AVIAAM LEASING AB

INDEPENDENT AUDITOR'S REPORT,

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS Pages

Independent Auditor's Report

To the shareholders of AviaAM Leasing AB

Report on the financial statements

We have audited the accompanying consolidated financial statements of AviaAM Leasing AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 49, which comprise the consolidated balance sheet as of 31 December 2013 and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
T: +370 (5) 239 2300, F: +370 (5) 239 2301, Email: vilnius@lt.pwc.com, www.pwc.com/lt

pwc

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2013 set out on pages 50 to 80 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2013.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
3 April 2014

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

			2013		2012
	Note	USD	LTL	USD	LTL
Revenue	5	176,198	458,326	60,242	161,853
Interest income on loans		325	847	72	200
Depreciation of aircraft		(9,292)	(24,170)	(7,594)	(20,403)
Costs of aircraft sold		(126,124)	(328,075)	(21,399)	(57,492)
Costs of services rendered		(2,260)	(5,879)	-	-
Revaluation of aircraft	11	(4,042)	(10,286)	(1,779)	(4,780)
Aircraft maintenance and servicing expenses		(6,437)	(16,972)	(3,083)	(8,284)
Employee-related expenses	6	(739)	(1,923)	(598)	(1,607)
Impairment of receivables and prepayments		(1,158)	(3,013)	-	-
Other operating expenses	7	(1,938)	(5,042)	(1,022)	(2,745)
Gain on sale of property, plant and equipment (net)		7,885	20,510	989	2,657
Other gain (losses) net		1,942	5,050	1,229	3,294
Operating profit		**34,360**	**89,373**	**27,057**	**72,693**
Finance income	8	630	1,640	879	2,361
Finance costs	8	(4,346)	(11,304)	(4,860)	(13,056)
Finance costs – net		**(3,716)**	**(9,664)**	**(3,981)**	**(10,695)**
Profit (loss) before income tax		**30,644**	**79,709**	**23,076**	**61,998**
Income tax	9	(2,862)	(7,444)	(3,473)	(9,330)
Profit (loss) for the year		**27,782**	**72,265**	**19,603**	**52,668**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Gain (loss) on revaluation of aircraft		(10,310)	(27,047)	7,557	19,694
Deferred income tax on revaluation of aircraft		1,546	3,880	(1,133)	(2,953)
Currency translation differences on translation to presentation currency		-	(7,792)	-	(1,137)
Total other comprehensive income		**(8,764)**	**(30,959)**	**6,424**	**15,604**
Total comprehensive income		**19,018**	**41,306**	**26,027**	**68,272**
Basic and diluted earnings per share (USD/LTL)	10	0.76	1.99	0.67	1.79

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

The financial statements on pages 5 to 49 have been approved by the Management Board as at 2014 and signed by the General Manager.

Tadas Goberis
General Manager

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

CONSOLIDATED BALANCE SHEET

		31 December 2013		31 December 2012	
	Note	USD	LTL	USD	LTL
ASSETS					
Non-current assets					
Property, plant and equipment	11	42,838	107,516	64,113	167,078
Prepayments for property, plant and equipment	12	-	-	550	1,433
Intangible assets		2	5	1	1
Investments in associates and jointly controlled entities		-	-	20	52
Trade and other receivables	14	10,118	25,395	2,305	6,008
Deferred income tax assets	20	875	2,195	-	-
		53,833	**135,111**	**66,989**	**174,572**
Current assets					
Inventory	13	1,997	5,013	2,541	6,623
Trade and other receivables	14	29,274	73,471	14,334	37,355
Prepaid income tax		553	1,388	15	37
Cash and cash equivalents	15	43,953	110,314	8,081	21,060
		75,777	**190,186**	**24,971**	**65,075**
Total assets		**129,610**	**325,297**	**91,960**	**239,647**
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	16	16,804	43,306	12,232	29,448
Share premium	16	27,972	72,088	-	-
Legal reserve	16	1,131	2,947	1,131	2,947
Revaluation reserve	16	3,431	8,612	12,195	31,779
Cumulative translation reserve	16	-	(8,444)	-	(652)
Retained earnings		24,824	67,625	(2,958)	(4,640)
Total equity		**74,162**	**186, 134**	**22,600**	**58,882**
LIABILITIES					
Non-current liabilities					
Borrowings	17	27,821	69,826	34,840	90,795
Security deposits received	19	4,464	11,203	11,520	30,020
Deferred income tax liabilities	20	-	-	1,467	3,823
		32,285	**81,029**	**47,827**	**124,638**
Current liabilities					
Borrowings	17	4,297	10,785	16,005	41,708
Trade and other payables	18	6,468	16,231	3,932	10,246
Security deposits received	19	3,875	9,727	-	-
Advances received	18	4,270	10,717	-	-
Current income tax liabilities		4,253	10,674	1,596	4,173
		23,163	**58,134**	**21,533**	**56,127**
Total liabilities		**55,448**	**139,163**	**69,360**	**180,765**
Total equity and liabilities		**129,610**	**325,297**	**91,960**	**239,647**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

Tadas Goberis
General Manager

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2012		**12,232**	**-**	**-**	**5,771**	**(19,457)**	**(1,454)**
Comprehensive income							
Revaluation of aircraft		-	-	-	7,557	-	7,557
Deferred income tax on revaluation of aircraft		-	-	-	(1,133)	-	(1,133)
Other comprehensive income (loss)		**-**	**-**	**-**	**6,424**	**-**	**6,424**
Profit for the year		-	-	-	-	19,603	19,603
Total comprehensive income		**-**	**-**	**-**	**6,424**	**19,603**	**26,027**
Transactions with owners							
Transfer to reserves		-	-	1,131	-	(1,131)	-
Dividends		-	-	-	-	(1,972)	(1,972)
Total transactions with owners		**-**	**-**	**1,131**	**-**	**(3,103)**	**(1,972)**
Balance at 31 December 2012 / 1 January 2013		**12,232**	**-**	**1,131**	**12,195**	**(2,958)**	**22,600**
Comprehensive income							
Revaluation of aircraft		-	-	-	(10,310)	-	(10,310)
Deferred income tax on revaluation of aircraft		-	-	-	1,546	-	1,546
Other comprehensive income (loss)		**-**	**-**	**-**	**(8,764)**	**-**	**(8,764)**
Profit for the period		-	-	-	-	27,782	27,782
Total comprehensive income		**-**	**-**	**-**	**(8,764)**	**27,782**	**19,018**
Transactions with owners							
Increase of share capital of the Company		4,572	29,463	-	-	-	34,035
Cost of capital increase		-	(1,491)	-	-	-	(1,491)
Transfer to reserves		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Total transactions with owners		**4,572**	**27,972**	**-**	**-**	**-**	**32,544**
Balance at 31 December 2013		**16,804**	**27,972**	**1,131**	**3,431**	**24,824**	**74,162**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

