AVIAAM LEASING AB

INDEPENDENT AUDITOR'S REPORT,

FINANCIAL STATEMENTS AND

STAND-ALONE ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS Pages

Independent Auditor's Report

To the shareholders of AviaAM Leasing AB

Report on the financial statements

We have audited the accompanying financial statements of AviaAM Leasing UAB ("the Company") set out on pages 5 to 43, which comprise the balance sheet as of 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Report on other legal and regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2013 set out on pages 44 to 72 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2013.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
3 April 2014

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	USD	2013 LTL	USD	2012 LTL
Revenue	5	1,143	2,982	2,199	5,890
Interest income on loans		537	1,385	457	1,226
Depreciation of aircraft		(116)	(334)	(289)	(816)
Revaluation of aircraft	11	441	1,114	(172)	(454)
Aircraft maintenance expenses		(50)	(128)	(687)	(1,810)
Employee-related expenses	6	(258)	(669)	(162)	(434)
Other operating expenses	7	(864)	(2,225)	(528)	(1,418)
Gain (loss) on sale of property, plant and equipment (net)		(350)	(910)	-	-
Other gain (losses) net		657	1,713	-	-
Operating profit		**1,140**	**2,928**	**818**	**2,184**
Finance income	8	4,539	11,591	3,677	9,806
Finance costs	8	(12)	(26)	(177)	(476)
Finance costs – net		**4,527**	**11,565**	**3,500**	**9,330**
Profit (loss) before income tax		**5,667**	**14,493**	**4,318**	**11,514**
Income tax	9	3	(13)	(91)	(235)
Profit (loss) for the year		**5,670**	**14,480**	**4,227**	**11,279**
Other comprehensive income (costs)					
Currency translation differences on translation to presentation currency		-	(5,548)	-	(808)
Total other comprehensive income (costs)		**-**	**(5,548)**	**-**	**(808)**
Total comprehensive income		**5,670**	**8,932**	**4,227**	**10,471**
Basic and diluted earnings (loss) per share (USD/LTL)	10	0.16	0.40	0.14	0.38

The notes on pages 10 to 43 are an integral part of these financial statements.

The financial statements on pages 5 to 43 have been approved by the Management Board as at 2014 and signed by the General Manager.

Tadas Goberis
General Manager

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

BALANCE SHEET

	Note	31 December 2013 USD	31 December 2013 LTL	31 December 2012 USD	31 December 2012 LTL
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,869	4,692	1,953	5,089
Investments in associates and jointly controlled entities	12	2,032	5,068	2,032	5,068
Trade and other receivables	13	12,045	30,230	8,013	20,881
Deferred income tax assets	18	220	553	217	565
		16,166	**40,543**	**12,215**	**31,603**
Current assets					
Inventory		96	240	92	240
Trade and other receivables	13	17,824	44,736	4,168	10,859
Prepaid income tax		61	154	-	-
Cash and cash equivalents	14	17,295	43,407	302	787
		35,276	**88,537**	**4,562**	**11,886**
Total assets		**51,442**	**129,080**	**16,777**	**43,489**
EQUITY					
Equity attributable to the Company's equity shareholders					
Share capital	15	16,804	43,306	12,232	29,448
Share premium	15	27,972	72,088		
Legal reserve	15	1,130	2,945	1,130	2,945
Cumulative translation reserve	15	-	(4,136)	-	1,412
Retained earnings		5,140	13,884	(530)	(596)
Total equity		**51,046**	**128,087**	**12,832**	**33,209**
LIABILITIES					
Non-current liabilities					
Borrowings		-	-	-	-
		-	-	-	-
Current liabilities					
Borrowings	16	-	-	636	1,657
Trade and other payables	17	396	993	3,072	8,006
Current income tax liabilities		-	-	237	617
		396	**993**	**3,945**	**10,280**
Total liabilities		**396**	**993**	**3,945**	**10,280**
Total equity and liabilities		**51,442**	**129,080**	**16,777**	**43,489**

The notes on pages 10 to 43 are an integral part of these financial statements.

Tadas Goberis
General Manager

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

STATEMENT OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	Legal reserve	Retained earnings	Total equity
Balance at 31 December 2011 / 1 January 2012		**12,232**	**-**	**-**	**(1,655)**	**10,577**
Comprehensive income						
Profit for the year		-	-	-	4,227	4,227
Total comprehensive income		**-**	**-**	**-**	**4,227**	**4,227**
Transactions with owners						
Transfer to reserves		-	-	1,130	(1,130)	-
Dividends	15	-	-	-	(1,972)	(1,972)
Total transactions with owners		**-**	**-**	**1,130**	**(3,102)**	**(1,972)**
Balance at 31 December 2012 / 1 January 2013		**12,232**	**-**	**1,130**	**(530)**	**12,832**
Comprehensive income						
Profit for the year		-	-	-	5,670	5,670
Total comprehensive income		**-**	**-**	**-**	**5,670**	**5,670**
Transactions with owners						
Increase of share capital of the Company		4,572	29,463	-	-	34,035
Cost of capital increase		-	(1,491)	-	-	(1,491)
Total transactions with owners		**4,572**	**27,972**	**-**	**-**	**32,544**
Balance at 31 December 2013		**16,804**	**27,972**	**1,130**	**5,140**	**51,046**

The notes on pages 10 to 43 are an integral part of these financial statements.

Tadas Goberis
General Manager

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

LTL	Note	Share capital	Share premium	Legal reserve	Cumulative translation reserve	Retained earnings	Total equity
Balance at 31 December 2011 / 1 January 2012		**29,448**	**-**	**-**	**2,220**	**(3,790)**	**27,878**
Comprehensive income							
Profit for the year		-	-	-	-	11,279	11,279
Currency translation differences		-	-	-	(808)	-	(808)
Total comprehensive income for the year		**-**	**-**	**-**	**(808)**	**11,279**	**10,471**
Transactions with owners							
Transfer to reserves		-	-	2,945	-	(2,945)	-
Dividends	15	-	-	-	-	(5,140)	(5,140)
Total transactions with owners		**-**	**-**	**2,945**	**-**	**(8,085)**	**(5,140)**
Balance at 31 December 2011 / 1 January 2013		**29,448**	**-**	**2,945**	**1,412**	**(596)**	**33,209**
Comprehensive income							
Profit for the year		-	-	-	-	14,480	**14,480**
Currency translation differences		-	-	-	(5,548)	-	**(5,548)**
Total comprehensive income for the year		**-**	**-**	**-**	**(5,548)**	14,480	**8,932**
Transactions with owners							
Increase of share capital of the Company		13,858	75,930	-	-	-	89,788
Cost of capital increase		-	(3,842)	-	-	-	(3,842)
Total transactions with owners		**13,858**	**72,088**	**-**	**-**	-	**85,946**
Balance at 31 December 2013		**43,306**	**72,088**	**2,945**	**(4,136)**	**13,884**	**128,087**

The notes on pages 10 to 43 are an integral part of these financial statements.

