AVATION PLC
(“Avation” or “the Company”)

FINANCIAL RESULTS AND INTERIM MANAGEMENT STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, today announces unaudited financial results for the six months ended 31 December 2015.

Overview

- Lease revenue increased by 14.4 per cent to $31.5 million (31 December 2014: $27.5 million);
- Fleet size increased to 34 aircraft as at the date of this report (30 June 2015: 29 aircraft);
- Avation’s fleet provided a lease yield of 13.4 per cent;
- Airline customer list increased;
- Earnings before Interest and Tax (“EBIT”) increased 14.7 per cent to $17.9 million (31 December 2014: $15.6 million);
- Pre-tax profit (excluding finance costs associated with $100m unsecured notes issued in May 2015) increased to $9.7 million (31 December 2014: $7.0 million);
- Pre-tax profit for the half year decreased to $5.6 million (31 December 2014: $7.0 million); and
- Cash and cash equivalents totalled $69.7 million as at 31 December 2015.

Executive Chairman Jeff Chatfield said:

“Avation is an aircraft lessor that focuses on narrowbody commercial turboprop and jet aircraft. As at the date of this report Avation has 34 aircraft in the fleet.

“For the six months ended 31 December 2015 lease revenues increased by 14.4 per cent to a record level of $31.5 million (2014: $27.5 million). The weighted average age of the fleet has decreased to 5.2 years and the weighted average remaining lease term attached to the fleet is 5.7 years. The lease yield of the fleet for the period was 13.4 per cent.

“Since the beginning of the financial year, Avation has added five aircraft into the fleet. Avation has preserved cash raised from the $100 million unsecured notes issued under a Global Medium Term Note programme (“GMTN”) to support the funding of further aircraft acquisitions. As additional aircraft are delivered, monthly lease revenues will continue to grow resulting in a significant increase in revenue in the second half of the financial year.

“Interest expense related to the GMTN added $4.1 million to finance expenses during the six month period to 31 December 2015. Excluding these costs, pre-tax profit from the leasing business increased to $9.7 million (31 December 2014: $7.0 million).

“Avation has increased lease revenue and EBIT and has further additions to the fleet scheduled in the remainder of the financial year. Excluding the interest expense associated with the GMTN, the leasing business showed significant improvement. The five aircraft delivered and the additional aircraft being delivered in the short term will result in increased revenues and offset the incremental GMTN costs and deliver scale to the business for the long term.”

Fleet Overview

Aircraft Type	1 July 2015	Added	At 19 Feb 2016
ATR 72-500	6	-	6
ATR 72-600	13	3	16
Boeing 737-800	-	-	-
Airbus 320-200	2	2	4
Airbus 321-200	3	-	3
Fokker 100	5	-	5
Total	29	5	34

Four aircraft were added to the fleet during the period, with a fifth aircraft added in January 2016. As at 31 December 2015 the weighted average age of the fleet was 5.2 years (30 June 2015: 5.3 years) and the weighted average remaining lease term was 5.7 years (30 June 2015: 6.5 years). As at 31 December 2015, all aircraft owned by the Company were 100 per cent utilised.

Market Positioning

Avation's business model is to acquire new or young commercial narrowbody passenger aircraft and lease the assets for the long term. Avation is an aircraft lessor that is differentiated by investment criteria that have delivered historic profitability while mitigating some of the risks associated with the aircraft leasing sector.

In comparison to larger widebody aircraft, narrowbody aircraft are operated by most of the world's airlines and make up the majority of the global fleet. These aircraft are relatively simple to transition between airline customers due to their more generic layout and popularity. There is a large and mature secondary market for narrowbody aircraft that provides confidence in the residual value and continued liquidity of these assets.

Passenger growth is the key driver of the airline industry. Avation focuses on the Asia/Pacific and European airline markets which represent passenger growth regions. Avation has increased the number of airline customers to reduce concentration risk.

