

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

FINANCIAL RESULTS AND INTERIM MANAGEMENT STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, today announces its unaudited financial results for the six months ending 31 December 2016.

Overview

- Lease revenue increased by 43% to \$45.1 million;
- Earnings before interest and tax (“EBIT” or “Operating Profit”) grew 54% to \$27.6 million;
- Profit before taxation increased by 51% to \$8.4 million;
- Total profit after tax increased 54% to \$7.4 million;
- Operating cash flows increased 65% to \$31.1 million; and
- Earnings per share (“EPS”) increased 46% to 12.9 cents.

Executive Chairman, Jeff Chatfield, said:

“Avation is pleased to report significant year on year increases in revenue, profit and operating cashflow in the half year to 31 December 2016.

“Fleet metrics have continued to improve as the fleet has grown, with the weighted average age of the aircraft decreasing to 2.8 years and the weighted average remaining lease term increasing to 7.8 years. Avation’s strategy seeks to maintain a low average age of the fleet, lowering risk by maximising the long term earning potential of fleet assets. As at 31 December 2016 the value of the Company’s jet fleet now exceeds that of the turboprop fleet.

“In addition to these satisfactory financial results Avation has grown the aircraft fleet, managed overhead costs and improved fleet metrics to position the Company well for the second half of the financial year.”

Aircraft Fleet

Aircraft Type	31 December 2016
ATR 72-600	18
ATR 72-500	6
Airbus A321-200	8
Airbus A320-200	3
Fokker 100	5
Total	40

As at 31 December 2016 Avation’s fleet comprised 40 aircraft including seven aircraft on finance lease. The weighted average age of the fleet owned by the Company (excluding finance leases) is 2.8 years (2015: 5.2 years) and the weighted average remaining lease term was 7.8 years (2015: 5.7 years). As at 31 December 2016, all aircraft owned by the Company were fully utilised. Avation has 3 ATR 72 turboprop aircraft on order for placement during calendar year 2017.

Financial Highlights

	31 December 2016 US\$ 000's	31 December 2015 US\$ 000's	Change
Lease revenue	45,108	31,493	43%
Operating profit (EBIT)	27,628	17,941	54%
Operating profit margin	61%	57%	4%
Administrative expense	3,943	3,713	6%
Administrative expense/lease revenue	9%	12%	(3%)
Profit before tax	8,388	5,573	51%
Total profit after tax	7,357	4,781	54%
EPS	12.9 cents	8.8 cents	46%
Operating cash flows	31,116	18,810	65%
Fleet assets	850,417	518,327	64%
Total assets	969,425	632,503	53%
Cash and cash equivalents	47,931	69,671	(31%)
Book Value per Share USD	\$3.10	\$2.20	41%

Fleet Asset Summary

Fleet assets increased 64% to \$850.4 million (2015: \$518.3 million). Five Fokker 100 leases were converted to finance leases resulting in fleet assets totalling \$12.2 million being transferred to finance lease receivables. Finance lease receivables totalled \$48.2 million (2015: nil).

Update on Potential Sale of Turboprop Portfolio

In October 2016 Avation announced that it had received an expression of interest for 22 ATR 72 turboprop aircraft. As a consequence, Avation, through an appointed adviser, sought competing proposals from the market and received eight offers from a range of investors and lessors.

The bids received support a valuation of the portfolio at a premium to book value. The Company is still in discussion with a number of the bidders and best and final offers have yet to be received. At the current stage there is no certainty that any definitive agreement will be entered into nor that any transaction will materialise from the various discussions. The Board reiterates its position that any transaction would need to deliver shareholders a significant premium above book value.

Avation is an active trader of aircraft and from time to time will also consider the sale of individual or smaller portfolios of aircraft based on prevailing market opportunities.

Debt summary

	31 December 2016 US\$000's	31 December 2015 US\$000's
Loans and borrowings	737,184	479,169
Cash & cash equivalents	47,931	69,671
Net indebtedness	689,253	409,498
Total loan to value ratio (LTV)	76.0%	75.8%
Weighted average cost of secured debt	4.5%	4.2%
Weighted average cost of total debt	4.9%	4.9%

The weighted average cost of total debt remained at 4.9% as at 31 December 2016 (2015: 4.9%). The weighted average cost of secured debt facilities increased to 4.5% as at 31 December 2016 (2015: 4.2%) due to junior debt issued to fund acquisition of VietJet aircraft.

