AVATION PLC
("Avation" or "the Company")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces unaudited results for the six months ended 31 December 2022.

Financial Highlights

- Revenue and other income reduced to US$55.3 million (2021: US$60.1 million);
- Operating profit increased to US$ 35.0 million (2021: US$18.8 million);
- Profit before tax of US$6.7 million (2021: Loss before tax US$15.9 million);
- Net indebtedness reduced by US$46.0 million to US$746.9 million (30 June 2022: US$792.9 million); and
- Net asset value per share increased 5.2% to £2.82 (30 June 2022: £2.68);

Operational Highlights

- Two ATR 72-600 turboprop aircraft were sold during the period;
- One ATR 72-600 aircraft was repossessed from an airline in Myanmar;
- One off-lease ATR 72-500 started a lease with a new airline customer in Nepal;
- Avation received a creditors' distribution of US$3.4 million from Virgin Australia;
- Two Airbus A220-300 aircraft were re-financed with fixed rate long-term loans, reducing Avation's exposure to interest rate changes;

Outlook

Avation is focussed on the execution of lease deliveries and sale agreements for the remaining off-lease aircraft in the fleet in the second half-year period and managing the overall cost of debt. The airline industry is continuing its recovery from the lows seen during the COVID-19 pandemic. Global domestic air travel in December 2022 as reported by IATA, has recovered to around 79.9% of December 2019 passenger numbers while international travel, while lagging, has recovered to around 75.1% of December 2019 levels.

The Company believes that airlines will require significant numbers of leased aircraft in the short to medium term due to the large number of older aircraft that have been retired as a result of the COVID-19 pandemic, and the impact of the pandemic on airline balance sheets, reducing their ability to purchase aircraft directly.

The Company's future strategy will focus on leasing modern, low CO2 emissions, fuel-efficient aircraft. Avation is supportive of the aviation industry's goal of becoming more sustainable through a transition to new technology more fuel-efficient aircraft engines and the use of sustainable aviation fuel to reduce CO2 emissions.

The Company will cautiously position itself for a return to organic self-funded growth through deliveries from its orderbook, opportunistic aircraft trading and may convert ATR purchase rights to firm orders should attractive lease opportunities arise."

Executive Chairman, Jeff Chatfield, said:

"During the six months ended 31 December 2022 Avation reduced the number of off-lease aircraft in the fleet from six to four. In addition, the sale of a Boeing 737-800 in February 2023 has further reduced the number of off-lease aircraft to three. A key strategic aim for Avation over the coming months is to conclude sales or lease agreements for all remaining off-lease aircraft and we are pleased to announce that we have recently concluded a lease agreement with a new airline customer for one of the three remaining aircraft.

Avation has continued to de-lever its balance sheet, achieving a reduction to 62.9% in the ratio of net debt to total assets as at 31 December 2022. A significant portion of the cashflow generated by the fleet has been directed towards repayments of debt. Scheduled loan repayments for the 2023 calendar year, amounting to around US$57 million, exceed the expected depreciation of the fleet over the same period.

A bond repurchase tender was concluded in February, resulting in the repurchase and retirement of US$7.1m of Avation Capital S.A. 8.25%/9.0% unsecured notes. The Company may pursue other liability management exercises from time to time with the aim of further reducing the cost and/or outstanding amount of unsecured debt in issue. The Company has retained Citibank as a strategic adviser for potential future debt reduction exercises.

After the recovery from the COVID-19 pandemic, Avation plans to re-grow its business in an organic prudent and sensible manner. We will target organic growth, which includes the placement of the remaining off-lease aircraft and leasing the two ATR aircraft we have on order for delivery in 2024. We have paid all pre-delivery payments due for the two ordered ATR aircraft and believe that the balance due on delivery of the aircraft can be funded with senior secured debt.

We note that most of our peer leasing companies have suffered large losses due to the seizure of aircraft leased to Russian airlines. Avation was fortunate in that it did not have any exposure to Russian airlines. Our policy is, and has always been, to only lease planes in jurisdictions where we are confident that we can arrange repossession, if ever required.

The Company has taken steps to reduce overheads by reducing headcount and actively managing legal expenses and other expenditure. The Company has an in-house technical team and management was pleased that the overall cost of managing the transition of one Boeing 737-800 was less than anticipated.

Few aircraft were built during the COVID-19 pandemic so lessors that own them have seen positive developments in valuations. As an owner we have managed to move, sell, service and, most importantly, transition aircraft.

We are reasonably confident that the Company will be able to place its remaining inventory of off-lease aircraft and arrange leases for the two new aircraft ordered for delivery in 2024."

Financial Summary

US$ '000s	**Six months ended 31 December,**	
	2022	**2021**
Revenue	46,287	57,903
Other income	9,024	2,186
	55,311	60,089
Operating profit	35,010	18,800
Profit/(loss) before tax	6,689	(15,863)
Profit/(loss) after tax	8,332	(15,271)
EPS (basic and diluted)	12.00c	(21.98c)
US$ '000s	**31 December 2022**	**30 June 2022**
Fleet assets (1)	936,300	987,995
Total assets	1,187,077	1,217,020
Cash and bank balances (2)	111,446	119,171
Unrestricted cash and cash equivalents	32,120	35,267
Net asset value per share (USUS$) (3)	US$3.42	US$3.27
Net asset value per share (GBP) (4)	£2.82	£2.68

1. Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.
2. Cash and bank balances as at 31 December 2022 comprise cash and cash equivalents of US$32.1 million (30 June 2022: US$35.3 million) and restricted cash balances of US$79.3 million (30 June 2022: US$83.9 million).
3. Net asset value per share is total equity divided by the total number of shares in issue, excluding treasury shares.
4. Based on GBP:USD exchange rate as at 31 December 2022 of 1.21 (30 June 2022:1.22).

