

AVATION PLC  
(‘Avation’ or the ‘Company’)  
CONSOLIDATED UNAUDITED RESULTS FOR THE  
SIX MONTHS ENDED 31 DECEMBER 2009

Avation, the aircraft leasing company, presents its interim results for the six months to 31 December 2009.

**HIGHLIGHTS**

- Revenue for the period:                    GBP 7,556,268;
- Profits attributable to shareholders:    GBP 801,941;
- Earnings per share:                        3.14p.

***Enquires:***

**Avation PLC**

Jeff Chatfield, Chairman

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**Advisor**

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## **CHAIRMAN'S STATEMENT**

On behalf of your board of directors I am pleased to present Avation's un-audited interim results for the six months ended 31 December 2009 (the "Period"). The Group results were in line with expectations.

The business is profitable and cash flow positive and its balance sheet is continuing to improve, in spite of the difficult general economic conditions.

For the interim period the Group's revenues were GBP 7.5m with net profit after income tax attributable to the shareholders recorded as GBP 0.8m.

The group owns a portfolio of A320 series and F100 type aircraft, currently these are worth approximately GBP 86m. A focus of the operations in the last twelve months has been a continuing reduction of the debt associated with acquiring these aircraft. The long term debt position against the GBP 86m in aircraft is now down to GBP 38.3m compared with GBP 51.7m one year ago, representing a 45% reduction in debt levels.

As the business's primary operation is as an aircraft lessor, risk management on the airline lessees is critical. All of our airline clients are performing well in their businesses and are regularly monitored by your Board. The fleet is being properly maintained. Maintenance reserve claims have increased during the period to over GBP 1m, however, in our opinion this is positive in the sense that the aircraft are proceeding through the correct maintenance cycle. The Company has incorporated a new wholly owned subsidiary called MSN 429 Limited in order to facilitate a potential aircraft acquisition.

The Group is subject to the typical risks associated with the aviation business, including but not limited to, any downturn in the global aviation industry, fuel costs, finance costs, war and terrorism and the like which may affect our airline customers' ability to fulfill their lease obligations.

The business also relies on its ability to source finance on favorable terms. Should this supply of finance contract, it would limit our fleet expansion and therefore growth.

I would like to take this opportunity of thanking you, the owners of the business, for your support over this busy period and look forward to further updating you.

Jeff Chatfield  
Executive Chairman,

AVATION PLC  
 UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2009  
 In Great Britain Pounds

	6 months ended 31 December 2009	6 months ended 31 December 2008
<b><u>Continuing operations</u></b>		
Revenue	7,556,268	7,828,643
Cost of sales	(593,826)	(801,086)
Gross profit	6,962,442	7,027,557
Other operating income	2,686	2,383,162
Administrative expenses	(408,296)	(444,084)
Other operating expenses	(3,419,063)	(2,353,761)
Finance expense	(1,607,074)	(1,862,168)
Profit before tax	1,530,695	4,750,706
Income tax	(187,155)	(499,333)
<b>Total profit</b>	<b>1,343,540</b>	<b>4,251,373</b>
<b>Other comprehensive income:</b>		
Revaluation gains on property, plant and equipment	339,982	4,453,572
Foreign currency translation differences	2,339,896	929,176
	<u>2,679,878</u>	<u>5,382,748</u>
<b>Total comprehensive income</b>	<b><u>4,023,418</u></b>	<b><u>9,634,121</u></b>
<b>Profit attributable to:</b>		
Equity holder of the Company	801,941	2,578,548
Minority interest	541,599	1,672,825
	<u>1,343,540</u>	<u>4,251,373</u>
<b>Total comprehensive income attributable to:</b>		
Equity holder of the Company	2,458,990	7,037,291
Minority interest	1,564,428	2,596,830
	<u>4,023,418</u>	<u>9,634,121</u>
Earnings per share:	<u>3.14p</u>	<u>10.19p</u>

***Reclassification of Comparative figures***

Certain reclassifications have been made to the prior period financial statements to enhance comparability with the current period financial statements

	Adjustment Dr/(Cr) <u>GBP</u>
Other operating expenses (Maintenance claim expenses)	286,847
Finance expense	115,285
Administrative expenses	<u>(402,132)</u>

AVATION PLC  
 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2009  
 In Great Britain Pounds