Tadas Goberis
General Manager

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

STATEMENT OF CASH FLOW

	Note		2013		2012
	Note	USD	LTL	USD	LTL
Operating activities					
Profit (loss) before income tax		5,667	14,493	4,318	11,514
Adjustments for:					
Depreciation and amortisation		116	334	289	816
Finance income (costs) – net		(993)	(2,583)	(3,903)	(10,355)
Change in fair value of fixed assets		(441)	(1,114)	172	454
Profit / loss from sale of fixed assets		350	910	-	-
Changes in working capital:					
Trade and other receivables		(2,145)	(5,580)	(1,038)	(2,872)
Trade and other payables		(2,108)	(5,482)	805	2,164
Inventory		-	-	(92)	(247)
Cash generated from operations		**446**	**978**	**551**	**1,474**
Interest paid		(33)	(86)	(168)	(453)
Income tax paid		(293)	(762)	-	-
Net cash generated from operating activities		**120**	**130**	**383**	**1,021**
Investing activities					
Purchase of property, plant and equipment and intangible assets		(182)	(473)	(3)	(8)
Sale of property, plant and equipment and intangible assets		179	466	-	-
Dividends received		5.066	13,178	-	-
Loans granted		(61,447)	(159,837)	-	-
Loans repaid		43,120	112,164	2,832	7,608
Interest received		55	143	20	54
Net cash generated from (used in) investing activities		**(13,209)**	**(34,359)**	**2,849**	**7,654**
Financing activities					
Proceeds from issuance of ordinary shares		32,702	85,064	-	-
Dividends paid		(2,007)	(5,221)	-	-
Borrowings received		350	910	-	-
Repayment of borrowings		(963)	(2,504)	(3,832)	(10,296)
Net cash generated from (used in) financing activities		**30,082**	**78,249**	**(3,832)**	**(10,296)**
Increase in cash and cash equivalents		**16,993**	**44,020**	**(600)**	**(1,621)**
Movement in cash and cash equivalents					
At beginning of year		302	787	902	2,408
Increase in cash and cash equivalents		16,993	44,020	(600)	(1,621)
Foreign translation differences		-	(1,400)	-	-
At end of the year	14	**17,295**	**43,407**	**302**	**787**

The notes on pages 10 to 43 are an integral part of these financial statements.

Tadas Goberis
General Manager

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

AviaAM Leasing AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of the Republic of Lithuania as at 6 April 2009 (Company code – 302330793). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is at Smolensko g. 10, LT-03201 Vilnius, Lithuania.

The Company's shares are traded on the Warsaw Stock Exchange as from 28 June 2013 (see Note 15).

The shareholders' structure of the Company as at 31 December 2013 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Limited	17,078,622	39.44
Mesotania Holdings Limited	10,899,858	25.17
Linas Dovydėnas	441,717	1.02
Aurimas Sanikovas	294,478	0.68
Gediminas Žiemelis	162,962	0.38
Tadas Goberis	147,239	0.34
ING Otwarty Fundusz Emerytalny (Open pension fund)	5,000,000	11.54
Other shareholders	9,280,717	21.43
Total	**43,305,593**	**100.00**

The shareholders' structure of the Company as at 31 December 2012 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Ltd.	17,608,682	59.80
Mesotania Holdings Ltd.	11,739,121	39.86
ŽIA Valda AB	60,000	0.20
Indeco: Investment and Development UAB	40,000	0.14
Total	**29,447,803**	**100.00**

In March 2013 shareholders ZIA Valda Cyprus Leasing Ltd. and Mesotania Holdings Ltd. sold respectively 530,060 and 839,263 shares in the Company, which were acquired by Linas Dovydėnas, Gediminas Žiemelis, Aurimas Sanikovas, Virginija Svilainytė and Tadas Goberis.

The Company completed an Initial Public Offering (the "IPO") in Warsaw Stock Exchange on 28 June 2013 by issuing 13,857,790 new shares and selling 160,964 existing shares owned by Mr. Gediminas Žiemelis.

The principal activity of the Company is management of its subsidiaries and aircraft leasing. The principal activity of all subsidiaries of the Company is operating leasing, management and trading of mid-life narrowbody and regional jet aircraft. As of 31 December 2013 the Company owned 2 Aircraft Engines. As of 31 December 2012 the Company owned 1 Boeing 737-300 aircraft.

As at 31 December 2013 the number of full-time staff employed by the Company totalled 8 (31 December 2012 – 7).

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

1 General information (continued)

The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of another set of financial statements.

The subsidiaries of the Company are indicated below:

The Group's companies	Country of establishment	Share of equity, % As at 31 December 2013	Share of equity, % As at 31 December 2012	Date of acquiring (establishment) / activity / address of establishment
AviaAM B01 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B02 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B03 UAB	Lithuania	100	100	Date of acquiring: 22 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B04 UAB	Lithuania	100	100	Date of establishment: 22 February 2007 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B05 UAB	Lithuania	100	100	Date of establishment: 28 June 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B07 UAB	Lithuania	100	100	Date of establishment: 30 September 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AAL Capital Aircraft Holdings Ltd.	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / Dimitriou Karatasou 15, Anastasio Building, 6th floor, Flat/office 601, Strovolos, 2024, Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
AviaAM B08 Ltd.	Bermuda	100*	-	Date of establishment: 26 April 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd.	Bermuda	100*	-	Date of establishment: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

1 General information (continued)

The Group's companies	Country of establishment	Share of equity, % As at 31 December 2013	Share of equity, % As at 31 December 2012	Date of acquiring (establishment) / activity / address of establishment
Ice Aircraft Management Ltd.	Bermuda	100*	-	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd.	Ireland	100*	-	Date of acquiring: 20 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland

* Shareholding through AAL Capital Aircraft Holdings Ltd. which owns 100 per cent of the company.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The financial statements are presented in US Dollars (USD) and Lithuanian litas (LTL) and all values are rounded to the nearest thousand (USD'000 and LTL ´000) except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.2 Changes in accounting policy and disclosures

(a) Adoption of new and/or amended International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

IFRS 13 Fair value measurement (effective for annual periods beginning on or after 1 January 2013), aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Company presented additional disclosures in the financial statements.

