

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Year Ended 31 December 2014
(Unaudited)

Beginning of the financial period	1 January 2014
End of reporting period	31 December 2014
Name of the company	Avia Solutions Group, AB (hereinafter "the Company")
Legal form	public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko Str. 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 5500
Fax number	+370 5 252 5501
Internet address	www.AviaSG.com
Main activities of consolidated Group	Aircraft and Helicopter Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Crew Training and Staffing, Business Charter Operations

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		October – December		January – December	
	Note	2014	2013	2014	2013
Continuing operations					
Revenue	3	148 660	148 949	629 250	554 056
Cost of sales	3, 4	(132 558)	(135 687)	(564 484)	(486 305)
Gross profit	3	16 102	13 262	64 766	67 751
General and administrative expenses	4	(20 337)	(26 280)	(64 148)	(61 459)
Other income		2 725	891	4 445	1 696
Other gains / (losses) – net	5	(3 844)	13 188	(3 878)	12 729
Operating profit (loss)		(5 354)	1 061	1 185	20 717
Finance income		207	446	369	575
Finance costs		(4 265)	(705)	(5 888)	(3 842)
Finance costs – net	6	(4 058)	(259)	(5 519)	(3 267)
Share of profit (losses) of associates		(26)	(604)	(26)	(604)
Profit (loss) before income tax		(9 438)	198	(4 360)	16 846
Income tax expense	7, 17	1 018	718	485	(1 556)
Profit (loss) for the period from continuing operations		(8 420)	916	(3 875)	15 290
Discontinued operations					
Profit (loss) for the period from discontinued operations	16, 17	(9 094)	1 958	(10 094)	16 162
Profit (loss) for the period		(17 514)	2 874	(13 969)	31 452
Profit (loss) attributable to:					
Equity holders of the parent					
Profit (loss) for the period from continuing operations		(8 259)	858	(3 746)	15 232
Profit (loss) for the period from discontinued operations		(13 254)	1 957	(14 857)	16 393
Profit (loss) for the period attributable to equity holders of the parent		(21 513)	2 815	(18 603)	31 625
Non-controlling interests					
Profit (loss) for the period from continuing operations		(161)	58	(129)	58
(Loss) for the period from discontinued operations		4 160	1	4 763	(231)
Profit (loss) for the period attributable to non-controlling interests of the parent		3 999	59	4 634	(173)
		(17 514)	2 874	(13 969)	31 452

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	October – December		January – December	
		2014	2013	2014	2013
Other comprehensive income					
Continuing operations					
Net gain (loss) on cash flow hedges		12	(2)	(64)	205
Income tax		(1)	-	10	(31)
		11	(2)	(54)	174
Exchange differences on translation of foreign operations		848	(657)	214	(309)
Other comprehensive income (loss) for the period from continuing operations		859	(659)	160	(135)
Discontinued operations					
Exchange differences on translation of foreign operations from discontinued operations		3 371	(249)	3 404	(205)
Other comprehensive income (loss) for the period		4 230	(908)	3 564	(340)
Total comprehensive income for the period attributable to:					
Equity holders of the parent					
Total comprehensive income (loss) for the period from continuing operations		(7 420)	200	(3 594)	15 096
Total comprehensive income (loss) for the period from discontinued operations		(8 881)	1 713	(10 427)	16 191
Total comprehensive income (loss) for the period attributable to equity holders of the parent		(16 301)	1 913	(14 021)	31 287
Non-controlling interests					
Total comprehensive income (loss) for the period from continuing operations		(141)	57	(121)	59
Total comprehensive income (loss) for the period from discontinued operations		3 158	(4)	3 737	(234)
Total comprehensive income (loss) for the period attributable to non-controlling interests of the parent		3 017	53	3 616	(175)
		(13 284)	1 966	(10 405)	31 112
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period					
Basic earnings per share					
From continuing operations	9	(1.396)	0.145	(0.608)	2.583
From discontinued operations	9	(2.240)	0.331	(2.413)	2.780
From profit (loss) for the period	9	(3.636)	0.476	(3.021)	5.364

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

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



CONSOLIDATED BALANCE SHEET

	Notes	31 December 2014	31 December 2013
Non-current assets			
ASSETS			
Non-current assets			
Property, plant and equipment	10	85 029	96 065
Intangible assets	10	6 188	6 943
Held-to-maturity investments	11	21 290	-
Deferred income tax assets	7	13 492	11 731
Non-current trade and other receivables	12, 18	4 289	4 111
		130 288	118 850
Current assets			
Inventories	14	117 483	125 853
Trade and other receivables	12, 18	139 315	98 274
Amount due from customers for contract work		11 810	8 812
Prepaid income tax		4 270	1 043
Short-term bank deposit		50	1 506
Cash and cash equivalents	13	23 558	21 678
		296 486	257 166
Assets of disposal group classified as held for sale	17	94 965	-
Non-current assets classified as held for sale	17	3 643	-
Total assets		525 382	376 016

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FOR THE YEAR ENDED 31 DECEMBER 2014

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



CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	31 December 2014	31 December 2013
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	8	7 778	6 058
Share premium	8	114 402	64 538
Legal reserve		274	316
Merger reserve		(1 577)	(1 567)
Fair value reserve		(237)	(183)
Cumulative translations differences		3 728	(909)
Retained earnings		65 018	83 319
Equity attributable to equity holders of the parent		189 386	151 572
Non-controlling interests		20 180	29
Total equity		209 566	151 601
LIABILITIES			
Non-current liabilities			
Borrowings		38 538	45 222
Government grants		2 707	818
Security deposits received		2 190	2 535
Trade and other payables	15	1 113	1 445
Derivative financial instruments		279	214
Deferred income tax liabilities	7	237	380
		45 064	50 614
Current liabilities			
Borrowings		71 076	65 095
Trade and other payables	15	102 740	90 160
Advances received		11 539	16 147
Security deposits received		647	1 009
Current income tax liabilities		509	1 390
Government grants		86	-
		186 597	173 801
Total liabilities		231 661	224 415
Liabilities of disposal group classified as held for sale	17	84 155	-
Total equity and liabilities		525 382	376 016

