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**AVIAAM LEASING AB**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**STAND-ALONE ANNUAL REPORT**

Approved by the Management Board as at

2014

**I. GENERAL INFORMATION**

**Reporting period**

Year ended 31 December 2013

**Company and its contact details**

Name of the Company	AviaAM Leasing AB (hereinafter – “ <i>AviaAM Leasing</i> ” or “ <i>the Company</i> ”)
Legal form	Public company (joint-stock company)
Date of registration	6 April 2009
Name of Register of Legal Entities	State Enterprise Centre of Registers
Code of enterprise	302330793
Registered office	Smolensko str. 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 55 25
Fax number	+370 5 252 55 24
E-mail	info@aviaam.com
Web address	www.aviaam.com

**Main activities**

AviaAM Leasing is a holding company together with its subsidiaries (referred to as “*the Group*”) established to acquire, lease and trade commercial aircraft. The principal activity of the Company is management of its subsidiaries. In turn, the principal activity of all subsidiaries of the Company is operating leasing, management and trading of mid-life narrowbody and regional jet aircraft.

The Group’s primary focus is on the market for used aircraft, primarily on aircraft ten years of age or older. The Group is principally engaged in purchasing commercial aircraft which the Group, in turn, lease to airlines around the world to generate attractive returns on equity. The Group leases its aircraft to airlines pursuant to net operating (“dry”) leases that require the lessee to pay for maintenance, insurance, taxes and all other aircraft operating expenses during the lease term.

In addition to aircraft operating lease activities, the Group is actively engaged in aircraft trading business through acquiring, refurbishing and subsequent sale of aviation assets. Through long-standing relationships and extensive market knowledge, the Group acquires aircraft from airline operators, other lessors, trading entities, financial institutions and directly from the manufacturers. These acquisitions are made with the intent of subsequent sale of the aircraft either in “as-is” condition or after performing certain technical modifications in order to meet the client’s requirements.

While Group’s primary business is to own, lease and trade aircraft, the Group also provides consulting, aircraft transaction management and remarketing services to third parties for a fee. These services are similar to those the Group performs for its fleet, including leasing, re-leasing, lease management and sales services. Thanks to Group’s extensive market intelligence gathered from its daily contacts with other market participants, the Group is well positioned to advise its clients on the best terms and conditions available in the market, and to provide assistance and know-how to its clients in the field of structuring and maintaining their aircraft portfolios.

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**Subsidiaries**

As at 31 December 2013 the Company directly and indirectly owned the following subsidiaries:

<b>Name of the company</b>	<b>Date of registration, code, name of Register of Legal Entities</b>	<b>Contact details</b>	<b>Effective holding of the Company (%)</b>
AviaAM B01 UAB	Date of acquiring: 4 January 2010 Company code: 125808161 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B02 UAB	Date of acquiring: 4 January 2010 Company code: 300618156 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B03 UAB	Date of acquiring: 22 January 2010 Company code: 300887740 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B04 UAB	Date of establishment: 22 February 2007 Company code: 300651619 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B05 UAB	Date of establishment: 28 June 2011 Company code: 302642412 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B06 UAB	Date of establishment: 15 July 2011 Company code: 302647509 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AviaAM B07 UAB	Date of establishment: 30 September 2011 Company code: 302671887 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AAL Capital Aircraft Holdings Ltd.	Date of establishment: 29 September 2011 Company code: HE294651 Cyprus Registrar of Companies	Demetriou Karatasou 15, Anastasio Building, Strovolos, 2024 Nicosia, CYPRUS	100.00
AviaAM Leasing Bermuda Ltd.	Date of establishment: 16 September 2011 Company code: 45778 Registrar of Companies of Bermuda	Clarendon House, 2 Church Street, Hamilton HM 11, BERMUDA	100.00*
AviaAM B08 Ltd.	Date of establishment: 26 April 2013 Company code: 47627 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM11, BERMUDA	100.00*
AviaAM B09 Ltd.	Date of establishment: 27 June 2013 Company code: 47868 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM 11, BERMUDA	100.00*
Ice Aircraft Management Ltd.	Date of establishment: 23 October 2013 Company code: 48281 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM 11, BERMUDA	100.00*
Boulevard Two Aircraft Ltd.	Date of acquiring: 20 December 2013 Company code: 522844 Irish Companies Registration Office	70 Sir John Rogerson's Quay, Dublin 2, IRELAND	100.00*

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

As at 31 December 2013 the Company had no branches or representative offices.

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**Agreements with intermediaries of public trading in securities**

Since 1 August 2011 the Company and Orion Securities UAB FMI (code 122033915), A. Tumeno str. 4, LT-01109, Vilnius, have an agreement on accounting of the Company’s securities and services related to the accounting of securities.

**Data about securities traded on regulated market**

The following securities of the Company are included into the Main List of Warsaw Stock Exchange (symbol: AAL):

Type of shares	Number of shares	Nominal value in LTL	Total nominal value in LTL	ISIN
Ordinary registered shares	43,305,593	1	43,305,593	LT0000128555

Securities of the Company’s subsidiaries are not traded publicly.

**II. FINANCIAL AND OPERATIONAL INFORMATION**

In twelve month period ended 31 December 2013 the Company earned net profit of USD 5.7 million (LTL 14.5 million). Comparing with the same period in 2012 the net profit has increased by USD 1.4 million (LTL 3.2 million) or 34.1%. The increase in net income is primarily attributable to decrease in operating expenses by USD 663 thousand (LTL 1,837 thousand) and increase in net finance income by USD 862 thousand (LTL 1,785 thousand). The revenue decreased by 48% for the twelve month period ended 31 December 2013 as compared to the same period in 2012 due to lower proceeds from supplemental maintenance rent. The aircraft lease revenue remained roughly the same with slight decrease of 3.9% in the twelve month period ended 31 December 2013 as compared to the same period in 2012.

Key events during the twelve month period ended 31 December 2013 are summarized below:

Date	Category	Event
February 2013	Aircraft sale	The Company completed the sale of one Boeing 737-300 airframe, the lease of which expired in November 2012.
June 2013	Initial Public Offering	The Company completed an Initial Public Offering in Warsaw Stock Exchange on 28 June 2013.

The financial statements of the Company have been prepared according to International Financial Reporting Standards as adopted by the European Union.

**Key figures of the Company**

**Financial figures**

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Revenue	1,143	2,982	2,199	5,890
Operating profit	1,140	2,928	818	2,184
Operating profit margin (%)	99.74%	98.19%	37.20%	37.08%
Profit before income tax	5,667	14,493	4,318	11,514
Net profit for the year	5,670	14,480	4,227	11,279
Net profit margin (%)	496.06%	485.58%	192.22%	191.49%
Earnings per share	0.16	1.96	0.67	1.79
Weighted average number of shares (thousand)		36,377		29,448

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**Financial ratios**

	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>
Return on equity (ROE)* (%)	11.1%	32.9%
Gearing ratio** (%)	N/A	2.5%
Equity to total assets ratio*** (%)	99.2%	76.5%
Liquidity ratio****	89.1	1.2
Number of employees of the Company	8	7

\* - *Return on equity (ROE) = Net profit / Total equity*

\*\* - *Gearing ratio = Net debt / (Net debt + Total equity), Net debt = Borrowings – Cash and cash equivalents*

\*\*\* - *Equity ratio = Total equity / Total assets*

\*\*\*\* - *Liquidity ratio = Current assets / Current liabilities*

**Revenue**

	<b>Year ended 31 December</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Lease revenue	1,143	2,982	1,190	3,176
Supplemental maintenance rent	-	-	952	2,565
Other income	-	-	57	149
	<b>1,143</b>	<b>2,982</b>	<b>2,199</b>	<b>5,890</b>

The revenue from aircraft leases (i.e. lease revenue and supplemental maintenance rent) accounted for 100% of total revenue in twelve month period ended 31 December 2013, as for the same period in 2012 the revenue from aircraft leases accounted for 97.4%.

As at 31 December 2012 the Company owned one Boeing 737-300 aircraft, the lease of which expired in November 2012. The Company sold the airframe of the subject aircraft in February 2013 however retained the ownership of the engines and continued to lease these engines under separate engine operating lease agreements.

Decrease in lease revenue by 3.9% in the twelve month period ended 31 December 2013 to USD 1.1 million (LTL 3.0 million) as compared to USD 1.2 million (LTL 3.2 million) in the same period in 2012 resulted from the change in nature of aviation assets on lease – lease of two engines in 2013 as opposed to lease of the whole aircraft in 2013.

No proceeds from supplemental maintenance rent in the twelve month period ended 31 December 2013 as compared to USD 1.0 million (LTL 2.6 million) in the same period in 2012 resulted from the fact that the engine lease agreements did not provide for payment of supplemental rent by their lessees.

**Interest income on loans, gain on sales of PPE and other gain (losses) - net**

	<b>Year ended 31 December</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Interest income on loans	537	1,385	457	1,226
Gain (loss) on sale of property, plant and equipment (net)	(350)	(910)	-	-
Other gain (losses) - net	657	1,713	-	-
	<b>844</b>	<b>2,188</b>	<b>457</b>	<b>1,226</b>

During the year ended 31 December 2013 the Group earned interest income on loans in the amount of USD 0.5 million (LTL 1.4 million) as compared to USD 0.5 million (LTL 1.2 million) during the year ended 31 December 2012.

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Gain (loss) on sale of property, plant and equipment (net) encompass net gain (loss) on sale of aircraft and aircraft components (e.g. the airframe). The net loss of USD 350 thousand (LTL 910 thousand) was recognized in 2013 in respect to the sale of Boeing 737-300 airframe which was completed in February 2013.