At the end of the financial period, Avation's overall loan to value ratio was 76.0% (2015: 75.8%). At 31 December 2016, 95.7% of total debt was at fixed interest rates (2015: 85.9%). At the end of the financial period, there was no related party debt other than pursuant to participation in notes issued under the Global Medium Term Note Programme.

Upgrade to Credit Rating

In December 2016, Standard & Poor's Global Ratings advised Avation's corporate credit rating was upgraded to 'B+' from 'B', Outlook Stable; the Senior Unsecured Notes rating was raised to 'B' from 'B-'.

Fitch Ratings corporate credit rating for Avation is 'B+', Outlook Stable; the Senior Unsecured Notes rating is 'B+'.

Dividend Payment

A 3.25 US cents per share dividend for the year ended 30 June 2016 was paid 13 October 2016.

Shareholders are reminded that future dividend payments will be made by default in US Dollars (USD). The Company's functional currency is USD and its assets, liabilities and revenues are denominated in USD. Recognising that the Company's business is USD denominated and to reduce exchange rate volatility risk to shareholders, future dividends will be declared and paid in USD. Shareholders who prefer to receive dividends in British Pounds (GBP) can elect to receive GBP by completing a form that can be downloaded at www.avation.net/dividends

Appointment to Board of Directors

Avation announced the appointment of Mr Derek Sharples as independent non-executive Director to the Board in November 2016.

Market Positioning

Avation focuses on narrowbody commercial jet and turboprop aircraft on long term leases. Avation's strategy focuses on new and relatively new aircraft. The Company's business model has a history of delivering consistent profitability while seeking to mitigate some of the risks associated with the aircraft leasing sector.

Avation seeks to maintain a fleet of aircraft assets with a low average age and long average remaining lease term. Avation will typically sell mid-life and older aircraft to redeploy capital to new assets. This approach is intended to mitigate technology change risk, operational and financial risk, support sustained growth and deliver long term shareholder value.

Outlook and Interim Management Statement

Fleet size and lease revenue has continued to increase during the half year. New aircraft have been acquired since the commencement of the 2017 financial year while some older aircraft have been sold or converted to finance leases. This has resulted in improved fleet age and average lease term metrics.

Avation's strategy involves the acquisition of new aircraft, maintain a low average fleet age, increased scale and customer diversification. Avation is an active trader of aircraft and will consider the sale of aircraft based on current market opportunities.

Management believes that it can attract airline customers or acquire leased aircraft and obtain the required funding for growth. In addition to operational cash flows, funding is traditionally sourced from capital markets, asset backed bank lending and disposal of selected aircraft. Access to acceptably priced funding remains a risk, which is common to all capital-intensive businesses. Specific risks which are inherent in the aircraft leasing industry include, but are not limited to, the creditworthiness of client airlines, over-production of new aircraft and market saturation, technology change in engines and aircraft, residual value risks, competition from other lessors and the general risk of impairment of aircraft assets.

Avation's Board of Directors is pleased to deliver satisfactory financial results from the aircraft leasing business while executing a strategy of fleet growth and risk mitigation. Avation is committed to delivering further growth and diversification to the business.

Results Conference Call

Avation's senior management team will host a conference call on 16 February 2017, at 1pm GMT (UK) / 8am EST (US) / 9pm SGT (Singapore), to discuss the Company's financial results. Participants should dial: United Kingdom 020 3059 8125; United States +1 631 983 3103; 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/2017firsthalf>

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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More information on Avation PLC can be found at: www.avation.net

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AVATION PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Continuing operations			
Lease revenue		45,108	31,493
Other income	3	444	27
		<u>45,552</u>	<u>31,520</u>
Depreciation	8	(15,930)	(10,084)
Gains on disposals of aircraft		1,979	305
Administrative expenses		(3,943)	(3,713)
Other expenses	4	(30)	(87)
Operating profit		<u>27,628</u>	<u>17,941</u>
Finance income	5	488	744
Finance expenses	6	(19,728)	(13,112)
Profit before taxation		<u>8,388</u>	<u>5,573</u>
Taxation		(1,031)	(801)
Profit from continuing operations		<u>7,357</u>	<u>4,772</u>
Discontinued operations			
Profit from discontinued operations		-	9
Total profit		<u>7,357</u>	<u>4,781</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(6)	(21)
Fair value gain/(loss) on derivative financial instruments		4,024	(118)
		<u>4,018</u>	<u>(139)</u>
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Revaluation loss on property, plant and equipment, net of tax		(5,924)	-
Other comprehensive income, net of tax		<u>(1,906)</u>	<u>(139)</u>
Total comprehensive income for the period		<u>5,451</u>	<u>4,642</u>
Profit attributable to:			
Equity holders of the Company		7,363	4,780
Non-controlling interests		(6)	1
		<u>7,357</u>	<u>4,781</u>
Total comprehensive income attributable to:			
Equity holders of the Company		5,468	4,641
Non-controlling interests		(17)	1
		<u>5,451</u>	<u>4,642</u>

