

AVATION PLC (the “Company”)
FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012
and Interim Management Report

Avation PLC (LSE: AVAP) the commercial passenger aircraft leasing company is pleased to announce unaudited financial statements for the Company and its subsidiaries for the six-month period ended 31st December 2012.

The financial highlights are:

- Consolidated net profit after tax attributable to shareholders of Avation PLC increased by 38.7% to £2,853,844;
- Revenues increased by 26.4% to £12,713,862;
- Earnings per share of 6.44 pence were recorded representing an increase of 21.7%;
- Increased number of aircraft in the fleet from 15 to 19 with a value of £174 Million;
- Fulfilled the delivery of the initial ten ATR72 aircraft into the Australian Regional Airline Network Alliance (“ARAN”);
- Placed a firm order for seven additional ATR72 for delivery in 2014;
- Secured commercial funding for the five ATR72 aircraft scheduled for delivery in 2013;

Commenting today, Avation PLC Chairman, Jeff Chatfield said:

“The Board of Directors are pleased with the development of the Avation business, in particular the core aircraft delivery program of 22 ATR72 aircraft for firm delivery in 2013 and 2014, and remains committed to the build-out of the ARAN Alliance and other identified fleet opportunities in the Australian and Asian regions.

The business continues to perform strongly, providing consistent and defined IRR’s, cash yields and predictable capital returns from aircraft investments. 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 its Operational Headquarters in Singapore.

Enquiries:

Avation PLC

Jeff Chatfield, Chairman

+44 7783 942 553

Cadogan PR

Alex Walters

+44 20 7839 9260

+44 (0) 7771 713 608

Statement by the Chairman, Jeff Chatfield:

Dear Fellow Shareholder,

Introduction

Your Board is pleased to report that during the six month period ended 31st December 2012 the consolidated net profit after tax moved ahead to £2,853,844 on increased revenues of £12,713,862 with earnings per share rising to 6.44 pence. Returns principally comprise cash yield (income) from aircraft lease payments after repayment of associated debt obligations.

The ARAN Alliance continues to provide a solid operating platform for the continued asset and earnings growth of the Avation business.

The revenue growth increase to £12,713,862 is consistent with the expectations of 30th June 2012 and a result of the build-out and significant investment in the ATR72 fleet. With the recent announcement of further additions to this fleet, lease revenues are expected to grow by an additional £2.3 million in the six months to 30th June 2013.

As at 31st December 2012, total assets increased by £46,646,007 to £204,777,910. Corresponding liabilities increased by £43,173,407 to £148,784,254 resulting in a net asset increase of 6.6% to £55,993,656.

The Company has at this time secured committed funding of some US\$82 million covering senior debt requirements for the five ATR72 deliveries for 2013.

Fleet Development

The Company's aircraft fleet currently comprises nineteen aircraft which are 100% utilised and generate a rental yield of 14.6% from a current customer base of airlines in Australia, Europe and North America (based on the last full year).

The fleet is comprised of a diverse range of commercial passenger aircraft, with new ATR72 aircraft, Airbus A320s, Airbus A321s and Fokker 100s. In addition to leasing these aircraft, Avation provides active fleet and financial management to ensure the retention of asset values and the maximisation of earnings.

The ATR72 fleet related to the ARAN Alliance now stands at ten delivered, with five additional aircraft scheduled for delivery in 2013 and a further four aircraft scheduled for 2014. The Company has secured a potential pipeline of a total of 30 additional aircraft, meaning it is well placed to maintain a high level of growth in the future.

Funding

As stated above, the Company has at this time secured committed debt funding for the ATR72 deliveries for 2013 and it is well positioned to obtain access to the necessary debt for the purchase of further aircraft for 2014 and beyond. 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.

Dividend

As announced at the Annual General Meeting held on 4 December 2012 the company will pay a final dividend of 1.05 pence per share on 22nd February 2013.