Other gain (losses) – net encompass other one-off items not attributable to the revenue group which amounted to USD 657 thousand (LTL 1,713 thousand) for the year ended 31 December 2013.

**Operating expenses**

	Year ended 31 December			
	USD	2013 LTL	USD	2012 LTL
Depreciation of aircraft	116	334	289	816
Revaluation of aircraft	(441)	(1,114)	172	454
Aircraft maintenance expenses	50	128	687	1,810
Employee-related expenses	258	669	162	434
Other operating expenses	864	2,225	528	1,418
	<b>847</b>	<b>2,242</b>	<b>1,838</b>	<b>4,932</b>

Depreciation expenses decreased by 59.9% in the twelve month period ended 31 December 2013 to the amount of USD 116 thousand (LTL 334 thousand) as compared to USD 289 thousand (LTL 816 thousand) for the same period in 2012.

Aircraft maintenance expenses recognized in the statements of comprehensive income represent costs incurred for the maintenance of aircraft off lease, servicing and supervision of aircraft on lease and costs expensed in relation to aircraft technical evaluation and inspections prior to purchase. These costs recorded in the twelve month period ended 31 December 2013 amounted to USD 50 thousand (LTL 128 thousand) in comparison to USD 687 thousand (LTL 1.8 million) in the same period in 2012.

Employee related expenses consist of salaries and social insurance expenses. For the twelve month period ended 31 December 2013 these expenses grew from USD 162 thousand (LTL 434 thousand) in 2012 to USD 258 thousand (LTL 669 thousand) in 2013 due to an increase in salaries and in number of employees in the Company.

Revaluation of aircraft expenses are attributable to the fact that pursuant to the accounting policy of the Company aircraft and aircraft engines are carried at revalued amounts being fair value at the end of each annual reporting period. During the year ended 31 December 2013 the increase by USD 441 thousand (LTL 1.1 million) in values of aviation assets in the Company's portfolio was recognised in profit and loss as compared to USD 172 thousand (LTL 454 million) decrease in fair value of these assets in 2012.

Other operating expenses in the twelve month period ended 31 December 2013 increased by USD 1 million (LTL 2.7 million) as compared to the same period in 2012. The breakdown of these expenses is listed in the table below.

**Other operating expenses**

	Year ended 31 December			
	USD	2013 LTL	USD	2012 LTL
Legal and translation expenses	194	502	131	351
Management services	185	479	67	181
Marketing expenses	90	234	126	336
Travelling expenses	88	229	44	117
Representation expenses	71	185	-	-
IPO related expenses	51	136	-	-
Audit and accounting expenses	22	57	19	48
Insurance expenses	-	-	30	81
Other administrative expenses	163	403	111	304
	<b>864</b>	<b>2,225</b>	<b>528</b>	<b>1,418</b>

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Legal and translation expenses mainly relate to expenses incurred in preparation and execution of aircraft lease, sale, management and other related contracts. These expenses increased from the level of USD 131 thousand (LTL 351 thousand) in the twelve month period ended 31 December 2012 to USD 194 thousand (LTL 502 thousand) in the same period in 2013. The increase in these expenses relates to the expansion of the Company’s and Group’s operations in the fields of aircraft trading and transaction management.

The Company outsources some of administrative services if it considers the required competences or scale of services are better provided by contractual arrangements referred to as servicing agreements. The Company has such servicing agreements in place for consulting, sales, utilization of resources, software usage and IT administration with Avia Solutions Group AB. Pricing of such agreements that are driven by hourly rates are subject to transfer pricing documentation scrutiny. The increase of management services from USD 67 thousand (LTL 181 thousand) in the twelve month period ended 31 December 2012 to USD 185 thousand (LTL 479 thousand) in the same period in 2013 resulted from higher reliance on outsourced services due to an increase in business activities of the Company and the Group.

Marketing expenses have decreased in the twelve month period ended 31 December 2013 to USD 90 thousand (LTL 234 thousand) as compared to USD 126 thousand (LTL 336 thousand) during the same period in 2012. However the Company also incurred additional expenses related to the Initial Public Offering (“IPO”), which amounted to USD 51 thousand (LTL 136 thousand) for the year ended 31 December 2013.

Increase in travelling expenses by 100% in the twelve month period ended 31 December 2013 as compared to the same period in 2012 is mainly attributed to stronger sales activities, active client relationship management and exploration of potential markets such as Africa and Asia.

Representation expenses relate to client relationship management. These expenses amounted to USD 71 thousand (LTL 185 thousand) in the twelve month period ended 31 December 2013.

The audit and accounting expenses were relatively flat in the year ended 31 December 2013 as compared to the same period in 2012 and amounted to USD 22 thousand (LTL 57 thousand) (2012: USD 19 thousand (LTL 48 thousand)).

In the twelve month period ended 31 December 2013 other administrative expenses accounted for 18.9% of all other operating expenses as compared to 18.1% to the same period in 2012.

### **Earnings**

Operating profit of the Company for the year ended 31 December 2013 was equal to USD 1.1 million (LTL 2.9 million), compared to the operating profit of USD 0.8 million (LTL 2.2 million) in 2012.

Net finance income of the Company amounted to USD 4.5 million (LTL 11.6 million) in 2013 as compared to USD 3.5 million (LTL 9.3 million) for the year ended 31 December 2012. The increase in net finance income was primarily related to the decrease in interest expenses by USD 164 thousand (LTL 448 thousand) and the increase in foreign exchange gain on financing activities by USD 716 thousand (LTL 1,836 thousand).

As a result, profit before income tax of the Company for the year ended 31 December 2013 was equal to USD 5.7 million (LTL 14.5 million) as compared to USD 4.3 million (LTL 11.5 million) for the year ended 31 December 2012.

Income tax expense totaled for USD 3 thousand (negative LTL 13 thousand) for the year ended 31 December 2013 as compared to an income tax gain of USD 91 thousand (LTL 235 thousand) in 2012.

As a result, the Company earned a net profit of USD 5.7 million (LTL 14.5 million) for the year ended 31 December 2013. The net profit increased by 34.1% as compared to the same period in 2012 when the net profit of the Company amounted to USD 4.2 million (LTL 11.3 million).

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**Balance sheet and cash flow**

During the twelve month period ended 31 December 2013 total assets of the Company increased by USD 34.7 million (LTL 129.1 million) or 206.6% compared to 2012 primarily due to the increase in cash and cash equivalents by USD 17.0 million (LTL 42.6 million) mainly attributable to the proceeds from the Initial Public Offering ("IPO") of the Company on the Warsaw Stock Exchange and the increase in trade and other receivables by USD 17.7 million (LTL 43.2 million) mainly due to loans granted by the Company to the related and third parties.

During the twelve month period ended 31 December 2013 total liabilities of the Company decreased by USD 3.5 million (LTL 9.3 million) or 90% to USD 396 thousand (LTL 993 thousand) as compared to USD 3.9 million (LTL 10.3 million) in 2012. A meaningful impact to this change was a decrease in trade and other payables by USD 2.7 million (LTL 7 million) during the year ended 31 December 2013.

Shareholders' equity of the Company increased by 297.8% and amounted to USD 51 million (LTL 128.1 million) as at 31 December 2013. This increase was primarily attributable to the increase in share capital (including share premium) by USD 32.5 million (LTL 85.9 million) following the Initial Public Offering ("IPO") and increase in retained earnings by USD 5.7 million (LTL 14.5 million).

In the twelve month period ended 31 December 2013 net cash flow generated from operating activities was lower by USD 263 thousand (LTL 891 thousand) as compared to the same period in 2012 and amounted to USD 120 thousand (LTL 383 thousand) for the year ended 31 December 2013.

In the twelve month period ended 31 December 2013 net cash used in investing activities amounted to USD 13.2 million (LTL 34.4 million) as opposed to net cash generated in the amount of USD 2.8 million (LTL 7.7 million) for the same period in 2012. The main reason for the increase in net cash used in investing activities was a cash balance of loans granted by the Company to the related and third parties in the amount of USD 18.3 million (LTL 47.7 million) during the year ended 31 December 31.

In the twelve month period ended 31 December 2013 net cash flow generated from financing activities was positive and amounted to USD 30.1 million (LTL 78.2 million) as compared to negative USD 3.8 million (LTL 10.3 million) in 2012. The positive result was mainly attributable to the proceeds from issuance of ordinary shares in the amount of USD 32.7 million (LTL 85.1 million).

**Information about related party transactions**

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

Related parties include the following:

- Subsidiaries of the Company;
- Entities having significant influence over the Company;
- Key management personnel of the Company;
- Other related parties.

Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Leasing Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Leasing Ltd). Other related parties include other shareholders of the Company, associates and jointly controlled entities of the Company and subsidiaries of ZIA Valda AB group.

Detailed information about related party transactions is provided in Note 21 of the Company's Financial Statements for the year ended 31 December 2013

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**Investments related to continuing operations**

The Company has not made any significant investments related to continuing operations in the twelve month period ended 31 December 2013.

**Research and development activities**

There were no major research and development projects undertaken during the twelve month period ended 31 December 2013.

**Significant events after the balance sheet date**

There were no significant events after the balance sheet date.

**Environmental protection**

In its activities the Company uses all available means and the modern technological processes that meet all ecological standards and help reduce the negative impact on the environment.

**Risk management**

The main risk factors associated with the activities of the Company are as follows:

- Changes in the supply and demand for mid-life aircraft;
- Changes in the market lease rates and aircraft prices;
- Changes in currency exchange rates;
- Increase in competition from other aircraft lessors;
- Changes in the regulatory environment;
- Deterioration of the financial condition of the Company's and Group's lessees.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and interest rate 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.

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 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's 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.



