

AVATION PLC
(‘Avation’ or the ‘Company’)
CONSOLIDATED AUDITED RESULTS FOR THE
TWELVE MONTHS ENDED 30 JUNE 2009

Avation, the aircraft leasing company, presents its consolidated audited results for the twelve months to 30 June 2009.

HIGHLIGHTS

- Group operating revenues increased by 224% to GBP 16,278,212 (2008: GBP 5,031,679);
- Profits attributable to shareholders excluding extraordinary item increased by 81% to GBP 2,645,976 (2008: GBP 1,462,750).
- A final dividend for the year of 0.5p per ordinary share has been proposed by the directors.

Enquires:

Avation PLC

Jeff Chatfield, Chairman

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CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

On behalf of your board of directors I present to you the audited financial statements for Avation PLC and its subsidiaries for the year ended 30th June 2009 and seek to appraise you of the progress that the Avation group has made.

Your board is pleased to report that in respect of the year ending 30th June 2009 the consolidated net profit after tax was GBP 2,645,976 on revenues of GBP 16,278,212 with earnings per share of 10.4 pence.

The operating businesses had a satisfactory year with excellent and robust cash flows being recorded across the group. In the prior financial year the company enjoyed an extraordinary gain, the profits reported this year are from recurring business with no extraordinary gains.

The first half of this year found the economy in turmoil, despite this, the business has continued to grow and in fact we have increased the revenue base for the group by 224%. As at June 30th the asset base of the group has further increased to GBP 83,053,926.

The Avation group currently owns 11 modern jet aircraft. The group continues to seek further aircraft acquisitions. The Company was formed via a special dividend from Skywest Airlines Ltd with shares distributed in specie to all of the then Skywest Airlines Ltd shareholders. Avation PLC was intended to support Skywest Airlines Ltd by providing aircraft leasing facilities and continues to do so.

Your Company is now growing in profits and recurring revenues as its universe of customers now includes large international airlines and the aircraft owned by the group are either Airbus or Fokker jet aircraft.

Your Board recognises the importance of rewarding shareholders - the owners of the Company and second only in importance to our customers. Avation Plc has previously paid dividends and conducted a capital management program by buying in shares for cancellation. Despite the current economic conditions, the Company continues to prosper, and therefore your board is recommending to shareholders a final dividend payment of 0.5p per share and it hopes to maintain a progressive dividend policy going forward. The record date for this final dividend is the 11 January 2010 and the proposed payment date, subject to shareholder approval at the Annual General Meeting, is the 25th January 2010.

The Company and its subsidiaries have secured the bulk of its debt funding at a cost of around 6% per annum. Whilst the Company believes that it can obtain access to further funds for the purchase of aircraft, access to funding nevertheless remains a risk, this risk is common to all businesses that are capital intensive such as your business. Specific aviation risks are also present and include the creditworthiness of client airlines.

My colleagues and I will continue to work tirelessly to build this Company into a respected, profitable, diversified, cash generative aircraft leasing business. The board would like to thank you – the shareholders and all other stakeholders - for their continued support and goodwill and look forward with confidence to another year in the development of Avation PLC.

Jeff Chatfield,
Chairman

AVATION PLC
CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	<u>2009</u> £	<u>2008</u> £
Revenue	16,278,212	5,031,679
Cost of sales	<u>(871,494)</u>	<u>(127,739)</u>
Gross profit	15,406,718	4,903,940
Other operating income	1,477,929	399,942
Administrative expenses	(953,657)	(591,587)
Exceptional item	-	5,503,165
Other operating expenses	(7167,655)	(1,414,535)
Finance expenses	<u>(3,777,014)</u>	<u>(655,713)</u>
Profit before taxation	4,986,321	8,145,212
Taxation	<u>(754,408)</u>	<u>(782,035)</u>
Profit after taxation	4,231,913	7,363,177
Minority interests	<u>(1,585,937)</u>	<u>(397,262)</u>
Attributable to the shareholders	<u><u>2,645,976</u></u>	<u><u>6,965,915</u></u>
Earnings per share for continuing and total operations		
- Basic	<u><u>10.40 pence</u></u>	<u><u>28.75 pence</u></u>
- Fully Diluted	<u><u>9.22 pence</u></u>	<u><u>25.40 pence</u></u>

