

AVATION PLC
(‘Avation’ or the ‘Company’)
CONSOLIDATED UNAUDITED RESULTS FOR THE
SIX MONTHS ENDED 31 DECEMBER 2007

Avation, the aircraft leasing company, presents its interim results for the six months to 31 December 2007.

HIGHLIGHTS

- A maiden interim dividend will be payable to shareholders on 10 April 2008 to shareholders of record as at 28th March 2008. The dividend has been fixed at 0.5p per ordinary share;
- Group operating revenues increased by 266% to GBP 2,164,417 (six months to 31 December 2006 : GBP 591,219);
- Profits attributable to shareholders increasing to GBP 6,445,624 (six months to 31 December 2006: GBP 174,169), this includes an extraordinary gain of GBP 5,500,181 recorded as a result of the successful listing on the AIM market of Capital lease Aviation PLC;
- Management remain modestly confident that there will be augmentations to both the revenue and profit figures for 2008 and looks forward to continue to deliver value for all shareholders over the coming years.

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CHAIRMAN'S STATEMENT

I am pleased to present Avation's interim results for the six months ended 31 December 2007 (the "Period"). The Company announces that the aircraft leasing business has resulted in improved Group operating results with ordinary Group revenues for the half year increasing to GBP 2,164,417 (2006: GBP 591,219).

The Group's net profit after income tax was recorded as GBP 6,622,291 compared to GBP 174,169 for the same period last year. A substantial proportion of the profit was attributable to gains related to the Capital Lease Aviation PLC spin off and listing on the Alternative Investment Market of the London Stock Exchange. Ongoing and sustainable operating revenues increased substantially which led to increased profits from continuing operations.

I am particularly pleased to be able to announce a maiden interim dividend payment of 0.5p per ordinary share. Shareholders will note that the Board has declared the details for this dividend to be payable on the 10th of April 2008 to shareholders on the share register at close of business on the 28th of March 2008.

The Company's results are presented and prepared in accordance with IFRS and are unaudited.

TRADING

From continuing operations the overwhelming contributor to profits are activities relating to the leasing of aircraft to various commercial airlines. The Company has acquired and owns four aircraft, three of which are leased to Skywest Airlines Pty Ltd. The timing of the acquisition of these aircraft could be most fortuitous, given that the market value of aircraft have risen significantly since the purchases together with a concomitant firming of the leasing market and an environment of aircraft shortages, especially in respect of narrow body aircraft such as those owned by your Company.

RISKS

There are, in addition to the multitude of normal commercial risks, specific and substantial risks extant in the aircraft leasing industry. Investors should be aware of such risks and their potential impact on operations.

I would like to take this opportunity of thanking you - the shareholders – for your continued support and encouragement and look forward to keeping you updated on the progress of our Company.

Jeff Chatfield
Executive Chairman,

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007
In Great Britain Pounds

	6 months ended 31 December 2007	6 months ended 31 December 2006
Revenue	2,164,417	591,219
Cost of sales	<u>(27,215)</u>	<u>(280,364)</u>
Gross profit	2,137,202	310,855
Other operating income	5,741,223	22
Selling, general and administrative expenses	(279,363)	(62,702)
Other operating expenses	-	(1,429)
Earnings before depreciation/finance cost	<u>7,599,062</u>	<u>246,746</u>
Depreciation	(409,897)	(503)
Interest expense	<u>(259,644)</u>	<u>-</u>
Earnings after depreciation/finance cost	6,929,521	246,243
Income tax	<u>(307,230)</u>	<u>(72,074)</u>
Profit after income tax	6,622,291	174,169
Minority Interest	(176,667)	-
Profit attributable to shareholders of the company	<u>6,445,624</u>	<u>174,169</u>
Earnings per share	<u>27.55p</u>	<u>0.93p</u>

UNAUDITED CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007
In Great Britain Pounds

	As at 31 Dec 2007	As at 31 Dec 2006
ASSETS		
Non-current assets		
Property, plant and equipment	16,944,199	1,716
Intangible assets	<u>1,324,541</u>	<u>1,344,889</u>
Total non-current assets	<u>18,268,740</u>	<u>1,346,605</u>
Current assets		
Cash	10,591,280	29,374
Trade and other receivables	884,150	409,535
Inventories	<u>700</u>	<u>5,567</u>
Total current assets	<u>11,476,130</u>	<u>444,476</u>
TOTAL ASSETS	<u><u>29,744,870</u></u>	<u><u>1,791,081</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	243,392	186,392
Share premium	1,309,284	1,203,789
Reserves	2,123,756	(4,537)
Accumulated profits	<u>6,993,209</u>	<u>174,169</u>
	10,669,641	1,559,813
Minority interest	<u>5,461,989</u>	<u>-</u>
	<u>16,131,630</u>	<u>1,559,813</u>
Current liabilities		
Trade and other payables	458,793	159,280
Income tax payables	<u>434,860</u>	<u>13,507</u>
Total current liabilities	<u>893,653</u>	<u>172,787</u>
Non-current liabilities		
Borrowings	11,399,732	-
Trade and other payables	323,093	-
Deferred tax liabilities	<u>996,762</u>	<u>58,481</u>
Total	<u>12,719,587</u>	<u>58,481</u>
TOTAL EQUITY AND LIABILITIES	<u><u>29,744,870</u></u>	<u><u>1,791,081</u></u>

UNAUDITED CONSOLIDATED GROUP CASH FLOW
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007
In Great Britain Pounds

	6 months ended 31 December 2007	6 months ended 31 December 2006
Cash flows from operating activities		
Profit after income tax	6,622,291	174,169
Adjustments for:		
Income tax	307,230	72,074
Depreciation expenses	409,897	503
Gain on dilution of subsidiary	(5,500,181)	-
Interest expense	259,644	-
Interest income	(201,649)	(22)
Operation profits before working capital changes	1,897,232	246,724
Trade and other receivables	(514,337)	(315,339)
Inventories	(3)	149
Intangible assets	-	(20,348)
Trade and other payables	226,302	48,807
Cash generated from (used in) operations	1,609,194	(40,007)
Interest paid	(259,644)	-
Interest received	201,649	22
Income tax paid	(21,370)	-
Net cash generated from (used in) operating activities	1,529,829	(39,985)
Cash flow from investing activities		
Purchase of property, plant and equipment	(7,593,231)	-
Additional investment in subsidiary paid by minority shareholders	10,785,443	-
Net cash generated from investing activities	3,192,212	-
Cash flow generated from financing activities		
Proceeds from borrowings	5,951,752	-
Repayment of borrowings	(857,487)	-
Proceeds from issuing shares (net of cost)	206,440	-
Proceeds from advance from director	-	73,761
Net cash generated from financing activities	5,300,705	73,761
Net effect of exchange rates in consolidating subsidiaries	(259,811)	(4,402)
Net increase in cash	9,762,935	29,374
Cash at beginning of period	828,345	-
Cash at end of period	10,591,280	29,374

Notes:

- 1) The financial statements do not reflect this interim dividend payable which will be accounted for in the period when the funds are actually paid to shareholders.
- 2) The results for the Period are derived from continuing activities.
- 3) The calculation on earnings per shares have been on a weighted average 23,392,512 (2006: 18,639,195) ordinary shares in issue for the during the 6 months period.
- 4) 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 2007 and 30 June 2006. The interim figures have not been audited.
- 5) The interim statement for 2007 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).
- 6) The exchange rate applying at 31 December 2007 was USD – GBP 0.50092. The average rate applied during the six months period ended 31 December 2007 was USD – GBP 0.49207.