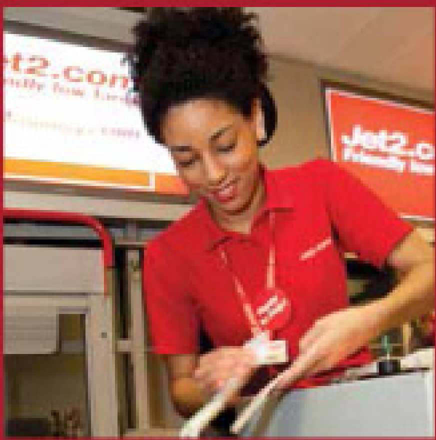
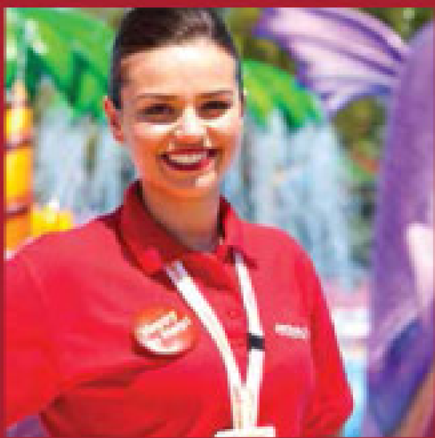
DART GROUP PLC

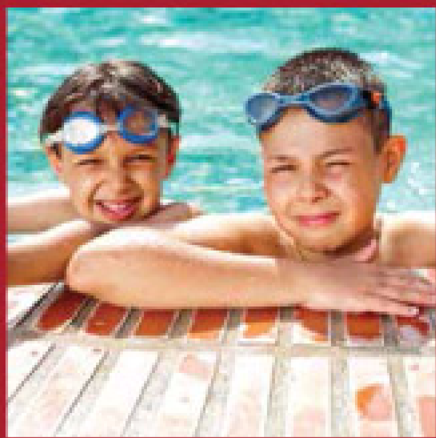
Interim Report 2012

Jet2.com

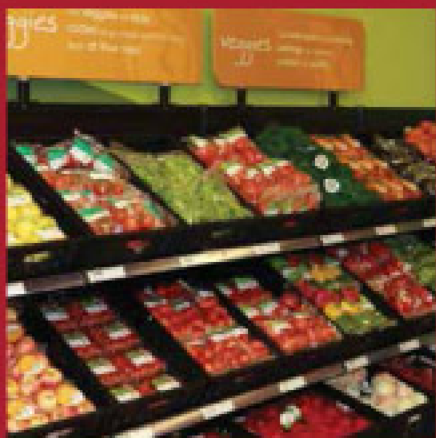


Jet2holidays





FOWLER • WELCH



DART GROUP PLC

Interim Results

Dart Group PLC the Leisure Airline, Package Holidays and Distribution & Logistics Group (the "Group"), announces its interim results for the half year ended 30 September 2012. These results are presented under International Financial Reporting Standards (IFRS).

Chairman's Statement

I am pleased to report on the Group's performance for the six months ended 30 September 2012 in its three businesses, ***Jet2.com***, the North's leading leisure airline, ***Jet2holidays***, the ATOL protected package holidays operator, and ***Fowler Welch***, one of the UK's leading logistics providers. Group profit before tax was £57.0m, an increase of 37% on the previous half year (2011: £41.6m); turnover was up 31% at £584.5m (2011: £445.7m). The increase in profitability reflects a strong summer for ***Jet2.com***, underpinned by the continued successful growth of ***Jet2holidays***. With our leisure airline concentrating on great leisure cities, and Mediterranean and Canary Islands sun destinations, the business is becoming increasingly seasonal as it continues to grow; therefore higher losses are to be expected in the second half of the year.

Net cash flow from operations of £81.0m was generated in the period (2011: £10.7m). The increase over the previous half year reflects the impact of improved trading performance in both ***Jet2.com*** and ***Jet2holidays***, together with significantly increased forward bookings for both this Winter and next Summer. Total capital expenditure amounted to £26.1m (2011: £10.6m), with this growth reflecting further investment in the Group's aircraft fleet.

