

AVIA SOLUTIONS GROUP AB
Consolidated Interim Financial Information
For the Twelve-Month Period Ended 31 December 2012
(Unaudited)

Beginning of the financial period	1 January 2012
End of reporting period	31 December 2012
Name of the company	Avia Solutions Group, AB (hereinafter “the Company”)
Legal form	public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko Str. 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 5500
Fax number	+370 5 252 5501
Internet address	www.AviaSG.com
Main activities of consolidated Group	Aircraft Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Pilot and Crew Training, Charter Operations

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FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012



(All tabular amounts are in LTL '000 unless otherwise stated)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		October – December		January – December	
	Note	2012	2011	2012	2011
Continuing operations					
Revenue	3	146 106	100 492	539 141	313 228
Cost of sales	3, 4	(115 935)	(89 129)	(466 301)	(265 286)
Gross profit (loss)	3	30 171	11 363	72 840	47 942
General and administrative expenses	4	(28 975)	(12 792)	(39 575)	(31 383)
Other income		73	1 414	316	1 500
Other gains / (losses) – net		1 345	3 817	2 892	4 420
Operating profit (loss)		2 614	3 802	36 473	22 479
Finance income		40	(501)	642	286
Finance costs		(82)	(152)	(2 640)	(2 057)
Finance costs – net		(42)	(653)	(1 998)	(1 771)
Share of profit (losses) of associates		(965)	-	(947)	-
Profit (loss) before income tax		1 607	3 149	33 528	20 708
Income tax expense	5	3 629	629	(2 567)	(2 982)
Profit (loss) for the year from continuing operations		5 236	3 778	30 961	17 726
Discontinued operations					
Profit (loss) for the year from discontinued operations (attributable to owners of the parent)		(10 514)	(10 158)	(7 666)	(9 004)
Profit (loss) for the year		(5 278)	(6 380)	23 295	8 722
Profit (loss) attributable to:					
Equity holders of the parent					
Profit (loss) for the year from continuing operations		5 479	4 165	30 999	18 320
Profit (loss) for the year from discontinued operations		(10 040)	(9 703)	(7 321)	(8 601)
Profit (loss) for the year attributable to equity holders of the parent		(4 561)	(5 538)	23 678	9 719
Non-controlling interests					
Profit (loss) for the year from continuing operations		(244)	(387)	(41)	(594)
Profit (loss) for the year from discontinued operations		(473)	(455)	(342)	(403)
Profit (loss) for the year attributable to non-controlling interests of the parent		(717)	(842)	(383)	(997)
		(5 278)	(6 380)	23 295	8 722

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

	Note	October – December		January – December	
		2012	2011	2012	2011
Other comprehensive income:					
Currency translations difference		172	789	(754)	661
Total comprehensive income for the year		(5 106)	(5 593)	21 541	9 383
Total comprehensive income for the year attributable to:					
Equity holders of the parent					
Total comprehensive income for the year from continuing operations		5 265	4 404	30 214	18 517
Total comprehensive income for the year from discontinued operations		(9 665)	(9 178)	(7 270)	(8 158)
Total comprehensive income for the year attributable to equity holders of the parent		(4 400)	(4 774)	22 944	10 359
Non-controlling interests					
Total comprehensive income for the year from continuing operations		(250)	(389)	(63)	(594)
Total comprehensive income for the year from discontinued operations		(456)	(430)	(340)	(382)
Total comprehensive income for the year attributable to non-controlling interests of the parent		(706)	(819)	(403)	(976)
		(5 106)	(5 593)	22 541	9 383
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year					
Basic earnings per share					
From continuing operations	7	0.930	0.707	5.260	3.214
From discontinued operations	7	(1.704)	(1.647)	(1.242)	(1.509)
From profit (loss) for the year	7	(0.774)	(0.940)	4.018	1.705