Avation aims to manage exposure to speculative aircraft orders. Growth in Avation's jet fleet has been generated through sale and leaseback transactions or acquisitions of second hand aircraft with leases attached. Avation has made speculative orders for nine turboprops for delivery by December 2018.

This market positioning is intended to mitigate risk and enable growth.

Financial Results Summary

	6 Months to 31 December 2015 US$ 000's	6 Months to 31 December 2014 US$ 000's
Lease revenue	31,493	27,531
Lease yield	13.4%	13.7%
EBIT (Operating Profit)	17,941	15,639
Profit before tax (ex GMTN interest costs)	9,707	6,981
Interest costs associated with GMTN	4,134	-
Profit before tax	5,573	6,981
Diluted EPS	8.81 cents	11.39 cents
	31 December 2015 US$ 000's	**30 June 2015 US$ 000's**
Fleet assets	518,092	433,810
Cash and cash equivalents	69,671	108,647

Lease revenue increased by 14.4 per cent to $31.5 million for the half year ended 31 December 2015 (31 December 2014: $27.5 million) as a result of continued fleet growth. EBIT increased 14.7 per cent to $17.9 million (31 December 2014: $15.6 million).

Depreciation increased 20.9 per cent to $10.1 million in the half year ended 31 December 2015 (31 December 2014: $8.3 million). The increase was due to and in line with fleet growth. There was a gain on sale of an aircraft delivery position during the period of $0.3 million (31 December 2014: nil)

Administrative expenses increased 10.5 per cent to $3.7 million for the half year ended 31 December 2015 (31 December 2014: $3.4 million). Administrative expenses decreased as a percentage of leasing revenue to 11.8 per cent for the six months ended 31 December 2015 (31 December 2014: 12.2 per cent).

Other expenses were $0.1 million (31 December 2014: $0.6 million).

Finance expenses increased to $13.1 million for the half year ended 31 December 2015 (31 December 2014: $8.9 million). Total interest expenses within finance expenses increased to $12.3 million (31 December 2014: $8.2 million). Interest expense on borrowings primarily derived from senior debt attached to the fleet which totalled $8.2 million (31 December 2014: $8.2 million). The increase in total interest expense is attributable to the $4.1 million costs associated with the GMTN for the six months ended 31 December 2015 (31 December 2014: nil).

Finance income for the half year ended 31 December 2015 was $0.7 million (31 December 2014: $0.2 million).

Taxation for the half year ended 31 December 2015 year was $0.8 million (31 December 2014: $0.7 million). The majority of the Group's operations are based in Singapore and are included in Singapore's Aircraft Leasing Scheme and benefit from a concessionary tax rate.

Profit for the half year ended 31 December 2015 reduced to $4.8 million (31 December 2014: $6.3 million) principally as a result of the interest costs of the GMTN.

Debt summary

	6 Months to 31 December 2015 US$000's	Financial Year 30 June 2015 US$000's
Loans and borrowings	479,169	428,095
Cash & cash equivalents	69,671	108,647
Net indebtedness	409,498	319,448
Total Loan to Value ratio (LTV)	75.8%	73.0%
Weighted average cost of secured debt	4.2%	4.4%
Weighted average cost of total debt	4.9%	5.1%

Loans and borrowings and net indebtedness increased due to additional secured debt raised to fund fleet growth during the period.

The weighted average cost of debt continued to decline to 4.9 per cent, as at 31 December 2015 (30 June 2015: 5.1 per cent). This was due to a reduction in the weighted average cost of the Group's secured debt facilities to 4.2 per cent, as at 31 December 2015 (30 June 2015: 4.4 per cent).

The issue of the notes under the GMTN has provided funding to support growth. As at 31 December 2015 a portion of the funds raised from the issue of the notes under the GMTN in May 2015 were held as cash. These funds will be combined with additional secured senior debt and deployed to fund future aircraft deliveries. GMTN interest expense in future periods will be offset by increases in monthly leasing revenue as aircraft are added to the fleet.