Cash and money market deposits increased by £54.8m in the period (2011: £0.6m), resulting in a balance of £206.8m (2011: £107.4m) at the end of the half year, including advance payments from ***Jet2.com*** and ***Jet2holidays*** customers of circa £98m (2011: £63m).

Earnings per share increased to 30.11p from 21.82p. The Board has decided to pay an increased interim dividend of 0.54p per share (2011: 0.43p), in recognition of improved profit performance. The dividend will be paid on 1 February 2013 to shareholders on the register at 28 December 2012.

Leisure Airline

Jet2.com flew 3.6m scheduled passengers (2011: 3.2m) in the period, an increase of 14%, with the total number of routes served from all bases rising to 162 (2011: 148). Seat capacity increased by 11% compared to the previous summer. Load factors increased from 89.8% to 91.6%, and net ticket yields increased from £52.63 to £59.81. In total, revenues rose by 23% to £388m, as a result of both increased passenger volumes and revenue per passenger. The growth of ***Jet2holidays*** accounted for over two thirds of the increase in ***Jet2.com*** passenger volumes and its growth was the principal driver of the airline's increased load factors and yields. ***Jet2.com***'s profit margins were slightly ahead of the previous half year despite operating cost increases of 20%, which were driven by higher fuel, maintenance and sub-charter costs, in addition to our increased flying.

Retail sales per passenger increased 10% to £30.77 during the half year (2011: £27.87) through a continued focus on pre-departure, in-flight and ancillary product sales.

During Summer 2012 the company operated 44 aircraft (2011: 40) focusing on its core high volume leisure destinations from our eight Northern UK bases - Belfast, Blackpool, East Midlands, Edinburgh, Glasgow, Leeds Bradford, Manchester and Newcastle airports. Two purchased and two leased aircraft were added to the fleet for Summer operation.

For Winter 2012/13, ***Jet2.com*** has increased capacity by 7%, with growth provided by additional services to the Canary Islands. Our ski services are enhanced by the addition of Grenoble as a new destination.

Looking forward to Summer 2013, we plan to grow capacity by a further 11% (Summer 2012: 11%) with additional services from each of our bases to add frequencies and to support the growth of ***Jet2holidays***.

Jet2.com has a vibrant passenger charter operation providing whole aircraft charter flights for many different customers including other tour operators, the UK government and in support of promotional, sporting and other events. We also fly 18 nightly services for the Royal Mail ensuring that the first class post arrives on time. In total, charter revenues were up 4% in the first half of the year and forward passenger charter bookings for the key Winter period are encouraging. As indicated in our full year results announcement in June 2012, our last flight under the present Royal Mail contract is in October 2014. This contract is being retendered during this financial year, with the result expected in the first quarter of 2013.

The recent ruling by the European Court of Justice in relation to EU 261, which upholds the creation in certain circumstances of a passenger right to compensation for delay, in addition to denied boarding and flight cancellations, has created potential additional compensation costs for the aviation sector, in many cases well beyond the actual fare value. Over the coming months we will establish a clearer picture on the implications for ***Jet2.com*** of this decision.

Package Holidays

Jet2holidays, our ATOL protected tour operator, carried 312,000 customers on package holidays in the half year to 30 September 2012 (2011: 158,000). Revenue increased by 117% to £180.6m (2011: £83.3m). This very considerable growth reflects our focused development of package holiday products, improvements to the ***Jet2holidays.com*** booking process and our ability to offer package holidays to our existing airline destinations. Our great value all inclusive holidays are ideally suited to the current difficult economic environment. We offer holiday packages encompassing flights, transfers and accommodation ranging from budget self catering to five star luxury hotels, with all inclusive and half board packages being particularly popular. Over 90% of our hotels are contracted directly by the company. We have also recruited more ***Jet2holidays*** in-resort representatives who are on hand to ensure that everyone's holiday goes smoothly and to offer assistance to those customers who need a little extra help.

