

Market Release 26 January 2009

AVATION PLC

Announcement by subsidiary.

The Board of Avation PLC notes the announcement of interim results by its 51% owned subsidiary Capital Lease Aviation ("CLA") this morning. The text of the release can be found on CLA's website at <http://www.capitalleaseaviation.com/> and on the London Stock Exchange website at <http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=2076097&source=RNS> and is included below in this announcement for the interest of Avation's shareholders.

Capital Lease Aviation PLC

("CLA")

HALF YEAR RESULTS - 31 DECEMBER 2008

The Board of CLA is pleased to announce the unaudited consolidated interim results for the period from 1 July 2008 to 31 December 2008.

HIGHLIGHTS:

- Income for the period: GBP 7,085,464;
- Profit after tax: GBP 3,429,326;
- Earnings per share (after tax): 3.51 pence

Jeff Chatfield, Executive Chairman said "Results for the half year were in line with expectations given the obviously volatile operating environment. The aircraft that the Company owns and leases have all performed well. We anticipate that further growth is available as aircraft valuations may become more attractive to operating lessors such as ourselves, as financial investors, banks and the like leave the sector and release their aircraft into the market.

The CLA group continues to build on the portfolio of aircraft already established, remains ready with its US\$100 million warehouse finance facility to seek out and acquire on potentially attractive terms, leased aircraft which complement and add value to the existing aircraft portfolio."

The directors take responsibility for the contents of this announcement.

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Directors' Review of Operations and Strategy

The Company's results reflect profits from lease income resulting from aircraft acquisitions and the benefits of business systems put in place during our first year of operations. The Company's fleet currently comprises of three F100's, two A321-200's and one A320.

In October 2008, the Company secured approval for a US\$100,000,000 warehouse credit facility sourced from a European bank. A further US\$50,000,000 can be made available subject to a syndicated book build. Attractive aircraft buying opportunities should be available to lessors, such as CLA, that have financing facilities approved and a willingness to act.

In its future acquisition of aircraft, the CLA group aims to focus on the Airbus A320 series and Boeing 737 family new generation aircraft as we believe these pose the lowest risk given their liquidity, appeal, little need for special mission customization and ability to remarket.

The risks to the business include typical aviation related risks, 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. Risks also include dramatic 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.

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.

Richard Sinclair

Chief Executive Officer

On behalf of the Board of Directors of Capital Lease Aviation PLC

23 January 2009

HALF YEAR RESULTS

CAPITAL LEASE AVIATION PLC CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JULY 2008 TO 31 DECEMBER 2008

	6 months ended	
	31 December	31 December
	2008	2007
	GBP	GBP
From Continuing operations		
Lease rental income	4,796,313	332,054
Other operating income	2,289,151	241,095
Total income	7,085,464	573,149
Selling, general and administrative expenses	(579,116)	(137,916)
Profit before depreciation & finance cost	6,506,348	435,233
Depreciation	(1,476,469)	(58,798)
Interest expense	(1,405,620)	(14,245)
Profit before taxation	3,624,259	362,190
Income tax	(194,933)	-
Profit after taxation	3,429,326	362,190
Pre-tax Earnings per share		
-Basic	3.71 pence	0.38 pence
- Fully Diluted	3.51 pence	0.38 pence
After tax Earnings per share		
-Basic	3.51 pence	0.38 pence
- Fully Diluted	3.32 pence	0.38 pence

CAPITAL LEASE AVIATION PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	As at 31 December 2008 GBP	As at 31 December 2007 GBP
ASSETS		
Current assets:		
Cash and cash equivalents	1,301,700	9,452,278
Trade and other receivables	539,593	598,187
Total current assets	1,841,293	10,050,465
Non-current assets:		
Plant and equipment	72,895,523	5,249,523
Total non-current assets	72,895,523	5,249,523
Total assets	74,736,816	15,299,988
LIABILITIES AND EQUITY		
Current liabilities :		
Trade and other payables	3,360,007	308,240
Loans and borrowings	5,843,286	-
Short term provisions	339,933	-
Provision for income tax	338,500	-
Total current liabilities	9,881,726	308,240
Non-current liabilities:		
Loans and borrowings	42,194,982	3,793,967
Deferred tax liabilities	1,118,756	-
Total non-current liabilities	43,313,738	3793967
Capital and reserves:		
Share capital	97,808	97,808
Share premium	10,743,621	10,737,735
Reserves	6,456,170	60
Retained earnings	4,243,753	362,178
Total equity	21,541,352	11,197,781
Total liabilities and equity	74,736,816	15,299,988

CAPITAL LEASE AVIATION PLC
CONSOLIDATED CASHFLOW STATEMENTS
FOR THE PERIOD 1 JULY 2008 TO 31 DECEMBER
2008

	6 months ended	6 months ended
	31 December 2008	31 December 2007
	GBP	GBP
Cash flow from operating activities:		
Total profit	3,429,326	362,190
Adjustments for :		
Income tax	194,933	-
Depreciation	1,476,469	58,798
Interest expense	1,405,620	14,245
Interest income	(5,766)	(195,150)
Operating profit before working capital changes	6,500,582	240,083
Trade and other receivables	(463,133)	(598,187)
Trade and other payables	1,054,847	293,995
Short-term provisions	229,625	-
Cash from operations	7,321,921	(64,109)
Interest paid	(1,405,620)	-
Net cash flows from (used in) operating activities	5,916,301	(64,109)
Cash flows from investing activities:		
Interest received	5,766	195,150
Purchase of plant and equipment	-	(5,248,482)
Net cash from (used in) investing activities	5,766	(5,053,332)
Cash flows from financing activities:		
Proceeds from issuing of new shares, net of expenses	-	10,785,443
Proceeds from borrowings	-	3,793,967
Repayment of borrowings	(2,690,039)	-
Net cash (used in) from financing activities	(2,690,039)	14,579,410
Net effect of exchange rate changes in consolidating subsidiaries	(2,484,785)	(59,779)

Net increase in cash flow	747,243	9,402,190
Cash and cash equivalent at beginning of period	554,457	50,088
Cash and cash equivalent at end of period	1,301,700	9,452,278

Approved by the board of Capital Lease Aviation PLC on the 23rd of January 2009.

The above financial information has been extracted from the management accounts and has not been audited.

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