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CONSOLIDATED BALANCE SHEETS

Non-current assets	Notes	31 December 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	8	63 144	52 615
Intangible assets	8	7 193	10 044
Deferred income tax assets	5	7 942	7 533
Trade and other receivables	9, 12	3 172	15 274
		81 451	85 466
Current assets			
Inventories		77 708	35 619
Trade and other receivables	9, 11	97 413	97 222
Amount due from customers for contract work		8 938	6 512
Prepaid income tax		645	299
Short-term bank deposit		-	268
Cash and cash equivalents	10	9 076	17 781
		193 780	157 701
Assets of disposal group classified as held for sale	3, 11	30 191	-
Total assets		305 422	243 167
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	6	5 893	5 893
Share premium	6	58 770	58 770
Legal reserve		263	263
Merger reserve		(2 873)	(2 746)
Cumulative translations differences		(110)	624
Retained earnings		57 209	33 531
		119 152	96 335
Non-controlling interests		(779)	18
Total equity		118 373	96 353
LIABILITIES			
Non-current liabilities			
Borrowings		26 071	28 245
Trade and other payables		1 865	2 109
Deferred income tax liabilities	5	175	289
Security deposits received		-	10 238
*		27 931	40 881
Current liabilities			
Borrowings		47 886	24 891
Trade and other payables		69 894	60 694
Advances received		7 463	8 162
Current income tax liabilities		1 882	4 661
Security deposits received		279	7 525
		127 404	105 933
Total liabilities		155 335	146 814
Liabilities of disposal group classified as held for sale	3, 11	31 714	-
Total equity and liabilities		305 422	243 167

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group							Non- control- ling interests	Total equity
	Share capital	Share premium	Merger reserve	Legal reserve	Currency translation differences	Retained earnings	Total		
Balance at 1 January 2011	4 420	-	(3 51*7)	44	(16)	24 001	24 932	119	25 051
Comprehensive income									
Currency translation difference	-	-	-	-	640	-	640	21	661
Profit (loss) for the period	-	-	-	-	-	9 719	9 719	(997)	8 722
Total comprehensive income	-	-	-	-	640	9 719	10 359	(976)	9 383
Increase in share capital	1 473	66 282	-	-	-	-	67 755	-	67 755
Cost of capital increase	-	(7 512)	-	-	-	-	(7 512)	-	(7 512)
Transfer to legal reserve	-	-	-	219	-	(219)	-	-	-
Decrease of merger reserve and non-controlling interests pursuant to the disposal of subsidiary	-	-	771	-	-	-	771	140	911
Effect on transactions with non-controlling interests	-	-	-	-	-	30	30	735	765
Total transactions with owners	1 473	58 770	771	219	-	(189)	61 044	875	61 919
Balance at 31 December 2011	5 893	58 770	(2 746)	263	624	33 531	96 335	18	96 353
Balance at 1 January 2012	5 893	58 770	(2 746)	263	624	33 531	96 335	18	96 353
Comprehensive income									
Currency translation difference	-	-	-	-	-	23 678	23 678	(383)	23 295
Profit for the period	-	-	-	-	(734)	-	(734)	(20)	(754)
Total comprehensive income	-	-	-	-	-	23 678	22 944	(403)	22 541
Effect on transactions with non-controlling interests - total transactions with owners	-	-	(127)	-	-	-	(127)	(394)	(521)
Balance at 31 December 2012	5 893	58 770	(2 873)	263	(110)	57 209	119 152	(779)	118 373