Aircraft Fleet

Aircraft Type	31 December 2022	30 June 2022
Boeing 777-300ER	1	1
Airbus A330-300	1	1
Airbus A321-200	6	6
Boeing 737-800NG	1	1
Airbus A320-200	2	2
Airbus A220-300	5	5
ATR 72-600	16	18
ATR 72-500	5	5
Total	**37**	**39**

At 31 December 2022, Avation's fleet comprised 37 aircraft, including five aircraft on finance lease. Avation serves 16 customers in 13 countries. The weighted average age of the fleet is 6.1 years (30 June 2022: 5.6 years) and the weighted average remaining lease term is 5.4 years (30 June 2022: 5.7 years).

Two ATR 72-600 aircraft were sold during the period. Turboprop and narrowbody aircraft make up 82% of fleet assets as at 31 December 2022. Fleet assets have decreased 5.2% to US$936.3 million (30 June 2022: US$988.0 million). As at the date of this report, Avation has three off-lease aircraft. We aim to agree new leases or sales of these remaining off-lease aircraft by 30 June 2023.

Avation has orders for two new ATR 72-600 aircraft and purchase rights for a further 28 aircraft as at 30 June 2022. The order-book and purchase rights provide a pathway to organic fleet growth.

Avation has no exposure to Russia or any Russian airline. Avation is currently not aware of any sanctions resulting from Russia's invasion of Ukraine that will impact the Company.

Debt summary

US$ '000s	31 December 2022	30 June 2022
Current loans and borrowings	57,153	63,900
Non-current loans and borrowings	721,826	764,230
Total loans and borrowings	**778,979**	**828,130**
Unrestricted cash and bank balances	32,120	35,267
Net indebtedness (1)	746,859	792,863
Net debt to total assets (2)	62.9%	65.1%
Weighted average cost of secured debt (3)	4.5%	4.0%
Weighted average cost of total debt (4)	6.1%	5.7%

1. Net indebtedness is defined as loans and borrowings less unrestricted cash and bank balances.
2. Net debt to assets is defined as net indebtedness divided by total assets.
3. Weighted average cost of secured debt is the weighted average interest rate for secured loans and borrowings at period end.
4. Weighted average cost of total debt is the weighted average interest rate for total loans and borrowings at period end.

During the period net indebtedness was reduced by 5.8% to US$746.9 million (30 June 2022: US$792.9 million). Two aircraft previously financed under the Group's floating rate warehouse loan facility were re-financed with long-term fixed rate debt, reducing exposure to changes in interest rates.

The weighted average cost of total debt has increased to 6.1% as at 31 December 2022 (30 June 2022: 5.7%) due to repayments of lower cost secured loans in the period. The weighted average cost of secured debt also increased to 4.5% at 31 December 2022 (30 June 2022: 4.0%).

At the end of the financial period, Avation's net debt to total assets ratio improved to 62.9% (30 June 2022: 65.1%). As at 31 December 2022, 94.8% of total debt was at fixed or hedged interest rates (30 June 2022: 90.0%). The ratio of unsecured debt to total debt was 38.6% (30 June 2022: 35.8%).

Financial Analysis

Revenue

US$ '000s	Six months ended 31 December,	
	2022	2021
Lease rental revenue	42,608	48,531

Less: amortisation of lease incentive assets	(612)	(769)
	41,996	47,762
Interest income from finance leases	1,171	1,406
Maintenance reserves revenue	3,120	4,461
End of lease compensation revenue	-	4,274
	46,287	**57,903**

Lease rental revenue decreased by 12.2% from US$48.5 million in the six months ended 31 December 2021 to US$42.6 million in the six months ended 31 December 2022. The decrease was principally due to the reduction in the number of aircraft in the fleet from 42 at 31 December 2021 to 37 at 31 December 2022.

Interest income from finance leases decreased by 16.7% from US$1.4 million in the six months ended 31 December 2021 to US$1.2 million in the six months ended 31 December 2022. The decrease was principally due to the reduction in the number of aircraft leased on finance leases from 6 at 31 December 2021 to 5 at 31 December 2022.

Other income

US$ '000s	**Six months ended 31 December,**	
	2022	**2021**
Fees for late payment	390	1,419
Deposit released	-	200
Lease maintenance contribution provision released	1,942	-
Foreign currency exchange gain	3,481	240
Claim recovery	3,166	-
Others	45	327
	9,024	**2,186**

A provision for lease maintenance contributions was released due to changes to the terms and conditions for maintenance in three lease agreements during the period.

Foreign currency exchange gains arose principally from the release of deferred hedged foreign currency exchange gains on two Euro loans that were refinanced during the period.

The claim recovery recognised in other income in the six months ended 31 December 2022 is the balance of a distribution paid to creditors of Virgin Australia in excess of amounts allocated to trade receivables.

Administrative expenses

US$ '000s	Six months ended 31 December,	
	2022	2021
Staff costs	2,868	3,780
Other administrative expenses	1,591	1,275
	4,459	**5,055**

Staff costs reduced by 24.1% from US$3.8 million in the six months ended 31 December 2021 to US$2.9 million in the six months ended 31 December 2022 principally due to reduced headcount, lower bonus payments and lower charges for employee share warrants.

Other administrative expenses increased by 24.8% from US$1.3 million in the six months ended 31 December 2021 to US$1.6 million in the six months ended 31 December 2022 principally due to increased marketing related travel expenses.

Finance income

US$ '000s	Six months ended 31 December,	
	2022	2021
Interest income	853	45
Fair value gain on financial derivatives	44	-
Finance income from discounting non-current deposits to fair value	304	285
Gain on repurchase of unsecured notes	486	-
Gain on early full repayment of borrowings	1,657	-
	3,344	**330**

Interest income increased in the six months ended 31 December 2022 due to an improved interest rate environment for depositors. The group has transferred funds into term deposit accounts to take advantage of increased deposit interest rates.

Avation generated a gain of US$0.5 million on the repurchase of US$4.4 million of Avation Capital S.A. 8.25%/9.0% unsecured notes at a discount in July 2022.

