

AVATION PLC (the “Company”)

FINANCIAL RESULTS FOR YEAR ENDED 30 JUNE 2012

Avation Plc (LSE: AVAP) the aircraft procurement and leasing company is pleased to announce its audited financial statements for the Company and its subsidiaries for the year ended 30th June 2012.

Highlights:

- **Increased number of aircraft from 12 to 15 with a fleet value of GBP 137 Million (US\$ 214 Million);**
- **Net after tax profits of GBP 3,307,126;**
- **Basic Earnings per share of 8.16 pence;**
- **Dividends increased by 4% to: 1.04 pence per share;**
- **Delivered first six new ATR 72 aircraft into the Australian Regional Airline Network Alliance (“ARAN”) to Virgin Australia;**
- **Arranged commercial funding of US\$180 million for the initial 10 ATR aircraft;**
- **Cumulative Fleet growth of 25% p.a. with planned fleet expansion under the ARAN of a minimum 5 aircraft per year for the next 5 years; and**
- **Progressing dual listing on the Singapore Stock Exchange.**

Commenting today, Avation Plc Chairman Jeff Chatfield said:

“The Board of Directors believe that they have demonstrated that the Group has a sustainable business model and are committed to develop the Avation business as a differentiated aircraft operating lease business to provide constant and defined IRR’s, cash yields and predictive capital returns from investment in the regional turbo prop market and more particularly in the Australian and South East Asian regional airline sector. Looking forward, we are confident that our business provides for continued and sustainable growth in 2013 and beyond”

Further information on Avation PLC can be seen at: www.avation.net Avation PLC is registered in England and Wales with an Operational Headquarters in Singapore.

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Chairman's Statement on Results and Interim Management Statement

Your Board is pleased to report that in respect of the year ended 30th June 2012 the consolidated net profit after tax was GBP 3,307,126 on revenues of GBP 22,098,019 with earnings per share of 8.16 pence. Returns comprise cash yield (income) from the lease payments plus the net asset value (capital) realisable from the sale of the aircraft after repayment of associated debt obligations.

The ARAN alliance between Avation, Skywest Airlines and Virgin Australia is a unique long term aircraft operating lease arrangement and delivers a solid operating platform for the continued asset and earnings growth of the Avation business. The ARAN Fleet commenced with the order of 15 ATR72 aircraft and 25 options and purchase rights to enable a fleet expansion of 40 aircraft to service Virgin Australia's regional airline network on the east coast of Australia with a potential value of up to US\$800 million.

In the period to 30th June 2012, Avation successfully (i) delivered 6 new ATR 72-500 aircraft with a further 4 new ATR 72-600 to be delivered by end December 2012 (ii) converted 5 options to firm delivery for aircraft delivery in 2013 and January 2014, and (iii) ordered 8 more option ATR 72-600 aircraft for delivery in 2014 and 2015.

The Avation fleet of 15 aircraft has an average age and lease term of 10.6 years and 7.8 years respectively and generates a rental yield of 14.6% from a current customer base of 4 airlines in Australia, Europe and North America.

Avation's fleet is diverse, comprising the new ATR aircraft and other aircraft including the Fokker 100s and A320 aircraft which we used for core transport services to the mining and resources sector in Australia. Avation continues to provide active fleet and financial management to ensure the retention of asset values and maximisation of earnings. In accordance with this policy the Group sold its Australian leasing subsidiary Capital Lease Australian Portfolio One Pty Ltd ("C1") on 28th June 2012 to Skywest Airlines. This C1 sale delivered a higher cash return on ageing and end of lease aircraft. Whilst increasing the overall cash reserves of the Avation Group, earnings were impacted by a fall of 1.0 pence per share on a fully diluted basis.

Revenue growth to GBP 22,098,019 was consistent with the build-out and significant investment in the ATR fleet and reflected lease income commencing in August 2011 from the delivery of the 6 ATR's. Lease revenues are forecast to grow by GBP 4.6 million in 2013 and GBP 2.9 million in 2014 respectively from the proposed ATR fleet expansion.

As of June 30th, total assets increased by GBP 58,740,060 to GBP 158,131,903. Corresponding liabilities increased to GBP 105,610,847 resulting in a moderate net asset increase of 6.2% to GBP 52,521,056.