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

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 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.

The detailed information about the Company's financial risk management is provided in Note 3 of the Company's Financial Statements for the year ended 31 December 2013.

**Description of key features of internal control and risk management systems related to the process of financial reporting**

The Company's system of internal control and risk management in the process of drawing up financial statements is implemented through:

- the audit of the annual financial statements of the Company and the Group;
- verification whether a single accounting policy is applied by the Group companies as regards the recognition, measurement and disclosures in accordance with the International financial Reporting Standards (IFRS);
- following accounting standards and monitoring compliance with them.

The Company and the Group maintains its financial statements in accordance with the IFRS as adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as applicable in the respective years.

The Company has certain procedures to authorise the financial statements under which the periodical reports are submitted to the Management Board and, subsequently, forwarded to the Supervisory Council for their opinion. Once the opinion has been obtained from the Supervisory Council and once the auditor has ended its review, the annual financial statements are approved by the Management Board for publication and subsequently filed with the appropriate capital market institutions and made public. Before the publication, the financial statements are treated as confidential information of the Company and provided solely to persons involved in the preparation, verification and approval process which are bind under the confidentiality undertakings.

The Annual General Meeting of Shareholders receives the audited annual financial statements and the annual report, and adopts a decision to approve the audited annual financial statements.

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**Plans and forecasts**

The Company intends to further follow a disciplined approach to future aircraft acquisitions, seeking to create a portfolio of aircraft in the niche markets for used, midlife to end-of-life (generally, ten years of age or older) narrowbody jet and regional aircraft and to further expand its activities in the fields of aircraft trading and management. To execute this strategy, the Company will focus on the following:

- Generating higher yields: the management of the Company believes the aforementioned target assets typically have higher lease rates relative to their purchase price (i.e. as the lease rate factor) than newer aircraft, thus allowing the Company and the Group to generate attractive, cash-on-cash yields;
- Identifying transactions that are not widely marketed: through the management's relationships with aircraft lessors, financial investors and brokers, the Company expects to have access to transactions that are not widely marketed;
- Strategically acquiring attractive assets during market weakness: while the Company intends to be active in the aircraft leasing market throughout market cycles, the Company will seek to take advantage of the cyclicity in the aviation industry by opportunistically acquiring selected aircraft during market downturns;
- Providing for flexible resales and part-out: the Company expects to employ a flexible divestment strategy to allow to sell assets when the market cycle makes asset sales most advantageous;
- Focusing on high growth markets: the Company is primarily focused on the Eastern European, Russian and CIS markets; however due to the nature of the aircraft operating leasing business the Company is seeking for expansion of the geography of operations into other markets such as Western Europe, Middle East and Southeast Asia.
- Expanding the scope of services provided by the Company and the Group: in addition to aircraft leasing and trading business lines, the Company intends to further expand its aircraft transaction management, consulting and asset management activities leveraging the successful track record of the executed transactions and experience and know-how of the management.

Acquisitions of aircraft either for leasing or trading activities will be pursued through the co-operation with aircraft operators, manufacturers, financial institutions, private investors and third party lessors.

**Auditors**

On 15 October 2012, the shareholders of the Company during the Extraordinary General Meeting of Shareholders elected UAB PricewaterhouseCoopers as the Company's audit enterprise for the period of the next two years to perform the audit of the annual consolidated and stand-alone financial statements of the Company for the years 2012 and 2013 and to make the assessment of the annual report of the Company for the years 2012 and 2013.

PricewaterhouseCoopers UAB has been auditing the financial statements of the Company and the Group since 2008.

**III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS**

**Share capital**

As at 31 December 2013 the share capital of the Company amounted to LTL 43,305,593 and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1 each. The Company completed an Initial Public Offering (the "IPO") in Warsaw Stock Exchange on 28 June 2013 by issuing 13,857,790 new shares in addition to existing 29,447,803 shares and selling 160,964 existing shares owned by Mr. Gediminas Ziemelis.

Ordinary registered shares of the Company (ISIN code LT0000128555) are listed on the Main List of Warsaw Stock Exchange (symbol: AAL).

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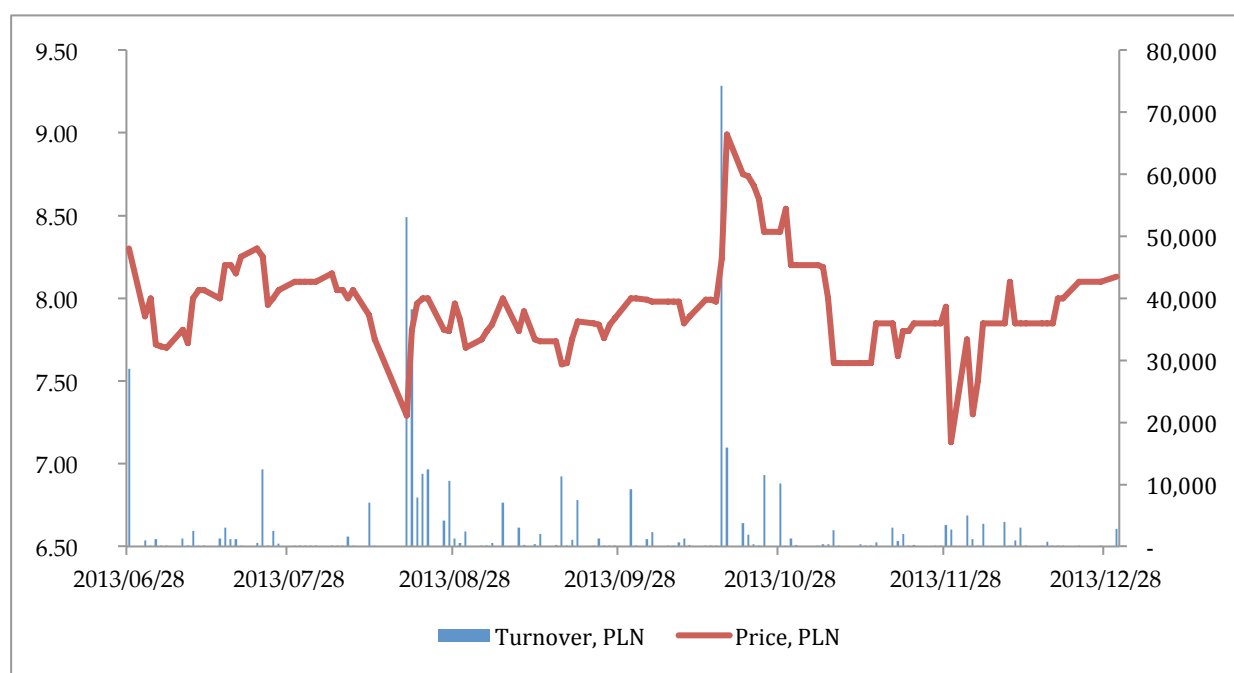
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**Information about trading in the Company's securities**

Information about trading in the Company's shares on Warsaw stock exchange in 2013:

Year	Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover
2013	PLN	8.29	9.10	7.00	8.13	7.95	416,983

Company's market capitalization as of 31 December 2013 reached PLN 352.1 million



**Shareholders**

Shareholders, holding more than 5% of the share capital and votes, as of 31 December 2013:

Name	Company code and address	Number of shares owned and votes given	Share of the share capital and votes, %
ZIA Valda Cyprus Leasing Limited	Company code: HE 284966 Address: Avlonos 1, Maria House, CY1075 Nicosia, Cyprus	17,078,622	39.44
Mesotania Holdings Limited	Company code: HE 280922 Address: Avlonos 1, Maria House, CY1075 Nicosia, Cyprus	10,899,858	25.17
ING Otworthy Fundusz Emerytalny (Open pension fund)	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	5,000,000	11.54
Other shareholders	-	10,327,113	23.85
<b>Total</b>		<b>43,305,593</b>	<b>100.00</b>

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**Shares owned by the management bodies of the Company**

The number of Company’s shares owned by members of the management bodies (i.e. the Supervisory Council, the Management Board and General Manager) and Company’s administration is listed in the table below:

<b>Name</b>	<b>Role in the Company’s management</b>	<b>Number of shares</b>	<b>%</b>
Linas Dovydėnas	Member of the Management Board	441,717	1.02
Aurimas Sanikovas	Member of the Management Board	294,478	0.68
Gediminas Žiemelis	Chairman of the Management Board	162,962	0.38
Tadas Goberis	General Manager of the Company	147,239	0.34
<b>Total</b>		<b>1,046,396</b>	<b>2.42</b>

**Treasury shares**

Neither the Company nor its subsidiaries have ever acquired any treasury shares. As of 31 December 2013, the Company does not hold any treasury stock.

**Acquisition of treasury shares**

Under applicable Lithuanian laws, a qualified  $\frac{3}{4}$  majority of votes of shareholders is required to adopt a resolution on the acquisition of its own shares. The Company is not entitled to exercise property and non-property rights conferred by such shares.

The Company may acquire its own shares under the following conditions: a) the acquisition of its own shares shall occur within a period of eighteen months after the resolution of the General Shareholders’ Meeting specifying the terms, conditions and purpose for the acquisition of its own shares is adopted; (b) the total nominal value of the shares to be acquired shall not exceed one-tenth of the share capital of the Company; (c) after the acquisition of its own shares, the Company’s equity shall not fall below the sum of the paid share capital, mandatory reserve and the reserve for acquisition of own shares; (d) price for the treasury shares shall be paid from a special reserve for acquisition of its own shares which has to be formed by the Company prior to acquisition; (e) acquired shares shall be fully paid; (f) acquisition of its own shares by the Company shall ensure equal possibilities for all shareholders to sell their shares to the Company.