At the end of the financial period, Avation's loan to value ratio was 75.8 per cent (30 June 2015: 73.0 per cent). As at 31 December 2015, 85.9 per cent of total debt has fixed interest rates. As at 31 December 2015, other than pursuant to participation in the publically traded GMTN, there was no related party debt (30 June 2015: $2.0 million).

Dividend Payment

A 3.00 US cents per share dividend for the year ended 30 June 2015 was paid on 28 September 2015.

Outlook

As aircraft are added to the fleet, there will be increases in monthly lease revenues during the remainder of the financial year and the contracted lease revenue from the larger fleet will be substantially increased in the 2017 financial year.

Total revenues from unexpired leases on the existing fleet exceeds $404 million as at 31 December 2015.

In respect of the Boeing 737 acquisition announced in November 2015, at this stage the transaction has not completed. The time limit agreed with the vendor for the transaction has lapsed. Subsequently the Company has been in ongoing discussions with the vendor in relation to this transaction.

Avation has access to further aircraft and delivery options. Management believes that the Company can identify and access airline customers and obtain the required funding for future fleet growth. In addition to operational cash flow, funding is traditionally sourced from capital markets, asset backed lending and sales of older aircraft. Access to funding remains a risk, which is common to all capital intensive businesses. Specific risks, which are inherent in the aircraft leasing industry, include the creditworthiness of client airlines, aircraft manufacturer over production, technology change, residual value risk and the risk of impairment of aircraft assets. The Company will seek to diversify the airline customer base to mitigate concentration risk.

The Board of Directors is pleased to deliver growth and profits from the leasing business for the period ended 31 December 2015 while executing a broader strategy for fleet growth during the full year ended 30 June 2016. We remain committed to delivering diversification and adding scale to the business.

Results Conference Call

Avation's senior management will host a conference call on 19 February 2016, at 2pm GMT (UK) / 9am EST (US) / 10pm SGT (Singapore), to discuss the Company's financial results. Participants should dial: United Kingdom 020 3059 8125; United States +1 855 287 9927; Singapore 800 101 2697; other locations +44 20 3059 8125 and quote 'Avation' when prompted. The conference call will also be webcast live through the following link:

http://avation.emincote.com/results/2016firsthalf

To view the webcast investors will be invited to register their name and email address, participants can do this in advance or on the day. A replay of the webcast will be available on the Investor Relations page of the Avation website and a presentation, to support the conference call, will be available on the Avation website prior to the conference call.

Forward Looking Statements

This release contains certain "forward looking statements". Forward looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for Avation's future business and financial performance. Forward looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks. Further information on the factors and risks that may affect Avation's business is included in Avation's regulatory announcements from time to time, including its Annual Report, Full Year Financial Results and Half Year Results announcements. Avation expressly disclaims any obligation to update or revise any of these forward looking statements, whether because of future events, new information, a change in its views or expectations, or otherwise.

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AVATION PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 US$'000s	31 Dec 2014 US$'000s (Restated)
Continuing operations			
Lease revenue		31,493	27,531
Other income		27	380
		31,520	27,911
Depreciation	7	(10,084)	(8,339)
Gain on disposal of aircraft		305	-
Administrative expenses		(3,713)	(3,359)
Other expenses	3	(87)	(574)
Operating profit		17,941	15,639
Finance income	4	744	229
Finance expenses	5	(13,112)	(8,887)
Profit before taxation		5,573	6,981
Taxation		(801)	(689)
Profit from continuing operations		**4,772**	**6,292**
Discontinued operations			
Profit/(loss) from discontinued operations		9	(3)
Total profit		**4,781**	**6,289**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		(21)	(13)
Fair value loss on derivative financial instruments		(118)	-
Other comprehensive income, net of tax		(139)	(13)
Total comprehensive income for the period		**4,642**	**6,276**
Profit attributable to:			
Equity holders of the Company		4,780	6,028
Non-controlling interests		1	261
		4,781	**6,289**
Total comprehensive income attributable to:			
Equity holders of the Company		4,641	6,016
Non-controlling interests		1	260
		4,642	**6,276**

