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Antonov plc ('the Company' or 'the Group')

**Interim Results for the
six months ended 30 June 2008**

Highlights:

- * Steady commercial and technical progress during period under review
- * Loncin Phase 1 successfully completed with six speed transmission exceeding technical performance targets
- * Joint marketing activities supported with 2 fully operational demonstrator vehicles
- * All Group operations centralised at Warwick Headquarters
- * Revenue for the period of £214k (2007: £ 73k)
- * Operating loss for the period significantly reduced to £962k (2007: £1,907k) after increased product investment of £1,874k (2007: £ 630k)
- * Funding facilities of £15.5m available as of 26 September 2008

John Moore, Antonov's CEO, commented:

"I am pleased to report encouraging progress. We have significantly reduced overhead costs whilst increasing investment to support revenue growth. The first phase of our six speed automatic transmission programme with Loncin, our Chinese partner, has been completed successfully with excellent results. We have also identified demand for new applications for our evolving two speed technology, which is driving our product development plan".

Copies of this announcement are available for collection from Dowgate Capital's offices at 46 Worship Street, London, EC2A 2EA and electronic copies can be obtained from the Company's website www.antonovat.com.

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Chairman's Statement

I am very pleased to report a successful first half of 2008, in particular the completion of the first phase of the six speed automatic transmission programme under our agreement with Loncin in China.

Operations Review

Our efforts in the first six months of the year have focussed on achieving the technical milestones contained in the Loncin agreement. These included: shift quality and drive comfort; noise; efficiency and fuel consumption; manufacturing feasibility and culminating in the production of the transmission.

The successful completion of Phase 1 of the project was achieved on time with the visit at the end of July from Loncin's technical team, when they were able to test drive the completed demonstration vehicles. It was agreed that all technical targets for the transmission have been achieved and these were signed off by Loncin at the end of their visit.

Loncin are now completing the market review to identify interested vehicle makers and to secure purchase agreements. The next stage will be to agree and finalise commercial terms for the proposed formation of a manufacturing Joint Venture. Detailed production plans and cost estimates have been completed by Loncin and it has been confirmed that the factory gate costs are well within the original estimates.

Antonov and Loncin are already working closely together to market the transmission. Initial discussions with prospective customers in China are underway and strong interest has been received. The availability of the demonstrator vehicle plays an important role in securing production purchase agreements.

Aftermarket Supercharger sales remain modest; however we have received industry interest in the application of the 2-speed product to engine auxiliary drives. For example, the application of the Antonov 2-speed product to an alternator resolves the challenge of obtaining sufficient output when the engine is idling. On the strength of this demand, we are moving ahead and developing a second generation 2-speed product. This will be substantially smaller than the current unit, will be configurable to match a number of applications, with much lower production costs.

The first half also saw the consolidation of all our operations in the new office and technical facilities based in Warwick. We now have a team of 34 people, a combination of permanent and contract staff. This has contributed to cost savings and improved the efficiency and quality of results achieved from our operating activities.

Financial Review

Group revenues for the first half period to 30 June 2008 increased to £ 214k from £ 73k in the corresponding period in 2007

Net operating loss (before financial expense and tax) for the first half in 2008 of £ 962k was significantly lower than the net operating loss of £ 1,907k reported for the first half in 2007. This is partly due to the positive impact of higher revenues as well as increased levels of engineering development investment in connection with building the transmissions used on demonstration vehicles for Loncin project.

Total capitalised engineering development investment in the first half of 2008 were £ 1,874k, compared with £ 630k in the first half of 2007. This investment will be written off against revenues to be generated from selling this newly developed transmission to customers. Net loss for the period at £ 962k compares with a net loss of £ 1,969k in the first half of 2007.

The company had total available funding of £ 18.4m in place at the end of June 2008 under its share finance facilities. One of the facilities expired at the end of July with an unused portion of £ 1.4m.

The company has total available funding facilities of £ 15.5m as of 26 September 2008, with no obligations related to external loans or borrowings.

Future

We will continue to focus on the Loncin project in the second half of 2008, including the marketing activities in China to secure production purchase agreements and related engineering programmes. In addition the low cost 2-speed product design will be progressed.

