VANCOUVER, Nov. 12, 2013 /PRNewswire/ - Avcorp Industries Inc. (TSX: AVP) (the "Company" or "Avcorp") today announced its consolidated financial results for the quarter ended September 30, 2013.

During the quarter ended September 30, 2013, the Company generated $19,767,000 revenue as compared to $19,324,000 revenue for the quarter ended September 30, 2012. Current quarter revenues have remained relatively stable from the same quarter in the preceding year, primarily as the wind-down of Cessna Aircraft Company ("Cessna") programs has been offset by an increase in F-35 Outboard Wing program revenues.

Earnings before interest, taxes, depreciation and amortization (EBITDA) was positive $514,000 for the quarter ended September 30, 2013 compared to a negative EBITDA of $1,205,000 for the quarter ended September 30, 2012.
The increase in EBITDA was primarily as a result of increased gross profit, as well as reduced administrative and general expenses.

On September 5, 2013 the Company entered into a settlement agreement, from a court directed mediation with Cessna, which settled all outstanding litigation between the Company and Cessna. The settlement required payment by Cessna of US$27,964,000 in satisfaction of the US$28,464,000 judgement entered against Cessna by the United States District Court for the District of Kansas

(the "District Court") on
May 8, 2013
which judgement was under appeal to
the United States
Court of Appeals for the Tenth Circuit. The settlement funds were received in full by the Company on
September 6, 2013.
The acceptance by the Company of a settlement amount less than that awarded by the District Court in a previous quarter has resulted in the Company reducing a previously recorded gain by
$525,000
during the current quarter. The settlement satisfies the judgement and has resulted in the dismissal of the outstanding appeal.

A restructuring provision amounting to approximately $224,000 has been recorded during the current quarter to reflect severance costs associated with employees laid-off during the current quarter.

In addition to the above-noted charges against income, the current quarter $1,139,000 loss (S eptember 30, 2012
:
$2,729,000
loss) includes a
$644,000
foreign exchange loss resulting from holding foreign currency denominated cash, accounts receivable and payable; while the loss for the quarter ended
September 30, 2012
included a
$300,000
foreign exchange loss.

Cash flows from operating activities, before consideration of changes in non-cash working capital utilized $4,063,000 of cash for the quarter ended September 30, 2013 compared to utilizing $2,866,0
00 of
cash during the same quarter in the previous year. The increase in cash utilization in 2013 from 2012 is primarily attributable to recognition of revenues which were funded in previous periods. The Company has a working capital surplus of
$30,103,000
as at

September 30, 2013
which has decreased from the
December 31, 2012
$34,819,000
surplus, as a result of repaying bank indebtedness from settlement proceeds. The Company's accumulated deficit as at
September 30, 2013
is
$54,810,000
(
December 31, 2012
:
$55,375,000
).

About Avcorp

Avcorp designs and builds major airframe structures for some of the world's leading aircraft companies, including BAE Systems, Boeing, and Bombardier. With more than 50 years of experience, over 400 skilled employees and 354,000 square feet of facilities in Delta BC and Burlington ON, Avcorp offers integrated composite and metallic aircraft structures to aircraft manufacturers, a distinct advantage in the pursuit of contracts for new aircraft designs, which require lower-cost, light weight, strong, reliable structures. Our Comtek subsidiary also offers composite repairs for commercial aircraft out of their
Burlington
location. Avcorp is a Canadian public company traded on the Toronto Stock Exchange (TSX:AVP).

(signed)

MARK VAN ROOIJPRESIDENT and CHIEF EXECUTIVE OFFICER

Forward-Looking Statements

This release should be read in conjunction with the Company's unaudited financial statements contained in the Company's Annual Report and with the quarterly financial statements and accompanying notes filed with Sedar (www.sedar.com).

Certain statements in this release and other oral and written statements made by the Company from time to time are forward-looking statements, including those that discuss strategies, goals, outlook or other non-historical matters; or projected revenues, income, returns or other financial measures. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements, including the following: (a) the extent to which the Company is able to achieve savings from its restructuring plans; (b) uncertainty in estimating the amount and timing of restructuring charges and related costs; (c) changes in worldwide economic and political conditions that impact interest and foreign exchange rates; (d) the occurrence of work stoppages and strikes at key facilities of the Company or the Company's customers or suppliers; (e) government funding and program approvals affecting products being developed or sold under government programs; (f) cost and delivery performance under various program and development contracts; (g) the adequacy of cost estimates for various customer care programs including servicing warranties; (h) the ability to control costs and successful implementation of various cost reduction programs; (i) the timing of certifications of new aircraft products; (j) the occurrence of further downturns in customer markets to which the Company products are sold or supplied or where the Company offers financing; (k) changes in aircraft delivery schedules or cancellation of orders; (l) the Company's ability to offset, through cost reductions, raw material price increases and pricing pressure brought by original equipment manufacturer customers; (m) the availability and cost of insurance; (n) the Company's ability to maintain portfolio credit quality; (o) the Company's access to debt financing at competitive rates; and (p) uncertainty in estimating contingent liabilities and establishing reserves tailored to address such contingencies.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(unaudited, prepared in accordance with IFRS, expressed in thousands of Canadian dollars)*

	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	**$ 21,403**	$ 2,597
Accounts receivable	**10,438**	7,944
Inventories	**16,917**	16,572
Prepayments and other assets	**957**	1,634
Other receivable	**-**	27,391
	49,715	56,138
Non-current assets		
Prepaid rent	**146**	146

