to 31 March 2005 (audited) Before exceptional items (restated)	Year to 31 March 2005 (audited) Exceptional items	Year to 31 March 2005 (audited) Total (restated)	
Note	£m	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Turnover</b>										
– continuing operations	174.8	–	174.8	129.0	–	129.0	246.0	–	246.0	
– discontinued operations	9.5	–	9.5	11.4	–	11.4	22.0	–	22.0	
	<b>2</b>	<b>184.3</b>	<b>–</b>	<b>184.3</b>	140.4	–	140.4	268.0	–	268.0
Net operating expenses, excluding amortisation of goodwill	(169.1)	–	(169.1)	(128.6)	(4.4)	(133.0)	(254.0)	(8.2)	(262.2)	
Amortisation of goodwill	(0.3)	–	(0.3)	(0.3)	–	(0.3)	(0.5)	–	(0.5)	
Net operating expenses	<b>(169.4)</b>	<b>–</b>	<b>(169.4)</b>	(128.9)	(4.4)	(133.3)	(254.5)	(8.2)	(262.7)	
<b>Operating profit</b>										
– continuing operations	14.5	–	14.5	10.9	(4.4)	6.5	12.8	(8.2)	4.6	
– discontinued operations	0.4	–	0.4	0.6	–	0.6	0.7	–	0.7	
		<b>14.9</b>	<b>–</b>	<b>14.9</b>	11.5	(4.4)	7.1	(8.2)	5.3	
Profit on disposal of discontinued operations	–	3.7	3.7	–	–	–	–	–	–	
Profit on disposal of fixed assets	–	–	–	–	–	–	–	0.8	0.8	
Net interest (payable)/receivable	3	(0.4)	–	(0.4)	0.1	(1.0)	(0.9)	(0.1)	2.3	
<b>Profit on ordinary activities before taxation</b>										
		14.5	3.7	18.2	11.6	(5.4)	6.2	13.4	(5.0)	8.4
Taxation		(4.7)	–	(4.7)	(3.8)	1.6	(2.2)	(4.3)	1.5	(2.8)
<b>Profit for the period</b>		<b>9.8</b>	<b>3.7</b>	<b>13.5</b>	7.8	(3.8)	4.0	9.1	(3.5)	5.6
<b>Earnings per share – total</b>										
– basic		28.53p		39.18p	22.77p		11.73p	26.52p		16.32p
– basic, excluding the amortisation of goodwill		29.24p		39.89p	23.49p		12.45p	27.96p		17.76p
– diluted		28.27p		38.83p	22.69p		11.69p	26.34p		16.21p
<b>Earnings per share</b>										
– continuing operations										
– basic		27.60p		27.60p	21.48p		10.44p	24.96p		14.76p
– basic, excluding the amortisation of goodwill		28.31p		28.31p	22.20p		11.16p	26.40p		16.20p
– diluted		27.36p		27.36p	21.41p		10.41p	24.79p		14.66p
<b>Earnings per share – discontinued operations</b>										
– basic		0.93p		11.58p	1.29p		1.29p	1.56p		1.56p
– basic, excluding the amortisation of goodwill		0.93p		11.58p	1.29p		1.29p	1.56p		1.56p
– diluted		0.91p		11.47p	1.28p		1.28p	1.55p		1.55p

## Statement of Total Recognised Gains and Losses

for the half year to 30 September 2005

	Half year to 30 September 2005 (unaudited) Total £m	Half year to 30 September 2004 (unaudited) Total (restated) £m	Year to 31 March 2005 (audited) Total £m
Profit for the period	13.5	4.0	5.6
Exchange gain on foreign equity investment	–	–	0.1
<b>Total recognised gains and losses relating to the period</b>	<b>13.5</b>	<b>4.0</b>	<b>5.7</b>
Prior year adjustment			
- FRS 21 Proposed dividends (note 1)	1.6		
<b>Total recognised gains and losses since previous annual report</b>	<b>15.1</b>		

