

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information
For the Year Ended 31 December 2013
(Unaudited)

Beginning of the financial period	1 January 2013
End of reporting period	31 December 2013
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 and Helicopter Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Pilot and Crew Training.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		October - December		January - December	
	Note	2013	2012	2013	2012
Continuing operations					
Revenue	2	148 562	143 634	553 669	535 860
Cost of sales	3	(135 431)	(127 599)	(486 049)	(462 212)
Gross profit		13 131	16 035	67 620	73 648
General and administrative expenses	3	(25 641)	(17 059)	(60 820)	(43 438)
Other income		881	189	1 686	412
Other gains / (losses) – net	4	13 738	624	13 279	1 004
Operating profit (loss)		2 109	(211)	21 765	31 626
Finance income		25	(196)	97	947
Finance costs		(1 501)	389	(4 581)	(2 090)
Finance costs – net		(1 476)	193	(4 484)	(1 143)
Share of profit (losses) of associates		(604)	(947)	(604)	(947)
Profit (loss) before income tax		29	(965)	16 677	29 536
Income tax expense	5	1 729	2 716	(545)	(3 482)
Profit for the year from continuing operations		1 758	1 751	16 132	26 054
Discontinued operations					
Profit (loss) for the year from discontinued operations	13	604	(11 247)	14 808	(6 978)
Profit (loss) for the year		2 362	(9 496)	30 940	19 076
Profit (loss) attributable to:					
Equity holders of the parent					
Profit for the year from continuing operations		1 694	1 751	16 068	26 087
Profit (loss) for the year from discontinued operations		604	(10 745)	15 040	(6 605)
Profit for the year attributable to equity holders of the parent		2 298	(8 994)	31 108	19 482
Non-controlling interests					
Profit (loss) for the year from continuing operations		64	-	64	(33)
Profit (loss) for the year from discontinued operations		-	(502)	(232)	(373)
Profit (loss) for the year attributable to non-controlling interests of the parent		64	(502)	(168)	(406)
		2 362	(9 496)	30 940	19 076

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	October - December		January - December	
		2013	2012	2013	2012
Other comprehensive income					
Continuing operations					
Net gain on cash flow hedges		(7)	(420)	200	(420)
Income tax		5	63	(26)	63
		(2)	(357)	174	(357)
Exchange differences on translation of foreign operations		(707)	(230)	(359)	(827)
Other comprehensive income (loss) for the year from continuing operations		(709)	(587)	(185)	(1 184)
Discontinued operations					
Exchange differences on translation of foreign operations from discontinued operations		-	116	44	(213)
Other comprehensive income (loss) for the year		(709)	(471)	(141)	(1 397)
Total comprehensive income for the year attributable to:					
Equity holders of the parent					
Total comprehensive income for the year from continuing operations		981	1 157	15 877	24 912
Total comprehensive income for the year from discontinued operations		604	(10 619)	15 082	(6 808)
Total comprehensive income for the year attributable to equity holders of the parent		1 585	(9 462)	30 959	18 104
Non-controlling interests					
Total comprehensive income (loss) for the year from continuing operations		68	7	70	(42)
Total comprehensive income (loss) for the year from discontinued operations		-	(512)	(230)	(383)
Total comprehensive income (loss) for the year attributable to non-controlling interests of the parent		68	(505)	(160)	(425)
		1 653	(9 967)	30 799	17 679
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	0.286	0.297	2.725	4.427
From discontinued operations	7	0.102	(1.823)	2.551	(1.121)
From profit (loss) for the year	7	0.388	(1.526)	5.276	3.306

