

MEDIA

020 7562 3350

Maxine Barnes, Sophie Davis
Bishopsgate Communications

CHAIRMAN'S STATEMENT

I'm delighted to present to shareholders today with Avation's maiden set of final results.

The operating results for the Company at this early stage of development are in line with expectations. The Company is in the process of rapidly growing its aircraft assets in order to grow income and to increase its customer base. The Company and its subsidiaries have announced their intention to procure additional aircraft and the Company has also been successful in obtaining suitable credit lines.

For the last 7 months of the financial year ending 30th June, the Company was in its infancy with only two aircraft leased. Despite this, the Company has achieved remarkable outcomes to see it move into the future as a viable participant in the aviation leasing industry. As at the date of this Statement, we have deployed four aircraft on favourable commercial leases and are close to finalising the deployment of an additional two units. This shall further increase the Company's revenue and aircraft asset base to put Avation in a strong position for future growth. We have been successful in obtaining debt and equity finance to complete transactions on favourable terms for the benefit of our shareholders.

A subsidiary, Capital Lease Aviation Plc, has secured, but not yet deployed, USD 23,000,000 in equity. It has also announced, but not yet deployed, a debt facility of a further USD 48,000,000. I would suggest that caution is exercised in reviewing these financial statements given the current expansion of scale that the Company and its subsidiaries are experiencing.

The revenues for the period were GBP1,806,251. Profit before taxation was GBP779,399, net profit after tax was GBP547,585. Earnings per share were 3.01 pence. This result occurred from only 7 months' operations with only two leased aircraft and the trade of Avation.Net.

The Company is involved with the commercial aviation industry and all manner of aviation related risks are experienced in addition to commercial risks; these are not limited to war, terrorism, downturns in the global aviation industry, events

which impact access to lending on commercial debt terms, or specific risks to the types of aircraft owned.

The Company balance sheet is strong with a debt to equity ratio of 2.01, which has been improved by the recent equity raising in Capital Lease Aviation Plc. The Company achieved an impressive return on equity of 13.7% with a Net Profit Margin of 30% for the financial period.

The outlook for the Company is expected to include the acquisition and leasing of more aircraft. In particular, leasing opportunities during the anticipated expansionary phase of Skywest Airlines Pty Ltd will be pursued as well as opportunities with airlines in other territories. Skywest, an existing lessee, has immediate growth plans as a result of mining activities and resource exploration in Western Australia and the Northern Territory of Australia. Events in credit markets in recent weeks have not yet had an impact on the operational abilities of the Company.

The Company will attempt to grow its asset base significantly and expects to take on more risk and debt to achieve this. At this time, the Directors do not intend to recommend the payment of a dividend.

I would like to thank you - the shareholders - for your continued support and assure you that your board is working hard to achieve sustainable growth and profits on your behalf.

R J (JEFF) CHATFIELD
SINGAPORE
15 OCTOBER 2007

AVATION PLC
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007

	2007 GBP
CONTINUING OPERATIONS	
REVENUE	1,806,251
COST OF SALES	(560,242)
GROSS PROFIT	1,246,009
Other operating income	53,457
Administrative expenses	(175,395)
Other operating expenses	(165,257)
PROFIT FROM OPERATIONS	958,814
Finance income and expenses	(179,415)
PROFIT BEFORE TAXATION	779,399
Taxation	(231,814)
PROFIT AFTER TAX FOR CONTINUING OPERATIONS	547,585
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	547,585
ATTRIBUTABLE TO THE SHAREHOLDERS	547,585
EARNINGS PER SHARE	
- Basic	3.01 pence
- Fully Diluted	1.96 pence

AVATION PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

2007
GBP

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	828,345
Trade and other receivables	369,813
Inventories	697
Total current assets	1,198,855

NON-CURRENT ASSETS

Property, plant and equipment	9,473,546
Goodwill on consolidation	1,324,541
Total non-current assets	10,798,087

TOTAL ASSETS 11,996,942

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Trade and other payables	192,323
Provision for Taxation	197,458
Loan and borrowings	985,890
Deferred income	121,198
Total current liabilities	1,496,869

NON-CURRENT LIABILITIES:

Trade and other payables	242,064
Loan and borrowings	5,319,577
Deferred tax liabilities	939,018
Total non-current liabilities	6,500,658

CAPITAL AND RESERVES:

Share capital	191,142
Share premium	1,155,094
Assets revaluation reserve	2,130,503
Foreign currency translation reserve	(24,909)
Retained earnings	547,585
Net equity	3,999,415

TOTAL LIABILITIES AND EQUITY 11,996,942

Approved by the board on 15th October 2007

AVATION PLC
COMPANY BALANCE SHEET
AS AT 30 JUNE 2007

	2007 GBP
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	30,982
Trade and other receivables	47,000
Total current assets	77,982
NON-CURRENT ASSETS:	
Investment in subsidiaries	1,440,286
Total non-current assets	1,440,286
TOTAL ASSETS	1,518,268
LIABILITIES AND EQUITY	
CURRENT LIABILITIES:	
Trade and other payables	116,274
Total current liabilities	116,274
CAPITAL AND RESERVES:	
Share capital	191,142
Share premium	1,155,094
Retained earnings	55,758
Net equity	1,401,994
TOTAL LIABILITIES AND EQUITY	1,518,268

Approved by the board on 15th October 2007

The above information has been extracted from the audited accounts which have been posted on the PLUS Markets website and Avation Plc's website and are included in the annual report that will be despatched to all shareholders within 3 weeks of this announcement.