A gain of US$1.7 million on early full repayment of borrowings arose when two loans were refinanced in November 2022.

Finance expenses

US$ '000s	Six months ended 31 December,	
	2022	2021
Interest expense on secured borrowings	10,742	12,600

Interest expense on unsecured notes	15,504	15,473
Amortisation of loan transaction costs	669	1,644
Amortisation of IFRS 9 gain on debt modification	4,342	3,638
Amortisation of interest expense on non-current borrowings	283	280
Finance charges on early full repayment of borrowings	-	726
Others	125	632
	31,665	**34,993**

Interest expense on secured borrowings reduced by 14.7% to US$10.7 million in the six months ended 31 December 2022 from US$12.6 million in the six months ended 31 December 2021 as a result of repayments of secured loans. Secured borrowings have been paid down by US$113.4 million from US$591.4 million at 31 December 2021 to US$478.0 million at 31 December 2022.

Interest expense on unsecured notes includes US$4.3 million of non-cash interest paid in kind by increasing the face value of Avation Capital S.A. 8.25%/9.0% unsecured notes.

Amortisation of IFRS 9 gain on debt modification of US$4.3 million represents the non-cash accretion in the book value of Avation Capital S.A. 8.25%/9.0% unsecured notes resulting from the accounting treatment of the extension and changes to the terms of the notes agreed with noteholders in March 2021. The extension was accounted for as a substantial modification of a debt instrument in accordance with IFRS 9. The face value of Avation Capital S.A. 8.25%/9.0% unsecured notes outstanding as of 31 December 2022 is US$348.0 million.

Results Conference Call

Avation's senior management team will host an investor update call on 3 March 2023, at 1:00 pm GMT (UK) / 8:00 am EST (US) / 8:00 pm SGT (Singapore), to discuss the Company's financial results. Investors can participate in the call by using the following link:

https://www.investormeetcompany.com/avation-plc/register-investor

A replay of the broadcast will be made available on the Investor Relations page of the Avation PLC website.

Forward Looking Statements

This release contains certain "forward looking statements". Forward looking statements may be identified by words such as "expects," "intends," "initiate", "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.

Basis of presentation

This announcement covers the unaudited results of Avation PLC for the six months ended 31 December 2022.

Financial information presented in this announcement is being published for the purposes of providing preliminary Group financial results for the six months ended 31 December 2022. The financial information in this preliminary announcement is not audited and does not constitute statutory financial statements of Avation PLC within the meaning of section 434 of the Companies Act 2006. The Board of Directors approved this financial information on 2 March 2023. Avation PLC's most recent statutory financial statements for the purposes of Chapter 7 of Part 15 of the Companies Act 2006 for the year ended 30 June 2022, upon which the auditors have given an unqualified audit, were published on 3 November 2022 and have been annexed to the annual return and delivered to the Registrar of Companies.

All "US$" amounts in this release are US Dollar amounts unless stated otherwise. Certain comparative amounts have been reclassified to conform with current year presentation.

-ENDS-

Enquiries:

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Avation welcomes shareholder questions and comments and advises the email address is: investor@avation.net

More information on Avation is available at www.avation.net.

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	31 Dec 2022	31 Dec 2021

		US$'000s	US$'000s
Continuing operations			
Revenue	5	46,287	57,903
Other income	6	9,024	2,186
		55,311	60,089
Depreciation	11	(18,932)	(19,847)
Gain on derecognition of a finance lease		3,235	-
Loss on disposal of aircraft		(1,000)	(2,016)
Unrealised gain on aircraft purchase rights	16	1,880	60
Unrealised gain on equity investment	17	6,869	-
Impairment loss on aircraft	11,19	(315)	(9,855)
Aircraft transition expenses		(5,790)	(2,658)
Expected credit losses		(250)	(131)
Administrative expenses		(4,459)	(5,055)
Legal and professional fees		(1,149)	(1,787)
Other expenses	7	(390)	-
Operating profit		35,010	18,800
Finance income	8	3,344	330
Finance expenses	9	(31,665)	(34,993)
Profit/(loss) before taxation		6,689	(15,863)
Taxation		1,643	592
Profit/(loss) from continuing operations		**8,332**	**(15,271)**
Profit/(loss) attributable to:			
Shareholders of Avation PLC		8,333	(15,272)
Non-controlling interests		(1)	1
		8,332	**(15,271)**
Earnings per share for profit/(loss) attributable to shareholders of Avation PLC			
Basic earnings per share		12.00 cents	(21.98) cents
Diluted earnings per share		12.00 cents	(21.98) cents

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	31 Dec 2022	31 Dec 2021
		US$'000s	US$'000s
Profit/(loss) from continuing operations		**8,332**	**(15,271)**
Other comprehensive income:			
Items may be reclassified subsequently to profit or loss:			
Net gain on cash flow hedge, net of tax		1,427	11,398
		1,427	11,398
Items may not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment, net of tax		-	166
Other comprehensive income, net of tax		1,427	11,564
Total comprehensive income/(loss) for the period		**9,759**	**(3,707)**
Total comprehensive income/(loss) attributable to:			
Shareholders of Avation PLC		9,760	(3,708)
Non-controlling interests		(1)	1
		9,759	**(3,707)**