Tadas Goberis
General Manager

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

LTL	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Cum. trans.	Retained earnings	Total equity
Balance at 1 January 2012		**29,448**	**-**	**-**	**15,405**	**485**	**(49,220)**	**(3,882)**
Comprehensive income								
Revaluation of aircraft		-	-	-	19,694	-	-	19,694
Deferred income tax on revaluation of aircraft		-	-	-	(2,953)	-	-	(2,953)
Currency translation differences		-	-	-	-	(1,137)	-	(1,137)
Other comprehensive income (loss)		**-**	**-**	**-**	**16,741**	**(1,137)**	**-**	**15,604**
Profit for the year		-	-	-	-	-	52,668	52,668
Total comprehensive income		**-**	**-**	**-**	**16,741**	**(1,137)**	**52,668**	**68,272**
Transactions with owners								
Transfer to reserves		-	-	2,947	-	-	(2,947)	-
Dividends		-	-	-	-	-	(5,140)	(5,140)
Currency translation differences		-	-	-	(367)	-	(1)	(368)
Total transactions with owners		**-**	**-**	**2,947**	**(367)**	**-**	**(8,088)**	**(5,508)**
Balance at 31 December 2012 / 1 January 2013		**29,448**	**-**	**2,947**	**31,779**	**(652)**	**(4,640)**	**58,882**
Comprehensive income								
Revaluation of aircraft		-	-	-	(27,047)	-	-	(27,047)
Deferred income tax on revaluation of aircraft		-	-	-	3,880	-	-	3,880
Currency translation differences		-	-	-	-	(7,792)	-	(7,792)
Other comprehensive income (loss)		**-**	**-**	**-**	**(23,167)**	**(7,792)**	**-**	**(30,959)**
Profit for the period		-	-	-	-	-	72,265	72,265
Total comprehensive income		**-**	**-**	**-**	**(23,167)**	**(7,792)**	**72,265**	**41,306**
Transactions with owners								
Increase of share capital of the Company		13,858	75,930	-	-	-	-	89,788
Cost of capital increase		-	(3,842)	-	-	-	-	(3,842)
Transfer to reserves		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Total transactions with owners		**13,858**	**72,088**	**-**	**-**	**-**	**-**	**85,946**
Balance at 31 December 2013		**43,306**	**72,088**	**2,947**	**8,612**	**(8,444)**	**67,625**	**186,134**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

Tadas Goberis
General Manager

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

CONSOLIDATED STATEMENT OF CASH FLOW

	Note		2013		2012
		USD	LTL	USD	LTL
Operating activities					
Profit (loss) before income tax		30,644	79,709	23,076	61,977
Adjustments for:					
Depreciation and amortisation		9,292	24,170	7,594	20,403
Impairment of accounts receivable and prepayments		1,158	3,013	-	-
Discounting effect		714	1,858	177	477
Finance costs – net		4,008	10,426	3,703	9,950
Change in fair value of fixed assets		4,043	10,516	1,779	4,780
Profit / loss from sale of fixed assets		(7,885)	(20,510)	(989)	(2,657)
Changes in working capital:					
Trade and other receivables		(12,672)	(32,961)	(8,191)	(21,987)
Trade and other payables		6,470	16,829	(2,564)	(6,890)
Security deposits and advances received		4,310	11,211	(5,500)	(14,777)
Inventory		912	2,369	2,243	6,025
Cash generated from operations		**40,994**	**106,630**	**21,328**	**57,301**
Interest paid		(3,177)	(8,264)	(3,671)	(9,863)
Income tax paid		(1,203)	(3,129)	(145)	(388)
Net cash generated from (used in) operating activities		**36,614**	**95,237**	**17,512**	**47,050**
Investing activities					
Purchase of property, plant and equipment and intangible assets		(4,954)	(12,886)	(9,087)	(24,415)
Sale of property, plant and equipment and intangible assets		11,527	29,985	1,150	3,090
Loans granted		(56,807)	(147,766)	(1,887)	(5,069)
Loans repaid		40,706	105,885	581	1,561
Interest received		55	144	21	56
Net cash used in investing activities		**(9,473)**	**(24,638)**	**(9,222)**	**(24,777)**
Financing activities					
Proceeds from issuance of ordinary shares		32,702	85,064	-	-
Dividends paid		(2,007)	(5,221)	-	-
Repayment of borrowings		(19,268)	(50,119)	(12,019)	(32,293)
Lease (finance lease) payments		(2,696)	(7,013)	(1,835)	(4,930)
Net cash generated from (used in) financing activities		**8,731**	**22,711**	**(13,854)**	**(37,223)**
Increase in cash and cash equivalents		**35,872**	**93,310**	**(5,564)**	**(14,950)**
Movement in cash and cash equivalents					
At beginning of year		8,081	21,060	13,646	36,426
Increase in cash and cash equivalents		35,872	93,310	(5,565)	(14,950)
Foreign translation differences		-	(4,056)	-	(416)
At end of the year	16	**43,953**	**110,314**	**8,081**	**21,060**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

Tadas Goberis
General Manager

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The Company’s shares are traded on the Warsaw Stock Exchange as from 28 June 2013 (see Note 16).

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

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

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

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

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

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

The Company and its subsidiaries (together, *the Group*) are engaged in the business of aircraft leasing, trading and management. The principal activity of the Group is operating leasing, management and trading of mid-life narrow body and regional jet aircraft. As of 31 December 2013 the Group owned 17 aircraft: 2 Boeing 737-300, 7 Boeing 737-500 and 8 Bombardier CRJ200 aircraft. 15 aircraft were leased out under operating lease contracts and 2 aircraft were under preparation for lease. As of 31 December 2012 the Group owned 18 aircraft: 4 Boeing 737-300, 6 Boeing 737-500, 1 Boeing 757-200 and 7 Bombardier CRJ200 aircraft. 15 aircraft were leased out under operating lease contracts, 2 aircraft were under preparation for use and one aircraft was off lease.