Outlook

The Board of Directors is strongly committed to developing the Avation business further and confident that it can achieve continued and sustainable growth in 2013 and beyond. Looking forward, the Directors anticipate further increases in lease revenues if, as and when additional aircraft are delivered.

Jeff Chatfield,
Chairman
Singapore,
11th February 2013

AVATION PLC

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	Note	31 December 2012 £	31 December 2011 £
Continuing operations			
Revenue	4	12,713,862	10,060,035
Cost of sales		<u>(245,287)</u>	<u>(466,219)</u>
Gross profit		12,468,575	9,593,816
Other income	5	773,589	118,450
Other operating expenses	6	(4,655,994)	(3,604,550)
Expenses			
- Administrative expenses		(1,017,554)	(692,403)
- Finance expenses	7	<u>(3,610,726)</u>	<u>(2,191,412)</u>
Profit before taxation		3,957,890	3,223,901
Taxation		<u>(616,423)</u>	<u>(521,921)</u>
Profit from continuing operations for the year		3,341,467	2,701,980
Other comprehensive income			
Currency translation differences arising on consolidation		<u>(1,295,172)</u>	1,431,818
Other comprehensive income for the year, (net of tax)		<u>(1,295,172)</u>	<u>1,431,818</u>
Total comprehensive income		<u>2,046,295</u>	<u>4,133,798</u>
Profit attributable to:			
Equity holders of the parent		2,853,844	2,057,004
Non-controlling interest		<u>487,623</u>	<u>644,976</u>
		<u>3,341,467</u>	<u>2,701,980</u>
Total comprehensive income attributable to:			
Equity holders of the parent		1,909,566	2,967,931
Non-controlling interest		<u>136,729</u>	<u>1,165,867</u>
		<u>2,046,295</u>	<u>4,133,798</u>
Earnings per share			
- Basic – continuing and total operations		<u>6.44 pence</u>	<u>5.29 pence</u>
- Fully Diluted – continuing and total operations		<u>6.44 pence</u>	<u>5.29 pence</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2012