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
ASSETS:			
Non-current assets			
Property, plant and equipment	11	870,583	813,908
Finance lease receivables	13	42,737	55,208
Trade and other receivables	12	18,818	19,388
Derivative financial assets	15	13,240	5,920
Aircraft purchase rights	16	67,160	65,280
Lease incentive assets		4,817	310
Goodwill	14	1,902	1,902
		1,019,257	961,916
Current assets			
Finance lease receivables	13	4,168	5,624
Trade and other receivables	12	21,585	13,202
Investment in equity, at fair value through profit or loss	17	10,584	3,715
Lease incentive assets		1,225	137
Cash and bank balances	18	111,446	119,171
		149,008	141,849
Assets held for sale	19	18,812	113,255
		167,820	255,104
Total assets		**1,187,077**	**1,217,020**
EQUITY AND LIABILITIES			
Equity			
Share capital	20	1,166	1,203
Share premium		65,724	67,681
Treasury shares	20	-	(7,811)
Merger reserve		6,715	6,715
Asset revaluation reserve		51,730	51,730
Capital reserve		8,876	8,876
Other reserves		16,132	14,174
Retained earnings		87,242	84,519
Equity attributable to shareholders of Avation PLC		237,585	227,087
Non-controlling interest		5	6

Total equity		237,590	227,093
Non-current liabilities			
Loans and borrowings	21	721,826	764,230
Trade and other payables		19,485	18,274
Derivative financial liabilities	15	1,055	1,055
Maintenance reserves	22	64,693	75,131
Deferred tax liabilities		24,127	25,437
		831,186	884,127
Current liabilities			
Loans and borrowings	21	57,153	63,900
Trade and other payables		21,958	15,940
Maintenance reserves	22	38,467	10,156
Income tax payable		723	658
		118,301	90,654
Liabilities directly associated with assets held for sale	19	-	15,146
		118,301	105,800
Total equity and liabilities		**1,187,077**	**1,217,020**

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Attributable to shareholders of Avation PLC										
	Share capital	**Share premium**	**Treasury Shares**	**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 2022	1,203	67,681	(7,811)	6,715	51,730	8,876	14,174	84,519	227,087	6	227,093

Profit for the period	-	-	-	-	-	-	-	8,333	8,333	(1)	8,332
Other comprehensive income	-	-	-	-	-	-	1,427	-	1,427	-	1,427
Total comprehensive income	-	-	-	-	-	-	1,427	8,333	*9,760*	(1)	*9,759*
Issuance of shares	2	226	-	-	-	-	(51)	-	177	-	177
Purchase of treasury shares	-	-	(94)	-	-	-	-	-	(94)	-	(94)
Cancellation of treasury shares	(39)	(2,183)	7,905	-	-	-	39	(5,722)	-	-	-
Share warrant expense	-	-	-	-	-	-	655	-	655	-	655
Total transactions with owners recognised directly in equity	*(37)*	*(1,957)*	*7,811*	-	-	-	*643*	*(5,722)*	*738*	-	*738*
Expiry of share warrants	-	-	-	-	-	-	(112)	112	-	-	-
Total others	-	-	-	-	-	-	(112)	112	-	-	-
Balance at 31 December 2022	**1,166**	**65,724**	-	**6,715**	**51,730**	**8,876**	**16,132**	**87,242**	**237,585**	**5**	**237,590**

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

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Attributable to shareholders of Avation PLC										
	Share capital	**Share premium**	**Treasury Shares**	**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 2021	1,203	67,681	(7,811)	6,715	37,602	8,876	(21,382)	64,058	156,942	68	157,010
Loss for the period	-	-	-	-	-	-	-	(15,272)	(15,272)	1	(15,271)
Other comprehensive income	-	-	-	-	166	-	11,398	-	11,564	-	11,564
Total comprehensive income	*-*	*-*	*-*	*-*	*166*	*-*	*11,398*	*(15,272)*	*(3,708)*	*1*	*(3,707)*
Share warrant expense	-	-	-	-	-	-	983	-	983	-	983
Total transactions with owners recognised directly in equity	*-*	*-*	*-*	*-*	*-*	*-*	*983*	*-*	*983*	*-*	*983*
Release of revaluation reserve upon sale of aircraft	-	-	-	-	(2,081)	-	-	2,081	-	-	-

Expiry of share warrants	-	-	-	-	-	-	(872)	872	-	-	-
Total others	-	-	-	-	*(2,081)*	-	*(872)*	*2,953*	-	-	-
Balance at 31 December 2021	**1,203**	**67,681**	**(7,811)**	**6,715**	**35,687**	**8,876**	**(9,873)**	**51,739**	**154,217**	**69**	**154,286**

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	31 Dec 2022	31 Dec 2021
		US$'000s	US$'000s
Cash flows from operating activities:			
Profit/(loss) before taxation		6,689	(15,863)
Adjustments for:			
Amortisation of lease incentive asset	5	612	769
Depreciation expense	11	18,932	19,847
Depreciation of right-of-use assets		110	108
Expected credit losses		250	131
Finance income	8	(3,344)	(330)
Finance expense	9	31,665	34,993
Gain on derecognition of finance lease		(3,235)	-
Loss on disposal of aircraft		1,000	2,016
Interest income from finance lease	5	(1,171)	(1,406)
Impairment loss on aircraft	11,19	315	9,855
Share warrants expense		655	983
Unrealised gain on equity investment	17	(6,869)	-
Unrealised gain on aircraft purchase rights	16	(1,880)	(60)
Foreign currency exchange gain		(3,438)	-
Operating cash flows before working capital changes		40,291	51,043

Movement in working capital:			
Trade and other receivables and finance lease receivables		(9)	1,652
Trade and other payables		5,940	(1,563)
Maintenance reserves		3,663	585
Cash from operations		49,885	51,717
Finance income received		1,866	673
Finance expense paid		(21,856)	(25,776)
Income tax paid		(346)	(308)
Net cash from operating activities		**29,549**	**26,306**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(568)	(4)
Proceeds from disposal of aircraft		21,500	40,361
Net cash from investing activities		**20,932**	**40,357**
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares		177	-
Purchase of treasury shares		(94)	-
Decrease of restricted cash balances		4,578	7,913
Proceeds from loans and borrowings, net of transactions costs		42,958	17,318
Repayment of loans and borrowings		(101,247)	(85,626)
Net cash used in financing activities		**(53,628)**	**(60,395)**
Net (decrease)/increase in cash and cash equivalents		**(3,147)**	**6,268**
Cash and cash equivalents at beginning of financial period		35,267	25,067
Cash and cash equivalents at end of financial period	18	**32,120**	**31,335**

This interim condensed consolidated financial statements for Avation PLC for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 2 March 2023.

