

**AVATION PLC (the “Company”)**  
**UNAUDITED PRELIMINARY FINANCIAL RESULTS FOR**  
**YEAR ENDED 30 JUNE 2013**

Avation PLC (LSE: AVAP) the aircraft procurement and leasing company is pleased to announce its final results extracted from the unaudited financial statements for the Company and its subsidiaries for the year ended 30 June 2013.

**Highlights:**

- **Earnings per share increased by 88% to 23.25 US cents;**
- **Fleet value increased to US\$347 million;**
- **EBITDA increased by 46% to US\$38.3 million;**
- **Revenue increased by 22% to US\$42.7 million;**
- **Dividends increased by 10% to 1.78 US cents per share;**
- **Consolidated net profit after tax increased by 110% to US\$10.5 million;**
- **Delivery of six new ATR 72-600 aircraft, an Airbus A321 and an Airbus A320;**
- **Number of aircraft in fleet increased to 23 from 15;**

Jeff Chatfield, Chairman, said:

“This has been an excellent year for Avation with impressive financial and operational growth. I am delighted that we are able to announce results which are well ahead of market expectations. The outlook for the next calendar year looks very strong, with contracted fleet growth of 43 per cent already locked in, including the delivery of eight aircraft.”

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

It has been agreed that the current senior statutory auditor will continue for one additional year in addition to the recommended five. This is permitted under the ethical guidelines to safeguard the quality of the audit in certain circumstances.

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## **Chairman's Statement on Results and Interim Management Statement**

Dear Fellow Shareholder,

Your Board is pleased to report that in respect of the year ended 30 June 2013 the consolidated net profit after tax was US\$10,515,901 (2012: US\$5,009,457) on revenues of US\$42,739,991 (2012: US\$35,001,218) with earnings per share of 23.25 US cents (2012: 12.36 US cents). Total returns comprise income from cash yield from aircraft lease payments plus the net asset value (capital) realisable from the sale of the aircraft after repayment of associated debt obligations.

In the period to 30 June 2013, the Group delivered six new ATR 72-600 aircraft, acquired an Airbus A321 and, pursuant to a finance lease, an Airbus A320. Avation is scheduled to deliver eight ATR 72-600 before the end of FY2014 and an additional two ATR 72-600 in the second half of calendar year 2014.

The Avation fleet of 23 aircraft has an average age and lease term of 8.7 years and 5.7 years respectively with a current customer base of airlines in Australia, Europe and North America. The Company has also recently announced the securing of Fiji Airways as a new airline customer for a new aircraft in 2014.

Avation's fleet is diverse, comprising the new ATR aircraft and other aircraft including Airbus A321 and A320 along with a small number of older aircraft. Avation targets continual fleet renewal and financial management to ensure the retention of asset values and maximisation of earnings.

As of June 30th, total assets increased by US\$147,274,204 to US\$394,383,300. Corresponding liabilities increased by US\$131,212,593 to US\$296,146,941 resulting in net assets at year end of US\$98,236,359.

In the period to 30 June 2013, the Company secured committed debt funding of over US\$100 million covering aircraft deliveries to January 2014 from traditional aircraft financing banks and other institutional lenders. Debt facilities are primarily asset based 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 future 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 Company has been significantly cash generative this financial year. The EBITDA increased by 46% to US\$38,329,167. Purchasing aircraft typically requires a mixture of senior debt, a junior debt tier and equity which may be self generated. The directors seek to minimize the cost of funds and hence may seek to refinance existing debt facilities. The Company continues to evaluate the state of both debt and equity along with choice of market for equity capital, in the context of its ongoing requirements.

The Directors believe 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 internal rates of return, cash yields and predictive capital returns from investment in the narrow body and regional aircraft market and more particularly in the Australian and South East Asian sector.

Our business provides for continued and sustainable growth in 2014 and beyond. The outlook for calendar year 2014 is 43% growth in the fleet contracted by way of committed deliveries.

Avation continues to actively evaluate further aircraft acquisition investment opportunities. As a result, the Company is well advanced with respect the funding of its 2014 deliveries and is developing formalised capital funding programmes to provide a diversified funding base with access to both debt and equity markets.