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		January – December	
	Notes	2012	2011
Operating activities			
Profit for the period		23 295	8 722
Income tax	5	2 567	2 142
<i>Adjustments for:</i>			
Depreciation and amortisation		11 575	8 073
Interest expenses		1 825	1 411
Impairment of accounts receivable		6 091	3 753
Share of profit/(loss) of associates		947	-
Discounting effect on deposits placed		179	813
Interest income		(2 117)	(410)
Currency translations differences		(82)	1 179
Accruals of c-check costs, hangar lease payments		(424)	1 135
Gain on the subsidiary disposed		(1 302)	(2 890)
<i>Changes in working capital:</i>			
- Inventories		(42 107)	(23 550)
- Trade and other receivables		(26 201)	(41 103)
- Trade and other payables, advances received		3 289	29 036
- Security deposits received		283	7 494
Cash generated from (used in) operations		(22 175)	(4 195)
Interest received		202	38
Interest paid		(1 380)	(1 271)
Income tax paid		(1 087)	(2 451)
Net cash generated from (used in) operating activities		(24 440)	(7 879)
Investing activities			
Purchase of PPE and intangible assets		(23 332)	(24 197)
Proceeds from PPE and intangible assets		14 473	1
Loans granted		(7 358)	(15 601)
Repayments of loans granted		15 774	2 053
Deposits placed		(953)	(12 205)
Repayments of deposits placed		128	150
Purchase of subsidiaries (net of cash acquired)		-	(4 001)
Proceeds from sale of subsidiary		-	700
Proceeds from sale of interest in subsidiary with loss of control		1 274	532
Net cash used in (generated from) investing activities		6	(52 569)
Financing activities			
Increase of share capital	6	-	1 473
Contribution to share capital in cash	6	-	66 282
Cost directly related to issue of share capital	6	-	(7 512)
Acquisition of non-controlling interests		(130)	-
Bank borrowings received		29 349	40 914
Repayments of bank borrowings		(7 242)	(16 851)
Borrowings from related parties received		838	1 249
Repayments of borrowings from related parties		(783)	(17 471)
Repayments of lease liabilities		(3 343)	(2 821)
Net cash generated from financing activities		18 690	65 263
Increase (decrease) in cash and cash equivalents		(5 745)	4 815
At beginning of period		14 821	10 006
Increase (decrease) in cash and cash equivalents		(5 745)	4 815
At end of period	10	9 076	14 821

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the twelve-month period ended 31 December 2012 (hereinafter *The Consolidated Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 „Interim financial reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2011.

For management purposes, the Consolidated Statements of Comprehensive Income present expenses by function. In preparation of financial statements for the twelve-month period ended 31 December 2012 comparative figures have been re-ordered to reflect effect of reclassifications.

The presentation currency is litas. The consolidated financial information is presented in thousands of litas, unless indicated otherwise. The consolidated financial information is prepared under the historical cost convention.

The consolidated interim financial information for the twelve-month period ended 31 December 2012 is not audited. Financial Statements for the year ended 31 December 2011 were audited by the external auditor *PricewaterhouseCoopers UAB*.

2 Investments in subsidiaries and associates

The consolidated group (hereinafter *the Group*) consists of the Company, its subsidiaries and associates.
The subsidiaries and associates are listed below.

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2012	31-12-2011	
AviationCV.com UAB	Lithuania	Pilot and Crew Training	100	91	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
Baltic Aviation Academy UAB	Lithuania	Pilot and Crew Training	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
Baltic Ground Services UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fueling services in Lithuania.
Baltic Ground Services Sp.z.o.o.	Poland	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fueling services in Poland.
Baltic Ground Services s.r.l.	Italy	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in winter of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling services in Italy.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Ground Handling CIS UAB. The subsidiary does not conduct active operations.
Ground Handling CIS UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
FL Technics AB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
FL Technics Jets UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	93	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services and sells spare parts in Russia and the CIS.