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

1 General information (continued)

As at 31 December 2013 the number of full-time staff employed by the Group totalled 14. As at 31 December 2012 the number of full-time staff employed by the Group totalled 13, including 2 employees on maternity leave.

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

The subsidiaries, which are included in the Group's consolidated financial statements are indicated below:

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

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

1 General information (continued)

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

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

2 Summary of significant accounting policies

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

2.1.1 Basis of preparation

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

The financial statements for all periods in this report have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and its interpretations and amendments that are effective as at 31 December 2013 (“IFRS”).

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

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

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

2.1.2 Changes in accounting policy and disclosures

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

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

2.1.2 Changes in accounting policy and disclosures (continued)

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

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

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

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

Other amendments to standards are not relevant for the Group/Company.

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

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

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

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

2.1.2 Changes in accounting policy and disclosures (continued)

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

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

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

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

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

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

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

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

2.1.2 Changes in accounting policy and disclosures (continued)

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

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

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

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

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

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

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

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

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

Business combinations with entities not under common control

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

Business combinations between entities under common control

IFRS 3, ‘Business combinations' is not applied to business combinations between entities under common control, therefore, for the purpose of these financial statements business combinations between entities under common control were accounted for using the predecessor accounting (pooling of interest) method. The application of this method in practice consists of the following procedures:

- the assets and liabilities of the entities in business combination are stated at their carrying amounts;

- no newly arising goodwill is recognised on business combination;

- any differences between consideration paid and the carrying amount of net assets acquired as at the date of acquisition is recognised directly in equity within retained earnings;

- the acquiree’s results are consolidated as if the acquiree had always been controlled by the acquirer (or from the date the common control arises).

Inter-company transactions

Inter-company transactions, balances, income and expenses on transactions between entities including consolidated financial statements are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2 Consolidation (continued)

Associates and joint ventures

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint venture is an entity of joint operations, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition.

The group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group’s share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint venture and its carrying value and recognises the amount adjacent to ‘share of profit/(loss) of associates/joint ventures in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate/joint venture are recognised in the group’s financial statements only to the extent of unrelated investor’s interests in the associates/joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates/joint ventures are recognised in the income statement.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

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

2.3 Foreign currency translation (continued)

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

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

(b) Transactions and balances

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

2.4 Property, plant and equipment

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

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

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

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

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

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

2.4 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

D-Check (Airframe Heavy Maintenance Visit)	24,000 flight hours
Engines Shop Visits based on Engine Life Limited Parts	23,000 cycles
	24,000 cycles (Bombardier CRJ200)
Airframe	7 years

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

Other tangible fixed assets	3 – 6 years

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

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

2.5 Intangible assets

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

Computer software	3 years

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

2.6 Impairment of non-financial assets

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

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

2.7 Financial assets

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

Loans and receivables

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

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

2.8 Inventory

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

2.9 Cash and cash equivalents

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

2.10 Share capital

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

2.11 Trade payables and security deposits

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

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

2.12 Borrowings

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

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

2.13 Borrowing costs

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

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

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

2.14 Current and deferred income tax

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

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

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

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

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

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

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

2.15 Revenue recognition

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

2.15 Revenue recognition (continued)

(a) Sales of services

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

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

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

(b) Sales of aircraft

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

(c) Commission income

Commission income relates to aircraft transaction management services provided by the Group to its customers under servicing, consulting and other agreements of similar nature pursuant to which the Group undertakes to perform certain services in respect to facilitating aircraft purchase, sale, lease or similar transactions carried by the customers. Commission income is recognised when the services are rendered.

(d) Interest income

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

2.16 Leases – where the Group is the lessor

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

Finance lease

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

Operating lease

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

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

2.17 Employee benefits

Social security contributions

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

2.18 Earnings (loss) per share

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

2.19 Fair value estimation

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

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

3 Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk, liquidity risk. The Group’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 Group.

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

Market risk

(i) Foreign exchange risk

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Reasonably possible change of LTL to USD in per cent		3,80%		2.30%
Financial assets denominated in LTL	3,214	8,066	1,596	4,160
Financial liabilities denominated in LTL	819	2,056	1,044	2,720
Projected effect on profit	**91**	**228**	**13**	**33**

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

3 Financial risk management (continued)

The Group operates internationally and is exposed to foreign exchange risk arising from the Group'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 Group's functional currency.

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

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings and loans granted with variable interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Cash flow interest rate risk is managed by monitoring the repricing dates of the borrowings.

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Reasonably possible change in interest rate (by the currency of financial assets/liabilities) – expressed in percentage points				
LTL (VILIBOR)		2.00		2.00
USD (USD LIBOR)		1.00		1.00
Financial asset subject to variable interest rates (by the currency of financial assets/liabilities)				
LTL	-	-	-	-
USD	-	-	-	-
Financial liabilities subject to variable interest rates (by the currency of financial assets/liabilities)				
LTL	-	-	-	-
USD	32,118	80,611	50,233	130,907
Projected effect on profit	**(321)**	**(806)**	**(502)**	**(1,308)**

The table below presents split of the Group's borrowings according to the interest rate repricing terms.

Repricing terms of interest rates

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
3 months or less	16,152	40,539	24,829	64,704
3-6 months	15,966	40,072	25,401	66,195
Fixed	-	-	615	1,604
	32,118	**80,611**	**50,845**	**132,503**

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

3 Financial risk management (continued)

Credit risk

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

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

(i) Concentration risk

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

		2013		2012
	USD	LTL	USD	LTL
Trade and other receivables from customers in aviation business	32,148	80,684	15,363	40,036

Trade receivables are related to limited number of customers. Largest customer amounts to 37% of total trade and other receivables as at 31 December 2013.