# Consolidated Balance Sheet

at 30 September 2005

	Note	30 September 2005 (unaudited) £m	30 September 2004 (unaudited) (restated) £m	31 March 2005 (audited) (restated) £m
<b>Fixed assets</b>				
Intangible assets		7.0	7.5	7.3
Tangible assets		112.7	86.6	99.3
		<b>119.7</b>	<b>94.1</b>	<b>106.6</b>
<b>Current assets</b>				
Stock		5.8	1.6	4.6
Debtors		25.5	34.1	25.5
Cash at bank and in hand		13.2	18.4	27.4
		<b>44.5</b>	<b>54.1</b>	<b>57.5</b>
<b>Current liabilities</b>				
<b>Creditors:</b> amounts falling due within one year		<b>(78.0)</b>	<b>(63.8)</b>	<b>(88.6)</b>
<b>Net current liabilities</b>		<b>(33.5)</b>	<b>(9.7)</b>	<b>(31.1)</b>
<b>Total assets less current liabilities</b>		<b>86.2</b>	<b>84.4</b>	<b>75.5</b>
<b>Creditors:</b> amounts falling due after more than one year		<b>(18.1)</b>	<b>(29.6)</b>	<b>(19.4)</b>
<b>Provisions for liabilities and charges</b>		<b>(6.2)</b>	<b>(6.2)</b>	<b>(6.2)</b>
		<b>(24.3)</b>	<b>(35.8)</b>	<b>(25.6)</b>
<b>Net assets</b>		<b>61.9</b>	<b>48.6</b>	<b>49.9</b>
<b>Capital and reserves</b>				
Called up share capital		1.7	1.7	1.7
Share premium account		8.1	7.7	8.0
Profit and loss account	5	52.1	39.2	40.2
<b>Shareholders' funds – equity interests</b>	6	<b>61.9</b>	<b>48.6</b>	<b>49.9</b>

## Consolidated Cash Flow Statement

for the half year to 30 September 2005

	Note	Half year to 30 September 2005 (unaudited) £m	Half year to 30 September 2004 (unaudited) (restated) £m	Year to 31 March 2005 (audited) £m
<b>Net cash inflow from operating activities</b>	7	<b>16.4</b>	24.4	68.3
<b>Returns on investment and servicing of finance</b>				
Interest paid: bank and other loans		(0.6)	(0.3)	(0.8)
Interest received: bank		0.2	0.3	0.7
		<b>(0.4)</b>	–	(0.1)
<b>Taxation</b>				
Corporation and overseas tax paid		(5.6)	(0.5)	(1.4)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(22.7)	(22.8)	(51.6)
Disposal of tangible fixed assets		–	1.9	2.5
		<b>(22.7)</b>	(20.9)	(49.1)
<b>Acquisitions and disposals</b>	4			
Proceeds from disposal of discontinued operations (net of disposal costs)		4.9	–	–
Net cash balances leaving the Group with disposal of discontinued operations		(0.9)	–	–
		<b>4.0</b>	–	–
<b>Equity dividends paid</b>		<b>(1.6)</b>	(1.5)	(2.2)
<b>Cash (outflow)/inflow before financing</b>		<b>(9.9)</b>	1.5	15.5
<b>Financing</b>				
Ordinary share capital issued		0.1	–	0.3
Other loans repaid		(4.4)	(4.8)	(31.9)
Other loans advanced		–	8.8	29.4
		<b>(4.3)</b>	4.0	(2.2)
<b>(Decrease)/increase in cash in the period</b>		<b>(14.2)</b>	5.5	13.3



## Notes to the Interim Results

at 30 September 2005

### 1. Accounting policies

The accounting policies adopted by the Group are consistent with those disclosed in the Group's financial statements for the year ended 31 March 2005 except for the adoption and impact of FRS 21 and FRS 22.

#### *FRS 21: Post balance sheet events*

This standard requires that dividends declared after the period end should not be recognised as a liability at the balance sheet date. The comparative profit and loss accounts and the balance sheets for the periods ended 30 September 2004 and 31 March 2005 have been restated in accordance with FRS 21. The impact of these changes on the profit and loss reserve and shareholders' funds can be seen in notes 5 and 6.

#### *FRS 22: Earnings per share*

This standard has had no impact on the calculation of earnings per share. However, it requires the Group to present earnings per share from continuing operations on the face of the profit and loss account and to disclose earnings per share for discontinued operations.

#### *Previous changes in accounting policies*

In addition the comparatives for the half year ended 30 September 2004 have been restated in order to be consistent with the accounting policies disclosed in the Group's financial statements for the year ended 31 March 2005 as follows:

	Half year to 30 September 2004				Profit after taxation £m
	Net operating expenses £m	Net interest £m	Profit before taxation £m	Taxation £m	
As originally stated	(129.6)	0.1	10.9	(3.5)	7.4
Foreign currency branch	(4.7)	(1.0)	(5.7)	1.6	(4.1)
Aircraft maintenance costs	1.0	–	1.0	(0.3)	0.7
<b>As restated</b>	<b>(133.3)</b>	<b>(0.9)</b>	<b>6.2</b>	<b>(2.2)</b>	<b>4.0</b>

  