Average holiday prices increased by 10%, reflecting both a shift in mix towards all inclusive and higher grade hotels, and an increase in flight prices, as ***Jet2holidays*** pays the website price for substantially all its ***Jet2.com*** airline seats. We have also increased ***Jet2holidays*** retail sales by adding to the retail products sold through the ***Jet2holidays*** booking process, so our customers can start their holiday with an in-flight meal or an extra leg-room seat. We continually develop the ***Jet2holidays.com*** website in order to make the online booking process easier, with recent improvements aimed particularly at families. Travel agency distribution is an important part of the overall sales mix, with circa 36% of sales being delivered through this channel via a range of national, regional and local agencies.

For Summer 2013 we are continuing to develop our overall product range. Growth in airline capacity is focussed both on increasing frequencies, at great departure times, to our popular leisure destinations and supporting the growth of ***Jet2holidays.***

Distribution & Logistics

The Group's logistics company, ***Fowler Welch***, provides integrated supply chain solutions for retailers, food manufacturers, growers and importers. Services from distribution centres in Spalding (Lincolnshire), Teynham (Kent), Washington (Tyne & Wear), Heywood (Greater Manchester), Portsmouth (Hampshire) and Newton Abbot (Devon) include both chilled and ambient storage and distribution, together with value adding pick-to-order warehousing operations. Other operations are focussed around imports through our Dutch hub; container logistics in Alconbury (Cambridgeshire); and other transport solutions for a range of customers.

Overall revenues are up 8% half year on half year, with additional warehousing and distribution business secured in our Spalding and South Coast operations. The ambient business continues to expand at both "the Hub" (our freehold distribution centre at Heywood, Greater Manchester), with revenues increasing by 24%

in the first half of the year, and through other dedicated transport solutions for our customers. Our container operations have grown through targeted new business wins and existing customer growth.

Operating margins are better than for the first half year of 2011/12 due to further revenue growth, improved fleet productivity and a number of cost reduction initiatives. In addition, we have improved operational efficiency through the reconfiguration of warehouse space. Further operational efficiencies are also being realised with the introduction of improvements to our vehicle telemetry and scheduling, and driver development. Focus on vehicle acquisition and operation have positively impacted fuel efficiency and operating costs over the past six months. This is expected to continue, along with investment in energy efficient lighting and refrigeration equipment throughout our network.

Fowler Welch's reputation for high quality service gives a real opportunity for further revenue growth in the ambient sector with, particularly, the Hub having scope to capitalise further on its 500,000 sq ft capacity. The sales pipeline at this site in particular remains buoyant.

Our Distribution & Logistics business is currently devoting considerable resource to the development of IT systems and infrastructure. Specifically, phase one of a new Transport Management System will shortly be rolled out, with the anticipated delivery of the system across our entire transport network by Summer 2013. This will provide the company with greater visibility of resources, volumes and operational data, enabling further focus on customer service and efficiencies.

Whilst the marketplace remains extremely competitive and price focussed, the outlook for ***Fowler Welch*** is encouraging. The company's commitment to operational excellence, its national network coverage, and its growing presence in the ambient arena positions it well for future growth.

Outlook

Performance in the first six-month trading period has been positive with strong ***Jet2.com*** Summer passenger volumes underpinned by the continued successful growth of ***Jet2holidays*** and no doubt assisted by the particularly poor British summer weather. ***Fowler Welch*** has traded in line with expectations in a sector that continues to experience tight margins.

As previously noted, our leisure travel operations are becoming increasingly seasonal as we continue to grow the business, and therefore increased winter losses are to be expected. Notwithstanding this, and the current economic climate, the Board expects to exceed current market expectations for the year ending 31 March 2013.

