

ATV.L
21 September 2007

Antonov plc
(“Antonov” or the “Company”)

Interim results for the six months ended 30 June 2007

Highlights:

- Revenues of £73,000 (H1 2006: £14,000), generated mainly from programme with Zhejiang Geely Automobile Gearbox Co. (“Geely”)
- Operating loss of £1.9million (H1 2006: £1.4million)
- Available funding facility at period end of €6.5million; post period end additional €15million facility secured with Quivest B.V.
- Six Speed Automatic Transmission programme with Geely progressing well
 - Planned demonstration of vehicle with Antonov transmission at 2008 Beijing Motor Show
- Further opportunities in significant Chinese market actively pursued
- Good progress made by Emporio International Sarl (“Emporio”) in commercialising Supercharger in German auto market
- New development centre in Warwick locates Antonov in key region for UK automotive engineering
- Directors confident of continued commercial progress

John Moore, Chief Executive of Antonov, said:

“We have made encouraging progress over the period with our engineering programmes. Our additional funding facility is now in place and with a new development centre on line shortly, we now have the infrastructure to underpin both current and future programmes. I look forward to updating shareholders on further progress in due course.”

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Notes to Editors:

Antonov plc is a technology exploitation company originally created to develop the inventions of its founder, Roumen Antonov. It now holds a broad intellectual property portfolio in mechanical power transmission. Among its current development and commercialisation projects are:

TX6 Six Speed Automatic Transmission

Antonov has granted a Production Licence Agreement to Geely and is working with them to develop a six speed automatic transmission based on Antonov's AAD technology. The AAD is an innovative automatic power transmission which delivers, amongst other performance and mechanical benefits, the potential for increased fuel efficiency at high speeds and lower build cost.

RTX Two Speed Supercharger Drive

Antonov has developed a compact auto-shifting two speed drive unit based on the Company's AMM technology for use with engine superchargers. The unit increases the torque output from an engine at low speeds, thereby delivering increased performance. This unit is being produced by NZWL in Leipzig and is being marketed through distributors in the US and Europe.

CHAIRMAN'S STATEMENT

In my statement to Shareholders for the full year ending 31st December 2006, I mentioned that we experienced both challenges and successes as the business continued its momentum of moving forward. That theme is once again mirrored in the results for the first six months of the current financial year. I am pleased to announce that we have started to generate revenues and although initially limited with slower than expected cash receipts, we expect to build and improve upon this going forward. At the same time, this progress has coincided with our need to invest in resources including people and capital assets, in order to meet our obligations under existing customer contracts.

As a result, although we have suffered some delay with regards to meeting certain targets, we are making steady progress at a commercial level including being on track to demonstrate a Geely vehicle with our six speed transmission at the Beijing Motor Show in Spring 2008.

Financial Review

Revenue for the first half of 2007 (1H FY2007) was £73,000 compared with £14,000 for the first half of 2006 (1H FY2006). This was mainly in respect of engineering services provided to Geely.

The operating loss for 1H FY2007 was £1.9 million (1H FY2006: £1.4 million). Net loss for 1H FY2007 was £2.2 million (1H FY2006 profit of £0.1 million, mainly due to positive financing income of £1.7 million arising from the application of IFRS to convertible loan notes).

Cash balance at 30 June 2007 was £83,000 as compared with £49,000 at 30 June 2006 and £226,000 at 31 December 2006. Available funding facilities at 30 June 2007 totalled Euro 6.5 million. As announced on 9 August 2007, an additional Euro 15 million of funding facility was secured with Quivest B.V. which together with other funding facilities will be sufficient to support the Company to achieve its growth objectives.

Commercial Review

The Antonov six speed automatic transmission contract with Geely has been progressing well, despite substantial technical and personnel changes at Geely. Geely is the transmission manufacturing subsidiary of Geely Automotive, one of China's leading vehicle manufacturers. Although this has absorbed more Antonov resource than initially planned, we are still on track to demonstrate a Geely vehicle with our transmission at the Beijing Motor Show in Spring 2008.

The Chinese market overall is forecast to have a growing demand for fuel efficient six speed transmissions in small front wheel drive cars. To this end, we have been actively pursuing other opportunities in China for Antonov's automatic transmission technology.

In December 2006 we announced an agreement with Emporio International Sarl. Emporio and their partner company Green Technology International AG have been making steady progress in attracting the interest of the German auto industry to our two speed supercharger technology. So far we have focused on the performance end of the market for gasoline engines. However, additional opportunities exist for this technology, including the emerging market for small, high efficiency diesel engines. At the recent Frankfurt Motor Show, where the focus was on 'Green' fuel efficient vehicles, it was evident that there is growing momentum in the German market for the creation of small, high efficiency diesel engine vehicles as an alternative to the electric hybrid models currently available. Antonov's two speed supercharger, which increases the torque output from an engine at low speeds thereby delivering increased performance, positions the Company very well within this growing sector and has the potential to address future opportunities.