	At 30 September 2004			Net assets £m
	Tangible fixed assets £m	Creditors due within one year £m	Provisions for liabilities and charges £m	
As originally stated	86.4	(61.1)	(10.1)	47.2
Foreign currency branch	(4.7)	(2.3)	3.7	(3.3)
Aircraft maintenance costs	4.9	(1.1)	0.2	4.0
Proposed dividend	–	0.7	–	0.7
<b>As restated</b>	<b>86.6</b>	<b>(63.8)</b>	<b>(6.2)</b>	<b>48.6</b>

## Notes to the Interim Results

at 30 September 2005

### 2. Turnover

	Half year to 30 September 2005 (unaudited) £m	Half Year to 30 September 2004 (unaudited) £m	Year to 31 March 2005 (audited) £m
<b>Distribution</b>			
– continuing operations	55.2	51.0	100.1
<b>Aviation</b>			
– continuing operations	119.6	78.0	145.9
– discontinued operations (see note 4)	9.5	11.4	22.0
	<u>184.3</u>	<u>140.4</u>	<u>268.0</u>
Turnover arising within:			
<b>Continuing operations</b>			
United Kingdom and the Channel Islands	170.7	126.2	240.4
Mainland Europe	4.1	2.8	5.6
<b>Discontinued operations</b>			
United Kingdom and the Channel Islands	9.1	10.9	21.0
Far East	0.4	0.5	1.0
	<u>184.3</u>	<u>140.4</u>	<u>268.0</u>

Analyses of profit before taxation and net assets between the different segments of the Group are not given as, in the opinion of the directors, such analyses would be seriously prejudicial to the commercial interests of the Group.

### 3. Net interest (payable)/receivable

	Half year to 30 September 2005 (unaudited) £m	Half Year to 30 September 2004 (unaudited) £m	Year to 31 March 2005 (audited) £m
On other loans	(0.6)	(0.2)	(0.5)
Other interest payable	–	–	(0.3)
	<u>(0.6)</u>	<u>(0.2)</u>	<u>(0.8)</u>
Interest receivable	0.2	0.3	0.7
Realised foreign exchange (loss)/gain	–	(1.0)	2.4
	<u>(0.4)</u>	<u>(0.9)</u>	<u>2.3</u>

## Notes to the Interim Results

at 30 September 2005

### 4. Exceptional items

	Half year to 30 September 2005 (unaudited) £m	Half Year to 30 September 2004 (unaudited) £m	Year to 31 March 2005 (audited) £m
<b>Operating items</b>			
Impairment of fixed assets	–	(4.4)	(8.2)
<b>Profit on disposal of investments and fixed assets</b>			
Profit on disposal of discontinued operations	3.7	–	–
Gain on disposal of F27 fleet	–	–	0.8
<b>Net interest including exchange (losses)/gains</b>	–	(1.0)	2.4
<b>Net exceptional items before taxation</b>	<u>3.7</u>	<u>(5.4)</u>	<u>(5.0)</u>

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

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

The profit attributable to members of the parent company for the half year to 30 September 2005 includes profits of £0.5m earned by Benair Freight International Limited and Benair Freight Pte Limited up to the date of disposal.

During the half year to 30 September 2005 Benair Freight International Limited and Benair Freight Pte Limited utilised £0.1m of the Group's net operating cashflows, received £nil in respect of net returns on investments and servicing of finance, paid £0.1m in respect of taxation and utilised £nil for capital expenditure and financial investment.

## Notes to the Interim Results

at 30 September 2005

### 5. Profit and loss account reserve

	Half year to 30 September 2005 (unaudited)	Half Year to 30 September 2004 (unaudited) (restated)	Year to 31 March 2005 (audited) (restated)
	£m	£m	£m
Balance at the beginning of the period as previously reported	38.6	31.2	31.2
Prior period adjustments	1.6	5.5	5.5
	<hr/>	<hr/>	<hr/>
Balance at the beginning of the period as restated	40.2	36.7	36.7
Profit for the period	13.5	4.0	5.6
Dividends paid in the period	(1.6)	(1.5)	(2.2)
Currency translation differences	–	–	0.1
	<hr/>	<hr/>	<hr/>
	52.1	39.2	40.2
	<hr/>	<hr/>	<hr/>
	Half year to 30 September 2005 (unaudited)	Half Year to 30 September 2004 (unaudited)	Year to 31 March 2005 (audited)
	£m	£m	£m
Prior period adjustments			
– Foreign currency branch	–	0.7	0.7
– Aircraft maintenance cost	–	3.3	3.3
– FRS 21 Proposed dividends (note 1)	1.6	1.5	1.5
	<hr/>	<hr/>	<hr/>
	1.6	5.5	5.5
	<hr/>	<hr/>	<hr/>