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2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			2012	2011	
FL Technics Ulyanovsk OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. Currently it has started preparations for aircraft maintenance activity in Ulyanovsk, Russia.
FLT Trading House UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
Locatory.com UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	95	95	The subsidiary was established on 7 December 2010. Starting summer 2011, the company provides on-line platform for the aviation industry to search, buy and sell aviation inventory.
Small Planet Airlines UAB	Lithuania	Charter operations	95.5	95.5	The subsidiary was established on 14 March 2007. In autumn of 2008 the company started charter operations in Lithuania.
Small Planet Airlines AS	Estonia	Charter operations	-	-	The subsidiary was established on 5 December 2008. On 22 November 2011 the company was sold.
Small Planet Airlines Sp.z.o.o.	Poland	Charter operations	95.5	95.5	The subsidiary was established on 25 November 2009. In spring of 2010 the company started charter operations in Poland.
Small Planet Airlines s.r.l.	Italy	Charter operations	35.5	85.5	The subsidiary was established on 17 February 2010. In summer of 2011 the company started charter operations in Italy. On 3 January 2012 the company sold 50 per cent shareholding in the subsidiary.
Storm Aviation Ltd.	The United Kingdom	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.

3 Segment information

For management purposes, the Group is organized into business units based on the services provided, and has five reportable operating segments: charter operations; aircraft maintenance, repair and overhaul (MRO); aircraft ground handling and fuelling; pilot and crew training and unallocated segment. The unallocated sales include sales of management services, which cannot be attributed to the other segments. The management assesses the performance of the Group based on measure of Gross Profit.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment cost of sales and segment gross profit include transfers between business segments. Those transfers are eliminated in consolidation.

The following table present sales to external customers, costs of sales and gross profit information according to the Group's business segments for the twelve-month period ended 31 December 2012:

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3 Segment information (continued)

	Charter operations	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallo- cated	Inter- segment elimina- tions	Total continuing operations
Twelve-month period ended 31 December 2012							
Revenue							
Sales to external customers	-	292 625	218 459	27 633	423	-	539 141
Inter-segment sales	-	295	83 644	55	4 542	(88 536)	-
Total revenue	-	292 921	302 103	27 688	4 965	(88 536)	539 141
Cost of sales	-	(238 412)	(292 402)	(19 368)	(1 200)	85 081	(466 301)
Segment gross profit	-	54 509	9 701	8 320	3 765	(3 456)	72 840
As at 31 December 2012							
Segment assets	30 191*	189 558	62 868	11 920	10 885	-	305 422

* - Assets of disposal group classified as held for sale (Note 11)

The following table presents sales to external customers, costs of sales and gross profit information according to the Group's business segments for the twelve-month period ended 31 December 2011:

	Charter operations	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallo- cated	Inter- segment elimina- tions	Total continuing operations
Twelve-month period ended 31 December 2011							
Revenue							
Sales to external customers	20 501	163 740	104 868	23 648	472		313 228
Inter-segment sales	557	1 451	8 951	438	2 685	(14 082)	-
Total revenue	21 058	165 190	113 819	24 086	3 157	(14 082)	313 228
Cost of sales	(25 416)	(122 798)	(109 525)	(15 007)	(1 340)	8 799	(265 286)
Segment gross profit	(4 358)	42 393	4 295	9 079	1 817	(5 283)	47 942
As at 31 December 2011							
Segment assets	49 480	122 314	44 666	10 700	16 007		243 167

Three reportable Group's business segments were influenced by seasonal movements on both summer and winter periods. The highest growth comes in summer-season (June-December) from charter operations' and aircraft ground handling, fuelling segments, and in the winter-season (October-April) increase of sales is recorded in aircraft maintenance, repair and overhaul (MRO) segment. The Management motivates these seasonal movements to have a material effect on Group's consolidated revenue.

4 Expenses by nature	January – December	
	2012	2011
Aircraft fuel expenses	176 885	85 847
Spare parts and consumables expenses	122 712	49 373
Employee related expenses	81 377	54 693
Cost of services resold	28 947	18 057
Training and related expenses	16 325	15 574
Rent and maintenance of premises	12 234	7 804
Aircraft maintenance expenses	10 941	13 186
Depreciation and amortisation	10 919	7 768
Aircraft servicing and handling expenses	8 781	7 629
Business travel expenses	8 012	5 160
Transportation and related expenses	4 769	5 989
Consultation expenses	3 652	2 831
Marketing and sales expenses	3 189	2 691
Rent and maintenance of training simulators	2 007	581
Communications expenses	1 874	815
Rent of aircraft and equipment	1 864	7 275
Insurance expenses	1 433	1 669
Office administrative expenses	1 145	2 224
VAT in business use expenses	1 042	-
Other expenses	7 768	7 503
Total cost of sales, distribution costs and administrative expenses	505 876	296 669

5 Income tax and deferred income tax

The tax expenses for the period comprise current and deferred tax.