We are in the final stages of establishing Antonov Automotive Technologies (Chongqing) Ltd in China, in anticipation of the formation of our manufacturing joint venture with Loncin.

Our renewed focus is building recognition in the automotive industry that Antonov is a highly professional business, developing products with great commercial potential.

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June 2008	<i>Restated *</i> Six months ended 30 June 2007	Year ended 31 December 2007
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	5	214	73	771
Cost of sales		(2)	-	(26)
Gross profit		212	73	745
Operating expenses		(1,174)	(1,980)	(4,680)
Loss from operations		(962)	(1,907)	(3,935)
Finance expense		0	(29)	(29)
Loss before tax		(962)	(1,936)	(3,964)
Taxation		0	(33)	(109)
Loss for the period		(962)	(1,969)	(4,073)
Loss per share	8			
- Basic and diluted (pence)		(1.5p)	(4.3p)	(8.5p)

* Restated for correction of share issue costs (see note 2).

The notes on pages 5 to 17 form part of these financial statements.

CONSOLIDATED STATEMENT OF EQUITY

	Share capital £'000	Restated* share premium £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Warrant reserve £'000	Restated* retained losses £'000	Restated* total equity £'000
Balance at 1 January 2007 – as restated	8,728	25,360	2,587	(38)	361	(35,013)	1,985
Adjustment to foreign exchange	-	-	-	(24)	-	-	(24)
Net income recognised directly in equity	-	-	-	(24)	-	-	(24)
Loss for the period – as restated	-	-	-	-	-	(1,969)	(1,969)
Total recognised income and expense for the period	-	-	-	(24)	-	(1,969)	(1,993)
Increase in share capital	576	1,714	-	-	-	-	2,290
Share issue costs	-	(184)	-	-	-	-	(184)
Movement on exchange of warrants	-	-	-	-	9	-	9
Share based payment	-	-	-	-	-	36	36
Balance at 30 June 2007	9,304	26,890	2,587	(62)	370	(36,946)	2,143
Balance at 1 January 2007 – as restated	8,728	25,360	2,587	(38)	361	(35,013)	1,985
Adjustment to foreign exchange	-	-	-	114	-	-	114
Net income recognised directly in equity	-	-	-	114	-	-	114
Loss for the year	-	-	-	-	-	(4,073)	(4,073)
Total recognised income and expense for the year	-	-	-	114	-	(4,073)	(3,959)
Increase in share capital	1,858	4,582	-	-	-	-	6,440
Share issue costs	-	(484)	-	-	-	-	(484)
Movement on exchange of warrants	-	-	-	-	9	-	9
Share based payment	-	-	-	-	-	222	222
Balance at 31 December 2007	10,586	29,458	2,587	76	370	(38,864)	4,213
Adjustment to foreign exchange	-	-	-	429	-	(408)	21
Net income recognised directly in equity	-	-	-	429	-	(408)	21
Loss for the period	-	-	-	-	-	(962)	(962)
Total recognised income and expense for the period	-	-	-	429	-	(1370)	(941)
Increase in share capital	3,102	2,286	-	-	-	-	5388
Share issue costs	-	(602)	-	-	-	-	(602)
Movement on exchange of warrants	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	133	133
Balance at 30 June 2008	13,688	31,142	2,587	505	370	(40,101)	8,191

All amounts are attributable to equity holders of the parent.

* Restated for correction of share issue costs (see note 2).

The notes on pages 5 to 17 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

		Six months ended 30 June 2008	Restated * Six months ended 30 June 2007	Year ended 31 December 2007
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
ASSETS				
Non-current assets				
Property, plant and equipment (PPE)	9	630	352	509
Intangible assets	10	6,455	2,807	4,524
Total non-current assets		7,085	3,159	5,033
Current assets				
Inventories		100	30	35
Trade and other receivables		3,476	496	1,424
Cash and short term deposits		126	83	98
Total current assets		3,702	609	1,557
Total assets		10,787	3,768	6,590
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables		2,596	1,625	2,377
Total current liabilities		2,596	1,625	2,377
Total liabilities		2,596	1,625	2,377
Equity attributable to equity holders of the parent company				
Share capital	13	13,688	9,304	10,586
Share premium reserve		31,142	26,890	29,458
Capital redemption reserve		2,587	2,587	2,587
Foreign exchange reserve		505	(62)	76
Warrant reserve		370	370	370
Retained losses		(40,101)	(36,946)	(38,864)
Total equity		8,191	2,143	4,213
Total liabilities and equity		10,787	3,768	6,590

* Restated for correction of share issue costs (see note 2).