Philip Meeson
Chairman 22 November 2012

www.dartgroup.co.uk

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Dart Group PLC

Consolidated Group Income Statement (unaudited)
For the half year ended 30 September 2012

Continuing operations	Note	**Half year ended 30 September 2012 Unaudited £m**	Half year ended 30 September 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Turnover	*4*	**584.5**	445.7	683.0
Net operating expenses		**(526.0)**	(403.4)	(654.5)
Operating profit		**58.5**	42.3	28.5
Finance income		**1.0**	0.2	1.4
Finance costs		**(2.5)**	(0.9)	(1.8)
Net financing costs		**(1.5)**	(0.7)	(0.4)
Profit on disposal of fixed assets		**-**	-	-
Profit before taxation		**57.0**	41.6	28.1
Taxation	7	**(13.9)**	(10.5)	(5.4)
Profit for the period (all attributable to equity shareholders of the parent company)		**43.1**	31.1	22.7

Earnings per share	5			
- basic		30.11p	21.82p	16.01p
- diluted		29.12p	21.11p	15.48p

Dart Group PLC

Consolidated Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2012

	Half year ended 30 September 2012 Unaudited £m	Half year ended 30 September 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Profit for the period attributable to equity holders of the parent company	**43.1**	31.1	22.7
Effective portion of changes in fair value movements in cash flow hedges	**(17.3)**	(27.0)	(14.3)
Net change in fair value of effective cash flow hedges transferred to profit	**-**	-	-
Taxation on components of other comprehensive income	**4.1**	7.0	3.8
Other comprehensive income & expense for the period, net of taxation	**(13.2)**	(20.0)	(10.5)
Total comprehensive income for the period attributable to equity holders of the parent company	**29.9**	11.1	12.2

Dart Group PLC

Consolidated Group Balance Sheet (unaudited)
As at 30 September 2012

	30 September 2012 Unaudited £m	30 September 2011 Unaudited £m	31 March 2012 Audited £m
Non-current assets			
Goodwill	**6.8**	6.8	6.8
Property, plant and equipment	**236.7**	211.6	234.9
Derivative financial instruments	**0.4**	4.9	3.6
	243.9	223.3	245.3
Current assets			
Inventories	**1.1**	0.7	1.4
Trade and other receivables	**105.6**	76.0	117.4
Derivative financial instruments	**6.2**	15.7	25.8
Money market deposits	**6.0**	4.0	77.0
Cash and cash equivalents	**200.8**	103.4	75.0
	319.7	199.8	296.6
Total assets	**563.6**	423.1	541.9
Current liabilities			
Trade and other payables	**159.1**	114.1	61.2
Deferred revenue	**159.8**	88.1	256.8
Borrowings	**0.8**	0.8	0.8
Provisions	**3.0**	3.0	1.7
Derivative financial instruments	**5.3**	8.2	7.8
	328.0	214.2	328.3
Non-current liabilities			
Other non-current liabilities	**11.5**	9.0	11.9
Borrowings	**8.1**	8.9	8.5
Derivative financial instruments	**1.1**	4.5	1.4
Deferred tax liabilities	**25.6**	27.2	32.9
	46.3	49.6	54.7
Total liabilities	**374.3**	263.8	383.0
Net assets	**189.3**	159.3	158.9
Shareholders' equity			
Share capital	**1.8**	1.8	1.8
Share premium	**10.1**	9.7	9.8
Cash flow hedging reserve	**1.9**	5.6	15.1
Retained earnings	**175.5**	142.2	132.2
Total shareholders' equity	**189.3**	159.3	158.9

Dart Group PLC

Consolidated Group Cash Flow Statement (unaudited)