	Note	31 December 2012 £	30 June 2012 £
ASSETS			
Current assets:			
Cash and cash equivalents		13,525,546	5,824,099
Trade and other receivables		4,311,012	5,770,332
Prepayments		667,538	297,904
Inventories		2,181	9,168
Total current assets		<u>18,506,277</u>	<u>11,901,503</u>
Non-current assets:			
Trade and other receivables		4,690,872	5,403,585
Prepayments		5,560,627	2,452,619
Property, plant and equipment	8	174,695,593	137,049,655
Goodwill		1,324,541	1,324,541
Total non-current assets		<u>186,271,633</u>	<u>146,230,400</u>
Total assets		<u>204,777,910</u>	<u>158,131,903</u>
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables		3,663,279	3,242,101
Deferred lease income		80,898	58,519
Provision for taxation		754,975	332,421
Loans and borrowings		14,694,753	12,522,177
Short-term provisions		2,090,623	1,901,456
Total current liabilities		<u>21,284,528</u>	<u>18,056,674</u>
Non-current liabilities:			
Trade and other payables		8,744,258	3,883,863
Deferred lease income		568,624	468,156
Loans and borrowings		114,356,266	79,402,426
Deferred tax liabilities		3,830,578	3,799,728
Total non-current liabilities		<u>127,499,726</u>	<u>87,554,173</u>
Equity attributable to shareholders:			
Share capital	9	443,745	423,745
Share premium		16,062,928	14,192,267
Assets revaluation reserve		5,465,206	5,465,206
Capital redemption reserve		7,000	7,000
Warrant reserve		120,779	120,779
Capital reserve		1,636,511	1,636,511
Foreign currency translation reserve		1,571,156	2,515,434
Retained earnings		20,179,673	17,790,185
Parent interests		45,486,998	42,151,127
Non-controlling interests		10,506,658	10,369,929
		<u>55,993,656</u>	<u>52,521,056</u>
Total liabilities and equity		<u>204,777,910</u>	<u>158,131,903</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Share capital	Share premium	Assets revaluation reserve	Capital Redemption reserve	Warrant reserve	Capital Reserve	Foreign currency translation reserve	Retained earnings	Total	Non-Controlling Interest	Total Equity
	£	£	£	£	£	£	£	£	£	£	£
Group											
Balance at 1 July 2012	423,745	14,192,267	5,465,206	7,000	120,779	1,636,511	2,515,434	17,790,185	42,151,127	10,369,929	52,521,05
Profit for the year	-	-	-	-	-	-	-	2,853,844	2,853,844	487,623	3,341,46
Other comprehensive income	-	-	-	-	-	-	(944,278)	-	(944,278)	(350,894)	(1,295,17
Total comprehensive income	-	-	-	-	-	-	(944,278)	2,853,844	1,909,566	136,729	2,046,29
Dividend related to 2012 paid	-	-	-	-	-	-	-	(464,356)	(464,356)	-	(464,356)
Increase of issued share capital	20,000	1,980,000	-	-	-	-	-	-	2,000,000	-	2,000,00
Share issue expenses	-	(109,339)	-	-	-	-	-	-	(109,339)	-	(109,339)
Balance at 31 December 2012	443,745	16,062,928	5,465,206	7,000	120,779	1,636,511	1,571,156	20,179,673	45,486,998	10,506,658	55,993,65
Balance at 1 July 2011	386,072	10,543,750	7,436,517	7,000	74,381	-	2,388,729	14,890,326	35,726,775	13,733,823	49,460,59
Profit for the year	-	-	-	-	-	-	-	2,057,004	2,057,004	644,976	2,701,98
Other comprehensive income	-	-	-	-	-	-	910,927	-	910,927	520,891	1,431,81
Total comprehensive income	-	-	-	-	-	-	910,927	2,057,004	2,967,931	1,165,867	4,133,79
Dividend related to 2011 paid	-	-	-	-	-	-	-	(407,266)	(407,266)	-	(407,266)
Increase of issued share capital	21,195	2,128,748	-	-	(18,988)	-	-	-	2,130,955	-	2,130,95
Share issue expenses	-	(122,074)	-	-	-	-	-	-	(122,074)	-	(122,074)
Balance at 31 December 2011	407,267	12,550,424	7,436,517	7,000	55,393	-	3,299,656	16,540,064	40,296,321	14,899,690	55,196,01

AVATION PLC

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	31 December 2012	31 December 2011
	£	£
Cash flows from operating activities:		
Profit before taxation	3,957,890	3,223,901
Adjustments for:		
Depreciation expense	3,466,920	2,950,475
Claim on maintenance reserve	869,992	691,670
Amortisation of loan premium	229,569	-
Amortisation of deferred lease expense	122,260	-
Interest expense	3,258,897	2,191,412
Interest income	(10,161)	(1,086)
Operating profit before working capital changes	11,895,367	9,056,372
Movement in working capital:		
Trade and other receivables	(1,657,438)	(2,452,948)
Inventories	6,987	(848)
Trade and other payables	5,163,630	822,501
Deferred lease income	122,847	-
Short-term provisions	(680,825)	(83,187)
Cash from operations	14,850,568	7,341,890
Interest paid	(3,140,954)	(1,852,061)
Interest received	10,161	1,086
Corporation tax paid	(18,095)	(260,229)
Net cash from operating activities	11,701,680	5,230,686
Cash flows used in investing activity:		
Purchase of property, plant and equipment	(3,453,493)	(44,650,840)
Net cash used in investing activity	(3,453,493)	(44,650,840)
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	1,890,661	2,008,881
Proceeds from borrowings	4,333,700	45,408,208
Repayment of borrowings	(6,525,739)	(4,214,372)
Capital element of finance lease repayments	(1,168,204)	(927,906)
Net cash used in financing activities	(1,469,582)	42,274,811
Effects of exchange rates on cash & cash equivalents	922,842	179,045
Net increase in cash and cash equivalents	7,701,447	3,033,702
Cash and cash equivalents at beginning of financial period	5,824,099	5,626,771
Cash and cash equivalents at end of financial period	13,525,546	8,660,473

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

The Interim Report for Avation PLC for the six months ended 31 December 2012 was approved by the Directors on 11 February 2013.