1 CORPORATE INFORMATION

Avation PLC is a public limited company incorporated in England and Wales under the Companies Act 2006 (Registration Number 05872328) and its shares are traded on the Standard Segment of the Main Market of the London Stock Exchange.

The Group's principal activity is aircraft leasing.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do 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 annual report.

It is recommended that the interim condensed consolidated financial statements be read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by Avation PLC during the six months ended 31 December 2022.

The accounting policies and methods of computation are the same as those adopted in the annual report for the year ended 30 June 2022 except for the adoption of new accounting standards effective as of 1 July 2022.

The preparation of the interim condensed consolidated financial statements 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 2022, 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 condensed consolidated financial statements are unaudited.

The interim condensed consolidated financial statements do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

3 NEW STANDARDS AND INTERPRETATIONS NOT APPLIED AND STANDARDS IN EFFECT IN 2022

(a) New standards and interpretations not applied

The Group has not adopted the following new or amended standards and interpretations which are relevant to the Group that have been issued but are not yet effective:

Description	Effective date (period beginning)
Amendment to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendment to IAS 1 and IFRS Practise statement 2 - Disclosure of accounting policies	1 January 2023
Amendment to IAS 12 -Deferred tax related to assets and liabilities arising from single transaction	1 January 2023
Lease liability in a Sale and Leaseback Amendments to IFRS 16	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	No earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture	Postponed indefinitely

Based on a preliminary assessment using currently available information, the Group does not expect the adoption of the above standards to have a material impact on the financial statements in the period of initial application. These preliminary assessments may be subject to changes arising from ongoing analyses when the Group adopts the standards. The Group plans to adopt the above standards on the effective date.

(b) Standard in effect in 2022

The Group has adopted all new standards that have come into effect during the six months ended 31 December 2022. The adoptions do not have a material impact on the Group's interim condensed consolidated financial statements.

4 FAIR VALUE MEASUREMENT

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of cash and bank balances, trade and other receivables, finance lease receivables - current, trade and other payables - current, loans and borrowings - current are a reasonable approximation of fair value either due to their short-term nature or because the interest rate charged closely approximates market interest rates or that the financial instruments have been discounted to their fair value at a current pre-tax interest rate.

The fair value of the maintenance reserves is not disclosed in the table below as the timing and cost of the settlement of maintenance reserves cannot be determined with certainty in advance and hence the fair value of the maintenance reserve cannot be accurately measured.

	31 Dec 2022		30 Jun 2022	
	Carrying amount US$'000s	**Fair value** US$'000s	**Carrying amount** US$'000s	**Fair value** US$'000s
Financial assets:				
Finance lease receivables - non-current	42,737	39,600	55,208	53,979
Derivative financial assets	13,240	13,240	5,920	5,920
Investment in equity, fair value through profit or loss	10,584	10,584	3,715	3,715
Financial liabilities:				
Deposits collected - non-current	15,306	12,775	13,692	12,893
Loans and borrowings other than unsecured notes - non-current	420,831	385,123	468,030	436,864
Unsecured notes	300,995	278,427	296,200	275,893
Derivative financial liabilities	1,055	1,055	1,055	1,055

The fair values (other than for unsecured notes, investment in debt instrument, fair value through profit or loss and derivative financial liabilities) above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period, which is classified under level 2 of the fair value hierarchy.

The fair value of the unsecured notes is based on level 1 quoted prices (unadjusted) in an active market that the Group can access at measurement date.

The fair value of the derivative financial instruments is determined by reference to marked-to-market values provided by counterparties. The fair value measurement of all derivative financial instruments is classified under level 2 of the fair value hierarchy, for which inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are included as inputs for the determination of fair value.

4 FAIR VALUE MEASUREMENT (continued)

Assets measured at fair value classified under level 3:

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
Fair value measurement using significant unobservable inputs:		
Aircraft	870,561	813,885
Aircraft purchase rights	67,160	65,280
Investment in equity, fair value through profit or loss	10,584	3,715

Aircraft were valued at 30 June 2022. Refer to Note 11 for the details on the valuation technique and significant inputs used in the valuation.

5 REVENUE

	31 Dec 2022 US$'000s	31 Dec 2021 US$'000s
Lease rental revenue	42,608	48,531

Less: amortisation of lease incentive assets	(612)	(769)
	41,996	47,762
Interest income on finance leases	1,171	1,406
Maintenance reserves revenue	3,120	4,461
End of lease return compensation revenue	-	4,274
	46,287	**57,903**

Geographical analysis

	Europe US$'000s	**Asia Pacific** US$'000s	**Total** US$'000s
31 Dec 2022	13,497	32,790	46,287
31 Dec 2021	24,311	33,592	57,903

5 REVENUE (continued)

Operating lease commitments

The Group leases out aircraft under operating leases. The maturity analysis of the undiscounted lease payments to be received under operating leases are as follows:

	31 Dec 2022 US$'000s	**31 Dec 2021** US$'000s

Within one year	91,067	88,258
One to two years	89,924	87,479
Two to three years	85,575	86,216
Three to four years	69,896	86,020
Four to five years	62,236	71,742
Later than five years	85,277	155,281

The operating lease commitments as at 31 December 2022 include US$9.3 million of deferred rents which have also been recognised within trade and other receivables.