CONSOLIDATED BALANCE SHEET

Non-current assets	Notes	31 December 2013	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	8	96 070	64 920
Intangible assets	8	6 948	6 904
Deferred income tax assets	5	12 362	7 631
Trade and other receivables	9	3 824	3 690
		119 204	83 145
Current assets			
Inventories	11	127 193	75 592
Trade and other receivables	9	98 145	93 623
Amount due from customers for contract work		8 606	8 076
Prepaid income tax		1 191	809
Short-term bank deposits	13	1 506	-
Cash and cash equivalents	12	23 695	8 913
		260 336	187 013
Assets of disposal group classified as held for sale	13	-	29 137
Total assets		379 540	299 295
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	6	6 058	5 893
Share premium	6	64 677	58 770
Legal reserve		247	256
Merger reserve		(1 567)	(2 868)
Fair value reserve		(183)	(357)
Cumulative translations differences		(794)	(397)
Retained earnings		84 076	53 040
		152 514	114 337
Non-controlling interests		45	(742)
Total equity		152 559	113 595
LIABILITIES			
Non-current liabilities			
Borrowings		48 370	25 785
Trade and other payables		1 448	1 686
Deferred income tax liabilities	5	361	388
Derivative financial instruments		215	420
		50 394	28 279
Current liabilities			
Borrowings		61 947	47 956
Trade and other payables		94 157	68 383
Advances received		16 316	6 944
Government grants		818	-
Current income tax liabilities		1 530	2 070
Security deposits received		1 819	279
		176 587	125 632
Total liabilities		226 981	153 911
Liabilities of disposal group classified as held for sale	13	-	31 789
Total equity and liabilities		379 540	299 295

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


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group								Non-	Total equity	
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	controlling interests	
Balance at 1 January 2012	5 893	58 770	-	(2 739)	256	-	624	33 531	96 335	18	96 353
Comprehensive income											
Net loss on cash flow hedge	-	-	-	-	-	(357)	-	-	(357)	-	(357)
Currency translation difference	-	-	-	-	-	-	(1 021)	-	(1 021)	(19)	(1 040)
Profit (loss) for the year	-	-	-	-	-	-	-	19 482	19 482	(406)	19 076
Total comprehensive income	-	-	-	-	-	(357)	(1 021)	19 482	18 104	(425)	17 679
Transactions with owners											
Acquisition of non-controlling interests	-	-	-	(129)	-	-	-	6	(123)	(7)	(130)
Disposal of non-controlling interests	-	-	-	-	-	-	-	21	21	59	80
Disposal of interest in subsidiary with loss of control	-	-	-	-	-	-	-	-	-	(387)	(387)
Total transactions with owners	-	-	-	(129)	-	-	-	27	(102)	(335)	(437)
Balance at 31 December 2012	5 893	58 770	-	(2 868)	256	(357)	(397)	53 040	114 337	(742)	113 595

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to equity holders of the Group								Non-	Total equity	
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	control- ling interests	
Balance at 1 January 2013	5 893	58 770	-	(2 868)	256	(357)	(397)	53 040	114 337	(742)	113 595
Comprehensive income											
Net gain on cash flow hedge	-	-	-	-	-	174	-	-	174	-	174
Currency translation difference from continuing operations	-	-	-	-	-	-	(366)	-	(366)	6	(360)
Currency translation difference from discontinued operations	-	-	-	-	-	-	42	-	42	2	44
Profit for the year from continuing operations	-	-	-	-	-	-	-	16 068	16 068	64	16 132
Profit for the year from discontinued operations	-	-	-	-	-	-	-	15 040	15 040	(232)	14 808
Total comprehensive income	-	-	-	-	-	174	(324)	31 108	30 958	(160)	30 798
Transactions with owners											
Disposal of subsidiaries / Purchase of treasury shares (Note 13)	-	-	(1 169)	1 301	(96)	-	(73)	-	(37)	947	910
Disposal of treasury shares (Note 13)	-	-	1 169	-	-	-	-	15	1 184	-	1 184
Transfer to legal reserve	-	-	-	-	87	-	-	(87)	-	-	-
Purchase of subsidiary (Note 13)	165	5 907	-	-	-	-	-	-	6 072	-	6 072
Total transactions with owners	165	5 907	-	1 301	(9)	-	(73)	(72)	7 219	947	8 166
Balance at 31 December 2013	6 058	64 677	-	(1 567)	247	(183)	(794)	84 076	152 514	45	152 559