### 6. Reconciliation of movements in shareholders' funds

	Half year to 30 September 2005 (unaudited)	Half Year to 30 September 2004 (unaudited) (restated)	Year to 31 March 2005 (audited) (restated)
	£m	£m	£m
Profit for the period	13.5	4.0	5.6
Dividends paid in the period	(1.6)	(1.5)	(2.2)
	<hr/>	<hr/>	<hr/>
	11.9	2.5	3.4
Currency translation differences	–	–	0.1
Issue of shares under share option schemes	0.1	–	0.3
	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	12.0	2.5	3.8
	<hr/>	<hr/>	<hr/>
Opening shareholders' funds as previously reported	48.3	40.6	40.6
Prior period adjustments (note 5)	1.6	5.5	5.5
	<hr/>	<hr/>	<hr/>
Opening shareholders' funds as restated	49.9	46.1	46.1
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	61.9	48.6	49.9
	<hr/>	<hr/>	<hr/>

## Notes to the Interim Results

at 30 September 2005

### 7. Reconciliation of operating profit to net cash flow from operating activities

	Half year to 30 September 2005 (unaudited) £m	Half Year to 30 September 2004 (unaudited) (restated) £m	Year to 31 March 2005 (audited) £m
Operating profit	14.9	7.1	5.3
Depreciation	9.1	14.8	31.2
Amortisation of goodwill	0.3	0.3	0.5
Profit on disposal of fixed assets	–	–	(0.1)
(Increase)/decrease in stock	(1.2)	0.6	(2.4)
(Increase)/decrease in debtors	–	(2.9)	5.7
(Decrease)/increase in creditors	(6.7)	4.5	28.1
<b>Net cash flow from operating activities</b>	<b>16.4</b>	<b>24.4</b>	<b>68.3</b>

### 8. Reconciliation of net cash flow to movement in net debt

	Half year to 30 September 2005 (unaudited) £m	Half Year to 30 September 2004 (unaudited) (restated) £m	Year to 31 March 2005 (audited) £m
(Decrease)/increase in cash in the period	(14.2)	5.5	13.3
Cash outflow/(inflow) from decrease/(increase) in net debt in the period	4.4	(4.0)	2.5
Change in net debt resulting from cashflows in the period	(9.8)	1.5	15.8
Exchange differences	(0.3)	(0.9)	1.6
Net funds/(debt) at beginning of period	2.4	(15.0)	(15.0)
<b>Net (debt)/funds at end of period</b>	<b>(7.7)</b>	<b>(14.4)</b>	<b>2.4</b>

### 9. Other matters

The financial information for the year ended 31 March 2005 does not constitute statutory accounts, as defined in Section 240 of the Companies Act 1985, but is based on the statutory accounts for the year then ended. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

The calculation of basic earnings per share is based on earnings for the period ended 30 September 2005 of £13.5m (2004 restated – £4.0m). The calculation of basic earnings per share before exceptional items is based on earnings before exceptional items for the period ended 30 September 2005 of £9.8m (2004 restated – £7.8m). Both calculations are based on 34,551,299 shares (2004 – 34,358,217) being the weighted average number of shares in issue for the period.

This report is being sent to all shareholders and copies are available from the Company Secretary at the registered office of the Company, Building 470, Bournemouth International Airport, Christchurch, Dorset, BH23 6SE.

## Financial Calendar

Interim dividend payment	5 January 2006
Results for the twelve months to 31 March 2006	June 2006
Shares go ex-dividend and dividend record date	June 2006
Annual General Meeting	August 2006
Final dividend payment	August 2006

## Advisers

<b>Auditors</b>	KPMG Audit Plc Dukes Keep Marsh Lane Southampton SO14 3EX	
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
<b>Bankers</b>	Barclays Corporate Banking Centre Barclays Bank PLC P.O. Box 612 Ocean Way Ocean Village Southampton SO14 2ZP	Allied Irish Bank 19 Whiteladies Road Clifton Bristol BS8 1PB
<b>Stockbrokers</b>	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR	
<b>Solicitors</b>	Addleshaw Goddard 150 Aldersgate Street London EC1A 4EJ	
<b>Financial Advisers</b>	Smith & Williamson Corporate Finance 25 Moorgate London EC2R 6AY	
<b>Market Makers in Company Shares</b>	Collins Stewart Limited London	Winterflood Securities Limited London
	Merrill Lynch International Limited London	



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