Whilst the business is engaged in funding the continued aggressive asset growth of the fleet, your Board overwhelmingly recognises the importance of rewarding shareholders and is recommending to shareholders a final dividend payment of 1.78 US cents 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 working 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.

R. J. (Jeff) Chatfield,  
Executive Chairman

27<sup>th</sup> of August 2013

**AVATION PLC**  
**REGISTERED NUMBER: 05872328 (ENGLAND & WALES)**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	<b>2013 US\$</b>	<b>2012 US\$</b>
<b>Continuing operations</b>		
<b>Revenue</b>	42,739,991	35,001,218
Cost of sales	(822,887)	(1,129,525)
<b>Gross profit</b>	41,917,104	33,871,693
Other income	1,846,538	120,079
Other operating expenses	(13,236,614)	(14,601,919)
Expenses		
- Administrative expenses	(3,564,798)	(3,474,177)
- Finance expenses	(12,992,553)	(7,842,062)
<b>Profit before taxation</b>	13,969,677	8,073,614
Taxation	(2,004,684)	(1,710,080)
<b>Profit from continuing operations for the year</b>	11,964,993	6,363,534
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation (loss) / gain on property, plant and equipment, net of tax	(1,780,368)	(5,569,535)
	(1,780,368)	(5,569,535)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences arising on consolidation	603	(1,007)
	603	(1,007)
<b>Other comprehensive income for the year, (net of tax)</b>	(1,779,765)	(5,570,542)
<b>Total comprehensive income for the year</b>	10,185,228	792,992
Profit attributable to:		
Equity holders of the parent	10,515,901	5,009,457
Non-controlling interest	1,449,092	1,354,077
	11,964,993	6,363,534
Total comprehensive income attributable to:		
Equity holders of the parent	9,365,487	1,172,549
Non-controlling interest	819,741	(379,557)
	10,185,228	792,992
<b>Earnings per share</b>		
- Basic – continuing and total operations	23.25 cents	12.36 cents
- Fully diluted – continuing and total operations	23.25 cents	12.31 cents

**AVATION PLC**  
**REGISTERED NUMBER: 05872328 (ENGLAND & WALES)**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2013**

	30 June 2013 US\$	30 June 2012 US\$	30 June 2011 US\$
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	19,623,244	9,094,470	9,012,916
Trade and other receivables	6,337,909	9,021,165	12,116,192
Prepayments	1,094,380	465,183	-
Inventories	438	14,316	3,117
Total current assets	<u>27,055,971</u>	<u>18,595,134</u>	<u>21,132,225</u>
<b>Non-current assets:</b>			
Trade and other receivables	9,300,261	8,437,828	-
Prepayments	8,442,671	3,829,823	-
Property, plant and equipment	347,200,389	213,862,303	135,621,485
Goodwill	2,384,008	2,384,008	2,384,008
Total non-current assets	<u>367,327,329</u>	<u>228,513,962</u>	<u>138,005,493</u>
<b>Total assets</b>	<b><u>394,383,300</u></b>	<b><u>247,109,096</u></b>	<b><u>159,137,718</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities:</b>			
Trade and other payables	12,088,802	5,073,257	5,376,057
Deferred lease income	207,132	91,379	-
Provision for taxation	986,556	519,083	62,067
Loans and borrowings	24,243,718	19,553,681	15,802,427
Short-term provisions	3,757,081	2,969,169	4,564,855
Total current liabilities	<u>41,283,289</u>	<u>28,206,569</u>	<u>25,805,406</u>
<b>Non-current liabilities:</b>			
Trade and other payables	9,088,610	6,064,744	1,508,902
Deferred lease income	1,381,260	731,037	-
Loans and borrowings	239,205,865	123,988,798	44,996,626
Deferred tax liabilities	5,187,917	5,943,200	7,724,794
Total non-current liabilities	<u>254,863,652</u>	<u>136,727,779</u>	<u>54,230,322</u>
<b>Equity attributable to shareholders:</b>			
Share capital	878,137	779,618	720,917
Treasury shares	(214,498)	-	-
Share premium	29,809,334	23,047,234	17,365,391
Assets revaluation reserve	10,158,496	11,309,284	15,145,567
Capital redemption reserve	11,564	11,564	11,564
Warrant reserve	103,565	192,946	119,143
Capital reserve	2,530,212	2,530,212	-
Foreign currency translation reserve	(251)	(625)	-
Retained earnings	<u>37,949,162</u>	<u>28,113,618</u>	<u>23,742,715</u>
	81,225,721	65,983,851	57,105,297
Non-controlling interest	<u>17,010,638</u>	<u>16,190,897</u>	<u>21,996,693</u>
	98,236,359	82,174,748	79,101,990
<b>Total liabilities and equity</b>	<b><u>394,383,300</u></b>	<b><u>247,109,096</u></b>	<b><u>159,137,718</u></b>