1 CORPORATE INFORMATION

Avation PLC (the Company) is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006 (Registration Number 05872328).

The principal activities of the Company and its subsidiaries are the holding of investments involved in owning, leasing aircraft and trading of broadcasting equipment and procurement business. The Company also owns and leases aircraft in its own right.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and in accordance with International Accounting Standard (IAS) 34 'Interim Reporting'.

The Interim Report does not include all the notes of the type normally included within the annual report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the consolidated entity as the full financial report.

It is recommended that the Interim Report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Avation PLC during the six months ended 31 December 2012.

The accounting policies and methods of computation are the same as those adopted in the annual report for the year ended 30 June 2012.

The preparation of the Interim Report requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim Report, actual results may differ from these estimates.

The statutory financial statements of Avation PLC for the year ended 30 June 2012, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain section 498 of the Companies Act 2006.

The Interim Report is unaudited and not reviewed by the auditors.

The Interim Report does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

AVATION PLC

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

3 SEGMENT INFORMATION

a) Segment reporting policy

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group, information for geographical segments is based on the geographical areas where the customers are located.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets and liabilities or profit or losses items that are not directly attributable to a segment or those that cannot be allocated on a reasonable basis. Common expenses were allocated based on revenue from the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

b) Primary reporting segment – business segments

During the six months ended 31 December 2012, the Group was organised into two main business segments which are aircraft leasing and business procurement.

Other operations of the Group mainly comprise investment holding which does not constitute a separate reportable segment. There are no inter-segment transactions recorded during the financial period.

	<u>Aircraft leasing</u> £	<u>Business procurement</u> £	<u>Total</u> £
31 December 2012			
Revenue & other income			
- External sales	19,789,113	275,452	20,064,565
- Other income			838,789
Total of all segments			20,903,354
Less: elimination			(7,415,903)
Consolidated revenue & other income			<u>13,487,451</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

<u>31 December 2012</u>	<u>Aircraft leasing</u> £	<u>Business procurement</u> £	<u>Total</u> £
Results			
Segment results	7,625,868	(67,413)	7,558,455
Finance income			10,161
Finance expense			(3,610,726)
Unallocated corporate expenses			-
Profit before taxation			<u>3,957,890</u>
Taxation			<u>(616,423)</u>
Profit after taxation			<u>3,341,467</u>
Other segment items			
Capital expenditure & valuation movement			
- property, plant and equipment	45,463,146	-	45,463,146
Depreciation	3,465,925	995	<u>3,466,920</u>
<u>31 December 2012</u>	<u>Aircraft leasing</u> £	<u>Business procurement</u> £	<u>Total</u> £
Segment assets			
Unallocated assets			-
Consolidated total assets	204,429,121	348,789	<u>204,777,910</u>
Segment liabilities			
Trade and other payables	12,022,073	385,464	12,407,537
Deferred lease income	649,522		649,522
Provision of taxation	754,975	-	754,975
Short term provisions	2,090,623	-	2,090,623
Loans and borrowings	129,051,019	-	129,051,019
Deferred tax liabilities	3,830,578	-	3,830,578
Unallocated liabilities			-
Consolidated total liabilities			<u>148,784,254</u>