For the half year ended 30 September 2012

	Half year ended 30 September 2012 Unaudited £m	Half year ended 30 September 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Cash flows from operating activities			
Profit on ordinary activities before taxation	**57.0**	41.6	28.1
Adjustments for:			
Finance income	**(1.0)**	(0.2)	(1.4)
Finance costs	**2.5**	0.9	1.8
Depreciation	**24.1**	21.2	34.4
Equity settled share based payments	**0.2**	0.2	0.4
Operating cash flows before movements in working capital	**82.8**	63.7	63.3
Decrease / (increase) in inventories	**0.3**	0.1	(0.6)
Decrease / (increase) in trade and other receivables	**11.8**	(1.9)	(43.3)
Increase in trade and other payables	**82.4**	41.3	2.7
(Decrease) / increase in deferred revenue	**(97.0)**	(89.0)	79.7
Increase / (decrease) in provisions	**1.3**	(0.9)	(2.2)
Cash generated from operations	**81.6**	13.3	99.6
Interest received	**1.0**	0.2	0.5
Interest paid	**(0.5)**	(0.9)	(1.8)
Income taxes paid	**(1.1)**	(1.9)	(3.8)
Net cash from operating activities	**81.0**	10.7	94.5
Cash flows from investing activities			
Purchase of property, plant and equipment	**(26.1)**	(10.6)	(47.3)
Proceeds from sale of property, plant and equipment	**-**	-	0.3
Net decrease / (increase) in money market deposits	**71.0**	4.5	(68.5)
Net cash from / (used in) investing activities	**44.9**	(6.1)	(115.5)
Cash flows from financing activities			
Repayment of borrowings	**(0.4)**	(0.3)	(1.9)
New loans advanced	**-**	0.7	0.6
Proceeds on issue of shares	**0.3**	0.1	0.2
Equity dividends paid	**-**	-	(1.8)
Net cash (used in) / from financing activities	**(0.1)**	0.5	(2.9)
Effect of foreign exchange rate changes	**-**	-	0.6
Net increase / (decrease) in cash in the period	**125.8**	5.1	(23.3)
Cash and cash equivalents at beginning of period	**75.0**	98.3	98.3
Cash and cash equivalents at end of period	**200.8**	103.4	75.0

Dart Group PLC

Consolidated Group Statement of Changes in Equity (unaudited)
For the half year ended 30 September 2012

	Share capital £m	**Share premium** £m	**Cash flow hedging reserve** £m	**Retained earnings** £m	**Total reserves** £m
Balance at 1 April 2011	**1.8**	**9.6**	**25.6**	**110.9**	**147.9**
Total comprehensive income for the period	-	-	(20.0)	31.1	11.1
Share based payments	-	-	-	0.2	0.2
Issue of share capital	-	0.1	-	-	0.1
Balance at 30 September 2011	**1.8**	**9.7**	**5.6**	**142.2**	**159.3**
Total comprehensive income for the period	-	-	9.5	(8.4)	1.1
Dividends paid in the period	-	-	-	(1.8)	(1.8)
Share based payments	-	-	-	0.2	0.2
Issue of share capital	-	0.1	-	-	0.1
Balance at 31 March 2012	**1.8**	**9.8**	**15.1**	**132.2**	**158.9**
Total comprehensive income for the period	-	-	(13.2)	43.1	29.9
Share based payments	-	-	-	0.2	0.2
Issue of share capital	-	0.3	-	-	0.3
Balance at 30 September 2012	**1.8**	**10.1**	**1.9**	**175.5**	**189.3**

Notes to the consolidated financial statements

For the half year ended 30 September 2012 (unaudited)

1. General information

The accounts for Dart Group PLC (the "Group") have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("Adopted IFRS"). The Group's accounts consolidate the accounts of Dart Group PLC and its subsidiaries.

This interim financial report does not comply with IAS 34 "Interim Financial Reporting", which is not currently required to be applied by AIM companies.

The interim report for the six months ended 30 September 2012 was approved by the Board of Directors on 21 November 2012.

2. Accounting policies

Basis of preparation of the interim report

The unaudited consolidated interim financial report for the six months ended 30 September 2012 does not constitute statutory accounts as defined in s435 of the Companies Act 2006. The accounts for the year ended 31 March 2012 were prepared under IFRS and have been delivered to the Register of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under s495(2) nor (3) of the Companies Act 2006. In this report, the comparative figures for the year ended 31 March 2012 have been audited. The comparative figures for the period ended 30 September 2011 are unaudited.

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

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. 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.

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

Going Concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows through to 31 March 2015.

For the purposes of their assessment of the appropriateness of the preparation of the Group's unaudited interim 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 Leisure Airline and Package Holidays businesses, 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 Leisure Airline and Package Holidays 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 unaudited financial statements for the period ended 30 September 2012 to be prepared on a going concern basis.