CONSOLIDATED STATEMENT OF CASH FLOWS

		January – December	
	Notes	2013	2012
Operating activities			
Profit for the year		30 940	19 076
Income tax		545	3 482
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 8	16 782	11 053
Impairment of accounts receivable	3, 10	12 725	4 684
Accruals of hangar lease payments and PBH contracts		3 155	(176)
Interest expenses		2 140	1 814
Share of loss from associates		604	947
(Profit) on disposal of PPE		(123)	(7 953)
Currency translations differences		(224)	(1 427)
Fair value loss on derivative financial instruments		(174)	63
Interest income		(962)	(406)
Net fair value of net assets acquired	13	(13 684)	-
Gain on disposal in Group's financial statements	13	(19 955)	1 304
<i>Changes in working capital:</i>			
- Inventories		(20 900)	(40 958)
- Trade and other receivables		(3 834)	(34 688)
- Trade and other payables, advances received		16 074	20 262
- Security deposits received		2 128	283
Cash generated from (used in) operations		25 360	(22 654)
Interest received		756	206
Interest paid		(2 114)	(1 764)
Income tax paid		(2 187)	(5 965)
Net cash generated from (used in) operating activities from continuing operations		21 815	(30 177)
Net cash generated from (used in) operating activities from discontinued operations		-	8 881
Net cash generated from (used in) operating activities		21 815	(21 296)
Investing activities			
Purchase of property, plant and equipment and intangible assets		(31 404)	(22 892)
Proceeds from property, plant and equipment and intangible assets		881	15 377
Purchase of subsidiaries (net of cash acquired)	13	(11 461)	-
Proceeds from sale of subsidiaries		126	-
Loans granted		(1 042)	(7 418)
Repayments of loans granted		9 397	15 774
Deposits placed		(208)	(956)
Repayments of deposits placed		330	128
Net cash (from) used in investing activities from continuing operations		(33 381)	13
Net cash used in investing activities from discontinued operations		-	(3 317)
Net cash (from) used in investing activities		(33 381)	(3 304)

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STATEMENTS OF CASH FLOWS (CONTINUED)

		January – December	
	Notes	2013	2012
Financing activities			
Proceeds on disposal of treasury shares	13	1 184	-
Acquisition of non-controlling interests		-	(130)
Bank borrowings received		19 063	29 350
Repayments of bank borrowings		(15 734)	(7 242)
Borrowings from related parties received		16 314	835
Repayments of borrowings from related parties		(2 027)	(782)
Other borrowings received		3	5
Repayment of other borrowings		-	(1)
Repayments of lease liabilities		(3 358)	(3 343)
Net cash generated from financing activities		15 445	18 692
Increase in cash and cash equivalents		3 879	(5 908)
At the beginning of year	12	8 913	14 821
Increase (decrease) in cash and cash equivalents		3 879	(5 908)
At the end of year	12	12 792	8 913

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the year ended 31 December 2013 (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 2012.

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 year ended 31 December 2013 is not audited. Financial Statements for the year ended 31 December 2012 were audited by the external auditor *PricewaterhouseCoopers UAB*.

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2013	31-12-2012	
AviationCV.com UAB	Lithuania	Pilot and Crew Training	100	100	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	93	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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(All tabular amounts are in LTL '000 unless otherwise stated)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2013	31-12-2012	
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.
Helisota UAB	Lithuania	Helicopters maintenance, repair and overhaul (MRO)	100	-	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	-	It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct active operations.
Small Planet Airlines UAB	Lithuania	Charter operations (discontinued operations)	-	95.5	The subsidiary was established on 14 March 2007. In autumn of 2008 the company started charter operations in Lithuania. On 26 March 2013 the subsidiary was sold. All information regarding the disposals of subsidiaries is disclosed in Note 13.
Small Planet Airlines Sp.z.o.o.	Poland	Charter operations (discontinued operations)	-	95.5	The subsidiary was established on 25 November 2009. In spring of 2010 the company started charter operations in Poland. On 26 March 2013 the subsidiary was sold. All information regarding the disposals of subsidiaries is disclosed in Note 13.
Small Planet Airlines s.r.l.	Italy	Charter operations (discontinued operations)	35.5	35.5	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. All information regarding the disposals of subsidiaries is disclosed in Note 13.
Verslo skrydžiai UAB	Lithuania	Business charter operations	100	-	The subsidiary was established on 9 October 2013. Currently it has started preparations for business charter activity.
Storm Aviation Ltd.	The United Kingdom	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 30 September 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 30 September 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.

2 Segment information

For management purposes, the Group is organized into business units based on the services provided, and has four reportable operating segments: 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.