(ii) Maximum exposure of credit risk

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

		2013		2012
	USD	LTL	USD	LTL
Loans granted	19,390	48,664	3,034	7,907
Trade receivables	12,757	32,019	12,329	32,129
Other receivables	161	404	154	403
Cash and cash equivalents	43,953	110,314	8,081	21,060
	76,261	**191,401**	**23,598**	**61,499**

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

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

		2013		2012
	USD	LTL	USD	LTL
Group 1 – new customers (less than 6 months)	2,050	5,147	16	42
Group 2 – old customers (more than 6 months)	929	2,331	6,989	18,214
	2,979	**7,478**	**7,005**	**18,256**

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

3 Financial risk management (continued)

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

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

		2013		2012
	USD	LTL	USD	LTL
A+	19,675	49,381	4,587	11,953
Other **	24,278	60,933	3,494	9,106
	43,953	**110,314**	**8,081**	**21,060**

* - External long term borrowings ratings set by international agency FitchRatings as at March 2013.
** - Cash classified in Other category is held in a fiduciary bank, in which accounts are segregated from other funds therefore credit risk of this bank is assumed as low

(c) Loans granted (customers without external credit rating)

		2013		2012
	USD	LTL	USD	LTL
Group 1 – new customers/related parties (less than 6 months).	7,676	19,265	-	-
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.	11,714	29,399	3,034	7,907
Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.	-	-	-	-
	19,390	**48,664**	**3,034**	**7,907**

(iv) Financial assets past due but not impaired

(a) The aging analysis of trade and other receivables past due but not impaired

		2013		2012
	USD	LTL	USD	LTL
Past due up to 3 months	2,534	6,360	3,718	9,691
Past due 4-6 months	3,996	10,029	1,760	4,585
Past due for more than 6 months	3,409	8,556	-	-
	9,939	**24,945**	**5,478**	**14,276**

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

3 Financial risk management (continued)

(v) Impaired financial assets

(a) Trade and other receivables impaired

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Impaired trade and other receivables – gross amount	2,234	5,607	1,077	2,598
Less: impairment of receivables	(2,234)	(5,607)	(1,077)	(2,598)
Impaired trade and other receivables – net amount	-	-	-	-

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

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

Movement on provisions for impairment of trade and other receivables

		2013		2012
	USD	**LTL**	**USD**	**LTL**
At 1 January	1,077	2,598	1,136	2,756
Exchange rate difference	-	-	-	(5)
Provision for trade receivables impairment	1,158	3,013	25	65
Receivables written off during the year as uncollectible	-	-	(84)	(218)
Currency translation differences	(1)	(4)	-	-
At 31 December	**2,234**	**5,607**	**1,077**	**2,598**

Liquidity risk

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

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

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

3 Financial risk management (continued)

USD	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
At 31 December 2013			
Borrowings from banks	2,592	14,715	-
Security deposits received	4,000	40	5,340
Lease liabilities	3,785	3,741	11,712
Trade and other payables	6,468	-	-
	16,845	**18,496**	**17,052**
At 31 December 2012			
Borrowings from banks	15,683	23,499	-
Security deposits received	-	6,350	6,800
Lease liabilities	3,526	3,426	13,063
Trade and other payables	3,932	-	-
	23,141	**33,275**	**19,863**

LTL	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
At 31 December 2012			
Borrowings from banks	6,505	36,932	-
Security deposits received	10,039	100	13,402
Lease liabilities	9,500	9,389	29,395
Trade and other payables	16,233	-	-
	42,277	**46,421**	**42,797**
At 31 December 2012			
Borrowings from banks	40,871	61,239	-
Security deposits received	-	16,548	17,721
Lease liabilities	9,188	8,929	34,043
Trade and other payables	10,246	-	-
	60,305	**86,716**	**51,764**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The Group's strategy is to maintain it within 65 per cent and 80 per cent.

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

3.2 Capital risk management (continued)

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

	2013		2012	
	USD	**LTL**	**USD**	**LTL**
Borrowings	32,118	80,611	50,845	132,503
Less: cash and cash equivalents	(43,953)	(110,314)	(8,081)	(21,060)
Net debt	(11,835)	(29,703)	42,764	111,443
Total equity	74,198	186,226	22,600	58,882
Total capital	**62,363**	**156,523**	**65,364**	**170,325**
Gearing ratio	N/A		65%	

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company and private limited liability company must be not less than LTL 150,000 and LTL 10,000 respectively and the equity capital of the company may not be less than 1/2 of the authorised capital indicated in the Articles of Association. As of 31 December 2013 two of the Group companies have not complied with these requirements. No actions were yet taken in 2014 to rectify the situation.

According to the Lithuanian Law on Companies, if the equity capital of a company falls below 1/2 of the amount of the authorised capital, the General Meeting of Shareholders must be convened within 3 months from the day on which it has been learnt or ought to have been learnt about the existing situation. In case the General Meeting of Shareholders fails to adopt a decision on remedying the situation existing in the company or such situation is not rectified within six months, the Board of the company (if the Board is not formed, the manager of the company) must refer to court for reduction of the company's authorised capital by the amount whereby the equity capital has fallen below the authorised capital.

There are no significant implications for the Group for incompliance with the above requirements.

3.3 Fair value estimation

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

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

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

The fair value of security deposits received applying 7.25% discount rate amounted to USD 7,828 thousand (LTL 19,646 thousand) as at 31 December 2013.

The fair values of company's financial assets and financial liabilities are within level 3 of the fair value hierarchy.

4 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Fair value

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

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

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

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

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

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

The fair values of Property, plant and equipment are within level 2 of the fair value hierarchy.

(b) Related-party transactions

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

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

4 Critical accounting estimates (continued)

(c) Income taxes

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

5 Revenue

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Lease revenue	22,345	58,122	21,360	57,387
Supplemental maintenance rent	6,689	17,399	9,985	26,828
Sales of aircraft	139,931	363,990	28,897	77,638
Commission income	7,233	18,815	-	-
	176,198	**458,326**	**60,242**	**161,853**

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

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Not later than 1 year	15,025	39,084	18,263	49,067
Later than 1 year but not later than 5 years	31,760	82,612	31,956	85,856
Later than 5 years	-	-	-	-
	46,785	**121,696**	**50,219**	**134,923**

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

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

5 Revenue (continued)

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

		2013		2012
Lease, sale and aircraft transaction management customers	**USD**	**LTL**	**USD**	**LTL**
Customer F	145,733	379,082	-	-
Customer B	11,527	29,985	9,243	24,833
Customer A	11,287	29,359	35,136	94,400
Customer D	3,576	9,302	3,576	9,608
Customer C	3,551	9,237	5,612	15,078
Other customers	524	1,361	6,675	17,934
	176,198	**458,326**	**60,242**	**161,853**