3. Adoption of new and revised standards

The following new or revised IFRS standards and IFRIC interpretations will be adopted for purposes of the preparation of future financial statements, where applicable. We do not anticipate that the adoption of these new or revised standards and interpretations will have a material impact on our financial position or results from operations.

International Financial Reporting Standards	**Applies to periods beginning after**
IFRS 10 *Consolidated Financial Statements*	January 2013
IFRS 12 *Disclosure of Interests in Other Entities*	January 2013
IFRS 13 *Fair value measurement*	January 2013
IAS 19 *Post-employment benefits*	January 2013
IFRS 9 *Financial Instruments*	January 2015

4. Segmental information

Business Segments

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

- Leisure Airline, comprising the Group's scheduled and charter airline, ***Jet2.com***;
- Package Holidays, comprising the Group's ATOL protected tour operator, ***Jet2holidays***; and
- Distribution & Logistics, comprising the Group's logistics company, ***Fowler Welch***.

These divisions are the basis on which the Group reports its primary segmental information in the day-to-day management of the business. Following the identification of the operating segments the Group has assessed the similarity of the characteristics of the operating segments. Given the differences between the operating segments, it is not appropriate to aggregate the segments for reporting purposes and therefore all of the identified operating segments are disclosed as reportable segments. The following is an analysis of the Group's revenue by operating segment.

Notes to the consolidated financial statements - continued

For the half year ended 30 September 2012 (unaudited)

4. Segmental information - continued

Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile.

Segmental Revenues	**Half year to 30 September 2012**	Half year to 30 September 2011	Year to 31 March 2012
	£m	£m	£m
Leisure Airline sales	**388.0**	316.3	461.3
Package Holidays sales	**180.6**	83.3	114.5
Distribution & Logistics sales	**80.3**	74.2	152.4
Inter-segment sales	**(64.4)**	(28.1)	(45.2)
Total revenue	**584.5**	445.7	683.0

5. Earnings per share

The calculation of earnings per share is based on the following:

	Half year to 30 September 2012 Unaudited	Half year to 30 September 2011 Unaudited	Year to 31 March 2012 Audited
Profit for the period (£m)	**43.1**	31.1	22.7
Weighted average number of ordinary shares in issue during the period used to calculate basic earnings per share	**143,112,650**	141,943,410	142,129,972
Weighted average number of ordinary shares in issue during the period used to calculate diluted earnings per share	**147,947,206**	146,733,933	147,002,286

6. Dividends

An interim dividend has been proposed during the six month period to 30 September 2012 of 0.54p per share (2011: 0.43p). The dividend will be paid, out of the Company's available distributable reserves, on 1 February 2013 to shareholders on the register at 28 December 2012. In accordance with IAS 1, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the Income Statement.

7. Taxation

The tax charge for the period of £13.9m (2011: £10.5m) is calculated by applying an estimated effective tax rate of 24% to the profit for the period (2011: 26%). The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 22% by 1 April 2014. As a result, the Group's reported deferred tax liability of £25.6m (2011: £27.2m) would ultimately reduce by £2.1m to £23.5m.

Notes to the consolidated financial statements - continued

For the half year ended 30 September 2011 (unaudited)

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

	Half year to 30 September 2012 Unaudited	**Half year to 30 September 2011 Unaudited**	Year to 31 March 2012 Audited
	£m	**£m**	£m
Increase / (decrease) in cash in the period	125.8	5.1	(23.3)
(Increase) / decrease in net debt in the period	0.4	(0.3)	0.1
Change in net cash resulting from cash flows in the period	126.2	4.8	(23.2)
Other non-cash changes	-	-	-
Net cash at beginning of period	65.7	88.9	88.9
Net cash at end of period	191.9	93.7	65.7

9. 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.

10. Other matters

This report will be posted on the Group's website, www.dartgroup.co.uk and copies are available from the Company Secretary at the registered office of the Company, Low Fare Finder House, Leeds Bradford International Airport, Leeds, LS19 7TU.