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

2 Segment information (continued)

The following table present sales to external customers, costs of sales and gross profit information according to the Group's business segments for the year ended 31 December 2013:

	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallo- cated	Inter- segment elimina- tions	Total continuing operations
Year ended 31 December 2013						
Revenue						
Sales to external customers	319 015	205 886	27 830	938	-	553 669
Inter-segment sales	20 599	70 059	176	5 564	(96 398)	-
Total revenue	339 614	275 945	28 007	6 502	(96 398)	553 669
Cost of sales	(287 490)	(265 757)	(20 726)	(1 626)	89 550	(486 049)
Segment gross profit	52 124	10 188	7 280	4 876	(6 848)	67 620
As at 31 December 2013						
Segment assets	290 758	56 039	14 014	6 173		379 540

The following table presents sales to external customers, costs of sales and gross profit information according to the Group's business segments for the year ended 31 December 2012:

	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
Year ended 30 December 2012							
Revenue							
Sales to external customers	-	289 490	218 389	27 533	448	-	535 860
Inter-segment sales	-	3 599	83 639	69	4 517	(91 824)	-
Total revenue	-	293 089	302 028	27 602	4 965	(91 824)	535 860
Cost of sales	-	(236 426)	(293 035)	(19 379)	(1 206)	87 834	(462 212)
Segment gross profit	-	56 663	8 993	8 223	3 759	(3 990)	73 648
As at 30 December 2012							
Segment assets	29 137*	188 988	60 069	11 981	9 120		299 295

* As at the balance date the segment assets and liabilities are disclosed as held for sale.

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-September) from aircraft ground handling and fuelling segment, and in the winter-season (October-April) increase of sales is recorded in aircraft maintenance, repair and overhaul (MRO) and crew training segment. The Management motivates these seasonal movements to have a material effect on Group's consolidated revenue.

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

3 Expense by nature

The total amount of expense (cost of sales and general and administrative expenses) by nature as follows:

	October - December		January - December	
	2013	2012	2013	2012
Spare parts and consumables expenses	44 433	35 771	120 613	118 004
Aircraft fuel expenses	35 883	49 330	165 892	176 703
Employee related expenses	23 408	23 655	85 927	81 657
Cost of services resold	10 166	3 524	53 295	28 864
Impairment-related expenses (Note 10)	9 727	4 901	12 725	4 684
Aircraft maintenance expenses	6 333	3 997	16 146	10 914
Depreciation and amortisation (Note 8)	6 218	2 822	16 782	11 053
Aircraft servicing and handling expenses	3 455	2 244	7 715	9 206
Transportation and related expenses	3 333	(348)	7 259	4 529
Rent and maintenance of premises	3 194	3 847	11 773	12 232
Training and related expenses	2 334	3 707	14 406	15 983
Consultation expenses	2 332	898	6 521	3 292
Rent and maintenance of training simulators	1 806	769	2 374	2 032
Office administrative expenses	1 400	384	2 155	1 281
Business travel expenses	1 336	2 719	5 698	7 903
Marketing and sales expenses	957	873	3 180	3 188
Rent of aircraft and equipment	665	95	2 616	1 864
Insurance expenses	467	536	1 746	1 441
Communications expenses	384	545	1 753	1 835
IT expenses	248	143	1 202	739
Bank services	231	161	695	594
Audit expenses	211	316	309	428
VAT in business use expenses	208	137	1 024	866
Employee lease expenses	114	767	709	1 305
Other expenses	2 229	2 865	4 354	5 053
	161 072	144 658	546 869	505 650

4 Other gains / (losses) – net

Net fair value of acquiree's net assets over cost (Note 14)	13 684	-	13 683	-
Gain (loss) on sales of non-current assets and inventories	(142)	443	(72)	523
Net foreign exchange gain/(loss) on operating activities	196	181	(332)	481
	13 738	624	13 279	1 004

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

5 Income tax and deferred income tax

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

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.

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in the United Kingdom – 20 per cent, in Russian Federation – 20 per cent, in Ukraine – 19 per cent, in Italy – 27.5 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2012: 15% rate), in Poland - at 19% rate (2012: 19% rate), in the United Kingdom – at 20% rate (2012: 20% rate), in Russian Federation – at 20% rate (2012: 20% rate), Ukraine – at 19% rate (2012: 19% rate), in Italy – at 27.5% rate (2012: 27.5% rate).

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.

During the extra-ordinary General Shareholder Meeting which was held on 29 November 2013 it was decided to issue additional 165 000 ordinary shares with a par value LTL 1 each. The new emission of shares has been subscribed by ex-shareholders of *Helisota UAB* (Note 12). As a result the share premium increased by LTL 5 907 thousand.

On 31 December 2013 the share capital of the Company amounts to LTL 6 058 333 and consists of 6 058 333 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.

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.