	31 Dec 2015	31 Dec 2014 (Restated)
Basic earnings per share:		
From continuing operations	8.82 cents	11.40 cents
From total operations	8.84 cents	11.39 cents
Diluted earnings per share:		
From continuing operations	8.79 cents	11.40 cents
From total operations	8.81 cents	11.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2015

	Note	31 Dec 2015	30 June 2015
		US$'000s	US$'000s
ASSETS:			
Current assets:			
Cash and cash equivalents		69,671	108,647
Trade and other receivables		3,757	3,284
Loan receivable		24,000	19,600
Prepaid loan premium		1,078	1,078
Assets held for sale		-	30
Total current assets		98,506	132,639
Non-current assets:			
Trade and other receivables		7,539	10,794
Prepaid loan premium		5,747	6,286
Property, plant and equipment	7	518,327	434,079
Goodwill		2,384	2,384
Total non-current assets		533,997	453,543
Total assets		**632,503**	**586,182**
LIABILITIES AND EQUITY:			
Current liabilities:			
Trade and other payables		9,015	10,280
Provision for taxation		282	431
Loans and borrowings	8	55,184	51,584
Maintenance reserves		1,270	825
Total current liabilities		65,751	63,120
Non-current liabilities:			
Trade and other payables		12,618	11,271
Loans and borrowings	8	423,985	376,511
Derivative financial instruments		347	229
Deferred tax liabilities		7,318	6,847
Total non-current liabilities		444,268	394,858
Equity attributable to shareholders:			
Share capital	9	991	991
Treasury shares	9	(8,617)	(682)
Share premium		38,692	38,692
Merger reserve		6,715	6,715
Asset revaluation reserve		10,159	10,159
Capital reserve		8,862	8,459
Other reserves		16	50
Retained earnings		65,487	62,363
		122,305	126,747
Non-controlling interest		179	1,457
Total equity		122,484	128,204
Total liabilities and equity		**632,503**	**586,182**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	Attributable to shareholders of the parent										
		Share capital	**Treasury shares**	**Share premium**	**Merger reserve**	**Asset revaluation reserve**	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s
Balance at 1 July 2015		991	(682)	38,692	6,715	10,159	8,459	50	62,363	126,747	1,457	128,204
Profit for the period		-	-	-	-	-	-	-	4,780	4,780	1	4,781
Other comprehensive income		-	-	-	-	-	-	(139)	-	(139)	-	(139)
Total comprehensive income		-	-	-	-	-	-	(139)	4,780	4,641	1	4,642
Dividend paid	12	-	-	-	-	-	-	-	(1,656)	(1,656)	-	(1,656)
Purchase of treasury shares	9		(7,935)							(7,935)	-	(7,935)
Change in ownership interest in a subsidiary – purchase of treasury shares by subsidiary		-	-	-	-	-	403	-	-	403	(1,279)	(876)
Warrants expense		-	-	-	-	-	-	105	-	105	-	105
Balance at 31 December 2015		**991**	**(8,617)**	**38,692**	**6,715**	**10,159**	**8,862**	**16**	**65,487**	**122,305**	**179**	**122,484**

During the six months, the Company paid an interim dividend of 3 US cents per share.