Shares that were acquired infringing the above listed requirements (a)-(d) must be sold within twelve months from the acquisition of these shares. If the shares are not sold during this period, then the corresponding portion of the share capital of the Company must be annulled.

Shall the Company undertake no actions to annul the preference shares which were acquired infringing the above listed requirements, the share capital shall be reduced accordingly by the court decision. The right to apply to the court shall be vested in the General Manager of the Company, the Management Board, the shareholder and the creditor. The General Manager of the Company shall be responsible for compliance with the requirements set for the acquisition of the treasury shares of the Company.

**Shareholders’ rights**

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

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**Procedure for amending the Company's Articles of Association**

The present Articles of Association of the Company may be amended in the manner prescribed by the Lithuanian Company Law. Any amendment to Articles of Association requires a resolution of the General Meeting of Shareholders and has to be entered into the Register of Legal Entities of the Republic of Lithuania. The resolution of the General Meeting of Shareholders to amend the Articles of Association is adopted by a qualified majority of two thirds of votes carried by the shares held by the shareholders attending the Meeting. Once the amendments to the Articles of Association are entered into the Register of Legal Entities, the Company publishes a relevant current report.

**Proceedings and powers of the Company's General Meeting of Shareholders**

Proceedings and powers of the Company's General Meeting of Shareholders are regulated in the Articles of Association and specified in the Lithuanian Company Law. The Articles of Association of the Company can be found on the AviaAM Leasing's website: [www.aviaam.com](http://www.aviaam.com) in the "Investor Relations" section, under "Corporate Governance".

**Convening and calling of the Company's General Meetings of Shareholders**

A notice of the convening of the General Meeting of Shareholders of the Company must be published in the Republic of Lithuania and all other EU member states as well as countries of the European Economic Area not later than 21 days before the General Meeting of Shareholders according to the procedure laid down in the laws. The General Meeting is convened through placing an announcement on the Company's website and by delivering a current report to the capital market institutions and making it public. The notice of the convening of the General Meeting of Shareholders must be additionally published in electronic publication for public announcements administrated by the manager of the Register of Legal Entities.

The Company must hold at least one Annual General Meeting of Shareholders within four months of the end of the financial year.

The Extraordinary General Meeting of Shareholders is convened by the Management Board on its own initiative, on the motion of the Supervisory Council or on the motion of a shareholder or shareholders representing no less than one tenth of the Company's share capital, within thirty days from receiving the motion. The motion for the General Meeting to be held should specify the issues for the agenda or include draft resolution on the proposed agenda. The Lithuanian Company Law establishes cases when the General Meeting of Shareholders may be convened upon a court decision.

The shareholder or shareholders representing no less than one twentieth of the Company's share capital may request that specific issues be placed on the agenda of the nearest General Meeting under the rules stipulated in the generally applicable provisions of law.

The Company is obliged to provide draft resolutions, general voting ballot at least 21 days before the date the General Meeting is to be held in order to enable the shareholders to review and assess them. All the materials to be presented to the shareholders at the General Meeting are to be made available by the Company 10 days prior to the commencement day of the General Meeting in the Company's seat in Vilnius, as well as on the corporate website [www.aviaam.com](http://www.aviaam.com). The resolutions adopted by the General Meeting and voting results are to be published 7 days after the commencement day of the General Meeting.

The General Meetings of the Shareholders are usually held in the Company's seat in Vilnius.

The cancellation and the change in the date of the General Meeting should be effected forthwith once the requirement for the cancellation and the change in the date has occurred but no later than 21 days prior to the day when the General Meeting is to be held under the same procedure as indicated above.

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### **Competence of the Company’s General Meeting of Shareholders**

Each shareholder is entitled to the following economic rights:

- to receive a part of the Company’s profit (dividend);
- to receive the Company’s funds when the share capital of the Company is reduced in order to pay out the Company’s funds to its shareholders;
- to receive shares grants in the event the share capital is increased from the Company’s own funds, except cases indicated in the Lithuanian Company Law;
- to have the right of first refusal over each new issue of the Company’s shares or convertible bonds, except when pursuant to the procedure laid down in the Lithuanian Company Law the General Meeting of Shareholders has made a decision to withdraw said right to all shareholders;
- to lend to the Company under the procedure prescribed by Lithuanian law;
- to receive a part of the residual assets of the Company in liquidation.

Each shareholder is entitled to the following control rights:

- to attend the General Meetings of Shareholders;
- to ask questions to the Company in advance relating to the matters of the agenda of the General Meeting of Shareholders;
- to vote at the General Meetings of Shareholders in accordance with the rights attached to shares;
- to receive information about the Company following the procedure prescribed by the Lithuanian Company Law;
- to appeal to the court of law for the compensation of damages caused by the Board members or the Managing Director of the Company by non-performance or improper performance of their duties prescribed by the laws of the Republic of Lithuania and the Articles of Association of the Company, as well as in other cases provided by laws.

The shareholders of the Company also enjoy other rights established by the Lithuanian Company Law and other legal acts of the Republic of Lithuania.

### **Voting at the Company’s General Meeting of Shareholders**

A General Meeting of Shareholders may take decisions and shall be held valid if attended by shareholders who hold shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the General Meeting. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

For the purpose of establishing the total number of votes carried by the shares of the company and the quorum of the General Meeting, the following shares shall be considered to be non-voting shares:

- own shares purchased by the company;
- non-voting preference shares of the class specified in the Articles of Association.

If the shareholder exercises his right to take a written vote, upon being presented for scrutiny the agenda of the General Meeting and draft decisions, he shall fill in and submit to the company a general ballot paper notifying the General Meeting whether he is “for” or “against” each decision. The shareholders who took a written vote in advance shall be considered as being present at the General Meeting and their votes shall be included in the quorum of the meeting and the results of voting. The general ballots papers of the meetings which have not taken place shall be valid at repeat meetings. A shareholder shall not be entitled to vote at the General Meeting for the decision in respect of which he has expressed his will in advance in writing.

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Voting at the General Meeting shall be open. Secret voting shall be mandatory to all shareholders on the issues on which at least one shareholder requests a secret vote be taken, provided that he is supported by shareholders whose shares carry at least 1/10 of the votes at the General Meeting.

A decision of the General Meeting shall be considered taken if more votes of the shareholders have been cast for it than against it, unless the Lithuanian Company Law or the Articles of Association of the Company prescribe a larger majority.

The General Meeting shall not be entitled to take decisions on the issues that are not on the agenda except when the meeting is attended by all shareholders who own shares conferring voting rights and no shareholder has voted in writing.

The General Meeting shall take the following decisions by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting:

- to amend the Articles of Association of the Company;
- to determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- to convert the Company's shares of one class into shares of another class, approve the share conversion procedure;
- to replace private limited-liability company share certificates by shares;
- on the appropriation of profit/loss;
- on building up, drawing on, reduction or liquidation of the reserves;
- to issue convertible debentures;
- to increase the authorised capital;
- to reduce the authorised capital;
- on approving the conditions of reorganisation or division and reorganisation, or division of the Company;
- on the transformation of the Company;
- on the restructuring of the Company;
- on the liquidation of the Company and cancellation of Company.

The decision to withdraw for all shareholders the pre-emption right in acquiring the Company's newly issued shares or convertible debentures of a specific issue shall require a qualified majority vote that shall be not less than  $\frac{3}{4}$  of all votes conferred by the shares of the shareholders present at the General Meeting and entitled to decide on the issue.

The shareholders can participate in the General Meeting and exercise their voting rights in person or by proxy.

#### **Shareholders' agreements**

The Company is aware of the following agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights which are described in detail below.

Pursuant to the Lock Up Agreement concluded with *inter alia* the Company and all the shareholders of the Company as of effective day 16 May 2013, except Gediminas Žiemelis, the shareholders agreed for the period of 12 months from the first day of listing of the shares on the WSE not to dispose of the shares of the Company or conclude any transaction whose economic effect would be similar to the effect of selling the Company's stock without a prior written consent of the ING Securities S.A. In addition the shareholders, except Gediminas Žiemelis, undertook with the ING Securities S.A. that, within the period of 12 months from the first day of listing of the shares on the WSE, they will not propose, vote in favour of or otherwise support, without the prior written consent of ING Securities S.A., any increase of the Company's share capital and/or the conclusion of any transaction of which the economic effect would be similar to the effect of causing the Company to issue such instruments.

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Furthermore, according to the Share Sale-Purchase Agreements executed in March 2013, whereby the minority shareholders Linas Dovydenas, Aurimas Sanikovas, Virginija Svilainytė and Tadas Goberis acquired shares of the Company from Mesotania Holdings Ltd. and from Zia Valda Cyprus Leasing Ltd., the following major arrangements with respect to lock-up and transfer of shares of the Company were established: during the non-trading period, which lasts for a term of 1 year as from entering into the respective agreement or for a term of 1 year after the date of the Initial Public Offering (“IPO”), whichever occurs later (in case of Tadas Goberis the respective term is 2 years), the indicated minority shareholders undertook (i) not to transfer, sell or otherwise dispose all or any part of the shares to any third parties (save for, respectively, Mesotania Holdings Ltd. and ZIA Valda Cyprus Leasing Ltd. repurchase rights), (ii) not to assign or pledge any rights, title or interest to the shares to anyone than, respectively, Mesotania Holdings Ltd. and ZIA Valda Cyprus Leasing Ltd., as well as (iii) not to create or cause permit to be created any encumbrance on the shares or any part thereof. The aforementioned lock-up period ends on 28 June 2014 (28 June 2015 in case of Tadas Goberis).