2.1.2 Changes in accounting policy and disclosures (continued)

Amendments to IAS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income'. The amended standard resulted in changed presentation of the Company's financial statements, but did not have any impact on measurement of transactions and balances.

Amended IAS 19 Employee benefits (effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. This amendment had no significant impact on the Company 's financial statements.

Disclosures—Offsetting financial assets and financial liabilities - amendments to IFRS 7 (effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. This amendment had no significant impact on the Company 's financial statements.

Improvements to International Financial Reporting Standards (effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards. IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, Borrowing costs, retrospectively by first-time adopters. IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements. IAS 16 was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory. IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements. These improvements had no significant impact on the Company 's financial statements.

Other amendments to standards are not relevant for the Company.

(b) The following new or amended IFRS and IFRIC interpretations are effective in 2013 but not relevant to the Group:

Amendments to existing standards and interpretations adopted by the EU that are mandatory for annual accounting periods beginning on or after 1 January 2013 but not relevant to the Company are as follows:

- Severe hyperinflation and removal of fixed dates for first-time adopters – amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2011).
- Recovery of underlying assets – amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2012).
- IFRIC 20 Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards - Government loans (effective for annual periods beginning on or after 1 January 2013).

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

2.1.2 Changes in accounting policy and disclosures (continued)

(c) Standards, interpretations and amendments that are not yet effective and have not been early adopted by the Company

IFRS 10 Consolidated financial statements (effective for annual periods beginning on or after 1 January 2014) replaces all of the guidance on control and consolidation in IAS 27 Consolidated and separate financial statements and SIC-12 Consolidation - special purpose entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Company is currently assessing the impact of this standard on its financial statements.

IFRS 11 Joint arrangements (effective for annual periods beginning on or after 1 January 2013) replaces IAS 31 Interests in joint ventures and SIC-13 Jointly controlled entities—non-monetary contributions by ventures. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The Company is currently assessing the impact of this standard on its financial statements.

IFRS 12 Disclosure of interest in other entities (effective for annual periods beginning on or after 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The Company is currently assessing the impact of this standard on its financial statements.

IAS 27 Separate financial statements (effective for annual periods beginning on or after 1 January 2013) was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements. The Company is currently assessing the impact of this standard on its financial statements.

IAS 28 Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2013). The amendment of IAS 28 resulted from IFRS 11 and now requires accounting for joint ventures and associates using the equity method. The Company does not expect this standard to have significant impact on the financial statements.

Offsetting financial assets and financial liabilities - amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Company does not expect these amendments to have significant impact on the financial statements.

2.1.2 Changes in accounting policy and disclosures (continued)

Transition guidance amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning 1 January 2013). The amendments clarify the transition guidance in IFRS 10 Consolidated financial statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint arrangements, and IFRS 12, Disclosure of interests in other entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The Company is currently assessing the impact of this standard on its financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The Company does not expect these amendments to have significant impact on the financial statements.

Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets (effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a cash generating unit contains goodwill or indefinite lived intangible assets but there has been no impairment. The Company does not expect these amendments to have significant impact on the financial statements.

Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting (effective for annual periods beginning 1 January 2014).The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The Company does not apply hedge accounting, consequently, the Company does not expect these amendments to have significant impact on the financial statements.

(d) Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Company

- IFRS 9 Financial instruments: Classification and measurement
- IFRIC 21, Taxes
- Amendments to IAS 19 Defined benefit plans: Employee contributions
- Annual improvements to 2012 IFRSs
- Annual improvements to 2013 IFRSs

The Company is currently assessing the impact of these amendments on its financial statements.

There are no other new or amended standards and interpretations that are not yet effective and that may have a material impact for the Company.

2.2 Investments in subsidiaries in stand-alone financial statements

In the stand-alone financial statements investments in subsidiaries are stated at cost less impairment, if any.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and all its subsidiaries is the US Dollar (USD) as a significant proportion of their business is conducted in the US Dollars and management uses the information prepared in USD to manage business risks and exposures and to measure performance of the business.

The financial statements are presented in US dollars, which is the functional currency of the Company and all its subsidiaries, and, due to the requirements of the laws of the Republic of Lithuania, also in Lithuanian Litas (LTL) which is the Company's second presentation currency.

From 2 February 2002 the exchange rate of the Litas has been pegged to the euro at a rate of LTL 3,4528 = EUR As at 31 December 2013 the exchange rate of US Dollar to Lithuanian Litas was USD 1 = LTL 2,5098 (2012: USD 1 = LTL 2,606).

The results and financial position of the Company are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Property, plant and equipment

Property, plant and equipment comprise aircraft, aircraft under preparation for use and other tangible fixed assets.

Aircraft are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made at the end of each reporting period. The market value of the aircraft is obtained from reports prepared by external valuators holding a recognised and appropriate professional qualification in valuation of similar category assets (note 4(a)). The fair value measurement of aircraft is performed at each reporting date, and changes in the fair value are accounted as follows.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

2.4 Property, plant and equipment (continued)

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an aircraft is transferred directly to retained earnings when the asset is derecognised.

Aircraft classified as aircraft under preparation for use are reclassified to aircraft group when they are ready for their intended use.

Depreciation of aircraft is calculated using the component-based approach by writing off the cost of assets to their residual values based on their expected use or over their estimated useful life as follows:

D-Check (Airframe Heavy Maintenance Visit)	24,000 flight hours
Engines Shop Visits based on Engine Life Limited Parts	23,000 cycles
Airframe	7 years

Other tangible fixed assets are measured at cost less depreciation and impairment losses. Depreciation of other tangible fixed assets is calculated using the straight-line method to write off the cost of assets to their residual values over their estimated useful life as follows:

Other tangible fixed assets	3 – 6 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (losses)/gains – net’ in the income statement.

2.5 Intangible assets

Intangible assets expected to provide economic benefit to the Company in future periods are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method over estimated benefit period as follows:

Computer software	3 years

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

2.6 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Company classifies its financial assets into the following measurement categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During all the periods presented the Company has not held any financial assets in available-for-sale or at fair value through profit or loss categories.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the loans and receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.8 Inventory

Inventory consists of aircraft and aircraft components acquired which carrying amount is to be recovered through a sale transaction. Inventory is stated at the lower of cost and net realisable value.