The notes on pages 5 to 17 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2008	Restated * Six months ended 30 June 2007	Year ended 31 December 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating activities			
Loss before tax	(962)	(1,936)	(3,964)
Adjustments for:			
Depreciation	71	63	110
Amortisation	181	29	43
Loss on disposal of tangible assets	0	61	60
Share-based payments – stock options	134	36	222
Share-based payments – non cash payments	0	0	19
	386	189	454
Adjustments for non cash movements:			
Exchange movements	156	0	33
Other	0	0	29
	156	0	62
Cash flow from operations before changes in working capital and provisions			
	(420)	(1,747)	(3,448)
Decrease /(Increase) in trade and other receivables **	60	(63)	(536)
(Increase)/Decrease in inventories	(65)	(30)	(35)
Increase in trade and other payables	219	346	1,535
	214	253	964
Net cash flow from operating activities	(206)	(1,494)	(2,484)
Investing activities			
Payments to acquire PPE	(192)	(104)	(417)
Proceeds on sale of PPE	0	0	123
Payments to acquire intangible assets	(240)	(22)	(41)
Capitalisation of development costs	(1,872)	(630)	(2,259)
	(2,304)	(756)	(2,594)
Financing activities			
Proceeds from issue of ordinary shares	2,538	2,107	4,950
	2,538	2,107	4,950
Increase / (Decrease) in cash	28	(143)	(128)
Cash and cash equivalents at the beginning of the period	98	226	226
Cash and cash equivalents at the end of the period	126	83	98

* Restated for correction of share issue costs (see note 2).

** Excludes prepaid items settled with the issue of equity

The notes on pages 5 to 17 form part of these financial statements.

1 Corporate Information

Antonov plc is a public limited liability company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is 2 Hawkes Drive, Heathcote Industrial Estate, Warwick, Warwickshire, CV34 6LX. Antonov's shares are publicly traded on AIM (The Alternative Investment Market of the London Stock Exchange) with a secondary listing on Euronext Amsterdam.

2 Basis of preparation and statement of compliance

The results for the six months to 30 June 2008 have been prepared using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). These include IAS 34, *Interim Financial Reporting*, which specifically addresses the contents of interim announcements. The results apply the accounting policies set out in Antonov plc's 2007 Annual Report and Accounts.

The results for the six months to 30 June 2008 and 2007 are unaudited. The interim results do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. These interim results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements at 31 December 2007. The results for the full year 2007 have been taken from the Group's 2007 Annual Report and Accounts. The auditor has reported on the 2007 financial statements and the report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The Group's 2007 Report and Accounts have been filed with the Registrar of Companies.

Statement of compliance with AIM Rule 31

The Company is quoted on AIM and, as such under AIM Rule 31 is required to:

- * Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- * Seek advice from its nominated adviser ("Nomad") regarding its compliance with Aim Rules whenever appropriate and take that advice into account;
- * Provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
- * Ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules and;
- * Ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these obligations are being discharged the Board has established a committee of the board (the "AIM Committee"), chaired by Dr J.E. Haag, a non-executive director of the Company.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the period under review.

Going concern

The accounts have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

At 30 June 2008, the Group had cash of £126k (30 June 2007: £83k; 31 December 2007 £98k) and €23,300k, approximately £18,400k from two committed share finance facility agreements (30 June 2007: €6,500k, £4,400k; 31 December 2007: €17,200k, £12,600k). Since 30 June 2008 the Group has received €1,500k, approximately £1,200k from the share finance facility

agreements. The directors are of the opinion that the Company has access to sufficient funds under its existing equity financing agreements to satisfy its foreseeable working capital requirements. The directors therefore consider that it is appropriate for the accounts to be prepared on a going concern basis.