Development costs	**1,198**	2,718
Property, plant and equipment, net	**8,718**	9,633
Total assets	**59,777**	68,635
LIABILITIES AND EQUITY		
Current liabilities		
Bank indebtedness	**-**	2,122
Accounts payable and accrued liabilities	**7,559**	7,859
Current portion of long-term debt	**853**	692
Preferred shares	**11,200**	10,646
	19,612	21,319
Non-current liabilities		
Deferred gain	**228**	263
Lease inducement	**493**	567
Deferred program revenues	**9,232**	17,514
Long-term debt	**3,672**	4,300
Warranty provisions	**85**	85
	33,322	44,048
Equity		
Capital stock	**77,681**	76,423
Contributed surplus	**3,584**	3,539
Deficit	**(54,810)**	(55,375)
	26,455	24,587
Total liabilities and equity	**59,777**	68,635

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME *(unaudited, prepared in accordance with IFRS, expressed in thousands of Canadian dollars, except number of shares and per share amounts)*

	Three months ended	Nine months ended	
FOR THE PERIOD ENDED SEPTEMBER 30	**2013**	2012	**2013**
Revenues	**$ 19,767**	$ 19,324	**$ 60,205**
Cost of sales	**16,493**	16,936	**51,463**
Gross profit	**3,274**	2,388	**8,742**
Administrative and general expenses	**2,816**	3,715	**8,292**
Office equipment depreciation	**144**	119	**432**
Other operating (income) loss	**525**	-	**(604)**

Operating Income (Loss)	**(211)**	(1,446)	**622**
Foreign exchange (gain) loss	**644**	300	**(783)**
Finance costs	**284**	586	**840**
Loss on repayment of debt	**-**	397	**-**
Income (loss) before income tax	**(1,139)**	(2,729)	**565**
Income tax expense	**-**	-	**-**
Income (loss) and total comprehensive income (loss) for the period	**(1,139)**	(2,729)	**565**
Earnings per share:			
Basic earnings per common share	**(0.00)**	(0.01)	**0.00**
Diluted earnings per common share	**(0.00)**	(0.01)	**0.00**
Basic weighted average number of shares outstanding (000's)	**280,390**	205,851	**268,344**
Diluted weighted average number of shares outstanding (000's)	**280,390**	205,851	**269,877**

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited, prepared in accordance with IFRS, expressed in thousands of Canadian dollars)*

	Three months ended	Nine months ended	
FOR THE PERIOD ENDED SEPTEMBER 30	**2013**	2012	**2013**
Cash flows from (used in) operating activities			
Income (loss) before tax	**$ (1,139)**	$ (2,729)	**$ 565**
Adjustment for items not affecting cash:			
Accrued interest and government royalties	**94**	330	**275**
Depreciation	**494**	724	**1,561**
Deferred tooling revenue amortization and reclassification to revenue	**(4,949)**	(2,282)	**(14,492)**
Development cost amortization and write-off	**875**	662	**1,855**
Loss on repayment of debt	**-**	397	**-**
Loss on settlement	**525**	-	**525**
Preferred share dividends accrued	**186**	189	**563**
Provision for obsolete inventory	**(156)**	(84)	**(259)**
Other items	**7**	(63)	**(15)**
	(4,063)	(2,866)	**(9,422)**
Changes in non-cash working capital			
Accounts receivable	**(251)**	2,869	**597**

Inventories	**(197)**	(272)	**(86)**
Prepayments and other assets	**180**	471	**675**
Other receivable	**29,380**	-	**26,832**
Accounts payable and accrued liabilities	**(1,003)**	148	**(313)**
Net cash from (used in) operating activities	**24,046**	350	**18,283**
Cash flows from (used in) investing activities			
Purchase of equipment	**(218)**	(53)	**(646)**
Payments relating to development costs and tooling	**(25)**	(280)	**(335)**
Net cash from (used in) investing activities	**(243)**	(333)	**(981)**
Cash flows from (used in) financing activities			
(Decrease) in bank indebtedness	**(6,496)**	-	**(2,122)**
Payment of interest	**(95)**	(552)	**(277)**
Repayment of current and long-term debt	**(170)**	(7,097)	**(466)**
Proceeds from customer funding of program introduction	**1,549**	1,680	**3,120**
Proceeds from issuance of common shares	**-**	973	**1,249**
Net cash from financing activities	**(5,212)**	(4,996)	**1,504**
Net increase (decrease) in cash	**18,591**	(4,979)	**18,806**
Cash - Beginning of period	**2,812**	6,382	**2,597**
Cash - End of period	**21,403**	1,403	**21,403**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited, prepared in accordance with IFRS, expressed in thousands of Canadian dollars, except number of shares)*

	Share capital		**Equity component**
	Shares	**Amount**	
Balance December 31, 2011	201,994,113	$ 73,251	$ 453
Issue of common shares	52,903,959	2,966	-
Loan conversion	-	-	(247)
Stock based compensation expense	-	-	-
Income (loss) for the period	-	-	-
Balance September 30, 2012	254,898,072	76,217	206
Balance December 31, 2012	254,898,072	76,423	-

Issue of common shares	25,493,080	1,258	-
Stock-based compensation expense	-	-	-
Income for the period	-	-	-
Balance September 30, 2013	**280,391,152**	**77,681**	**-**

SOURCE Avcorp Industries Inc.