2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.10 Share capital

Ordinary shares are stated at their par value and classified as equity.

2.11 Trade payables and security deposits

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and security deposits are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and security deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Fair value of the security deposit at initial recognition is determined by discounting the nominal amount of cash received using the market interest rate.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Profit is taxable at a rate of 15% (2012:15) in accordance with Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company’s activities, as described below.

(a) Sales of services

Revenue of the Company consists of lease revenue, supplemental maintenance rent from aircraft leases and other operational revenue.

As a lessor, the Company leases aircraft under operating leases and reports rental income on a linear basis over the life of the lease as it is earned. All aircraft lease agreements provide for the payment of a fixed, periodic amount of lease rentals.

In addition to lease revenue the Company receives supplemental maintenance rent from aircraft leases, based on the utilization of airframes, engines and other major life-limited components, and which is recognised into income over the lease term based on a measure of utilization of the leased aircraft.

(b) Sales of aircraft

Revenue from sale of aircraft is recognised when aircraft is delivered and all risks and benefits from disposal of aircraft is passed to the customer.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.16 Leases – where the Company is the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance lease

Leases of property, plant and equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

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

2.17 Employee benefits

Social security contributions

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. The social security contributions are recognised as an expense on an accrual basis and are included within employee related expenses.

2.18 Earnings (loss) per share

Earnings (loss) per share are calculated by dividing the net profit (loss) attributable to the shareholders by the weighted average number of ordinary registered shares issued during the year.

2.19 Fair value estimation

Financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the General Manager. The General Manager identifies and evaluates financial risks in close co-operation with the Chief Financier. The General Manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

(i) Foreign exchange risk

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Reasonably possible change of LTL to USD in per cent		3,8%		2.30%
Financial assets denominated in LTL	7,461	18,726	8,145	21,226
Financial liabilities denominated in LTL	396	994	303	789
Projected effect on profit	**268**	**674**	**180**	**470**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

3 Financial risk management (continued)

The Company operates internationally and is exposed to foreign exchange risk arising from the Company's exposure to different currencies other than its functional currency (primarily to LTL and EUR). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Foreign exchange risk is controlled by entering into most contracts in the functional currency (USD) and monitoring exposures to other currencies.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and loans granted.

Credit risks are controlled by the application of credit terms and monitoring procedures. Company procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

(i) Concentration risk

Risk of credit concentration is determined by the Company in relation to industry in which Company debtors operate. Concentration of credit risk of the Company arises from loans granted and receivables from related parties, loans granted and trade receivables. The only material credit risk concentration is with debtors operating in aviation business. See the table below for concentration risk analysis.

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Trade and other receivables from customers in aviation business	27,696	69,511	8,444	22,005

(ii) Maximum exposure of credit risk

The table below summarises all credit risk exposures relating to on-balance sheet items of the Company. Maximum exposure to credit risk before collateral held or other credit enhancements:

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Loans granted	26,906	67,529	7,887	20,554
Trade receivables	790	1,985	557	1,451
Other receivables	161	403	156	403
Cash and cash equivalents	17,295	43,407	302	787
	45,152	**113,324**	**8,902**	**23,195**

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

3 Financial risk management (continued)

(iii) Financial assets neither past due nor impaired - credit quality of financial assets

(a) Trade receivables (trade customers without external credit rating)

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Group 1 – new customers (less than 6 months)	-	-	-	-
Group 2 – old customers (more than 6 months)	174	437	557	1,451
	174	**437**	**557**	**1,451**

The group o*ld customers* consist of customers with proven credit history and low risk of default.

(b) Cash and cash equivalents in banks (assessed in accordance with long – term borrowing ratings*)

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
A+	17,295	43,407	302	787
	17,295	**43,407**	**302**	**787**

* - External long term borrowings ratings set by international agency FitchRatings as at March 2013.

(c) Loans granted

All loans granted are closely monitored by the management of the Group and therefore considered as low default risk.

Loans granted (customers without external credit rating):

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Group 1 – new customers/related parties (less than 6 months).	7,401	18,576	-	-
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.	19,505	48,953	8	21
	26,906	**67,529**	**8**	**21**

(iv) Financial assets past due but not impaired

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Past due up to 3 months	480	1,205	-	-
Past due 4-6 months	136	344	-	-
Past due for more than 6 months	-	-	-	-
	616	**1,549**	**-**	**-**

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

3 Financial risk management (continued)

(v) Impaired financial assets

Trade and other receivables impaired

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Impaired trade and other receivables – gross amount	29	73	29	75
Less: impairment of receivables	(29)	(73)	(29)	(75)
Impaired trade and other receivables – net amount	**-**	**-**	**-**	**-**

Trade receivables that are less than six months past overdue are not considered impaired. The impairment of overdue trade receivables is performed going individually through the customers list and assessing the expectation of recovery.

The cost of establishment of provision for impaired receivables has been included in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash and all appropriate documentation according to the legislations were collected.

Movement on provisions for impairment of trade and other receivables

		2013		2012
	USD	**LTL**	**USD**	**LTL**
At 1 January	**29**	**75**	28	75
Exchange rate difference	-	(2)	1	-
Provision for trade receivables impairment	-	-	-	-
Receivables written off during the year as uncollectible	-	-	-	-
At 31 December	**29**	**73**	**29**	**75**

<u>Liquidity risk</u>

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Liquidity risk is managed by the General Manager, who is required to maintain a minimum required liquidity position.

In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these. The table below analyses the Company's financial liabilities into relevant maturity groupings based on remaining period at the balance sheet to the contractual maturity date.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

3 Financial risk management (continued)

The amounts disclosed in the table below are the contractual undiscounted cash flows.

USD	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
At 31 December 2013			
Borrowings from related parties	-	-	-
Borrowings from banks	-	-	-
Trade and other payables	396	-	-
	396	**-**	**-**
At 31 December 2012			
Borrowings from related parties	23	-	-
Borrowings from banks	613	-	-
Trade and other payables	3,072	-	-
	3,708	**-**	**-**

LTL	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
At 31 December 2013			
Borrowings from related parties	-	-	-
Borrowings from banks	-	-	-
Trade and other payables	993	-	-
	993	**-**	**-**
At 31 December 2012			
Borrowings from related parties	60	-	-
Borrowings from banks	1,597	-	-
Trade and other payables	8,006	-	-
	9,663	**-**	**-**

3.2 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt.