**Dividends**

In the twelve month period ended 31 December 2013 the Company did not declare any dividends. The interim dividends, which were declared in 2012 for the ten month period ended 31 October 2012 in the amount of USD 2,000 thousand (LTL 5,100 thousand) were paid out in January 2013.

**IV. PERSONNEL**

The Company categorizes its employees into two groups:

- Management (General Manager, Operating Managers and Chief Financier);
- Specialists.

The Company does not employ unqualified employees due to the specific nature of the business.

The breakdown of the number of employees of the Company divided into categories as of 31 December 2013 and as of 31 December 2012 is provided in the table below.

	<b>As of 31 December</b>	
	<b>2013</b>	<b>2012</b>
Management	4	3
Specialists	4	4
	<b>8</b>	<b>7</b>

The table below presents the Company’s data on the employee related expenses by categories as of 31 December 2013 and 31 December 2012.

	<b>Year ended 31 December</b>			
	<b>2013</b>		<b>2012</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Management	122	318	107	287
Specialists	136	351	55	147
	<b>258</b>	<b>669</b>	<b>162</b>	<b>434</b>

Average monthly salary (including social security expenses) for the year ended 31 December 2013 amounted to USD 2.5 thousand (LTL 6.6 thousand) per employee in the management category and USD 2.8 thousand (LTL 7.3 thousand) per employee in the specialists category.

As of 31 December 2013 and 31 December 2012 all of the Company’s employees were employed in Lithuania.



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There are no trade unions or workers council registered in the Company or its subsidiaries. There are no collective bargaining agreements concluded in the Group companies.

**V. CORPORATE GOVERNANCE**

The Company has a three-tier management system. The management bodies of the Company are as follows: the Supervisory Council, the Management Board and the General Manager.

Apart from generally applicable laws, the rules of conduct of the Supervisory Council and the Management Board are regulated by the Company's Articles of Association and also by the Regulations of the Supervisory Council and the Management Board, respectively. The proceedings of the management bodies are also subject to the corporate governance principles set out by the Warsaw Stock Exchange.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting of Shareholders on the Company's operating strategy, sets of financial statements, drafts of profit/loss appropriation, the reports of the Company, the activities of the Management Board and the General Manager, submitting proposals to revoke decisions of the Management Board or the General Manager, etc.

The Management Board is a collegial management body, which is responsible for the strategic management of the Company, the appointment and removal of the Manager of the Company (the General Manager), calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Company, etc.

The General Manager is responsible for the day-to-day management of the Company and enjoys the exclusive right of representing the Company vis-à-vis third parties.

**The Supervisory Council**

According to the Articles of Association of the Company, the Supervisory Council is comprised of three members. Members of the Supervisory Council are appointed for a common term of four years of office, ending on the day of the respective Annual General Meeting of Shareholders.

The members of the Supervisory Council are elected by the General Meeting of Shareholders. The General Meeting of Shareholders may also remove the entire Supervisory Council or its individual members before the expiry of their term of office.

The Supervisory Council has the Chairman, elected by the Supervisory Council from among its members.

The business address for all members of the Supervisory Council is AviaAM Leasing AB, Smolensko str. 10, LT-03201 Vilnius, Lithuania.

**Members of the Supervisory Council**

Name	Position within the Company	In the position	
		Since	Until
Antanas Petrošius	Chairman of the Supervisory Council	1 April 2013	Until the Annual
Tomas Mokrikas	Member of the Supervisory Council	1 April 2013	General Meeting, to
Jacek Tucharz*	Member of the Supervisory Council	31 December 2013	be held in 2017

\* - following the statement made public in the Offering and Listing Prospectus of Company as of 4 June 2013 and in order to ensure the direct participation of the Company's investors in the Supervisory Council, the General Meeting of Shareholders of the Company held on 31 December 2013 adopted the decision to replace one member of the Supervisory Council – Džiuginta Balčiūnė – with Jacek Tucharz, the candidate proposed by the major Institutional Investor in the Company - ING Otwarty Fundusz Emerytalny.

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Information about all members of the Supervisory Council is presented below:

**Antanas Petrošius.** Antanas Petrošius possesses profound professional experience and expertise, gained in the international banking, finance advisory, derivative and investment segments over the past 13 years. Antanas Petrošius started his career in 2001 when he joined Credit Suisse, a Switzerland-based multinational financial services company, where he spent 10 years and had been promoted to various top executive positions, including: the CEO of Credit Suisse Kazakhstan; Co-Head of Investment Banking Russia/CIS. In 2011 Antanas Petrošius joined UBS, the largest Swiss global financial services company, as the Deputy CEO for Russia&CIS and Head of Investment Banking Russia & CIS. He obtained a bachelor's degree in Public Finance at Vilnius University, and a master's degree in International Economics and Finance at GSIEF, Brandeis University. Antanas Petrošius does not participate in the capital of any legal entities.

**Tomas Mokrikas.** Tomas Mokrikas holds comprehensive executive experience in investment, retail, food, pharmacy, real estate, beauty, household, and many other business segments. Tomas Mokrikas started his professional career in 1994 as the General Director at Travonas UAB, the first Lithuanian reseller of Avon products. In 1999 he became the Sales Director at Avon Cosmetics, the official representative of Avon Products Inc. in Lithuania. In 2004 Tomas Mokrikas joined the pharmacy business, while holding various executive positions in Lithuanian and Polish retail pharmacy chains. During the 2006–2008 period he gained executive experience in investment, retail and food industries, while being a member of the Board at EVA Grupė UAB, the chairman of the board at Aibė Baltic UAB, the deputy general manager at Vilniaus Pergalė AB and other. In 2008 Tomas Mokrikas was appointed as the Director of an investment company TB Investicija UAB. Until March 2011 he was also holding the managerial positions in real estate companies Stirnų projektas UAB and Latako projektas UAB. Since 2010 Tomas Mokrikas is a Chairman of the Supervisory Council of a Polish confectionery maker ZPC MIESZKO S.A. At the moment Tomas Mokrikas also serves as the Director of NG Investicija UAB and Solingas UAB, as well as a Chairman of the Supervisory Council at POSTI and member of Supervisory Council at CENOS Sp.z.o.o. He graduated from Vilnius University in Economics in 1995. Tomas Mokrikas owns 50 percent of shares at Hotekšas UAB and is also a sole shareholder in Solingas UAB.

**Jacek Tucharz.** Jacek Tucharz holds over 20 years of experience in various business areas, including asset management, real estate, investment, finance and energy industries. With a Bachelor's degree in International Trade and a Master's degree in Marketing Policy, gained at Warsaw School of Economics, Jacek Tucharz started his executive career in 1993 as an Inspector and Securities Broker at a brokerage company Powszechny Bank Kredytowy S.A. Since 1996 till 1999 Jacek Tucharz was working as the Investment Director at XI Narodowy Fundusz Inwestycyjny S.A. Later on, he was holding various top management positions in such asset management companies as Trinity Management sp. z o.o, and PZU NFI Management sp. z o.o. In 2007-2010 Jacek Tucharz was the Chairman of the Board at Auto – Centrum Puławska sp. z o.o. Jacek Tucharz is one of the main shareholders of Myjnie Bezdotykowe Tucharz spółka jawna and a Vice President at Energosynergia Technologie sp. z o.o.

#### **Organisation of the Supervisory Council's activities**

In pursuance of continuous solving of fundamental questions of the Group's management, the Supervisory Council Meetings are convened once a quarter, according the schedule, adopted in advance.

The Chairman of the Supervisory Council, following the Regulations of the Supervisory Council, convenes the Supervisory Council Meetings at the time and place set by the Chairman of the Supervisory Council by sending each member of the Supervisory Council and other persons participating the Supervisory Council Meeting a notice to that effect no later than 8 (eight) working days before the Supervisory Council Meeting.

The Supervisory Council Meeting shall be convened by the decision of the Supervisory Council members of no less than 1/3 votes. In case the Supervisory Council member provides a written request to the Chairman of the Supervisory Council to convene the Supervisory Council Meeting, which defines proposed questions of the Agenda and drafts of the decisions, also necessary document on Agenda questions are provided, the Chairman shall convene the Supervisory Council Meeting in 10 (ten) business days after the request of the Supervisory Council member was received.

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The Supervisory Council Meetings are open for members of the Management Board and the General Manager of the Company. Employees of the Company and the auditors of the Company can be invited also.

The Chairman of the Supervisory Council shall indicate the date and Agenda of the Supervisory Council Meeting, and shall collaborate with the Chairman of the Management Board in order to avoid date conjunction. Each Supervisory Council member shall have right to propose additional questions to the Agenda of the Supervisory Council Meeting, which should be included to the Agenda if the Chairman receives such a written proposal to supplement the Agenda not later than in 6 (six) days before the Supervisory Council Meeting. The proposal to supplement the Agenda shall contain detailed information about the proposed questions and proposed draft of decision. The Chairman shall inform personally the members of the Council and other persons attending the Supervisory Council Meeting not later than in 5 (five) business days before the Supervisory Council Meeting.

The Supervisory Council shall be entitled to pass its decisions and the Supervisory Council Meeting shall be acknowledged as legitimate if no less than a half of the Supervisory Council members are participating the Meeting. The members of the Supervisory Council who voted in advance in written shall be deemed to be present at the Meeting.

The decision of the Supervisory Council shall be adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Supervisory Council shall have the decisive vote.

#### **Competence of the Supervisory Council**

The Supervisory Council implements its functions and has rights stated in the laws, Regulations of the Supervisory Council, Articles of Association and decisions of the General Meeting of Shareholders. The Supervisory Council has no right to transfer implementing of its functions to other management bodies of the Company.

