

AVATION PLC
('AVATION' OR THE 'COMPANY')

INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

Avation the owner of commercial jet aircraft, which provides aircraft leasing, airline consumables as well as a business unit providing equipment to the broadcast industry, is pleased to announce its maiden set of interim results - for the six months to 31 December 2006.

HIGHLIGHTS

- Pre tax profits of GBP 246,243;
- Sales total GBP 591,296 for the interim period
- Earnings per share of 0.93p; and
- USD \$9.22m finance facility secured from the subsidiary of a major commercial bank.

POST PERIOD END HIGHLIGHTS

- Since the period end the Company has successfully closed the purchase of two Fokker F100 aircraft for a total consideration of USD \$8.85m;
- The two leased aircraft are expected to generate some USD \$1.8m per annum in revenue for a term of six years amounting to about USD \$10.8m in revenue;
- A further finance facility of USD\$4.1m has been secured - with a portion of the facility being earmarked to fund the purchase of a third commercial passenger jet aircraft.

The Chairman, Jeff Chatfield said "These results reflect only just over one month's aircraft leasing sales and profits and therefore we hope that our full-year results will demonstrate a business which is significantly larger in scale. Avation is well positioned to create value from its growing and efficient operations as has been demonstrated throughout the first half of this year. The Directors are confident that the Company will continue to show good progress for the year as a whole."

The directors take responsibility for the contents of this announcement.

Chairman's Statement

I present our maiden set of Avation Plc group interim results - for the six months ended 31 December 2006. This was a period of growth for the Company, which included the establishment of the business and an admission to PLUS in November 2006. The Company has made rapid progress securing substantial financing, building an asset base and securing revenue. We are happy to report an initial set of profit, turnover and earnings per share figures for the six months.

Trading

During the period we set up facilities to commence our aircraft leasing operations. As a result we have been able to significantly strengthen our asset base and develop long term revenue streams - the Company is currently leasing two aircraft for a term of six years. This will generate about USD \$10.8 million in revenue.

The planes are 100 seat commercial jets of type Fokker 100 which we understand have a useful life of over 25 years. The age of the aircraft we are buying is approximately at half-life, therefore these jets have significant remaining useful life.

The leases that we endeavour to place with the planes are structured so as to provide the Company with full ownership of the aircraft within five to six

years.

While the Company is exposed to the typical aviation industry risks and business cycles, the first two aircraft are utilized servicing the Western Australian resources industry, which we believe is in a significant growth phase. We believe this may continue for some period of time, thus ensuring aircraft utilisation and lease payment inflows.

The subsidiary that owns the aircraft is called F100 Pty Ltd and is incorporated in Australia. An arrangement is in place which protects the lessee from paying 10% withholding tax on lease payments. This gives the Company's clients a price advantage compared with off-shore aircraft lessors.

It is not the current intention of the Company to issue any further shares or instruments that may dilute the current shareholders' equity ownership.

The broadcast side of the business continues to service clients in Africa and is making a profitable contribution to the group. Negotiations are currently underway on a number of new projects from a rapidly growing base.

Outlook

These results reflect just over one month's aircraft leasing profits and therefore we hope that our full year results will demonstrate a business which is significantly larger in scale.

It is the Directors' intention to continue to grow the aircraft leasing business and increase its scale. To this end on 08 March 2007 we announced a further finance facility for USD \$4.1m for which we anticipate we will acquire our third aircraft. We expect this announcement to be imminent as negotiations are in a final stage.

Aviation is well equipped to create value for its shareholders from its growing operations and this has been demonstrated throughout the first half of this year. The Directors are confident that the Company will continue to show good progress for the year as a whole.

Jeff Chatfield
Chairman
Perth Australia,
Tuesday the 13th of March 2007

Note-

The Company's results are reported in Great Britain Pounds ('GBP'). These interim results for the period are un-audited.