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

3 Financial risk management (continued)

As at 31 December the Company's capital structure was as follows:

		2013		2012
	USD	LTL	USD	LTL
Borrowings	-	-	636	1,657
Less: cash and cash equivalents	(17,295)	(43,407)	(302)	(787)
Net debt	(17,295)	(43,407)	334	870
Total equity	51,046	128,087	12,832	33,209
Total capital	**33,751**	**84,680**	**13,166**	**34,079**
Gearing ratio	N/A		3%	

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company and private limited liability company must be not less than LTL 150,000 and LTL 10,000 respectively and the equity capital of the company may not be less than 1/2 of the authorised capital indicated in the Articles of Association. As of 31 December 2013 the Company complied with these requirements.

3.3 Fair value estimation

The fair value of financial assets and financial liabilities for the disclosure purposes is estimated by discounting the cash flows from each class of financial assets or financial liabilities.

The carrying value less impairment losses of trade receivables and carrying value of payables are assumed to approximate their fair value. The carrying value of borrowings issued at variable rates approximate their fair value because reprising dates of the borrowings interest rates are short (up to 6 months) and banks' margins have not changed materially since the loans were obtained.

Fair value of loans granted approximate the book value because interest rates applied are similar to the market interest rates at balance sheet dates.

The fair values of Company's assets and liabilities are within level 2 of the fair value hierarchy, except trade and other receivables and trade and other payables which are within level 3.

4 Critical accounting estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) Fair value

Aircraft are carried at revalued amounts being fair value at the end of each reporting period. Fair value measurements as at 31 December 2013 were performed by an independent appraiser IBA Group Limited (as at 31 December 2012 - Ascend: A Flightglobal Advisory Service). The valuation was performed in line with the requirements of the International Valuation Standards.

4 Critical accounting estimates (continued)

Each value determined by appraisers is intended to reflect what might have been expected from the result of an 'arm's-length, single sale transaction' conducted in an orderly manner between a 'willing buyer and willing seller', with the aircraft free of any lease or charge. Basis of fair value is comparable sales transactions in the aircraft sales market.

In order to obtain fair values of the aircraft possessed by the Company the valuation was performed using two step approach. Firstly, appraisers has obtained market transactions data related to the same types of aircraft as the Company have and using the data on the conditions of the subject aircraft produced "Half-Life" values for each one at each valuation date. The term "Half-Life" refers to the airframe, engines, landing gear, APU and all major components being half way between major overhauls, inspections or performance restorations as appropriate, with engine LLPs having 50% of their certified lives remaining.

The "Half-Life" values were then adjusted to produce the fair values of each of the Company's aircraft using the data regarding the identification, specifications and maintenance status as well as accrued hours/cycles of the subject aircraft of the Company at each valuation date. The maintenance data was pertaining to the airframe, engine, landing gear and engine overhauls and engine Life Limited Parts (LLPs) remaining useful lives.

Judgment was applied when determining values of separate components of aircraft for depreciation calculation purposes.

Any changes in these assumptions could result in significant changes in the value of aircraft and could have a significant impact on the financial statements.

(b) Related-party transactions

In the normal course of business the Company enters into transactions with their related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

(c) Income taxes

Tax contingencies and uncertain tax positions. Lithuanian tax legislation which was enacted or substantively enacted at the end of the reporting period may be subject to varying interpretations. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Fiscal periods remain open to review by the authorities in respect of taxes for calendar years preceding the year of review. Management is not aware of any circumstances that could lead to significant tax charges and penalties in the future that have not been provided for or disclosed in these financial statements. The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

5 Revenue

		2013		2012
	USD	LTL	USD	LTL
Lease revenue	1,143	2,982	1,190	3,176
Supplemental maintenance rent	-	-	952	2,565
Other income	-	-	57	149
	1,143	**2,982**	**2,199**	**5,890**

The future aggregate minimum lease revenue (not including supplemental maintenance rent) under operating leases is as follows:

		2013		2012
	USD	LTL	USD	LTL
Not later than 1 year	420	1,055	-	-
Later than 1 year but not later than 5 years	1,680	4,216	-	-
Later than 5 years			-	-
	2,100	**5,271**	**-**	**-**

The chief operating decision maker of the Company has been identified as the General Manager, which is responsible for allocating resources and assessing performance of the Company. The General Manager has determined that the activities of the Company form a single operating segment – aircraft leasing and trading. The internal reporting provided to the General Manager has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements. The General Manager monitors net profit and operating profit as a measure of profit.

The segment’s sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 10 per cent of total sales revenue of that segment in any of the years):

		2013		2012
Lease and sale customers	USD	LTL	USD	LTL
Customer A	-	-	1,687	4,543
Customer B	813	2,111	455	1,198
Customer C	330	871	-	-
	1,143	**2,982**	**2,142**	**5,741**

The segment’s aircraft lease and sales revenue according to geographical location (based on the residence of customers):

		2013		2012
Country	USD	LTL	USD	LTL
Kazakhstan	-	-	1,687	4,543
Lithuania	1,143	2,982	455	1,198
	1,143	**2,982**	**2,142**	**5,741**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

5 Revenue (continued)

The segment's non-current assets (aircraft on leases) according to geographical location (based on the residence of lessees):

		2013		2012
Country	**USD**	**LTL**	**USD**	**LTL**
Kazakhstan	744	1,867	1,949	5,078
	744	**1,867**	**1,949**	**5,078**

6 Employee related expenses

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Salaries	178	461	121	326
Social insurance expenses	80	208	41	108
	258	**669**	**162**	**434**

7 Other operating expenses

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Management services	185	479	67	181
Legal and translation expenses	194	502	131	351
Audit and accounting expenses	22	57	19	48
IPO related expenses	51	136	-	-
Representation expenses	71	185	-	-
Marketing expenses	90	234	126	336
Insurance expenses	-	-	30	81
Travelling expenses	88	229	44	117
Other operating expenses	163	403	111	304
	864	**2,225**	**528**	**1,418**

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

8 Finance costs – net

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Interest income on cash and cash equivalents	34	90	-	-
Dividends	3,586	9,109	3,474	9,250
Foreign exchange gain on financing activities	919	2,392	203	556
Finance income	**4,539**	**11,591**	**3,677**	**9,806**
Interest expenses	(12)	(26)	(176)	(474)
Other finance costs	-	-	(1)	(2)
Finance costs	**(12)**	**(26)**	**(177)**	**(476)**
Finance income (costs) – net	**4,527**	**11,565**	**3,500**	**9,330**