People and Structure

The Midlands is very much the focal point for automotive engineering within the UK. Therefore, the Company has focused its operations in this central England location and is in the process of securing new premises based in Warwick. This new facility is currently being equipped as our on-going development centre with workshops as well as laboratories for research and development.

We are pleased to have relocated four members of our French team who will now work alongside our UK engineers and have been very successful in attracting experienced engineers in this region on a contract by contract basis.

Our recent Board restructuring, as previously announced, has created a strong commercially focused management team with a good balance between UK and Dutch based members, which reflects our dual listing status on both the London and Euronext-Amsterdam exchanges.

Future

Going forward, the Company remains very focused on serving its current clients as well as marketing its technology to new potential customers. We have faced challenges which are to be expected when introducing a new technology into the automotive industry. However, we do have traction as well as the necessary funding and shareholder support in place to underpin our steady progress. We remain confident of our prospects and look forward to reporting future successes.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six Months ended 30 June 2007	Six Months ended 30 June 2006	Year ended 31 December 2006
	Notes	Unaudited £000's	Unaudited £000's	Audited £000's
Revenue	3	73	14	11
Cost of sales		-	-	-
Gross profit		73	14	11
Operating expenses		(1,980)	(1,364)	(4,094)
Operating loss		(1,907)	(1,350)	(4,083)
Finance (expense)/income		(213)	1,745	656
(Loss)/profit before taxation		(2,120)	395	(3,427)
Tax (charge)/credit		(33)	(301)	(238)
(Loss)/profit for the period		(2,153)	94	(3,665)
Attributable to:				
- Equity holders of the parent		(2,153)	94	(3,665)
Earnings/(Loss) per share	4			
Basic (pence)		(4.7p)	0.01p	(10.2p)
Diluted (pence)		(4.7p)	0.01p	(10.2p)

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2007	30 June 2006	31 December 2006
		Unaudited £000's	Unaudited £000's	Audited £000's
	Notes			
Assets				
Non Current Assets				
Intangible assets	6	2,807	2,035	2,212
Property, plant and equipment	5	352	408	370
Total non-current assets		3,159	2,443	2,582
Current assets				
Inventories		30	114	-
Trade and other receivables		496	604	434
Cash and cash equivalents		83	49	226
Total Current Assets		609	767	660
Total Assets		3,768	3,210	3,242
Liabilities and equity				
Current liabilities				
Trade and other payables		1,625	1,703	1,257
Total current liabilities		1,625	1,703	1,257
Total liabilities		1,625	1,703	1,257
Equity				
	7			
Called up share capital		9,304	7,008	8,728
Share premium account		27,343	23,487	25,629
Capital reserve		2,587	2,587	2,587
Translation reserve		(62)	(122)	(38)
Warrant reserve		370	-	361
Retained earnings		(37,399)	(31,453)	(35,282)
Total equity		2,143	1,507	1,985
TOTAL LIABILITIES AND EQUITY		3,768	3,210	3,242

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six Months ended 30 June 2007 Unaudited £000's	Six Months ended 30 June 2006 Unaudited £000's	Year ended 31 December 2006 Audited £000's
Foreign exchange movement on net investment in foreign subsidiary	(24)	(37)	47
Net (expense)/income recognised directly in equity	(24)	(37)	47
Profit / (Loss) for the period	(2,153)	94	(3,665)
Total recognised income and expense for the period attributable to shareholders	(2,177)	57	(3,618)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF EQUITY

	Share Capital £000's	Share Premium £000's	Capital Reserve £000's	Foreign Exchange Reserve £000's	Warrant Reserve £000's	Retained Earnings £000's	Total £000's
Balance at 1 January 2006	6,163	20,467	2,587	(85)	0	(31,688)	(2,556)
Movement in foreign exchange reserve				(37)			(37)
Net income recognised directly in equity				(37)			(37)
(Loss)/profit for the period						94	94
Increase in share capital	845	3,020					3,865
Other Movements						141	141
Balance at 30 June 2006	7,008	23,487	2,587	(122)	0	(31,453)	1,507
Balance at 1 January 2006	6,163	20,467	2,587	(85)	0	(31,688)	(2,556)
Movement in foreign exchange reserve				47			47
Net income recognised directly in equity				47			47
(Loss)/profit for the period						(3,665)	(3,665)
Increase in share capital	2,565	5,162					7,727
Stock option expense						71	71
Movement in Euro warrants					361		361
Balance at 31 December 2006	8,728	25,629	2,587	(38)	361	(35,282)	1,985
Balance at 1 January 2007	8,728	25,629	2,587	(38)	361	(35,282)	1,985
Movement in foreign exchange reserve				(24)			(24)
Net income recognised directly in equity				(24)			(24)
(Loss)/profit for the period						(2,153)	(2,153)
Increase in share capital	576	1,714					2,290
Stock option expense						36	36
Movement in Euro warrants					9		9
Balance at 30 June 2007	9,304	27,343	2,587	(62)	370	(37,399)	2,143