6 OTHER INCOME

	31 Dec 2022 US$'000s	**31 Dec 2021** US$'000s
Fees for late payment	390	1,419
Deposit released	-	200
Release of maintenance lease contribution	1,942	-
Foreign currency exchange gain	3,481	240
Recovery of claims from customer	3,166	-
Others	45	327
	9,024	**2,186**

7 OTHER EXPENSES

	31 Dec 2022 US$'000s	**31 Dec 2021** US$'000s
Deferment fees	**390**	-

8 FINANCE INCOME

	31 Dec 2022 US$'000s	31 Dec 2021 US$'000s
Interest income from financial institutions	204	-
Interest income from non-financial institutions	649	45
Fair value gain on financial derivatives	44	-
Finance income from discounting non-current deposits to fair value	304	285
Gain on repurchases of unsecured notes	486	-
Gain on early full repayment of borrowings	1,657	-
	3,344	**330**

9 FINANCE EXPENSES

	31 Dec 2022 US$'000s	31 Dec 2021 US$'000s
Interest expense on secured borrowings	10,742	12,600
Interest expense on unsecured notes	15,504	15,473
Amortisation of loan transaction costs	669	1,644
Amortisation of gain on loan modification	4,342	3,638
Amortisation of interest expense on non-current deposits	283	280
Finance charges on early full repayment of borrowings	-	726
Others	125	632
	31,665	**34,993**

10 RELATED PARTY TRANSACTIONS

Significant related party transactions:

	31 Dec 2022 US$'000s	31 Dec 2021 US$'000s
Entities controlled by key management personnel (including directors):		
Lease liability paid	(159)	(145)
Consulting fee expense	(123)	(112)
Maintenance service	(47)	(23)
Interest expense	(40)	-
Service fee income	43	51
Directors:		
Interest expense	(8)	-

11 PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment US$'000s	Aircraft engine US$'000	Jet aircraft US$'000s	Turboprop aircraft US$'000s	Total US$'000s
31 December 2022:					
Cost or valuation:					
At 1 July 2022	91	-	771,859	305,923	1,077,873
Additions	6	-	-	-	6
Reclassified from finance lease	-	-	-	16,166	16,166
Reclassified from asset held for sale	-	-	106,124	-	106,124
Reclassified as asset held for sale	-	-	(28,034)	-	(28,034)

At 31 December 2022	**97**	-	**849,949**	**322,089**	**1,172,135**
Representing:					
At cost	97	-	-	-	97
At valuation	-	-	849,949	322,089	1,172,038
	97	**-**	**849,949**	**322,089**	**1,172,135**
Accumulated depreciation and impairment:					
At 1 July 2022	68	-	182,815	81,082	263,965
Depreciation expense	7	-	13,982	4,943	18,932
Reclassified from asset held for sale	-	-	28,124	-	28,124
Reclassified as asset held for sale	-	-	(9,784)	-	(9,784)
Impairment loss	-	-	315	-	315
At 31 December 2022	**75**	-	**215,452**	**86,025**	**301,552**
Net book value:					
At 1 July 2022	**23**	**-**	**589,044**	**224,841**	**813,908**
At 31 December 2022	**22**	**-**	**634,497**	**236,064**	**870,583**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and equipment US$'000s	**Aircraft engine** US$'000	**Jet aircraft** US$'000s	**Turboprop aircraft** US$'000s	**Total** US$'000s
30 June 2022:					
Cost or valuation:					
At 1 July 2021	74	1,940	868,253	390,322	1,260,589
Additions	17	-	-	-	17
Disposal	-	(1,940)	-	-	(1,940)
Reclassified as finance lease	-		-	(53,344)	(53,344)

		-			
Reclassified as asset held for sale	-	-	(106,124)	(38,874)	(144,998)
Revaluation recognised in equity	-	-	9,730	7,819	17,549
At 30 June 2022	**91**	**-**	**771,859**	**305,923**	**1,077,873**
Representing:					
At cost	91	-	-	-	91
At valuation	-	-	771,859	305,923	1,077,782
	91	**-**	**771,859**	**305,923**	**1,077,873**
Accumulated depreciation and impairment:					
At 1 July 2021	56	128	179,219	117,882	297,285
Depreciation expense	12	85	28,956	10,251	39,304
Disposal	-	(213)	-	-	(213)
Reclassified as finance lease	-	-	-	(33,071)	(33,071)
Reclassified as asset held for sale	-	-	(28,124)	(16,374)	(44,498)
Impairment loss	-	-	2,764	2,394	5,158
At 30 June 2022	**68**	**-**	**182,815**	**81,082**	**263,965**
Net book value:					
At 1 July 2021	**18**	**1,812**	**689,034**	**272,440**	**963,304**
At 30 June 2022	**23**	**-**	**589,044**	**224,841**	**813,908**

Assets pledged as security

The Group's aircraft with carrying values of US$855.0 million (30 June 2022: US$879.5 million) are mortgaged to secure the Group's borrowings (Note 21).

Additions and disposals

During the six months ended 31 December 2022, one turboprop aircraft was reclassified from finance leases, two jet aircraft were reclassified from assets held for sale, and one jet aircraft was reclassified as asset held for sale.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation

The Group's aircraft were valued in June 2022 by independent valuers on a lease-encumbered value basis ("LEV'). LEV takes into account the current lease arrangements for the aircraft and estimated residual values at the end of the lease. These amounts have been discounted to present value using discount rates ranging from 5.50% to 7.00% (2021: 5.50% to 8.00%) per annum for jet aircraft and 5.50% to 8.00% (2021: 5.50% to 8.00%) per annum for turboprop aircraft. Different discount rates are considered appropriate for different aircraft based on their respective risk profiles.

During the six months ended 31 December 2022, an impairment loss of US$0.3 million was recognised.