The Company secured committed funding of US\$180 million covering all aircraft deliveries for the period ending 31st December 2012 from traditional aircraft financing banks. Debt facilities are primarily asset based and limited recourse financings and matched to the leases in terms of currency, term and loan servicing ensuring there is no "through lease term" re-financing risk.

The Company believes that it can obtain access to the necessary debt for the purchase of aircraft. Access to funding nevertheless remains a risk, which is common to all businesses that are capital intensive. Specific aviation based industry risks are also present and include the creditworthiness of client airlines.

The Board of Directors believe that they have demonstrated that the Group has a sustainable business model and are committed to develop the Avation business as a differentiated aircraft operating lease business to provide constant and defined IRR's, cash yields and predictive capital returns from investment in the narrow body aircraft market and more particularly in the Australian and South East Asian regional airline sector.

Our business provides for continued and sustainable growth in 2013 and beyond. Our fleet procurement and investment policies are robust and we will only acquire aircraft with leases attached, ensuring there is no "ramp-up" phase or speculation.

The outlook for 2013 is positive with scheduled ATR aircraft investment in FY 2013 of US\$ 111 million and US\$ 74 million for 2014. Net Profit after Tax is expected to increase proportionately with these increased revenues.

Avation continues to actively evaluate further preferred aircraft acquisition investment opportunities. As a result, the Company is well advanced with respect the funding of its 2013 deliveries and is developing formalised capital funding programs to provide a diversified funding base with access to both debt and equity markets. Our Singapore Stock Exchange listing remains a priority and a core feature of our capital strategy going forward.

Whilst the business is engaged in funding the significant asset growth of the fleet, your Board overwhelmingly recognises the importance of rewarding shareholders and is recommending to shareholders a final dividend payment of 1.04 pence per share. Accordingly, the Company hopes to maintain a progressive dividend policy going forward. The record date for this final dividend will be announced in the meeting materials for the upcoming annual general meeting.

My colleagues and I are committed to continue to work tirelessly to build your Company into a respected, profitable, diversified and cash generative aircraft leasing business. The Board would like to thank you – the shareholders for your continued support and goodwill and look forward to the future with confidence in the successful development of Avation PLC.

Robert Jeffries Chatfield,
Chairman

Singapore
30 October 2012

AVATION PLC

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	2012	2011
	£	£
Continuing operations		
Revenue	22,098,019	16,291,428
Cost of sales	(713,126)	(739,278)
Gross profit	21,384,893	15,552,150
Other income	160,549	297,792
Other operating expenses	(9,159,965)	(6,207,042)
Expenses		
- Administrative expenses	(2,193,520)	(1,255,756)
- Finance expenses	(4,951,087)	(2,755,498)
Profit before taxation	5,240,870	5,631,646
Taxation	(1,079,660)	(574,920)
Profit from continuing operations for the year	4,161,210	5,056,726
Other comprehensive income		
Currency translation differences arising on consolidation	528,268	(1,809,245)
Revaluation (loss) / gains on property, plant and equipment, net of tax	(3,081,286)	859,629
Other comprehensive income for the year, (net of tax)	(2,553,018)	(949,616)
Total comprehensive income for the year	1,608,192	4,107,110
Profit attributable to:		
Equity holders of the parent	3,307,126	3,627,293
Non-controlling interest	854,084	1,429,433
	4,161,210	5,056,726
Total comprehensive income attributable to:		
Equity holders of the parent	1,462,520	3,128,808
Non-controlling interest	145,672	978,302
	1,608,192	4,107,110
Earnings per share		
- Basic – continuing and total operations	8.16 pence	11.95 pence
- Fully Diluted – continuing and total operations	8.13 pence	11.84 pence