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in Italy – 27.5 per cent, in the United Kingdom – 24 per cent. The annual profit earned by companies located in Estonia is not taxed.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2011: 15% rate), in Poland - at 19% rate (2011: 19% rate), in Italy - at 27.5% rate (2011: 27.5% rate). Due to the nature of the taxation system, the companies registered in Estonia don't have any differences between the tax bases of assets and their carrying amounts, no deferred income tax assets and liabilities arise.

6 Share capital

On 18 February 2011 the Company issued additional 1,473,333 ordinary shares with a par value LTL 1 each for issue price of PLN 52 (25.0 % of the total ordinary share capital issued). Following the increase of the capital, share premium amounts to LTL 58,770 thousand.

On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange.

On 31 December 2012 the share capital of the Company amounts to LTL 5,893,333 thousand and consists of 5,893,333 ordinary registered shares with a nominal value of one litas each (on 31 December 2012 – 5,893,333 ordinary registered shares). All shares are fully paid up.

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7 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to the parent entity's ordinary equity holders by the weighted average number of ordinary shares in issue during the period. The Group has no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share.

	October – December		January – December	
	2012	2011	2012	2011
Profit (loss) for the year from continuing operations to equity holders	5 479	4 165	30 999	18 320
Profit (loss) for the year from discontinued operations to equity holders	(10 040)	(9 703)	(7 321)	(8 601)
Profit (loss) for the year to equity holders	(4 561)	(5 538)	23 678	9 719
Weighted average number of ordinary shares (thousand)	5 893	5 893	5 893	5 700
EPS – basic and diluted (in LTL)				
From continuing operations	0.930	0.707	5.260	3.214
From discontinued operations	(1.704)	(1.647)	(1.242)	(1.509)
From profit (loss) for the year	(0.774)	(0.940)	4.018	1.705

8 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Twelve-month period ended 31 December 2011 (audited)		
Opening net book amount as at 1 January 2011	29 198	2 723
Additions	29 785	2 129
Acquisition of the subsidiaries	1 293	6 291
Disposals	(93)	-
Write-offs	(3)	-
Cumulative currency differences	(475)	(116)
Depreciation charge	(7 090)	(983)
Closing net book amount as at 31 December 2011	52 615	10 044
Twelve-month period ended 31 December 2012 (unaudited)		
Opening net book amount as at 1 January 2012	52 615	10 044
Additions	28 198	711
Disposals	(7 286)	-
Disposals of subsidiaries (Note 2)	(57)	(1 032)
Write-offs	(7)	-
Depreciation charge	(9 685)	(1 234)
Cumulative currency differences	(222)	(169)
Transferred to disposal group classified as held for sale (Note 11)	(412)	(1 127)
Closing net book amount as at 31 December 2012	63 144	7 193

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	31 December 2012	31 December 2011
9 Trade and other receivables		
Trade receivables	67 072	60 113
Less: provision for impairment of trade receivables	(197)	(3 129)
Trade receivables – net	66 875	56 984
Receivables from related parties	2 119	4 190
Less: provision for impairment of trade receivables from related parties	-	-
Receivables from related parties - net (Note 12)	2 119	4 190
Security deposit with lessor	1 778	15 232
Discounting of security deposit	-	(478)
Security deposit – net	1 778	14 754
Other receivables	1 173	1 925
Less: provision for impairment of other receivables	-	(364)
Other receivables - net	1 173	1 561
Loans granted	4 000	14 716
Less: provision for impairment of loans granted	-	(10)
Loans granted - net	4 000	14 706
Prepayments	10 804	5 510
VAT receivables	8 626	5 161
Deferred charges	2 203	8 859
Loans to related parties	2 930	750
Other receivables from related parties (Note 12)	73	21
Prepayments from related parties (Note 12)	4	-
	100 585	112 496
Less non-current portion :	(3 172)	(15 274)
Current portion :	97 413	97 222