For calculation of the weighted average number of ordinary shares in issue treasury shares were deducted from the number of ordinary shares for the period of holding of treasury shares.

	October - December		January - December	
	2013	2012	2013	2012
Weighted average number of ordinary shares (thousand)	5 917	5 893	5 896	5 893
Basic earnings per share				
From continuing operations	0.286	0.297	2.725	4.427
From discontinued operations	0.102	(1.823)	2.551	(1.121)
From profit for the year	0.388	(1.526)	5.276	3.306

8 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2012	52 615	10 044
Additions (continuing operations)	31 580	617
Additions (discontinued operations)	93	186
Disposals (continuing operations)	(8 339)	-
Disposals (discontinued operations)	(2)	-
Disposals of subsidiaries (discontinued operations, Note 13)	(57)	(1 032)
Write-offs (continuing operations)	(663)	(337)
Depreciation charge (continuing operations, Note 3)	(9 789)	(1 264)
Depreciation charge (discontinued operations)	(676)	(444)
Cumulative currency differences	570	261
Transferred to disposal group classified as held for sale	(412)	(1 127)
Closing net book amount as at 31 December 2012	64 920	6 904
Opening net book amount as at 1 January 2013	64 920	6 904
Acquisitions (Note 13)	6 809	76
Additions	40 604	1 603
Disposals	(1 051)	-
Write-offs	108	-
Depreciation charge (continuing operations, Note 3)	(15 138)	(1 644)
Cumulative currency differences	(182)	9
Closing net book amount as at 31 December 2013	96 070	6 948

	31 December 2013	31 December 2012
9 Trade and other receivables		
Trade receivables	72 056	66 901
Less: provision for impairment of trade receivables (Note 10)	(7 890)	(3 932)
Trade receivables – net	64 166	62 969
Receivables from related parties	5 843	1 837
Less: provision for impairment of trade receivables from related parties (Note 10)	(1 270)	-
Receivables from related parties – net (Note 14)	4 573	1 837
Loans granted to related parties	2 357	2 930
Less: provision for impairment of loans granted to related parties (Note 10)	(86)	-
Loans granted to related parties – net (Note 14)	2 271	2 930
Other receivables from related parties	177	-
Less: provision for impairment of other receivables from related parties (Note 10)	(49)	-
Other receivables from related parties – net (Note 14)	128	72
Prepayments	10 654	11 576
VAT receivables	9 402	8 760
Loans granted – net	3 905	4 007
Deferred charges	2 518	2 191
Other receivables – net	2 320	1 187
Security deposit – net	2 032	1 780
Prepayments from related parties (Note 14)	-	4
	101 969	97 313
Less non-current portion :	(3 824)	(3 690)
Current portion :	98 145	93 623

10 Impairment, write-down, allowances and provisions

	31 December 2013	31 December 2012
Change in provision for impairment of trade receivables	(7 890)	(3 932)
Reduction to net realisable value of spare parts	(3 537)	(89)
Change in provision for impairment of trade receivables from related parties	(1 270)	-
Change in provision for impairment of loans granted to related parties	(86)	-
Change in provision for impairment of other receivables from related parties	(49)	-
Change in write-down of other current assets	(264)	-
Change in write-down of non-current assets	370	(663)
	(12 725)	(4 684)

In 2013 allowance for impairment of trade receivables for several clients (mainly for MRO business segment clients, from CIS countries) in the total amount of LTL 7 890 thousand was recognized due to their insolvency and allowance for impairment related to spare parts (mainly engine's spare parts and spare parts from aircraft parted-out) in the amount of LTL 3 537 thousand was recognised to represent their net realisable value.

In 2013 the Group and the Company recognised allowance for impairment of loans granted, trade and other receivables in the total amount of LTL 1 405 thousand, related to Group's associate operated in charter activity due to its insolvency.