**AVATION PLC**  
**REGISTERED NUMBER: 05872328 (ENGLAND & WALES)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities:</b>		
Profit before taxation	13,969,677	8,073,614
Adjustments for:		
Depreciation expense	11,366,937	10,299,139
Claim on maintenance reserve	1,860,732	1,991,753
Impairment loss on property plant and equipment	8,945	1,569,532
Amortisation of loan premium	904,658	356,827
Amortisation of interest expense on deposit collected	570,267	6,663
Loss on disposal of subsidiary	-	627,565
Warrant expense	-	103,535
Interest expense	11,517,628	7,478,572
Finance income	(582,844)	(21,137)
Interest income	(28,727)	(94,470)
Operating profit before working capital changes	<u>39,587,273</u>	<u>30,391,593</u>
Movement in working capital:		
Trade and other receivables and prepayments	(4,868,068)	(7,183,814)
Inventories	13,878	(11,199)
Deferred lease income	765,976	822,416
Trade and other payables	3,044,789	8,250,757
Short-term provisions	(1,072,820)	(1,034,835)
Cash from operations	<u>37,471,028</u>	<u>31,234,918</u>
Interest paid	(11,093,273)	(7,478,572)
Interest received	28,727	94,470
Corporation tax paid	(999,556)	(472,882)
<b>Net cash from operating activities</b>	<u>25,406,926</u>	<u>23,377,934</u>
<b>Cash flows from investing activities:</b>		
Cash inflow (outflow) from disposal of a subsidiary – See Note A	1,125,032	(199,839)
Purchase of property, plant and equipment	(134,087,044)	(73,277,102)
<b>Net cash used in investing activities</b>	<u>(132,962,012)</u>	<u>(73,476,941)</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of ordinary shares	6,836,498	3,076,471
Dividends paid	(745,618)	(638,554)
Repurchase of treasury shares	(214,498)	-
Proceeds from borrowings	140,263,472	67,569,065
Repayment of borrowings	(23,882,635)	(17,360,286)
Capital element of finance lease repayments	(4,173,733)	(2,465,353)
<b>Net cash used in financing activities</b>	<u>118,083,486</u>	<u>50,181,343</u>
<b>Effects of exchange rates on cash and cash equivalents</b>	374	(782)
<b>Net increase in cash and cash equivalents</b>	<u>10,528,774</u>	<u>81,554</u>
Cash and cash equivalents at beginning of financial year	<u>9,094,470</u>	<u>9,012,916</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>19,623,244</u>	<u>9,094,470</u>

**AVATION PLC**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

**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 during the previous year were:

	<b>US\$</b>
Cash	199,839
Trade and other receivables	1,864,684
Property, plant and equipment	10,695,308
Trade and other payables	(4,004,378)
Borrowings	(3,735,866)
Provisions	(2,552,604)
Income tax payable	(514,547)
Identifiable net assets disposed	<u>1,952,436</u>
Loss on disposal	(627,565)
Cash proceeds from disposal	<u>1,324,871</u>
Less: cash and cash equivalents in subsidiary disposed	<u>(199,839)</u>
Net cash inflow on disposal, received during the year ended 30 June 2013	<u><u>1,125,032</u></u>