9 Income tax

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Current tax	-	-	(237)	(624)
Deferred tax	3	(13)	146	389
Total income tax expenses (benefit)	**3**	**(13)**	**(91)**	**(235)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Profit (loss) before tax	**5,667**	**14,493**	**4,318**	**11,514**
Tax calculated at a tax rate of 15%	850	2,174	648	1,727
Tax effects of:				
- Expenses non-deductible for tax purposes	9	23	1	4
- Non-taxable incomes	(539)	(1,369)	(516)	(1,387)
- Deferred tax assets not recognised	-	-	-	-
- Effect of changes of tax rate	-	-	-	-
- Impact of foreign exchange differences	(323)	(815)	(42)	(109)
- Other eliminations	-	-	-	-
Total income tax expenses (benefit)	**(3)**	**13**	**91**	**235**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

10 Earnings (loss) per share

Earnings (loss) per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares issued during the year.

		2013		2012
	USD	LTL	USD	LTL
Net profit (loss) attributable to shareholders	5,670	14,480	4,227	11,279
Weighted average number of ordinary shares issued (thousand)	36,377		29,448	
Basic earnings (loss) per share (USD/LTL)	**0.16**	**0.40**	**0.14**	**0.38**

The Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

11 Property, plant and equipment

USD	Aircraft and engines	Engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2012	**1,905**	**-**	**2**	**1,907**
Additions	505	-	3	**508**
Disposals	-	-	-	**-**
Reclassifications	-	-	-	**-**
Depreciation charge	(289)	-	(1)	**(290)**
Revaluation surplus	-	-	-	-
Revaluation loss	(172)	-	-	(172)
Closing net book amount as at 31 December 2012	**1,949**	**-**	**4**	**1,953**
At 31 December 2012				
Cost or valuation	1,949	-	5	**1,954**
Accumulated depreciation	-	-	(1)	**(1)**
Net book amount	**1,949**	**-**	**4**	**1,953**
Opening net book amount as at 1 January 2013	**1,949**	**-**	**4**	**1,953**
Additions	-	-	209	**209**
Disposals	(611)	-	-	**(611)**
Reclassifications	(919)	919	-	**-**
Depreciation charge	(116)	-	(7)	**(123)**
Revaluation surplus	441	-	-	**441**
Revaluation loss	-	-	-	**-**
Closing net book amount as at 31 December 2013	**744**	**919**	**206**	**1,869**
At 31 December 2013				
Cost or valuation	744	919	214	**1,877**
Accumulated depreciation	-	-	(8)	**(8)**
Net book amount	**744**	**919**	**206**	**1,869**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

11 Property, plant and equipment (continued)

Aircraft are carried at revalued amounts being fair value at the end of each reporting period. Fair value measurements as at 31 December 2012 and 31 December 2013 (Note 4).

LTL	**Aircraft and engines**	**Engines under preparation for use**	**Other tangible fixed assets**	**Total**
Opening net book amount as at 1 January 2012	**5,084**	**-**	**6**	**5,090**
Additions	1,358	-	8	**1,366**
Disposals	-	-	-	**-**
Reclassifications	-	-	-	**-**
Depreciation charge	(816)	-	(3)	**(819)**
Revaluation surplus	-	-	-	**-**
Revaluation loss	(454)	-	-	**(454)**
Exchange differences	(94)	-	-	**(94)**
Closing net book amount as at 31 December 2012	**5,078**	**-**	**11**	**5,089**
At 31 December 2012				
Cost or valuation	5,078	-	15	**5,093**
Accumulated depreciation	-	-	(4)	**(4)**
Net book amount	**5,078**	**-**	**11**	**5,089**
Opening net book amount as at 1 January 2013	**5,078**	**-**	**11**	**5,089**
Additions	-	-	544	**544**
Disposals	(1,589)	-	-	**(1,589)**
Reclassifications	(2,391)	2,391	-	**-**
Depreciation charge	(334)	-	(18)	**(352)**
Revaluation surplus	1,114	-		**1,114**
Revaluation loss	-	-	-	**-**
Exchange differences	(11)	(84)	(19)	**(114)**
Closing net book amount as at 31 December 2013	**1,867**	**2,307**	**518**	**4,692**
At 31 December 2013				
Cost or valuation	1,867	2,307	540	**4,714**
Accumulated depreciation	-	-	(22)	**(22)**
Net book amount	**1,867**	**2,307**	**518**	**4,692**

Split of recognised revaluation in profit/loss		**2013**		**2012**
	USD	**LTL**	**USD**	**LTL**
Revaluation loss recognized	-	-	(172)	(454)
Revaluation loss reversed	441	1,114	-	-
Revaluation of aircraft	**441**	**1,114**	**(172)**	**(454)**

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

11 Property, plant and equipment (continued)

Aircraft were pledged to the banks as collateral for borrowings (Note 16). Carrying amounts of pledged aircraft as at 31 December:

		2013		2012)
	USD	LTL	USD	LTL
Aircraft	-	-	1,949	5,078
	-	**-**	**1,949**	**5,078**

12 Investments into subsidiaries

		2013		2012
	USD	LTL	USD	LTL
AviaAM B01 UAB	4	10	4	10
AviaAM B02 UAB	4	10	4	10
AviaAM B03 UAB	1	1	1	1
AviaAM B04 UAB	2,004	5,000	2,004	5,000
AviaAM B05 UAB	4	10	4	10
AviaAM B06 UAB	4	10	4	10
AviaAM B07 UAB	4	10	4	10
AAL Capital Aircraft Holdings Ltd	7	17	7	17
	2,032	**5,068**	**2,032**	**5,068**

13 Trade and other receivables

		2013		2012
	USD	LTL	USD	LTL
Trade receivables from third parties	29	73	29	75
Less: provision for impairment of trade receivables	(29)	(73)	(29)	(75)
Trade receivables from third parties – net	**-**	**-**	**-**	**-**
Receivables from related parties	790	1,985	557	1,451
Loans granted to related parties (weighted average interest rate 6,33%) (Note 21)	19,497	48,934	7,887	20,554
Loans granted to third parties (weighted average interest rate 8,83%)	7,409	18,595	-	-
Other receivables	161	403	156	403
Prepayments	12	29	17	44
Dividends receivable	2,000	5,020	3,480	9,069
VAT receivables	-	-	84	219
	29,869	**74,966**	**12,181**	**31,740**
Non-current portion :	12,045	30,230	8,013	20,881
Current portion :	**17,824**	**44,736**	**4,168**	**10,859**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

13 Trade and other receivables (continued)

The nominal amounts of the trade and other receivables are denominated in the following currencies:

	2013		2012	
	USD	**LTL**	**USD**	**LTL**
USD	21,897	54,958	4,038	10,519
LTL	5,886	14,773	8,134	21,198
GBP	2,086	5,235	9	23
	29,869	**74,966**	**12,181**	**31,740**

14 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	2013		2012	
	USD	**LTL**	**USD**	**LTL**
USD	15,720	39,454	291	758
LTL	1,575	3,953	11	29
	17,295	**43,407**	**302**	**787**

15 Share capital and reserves

Share capital

As at 31 December 2013 the share capital of the Company amounted to LTL 43,305,593 (USD 16,804 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1 each. All shares are fully paid up.