Other reserves consist of capital redemption reserve, warrant reserve, fair value reserve and foreign currency translation reserve.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Note	Attributable to shareholders of the parent										
		Share capital	**Treasury shares**	**Share premium**	**Merger reserve**	**Asset revaluation reserve**	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s
Balance at 1 July 2014		891	(682)	31,424	-	10,159	3,856	12	50,446	96,106	14,661	110,767
Profit for the period		-	-	-	-	-	-	-	6,028	6,028	261	6,289
Other comprehensive income		-	-	-	-	-	-	(12)	-	(12)	(1)	(13)
Total comprehensive income		-	-	-	-	-	-	(12)	6,028	6,016	260	6,276
Dividend paid	12	-	-	-	-	-	-	-	(1,119)	(1,119)	-	(1,119)
Treasury shares of a subsidiary		-	-	-	-	-	366	-	-	366	17	383
Increase in issued share capital	9	100	-	7,871	6,715	-	-	-	-	14,686	-	14,686
Share issue expenses		-	-	(324)	-	-	-	-	-	(324)	-	(324)
Warrants expense		-	-	-	-	-	-	90	-	90	-	90
Change in ownership interest in a subsidiary		-	-	-	-	-	3,660	-	-	3,660	(12,762)	(9,102)
Balance at 31 December 2014		**991**	**(682)**	**38,971**	**6,715**	**10,159**	**7,882**	**90**	**55,355**	**119,481**	**2,176**	**121,657**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	31 Dec 2015	31 Dec 2014
		US$'000s	US$'000s
Cash flows from operating activities:			
Profit before tax from continuing operations		5,573	6,981
Profit/(loss) before tax from discontinued operations		9	(3)
Total profit before income tax		5,582	6,978
Adjustments for:			
Depreciation expense	7	10,084	12,339
Warrants expense		105	90
Amortisation of loan insurance premium	5	539	539
Amortisation of fair value discounts on non-current liabilities	5	171	163
Property, plant and equipment written off		-	12
Gain on sale of aircraft		(305)	-
Gain on disposal of assets held for sale		(25)	-
Finance income from discounting non-current liabilities to fair value	4	(179)	(156)
Interest income	4	(565)	(73)
Interest expense on borrowings	5	8,187	8,185
Interest expense on unsecured 7.5% notes	5	4,134	-
Operating cash flows before working capital changes		27,728	28,077
Movement in working capital:			
Trade and other receivables and prepaid loan premium		2,782	2,595
Trade and other payables		62	2,452
Maintenance reserves		445	492
Cash from operations		31,017	33,616
Interest received		565	73
Interest paid		(12,293)	(7,312)
Income tax paid		(479)	(140)
Net cash from operating activities		**18,810**	**26,237**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(113,527)	(91,121)
Proceeds from sale of aircraft		19,500	-
Proceeds from disposal of assets held for sale		55	-
Investment in loans receivable		(4,400)	(13,400)
Purchase of additional shares in a subsidiary		-	(843)
Repurchase of a subsidiary's treasury shares		(876)	(384)
Net cash used in investing activities		**(99,248)**	**(105,748)**
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares		-	6,870
Dividends paid	12	(1,656)	(1,119)
Repurchase of treasury shares		(7,935)	-
Proceeds from loans and borrowings, net of transactions costs		70,918	88,490
Repayment of loans and borrowings		(19,844)	(16,175)
Net cash from financing activities		**41,483**	**78,066**
Effects of exchange rates on cash and cash equivalents		(21)	(12)
Net increase in cash and cash equivalents		**(38,976)**	**(1,457)**
Cash and cash equivalents at beginning of financial period		108,647	23,395
Cash and cash equivalents at end of financial period		**69,671**	**21,938**

AVATION PLC
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The Interim Report for Avation PLC for the six months ended 31 December 2015 was approved by the Directors on 18 February 2016.

1 CORPORATE INFORMATION

Avation PLC is a public limited company incorporated in England and Wales under the Companies Act 2006 (Registration Number 05872328) and is listed on the London Stock Exchange in the Standard Segment.

The Group's principal activity is aircraft leasing.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct 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 2015 and considered together with any public announcements made by Avation PLC during the six months ended 31 December 2015.

The accounting policies and methods of computation are the same as those adopted in the annual report for the year ended 30 June 2015.

The preparation of the Interim Report requires management to make estimates and assumptions that affect the reported income and expenses, 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 2015, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain any statements under 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.