AVATION PLC

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

	Aircraft leasing	Business procurement	Total
<u>31 December 2011</u>	£	£	£
Revenue & other income			
- External sales	12,268,854	592,548	12,861,402
- Other income			224,787
Total of all segments			13,086,189
Less: elimination			(2,907,704)
Consolidated revenue & other income			<u>10,178,485</u>
	Aircraft leasing	Business procurement	Total
<u>31 December 2011</u>	£	£	£
Results			
Segment results	5,422,303	(8,076)	5,414,227
Finance income			1,086
Finance expense			(2,191,412)
Unallocated corporate expenses			-
Profit before taxation			3,223,901
Taxation			(521,921)
Profit after taxation			<u>2,701,980</u>
Other segment items			
Capital expenditure & valuation movement			
- property, plant and equipment	44,650,238	602	44,650,840
Depreciation	2,949,496	979	<u>2,950,475</u>
	Aircraft Leasing	Business procurement	Total
<u>30 June 2012</u>	£	£	£
Segment assets	157,335,380	796,523	158,131,903
Unallocated assets			-
Consolidated total assets			<u>158,131,903</u>
Segment liabilities			
Trade and other payables	6,243,980	881,984	7,125,964
Deferred lease income	526,675	-	526,675
Provision of taxation	332,421	-	332,421
Short term provisions	1,901,456	-	1,901,456
Loans and borrowings	91,924,603	-	91,924,603
Deferred tax liabilities	3,799,728	-	3,799,728
Unallocated liabilities			-
Consolidated total liabilities			<u>105,610,847</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

c) Second reporting segment – geographical segments

The following table provides an analysis of the revenues by geographical market, irrespective of the origin of the goods:

<u>Revenue</u>	<u>31 December 2012</u> £	<u>31 December 2011</u> £
Australia	8,804,933	5,990,376
Denmark	2,826,135	2,826,900
United States	697,113	697,302
Others	385,681	545,457
	<u>12,713,862</u>	<u>10,060,035</u>
	<u>Total assets</u> £	<u>Net Book Value Aircraft</u> £
<u>31 December 2012</u>		
Australia	131,678,702	130,067,998
United States	5,274,152	5,274,152
Denmark	39,349,126	39,349,126
Malta	648,110	-
United Kingdom	13,834,239	-
Others	13,993,581	-
	<u>204,777,910</u>	<u>174,691,276</u>
	<u>Total assets</u> £	<u>Net Book Value Aircraft</u> £
<u>30 June 2012</u>		
Australia	90,946,768	89,698,256
United States	5,662,061	5,661,776
Denmark	41,684,917	41,684,917
Malta	599,386	-
United Kingdom	11,514,454	-
Others	7,724,317	-
	<u>158,131,903</u>	<u>137,044,949</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

4 REVENUE

	31 December 2012	31 December 2011
	£	£
Rental income	11,404,870	8,604,687
Maintenance rent revenue	908,600	702,975
Management and service income	132,428	180,069
Sales of finished goods	267,964	572,304
	<u>12,713,862</u>	<u>10,060,035</u>

5 OTHER INCOME

	31 December 2012	31 December 2011
	£	£
Interest income	10,161	1,086
Foreign currency exchange adjustment gain	-	117,302
Software licence repurchase by aircraft manufacturer	681,010	-
Other income	82,418	62
	<u>773,589</u>	<u>118,450</u>

6 OTHER OPERATING EXPENSES

	31 December 2012	31 December 2011
	£	£
Foreign currency exchange adjustment loss	319,082	-
Claim on maintenance reserve expense	869,992	654,075
Depreciation of property, plant and equipment	3,466,920	2,950,475
	<u>4,655,994</u>	<u>3,604,550</u>

7 FINANCE EXPENSES

	31 December 2012	31 December 2011
	£	£
Interest expense on secured borrowings	3,258,897	2,191,412
Amortisation of loan premium	229,569	-
Amortisation of deferred lease expense	122,260	-
	<u>3,610,726</u>	<u>2,191,412</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