Prior year adjustment

In preparing the financial statements for the year ended 31 December 2007 the Group identified £184k of share issue costs that had been charged to the income statement and reported in the interim results for the six months ended 30 June 2007, as opposed to being charged to the share premium account. This has resulted in an adjustment to the results for the six months ended 30 June 2007 for the Group. The finance expense for the six months ended 30 June 2007 has decreased by £184k and consequently the loss for this prior year has decreased by £184k. There is no impact on total equity.

3 Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company using consistent accounting policies.

4 Significant accounting estimates

The key source of estimation uncertainty that has a significant risk of causing material adjustment to the carrying amounts of liabilities within the next financial year is the estimation of share-based payment costs. The estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest and certain assumptions on the continuing participation of employees.

5 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The following new standards, amendments to standards or interpretations are mandatory for the first time for financial years beginning on 1 January 2008 and have been endorsed for adoption by the EU, but have no financial impact on the Group:

- * IFRIC 11 – IFRS 2 – Group and treasury share transactions

The following new standards, amendments to standards or interpretations are mandatory for the first time for financial years beginning on 1 January 2008 but have not yet been endorsed for adoption by the EU, but have no financial impact on the Group:

- * IFRIC 12 – Service concession arrangements
- * IFRIC 14 – IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Amounts receivable consist of royalties, licence fees, professional services and support and maintenance payments.

Revenue is recognised for any element of a sale when all of the basic criteria are met for that element. These are given below.

Licence Fees and Royalties – revenue is recognised when persuasive evidence for the arrangement exists, delivery has occurred, fees are fixed or determinable, non refundable and require no further commitments with the collection being probable.

Professional Services – invoiced in line with customer contracts and recognised on the basis of work performed using the stage of completion method and based on achievement of key milestones defined in the project.

Product Sales – revenue is recognised when the significant risks and rewards of ownership of the products have passed to the buyer, usually on despatch.

Revenue is also accrued on the above elements when revenue can be recognised but has not been invoiced.

Revenue is deferred on the above elements when it has not been recognised but the invoice has been raised.

Revenue relating to contracts with multiple elements is allocated based on the fair value of each element and is recognised in accordance with the accounting principles for each element described above.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in a separate component of equity (the "foreign exchange reserve"). Exchange differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, are also taken to equity.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

The functional currency and the presentational currency of the Group is sterling.

Intangible Assets

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

	Useful economic life	Amortisation method
Patent and trademark applications	20 years	Straight line basis
Software	3 years	Straight line basis
Development costs	5 years	Straight line basis

Patents and trademarks

Patent and trademark costs, which are included in intangible assets, are stated at cost, reduced by a provision for amortisation over the period of their expected useful lives of 20 years. The directors review the carrying value of all such assets for impairment when events or changes in circumstances indicate that the carrying value may be impaired.

Research and development expenditure

Expenditure on research and development activities that does not meet the criteria as stated below, is recognised as an expense in the Income Statement in the period in which it is incurred.

Development costs are capitalised if it can be demonstrated that:

- * it is technically feasible to develop the product for it to be sold;
- * adequate resources are available to complete the development;
- * there is an intention to complete and sell the product;
- * the Group is able to sell the product;
- * sale of the product will generate future economic benefits; and
- * expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use.

Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all other items of property, plant and equipment to write off the cost, less estimated residual value, based on prices prevailing at the balance sheet date, evenly over their expected useful economic lives as follows: -

	Useful economic life	Amortisation method
Motor vehicles	3 years	Straight line basis
Equipment	3 years	Straight line basis
Leasehold property improvements	5 years	Straight line basis

Impairment of assets

The carrying values of property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate the carrying value is not recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax, together with research and development tax credits received.