3 OTHER EXPENSES

	31 Dec 2015 US$'000s	31 Dec 2014 US$'000s
Foreign currency exchange loss	42	574
Other	45	-
	87	**574**

4 FINANCE INCOME

	31 Dec 2015 US$'000s	31 Dec 2014 US$'000s
Interest income	565	73
Finance income from discounting non-current liabilities to fair value	179	156
	744	**229**

5 FINANCE EXPENSES

	31 Dec 2015 US$'000s	31 Dec 2014 US$'000s
Interest expense on borrowings	8,187	8,185
Interest expense on unsecured 7.5% notes	4,134	-
Amortisation of loan insurance premium	539	539
Amortisation of fair value discounts on non-current liabilities	171	163
Other	81	-
	13,112	**8,887**

6 RELATED PARTY TRANSACTIONS

Significant related party transactions:

	31 Dec 2015 US$'000s	31 Dec 2014 US$'000s
Entities controlled by key management personnel (including directors):		
Interest income	-	2
Rental expenses paid	(98)	(9)
Consulting fee paid	(107)	(36)
Service fee paid	(11)	-
Interest expense paid	(261)	(223)
GMTN interest paid	(193)	

7 PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and equipment US$'000s	Jet aircraft US$'000s	Turbo-prop aircraft US$'000s	Total US$'000s
31 December 2015:				
Cost or valuation:				
At 1 July 2015	357	163,040	344,492	507,889
Additions	23	36,030	77,474	113,527
Disposals/written-off	-	-	(19,195)	(19,195)
At 31 December 2015	**380**	**199,070**	**402,771**	**602,221**
Representing:				
At cost	380	-	-	380
At valuation	-	199,070	402,771	601,841
	380	**199,070**	**402,771**	**602,221**
Accumulated depreciation and impairment:				
At 1 July 2015	88	47,875	25,847	73,810
Depreciation expense	57	3,789	6,238	10,084
At 31 December 2015	**145**	**51,664**	**32,085**	**83,894**
Net book value:				
At 1 July 2015	**269**	**115,165**	**318,645**	**434,079**
At 31 December 2015	**235**	**147,406**	**370,686**	**518,327**

7 PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and equipment US$'000s	Jet aircraft US$'000s	Turbo-prop aircraft US$'000s	Total US$'000s
30 June 2015:				
Cost or valuation:				
At 1 July 2014	133	177,596	253,000	430,729
Additions	311	-	109,862	110,173
Disposals/written-off	(87)	(1,078)	(18,370)	(19,535)
Reclassified to assets held for sale	-	(13,478)	-	(13,478)
	-	-	-	-
At 30 June 2015	**357**	**163,040**	**344,492**	**507,889**
Representing:				
At cost	357	-	-	357
At valuation	-	163,040	344,492	507,532
	357	**163,040**	**344,492**	**507,889**
Accumulated depreciation and impairment:				
At 1 July 2014	73	48,129	15,202	63,404
Depreciation expense				
- Continuing operations	90	6,680	11,005	17,775
- Discontinued operations	-	150	-	150
	90	6,830	11,005	17,925
Impairment loss – discontinued operations	-	3,850	-	3,850
Disposals/written-off	(75)	(296)	(360)	(731)
Reclassified to assets held for sale	-	(10,638)	-	(10,638)
At 30 June 2015	**88**	**47,875**	**25,847**	**73,810**
Net book value:				
At 1 July 2014	**60**	**129,467**	**237,798**	**367,325**
At 30 June 2015	**269**	**115,165**	**318,645**	**434,079**

8 LOANS AND BORROWINGS

	31 Dec 2015 US$'000s	30 June 2015 US$'000s
Secured borrowings	372,514	319,451
Junior secured borrowings	9,885	10,148
Related party borrowings	-	2,000
Unsecured 7.5% notes due 2020	96,770	96,496
	479,169	**428,095**
Less: current portion of borrowings	(55,184)	(51,584)
	423,985	**376,511**

	Maturity		Weighted average interest rate per annum	
	31 Dec 2015 US$'000s	**30 June 2015** US$'000s	**31 Dec 2015** %	**30 June 2015** %
Secured borrowings	2016-2027	2015-2027	4.1%	4.3%
Junior secured borrowings	2020-2024	2020-2024	6.2%	6.3%
Related party borrowings	-	2015	-	8.0%
Unsecured 7.5% notes due 2020	2020	2020	7.5%	7.5%

Secured borrowings are secured by first ranking mortgages over the aircraft financed by the related borrowings, security assignments of the Group's rights under leases and other contractual agreements relating to the aircraft, charges over bank accounts in which lease payments relating to the aircraft are received and charges over the issued share capital of certain subsidiaries.