11 Inventories

	31 December 2013	31 December 2012
Spare parts and materials / Acquisitions through business combination (Note 13)	34 202	-
Spare parts and materials	82 136	44 727
Less: reduction to net realisable value of spare parts (Note 10)	(3 537)	(89)
Spare parts and materials - net	78 599	44 638
Goods for sale	8 550	24 480
Aircraft fuel	2 698	3 988
Goods in transit	1 659	1 363
Other inventories	1 485	1 123
	127 193	75 592

12 Cash and cash equivalents

	31 December 2013	31 December 2012
Cash and cash equivalents	23 695	8 913
Bank overdraft	(10 903)	-
	12 792	8 913

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

13 Business combination and disposals

Disposal in 2012

On 3 January 2012, the Group sold 50% of the share capital of *Small Planet Airlines s.r.l. (Italy)* to third parties. Sales proceeds from the disposal of a 50 per cent shareholding in *Small Planet Airlines S.r.l.* amounted to EUR 763 thousand. *Small Planet Airlines s.r.l.* became the associate of the Group in which the Company holds interest of 35.50 per cent. Details of sale price and assets and liabilities arising from the disposal are as follows:

	Small Planet Airlines s.r.l. - disposal's carrying amount
Cash and cash equivalents	2 670
Property, plant and equipment (Note 8)	57
Intangible assets (Note 8)	1 032
Deferred income tax assets	962
Receivables	6 231
Payables	(7 896)
Borrowings	(389)
Net assets disposed	2 667
Proceeds from sale of interest in subsidiary with loss of control	2 637
Less: cost of investment in subsidiary (50 per cent of net assets disposed)	(1 333)
Gain on disposal in Group's financial statements (discontinued operations):	1 304

Disposal in 2013

On 29 March 2013, the Group sold 95.5% of the share capital of *Small Planet Airlines UAB (Lithuania)* and *Small Planet Airlines Sp.z.o.o. (Poland)* to the management of these companies Mr. Vytautas Kaikaris (65.5%) and Mr. Andrius Staniulis (30%). Before the transaction Mr. Vytautas Kaikaris already owned 4.5% stake in both companies. Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	<i>Small Planet Airlines UAB - disposal's carrying amount</i>	<i>Small Planet Airlines Sp.z.o.o. – disposal's carrying amount</i>	Inter- company transactions of disposal group	Total disposal's carrying amount
Property, plant and equipment	156	93	-	249
Intangible assets	34	1 125	-	1 159
Deferred income tax assets	-	918	-	918
Inventories	560	3	-	563
Receivables	14 243	8 274	(2 112)	20 405
Loans granted	3 003	-	(2 428)	575
Security deposits placed	3 660	4 862	-	8 522
Cash and cash equivalents	561	98	-	659
Deferred income tax liabilities	(58)	(590)	-	(648)
Financial guarantees	(86)	-	86	-
Payables	(22 533)	(13 637)	2 112	(34 058)
Borrowings	(9 052)	(2 419)	2 428	(9 043)
Security deposits received	(1 941)	(8 403)	-	(10 344)
Net assets disposed	(11 453)	(9 676)	86	(21 043)
NCI based on proportionate share of net assets (4.5%)	515	435	(3)	947
Group's net assets attributed to equity holders of the parent	(10 938)	(9 241)	83	(20 096)

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

13 Business combination and disposals (continued)

	<i>Small Planet Airlines UAB - disposal's carrying amount</i>	<i>Small Planet Airlines Sp.z.o.o. – disposal's carrying amount</i>	Inter- company transactions of disposal group	Total disposal's carrying amount
Proceeds from sale of interest in subsidiaries	512	512	-	1 024
Group's net assets attributed to equity holders of the parent	10 938	9 241	(83)	20 096
Cost of investments in subsidiaries on stand-alone financial statements of the Company	(2 256)	(42)	-	(2 298)
Decrease of merger reserve, legal reserve and currency translation differences, recognised directly in equity	1 206	(73)	-	1 133
Total gain on disposal in Group's financial statements (discontinued operations):	10 400	9 638	-	19 955
Sale price:				1 024
Deferred consideration (treated as interest free loan for two years)				500
Share-exchange consideration				524

During the disposal of subsidiaries to Mr. Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of the Company. These shares of the Company owned by Mr. Vytautas Kaikaris were considered to be treasury shares and directly deducted from shareholders' equity in the Company's and Group's balance sheet at their purchase cost of LTL 1 169 thousand.

Treasury shares were sold on 21 May 2013. Sales proceeds from the disposal of treasury shares of the Company amounted to LTL 1 184 thousand. After the treasury stock sale, the Company's retained earnings were increased by LTL 15 thousand.