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

		2013		2012
Country	**USD**	**LTL**	**USD**	**LTL**
Russia	11,850	30,822	9,605	25,806
Kazakhstan	11,287	29,359	35,136	94,400
Tajikistan	3,576	9,302	3,576	9,608
Lithuania	2,328	6,056	4,504	12,102
Italy	1,424	3,704	988	2,654
Ireland	21,733	56,533	-	-
Bermuda	124,000	322,550	2,500	6,717
British Virgin Islands	-	-	3,800	10,209
Estonia	-	-	133	357
	176,198	**458,326**	**60,242**	**161,853**

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

		2013		2012
Country	**USD**	**LTL**	**USD**	**LTL**
Russia	27,533	69,103	35,109	91,494
Kazakhstan	6,298	15,807	14,746	38,428
Lithuania	-	-	1,383	3,603
Tajikistan	3,751	9,414	5,817	15,159
Italy	1,820	4,568	2,972	7,745
	39,402	**98,892**	**60,027**	**156,429**

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

6 Employee related expenses

		2013		2012
	USD	LTL	USD	LTL
Salaries	530	1,378	436	1171
Social insurance expenses	209	545	162	436
	739	**1,923**	**598**	**1,607**

7 Other operating expenses

		2013		2012
	USD	LTL	USD	LTL
Legal and translation expenses	538	1,399	188	506
Insurance expenses	360	935	250	673
Management services	222	579	102	275
Marketing expenses	186	483	149	402
Travelling expenses	158	410	86	230
Representation expenses	96	251	56	152
Audit and accounting expenses	53	137	46	125
IPO related expenses	51	133	-	-
Other administrative expenses	274	715	145	382
	1,938	**5,042**	**1,022**	**2,745**

8 Finance costs – net

		2013		2012
	USD	LTL	USD	LTL
Interest income on cash and cash equivalents	34	89	5	13
Discounting of security deposits received	275	715	546	1,467
Unwinding of discount of non-current receivables and loans from related parties	153	398	328	881
Other finance income	168	438	-	-
Foreign exchange gain on financing activities	-	-	-	-
Finance income	**630**	**1,640**	**879**	**2,361**
Interest expenses	(3,177)	(8,263)	(3,671)	(9,863)
Foreign exchange loss on financing activities	(100)	(261)	(133)	(358)
Unwinding of discount of security deposits received	(1,015)	(2,639)	(1,052)	(2,823)
Other finance costs	(54)	(141)	(4)	(12)
Finance costs	**(4,346)**	**(11,304)**	**(4,860)**	**(13,056)**
Finance costs – net	**(3,716)**	**(9,664)**	**(3,981)**	**(10,695)**

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

9 Income tax

		2013		2012
	USD	LTL	USD	LTL
Current tax	3,658	9,522	1,818	4,882
Deferred tax	(796)	(2,078)	1,655	4,448
Total income tax expenses/(benefit)	**2,862**	**7,444**	**3,473**	**9,330**

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

		2013		2012
	USD	LTL	USD	LTL
Profit (loss) before tax	**30,644**	**79,709**	**23,076**	**61,998**
Tax calculated at a tax rate of 15%	4,597	11,956	3,462	9,302
Tax effects of:				
- Expenses non-deductible for tax purposes	18	46	6	15
- Non-taxable incomes	-	-	-	-
- Deferred tax assets not recognised	-	-	-	-
- Effect of changes of tax rate	-	-	-	-
- Impact of foreign exchange differences	(350)	(909)	5	13
- Other differences	(1,403)	(3,649)	-	-
Total income tax expenses/(benefit)	**2,862**	**7,444**	**3,473**	**9,330**

10 Earnings per share

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

		2013		2012
	USD	LTL	USD	LTL
Net profit attributable to shareholders	27,782	72,265	19,603	52,668
Weighted average number of ordinary shares issued (thousand)	36,377		29,448	
Basic earnings per share (USD/LTL)	**0.76**	**1.99**	**0.67**	**1.79**

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

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

11 Property, plant and equipment

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2012	**47,926**	**-**	**5**	**47,931**
Additions	19,889	2,950	7	**22,846**
Disposals	(3,848)	-	-	**(3,848)**
Reclassifications	(1,000)	-	-	**(1,000)**
Depreciation charge	(7,591)	-	(3)	**(7,594)**
Revaluation surplus	8,828	1,563	-	10,391
Revaluation loss	(4,177)	(436)	-	(4,613)
Closing net book amount as at 31 December 2012	**60,027**	**4,077**	**9**	**64,113**
At 31 December 2012				
Cost or valuation	60,027	4,077	17	**64,121**
Accumulated depreciation	-	-	(8)	**(8)**
Net book amount	**60,027**	**4,077**	**9**	**64,113**
Opening net book amount as at 1 January 2013	**60,027**	**4,077**	**9**	**64,113**
Additions	9,146	400	212	**9,758**
Disposals	(7,011)	-	-	**(7,011)**
Reclassifications	751	(1,118)	-	**(367)**
Depreciation charge	(9,292)	-	(11)	**(9,303)**
Revaluation surplus	584	951	-	**1,535**
Revaluation loss	(14,803)	(1,084)	-	**(15,887)**
Closing net book amount as at 31 December 2013	**39,402**	**3,226**	**210**	**42,838**
At 31 December 2013				
Cost or valuation	39,402	3,226	230	**42,858**
Accumulated depreciation	-	-	(20)	**(20)**
Net book amount	**39,402**	**3,226**	**210**	**42,838**

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

11 Property, plant and equipment (continued)

LTL	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2012	**127,935**	**-**	**15**	**127,950**
Additions	53,436	7,926	18	**61,980**
Disposals	(10,330)	-	-	**(10,330)**
Reclassifications	(2,688)	-	-	**(2,688)**
Depreciation charge	(20,395)	-	(8)	**(20,403)**
Revaluation surplus	22,998	4,200	-	**27,198**
Revaluation loss	(11,113)	(1,171)	-	**(12,284)**
Exchange differences	(4,015)	(329)	(1)	**(4,345)**
Closing net book amount as at 31 December 2012	**156,429**	**10,626**	**24**	**167,079**
At 31 December 2012				
Cost or valuation	156,429	10,626	45	167,100
Accumulated depreciation	-	-	(21)	(21)
Net book amount	**156,429**	**10,626**	**24**	**167,079**
Opening net book amount as at 1 January 2013	**156,429**	**10,626**	**24**	**167,079**
Additions	23,791	1,040	551	**25,382**
Disposals	(18,237)	-	-	**(18,237)**
Reclassifications	1,954	(2,908)	-	**(954)**
Depreciation charge	(24,170)	-	(29)	**(24,199)**
Revaluation surplus	1,519	2,474	-	**3,993**
Revaluation loss	(38,506)	(2,820)	-	**(41,326)**
Exchange differences	(3,888)	(315)	(19)	**(4,222)**
Closing net book amount as at 31 December 2013	**98,892**	**8,097**	**527**	**107,516**
At 31 December 2013				
Cost or valuation	98,892	8,097	577	**107,566**
Accumulated depreciation	-	-	(50)	**(50)**
Net book amount	**98,892**	**8,097**	**527**	**107,516**