If the aircraft were measured using the cost model, carrying amounts would be as follows:

	31 Dec 2022		30 Jun 2022	
	Jets	**Turbo props**	**Jets**	**Turbo props**
	US$'000s	US$'000s	US$'000s	US$'000s
Cost	801,559	303,149	723,469	286,983
Accumulated depreciation and impairment	(201,871)	(83,503)	(170,115)	(78,974)
Net book value	**599,688**	**219,646**	**553,354**	**208,009**

Geographical analysis

31 Dec 2022	**Europe**	**Asia Pacific**	**Total**
	US$'000s	US$'000s	US$'000s
Capital expenditure	-	6	6
Net book value - aircraft	261,443	609,118	870,561

30 Jun 2022	**Europe**	**Asia Pacific**	**Total**
	US$'000s	US$'000s	US$'000s
Capital expenditure	-	17	17
Net book value - aircraft	250,659	563,226	813,885

12 TRADE AND OTHER RECEIVABLES

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
Current		
Trade receivables	18,551	12,354
Less:		
Allowance for expected credit losses	(12,084)	(8,678)
	6,467	3,676
Accrued revenue	3,390	3,491
Less:		
Allowance for expected credit losses	(369)	(374)
	3,021	3,117
Other receivables	12,400	6,335
Less:		
Allowance for expected credit losses	(907)	(910)
	11,493	5,425
Interest receivables	467	1,759
Less:		
Allowance for expected credit losses	(57)	(1,373)
	410	386
Deposits	50	48
Prepaid expenses	144	550
	21,585	**13,202**
Non-current:		
Other receivables	10,882	11,343
Deposits for aircraft	7,749	7,749
Right-of-use assets	187	296

	18,818	**19,388**

Trade and other receivables as at 31 December 2022 include US$25.8 million due from an Asian airline. The amount includes US$21.0 million repayable by 24 equal monthly instalments between January 2023 and December 2024 and US$4.8 million in overdue invoices. There is a risk of loss should the Company fail to recover amounts due.

13 FINANCE LEASE RECEIVABLES

Future minimum lease payments receivable under finance leases are as follows:

	31 Dec 2022		**31 Jun 2022**	
	Minimum lease payments US$'000s	**Present value of payments** US$'000s	**Minimum lease payments** US$'000s	**Present value of payments** US$'000s
Within one year	6,171	4,213	11,729	7,476
Less:				
Allowance for expected credit losses	(45)	(45)	(1,852)	(1,852)
	6,126	4,168	9,877	5,624
One to two years	31,317	29,238	7,695	5,306
Two to three years	2,430	1,573	31,565	29,044
Three to four years	9,012	8,401	10,615	9,763
Four to five years	3,560	3,525	11,357	11,095
Later than five years	-	-	-	-
Total minimum lease payments	**52,445**	**46,905**	**71,109**	**60,832**
Less: amounts representing interest income	(5,540)	-	(10,277)	-
Present value of minimum lease payments	**46,905**	**46,905**	**60,832**	**60,832**

14 GOODWILL

The Group performs its annual impairment test in June and when circumstances indicate the carrying value may be impaired. For the purpose of these financial statements there was no indication of impairment. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2022.

15 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	Contract/ notional amount		Fair value	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	US$'000s	US$'000s	US$'000s	US$'000s
Derivative financial assets				
Interest rate swap	236,225	248,384	12,620	5,470
Cross-currency interest rate swap	4,000	4,000	620	450
	240,225	**252,384**	**13,240**	**5,920**
Derivative financial liabilities				
Warrants	-	-	**1,055**	**1,055**

Hedge accounting has been applied for interest rate swap contracts and cross-currency interest rate swap contracts which have been designated as cash flow hedges.

15 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (continued)

The Group pays fixed rates of interest of 1.0% to 2.6% per annum and receives floating rate interest equal to 1-month to 3-month LIBOR or 1-month SOFR under the interest rate swap contracts.

The Group pays fixed rates of interest of 3.1% to 4.9% per annum and receives floating interest equal to 3-month LIBOR under the cross-currency interest rate swap contracts.

The swap contracts mature between 26 December 2023 and 21 November 2030.

Changes in the fair value of these interest rate swap and cross-currency interest rate swap contracts are recognised in the fair value reserve. The net fair value gain net of tax of US$6.5 million (31 December 2021: gain of US$5.1 million) on these derivative financial instruments was recognised in the fair value reserve for the six-month period ended 31 December 2022.

The fair value of the derivative financial instruments is determined by reference to marked-to-market values provided by counterparties. The fair value measurement of all derivative financial instruments is classified under level 2 of the fair value hierarchy, for

which inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are included as inputs for the determination of fair value.

The Group entered into Euro denominated lease agreements which create exposure to variability in cash flows due to movements in the EUR:USD exchange rate. To hedge its exposure to various cash flows resulting from changes in EUR:SGD spot rates, the Group has arranged Euro denominated financing which reduces overall exposure to variable cash flows to the extent that lease receipts and debt service cashflows are matched. The Group is making use of a non-derivative hedging instrument and has designated the cash flows with respect to the loan interest and principal repayment (hedging instrument) against a specific portion of the lease receivable (hedge item).

Unrealised foreign exchange gains and losses arising on Euro denominated loans designated as cash flow hedges are recognised in the foreign currency hedge reserve. Unrealised foreign exchanged gains and losses recorded in the foreign currency hedging reserve are systematically re-cycled through profit or loss over the remaining term of the related loan on a straight-line basis.

16 AIRCRAFT PURCHASE RIGHTS

	31 Dec 2022	30 Jun 2022
	US$'000s	US$'000s
Aircraft purchase rights, at fair value:		
At 1 July 2022/ 1 July 2021	65,280	26,960
Unrealised gain	1,880	38,320
At 31 December/30 June	**67,160**	**65,280**

The Company holds rights to purchase an additional 28 ATR 72-600 aircraft from the manufacturer. The purchase rights are for aircraft to be delivered prior to 30 June 2027.

17 INVESTMENT IN EQUITY, AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec	30 Jun

	2022 US$'000s	2022 US$'000s
Non-listed equity, at fair value		
At 1 July 2022/ 1 July 2021	3,715	-
Additions	-	3,715
Unrealised gain	6,869	-
At 31 December/30 June	**10,584**	**3,715**

The Group received 8,014,602 ordinary shares in the previous year from an airline customer as part of the airline's restructuring plan to compensate and offset the amount due to the Group.