Junior secured borrowings are secured by second ranking aircraft mortgages, security assignments and charges over bank accounts.

9 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	31 Dec 2015		30 June 2015	
	No of shares	US$'000s	No of shares	US$'000s
Allotted, called up and fully paid				
Ordinary shares of 1 penny each:				
At 1 July 2015/ 1 July 2014	55,663,727	991	49,604,639	891
Issue of shares	-	-	6,059,088	100
At 31 Dec/30 June	**55,663,727**	**991**	**55,663,727**	**991**

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

(b) Treasury shares

	31 Dec 2015		30 June 2015	
	No of treasury shares	US$'000s	No of treasury shares	US$'000s
At 1 July 2015/1 July 2014	450,000	682	450,000	682
Acquired during the financial period	3,750,000	7,935	-	-
At 31 Dec/30 June	**4,200,000**	**8,617**	**450,000**	**682**

(a) On 20 October 2015, the Company purchased 2,865,456 shares through the market into treasury at a price of 140p.

(b) On 5 November 2015, the Company purchased 100,000 shares through the market into treasury at a price of 132p

(c) On 31 December 2015, the Company purchased 784,544 shares through the market into treasury at a price of 129p.

10 SEGMENT INFORMATION

Management has determined the operating segments based on reports reviewed by the Executive Chairman ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. Management manages and monitors the business in 2 primary business areas: aircraft leasing and aircraft parts procurement.

(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.

Business segments are 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 while information for geographical segments is based on the geographical areas where 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 are mostly comprised 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.

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) Business segments

During the six months ended 31 December 2015, the Group was organised into two main business segments which are aircraft leasing and aircraft parts procurement.

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

The aircraft parts procurement segment does not meet the quantitative thresholds and is not separately disclosed.

10 SEGMENT INFORMATION (continued)

(c) Geographical analysis

31 December 2015	**Europe** US$'000s	**Asia-Pacific** US$'000s	**Total** US$'000s
Lease income from continuing activities	7,010	24,483	31,493
Net book value - aircraft	165,945	352,147	518,092
Total assets	233,885	398,618	632,503

	Europe US$'000s	**Asia-Pacific** US$'000s	**Total** US$'000s
31 December 2014			
Lease income from continuing activities	6,445	21,086	27,531
30 June 2015			
Net book value - aircraft	74,764	359,046	433,810
Total assets	127,040	459,142	586,182

11 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since 30 June 2015.

12 DIVIDEND

	31 Dec 2015 US$'000s	**31 Dec 2014** US$'000s
Declared/paid during the six months ended 31 December 2015		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2015: Nil US cents (2014: 2.01 US cents) per share	-	1,119
- Interim exempt (one-tier) dividend for 2016: 3 US cents per share	1,656	-

No dividends have been declared subsequent to 31 December 2015.

13 SUBSEQUENT EVENTS

On 29 January 2016, the Company completed the acquisition of an Airbus A320-200 which is on lease to Air Berlin. The acquisition was part financed by a new $25 million senior secured bank loan.

On 16 February 2016 the Company announced it had signed an agreement to purchase five new ATR 72-600 aircraft with options to acquire a further ten aircraft.

On 17 February 2016 the Company entered into an agreement to sell a 22 year old Airbus A320-200 aircraft at approximately full book value.

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 risk 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 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 finance on favourable terms. Should this supply of finance contract, it would limit our fleet expansion and therefore growth.

GOING CONCERN

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 2015.

DIRECTORS

The directors of Avation PLC are listed in its Annual Report for the year ended 30 June 2015. 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
Executive Chairman
Singapore, 18 February 2016