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

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

11 Property, plant and equipment (continued)

Split of recognised revaluation in profit/loss		2013		2012
	USD	LTL	USD	LTL
Revaluation loss recognized	(4,811)	(12,516)	(3,248)	(8,727)
Revaluation loss reversed	769	2,000	1,469	3,947
	(4,042)	**(10,516)**	**(1,779)**	**(4,780)**

Split of recognised revaluation in other comprehensive income		2013		2012
	USD	LTL	USD	LTL
Revaluation gain recognized	766	1,993	8,922	23,251
Revaluation gain reversed	(11,076)	(29,040)	(1,365)	(3,557)
	(10,310)	**(27,047)**	**7,557**	**19,694**

Leased assets, where the Group is a lessee under finance lease contracts comprised as follows as at 31 December:

		2013		2012
Aircraft	USD	LTL	USD	LTL
Cost or valuation – capitalised finance lease	21,748	56,571	29,711	79,301
Net book amount	**21,748**	**56,571**	**29,711**	**79,301**

Aircraft were pledged to the banks as collateral for borrowings (Note 17). Carrying amounts of pledged aircraft as at 31 December:

		2013		2012
	USD	LTL	USD	LTL
Aircraft	8,797	22,079	21,944	58,578
	8,797	**22,079**	**21,944**	**58,578**

12 Prepayments for property, plant and equipment

		2013		2012
	USD	LTL	USD	LTL
Prepayments for aircraft	-	-	550	1,433
	-	**-**	**550**	**1,433**

13 Inventories

		2013		2012
	USD	LTL	USD	LTL
Aircraft	-	-	-	-
Aircraft components	1,997	5,013	2,541	6,623
	1,997	**5,013**	**2,541**	**6,623**

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

14 Trade and other receivables

		2013		2012
	USD	LTL	USD	LTL
Trade receivables from third parties	13,916	34,925	10,083	26,277
Less: provision for impairment of trade receivables	(1,158)	(2,906)	-	-
Trade receivables from third parties – net	**12,758**	**32,019**	**10,083**	**26,277**
Receivables from related parties	1,048	2,630	3,294	8,374
Less: provision for impairment of trade receivables from related parties	(1,048)	(2,630)	(1,048)	(2,522)
Receivables from related parties - net (Note 23)	**-**	**-**	**2,246**	**5,852**
Loans granted to related parties (weighted average interest rate 5,61%) (Note 23)	11,695	29,352	3,034	7,907
Loans granted to third parties	7,695	19,312	-	-
Other receivables	190	474	183	479
Less: provision for impairment of other receivables	(29)	(70)	(29)	(76)
Other receivables - net	**161**	**404**	**154**	**403**
Prepayments	6,336	15,902	94	246
VAT receivables	747	1,877	1,028	2,678
	39,392	**98,866**	**16,639**	**43,363**
Non-current portion :	(10,118)	(25,395)	(2,305)	(6,008)
Current portion:	**29,274**	**73,471**	**14,334**	**37,355**

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

		2013		2012
	USD	LTL	USD	LTL
EUR	2,220	5,572	16	42
USD	35,559	89,245	15,229	39,688
LTL	1,613	4,049	1,385	3,610
GBP	-	-	9	23
	39,392	**98,866**	**16,639**	**43,363**

15 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

		2013		2012
	USD	LTL	USD	LTL
USD	42,221	105,967	6,687	17,427
EUR	131	329	1,183	3,083
LTL	1,601	4,018	211	550
	43,953	**110,314**	**8,081**	**21,060**

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

16 Share capital and reserves

Share capital

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

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

Share premium

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

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

Legal reserve

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

Revaluation reserve

Revaluation reserve comprises increase in the value of aircraft on revaluation.

Cumulative translation reserve

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

Dividends

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

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

17 Borrowings

		2013		2012
	USD	LTL	USD	LTL
Non-current				
Bank borrowings	14,270	35,816	21,427	55,838
Finance lease liabilities	13,551	34,010	13,413	34,957
	27,821	**69,826**	**34,840**	**90,795**

		2013		2012
	USD	LTL	USD	LTL
Current				
Bank borrowings	1,696	4,257	13,807	35,980
Finance lease liabilities	2,601	6,528	2,198	5,728
	4,297	**10,785**	**16,005**	**41,708**
Total borrowings	**32,118**	**80,611**	**50,845**	**132,503**

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

		2013		2012
	USD	LTL	USD	LTL
USD	32,118	80,611	50,845	132,503
	32,118	**80,611**	**50,845**	**132,503**

Bank borrowings mature in 2015. Borrowings are secured by the aircraft (Note 11).

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

		2013		2012
	USD	LTL	USD	LTL
Less than 1 year	1,696	4,257	13,807	35,980
Between 1 and 5 years	14,270	35,816	21,427	55,838
Over 5 years	-	-	-	-
	15,966	**40,073**	**35,234**	**91,818**

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

	2013	2012
Bank borrowings	6,96%	5,67%
Finance lease liabilities	7,76%	8,08%

In 2012, the Group has substituted the finance lease agreements to the loan agreements with the same bank for the amount of USD 19,437 thousand.

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

17 Borrowings (continued)

Finance lease liabilities – minimum lease payments:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Not later than 1 year	3,785	9,500	3,526	9,188
After 1 year but not later than 5 years	15,453	38,786	16,490	42,972
After 5 years	-	-	-	-
Less: future finance lease charges	(3,086)	(7,748)	(4,405)	(11,475)
Present value of finance lease liabilities	**16,152**	**40,538**	**15,611**	**40,685**

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Present value of finance lease liabilities:				
Not later than 1 year	2,601	6,528	2,198	5,728
After 1 year but not later than 5 years	13,551	34,010	13,413	34,957
After 5 years	-	-	-	-
	16,152	**40,538**	**15,611**	**40,685**

In 2013, the Group has acquired aircraft as non-cash transactions based on finance lease agreements for the amount of USD 3,236 thousand (2012: 8,906).