	31 Dec 2016	31 Dec 2015
Basic earnings per share:		
From continuing operations	12.88 cents	8.82 cents
From total operations	12.88 cents	8.84 cents
Diluted earnings per share:		
From continuing operations	12.65 cents	8.79 cents
From total operations	12.65 cents	8.81 cents

**CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)
AS AT 31 DECEMBER 2016**

	Note	31 Dec 2016 US\$'000s	30 June 2016 US\$'000s
ASSETS:			
Current assets:			
Cash and cash equivalents		47,931	48,267
Trade and other receivables		5,610	5,631
Finance lease receivables		38,010	3,032
Options held for trading		3,040	3,040
Total current assets		94,591	59,970
Non-current assets:			
Trade and other receivables		10,691	11,304
Finance lease receivables		10,187	33,627
Derivative financial instruments		1,637	-
Property, plant and equipment	8	850,417	724,982
Goodwill		1,902	1,902
Total non-current assets		874,834	771,815
Total assets		969,425	831,785
LIABILITIES AND EQUITY:			
Current liabilities:			
Trade and other payables		11,734	10,065
Provision for taxation		2,896	1,029
Loans and borrowings	9	89,476	72,423
Maintenance reserves		2,844	7,440
Total current liabilities		106,950	90,957
Non-current liabilities:			
Trade and other payables		14,459	13,471
Loans and borrowings	9	647,708	543,301
Derivative financial instruments		-	2,387
Deferred tax liabilities		5,810	4,738
Maintenance reserves		11,600	3,323
Total non-current liabilities		679,577	567,220
Equity attributable to shareholders:			
Share capital	10	1,031	993
Treasury shares	10	(1)	(1)
Share premium		44,505	38,925
Merger reserve		6,715	6,715
Asset revaluation reserve		31,176	41,142
Capital reserve		8,876	8,876
Other reserves		2,261	(1,814)
Retained earnings		88,275	78,679
		182,838	173,515
Non-controlling interest		60	93
Total equity		182,898	173,608
Total liabilities and equity		969,425	831,785

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Note	Attributable to shareholders of the parent									Non-controlling interest	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings	Total		
	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 2016	993	(1)	38,925	6,715	41,142	8,876	(1,814)	78,679	173,515	93	173,608
Profit for the period	-	-	-	-	-	-	-	7,363	7,363	(6)	7,357
Other comprehensive income	-	-	-	-	(5,913)	-	4,018	-	(1,895)	(11)	(1,906)
Total comprehensive income	-	-	-	-	(5,913)	-	4,018	7,363	5,468	(17)	5,451
Dividend paid	13	-	-	-	-	-	-	(1,820)	(1,820)	-	(1,820)
Increase in issued share capital	10	38	-	5,864	-	-	(43)	-	5,859	-	5,859
Fund raising expenses	-	-	(284)	-	-	-	-	-	(284)	-	(284)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(16)	(16)
Transfer of asset revaluation surplus	-	-	-	-	(4,053)	-	-	4,053	-	-	-
Warrants expense	-	-	-	-	-	-	100	-	100	-	100
Balance at 31 December 2016	1,031	(1)	44,505	6,715	31,176	8,876	2,261	88,275	182,838	60	182,898

During the six months, the Company paid an interim dividend of 3.25 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 2015**

Note	Attributable to shareholders of the parent									Non-controlling interest	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings	Total		
	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	13	-	-	-	-	-	-	(1,656)	(1,656)	-	(1,656)
Purchase of treasury shares	10	(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

**CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Cash flows from operating activities:			
Profit before tax from continuing operations		8,388	5,573
Profit before tax from discontinued operations		-	9
Total profit before income tax		8,388	5,582
Adjustments for:			
Depreciation expense	8	15,930	10,084
Warrants expense		100	105
Impairment loss on non-trade receivables	4	30	-
Amortisation of loan insurance premium	6	539	539
Amortisation of fair value discounts on non-current liabilities	6	217	171
Gains on disposals of aircraft		(1,979)	(305)
Gain on disposal of assets held for sale		-	(25)
Finance income from discounting non-current liabilities to fair value	5	(227)	(179)
Interest income	5	(261)	(565)
Interest expense on borrowings	6	13,882	8,187
Interest expense on unsecured 7.5% notes	6	4,128	4,134
Operating cash flows before working capital changes		40,747	27,728
Movement in working capital:			
Trade and other receivables		1,899	2,782
Trade and other payables		1,888	62
Maintenance reserves		3,682	445
Cash from operations		48,216	31,017
Interest received		261	565
Interest paid		(17,232)	(12,293)
Income tax paid		(129)	(479)
Net cash from operating activities		31,116	18,810
Cash flows from investing activities:			
Purchase of property, plant and equipment		(256,786)	(113,527)
Proceeds from disposals of aircraft		100,140	19,500
Proceeds from disposal of assets held for sale		-	55
Investment in loans receivable		-	(4,400)
Repurchase of a subsidiary's treasury shares		-	(876)
Net cash used in investing activities		(156,646)	(99,248)
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares		5,575	-
Dividends paid to shareholders	13	(1,820)	(1,656)
Repurchase of treasury shares		-	(7,935)
Dividend paid to non-controlling interest of a subsidiary		(16)	-
Proceeds from loans and borrowings, net of transactions costs		216,332	70,918
Repayment of loans and borrowings		(94,872)	(19,844)
Net cash from financing activities		125,199	41,483
Effects of exchange rates on cash and cash equivalents		(5)	(21)
Net decrease in cash and cash equivalents		(336)	(38,976)
Cash and cash equivalents at beginning of financial period		48,267	108,647
Cash and cash equivalents at end of financial period		47,931	69,671

AVATION PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

This Interim Report for Avation PLC for the six months ended 31 December 2016 was approved by the Directors on 13 February 2017.

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 2016 and considered together with any public announcements made by Avation PLC during the six months ended 31 December 2016.

The accounting policies and methods of computation are the same as those adopted in the annual report for the year ended 30 June 2016.

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 2016, 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 INCOME

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Finance lease conversion fee	325	-
Foreign currency exchange gain	76	-
Others	43	27
	444	27

4 OTHER EXPENSES

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Impairment loss on non-trade receivables	30	-
Foreign currency exchange loss	-	42
Others	-	45
	30	87

5 FINANCE INCOME

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Interest income	261	565
Finance income from discounting non-current liabilities to fair value	227	179
	488	744

6 FINANCE EXPENSES

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Interest expense on borrowings	13,882	8,187
Interest expense on unsecured 7.5% notes	4,128	4,134
Amortisation of loan insurance premium	539	539
Amortisation of fair value discounts on non-current liabilities	217	171
Cost of early termination of borrowings	740	-
Others	222	81
	19,728	13,112

7 RELATED PARTY TRANSACTIONS

Significant related party transactions:

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Entities controlled by key management personnel (including directors):		
Rental expenses paid	(119)	(98)
Consulting fee paid	(81)	(107)
Service fee paid	-	(11)
Interest expense	(15)	(261)
Interest expense on unsecured 7.5% notes	(204)	(193)
Director		
Interest expense	(29)	-
Interest expense on unsecured 7.5% notes	(7)	-

8 PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and equipment US\$'000s	Jet aircraft US\$'000s	Turbo-prop aircraft US\$'000s	Total US\$'000s
31 December 2016:				
<i>Cost or valuation:</i>				
At 1 July 2016	388	382,565	435,215	818,168
Additions	7	256,712	67	256,786
Disposals/written-off	(3)	(126,916)	-	(126,919)
Reclassified as held under finance lease	-	(32,383)	-	(32,383)
Movement in revaluation reserve	-	(3,887)	-	(3,887)
At 31 December 2016	392	476,091	435,282	911,765
Representing:				
At cost	392	-	-	392
At valuation	-	476,091	435,282	911,373
	392	476,091	435,282	911,765
<i>Accumulated depreciation:</i>				
At 1 July 2016	206	55,845	37,135	93,186
Depreciation expense	61	8,272	7,597	15,930
Disposals/written-off	(3)	(27,609)	-	(27,612)
Reclassified as held under finance lease	-	(20,156)	-	(20,156)
At 31 December 2016	264	16,352	44,732	61,348
<i>Net book value:</i>				
At 1 July 2016	182	326,720	398,080	724,982
At 31 December 2016	128	459,739	390,550	850,417