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	Unaudited £000's	Unaudited £000's	Audited £000's
Operating activities			
(Loss)/Profit before tax	(2,120)	395	(3,427)
Adjustments for:			
Depreciation	63	50	130
Amortisation	29	69	81
Accelerated amortisation of intangible assets	-	-	384
Loss on disposal of tangible assets	61	-	15
Stock option expense	35	35	71
Non cash payments	-	-	298
Adjustments for non cash items:			
Financial liabilities	-	-	(471)
Euro warrants	-	-	(185)
Finance expense/(income)	185	(1,745)	-
	(1,747)	(1,196)	(3,104)
Changes in working capital and provisions:			
(Increase)/decrease in trade and other receivables	(63)	315	254
(Increase)/decrease in work in progress	(30)	(1)	116
Increase/(decrease) in trade and other payables	346	(262)	(88)
Net cash flow from operating activities	(1,494)	(1,144)	(2,822)
Investing activities			
Payments to acquire intangible fixed assets	(22)	(724)	(90)
Payments to acquire property, plant and equipment	(104)	(201)	(251)
Capitalisation of development costs	(630)	-	(1,189)
Net cash used in investing activities	(756)	(925)	(1,530)
Financing activities			
Proceeds from issue of share capital	2,107	899	1,837
Proceeds from the issue of convertible debt	-	949	2,471
Net cash generated by financing activities	2,107	1,848	4,308
Net (decrease)/increase in cash and cash equivalents	(143)	(221)	(44)

Notes forming part of the condensed interim financial statements

1. BASIS OF PREPARATION

The Group condensed financial statements have been prepared on the basis of International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

To the extent that comparative information for related party transactions (see Note 8) has not been disclosed, these interim financial statements are not fully compliant with the disclosure requirements of International Accounting Standard (IAS) 34 – Interim Financial Reporting.

The information in this announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Auditors have reported on the statutory accounts of Antonov plc for the year ended 31 December 2006 prepared under IFRS and they have been delivered to the Registrar of Companies. The report of the Auditors was unqualified and did not contain a statement under Sections 237(2) or 237(3) of the Companies Act 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

3. SEGMENT INFORMATION

The group's primary reporting format for reporting segment information is business segments. The Group have one business segment which is the development and commercialisation of the Antonov Automotive Transmissions. Therefore, all revenues, costs, assets and liabilities relate to this one business segment in both 2007 and 2006.

4. EARNINGS/(LOSS) PER SHARE

	Six Months ended 30 June 2007	Six Months ended 30 June 2006	Year ended 31 December 2006
	£000's	£000's	£000's
Numerator			
(Loss)/profit for the period	(2,153)	94	(3,665)
(Loss)/profit used in basic and diluted EPS	(2,153)	94	(3,665)
Denominator			
Weighted average number of shares	45,653,291	32,378,582	35,836,277

Ordinary shares issued after 30 June 2007 are detailed below:

	Number of shares
Issued under terms of the share finance facility	2,580,042
Issued under terms of the convertible loan note facility	725,972
Total	<u>3,306,014</u>

5. PROPERTY, PLANT AND EQUIPMENT

During the period the Group invested £0.1 million to acquire IT hardware and software, and disposed of certain items of machinery, tools and other equipment with a carrying value of approximately £0.6 million.

6. INTANGIBLE ASSETS

During the period £0.6 million of development costs have been capitalised.

7. SHARE CAPITAL

Authorised	30 June 2007		30 June 2006		31 December 2006	
	Number	£000's	Number	£000's	Number	£000's
Ordinary shares of 20p each	60,000,000	12,000	60,000,000	12,000	60,000,000	12,000

Issued and fully paid	Six months ended 30 June 2007		Six months ended 30 June 2006		Twelve months ended 31 December 2006	
	Number	£000's	Number	£000's	Number	£000's
Ordinary shares of 20p each						
At beginning of period	43,638,606	8,728	30,813,526	6,163	30,813,526	6,163
Debt conversion rights exercised	-		2,380,709	476	4,117,697	824
Exercise of Warrants	790,903	158	764,035	153	-	-
Issue of shares	2,091,260	418	1,079,143	216	8,707,383	1,741
Balance at end of period	46,520,769	9,304	35,037,413	7,008	43,638,606	8,728

During the period the company issued 836,503 unlisted Sterling denominated warrants with an exercise price ranging between 90p and 119p, and an exercise period to June 2009.

8. RELATED PARTY TRANSACTIONS

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed to related parties	
	6 months ended 30/06/07 £	Year ended 31/12/06 £	6 months ended 30/06/07 £	Year ended 31/12/06 £	6 months ended 30/06/07 £	Year ended 31/12/06 £	6 months ended 30/06/07 £	Year ended 31/12/06 £
Four Stroke SARL	15,173	7,035	1,483	-	47,676	28,920	-	-
Antonov Holdings SARL	-	544	5,745	367	-	3015	2,730	-

All of the entities listed are considered to be related parties as they are controlled by R. Antonov, an employee of the company and a shareholder in Antonov plc. The above transactions were undertaken on normal commercial terms.