	As at 31 Dec 2009	As at 31 Dec 2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	1,737,101	2,446,203
Trade and other receivables	1,690,986	1,378,786
Inventories	512	11,382
Total current assets	<u>3,428,599</u>	<u>3,836,371</u>
<b>Non-current assets</b>		
Property, plant and equipment	85,631,466	95,527,442
Goodwill	1,324,541	1,324,541
Total non-current assets	<u>86,956,007</u>	<u>96,851,983</u>
<b>Total assets</b>	<u><u>90,384,606</u></u>	<u><u>100,688,354</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Trade and other payables	4,608,132	4,033,950
Provision for taxation	299,414	1,178,631
Loans and borrowings	8,000,510	8,372,297
Short-term provisions	1,695,889	560,670
Total current liabilities	<u>14,603,945</u>	<u>14,145,548</u>
<b>Non-current liabilities:</b>		
Trade and other payables	570,761	738,635
Loans and borrowings	38,384,142	51,718,349
Deferred tax liabilities	3,538,404	3,343,083
Total non-current liabilities	<u>42,493,307</u>	<u>55,800,067</u>
<b>Equity attributable to shareholders:</b>		
Share capital	256,190	255,805
Share premium	1,231,258	1,223,086
Reserves	9,585,449	8,918,932
Retained earnings	10,699,714	9,837,345
	<u>21,772,611</u>	<u>20,235,168</u>
Minority Interest	11,514,743	10,507,571
	<u>33,287,354</u>	<u>30,742,739</u>
<b>Total liabilities and equity</b>	<u><u>90,384,606</u></u>	<u><u>100,688,354</u></u>

AVATION PLC  
 UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2009  
 In Great Britain Pounds

	6 months ended 31 December 2009	6 months ended 31 December 2008
<b>Cash flows from operating activities</b>		
Profit before tax	1,530,695	4,750,706
Adjustments for:		
Depreciation expenses	2,244,704	2,066,914
Claim on maintenance reserve	1,053,876	-
Interest expense	1,498,315	1,746,883
Interest income	(2,686)	(10,305)
Operation profits before working capital changes	<u>6,324,904</u>	<u>8,554,198</u>
Trade and other receivables	(115,208)	(1,015,920)
Inventories	(19)	(10,647)
Trade and other payables	776,927	2,205,829
Short term provisions	<u>(501,976)</u>	<u>261,334</u>
Cash generated from operations	6,484,628	9,994,794
Interest paid	(1,498,315)	(1,746,883)
Interest received	2,686	10,305
Income tax paid	<u>(130,155)</u>	<u>(85,084)</u>
<b>Net cash generated from operating activities</b>	<u>4,858,844</u>	<u>8,173,132</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<u>(1,171)</u>	<u>(4,492,740)</u>
<b>Net cash used in investing activities</b>	<u>(1,171)</u>	<u>(4,492,740)</u>
<b>Cash flow generated from financing activities</b>		
Proceeds from borrowings	-	3,537,715
Repayment of borrowings	(4,195,171)	(4,187,760)
Net proceeds from issuance of subsidiary's shares to minority	21,800	-
Proceeds from issuing shares (net of cost)	<u>15,557</u>	<u>12,421</u>
<b>Net cash used in financing activities</b>	<u>(4,157,814)</u>	<u>(637,624)</u>
Net effect of exchange rates in consolidating subsidiaries	(2,079)	(1,854,090)
Net increase in cash	697,780	1,188,678
Cash and cash equivalent at beginning of period	<u>1,039,321</u>	<u>1,257,525</u>
Cash and cash equivalent at end of period	<u><u>1,737,101</u></u>	<u><u>2,446,203</u></u>

Notes:

- 1) The results for the Period are derived from continuing activities.
- 2) The calculation on earnings per shares have been on a weighted average 25,565,173 (2008 : 25,303,751) ordinary shares in issue during the 6 months period.
- 3) 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 2009 and 30 June 2008. The interim figures have not been audited.
- 4) The interim statement for 2009 was approved by the board of Directors. Copies of this statement will be available to shareholders and members of the public, free of charge, from its corporate adviser (Loeb Aron & Co, Georgian House, 63 Coleman Street London EC2 5BB) and the Company's registered office and the Company website at [www. avation.net](http://www.avation.net).
- 5) The exchange rate applying at 31 December 2009 was USD – GBP 0.6279. The average rate applied during the six months period ended 31 December 2009 was USD – GBP 0.6111.