The members of the Supervisory Council have the following rights:

- to attend the Supervisory Council Meetings in person and vote on all issues;
- to authorize another person to vote for him/her at the Supervisory Council Meeting, if it does not confront with the interest of the Company and its shareholders;
- to get familiar with Agenda issues, draft decisions, and other documents related to the Supervisory Council Meetings;
- to initiate the Supervisory Council Meeting;
- to make proposals for the Agenda of the Supervisory Council Meeting under the procedures set herein;
- to express his/her opinion at each Supervisory Council Meeting on any Agenda issue;
- to vote in the Meeting “for” or “against” provided decision or suspend from voting;
- to vote in writing before the Meeting “for” or “against” known Agenda issues of the Supervisory Council Meeting if he/she has no possibility to attend such meeting. Voting using means of telecommunication, if text and signature is secure, shall be equal to voting in writing;
- attend in the General Meeting of the Shareholders;
- to get acquainted with the documents of the Company, to receive all information from the employees of the Company, General Manager and Management Board about the commercial and financial activities of the Company, which is necessary for the organization of the Supervisory Council activity and decision making;
- in case a certain decision of the Supervisory Council is passed, to refer to outside law, accountant or other professionals solving arising during the Supervisory Council activity;
- to resign from office as a member of the Supervisory Council any time announcing in a written assignment before 14 calendar days;
- to get remuneration (bonuses) for his/her activity in the Supervisory Council;
- other rights indicated by laws, Articles of Association and Regulations of the Supervisory Council.

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The members of the Supervisory Council have the following duties:

- to act in good faith and reasonably with regard to the interests of the Company and its shareholders, also regarding to the interests of the employees and interests of community;
- to proceed in the Supervisory Council meeting personally or by a authorized representative;
- to state clearly his disagreement in case he considering the Supervisory Council decision can cause harm to the Company;
- to be loyal to the Company;
- to avoid situation where his/her private interests conflict or may conflict with the interests of the Company, notify other members of the Supervisory Council of occurrence, nature and value of such situations;
- communicate with the shareholders and obligate to them following the rules states in laws, Articles of Association of the Company, Regulations of the Supervisory Council and Supervisory Council decisions and requirements;
- to guarantee that electors do not make any influence to the decisions of the Supervisory Council;
- maintain Company's commercial (trade) secrets, which were disclosed to the Supervisory Council member during the Supervisory Council membership term;
- not to confuse his/her own property with that of the Company and not to use information obtained in the performance of his/her office as a member of the Supervisory Council for his/her personal benefit or benefit of third parties in a way other than that allowed by the General Meeting of Shareholders;
- to notify in nearly meeting of the Supervisory Council about the contracts with the Company (except for the low value contracts or contracts concluded while usual operation of the Company and usual standard terms, applied for the third persons;
- to restrain from voting, in case the Supervisory Council decisions concerning contracts and other questions, are related with the certain Supervisory Council member personally or matter-of-fact;
- to give information about own activities and stock contracts closely connected with the activities of the Company and the Group;
- to participate in the Supervisory Council Meetings and pay attention to the performing of duties of the Supervisory Council member. In case the member of the Supervisory Council misses more than 2/3 Supervisory Council meetings during the financial year of the Company, the shareholders shall be informed about that in the General Meeting of Shareholders;
- to inform immediately the Supervisory Council, in case information about the member of the Supervisory Council provided before was changed;
- to perform other duties stated by laws, Articles of Association and Regulations of the Supervisory Council.

#### **Committees**

The Supervisory Council has a right to form committees from among the members of Supervisory Council. As of 31 December 2013 there were no committees formed in the Supervisory Council.

#### **The Management Board**

According to the Articles of Association of the Company, the Management Board is comprised of five members elected for the tenure of four years.

The Management Board is elected by the Supervisory Council in accordance with the procedure stated in the Lithuanian Company Law. The Supervisory Council has a right to revoke the Management Board in corpore or separate members of it before the expiry of their term of office.

The member of the Management Board may resign from office upon 14 (fourteen) days written notice to the Chairman of the Management Board until expire of the term (in case the Chairman resigns such a notice shall be provided to the Company). No separate decision of the Management Board is required for resignation come into effect.

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The Management Board implements its functions during the term it was elected, or until new Management Board is elected and starts its work, but not longer than the Annual General Meeting of Shareholders during the final year of its term of office.

Number of terms a member may serve on the Management Board is not limited.

The Management Board has the Chairman, elected by the Management Board from among its members.

The business address for all members of the Management Board is AviaAM Leasing AB, Smolensko str. 10, LT-03201 Vilnius, Lithuania.

**Members of the Management Board**

Name	Position within the Company	In the position	
		Since	Until
Gediminas Žiemelis	Chairman of the Management Board	29 May 2012	Until the
Justinas Gilys	Member of the Management Board	29 May 2012	Annual General
Aurimas Sanikovas	Member of the Management Board	29 May 2012	Meeting,
Linas Dovydenas	Member of the Management Board	29 May 2012	to be held in
Gediminas Šiaudvytis	Member of the Management Board	11 January 2013	2016

Information about the members of the Management Board is presented below:

**Gediminas Žiemelis.** Gediminas Žiemelis has a unique management and advisory experience. In 2008, under the request of the Prime Minister of the Republic of Lithuania he gave practical proposals on anti-crisis actions to be taken. He started his carrier in 1999 as the assistant manager of the Vindication and Fraud Division in Lietuvos taupomasis bankas, AB (currently, Swedbank, AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was engaged mainly in debt recovery and credit risk management, the General Manager of ŽIA Valda AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMĮ (in 2007). Gediminas Žiemelis is a shareholder and a member of the Management Board in ŽIA Valda AB and since 2008 he acts as the Manager of the Development Department. Since 2005 Gediminas Žiemelis also acts as the Manager in East Mining Group UAB, since 2006 – as the General Manager of Eastern Agro Holdings UAB. Since 2010 until now Gediminas Žiemelis presides over the Management Board of Avia Solutions Group AB, since 2011 until now takes the post of the Chairman of the Management Board at AviaAM Leasing AB. Moreover, Gediminas Žiemelis is a member of the Supervisory Council in Agrowill AB since 2010. Gediminas Žiemelis obtained a bachelor’s degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania in 1999 and a master’s degree at the Faculty of Law in the Mykolas Romeris University, Lithuania in 2006. He has also finished the Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies ([www.aia.lt](http://www.aia.lt)) (in 2009). Gediminas Žiemelis owns 162,962 shares in the Company (0.38% of all the shares ) and 80% of all shares in AB “ŽIA Valda”.

**Justinas Gilys.** Justinas Gilys has over 10 years of experience in finance specializing in the fields of insurance and aviation. He started his professional carrier as client manager in 2001 in Aon Lietuva UAB (currently named Aon Baltic UAB), the largest insurance broker in Lithuania. In 2003 Justinas Gilys joined Lithuanian Airlines AB where he started his career in the aviation sector as a risk manager. In 2006 he took the position of a Head of Management Accounting. Justinas Gilys joined the business of aircraft leasing in 2007 when he took a position of Chief Financial Officer in Avia Asset Management AB (currently named AviaAM B04 UAB). Eventually he rose to the ranks of Managing Director in 2009 and since 2011 occupies the position of Executive Director in AviaAM Leasing AB. Since 2011 Justinas Gilys also takes the Management Board membership role at AviaAM Leasing AB. Justinas Gilys obtained his bachelor’s degree in economics at Vilnius University and finished the MSc studies in economic analysis and planning in the same university. Justinas Gilys does not participate in the capital of any legal entities.

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**Aurimas Sanikovas.** Aurimas Sanikovas started his carrier as an audit associate in PricewaterhouseCoopers Lithuania in 2001. In 2007 his last position held at the company was of a manager. He performed supervision and execution of audit engagement performed in accordance with the ISA and US GAAP. From 2007 he acts as the Chief Financial Officer of Avia Solutions Group AB and its predecessors. Currently he also takes board membership roles in Avia Solutions Group AB from 2010 and AviaAM Leasing AB from 2011 and has supervisory membership role in Agrowill Group AB from 2010. Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (currently named AviaAM B04 UAB) (2008–2009), a member of the Management Board of FL Technics AB (2008–2010), a member of the Management Board of Small Planet Airlines Sp. z.o.o. (Poland) (2009–2010), member of the Supervisory Council of Small Planet Airlines AS (Estonia) (2009–2011), member of the Management Board of Ridota AB (2008–2010) and the Director General of Avia Funds Management UAB (currently named AviaAM Leasing AB) (2010–2011). Aurimas Sanikovas obtained his bachelor's and master's degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange session in the University of Copenhagen. Since 2006 Aurimas Sanikovas is a member of the Association of Chartered Certified Accountants (ACCA). Apart from holding 294,478 Shares in the Company (0.68% of all the Shares) and 11,050 shares in Avia Solutions Group AB (0.2% of all the shares) Aurimas Sanikovas does not participate in the capital of any other legal entities.

**Linas Dovydenas.** Linas Dovydenas started his carrier in 1995 in Sanitex UAB, Lithuania. He worked for this company for 7 years and his last two positions held at Sanitex UAB were Key Account Manager and Regional Manager Horeca. From 2002 to 2007 he worked for Philip Morris Baltic States. He held the following positions at the company: Supervisor Key Accounts Baltic States, Manager National Sales Estonia, Manager Customer Development Lithuania and Manager National Sales Lithuania. In 2008 Linas Dovydenas joined Avia Solutions Group AB and is the General Manager of the company since then. He also acted as Chairman of the Supervisory Council of Small Planet Airlines AS (Estonia) and was a member of the Management Board in FL Technics AB. Since 2011 Linas Dovydenas carries the duties of the member of the Management Board of AviaAM Leasing AB. In 1997 Linas Dovydenas obtained a bachelor's degree in Business and Business Administration at the Faculty of Economics, Vilnius University, and in 2006 he obtained an executive MBA at the Baltic Management Institute. Apart from holding 441,717 Shares in the Company (1.02% of all the Shares) Linas Dovydenas does not participate in the capital of any other legal entities.