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and equipment US\$'000s	Jet aircraft US\$'000s	Turbo-prop aircraft US\$'000s	Total US\$'000s
30 June 2016:				
<i>Cost or valuation:</i>				
At 1 July 2015	357	163,040	344,492	507,889
Additions	31	226,914	115,877	342,822
Disposals/written-off	-	(7,999)	(19,258)	(27,257)
Reclassified as held under finance lease	-	-	(35,601)	(35,601)
Movement in revaluation reserve	-	610	29,705	30,315
At 30 June 2016	388	382,565	435,215	818,168
Representing:				
At cost	388	-	-	388
At valuation	-	382,565	435,215	817,780
	388	382,565	435,215	818,168
<i>Accumulated depreciation and impairment:</i>				
At 1 July 2015	88	47,875	25,847	73,810
Depreciation expense – continuing operations	118	9,704	13,379	23,201
Disposals/written-off	-	(2,636)	-	(2,636)
Reclassified as held under finance lease	-	-	(2,091)	(2,091)
Impairment loss	-	902	-	902
At 30 June 2016	206	55,845	37,135	93,186
<i>Net book value:</i>				
At 1 July 2015	269	115,165	318,645	434,079
At 30 June 2016	182	326,720	398,080	724,982

9 LOANS AND BORROWINGS

	31 Dec 2016		30 June 2016	
	US\$'000s		US\$'000s	
Secured borrowings	610,937		510,640	
Junior secured borrowings	28,802		8,017	
Unsecured 7.5% notes due 2020	97,445		97,067	
	737,184		615,724	
Less: current portion of borrowings	(89,476)		(72,423)	
	647,708		543,301	

	Maturity		Weighted average interest rate per annum	
	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
	US\$'000s	US\$'000s	%	%
Secured borrowings	2017-2028	2015-2028	4.4%	4.3%
Junior secured borrowings	2020-2024	2020-2024	6.7%	6.3%
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.

10 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	31 Dec 2016		30 June 2016	
	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 2016/ 1 July 2015	55,785,227	993	55,663,727	991
Issue of shares	3,143,709	38	121,500	2
At 31 Dec/30 June	58,928,936	1,031	55,785,227	993

On 29 September 2016, the Company issued 200,000 ordinary shares of 1 penny each at a price of 110p following the exercise of warrants by warrant holders raising gross proceeds of US\$286,000.

On 12 October 2016, the Company issued 2,943,709 ordinary shares of 1 penny each at 155p each following a private placement exercise raising gross proceeds of US\$5.57 million.

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 2016		30 June 2016	
	No of treasury shares	US\$'000s	No of treasury shares	US\$'000s
At 1 July 2016/1 July 2015	600	1	450,000	682
Acquired during the financial period	-	-	3,750,600	7,936
Re-issued during the financial period	-	-	(4,200,000)	(8,617)
At 31 Dec/30 June	600	1	600	1

11 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 2016, 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.

11 SEGMENT INFORMATION (continued)

(c) Geographical analysis

31 December 2016	Europe US\$'000s	Asia-Pacific US\$'000s	Total US\$'000s
Lease income from continuing activities	16,482	28,626	45,108
Net book value - aircraft	282,715	567,574	850,289
Total assets	314,956	654,469	969,425
	Europe US\$'000s	Asia-Pacific US\$'000s	Total US\$'000s
31 December 2015			
Lease income from continuing activities	7,010	24,483	31,493
30 June 2016			
Net book value - aircraft	341,765	383,035	724,800
Total assets	370,708	461,077	831,785

12 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since 30 June 2016.

13 DIVIDEND

	31 Dec 2016 US\$'000s	31 Dec 2015 US\$'000s
Declared/paid during the six months ended 31 December 2016		
<i>Dividends on ordinary shares</i>		
- Interim exempt (one-tier) dividend for 2017 :3.25 US cents (2016: 3 US cents) per share	1,820	1,656

No dividends have been declared subsequent to 31 December 2016.

14 SUBSEQUENT EVENTS

None.

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 2016.

DIRECTORS

The directors of Avation PLC are listed in its Annual Report for the year ended 30 June 2016. 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, 16 February 2017