Income tax is charged to equity or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax assets and liabilities are recognised on all temporary differences arising between the carrying amount of an asset or liability in the balance sheet where it differs to its tax base, except for differences arising on:

- * the initial recognition of goodwill;
- * the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- * investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deductible temporary difference arises on share-based payments calculated as the difference between the tax base of the remuneration expense (being the option's intrinsic value at its future exercise date) and its carrying value of nil on the balance sheet. This gives rise to a deferred tax asset. As the tax deduction is based on the unknown future share price at the date of exercise, the tax base is estimated on the basis of the entity's share price at each balance sheet date. Where this amount exceeds the cumulative amount of the remuneration expense on equity-settled transactions recognised in the income statement and credited to equity, the excess deferred tax is recognised in equity in accordance with the principle that the tax follows the item. The deferred tax effects of cash settled transactions are always recognised in the income statement.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company; or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the true value of money is material. Appropriate allowances for estimating irrecoverable amounts are recognised in the Income Statement when there is evidence that the asset is impaired. This impairment would be recognised within administrative expenses.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise of cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Share-based payments – equity settled transactions

Where share options are awarded to employees, the cost is measured by reference to the fair value of the options at the date of grant and is charged to the income statement over the vesting period. Fair value is determined by an external valuer using an appropriate pricing model. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. No reduction is recognised if the fair value decreases. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Retirement benefit costs

The Group does not have a pension scheme for employees. However, the Group pays a contribution into personal pension schemes for certain employees on a salary-sacrifice basis.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

Financial assets

Loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are carried at amortised cost using the effective interest method if the time value of money is significant less any provision for impairment.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The carrying amount of the equity component is not re-measured in subsequent years.

Financial liabilities

Trade payables: Trade payables are initially measured at fair value, and are subsequently measured at amortised cost

Warrants: Where warrants are denominated in the functional currency of the parent entity, sterling, with a fixed price, they are treated as equity.

Where instruments are denominated in a currency other than the functional currency of the entity, they are considered to have a variable price and as such are recorded as a liability at fair value, with any movements on subsequent measurement through the income statement.

The warrants have been valued using an option pricing model. The model takes into account the risk free interest rate for the life of the option, the exercise price of the option, the current price of the underlying shares, the life of the option, the expected volatility of the option and any market based vesting conditions.

Other financial liabilities: These include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently re-measured at amortised cost using the effective interest method.

6 New standards and interpretations not applied

The following new standards, amendments to standards or interpretations that are relevant to the Group have been issued and have been endorsed for adoption by the EU but are not effective for financial years beginning 1 January 2008 and have not been early adopted:

- * IFRS 8 – Operating segments, effective for financial years beginning on or after 1 January 2009. The Group believes the application of this standard will have no material impact on the financial statements in the period of initial application.
- * IFRIC 13 – Customer loyalty programmes, effective for financial years beginning on or after 1 July 2008. The Group believes the application of this interpretation will have no material impact on the financial statements in the period of initial application.

The following new standards, amendments to standards or interpretations that are relevant to the Group have been issued but have not yet been endorsed for adoption by the EU, are not effective for financial years beginning 1 January 2008 and have not been early adopted:

- * IAS 23 (amendment) – Borrowing costs, effective for financial years beginning on or after 1 January 2009. The Group believes the application of this amendment will have no material impact on the financial statements in the period of initial application.
- * IFRS 3 (revised) – Business combinations and consequential revisions to IAS 27 – Consolidated and separate financial statements, effective prospectively for business combinations with an effective date on or after 1 July 2009. Management is assessing the impacts of these amendments on acquisition accounting and Group consolidation.
- * IAS 1 (amendment) – Presentation of financial statements, effective for financial years beginning on or after 1 January 2009. Management is assessing the impact of this amendment on its financial statements, to ensure it meets the revised disclosure requirements introduced by this amendment.
- * IAS 32 (amendment) – Financial instruments: presentation, and consequential amendments to IAS 1 – Presentation of financial statements, effective for financial years beginning on or after 1 January 2009. The Group believes this amendment has no impact on its financial statements as it has no puttable instruments.
- * IFRIC 15 – Agreements for the construction of real estate
- * IFRIC 16 – Hedges of a net investment in a foreign operation

7 Segment information

The Group's primary reporting format for reporting segment information is business segments. The Group has one business segment which is the development and commercialisation of Antonov Automotive Transmissions. Therefore, all revenue, assets and liabilities and all other assets and liabilities and all other costs relate to this one business segment in both 2008 and 2007.