**Gediminas Šiaudvytis.** Gediminas Šiaudvytis is a top-performing senior executive, who has gathered comprehensive experience in both the private and public sectors over the past 20 years. Professional career of Gediminas Šiaudvytis started in the Ministry of Foreign Affairs of the Republic of Lithuania where he worked for over 10 years, having reached the position of the Director of the Consular Department, as well as being honoured with the title of Extraordinary Minister and Plenipotentiary Envoy for his exceptional achievements during his service. In 2004, Gediminas Šiaudvytis joined DAB Foundation and B&S Holding GmbH where he held various executive positions, including: General Manager and Chairman of the Board at Forum Palace, one of the largest business, leisure and sports centres in the Baltic states; General Manager of the Representative Office at Atlas Corporate Service; Regional Director Europe at Vision International People Group Public Limited and others. Since 2012, he also holds the positions of Senior Vice President at Avia Solutions Group AB and Management Board member at AviaAM Leasing AB. In 2003 Gediminas Šiaudvytis was granted an Order of Merit: Cross of Knight by H.E. President of the Republic of Lithuania Valdas Adamkus, in 2009 – medalled a Star of Labor of Lithuanian Chamber of Commerce, Industry and Crafts (for achievement in export of Švenčionių Vaistažolių Fabrikas) by H.E. President of Lithuania Dalia Grybauskaitė. Gediminas Šiaudvytis holds two Master Degrees – one in Management which he gained at Kingston University (with distinction), and another in German Philology and Literature, gained at Vilnius University. Gediminas Šiaudvytis does not participate in the capital of any legal entities.

#### **Organisation of the Management Board activities**

The Chairman of the Management Board, following the Regulations of the Management Board, convenes the Management Board Meetings at the time and place set by the Chairman of the Management Board by sending each member of the Management Board and other persons participating the Management Board Meeting a notice to that effect no later than 5 (five) business days before the Management Board Meeting. Usually the Management Board Meetings take place at the Company's residence address.

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In case the Management Board member provides a written request to the Chairman of the Management Board to convene the Management Board Meeting, which defines proposed questions of the Agenda and drafts of the decisions, also necessary document on Agenda questions are provided, the Chairman of the Management Board shall convene the Management Board Meeting in 10 (ten) business days after the request of the Management Board member was received.

The notice about the Management Board Meeting shall contain information about the date, time, place and Agenda of the Meeting as well as a proper description of the issues to be considered at such Meeting. Final Agenda and related information, also drafts of the decisions, shall be sent by the Chairman of the Management Board not later than 2 (two) business days before the Management Board Meeting.

The Agenda of the Management Board Meeting shall be prepared by the Chairman of the Management Board.

Each Management Board member shall have right to propose additional questions to the Agenda of the Management Board Meeting, which should be included to the Agenda if the Chairman of the Management Board receives such a written proposal to supplement the Agenda not later than in 3 (three) business days before the Management Board Meeting. The proposal to supplement the Agenda shall contain detailed information about the proposed questions and proposed draft of decision. The Chairman of the Management Board shall inform personally the members of the Management Board and other persons participating in the Management Board Meeting not later than in 2 (two) business days before the Management Board Meeting.

During the Management Board Meeting the Agenda shall be supplemented only in case all Management Board members participate in the Management Board Meeting and all Management Board members agree with supplements or urgent question should be solved and procedure stated in the Regulations of the Management Board could not be followed and 2/3 or more of the Management Board members are attending the Management Board Meeting and all agree with that.

The Management Board Meetings shall be presided by the Chairman of the Management Board or by other member of the Management Board, elected to preside over the certain Management Board Meeting. The secretary of the Management Board shall be elected for the Meeting.

The Management Board shall be entitled to pass its decisions and the Management Board Meeting shall be acknowledged as legitimate if no less than 2/3 of the Management Board members are participating the Meeting. The members of the Management Board who voted in advance in written shall also be deemed to be present at the meeting and also the Management Board member who signed the Management Board Members' registration list shall be deemed as participating the Meeting nevertheless he leaves the Meeting before the close of it. At such a case the Management Board member shall be evaluated as restrained from voting.

The decision of the Management Board shall be adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Management Board shall have the casting vote.

A member of the Management Board shall not be entitled to vote when the meeting of the Management Board discusses the issue related to his work on the Management Board or the issue of his responsibility.

If all members of the Management Board consent, the Management Board may adopt decisions in writing without convening a Management Board Meeting. In such case the Chairman of the Management Board shall draw up a written decision of the Management Board and deliver it to all members of the Management Board for signing. The decisions laid down in a written decision of the Management Board shall be deemed adopted when such written decision of the Management Board is signed by all members of the Management Board. Such decisions also can be signed using telecommunication means.

The Minutes (protocol) of the Management Board shall be taken and shall be signed by the Chairman of the Management Board and the secretary of the Management Board Meeting.

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### **Competence of the Management Board**

The Management Board implements its functions and has rights stated in the laws, Regulations of the Management Board, Articles of Association and decisions of the General Meeting of Shareholders.

The Management Board adopts decisions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company, to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company, to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Management Board elects and removes the Manager of the Company (General Manager), decides on his remuneration, other terms of employment contract, adopts statutes of his duties, decides on bonuses and punishments.

The Management Board also decides on the scope of information which constitutes the commercial (trade) secret of the Company.

Other competences of the Management Board are the same as the competences of the management board defined under the Lithuanian Company Law.

The members of the Management Board have the following rights:

- to attend the Management Board Meetings in person and vote on all issues, except for the cases under the laws where the members of the Management Board have no voting right;
- to authorize another person to vote for him/her at the Management Board Meeting, if it does not confront with the interest of the Company and its shareholders. In all cases the member of the Management Board shall be responsible for the actions of a such authorized person the above mentioned proxy shall be notarized and the proxy (notarized copy) shall be provided to the Chairman of the Management Board before the Management Board Meeting;
- to initiate the Management Board Meeting;
- to get familiar with Agenda issues, draft decisions, and other documents related to the Management Board Meetings;
- to make proposals for the Agenda of the Management Board Meeting under the procedures set herein;
- to express his/her opinion at each Management Board Meeting on any Agenda issue;
- to vote in the meeting "for" or "against" provided decision or suspend from voting;
- to vote in writing before the Meeting "for" or "against" known Agenda issues of the Management Board Meeting if he/she has no possibility to attend such meeting. Voting using means of telecommunication, if text and signature is secure, shall be equal to voting in writing;
- attend in the General Meeting of the Shareholders;
- to get acquainted with the documents of the Company, to receive all information from the employees of the Company about the commercial and financial activities of the Company, which is necessary for the organization of the Management Board activity and decision making. Management Board members requests to receive the information shall be presented to the General Manager of the Company;
- in case a certain decision of the Management Board is passed, to refer to outside law, accountant or other professionals solving arising during the Management Board activity;
- to resign from office as a member of the Management Board;
- to get remuneration (bonuses) for his/her activity in the Management Board if so decided by the General Meeting of Shareholders of the Company. Different remuneration for the Management Board members can be appointed subject to role of a certain member of the Management Board in management of the Company;
- other rights indicated by laws, Articles of Association and Regulations of the Management Board.



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The members of the Management Board have the following duties:

- to act in good faith and reasonably with regard to the interests of the Company and its shareholders, also regarding to the interests of the employees and interests of community;
- to state clearly his disagreement in case he considering the Management Board decision can cause harm to the Company;
- to be loyal to the Company;
- to avoid situation where his/her private interests conflict or may conflict with the interests of the Company, notify other members of the Management Board of occurrence, nature and value of such situations;
- communicate with the shareholders and obligate to them following the rules states in laws, Articles of Association of the Company, Regulations of the Management Board and Management Board decisions and requirements;
- maintain Company's commercial (trade) secrets, which were disclosed to the Management Board member during the Management Board membership term;
- not to confuse his/her own property with that of the Company and not to use information obtained in the performance of his/her office as a member of the Management Board for his/her personal benefit or benefit of third parties in a way other than that allowed by the General Meeting of Shareholders;
- to notify in nearly meeting of the Management Board about the contracts with the Company (except for the low value contracts (not exceeding LTL 150 thousand) or contracts concluded while usual operation of the Company and usual standard terms, applied for the third persons);
- to restrain from voting, in case the Management Board decisions concerning contracts and other questions, are related with the certain Management Board member personally or objectively;
- to participate in the Management Board Meetings and pay attention to the performing of duties of the Management Board member. In case the member of the Management Board misses more than 2/3 Board meeting during the financial year of the Company, the shareholders shall be informed about that in the General Meeting of Shareholders;
- to inform immediately the Management Board, in case information about the member of the Management Board provided before was changed;
- to perform other duties stated by laws, Articles of Association and Regulations of the Management Board.

#### **General Manager**

The General Manager of the Company is Tadas Goberis. All employees of the Company are directly subordinated and report to the General Manager.

The General Manager is responsible for day-to-day management of the Company and is entitled to make decisions regarding the Company's business individually, except for decisions requiring consent of the Management Board. The Management Board establishes the salary of the General Manager, incentives and other conditions of his/her employment and imposes penalties.

Information about the General Manager is presented below.

