

**7 December 2005**

**Antonov plc  
("Antonov" or the "Company")**

**Trading update – Q3 2005**

The Board of Antonov plc, the automotive technology company, is pleased to announce its Q3 2005 trading update.

The year to date has been an extremely busy one with significant progress being made in bringing the Antonov technology to market. The Company has successfully negotiated the difficult process of transforming itself from a business concentrating primarily on research and development into a company firmly focused on the commercialisation of its technology. The Company is now geared to benefit fully from the keen interest shown across the automotive market in the Antonov range of products.

**Antonov Mechanical Module ("AMM")**

In May it was announced that Antonov had successfully targeted the buoyant US tuner market by launching the AMM supercharger drive with Rotrex A/S through aftermarket distributors Wheel-to-Wheel Tecstar. This positioned the Company within one of the world's largest markets for tuner products, and provides added profile for the Company within the high performance sector.

Following this, in September Antonov announced it had selected Neue ZWL Zahnradwerk ("NZWL") as its supply production partner to manufacture the AMM supercharger drive for the mainstream automotive marketplace. Formal letters of intent were exchanged with NZWL in November containing an initial purchase order, with the first substantial deliveries scheduled in early 2006.

The Company has received excellent feedback from both the recent SEMA show in Las Vegas and the Performance Racing Trade Show in Orlando, at which the AMM two-speed supercharger drive unit was launched. This underlines the success of the Company's strategy of releasing the AMM as a proven technology. As a result, there has been strong demand from OEMs and Tier 1 suppliers for units for evaluation, including a quotation request for up to 100,000 units a year.

**Antonov Automatic Drive ("AAD")**

Some disruption to the six-speed AAD automatic transmission inevitably resulted following the collapse of MG Rover, as announced in April. The Company is now in direct discussion with Shanghai Automotive Industry Corporation ("SAIC") regarding the AAD.

There has also been very strong interest from other Chinese manufacturers in the technology, as well as renewed interest in Japan and Europe. This is driven by strong commercial demand for innovative and versatile automatic transmission technology.

Furthermore, the company expects that the success of the AMM will have a positive impact on the take-up of the AAD. Production is expected to commence as planned in 2008.

**Dual Clutch Automatic transmission ("DCA")**

Detailed production planning discussions are continuing with SAIC regarding the DCA. The Company has again received strong interest from other manufacturers and there are good prospects for progress. Antonov is currently in discussions with several potential partners to provide mechatronic support.

As with the AAD, the Company expects the DCA to benefit from the excellent reaction to the AMM.

## **Funding**

The Company is currently funded by way of a drawdown facility negotiated with its largest shareholder, Quivest BV, who continues to provide considerable support. This flexible funding structure allows the Company to keep existing shareholder dilution to a minimum in the run up to cash breakeven.

The move to client funding as a result of the Company's significantly stronger commercial position will be an important factor in future development. Alongside this, Antonov will be continuing to invest in new projects where there is a commercial case to do so.

## **Other developments**

It was announced in September that Antonov Automotive Technologies BV had filed an action against Toyota alleging infringement of its patents on the driveline of the Toyota Prius and Lexus RX400h. The first hearing was held in Dusseldorf on 22 September; the first oral hearing is scheduled for August 2006.

As previously stated, the Company has taken action after a process of careful consultation with patent specialists and advisers. The German legal system provides a relatively rapid and cost effective route to a legally binding solution, which the Company expects within twelve months of the first hearing.

Besides the legal steps being taken, the Company is continuing discussions with Toyota with a view to resolving the dispute before the completion of the formal legal action.

In order to prepare for the increasing demand of paid client programmes and the forthcoming orders of the AMM, an upgraded, group wide accounting system has been ordered. In addition, project management has been further strengthened in preparation for these first paying client programmes.

## **Outlook**

It was reported in the Company's interim statement that we are budgeting for revenue in the region of €2m next year on the basis of the excellent progress made to date. The Antonov technology is now being considered for high volume applications, and, with the orders we have already received and the progress we continue to make in the development of our products, we are confident of firm revenue prospects with good margin in 2006.

John Moore, CEO of Antonov, commented:

"The progress made by the Company over the course of this year has been considerable. We have set in place many of the measures needed to shift the focus of the Company firmly towards the commercialisation of the Antonov technology. The success of our strategy is evidenced by the successful launch of the AMM, the full benefits of which should come through in 2006. I look forward to the coming year with confidence."

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