AVATION PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	<u>2009</u>	<u>2008</u>
	£	£
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	1,039,321	1,257,525
Trade and other receivables	1,575,778	362,866
Inventories	493	735
Total current assets	<u>2,615,592</u>	<u>1,621,126</u>
Non-current assets		
Property, plant and equipment	83,053,926	67,419,726
Goodwill	1,324,541	1,324,541
Total non-current assets	<u>84,378,467</u>	<u>68,744,267</u>
Total assets	<u><u>86,994,059</u></u>	<u><u>70,365,393</u></u>
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Trade and other payables	3,851,566	2,243,353
Provision for taxation	292,823	586,368
Loans and borrowings	8,521,911	6,263,715
Short-term provisions	1,088,555	299,336
Total current liabilities	<u>13,754,855</u>	<u>9,392,772</u>
Non-current liabilities:		
Trade and other payables	550,400	323,403
Loans and borrowings	40,253,227	37,599,720
Deferred tax liabilities	3,208,998	1,825,398
Total non-current liabilities	<u>44,012,625</u>	<u>39,748,521</u>
Equity attributable to shareholders:		
Share capital	255,555	252,700
Share premium	1,216,336	1,213,770
Assets revaluation reserve	6,760,372	4,454,006
Capital redemption reserve	7,000	-
Foreign currency translation reserve	1,148,240	(6,605)
Share option reserve	12,788	12,788
Retained earnings	<u>9,897,773</u>	<u>7,386,700</u>
	19,298,064	13,313,359
Minority Interest	<u>9,928,515</u>	<u>7,910,741</u>
	<u>29,226,579</u>	<u>21,224,100</u>
Total liabilities and equity	<u><u>86,994,059</u></u>	<u><u>70,365,393</u></u>

AVATION PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	<u>2009</u>	<u>2008</u>
	£	£
Cash flows from operating activities:		
Total profit	4,231,913	7,363,177
Adjustments for:		
Income tax	754,408	782,035
Depreciation expense	4,455,650	1,115,198
Claim on maintenance reserve	2,712,005	299,336
Gain on dilution	-	(5,503,165)
Foreign currency exchange adjustment gain	(1,420,401)	-
Share option expense	-	24,968
Interest expense	3,548,968	655,713
Interest income	(13,254)	(346,828)
Operating profit before working capital changes	<u>14,269,289</u>	<u>4,390,434</u>
Trade and other receivables	(1,212,912)	6,947
Inventories	242	(38)
Trade and other payables	1,652,747	2,011,172
Short-term provisions	(453,809)	-
Cash from operations	<u>14,255,557</u>	<u>6,408,515</u>
Interest paid	(3,366,505)	(655,713)
Interest received	13,254	346,828
Corporation tax paid	(1,066,989)	(201,384)
Net cash from operating activities	<u>9,835,317</u>	<u>5,898,246</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,967,069)	(53,735,874)
Net cash used in investing activities	<u>(3,967,069)</u>	<u>(53,735,874)</u>
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	12,421	251,500
Share buyback	(7,000)	(131,266)
Net proceeds from issuance of subsidiary's shares to minority	-	10,791,329
Dividends paid	(127,903)	(126,800)
Proceeds from borrowings	3,210,035	39,332,659
Repayment of borrowings	(8,974,547)	(1,774,691)
Net cash (used in) from financing activities	<u>(5,886,994)</u>	<u>48,342,731</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(199,458)</u>	<u>(75,923)</u>
Net increase in cash	(218,204)	429,180
Cash and cash equivalent at beginning of financial year	<u>1,257,525</u>	<u>828,345</u>
Cash and cash equivalent at end of financial year	<u><u>1,039,321</u></u>	<u><u>1,257,525</u></u>