8 PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment	Aircraft	Total
	£	£	£
31 December 2012			
Cost or valuation:			
At 1 July 2012	9,521	155,872,270	155,881,791
Additions	1,248	45,461,898	45,463,146
Currency realignment	(276)	(4,999,468)	(4,999,744)
At 31 December 2012	<u>10,493</u>	<u>196,334,700</u>	<u>196,345,193</u>
Representing:			
Cost	10,493	-	10,493
Valuation	-	196,334,700	196,334,700
	<u>10,493</u>	<u>196,334,700</u>	<u>196,345,193</u>
Accumulated depreciation:			
At 1 July 2012	4,815	18,827,321	18,832,136
Depreciation for the period	1,527	3,465,393	3,466,920
Currency realignment	(166)	(649,290)	(649,456)
At 31 December 2012	<u>6,176</u>	<u>21,643,424</u>	<u>21,649,600</u>
Net book value:			
At 1 July 2012	<u>4,706</u>	<u>137,044,949</u>	<u>137,049,655</u>
At 31 December 2012	<u>4,317</u>	<u>174,691,276</u>	<u>174,695,593</u>
	Furniture and equipment	Aircraft	Total
	£	£	£
30 June 2012			
Cost or valuation:			
At 1 July 2011	7,539	98,053,541	98,061,080
Additions	1,789	69,338,834	69,340,623
Disposal of subsidiary	-	(13,904,233)	(13,904,233)
Currency realignment	193	2,384,128	2,384,321
At 30 June 2012	<u>9,521</u>	<u>155,872,270</u>	<u>155,881,791</u>
Representing:			
Cost	9,521	-	9,521
Valuation	-	155,872,270	155,872,270
	<u>9,521</u>	<u>155,872,270</u>	<u>155,881,791</u>
Accumulated depreciation:			
At 1 July 2011	2,220	13,162,670	13,164,890
Depreciation for the year	2,505	6,512,830	6,515,335
Impairment loss	-	5,551,385	5,551,385
Disposal of subsidiary	-	(6,798,079)	(6,798,079)
Currency realignment	90	398,515	398,605
At 30 June 2012	<u>4,815</u>	<u>18,827,321</u>	<u>18,832,136</u>
Net book value:			
At 1 July 2011	<u>5,319</u>	<u>84,890,871</u>	<u>84,896,190</u>
At 30 June 2012	<u>4,706</u>	<u>137,044,949</u>	<u>137,049,655</u>

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

9 SHARE CAPITAL

	31 December 2012	30 June 2012
	£	£
Allotted, called up and fully paid:		
44,374,463 (30 June 2012: 42,374,463) ordinary shares of 1 penny each	<u>443,745</u>	<u>423,745</u>

On 5 July 2012, the Company issued 2,000,000 ordinary shares of 1 penny each following a private placement exercise for £2,000,000.

10 DIVIDENDS PAID

	31 December 2012	31 December 2011
	£	£
Dividend declared/paid during the 6 months ended 31 December:		
Final dividend of 1.05p (2011: 1p)	<u>464,356</u>	<u>407,266</u>

No dividends have been declared subsequent to 31 December 2012.

11 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since 30 June 2012.

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

12. TRANSACTIONS WITH RELATED PARTIES

Significant related party transactions:

	31 December 2012	31 December 2011
	£	£
Sales of goods to a related party ¹	8,798	125,639
Sales of goods to a related party ²	957	2,300
Services rendered to a related party ¹	-	20,244
Services rendered to a related party ²	3,086	-
Maintenance rent received from a related party ¹	908,600	702,975
Rental income received from a related party ¹	7,762,618	4,971,086
Rental income received from a related party ³	119,004	109,398
Interest income received from a related party ⁴	423	-
Interest income received from a related party ⁵	4,890	-
Interest income received from a related party ⁶	331	-
Service fee paid to a related party ⁷	2,750	10,939
Arrangement fee paid to a related party ⁸	-	32,355
Service fee paid to a related party ⁹	-	61,260
Service fee paid to a related party ¹⁰	-	10,164
Service fee paid to a related party ¹¹	-	10,000
Service fee paid to a related party ¹²	-	11,412
Service fee paid to a related party ¹³	161,858	2,033
Expenses rebilled from a related party ¹³	26,958	17,613
Interest expense paid to a related party ⁸	63,282	6,675
Interest expense paid to a related party ¹⁴	-	2,821
Interest expense paid to a director of a subsidiary	<u>1,182</u>	<u>-</u>