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

	2012	2011
	£	£
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	5,824,099	5,626,771
Trade and other receivables	5,770,332	7,542,395
Prepayments	297,904	–
Inventories	9,168	1,946
Total current assets	<u>11,901,503</u>	<u>13,171,112</u>
Non-current assets:		
Trade and other receivables	5,403,585	–
Prepayments	2,452,619	–
Property, plant and equipment	137,049,655	84,896,190
Goodwill	1,324,541	1,324,541
Total non-current assets	<u>146,230,400</u>	<u>86,220,731</u>
Total assets	<u><u>158,131,903</u></u>	<u><u>99,391,843</u></u>
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Trade and other payables	3,242,101	3,331,862
Deferred lease income	58,519	–
Provision for taxation	332,421	38,748
Loans and borrowings	12,522,177	9,865,455
Short-term provisions	1,901,456	2,849,839
Total current liabilities	<u>18,056,674</u>	<u>16,085,904</u>
Non-current liabilities:		
Trade and other payables	3,883,863	942,009
Deferred lease income	468,156	–
Loans and borrowings	79,402,426	28,091,394
Deferred tax liabilities	3,799,728	4,811,938
Total non-current liabilities	<u>87,554,173</u>	<u>33,845,341</u>
Equity attributable to shareholders:		
Share capital	423,745	386,072
Share premium	14,192,267	10,543,750
Assets revaluation reserve	5,465,206	7,436,517
Capital redemption reserve	7,000	7,000
Warrant reserve	120,779	74,381
Capital reserve	1,636,511	–
Foreign currency translation reserve	2,515,434	2,388,729
Retained earnings	<u>17,790,185</u>	<u>14,890,326</u>
	42,151,127	35,726,775
Non-controlling interest	<u>10,369,929</u>	<u>13,733,823</u>
	52,521,056	49,460,598
Total liabilities and equity	<u><u>158,131,903</u></u>	<u><u>99,391,843</u></u>

AVATION PLC**REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	2012 £	2011 £
Cash flows from operating activities:		
Profit before taxation	5,240,870	5,631,646
Adjustments for:		
Depreciation expense	6,515,334	4,964,453
Claim on maintenance reserve	1,257,494	1,242,589
Impairment loss on property plant and equipment	990,924	–
Amortisation of loan premium	225,283	–
Amortisation of deferred lease expense	4,207	–
Loss on disposal of subsidiary	396,213	–
Warrant expense	65,386	74,381
Interest expense	4,721,597	2,680,231
Interest income	(59,643)	(3,607)
Operating profit before working capital changes	19,357,665	14,589,693
Movement in working capital:		
Trade and other receivables and prepayments	(4,099,516)	(5,157,029)
Inventories	(7,222)	(1,239)
Deferred lease income	526,675	–
Trade and other payables	5,416,497	(972,482)
Short-term provisions	(571,189)	(311,597)
Cash from operations	20,622,910	8,147,346
Interest paid	(4,721,597)	(2,809,256)
Interest received	59,643	3,607
Corporation tax paid	(298,554)	(440,543)
Net cash from operating activities	15,662,402	4,901,154
Cash flows from investing activities:		
Cash outflow from disposal of subsidiary – See Note A	(127,977)	–
Purchase of property, plant and equipment	(4,884,565)	(19,233)
Loan to related parties	–	(1,579,860)
Net cash used in investing activities	(5,012,542)	(1,599,093)
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	1,961,749	9,418,374
Dividends paid	(407,266)	(171,193)
Proceeds from borrowings	–	1,257,800
Repayment of borrowings	(10,960,417)	(8,192,846)
Capital element of finance lease repayments	(1,497,535)	(1,355,278)
Net cash (used in) from financing activities	(10,903,469)	956,857
Effects of exchange rates on cash and cash equivalents	450,937	139,972
Net increase in cash and cash equivalents	197,328	4,398,890
Cash and cash equivalents at beginning of financial year	5,626,771	1,227,881
Cash and cash equivalents at end of financial year	5,824,099	5,626,771

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Note A – Disposal of a subsidiary, Capital Lease Australian Portfolio One Pty Ltd:

The aggregate cash inflows arising from the disposal of Capital Lease Australian Portfolio One Pty Ltd were:

	£
Cash	127,977
Trade and other receivables	1,194,144
Property, plant and equipment	6,849,275
Trade and other payables	(2,564,404)
Borrowings	(2,392,449)
Provisions	(1,634,688)
Income tax payable	(329,515)
Identifiable net assets disposed	<u>1,250,340</u>
Loss on disposal	(396,213)
Cash proceeds from disposal	<u>854,127</u>
Less: cash and cash equivalents in subsidiary disposed	<u>(127,977)</u>
Net cash inflow on disposal, receivable after year end	<u><u>726,150</u></u>