



MEDIA

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Bishopsgate Communications

#### CHAIRMAN'S STATEMENT

I'm delighted to present to shareholders today with Avation's maiden set of final results.

The operating results for the Company at this early stage of development are in line with expectations. The Company is in the process of rapidly growing its aircraft assets in order to grow income and to increase its customer base. The Company and its subsidiaries have announced their intention to procure additional aircraft and the Company has also been successful in obtaining suitable credit lines.

For the last 7 months of the financial year ending 30th June, the Company was in its infancy with only two aircraft leased. Despite this, the Company has achieved remarkable outcomes to see it move into the future as a viable participant in the aviation leasing industry. As at the date of this Statement, we have deployed four aircraft on favourable commercial leases and are close to finalising the deployment of an additional two units. This shall further increase the Company's revenue and aircraft asset base to put Avation in a strong position for future growth. We have been successful in obtaining debt and equity finance to complete transactions on favourable terms for the benefit of our shareholders.

A subsidiary, Capital Lease Aviation Plc, has secured, but not yet deployed, USD 23,000,000 in equity. It has also announced, but not yet deployed, a debt facility of a further USD 48,000,000. I would suggest that caution is exercised in reviewing these financial statements given the current expansion of scale that the Company and its subsidiaries are experiencing.

The revenues for the period were GBP1,806,251. Profit before taxation was GBP779,399, net profit after tax was GBP547,585. Earnings per share were 3.01 pence. This result occurred from only 7 months' operations with only two leased aircraft and the trade of Avation.Net.

The Company is involved with the commercial aviation industry and all manner of aviation related risks are experienced in addition to commercial risks; these are not limited to war, terrorism, downturns in the global aviation industry, events

which impact access to lending on commercial debt terms, or specific risks to the types of aircraft owned.

The Company balance sheet is strong with a debt to equity ratio of 2.01, which has been improved by the recent equity raising in Capital Lease Aviation Plc. The Company achieved an impressive return on equity of 13.7% with a Net Profit Margin of 30% for the financial period.

The outlook for the Company is expected to include the acquisition and leasing of more aircraft. In particular, leasing opportunities during the anticipated expansionary phase of Skywest Airlines Pty Ltd will be pursued as well as opportunities with airlines in other territories. Skywest, an existing lessee, has immediate growth plans as a result of mining activities and resource exploration in Western Australia and the Northern Territory of Australia. Events in credit markets in recent weeks have not yet had an impact on the operational abilities of the Company.

The Company will attempt to grow its asset base significantly and expects to take on more risk and debt to achieve this. At this time, the Directors do not intend to recommend the payment of a dividend.

I would like to thank you - the shareholders - for your continued support and assure you that your board is working hard to achieve sustainable growth and profits on your behalf.

R J (JEFF) CHATFIELD  
SINGAPORE  
15 OCTOBER 2007

**AVATION PLC**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2007**

|  | 2007<br>GBP |
|--|-------------|
| CONTINUING OPERATIONS                            |             |
| REVENUE  | 1,806,251   |
| COST OF SALES                                    | (560,242)   |
| GROSS PROFIT                                     | 1,246,009   |
| Other operating income                           | 53,457      |
| Administrative expenses                          | (175,395)   |
| Other operating expenses                         | (165,257)   |
| PROFIT FROM OPERATIONS                           | 958,814     |
| Finance income and expenses                      | (179,415)   |
| PROFIT BEFORE TAXATION                           | 779,399     |
| Taxation   | (231,814)   |
| PROFIT AFTER TAX FOR CONTINUING OPERATIONS       | 547,585     |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | 547,585     |
| ATTRIBUTABLE TO THE SHAREHOLDERS                 | 547,585     |
| <br>   |             |
| EARNINGS PER SHARE                               |             |
| - Basic  | 3.01 pence  |
| - Fully Diluted                                  | 1.96 pence  |

**AVATION PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2007**

2007  
GBP

ASSETS

CURRENT ASSETS:

|                             |           |
|-----------------------------|-----------|
| Cash and cash equivalents   | 828,345   |
| Trade and other receivables | 369,813   |
| Inventories                 | 697       |
| Total current assets        | 1,198,855 |

NON-CURRENT ASSETS

|                               |            |
|-------------------------------|------------|
| Property, plant and equipment | 9,473,546  |
| Goodwill on consolidation     | 1,324,541  |
| Total non-current assets      | 10,798,087 |

TOTAL ASSETS 11,996,942

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

|                           |           |
|---------------------------|-----------|
| Trade and other payables  | 192,323   |
| Provision for Taxation    | 197,458   |
| Loan and borrowings       | 985,890   |
| Deferred income           | 121,198   |
| Total current liabilities | 1,496,869 |

NON-CURRENT LIABILITIES:

|                               |           |
|-------------------------------|-----------|
| Trade and other payables      | 242,064   |
| Loan and borrowings           | 5,319,577 |
| Deferred tax liabilities      | 939,018   |
| Total non-current liabilities | 6,500,658 |

CAPITAL AND RESERVES:

|                                      |           |
|--------------------------------------|-----------|
| Share capital                        | 191,142   |
| Share premium                        | 1,155,094 |
| Assets revaluation reserve           | 2,130,503 |
| Foreign currency translation reserve | (24,909)  |
| Retained earnings                    | 547,585   |
| Net equity                           | 3,999,415 |

TOTAL LIABILITIES AND EQUITY 11,996,942

Approved by the board on 15th October 2007

**AVATION PLC  
COMPANY BALANCE SHEET  
AS AT 30 JUNE 2007**

|                                     | 2007<br>GBP      |
|-------------------------------------|------------------|
| <b>ASSETS</b>                       |                  |
| <b>CURRENT ASSETS:</b>              |                  |
| Cash and cash equivalents           | 30,982           |
| Trade and other receivables         | 47,000           |
| Total current assets                | 77,982           |
| <b>NON-CURRENT ASSETS:</b>          |                  |
| Investment in subsidiaries          | 1,440,286        |
| Total non-current assets            | 1,440,286        |
| <b>TOTAL ASSETS</b>                 | <b>1,518,268</b> |
| <b>LIABILITIES AND EQUITY</b>       |                  |
| <b>CURRENT LIABILITIES:</b>         |                  |
| Trade and other payables            | 116,274          |
| Total current liabilities           | 116,274          |
| <b>CAPITAL AND RESERVES:</b>        |                  |
| Share capital                       | 191,142          |
| Share premium                       | 1,155,094        |
| Retained earnings                   | 55,758           |
| Net equity                          | 1,401,994        |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>1,518,268</b> |

Approved by the board on 15th October 2007

The above information has been extracted from the audited accounts which have been posted on the PLUS Markets website and Avation Plc's website and are included in the annual report that will be despatched to all shareholders within 3 weeks of this announcement.