Details of revenue, cost of sales and income tax expenses of disposal group (charter operations business segment) classified as discontinued operations are as follows:

	October - December		January - December	
	2013	2012	2013	2012
Discontinued operations				
Revenue	-	37 688	19 998	232 824
Cost of sales	-	(38 896)	(22 549)	(225 354)
Gross profit (loss)	-	(1 208)	(2 551)	7 470
Profit (loss) before income tax from operating activities	604	(12 301)	(5 142)	(8 228)
Income tax expense	-	1 054	(5)	(54)
Profit (loss) from operating activities, net of tax	604	(11 247)	(5 147)	(8 282)
Gain on sale of discontinued operations	-	-	19 955	1 304
Net profit (loss) for the year from discontinued operations	604	(11 247)	14 808	(6 978)

Charter operations business segment qualifies to be treated as disposed at the balance sheet date. The disposal group has operations with all business segments of the Group: it purchases aircraft maintenance, ground handling, fuelling, and crew training and business management services at market prices.

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

13 Business combination and disposals (continued)

On 16 December 2013, the Group acquired 100% of the share capital of *Helisota UAB* and 100% of the share capital of its subsidiary *Kauno aviacijos gamykla UAB* from third parties. As a result of the acquisition, the Group is expected to increase its presence in the MRO segment, in the new *Helicopter MRO* sub-segment. Details of purchase consideration and assets and liabilities arising from the acquisitions are as follows:

	<i>Helisota UAB -</i> acquiree's carrying amount	<i>Kauno aviacijos</i> <i>gamykla UAB -</i> acquiree's carrying amount	Fair value adjustment	Inter-company transactions of acquiree's	Fair values recognised on acquisition
Property, plant and equipment	2 432	4 739	(362)	-	6 809
Intangible assets	76	-	-	-	76
Investments into subsidiaries	1 992	-	-	(1 992)	-
Deferred income tax assets	923	-	336	-	1 259
Inventories	39 228	17	(5 043)	-	34 202
Receivables	8 176	30	681	(130)	8 757
Short-term bank deposits	1 506	-	-	-	1 506
Cash and cash equivalents	991	18	-	-	1 009
Borrowings	(7 549)	(130)	-	130	(7 549)
Payables	(13 806)	(125)	88	-	(13 843)
	33 969	4 549	(4 300)	(1 992)	32 226

Total identifiable net assets acquired	32 226
Purchase consideration - paid in cash	(12 470)
Purchase consideration - share-exchange	(6 072)
Excess of fair value of acquiree's net assets over cost (recognised directly in profit)	13 684

Analysis of cash flows on acquisition:	
Consideration paid in cash	(12 470)
Cash acquired with the subsidiary	1 009
Acquisition of subsidiaries, net of cash acquired	(11 461)

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

14 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	
	2013	2012
Sales of assets to:		
Entities having significant influence	6	-
Other related parties	19	235
	25	235
Sales of services to:		
Entities having significant influence	2	2
Other related parties	15 639	5 834
	15 641	5 836
Total sales of assets and services	15 666	6 071
Purchases of assets from:		
Other related parties	478	1 776
	478	1 776
Purchases of services from:		
Entities having significant influence	101	80
Other related parties	6 994	5 376
	7 095	5 456
Total purchases of assets and services	7 573	7 232
Trade receivables from related parties		
Trade receivables from other related parties (Note 9)	4 571	1 837
Other trade receivables from related parties (Note 9)	128	72
Trade receivables from entities having significant influence	2	-
Prepayments from related parties (Note 9)	-	3
Prepayments from entities having significant influence (Note 9)	-	1
	4 701	1 913
Payables and advances received from related parties		
Advances received from other related parties	1 528	-
Amounts payable to entities having significant influence	5	7
Amounts payable to other related parties	565	1 028
	2 098	1 035

15 Events after the balance sheet date

The Company has signed an investment agreement with *TVK Rossiya*, part of Russia's largest state-owned holding company *Rostec*, for the development and management of the fourth Moscow airport hub on the basis of existing *Ramenskoe aerodrome*. Under the agreement, the parties will establish a special purpose company, where the Company is required to invest 1 billion RUB (approx. 76 million LTL) into the company's share capital, receiving up to 75% of the company's shares whereas *TVK Rossiya*, shareholder of the remaining shares, will contribute real estate that is necessary for airport development.

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, We, Linas Dovydėnas, General Director of *Avia Solutions Group AB*, and, Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the not audited *Avia Solutions Group AB* Consolidated Interim Financial Statements for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group of undertakings.

General Manager



Linas Dovydėnas

Chief Financial Officer



Aurimas Sanikovas

14 February, 2014