

AVATION PLC
(‘Avation’ or the ‘Company’)
CONSOLIDATED UNAUDITED RESULTS FOR THE
SIX MONTHS ENDED 31 DECEMBER 2008

Avation announces its interim results for the six months to 31 December 2008.

HIGHLIGHTS

- Total assets increased to GBP 100.6 million.
- Group operating revenues increased by 262% to GBP 7.8m.
- Profits attributable to shareholders amounted to GBP 2.5m.
- Earnings per share 10.19p

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The directors of the Company accept responsibility for the content of this announcement.

CHAIRMAN'S STATEMENT

I am pleased to present Avation's interim results for the six months ended 31 December 2008 (the "Period"). The continued success of our aircraft leasing business has resulted in improved Group operating results with ordinary Group revenues for the half year increasing to GBP 7,828,643 (2007: GBP 2,164,417).

The Group's net profit after income tax attributable to the shareholders was recorded as GBP 2,578,548.

These results are superior in terms of recurrent earnings per share (10.19p) as the comparable prior period results were skewed by a one time gain of GBP 5.5m without which the earnings per share at that time would have been 4.04p.

The Company's results reflect increased profits in lease income generated from the acquisition of aircraft. Current trading is in line with expectations, all subsidiary parts of the Avation PLC group remain profitable and cash flow positive.

The Company 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. Risks also include changes in exchange rates, particularly changes in the USD / GBP exchange rate. For the sake of clarity it should be noted that all of the source lease revenues of the company are denominated in USD as are its borrowings.

The group also relies on its ability to source finance on typical commercial banking terms. Should this supply of finance contract, it would limit our fleet expansion and concomitant growth.

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

Jeff Chatfield
Executive Chairman

UNAUDITED CONSOLIDATED INCOME STATEMENT
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
 In Great Britain Pounds

	6 months ended 31 December 2008	6 months ended 31 December 2007
<u>Continuing operations</u>		
Revenue	7,828,643	2,164,417
Cost of sales	<u>(801,086)</u>	<u>(27,215)</u>
Gross profit	7,027,557	2,137,202
Other operating income	2,383,162	5,741,223
Selling, general and administrative expenses	(846,216)	(279,363)
Earnings before depreciation/finance cost	<u>8,564,503</u>	<u>7,599,062</u>
Depreciation	(2,066,914)	(409,897)
Interest expense	<u>(1,746,883)</u>	<u>(259,644)</u>
Earnings after depreciation/finance cost	4,750,706	6,929,521
Income tax	<u>(499,333)</u>	<u>(307,230)</u>
Profit after income tax	4,251,373	6,622,291
Minority Interests	(1,672,825)	(176,667)
Attributable to the shareholders	<u>2,578,548</u>	<u>6,445,624</u>
Earnings per share	<u>10.19p</u>	<u>27.55p</u>

UNAUDITED CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
In Great Britain Pounds

	As at 31 Dec 2008	As at 31 Dec 2007
ASSETS		
Current assets:		
Cash and cash equivalents	2,446,203	10,591,280
Trade and other receivables	1,378,786	884,150
Inventories	11,382	700
Total current assets	<u>3,836,371</u>	<u>11,476,130</u>
Non-current assets		
Property, plant and equipment	95,527,442	16,944,199
Goodwill	1,324,541	1,324,541
Total non-current assets	<u>96,851,983</u>	<u>18,268,740</u>
Total assets	<u><u>100,688,354</u></u>	<u><u>29,744,870</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	4,033,950	458,793
Provision for taxation	1,178,631	434,860
Loans and borrowings	8,372,297	-
Short-term provisions	560,670	-
Total current liabilities	<u>14,145,548</u>	<u>893,653</u>
Non-current liabilities:		
Trade and other payables	738,635	323,093
Loans and borrowings	51,718,349	11,399,732
Deferred tax liabilities	3,343,083	996,762
Total non-current liabilities	<u>55,800,067</u>	<u>12,719,587</u>
Equity attributable to shareholders:		
Share capital	255,805	243,392
Share premium	1,223,086	1,309,284
Reserves	8,918,932	2,123,756
Retained earnings	9,837,345	6,993,209
	<u>20,235,168</u>	<u>10,669,641</u>
Minority Interest	10,507,571	5,461,989
	<u>30,742,739</u>	<u>16,131,630</u>
Total liabilities and equity	<u><u>100,688,354</u></u>	<u><u>29,744,870</u></u>

UNAUDITED CONSOLIDATED GROUP CASH FLOW
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
In Great Britain Pounds

	6 months ended 31 December 2008	6 months ended 31 December 2007
Cash flows from operating activities		
Profit after income tax	4,251,373	6,622,291
Adjustments for:		
Income tax	499,333	307,230
Depreciation expenses	2,066,914	409,897
Gain on dilution of subsidiary	-	(5,500,181)
Interest expense	1,746,883	259,644
Interest income	(10,305)	(201,649)
Operation profits before working capital changes	8,554,198	1,897,232
Trade and other receivables	(1,015,920)	(514,337)
Inventories	(10,647)	(3)
Trade and other payables	2,205,829	226,302
Short term provisions	261,334	-
Cash generated from operations	9,994,794	1,609,194
Interest paid	(1,746,883)	(259,644)
Interest received	10,305	201,649
Income tax paid	(85,084)	(21,370)
Net cash generated from operating activities	8,173,132	1,529,829
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,492,740)	(7,593,231)
Additional investment in subsidiary paid by minority shareholders	-	10,785,443
Net cash (used in) generated from investing activities	(4,492,740)	3,192,212
Cash flow generated from financing activities		
Proceeds from borrowings	3,537,715	5,951,752
Repayment of borrowings	(4,187,760)	(857,487)
Proceeds from issuing shares (net of cost)	12,421	206,440
Net cash (used in) generated from financing activities	(637,624)	5,300,705
Net effect of exchange rates in consolidating subsidiaries	(1,854,090)	(259,811)
Net increase in cash	1,188,678	9,762,935
Cash at beginning of period	1,257,525	828,345
Cash at end of period	2,446,203	10,591,280

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 25,303,751 (2007: 23,392,512) 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 2008 and 30 June 2007. The interim figures have not been audited.
- 4) The interim statement for 2008 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 2008 was USD – GBP 0.69069. The average rate applied during the six months period ended 31 December 2008 was USD – GBP 0.58296.