**Tadas Goberis.** Tadas Goberis has obtained an exceptional level of experience in the sales and organization management, accumulated during his 15 years of professional activity in IT industry. He started his career as a Sales Manager in 1999 at Baltic Amadeus UAB, the first IT company in Lithuania, providing programming and IT services. In 2001 Tadas Goberis joined Sonex kompiuteriai UAB as a Project Manager, where he supervised and lead large IT projects. Four years later he was appointed as the Director of Tetraneta UAB, a daughter company of Sonex Group, which has provided IT outsourcing services in the market. In 2006 Tadas Goberis joined Hewlett-Packard UAB, the Lithuanian branch of one of the world's leading IT technology vendor, Hewlett-Packard. Over the following two and a half years, Tadas Goberis proved to be true and dedicated sales professional and was subsequently appointed to the position of Sales Director in Lithuania. In 2012, Tadas Goberis was promoted to the position of the Sales Director in the Baltic States thus taking the lead of the entire sales team and organization for the region's three countries. The diverse experience Tadas Goberis has accumulated throughout his successful professional career has lead him to the current position of the General Manager of AviaAM Leasing.

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Tadas Goberis obtained a bachelor's degree in Business Management at Vilnius Gediminas Technical University. Tadas Goberis does not participate in the capital of any legal entities. Apart from holding 147,239 Shares in the Company (0.34% of all the Shares) Tadas Goberis does not participate in the capital of any other legal entities.

**Members of the Company's administration**

Company's administration consists of three key executives: the General Manager, Executive Director and Chief Financier.

Name	Position within the Company	In the position	
		Since	Until
Tadas Goberis	General Manager	16 April 2013	Indefinite
Justinas Gilys	Executive Director	21 March 2011	Indefinite
Laima Gruzdiene	Chief Financier	20 May 2009	Indefinite

Information about the members of the Company's administration is presented below.

**Laima Gruzdiene.** Laima Gruzdiene has over 20 years of experience in financial accounting. She started her professional carrier in 1990 as an accountant in Plasta AB, one of the largest manufacturers of plastic products in the Baltic States. In 1994 Laima Gruzdiene joined Fauga UAB, the joint Lithuanian-Norwegian production, trading and services companies group, as a Chief Financier. Laima Gruzdiene started her successful career in aviation sector as a Chief Financier in 2007 by joining Avia Asset Management UAB (currently named AviaAM B04 UAB). Since 2009 she also occupies the same position at AviaAM Leasing AB. Laima Gruzdiene obtained her bachelor's and master's degrees in economics at Vilnius University. Laima Gruzdiene does not participate in the capital of any legal entities.

Information about Tadas Goberis and Justinas Gilys is presented in paragraphs above.

**Remuneration and benefits**

During the year ended 31 December 2013 the amount of remuneration (including social security expenses) paid for the members of management bodies (i.e. members of the Supervisory Council and Management Board) and for the members of Company's administration amounted to USD 90 thousand (LTL 234 thousand). The indicated amount consisted solely of the remuneration paid for the members of Company's administration as no member of the Management Board and Supervisory Council has received any remuneration from the Company for his/her activities in these respective management bodies.

In addition, following the Agreement on Provision of Legal Services, entered with the Attorney of Law Džiuginta Balčiūnė, who was also a member of the Supervisory Council from 1 April 2013 to 31 December 2013, the Group has paid to this previous member of the Supervisory Council a fee for provision of legal services of USD 60 thousand (LTL 157 thousand) total including VAT during the year ended 31 December 2013.

Furthermore, the Company has concluded the Agreement regarding the Activity in the Supervisory Council with Tomas Mokrikas, who is a member of the Supervisory Council from 1 April 2013, according to which Tomas Mokrikas is entitled to the annual remuneration in the amount of USD 6.8 thousand (LTL 17.0 thousand) for his activities carried out in the Supervisory Council. The aforementioned annual remuneration for the year 2013 was paid to Tomas Mokrikas by the Company in March 2014.

Other members of the Management Board and the Supervisory Council did not receive any payments from the Company or its subsidiaries for their activities in the respective management bodies. The Company has not set aside or accrued any amounts to provide pension, retirement or similar benefits to any member of the Supervisory Council, Management Board or Company's administration.

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The information on the amount of remuneration paid by the Company to the Company’s administration is provided in the table below.

	<b>Year ended 31 December 2013</b>	
	<b>USD</b>	<b>LTL</b>
All members of the Company’s administration (General Manager, Executive Director and Chief Accountant)	90	234
Per member of the Company’s administration	30	78

**Important agreements**

Neither the Company nor its subsidiaries have entered into any material contracts which would come into validity, change, or expire after the change in the control of the Company or its subsidiaries.

Neither the Company nor its subsidiaries have entered into any agreements with the members of the management bodies or employees regarding compensation in case members or employees resign, are fired without reasonable cause or their employment ceases due to change in control of the Company or its subsidiaries.

**Harmful transactions**

During the reporting period there have been no any transactions performed on behalf of the Company or its subsidiaries which were harmful (not complying with the goals of the Company, usual market practices, conflicting with the interests of shareholders etc.), had or could have in the future any negative influence for the activities or financial results of the Company.

According to the knowledge of the Company, during the reporting period there have been no any transactions made by the management, controlling shareholders or any other parties related to the Company which resulted in the private - corporate conflicts of interest.

**VI. OTHER INFORMATION**

**Information about compliance with Corporate Governance Code**

The Company complies with the Lithuanian corporate regime established by the Lithuanian law and the Articles of Association of the Company. Since 28 June 2013 the Shares of the Company are listed on the main market of the Warsaw Stock Exchange (the “WSE”).

The WSE has a corporate governance code, which is the Code of Best Practice for WSE Listed Companies, the most recent version being the Appendix to Resolution No.19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012 (the “WSE Corporate Governance Code”) which can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl).

The Company acknowledges the importance of good corporate governance and intends to seek the compliance with the WSE Corporate Governance Code to the extent possible. Especially, the Company intends to be as transparent as it is legally and practically possible using multilingual Company’s website. Moreover, all members of the Supervisory Council are independent. However, due to, inter alia, differences between Polish and Lithuanian Corporate Law the Company does not comply with the following rules of the WSE Corporate Governance Code:

– Rule II.3 and Rule III.9, according to which the Supervisory Council should approve a significant transaction/agreement with a related entity at the request of the Management Board. In accordance with Lithuanian law, the Supervisory Council is not entitled to approve any decisions of the Management Board;

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– Rule III.8, according to which annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) council should apply to the tasks and the operation of the committees of the Supervisory Council. As at the date of this Annual Report, the Supervisory Council has not formed any committee, however due to the limited number of the Supervisory Council members the entire Supervisory Council acts as the particular committee and it aims to apply the rules indicated in the Commission Recommendation mentioned above;

– Rule IV 10, according to which the Company should enable its shareholders to participate in a general meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting. The Company does not enable participation in the general meeting by using electronic communication means through real-life broadcast and real-time bilateral communication. However, the Company does not exclude that such means will be adopted in the future.

Furthermore, the Company does not comply with the following recommendations:

– Recommendation I.5, according to which the Company should have a remuneration policy and rules of defining the policy. The Company has not adopted such policy, since the Company's group is developing and the number of employees and members of management do not justify implementation of a complex set of rules;

– Recommendation I.9, according to which a balanced proportion of women and men in management and supervisory functions should be ensured. As of 31 December 2013, there were no women in management bodies of the Company. However, the Company does not exclude that this recommendation will be implemented in the future;

– Recommendation I.12, according to which the Company should enable its shareholders to exercise the voting right during a general meeting either in person or through a proxy, outside the venue of the general meeting, using electronic communication means. Currently, the Company does not envisage possibility to enable its shareholders to exercise the voting right during a general meeting outside the venue of the general meeting, using electronic communication means. However, the Company does not exclude that relevant solutions will be introduced in the future.

**Publicly announced information**

During the year ended 31 December 2013 the Company publicly announced and broadcasted through Warsaw Stock Exchange Information system and on own webpage the following information:

<b>Title</b>	<b>Category of announcement</b>	<b>Publication date</b>
Statement on corporate governance	Investor news	1-Jul-2013
Access to the EBI system	Investor news	1-Jul-2013
Access to the ESPI system	Investor news	1-Jul-2013
Notification about exceeding 10 % of the total vote in AviaAM Leasing AB	Notification on material event	5-Jul-2013
Cost of the Public Offering	Investor news	12-Jul-2013
Notice on the Annual General Meeting of Shareholders	Notification on material event	26-Jul-2013
Consolidated Condensed Interim Financial Information for the Six Month Period Ended 30 June 2013 (Unaudited)	Interim information	14-Aug-2013
Notice on the decisions adopted by the Annual General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	22-Aug-2013

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<b>Title</b>	<b>Category of announcement</b>	<b>Publication date</b>
Consolidated Condensed Interim Financial Information for the Nine Month Period Ended 30 September 2013 (Unaudited)	Interim information	15-Nov-2013
Notice on Extraordinary General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	10-Dec-2013
Notice on the decisions adopted by the Extraordinary General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	31-Dec-2013
Contents of above mentioned announcements can be obtained on Company's webpage <a href="http://www.aviaam.com/en/investor-relations/major-events">http://www.aviaam.com/en/investor-relations/major-events</a>		

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**CONFIRMATION OF RESPONSIBLE PERSONS**

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 Lithuanian Securities Commission, I, Tadas Goberis, General Manager of AviaAM Leasing AB hereby confirm that, to the best of my knowledge, the Financial Statements for the year ended 31 December 2013 as set out on above, 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 Company. The stand-alone Annual Report for the year ended 31 December 2013 includes a fair review of the development and performance of the business and the position of the Company in relation to the description of the main risks and contingencies faced thereby.

General Manager  
Tadas Goberis