10 Cash and cash equivalents

Cash and cash equivalents	9 076	17 781
Bank overdraft	-	(2 960)
	9 076	14 821

11 Non-current assets held for sale and discontinued operations

The assets and liabilities related to Small Planet Airlines UAB and Small Planet Airlines Sp.z.o.o. (the charter operations business segment) have been presented as held for sale following the approval of the Group's management to sell Small Planet Airlines UAB and Small Planet Airlines Sp.z.o.o.. The completion date for the transaction is expected by May 2013.

	January – December	
	2012	2011
Operating cash flows	3 070	691
Investing cash flows	(2 017)	(9 202)
Financing cash flows	(875)	8 190
Total cash flows	178	(321)

11 Assets held for sale and discontinued operations (continued)

	31 December 2012
(a) Assets of disposal group classified as held for sale	
Property, plant and equipment	412
Other intangible assets	1 127
Deferred income tax assets	1 786
Security deposits placed	5 681
Inventory	682
Trade receivables	8 956
Other current assets	10 009
Cash and cash equivalents	1 538
Total, excluding IC transactions with the Group	30 191
IC transactions with the Group	(6 080)
Total, including IC transactions with the Group	36 271
 (b) Liabilities of disposal group classified as held for sale	
Non-current liabilities	1 125
Trade and other payables	21 682
Other current liabilities	8 907
Total, excluding IC transactions with the Group	31 714
IC transactions with the Group	(20 060)
Total, including IC transactions with the Group	51 774

12 Related party transactions

Related parties of the Company and the Group include entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Ltd). Transactions with these companies are presented separately. Related parties also include subsidiaries of ZIA Valda AB group. They are presented as other related parties. Related parties of the Company also include subsidiaries of the Group.

The following transactions were carried out with related parties:

	January – December	
	2012	2011
Sales of services to:		
Other related parties	21 423	4 184
	21 423	4 184
Total sales of assets and services	21 423	4 184
 Purchases of assets from:		
Entities having significant influence	-	59
Other related parties	1 776	-
	1 776	59
Purchases of services from:		
Entities having significant influence	231	-
Other related parties	26 084	20 420
	26 315	20 420
Total purchases of assets and services	28 091	20 479

12 Related party transactions (continued)

	31 December 2012	31 December 2011
Trade receivables from related parties		
Trade receivables from entities having significant influence	-	1
Trade receivables from other related parties (Note 9)	2 119	4 189
Other trade receivables from related parties (Note 9)	73	21
Prepayments from related parties (Note 9)	4	-
	2 196	4 211
Payables and advances received from related parties		
Amounts payable to entities having significant influence	-	13
Amounts payable to other related parties	1 035	1 501
	1 035	1 514

13 Events after the balance sheet date

On 12 February 2013 the Bank of Lithuania announced a partial and temporal restriction on activities of AB Ūkio bankas. Following recommendations of the Bank of Lithuania hereby we inform, that aforementioned restriction will not have impact on results of operations and cash flows of the Group.

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 21 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, I, Linas Dovydenas, General Manager of *Avia Solutions Group AB*, hereby confirm that, to the best of my knowledge, the not audited Consolidated Interim Financial Information for the twelve-month period ended 31 December 2012 of *Avia Solutions Group AB* is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit and cash flows of the Group.

General Manager



Linas Dovydenas

Vilnius, 15 February 2013