

22nd October 2009

## AVATION PLC

### Announcement by subsidiary.

The Board of Avation PLC notes the announcement of final results by its 51% owned subsidiary Capital Lease Aviation ("CLA"). The release can be found on CLA's website at [http://www.capitalleaseaviation.com/files/091015\\_FullYearResults.pdf](http://www.capitalleaseaviation.com/files/091015_FullYearResults.pdf) and on the London Stock Exchange website at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-detail.html?announcementId=10232361>.

Highlights are included below for the interest of Avation's shareholders.

Capital Lease Aviation PLC  
("CLA")

#### FINAL YEAR RESULTS - 30 JUNE 2009

The Board of CLA is pleased to announce the audited consolidated final results for the period from 1 July 2008 to 30 June 2009.

#### HIGHLIGHTS:

- Revenues increased to:      GBP 10,145,412;
- Group Net post tax profits: GBP 3,251,204;
- Total assets of:              GBP 64,641,478
- Earnings per share  
(fully diluted):              3.51 pence

#### Chairman's Statement:

Dear Fellow Shareholder,

We are pleased to report that your company, CLA, has continued to prosper and has weathered the turbulence in the aviation industry. Our consolidated net profit after tax has increased 400% to GBP 3.2m. Earnings per share are 3.51 pence and the Balance Sheet of the group has been strengthened with an augmentation in total assets to GBP 64.6m and Net Assets increasing to GBP20.4m.

In light of the economic conditions, especially in regards to bank liquidity, CLA maintained a conservative approach and used our substantial positive cashflow to repay GBP 6.1m of group debt during the year. This places CLA in a strong position to pursue growth in 2010 when it is possible that selling pressure on some aircraft vendors will create aircraft acquisition opportunities. CLA remains in the market to acquire aircraft and with its improved balance sheet this may be possible in the first half of the 2010 financial year.

The group's strategy is to acquire leased new generation narrow body jet aircraft. We target aircraft operated by reputable airlines with good credit histories. The group currently owns six narrow body jet aircraft. The current fleet comprises two new generation Airbus A321, one Airbus A320 and three Fokker F100 jets.

Given the economic climate of 2009, which was clearly a difficult operating environment for the Aviation industry, our board operated in a conservative manner. The key performance objectives for the group were to reduce debt, not expose ourselves to weak credit risks, remain profitable, cash flow positive and to protect the value of our assets. We have been successful on all counts.

Our strategy as the global economy rebounds is to responsibly grow and diversify our aircraft portfolio. We have an excellent working relationship with two European banking partners and maintain a strong presence in the Asian region where the highest growth in the aviation sector is predicted.

The company requires a combination of debt and equity to fund most transactions and although we have been successful in the past, it remains a risk that such funding may be difficult to raise in the future. Other risks to the company include credit and general risk relating to the aviation industry. The company seeks to minimize these risks by the continued diversification of our customer base with creditworthy airlines.

I commend you for your support of CLA as we continue to grow and remain solely focused on the creation of value for you, our shareholders, the owners of our company. We remain your servants.

Jeff Chatfield,  
Chairman

The directors take responsibility for the contents of this announcement.

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Avation plc