Financial Statements

Un-audited consolidated group interim income statement

In Great Britain Pounds

6 months ended
31 December 2006

Revenue	591,219
Cost of sales	(280,364)

Gross profit	310,855
Other operating income	22
Selling, general and administrative expenses	(62,702)
Other operating expenses	(1,429)

Earnings before depreciation/finance cost	246,746
Depreciation	(503)
Interest expense	-

Earnings after depreciation/finance cost	246,243
Income tax	(72,074)

Profit after income tax	=====	174,169
Minority Interest		-

Profit attributable to shareholders of the company		174,169
Earnings per share	=====	0.93p

Financial Statements
Un-audited consolidated balance sheet
In Great Britain Pounds

As at 31 Dec 2006

Current assets		
Cash		29,374
Trade receivables		110,825
Other receivables and prepayments		298,710
Inventories		5,567

Total current assets		444,476

Plant and equipment		1,716
Intangible assets		20,348
Goodwill on Consolidation		1,324,541

Total non-current assets		1,346,605

Total assets		1,791,081

Current liabilities		
Trade payables		57,888
Other payables		27,631
Advance from a director		73,761
Income tax payable		13,507

		172,787

Non-current liabilities		
Deferred tax liabilities		58,481

		58,481

Capital and reserves		
Issued capital		186,392
Share premium		1,203,789
Foreign currency translation reserve		(4,537)
Accumulated profits		174,169

		1,559,813

Total liabilities and equities		1,791,081
	=====	

Un-audited consolidated group cash flow In Great Britain Pounds		6 months ended 31 December 2006
Profit before income tax and minority interest		246,243
Adjustments for:		
Depreciation expenses		503
Interest income		(22)

Operation profits before working capital changes		246,724
Trade receivables		(28,055)
Other receivables		(287,284)

Inventories	149
Intangible assets	(20,348)
Trade payables	30,036
Other payables	18,771

Cash used in operations	(40,007)
Interest received	22
Net cash used in operating activities	(39,985)

Cash flows used in investing activity	
Acquisition of subsidiary, net of cash acquired (Note A)	-

Net cash used in investing activity	-

Cash flows from financing activity	
Proceeds from advance from director	73,761

Net cash from financing activity	73,761

Net effect of exchange rates in consolidating subsidiaries (4,402)	
Net increase in cash	29,374
Cash at beginning of period	-

Cash at end of period	29,374

Note A - Acquisition of subsidiary

During the financial period, the fair value of the net assets of subsidiary acquired were as follows:

Cash	106
Trade receivables	82,770
Other receivables	11,426
Plant and equipment	2,339
Inventories	5,716
Trade payables	(27,857)
Other payables	(8,860)

Net asset acquired	65,640
Goodwill on consolidation	1,324,541

Total purchase consideration	1,390,181
Less non-cash purchase consideration	(1,390,181)
Less: cash on acquisition of subsidiary	-

Cash outflow arising from acquisition	-

Notes:

- 1) The directors do not propose any interim dividend for the period ended 31 December 2006.
- 2) The results for the period are derived from continuing activities.
- 3) The calculation on earnings per shares have been on a weighted average of 18,639,195 ordinary shares in issue for the during the 6 months period. The weighted average of ordinary shares is derived by addition the opening balance of issued shares with closing balance of issued shares and divided by 2.
- 4) The un-audited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the period ended 30 June 2006. The interim figures have not been audited.
- 5) The interim statement for 2006 was approved by the board of Directors on the 5th of March 2007. Copies of this statement will be available to shareholders and members of the public, free of charge, from Loeb Aron & Co, Georgian House 61 Coleman St London and the Company's registered office and also on the Company website at www.avation.net
- 6) The exchange rate applying at 31 December 2006 was AUD - GBP 0.40253 and USD - GBP 0.51057. The average rate applied during the six months period ended 31 December 2006 was AUD - GBP 0.40301 and USD - GBP 0.5277.

ENDS

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