18 Trade and other payables and advances received

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Trade and other payables – financial liabilities				
Trade payables	1,273	3,191	198	515
Trade payables to related party (Note 23)	1,561	3,919	1,033	2,661
Salaries and social security payable, including vacation accrual	169	424	103	270
Accruals	3,465	8,697	26	98
Dividends payable (Note 23)	-	-	1,972	5,140
	6,468	**16,231**	**3,332**	**8,684**
Trade and other payables – non-financial liabilities				
Other payables	-	-	600	1,562
	-	**-**	**600**	**1,562**
Total trade and other payables	**6,468**	**16,231**	**3,932**	**10,246**

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

18 Trade and other payables and advances received (continued)

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Advance payments received – non-financial liabilities				
Advance payments from customers related to acquisition of aircraft	4,270	10,717	-	-
	4,270	**10,717**	**-**	**-**

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

		2013		2012
	USD	**LTL**	**USD**	**LTL**
LTL	819	2054	1,044	2,720
USD	9,063	22,745	812	2,115
EUR	856	2,149	2,076	5,411
GPB	-	-	-	-
	10,738	**26,948**	**3,932**	**10,246**

19 Security deposits received

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Security deposits repayable after one year at nominal value	5,380	13,503	13,150	34,269
Less: discounting effect	(916)	(2300)	(1,630)	(4,249)
Security deposits repayable after one year	**4,464**	**11,203**	**11,520**	**30,020**
Security deposits repayable within one year at nominal value	4,000	10,039	-	-
Less: discounting effect	(125)	(312)	-	-
Security deposits repayable within one year	**3,875**	**9,727**	**-**	**-**
	8,339	**20,930**	**11,520**	**30,020**

Average rates used for security deposits discounting are as follows: 2013: 7.50%, 2012: 7.50%

Security deposits serve as a security by a lessee for the performance of its obligations under the aircraft lease agreements and upon termination of lease lessor is obliged return it to lessee. All of the Group's security deposits are denominated in USD.

Security deposits are not interest-bearing (Note 2.11).

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

20 Deferred income taxes

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

		2013		2012
	USD	LTL	USD	LTL
Deferred tax assets				
At beginning of the period	4,408	11,487	5,412	14,447
Recognised through profit (loss)	(596)	(1,549)	(1,004)	(2,616)
Exchange rate differences	-	(374)	-	(344)
At the end of the year	**3,812**	**9,564**	**4,408**	**11,487**
Deferred tax liabilities				
At beginning of the period	(5,875)	(15,310)	(4,090)	(10,918)
Recognised through profit (loss)	1,392	3,627	(652)	(1,698)
Recognised through other comprehensive income	1,546	3,880	(1,133)	(2,953)
Exchange rate differences	-	434	-	259
At the end of the year	**(2,937)**	**(7,369)**	**(5,875)**	**(15,310)**

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

		2013		2012
	USD	LTL	USD	LTL
Deferred tax assets				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	3,812	9,564	4,408	11,487
	3,812	**9,564**	**4,408**	**11,487**
Deferred tax liabilities				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	(2,937)	(7,369)	(5,875)	(15,310)
	(2,937)	**(7,369)**	**(5,875)**	**(15,310)**

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

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

20 Deferred income taxes (continued)

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

USD **Deferred tax assets**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	Accu-mulated taxable losses	Discounting effect	Other accrued expenses	**Total**
At 31 December 2011	**-**	**4,209**	**1,023**	**166**	**14**	**5,412**
Charged / (credited) to the profit or loss	-	(112)	(885)	(2)	(5)	**(1,004)**
At 31 December 2012	**-**	**4,097**	**138**	**164**	**9**	**4,408**
Charged / (credited) to the profit or loss	140	(945)	267	(58)	-	(596)
At 31 December 2013	**140**	**3,152**	**405**	**106**	**9**	**3,812**

USD **Deferred tax liabilities**	Difference between tax basis and accounting basis (fair value) of aircraft	Exchange rate differences for tax purposes (depreciation)	Supple-mental rent	Discounting effect	Other accrued expen-ses	**Total**
At 31 December 2011	**(1,014)**	**(950)**	**(2,016)**	**(107)**	**(3)**	**(4,090)**
Charged / (credited) to the profit or loss	(210)	318	(796)	37	(1)	(652)
Charged / (credited) to the other comprehensive income	(1,133)	-	-	-	-	(1,133)
At 31 December 2012	**(2,357)**	**(632)**	**(2,812)**	**(70)**	**(4)**	**(5,875)**
Charged / (credited) to the profit or loss	779	618	(42)	37	-	1,392
Charged / (credited) to the other comprehensive income	1,546	-	-	-	-	1,546
At 31 December 2013	**(32)**	**(14)**	**(2,854)**	**(33)**	**(4)**	**(2,937)**

LTL **Deferred tax assets**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	Accumu-lated taxable losses	Discounting effect	Other accrued expen-ses	**Total**
At 31 December 2011	**-**	**11,236**	**2,734**	**443**	**34**	**14,447**
Charged / (credited) to the profit or loss	-	(291)	(2,308)	(5)	(12)	(2,616)
Exchange rate difference	-	(266)	(67)	(11)	-	(344)
At 31 December 2012	**-**	**10,679**	**359**	**427**	**22**	**11,487**
Charged / (credited) to the profit or loss	364	(2,457)	695	(151)	-	(1,549)
Exchange rate difference	(12)	(315)	(38)	(10)	1	(374)
At 31 December 2013	**352**	**7,907**	**1,016**	**266**	**23**	**9,564**