1. Received from Skywest Airlines (Australia) Pty Ltd in which a director of the Company is also a director of Skywest Airlines (Australia) Pty Ltd.
2. Received from Skywest Airlines (S) Pte Ltd in which a director of the subsidiary is also a director of Skywest Airlines (S) Pte Ltd.
3. Received from F11305 Pte Ltd in which a director of the Company is also a director of F11305 Pte Ltd.
4. Received from Giant Mix Investment Ltd in which a director of the Company is also a director of Giant Mix Investment Ltd.
5. Received from Takeoff Services Pte Ltd in which a director of the Company is also a director of Takeoff Services Pte Ltd.
6. Received from CaptiveVision Capital Ltd in which a director of the Company is a director of CaptiveVision Capital Ltd.
7. Paid to Leob Aron & Company Ltd in which a director of a subsidiary is also a director of Leob Aron & Company.
8. Paid to Fleet Solution Consulting Pte Ltd in which a director of a subsidiary is also a director of Fleet Solution Consulting Pte Ltd.
9. Paid to Takeoff Services Pte Ltd in which a director of the Company is also a director of Takeoff Services Pte Ltd.
10. Paid to Giant Mix Investment Ltd in which a director of the Company is also a director of Giant Mix Investment Ltd.
11. Paid to Epsom Assets Limited in which a director of the Company is also a director of Epsom Assets Limited.
12. Paid to Sinclair Management in which a director of the subsidiary is the sole proprietor of Sinclair Management.
13. Paid to Skywest Airlines (S) Pte Ltd in which a director of the subsidiary is also a director of Skywest Airlines (S) Pte Ltd.
14. Paid to CaptiveVision Capital Ltd in which a director of the Company is a director of CaptiveVision Capital Ltd.

The nature and contractual terms of key management compensation and inter-company transactions during the period are consistent with the disclosures in the Annual Report for the year ended 30 June 2012.

AVATION PLC
REGISTERED NUMBER: 05872328 (ENGLAND & WALES)
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

13 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the followings occurred:

- a) On 9 January 2013, the Company purchased 150,000 of its own ordinary shares at a price of 88 pence per ordinary share representing approximately 0.34 per cent of the Company's current issued share capital. These 150,000 ordinary shares are to be held in treasury.
- b) On 25 January 2013, the Group has completed the purchase of a A320-200 which it had previously leased from another aircraft leasing company.

PRINCIPAL RISKS

The Group's risk management processes bring greater judgement to decision making as they allow management to make better, more informed and more consistent decisions based on a clear understanding of risks involved. We regularly review the risk assessment and monitoring process as part of our commitment to continually improve the quality of decision-making across the Group.

The Group's principal risks and uncertainties are consistent with those set out in the Prospectus submitted to the London Stock Exchange.

The principal risks and uncertainties which may affect the Group in the second half of the financial year will include 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 fulfil their lease obligations.

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

GOING CONCERNS

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk and liquidity risk are discussed in the annual report for the Group for the year ended 30 June 2012.

DIRECTORS

The directors of Avation PLC are listed in its Annual Report for the year ended 30 June 2012. A list of the current directors is maintained on the Avation PLC website: www.avation.net.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely

- an indication of important events that have occurred during the first six months and their impact on the Interim Report, and a description required by the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

By order of the Board

Jeff Chatfield
Chairman

11 February 2013