8 Loss per share

	Six months ended 30 June 2008 Unaudited £'000	<i>Restated *</i> Six months ended 30 June 2007 Unaudited £'000	Year ended 31 December 2007 Audited £'000
Basic and diluted loss per share	(1.5p)	(4.3p)	(8.5p)
Numerator			
Loss for the year	(962)	(1,969)	(4,073)
Loss used in basic EPS and diluted EPS	(962)	(1,969)	(4,073)

	Number of shares	Number of shares	Number of shares
Denominator			
Weighted average number of shares used in basic and diluted EPS	64,538,837	45,653,291	47,681,072

	Number of shares	Number of shares	Number of shares
Contingently issuable shares			
Share options	2,257,313	618,980	2,315,647
Warrants	10,648,349	6,749,185	8,374,242
Total contingently issuable shares	12,905,662	7,368,165	10,689,889

All the contingently issuable shares have been excluded in the calculation of the weighted average number of shares for diluted EPS as they are anti-dilutive for the periods presented.

The ordinary shares issued after 30 June 2008 are detailed below:

	Number of shares
Issued under the terms of the share finance facility agreements	6,253,963
	6,253,963

9 Property, plant and equipment

In the six months to 30 June 2008, the Group invested £192k to acquire IT hardware and software, tools and other equipment.

At 30 June 2008 the Group had £Nil (30 June 2007 £Nil; 31 December 2007 £305k) in respect of contractual commitments for tangible fixed assets.

10 Intangible assets

In the six months to 30 June 2008 £1,872 k (six months to 30 June 2007 £630 k; year ended 31 December 2007 £2,259k) of development costs have been capitalised.

At 30 June 2008 the Group had £180k (30 June 2007 £Nil; 31 December 2007 £Nil) in respect of contractual commitments for development or intangible fixed assets.

11 Subsidiaries

The principal subsidiaries of Antonov Plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and operation	Proportion of ownership interest	Nature of business	Parent	Status
Antonov Automotive Technologies BV (AAT)	The Netherlands	100%	Licensing	Antonov Plc	Trading
Antonov Automotive Technologies Ltd	United Kingdom	100%	Design, research & development, sales & marketing	Antonov Plc	Trading
Antonov Automotive Europe BV	The Netherlands	100%	Licensing	AAT	Non-trading
Antonov Automotive Far East BV	The Netherlands	100%	Licensing	AAT	Non-trading
Antonov Automotive North America BV	The Netherlands	100%	Licensing	AAT	Non-trading
Antonov Automotive Technologies France SARL	France	100%	Research & Development	AAT	Dissolved March 2008

As a result of the relocation of operations from France to Warwick (UK), Antonov Automotive Technologies France SARL was dissolved on 4 March 2008.

12 Financial instruments - Risk Management

The Group is exposed through its operations to one or more of the following financial risks:

- * Fair value or cash flow interest rate risk
- * Foreign currency risk
- * Liquidity risk
- * Market price risk
- * Credit risk

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

It is currently Group policy that all of its external Group borrowings (excluding short-term overdraft facilities) are fixed. This policy is managed centrally. Operations are not permitted to borrow long-term from external sources locally.

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the Group's primary functional currency (sterling). Although its global market penetration arguably reduces the Group's risk in that it has diversified into several markets, the net assets from such overseas operations are exposed to currency risk giving rise to gains or losses on retranslation into sterling. The Group does not consider hedging its net investments in overseas operations as generally it does not consider that the cash flow risk created from such hedging techniques warrants the reduction in the small movements in the consolidated net assets.

Foreign exchange risk also arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. The foreign exchange risk is minimal and no hedging techniques have been considered appropriate.

Liquidity risk

The liquidity risk of each Group entity is managed centrally by management of Antonov plc in the UK. Management assess what funds are required on a monthly basis and ensure that adequate funds are available to all operations using drawdown facilities on convertible debt or by issuing shares for cash via new share issues or the conversion of warrants.