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

20 Deferred income taxes (continued)

LTL **Deferred tax liabilities**	Difference between tax basis and accounting basis (fair value) of aircraft	Exchange rate differences for tax purposes (depreciation)	Supple-mental rent	Discounting effect	Other accrued expenses	**Total**
At 31 December 2011	**(2,706)**	**(2,538)**	**(5,381)**	**(286)**	**(7)**	**(10,918)**
Charged / (credited) to the profit or loss	(548)	832	(2,076)	96	(2)	(1,698)
Charged / (credited) to the other comprehensive income	(2,953)	-	-	-	-	(2,953)
Exchange rate difference	64	61	128	6	-	259
At 31 December 2012	**(6,143)**	**(1,645)**	**(7,329)**	**(184)**	**(9)**	**(15,310)**
Charged / (credited) to the profit or loss	2,032	1,608	(109)	96	-	3,627
Charged / (credited) to the other comprehensive income	3,880	-	-	-	-	3, 880
Exchange rate difference	150	2	278	5	(1)	434
At 31 December 2013	**(81)**	**(35)**	**(7,160)**	**(83)**	**(10)**	**(7,369)**

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

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

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Deferred tax assets	3,812	9,564	4,408	11,487
Deferred tax liabilities	(2,937)	(7,369)	(5,875)	(15,310)
	875	**2,195**	**(1,467)**	**(3,823)**

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

21 Commitments and contingencies

Capital commitments

Capital expenditure contracted for at the balance sheet date is as follows:

		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Aircraft	15,800	39,655	3,188	8,307
	15,800	**39,655**	**3,188**	**8,307**

As at 31 December 2013 non cancellable commitments of the Group related to acquisition of aircraft.

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

22 Financial instruments by category

Category – loans and receivables

		2013		2012
	USD	LTL	USD	LTL
Loans granted – net	19,390	48,664	3,034	7,907
Trade receivables and receivables from related parties – net	12,758	32,019	12,329	32,129
Other receivables	161	404	154	403
Cash and cash equivalents	43,953	110,314	8,081	21,060
	76,262	**191,401**	**23,598**	**61,499**

Category – financial liabilities measured at amortised cost

		2013		2012
	USD	LTL	USD	LTL
Bank borrowings	15,966	40,073	35,234	91,818
Lease liabilities	16,152	40,538	15,611	40,685
Trade payables	1,273	3,191	198	515
Trade payables to related parties	1,561	3,919	1,033	2,661
Accruals and other payables	3,465	8,697	1,998	5,238
Security deposits received (Note 19)	8,339	20,930	11,520	30,020
	46,756	**117,348**	**65,594**	**170,937**

23 Related party transactions

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

Transactions with related parties

		2013		2012
	USD	LTL	USD	LTL
Sales of services to:				
Other related parties	347	903	7,529	20,229
	347	**903**	**7,529**	**20,229**

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

23 Related party transactions (continued)

		2013		2012
	USD	LTL	USD	LTL
Purchases of assets from:				
Other related parties	801	2,100	900	2,345
	801	**2,100**	**900**	**2,345**
Purchases of services from:				
Other related parties	2,466	6,415	1,135	3,050
	2,466	**6,415**	**1,135**	**3,050**
Total purchases of assets and services	**3,267**	**8,515**	**2,035**	**5,395**

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

Trade and other receivables from related parties

		2013		2012
	USD	LTL	USD	LTL
Other related parties	1,048	2,630	3,294	8,374
Trade and other receivables at nominal value	**1,048**	**2,630**	**3,294**	**8,374**
Less: provision for impairment of receivables from other related parties	(1,048)	(2,630)	(1,048)	(2,522)
	-	**-**	**2,246**	**5,852**

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

Trade and other receivables from related parties

		2013		2012
	USD	LTL	USD	LTL
Of which not overdue	-	-	62	161
Overdue up to 3 months	-	-	1,220	3,179
4 to 6 months	-	-	964	2,512
Overdue more than 6 months	-	-	1,048	2,522
Provision for receivables impairment	-	-	(1,048)	(2,522)
	-	**-**	**2,246**	**5,852**

Individually impaired receivable relates to the customer that is in bankruptcy proceedings.

Sales of services for the twelve months ended 31 December 2013 and trade receivables as at 31 December 2013 do not include receivables from Small Planet Airlines UAB and Small Planet Airlines Sp. zo.o., as the companies were sold to their management and as at 31 December 2013 were not related parties to the Company and the Group.

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

23 Related party transactions (continued)

Payables to and prepayments from related parties

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Entities having significant influence	-	-	1,183	3,082
Other related parties	1,561	3,919	1,822	4,719
	1,561	**3,919**	**3,005**	**7,801**

*Payables as at 31 December 2013 consist of payables for services and assets purchased. As at 31 December 2012, payables consist of dividends payable for the amount of USD 1,972 thousand (LTL 5,140 thousand) to shareholders. Dividends were paid on 31 January 2013.

Loans granted to related parties

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Beginning of the year	**3,034**	**7,907**	**435**	**1,162**
Loans advanced during the year as monetary transactions	40,827	106,199	1,887	5,070
Loans advanced during the year by transferring trade receivables to loans	-	-	1,248	3,354
Loan repayments received as monetary transactions	(32,360)	(84,175)	(581)	(1,561)
Loan repayments received as non-monetary transactions	(22)	(57)	-	-
Interest charged	325	845	66	178
Interest received	(85)	(221)	(18)	(48)
Exchange rate differences	(24)	(1,146)	(3)	(248)
End of the year	**11,695**	**29,352**	**3,034**	**7,907**

Loans granted to related parties are denominated in the following currencies:

		2013		2012
	USD	**LTL**	**USD**	**LTL**
EUR	2,086	5,235	-	-
USD	9,609	24,117	3,034	7,907
	11,695	**29,352**	**3,034**	**7,907**

As at 31 December 2013, weighted average effective interest rate of these loans is 6.3 per cent (2012: 4.2 per cent). The repayments are scheduled in 2014-2015.

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

24 Remuneration of the Group’s key management personnel

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

		2013		2012
	USD	**LTL**	**USD**	**LTL**
Salaries	333	865	294	790
Social insurance expenses	103	268	91	245
	436	**1,133**	**385**	**1,035**

25 Events after the balance sheet date

In January 2014 the Group acquired one Boeing 737-700 aircraft with lease attached pursuant to the commercial arrangement regarding the purchase of the subject aircraft which was entered in September 2013. The attached lease expired in February 2014.

In January 2014 the Group entered into the Letter of Intent in respect to purchase of one Boeing 737-800 aircraft.

In January 2014 the Group leased one Boeing 737-300 aircraft pursuant to the lease agreement entered in December 2013.

In February 2014 the Group terminated the lease of one Boeing 737-300 aircraft with the Italian operator and the aircraft was redelivered to the possession of the Group.