18 CASH AND BANK BALANCES

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
Fixed deposits	24,855	-
Other cash and bank balances	86,591	119,171
Total cash and bank balances	111,446	119,171
Less: restricted	(79,326)	(83,904)
Cash and cash equivalents	**32,120**	**35,267**

The Group's restricted cash and bank balances have been pledged as security for certain loan obligations.

In the consolidated statement of cash flows, cash and cash equivalents comprises unrestricted cash and bank balances.

19 ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

The Group's aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	31 Dec 2022	30 Jun 2022
	US$'000s	US$'000s
Assets held for sale:		
Property, plant and equipment - aircraft		
At 1 July 2022/ 1 July 2021	100,500	66,300
Additions	18,812	100,500
Impairment loss	-	(1,000)
Disposals	(22,500)	(65,300)
Transfer to property, plant and equipment	(78,000)	-
At 31 December/30 June	**18,812**	**100,500**
Other receivables	-	6,547
Lease incentive asset	-	6,208
	18,812	**113,255**

Liabilities directly associated with assets held for sale:	31 Dec 2022	30 Jun 2022
	US$'000s	US$'000s
Deposit collected	-	935
Lessor maintenance contribution	-	8,769
Maintenance reserves	-	5,442
	-	**15,146**

During the six months ended 31 December 2022, two turboprop aircraft classified as assets held for sale were sold, one jet aircraft was reclassified as assets held for sale and two jet aircraft that were classified as assets held for sale in the previous year were reclassified back to property, plant and equipment.

20 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	31 Dec 2022	30 Jun 2022

	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 2022/ 1 July 2021	71,698,124	1,203	71,698,124	1,203
Issue of shares	147,000	2	-	-
Cancellation	(2,310,000)	(39)	-	-
At 31 December/30 June	**69,535,124**	**1,166**	**71,698,124**	**1,203**

During the six months ended 31 December 2022, the Company issued 147,000 ordinary shares of 1 penny at 101.25 pence following the exercise of warrants by warrant holders raising total gross proceeds of US$0.18 million. The Company cancelled 2,310,000 ordinary shares held in treasury.

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 2022		**30 Jun 2022**	
	No of treasury shares	US$'000s	No of treasury shares	US$'000s
At 1 July 2022/ 1 July 2021	2,210,000	7,811	2,210,000	7,811
Acquired during the period	100,000	94	-	-
Cancellation	(2,310,000)	(7,905)	-	-
At 31 December/30 June	**-**	**-**	**2,210,000**	**7,811**

During the six months ended 31 December 2022, the Company repurchased 100,000 ordinary shares through the market at a price of 77.2 pence per share. The Company cancelled 2,310,000 ordinary shares held in treasury.

(c) **Net asset value per share**

	31 Dec 2022	**30 Jun 2022**
Net asset value per share (US$)[(1)]	$3.42	$3.27
Net asset value per share (GBP)[(2)]	£2.82	£2.68

[(1)] Net asset value per share is total equity divided by the total number of shares issued and outstanding at period end.

(2) Based on GBP:US$ exchange rate as at 31 December 2022 of 1.21 (30 June 2022: 1.22).

21 LOANS AND BORROWINGS

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
Secured borrowings	477,984	531,930
Unsecured notes	300,995	296,200
Total loans and borrowings	**778,979**	**828,130**
Less: current portion	(57,153)	(63,900)
Non-current loans and borrowings	**721,826**	**764,230**

	Maturity		Weighted average interest rate per annum	
	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s	31 Dec 2022 %	30 Jun 2022 %
Secured borrowings	2023-2031	2023-2031	4.5%	4.0%
Unsecured notes	2026	2026	8.25%	8.25%

Secured borrowings are secured by first ranking mortgages over the relevant aircraft, 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.

22 MAINTENANCE RESERVES

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
Current:		
Maintenance reserves	38,467	10,156
Non-current:		
Maintenance reserves	55,342	72,607
Maintenance lease contribution	9,351	2,524
	64,693	75,131
Total maintenance reserves	**103,160**	**85,287**

	31 Dec 2022 US$'000s	30 Jun 2022 US$'000s
At 1 July 2022/ 1 July 2021	85,287	101,481
Contributions	16,105	13,109
Utilisations	(7,381)	(3,730)
Released to profit or loss	(1,942)	(11,362)
Transferred from liabilities associated with asset held for sale	11,091	-
Transfer to liabilities directly associated with assets held for sale	-	(14,211)
At 31 December/30 June	**103,160**	**85,287**

23 CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	31 Dec 2022	30 Jun 2022

	US$'000s	US$'000s
Property, plant and equipment	32,490	31,230

Capital commitments represent amounts due under contracts entered into by the group to purchase aircraft. The Company has paid deposits towards the cost of these aircraft which are included in trade and other receivables.

As at 31 December 2022, the Group has commitments to purchase two ATR 72-600 aircraft from the manufacturer with expected delivery dates in 2024.

24 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since 30 June 2022.

25 SUBSEQUENT EVENTS

On 31 January 2023, the Company allotted 664,000 fully paid new ordinary shares representing approximately 0.95 per cent of the enlarged capital of the Company pursuant to the exercise of 2019 series staff share warrants at a price of 101.25 pence per share respectively.

On 16 February 2023, the Group completed the sale of the Boeing 737-800 aircraft classified as an asset held for sale.

On 17 February 2023, a Tender Offer for the repurchase of unsecured notes expired. As of the expiration date, US$7,055,202 in principal amount of unsecured notes were validly tendered and not withdrawn pursuant to the Tender Offer and were repurchased at a price of US$860 per US$1,000 principal amount.

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 2022.

DIRECTORS

The directors of Avation PLC are listed in its Annual Report for the year ended 30 June 2022. 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 UK-adopted IAS 34 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, 2 March 2023