As at 31 December 2012 the share capital of the Company amounted to LTL 29,447,803 (USD 12,232 thousand) and consisted of 29,447,803 ordinary registered shares with a nominal value of LTL 1 each.

Share premium

On 21 June 2013 the Company issued additional 13,857,790 ordinary shares with a par value LTL 1 each for issue price of PLN 8 (32.0% of the total ordinary share capital issued). Following the increase of the capital, gross share premium amounts to USD 29,463 thousand (LTL 75,930 thousand). On 28 June 2013 shares of the Company were introduced to trading at Warsaw Stock Exchange.

	USD	LTL
The balance of share premium as at 31 December 2012	**-**	**-**
Contribution to share premium in cash	29,463	75,930
Cost directly related to issue of share capital	(1,491)	(3,842)
The balance of share premium as at 31 December 2013	**27,972**	**72,088**

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

15 Share capital and reserves (continued)

Legal reserve

The legal reserve is compulsory under the Lithuanian Law on Companies and is formed from profit to be appropriated. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the authorised share capital. The legal reserve may be used to cover the accumulated losses. A part of the legal reserve in excess of 10 per cent of the authorised share capital may be redistributed when appropriation of profit for the following financial year is performed. Legal reserve comprises only the legal reserve of the Company.

Cumulative translation reserve

Cumulative translation reserve represents accumulated foreign exchange differences arising from translation of Group's balances and results from functional currency USD to presentation currency LTL.

Dividends

In the twelve month period ended 31 December 2013 the Management of the Company did not declare any dividends. The interim dividends were declared in 2012 for the ten month period ended 31 October 2012 in the amount of USD 1,972 thousand (LTL 5,140 thousand), and were paid out in January 2013.

16 Borrowings

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Non-current				
Bank borrowings	-	-	-	-
	-	**-**	**-**	**-**
Current				
Borrowings from related parties (Note 21)	-	-	23	60
Bank borrowings	-	-	613	1,597
	-	**-**	**636**	**1,657**
Total borrowings	**-**	**-**	**636**	**1,657**

The nominal amounts of the borrowings are denominated in the following currencies:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
USD	-	-	636	1,657
LTL	-	-	-	-
	-	**-**	**636**	**1,657**

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

16 Borrowings (continued)

The table below analyses the Company's bank borrowings (excluding finance lease liabilities) according to relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

		2013		2012
	USD	LTL	USD	LTL
Less than 1 year	-	-	636	1,657
Between 1 and 5 years	-	-	-	-
Over 5 years	-	-	-	-
	-	**-**	**636**	**1,657**

The weighted average interest rates at the balance sheet date were as follows:

	2013	2012
Borrowings from related parties	-	7%
Bank borrowings	-	7%

17 Trade and other payables and advances received

		2013		2012
	USD	LTL	USD	LTL
Trade and other payables – financial liabilities				
Trade payables	52	129	13	34
Trade payables to related parties (Note 21)	262	658	1,045	2,723
Salaries and social security payable, including vacation accrual	59	148	20	51
Accruals	23	58	22	58
Dividends payable (Note 21)	-	-	1,972	5,140
	396	**993**	**3,072**	**8,006**
Trade and other payables – non-financial liabilities				
Other payables	-	-	-	-
	-	**-**	**-**	**-**
Total trade and other payables	**396**	**993**	**3,072**	**8,006**

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

17 Trade and other payables and advances received (continued)

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
LTL	396	993	303	789
USD	-	-	804	2,095
EUR	-	-	1,965	5,122
	396	**993**	**3,072**	**8,006**

18 Deferred income taxes

The movement in deferred tax assets and liabilities of the Company (prior to offsetting of balances) is as follows:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Deferred tax assets				
At beginning of the period	264	687	416	1,110
Recognised through profit (loss)	(28)	(95)	(152)	(407)
Exchange rate differences	-	1		(16)
At end of year	**236**	**593**	**264**	**687**
Deferred tax liabilities				
At beginning of the period	(47)	(122)	(345)	(920)
Recognised through profit (loss)	31	82	298	796
Exchange rate differences	-	-	-	2
At end of year	**(16)**	**(40)**	**(47)**	**(122)**

The analysis of deferred tax assets and deferred tax liabilities is as the follows:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Deferred tax assets				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	236	593	264	687
	236	**593**	**264**	**687**
Deferred tax liability				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	(16)	(40)	(47)	(122)
	(16)	**(40)**	**(47)**	**(122)**

Deferred income tax asset for the year is recognised to the extent that the realization of the related tax benefit through the future taxable profit is probable.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

18 Deferred income taxes (continued)

The movement in deferred tax assets and deferred tax liabilities of the Group (prior to offsetting of balances) are as follows:

USD **Deferred tax assets**	Accumulated taxable losses	Difference between tax basis and accounting basis (fair value) of aircraft	Other accrued expenses	**Total**
At 31 December 2011	**179**	**233**	**4**	**416**
Charged / (credited) to the profit or loss	(179)	31	(4)	**(152)**
At 31 December 2012	**-**	**264**	**-**	**264**
Charged / (credited) to the profit or loss	63	-91	-	**(28)**
At 31 December 2013	**63**	**173**	**-**	**236**

USD **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Supplemental rent	Other accrued expenses	**Total**
At 31 December 2011	**(64)**	**(279)**	**(2)**	**(345)**
Charged / (credited) to the profit or loss	20	279	(1)	298
At 31 December 2012	**(44)**	**-**	**(3)**	**(47)**
Charged / (credited) to the profit or loss	31	-	-	31
At 31 December 2013	**(13)**	**-**	**(3)**	**(16)**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