Market price risk

The directors believe that the exposure to market price risk from activities is negligible.

Credit risk

In 2007 and 2008, the Group had a number of credit sales related to projects which exposed the Group to credit risk. It is the Group's policy to assess the credit risk of new customers before entering contracts.

The exposure to credit risk in other circumstances is not considered significant.

Borrowing facilities

The Group has no borrowing or related facilities in place at 30 June 2008.

Interest rate risk

The Group had no loans or other borrowings during the period.

Fair values

The book value and fair value of financial assets and liabilities are as follows:

	Book value 30 June 2008 £'000 Unaudited	Fair value 30 June 2008 £'000 Unaudited	Book value 30 June 2007 £'000 Unaudited	Fair value 30 June 2007 £'000 Unaudited	Book value 31 December 2007 £'000 Audited	Fair value 31 December 2007 £'000 Audited
Cash	126	126	83	83	98	98

To the extent that financial assets are not carried at fair value in the consolidated balance sheet, book value approximates to fair value for the periods presented.

13 Share capital

	<i>Authorised</i>					
	30 June		30 June		31 December	
	2008	2008	2007	2007	2007	2007
	Number	£'000	Number	£'000	Number	£'000
Ordinary shares of 20p each	90,000,000	18,000	60,000,000	12,000	60,000,000	12,000

	<i>Issued and fully paid</i>					
	30 June		30 June		31 December	
	2008	2008	2007	2007	2007	2007
	Number	£'000	Number	£'000	Number	£'000
<i>Ordinary shares of 20p each</i>						
At beginning of period	52,931,152	10,586	43,638,606	8,728	43,638,606	8,728
Issue of shares	14,668,056	2,934	2,091,260	418	8,501,643	1,700
Exercise of warrants	841,640	168	790,903	158	790,903	158
At end of period	68,440,848	13,688	46,520,769	9,304	52,931,152	10,586

In the six months ended 30 June 2008 a total of 15,509,696 shares were issued, of which 8,867,388 were issued in connection with cash received under the share financing agreements and exercise of warrants, resulting in total proceeds of £2.5m.

14 Operating leases - lessee

The minimum total of future lease payments due are as follows:

	30 June	30 June	31 December
	2008	2007	2007
	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
Not later than one year	141	33	147
Later than one year and not later than five years	496	12	485
Later than five years	374	0	546
	1,011	45	1,178

15 Related party transactions

Trading transactions

Group companies entered into the following transactions with related parties who are not members of the Group.

	Four Stroke SARL £	Antonov Holding SARL £
Sales of goods		
Six months ended 30 June 2008	-	-
Six months ended 30 June 2007	15,173	-
Year ended 31 December 2007	25,589	-
Purchases of goods		
Six months ended 30 June 2008	-	-
Six months ended 30 June 2007	-	-
Year ended 31 December 2007	-	-
Amounts owed by related parties		
Six months ended 30 June 2008	-	-
Six months ended 30 June 2007	47,676	-
Year ended 31 December 2007	-	-
Amounts owed to related parties		
Six months ended 30 June 2008	-	-
Six months ended 30 June 2007	-	2,730
Year ended 31 December 2007	-	2,981

All of the entities listed are considered to be related parties as they are controlled by R Antonov, a former director of the Group and a current shareholder of the Company.

The above transactions were undertaken on normal commercial terms.

The Group is dependent upon its significant shareholder for funding. The funds provided by this shareholder were as follows:

Shareholder	Six months ended 30 June 2008 £'000 Unaudited	Six months ended 30 June 2007 £'000 Unaudited	Year ended 31 December 2007 £'000 Audited
Quinvest BV	2,500	2,100	4,500

16 Other commitments

The Group had no other commitments outstanding as at 30 June 2008.

17 Contingent liabilities

There are no contingent liabilities to report as at 30 June 2008.

18 Post balance sheet events

One of the Group's committed share financing facilities expired on 26 July 2008. The unused portion of this facility on expiry was €1,750k, approximately £1,400k.