18 Deferred income taxes (continued)

LTL **Deferred tax assets**	Accumulated taxable losses	Difference between tax basis and accounting basis (fair value) of aircraft	Other accrued expenses	**Total**
At 31 December 2011	**477**	**622**	**11**	**1,110**
Charged / (credited) to the profit or loss	(478)	82	(11)	(407)
Exchange rate difference	1	(17)	-	(16)
At 31 December 2012	**-**	**687**	**-**	**687**
Charged / (credited) to the profit or loss	159	(254)	-	(95)
Exchange rate difference	-	1	-	1
At 31 December 2013	**159**	**434**	**-**	**593**

LTL **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Supplemental rent	Other accrued expenses	**Total**
At 31 December 2011	**(170)**	**(744)**	**(6)**	**(920)**
Charged / (credited) to the profit or loss	52	744	-	796
Exchange rate difference	3	-	(1)	2
At 31 December 2012	**(115)**	**-**	**(7)**	**(122)**
Charged / (credited) to the profit or loss	82	-	-	82
Exchange rate difference	-	-	-	-
At 31 December 2013	**(33)**	**-**	**(7)**	**(40)**

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

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Deferred tax assets	236	593	264	687
Deferred tax liabilities	(16)	(40)	(47)	(122)
	220	**553**	**217**	**565**

Deferred income tax asset and liability are calculated at 15% rate.

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

19 Commitments and contingencies

As at 31 December 2013 and 31 December 2012 the Company did not have any significant commitments and contingencies.

20 Financial instruments by category

Category – loans and receivables

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Loans to related parties – net	19,497	48,934	7,887	20,554
Loans to third parties – net	7,409	18,595	-	-
Trade receivables and receivables from related parties – net	790	1,985	557	1,451
Trade receivables from third parties – net	-	-	-	-
Other receivables	161	403	156	403
Dividends receivable	2,000	5,020	3,480	9,069
Cash and cash equivalents	17,295	43,407	302	787
	47,152	**118,344**	**12,382**	**32,264**

Category – financial liabilities measured at amortised cost

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Bank borrowings	-	-	613	1,597
Loans from related parties	-	-	23	60
Trade payables	52	129	13	34
Trade payables to related parties	262	658	1,045	2,723
Accruals and other payables	23	58	22	58
	337	**845**	**1,716**	**4,472**

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

21 Related party transactions

Related parties of the Company include Subsidiaries of the Company, entities having significant influence over the Company, key management personnel of the Company and other related parties. Entities having significant influence over the Company are ZIA Valda Cyprus Leasing Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Leasing Ltd). Transactions with these companies are presented separately. Related parties also include other shareholders of the Company, associates and jointly controlled entities of the Company and subsidiaries of ZIA Valda AB group. They are presented as other related parties. The following transactions were carried out with related parties:

		2013		2012
	USD	LTL	USD	LTL
Sales of services to:				
Subsidiaries	1,888	4,912	952	2,556
Entities having significant influence	26	68	-	-
Other related parties	77	201	15	41
	1,991	**5,181**	**967**	**2,597**
Purchases of services from:				
Subsidiaries	12	31	729	1,960
Entities having significant influence	4	12	-	-
Other related parties	364	947	162	436
	380	**990**	**891**	**2,396**

Year-end balances arising from sales/purchase of assets/services:

Trade and other receivables from related parties

		2013		2012
	USD	LTL	USD	LTL
Subsidiaries	790	1,985	552	1,438
Dividends receivable	2,000	5,020	3,480	9,069
Other related parties	-	-	5	13
Trade and other receivables at nominal value	2,790	7,005	4,037	10,520
Less: provision for impairment of receivables from related parties	-	-	-	-
	2,790	**7,005**	**4,037**	**10,520**

(All tabular amounts are in USD‘000 and LTL‘000 unless otherwise stated)

21 Related party transactions (continued)

The ageing of trade and other receivables from related parties is as follows:

Trade and other receivables from related parties

		2013		2012
	USD	LTL	USD	LTL
Of which not overdue	2,174	5,456	4,037	10,520
Overdue up to 3 months	480	1,205	-	-
4 to 6 months	136	344	-	-
Overdue more than 6 months	-	-	-	-
	2,790	**7,005**	**4,037**	**10,520**

Payables to and prepayments from related parties

		2013		2012
	USD	LTL	USD	LTL
Entities having significant influence	-	-	1,183	3,082
Subsidiaries	-	-	789	2,058
Other related parties	262	658	1,045	2,723
	262	**658**	**3,017**	**7,863**

*As at 31 December 2012, payables consisted of dividends payable for the amount of USD 1,972 (LTL 5,140) thousand to shareholders. Payables as at the end of previous periods consist of payables for services purchased.

Loans received from related parties

		2013		2012
	USD	LTL	USD	LTL
Beginning of the year	**23**	**60**	**3,170**	**8,462**
Loans received during the year	350	910	-	-
Loan repayments and offset	(350)	(910)	(3,156)	(8,478)
Interest on loans charged	8	21	97	261
Interest on loans repaid	(31)	(81)	(89)	(239)
Exchange rate differences	-	-	1	54
End of the year	**-**	**-**	**23**	**60**

*As at 31 December 2012, loan repayments to related parties were mainly conducted as non-cash transactions by offsetting the amounts payable to with amounts receivable from related parties.

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

21 Related party transactions (continued)

Loans granted to related parties

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Beginning of the year	**7,887**	**20,554**	**10,133**	**27,050**
Loans advanced during the year	48,107	125,136	-	-
Loan repayments received and offset	(37,160)	(96,661)	(2,832)	(7,608)
Interest charged	530	1,379	457	1,228
Interest received	(49)	(127)	(20)	(54)
Exchange rate differences	182	(1,347)	149	(62)
End of the year	**19,497**	**48,934**	**7,887**	**20,554**

As at 31 December 2013, all loans granted mature in 2014 – 2015 and weighted average effective interest rate of these loans is 6.3 per cent (2012: 4.2 per cent).

22 Remuneration of the Company's key management personnel

General manager, operating managers and chief financier are considered as the key management personnel of the Company.

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Salaries	93	243	82	219
Social insurance expenses	29	75	25	68
	122	**318**	**107**	**287**

23 Events after the balance sheet date

There were no post-balance sheet events that could have a material impact on the ability of the users of the financial statements to take decisions.