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014
(All tabular amounts are in LTL '000 unless otherwise stated)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group								Non-	Total equity	
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	control- ling interests	
Balance at 1 January 2013	5 893	58 770	-	(2 868)	256	(357)	(397)	53 040	114 337	(742)	113 595
Comprehensive income											
Net profit on cash flow hedge	-	-	-	-	-	174	-	-	174	-	174
Currency translation difference from continuing operations	-	-	-	-	-	-	(310)	-	(310)	1	(309)
Currency translation difference from discontinued operations	-	-	-	-	-	-	(202)	-	(202)	(3)	(205)
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	-	15 232	15 232	58	15 290
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	-	16 393	16 393	(231)	16 162
Total comprehensive income	-	-	-	-	-	174	(512)	31 625	31 287	(175)	31 112
Transactions with owners											
Derecognition of legal and merger reserves, decrease in non-controlling interest related to disposal of subsidiaries	-	-	-	1 301	(96)	-	-	(1 205)	-	946	946
Purchase of treasury shares	-	-	(1 169)	-	-	-	-	-	(1 169)	-	(1 169)
Disposal of treasury shares	-	-	1 169	-	-	-	-	15	1 184	-	1 184
Transfer to legal reserve	-	-	-	-	156	-	-	(156)	-	-	-
Share emission related to purchase of subsidiary	165	5 768	-	-	-	-	-	-	5 933	-	5 933
Total transactions with owners	165	5 768	-	1 301	60	-	-	(1 277)	5 948	946	6 894
Balance at 31 December 2013	6 058	64 538	-	(1 567)	316	(183)	(909)	83 319	151 572	29	151 601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to equity holders of the Group								Non-	Total	
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	control- ling interests	equity
Balance at 1 January 2014	6 058	64 538	-	(1 567)	316	(183)	(909)	83 319	151 572	29	151 601
Comprehensive income											
Net gain on cash flow hedge	-	-	-	-	-	(54)	-	-	(54)	-	(54)
Currency translation difference from continuing operations	-	-	-	-	-	-	207	-	207	7	214
Currency translation difference from discontinued operations	-	-	-	-	-	-	4 430	-	4 430	(1 028)	3 402
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	-	(3 746)	(3 746)	(130)	(3 876)
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	-	(14 857)	(14 857)	4 763	(10 094)
Total comprehensive income	-	-	-	-	-	(54)	4 637	(18 603)	(14 020)	3 612	(10 408)
Transactions with owners											
Increase of share capital (Note 8)	1 720	49 864	-	-	-	-	-	-	51 584	-	51 584
Transfer to legal reserve	-	-	-	-	1	-	-	(1)	-	-	-
Disposal of interest in subsidiaries without loss of control (Note 16)	-	-	-	(10)	(43)	-	-	504	451	2 816	3 267
Purchase of interest in subsidiaries (buy-back) (Note 16)	-	-	-	-	-	-	-	(201)	(201)	(3 028)	(3 229)
Contribution of a non-controlling interest in the share capital of subsidiaries, related to discontinued operations (Note 17)	-	-	-	-	-	-	-	-	-	16 751	16 751
Total transactions with owners	1 720	49 864	-	(10)	(42)	-	-	302	51 834	16 539	68 373
Balance at 31 December 2014	7 778	114 402	-	(1 577)	274	(237)	3 728	65 018	189 386	20 180	209 566

CONSOLIDATED STATEMENT OF CASH FLOWS

		January – December	
	Notes	2014	2013
Operating activities			
Profit for the period		(13 969)	31 452
Income tax including discontinued operations	7, 17	(2 998)	1 561
<i>Adjustments for:</i>			
Depreciation and amortisation	4, 10	21 859	16 794
Impairment of accounts receivable, inventories	4	4 198	12 753
Interest expenses	6	3 107	2 146
Currency translations differences		1 246	(617)
Accruals of buildings lease payments, PBH contracts		230	3 155
Discounting effect on security deposits received	6	57	(357)
Fair value loss on derivative financial instruments		54	(31)
Share of loss from associates		26	604
(Profit) / loss of PPE disposals		(561)	229
Amortisation of government grants		(697)	-
Interest income		(1 462)	(972)
Gain on disposal in Group's financial statements (discontinued operations) / Net result of subsidiaries			
Disposal	16	-	(16 162)
Net fair value of acquiree's net assets over cost	5, 16	-	(13 893)
<i>Changes in working capital:</i>			
- Inventories		5 957	(19 678)
- Trade and other receivables		(30 175)	(1 088)
- Short-term bank deposits		1 456	-
- Trade and other payables, advances received		11 381	3 286
- Security deposits received		763	2 718
Cash generated from operations		472	21 900
Interest received		137	740
Interest paid		(2 762)	(2 188)
Income tax paid		(1 603)	(2 500)
Net cash generated from operating activities from continuing operations		(3 756)	17 952
Net cash generated from (used in) operating activities from discontinued operations		(73 178)	-
Net cash generated from (used in) operating activities		(76 934)	17 952
Investing activities			
Purchase of PPE and intangible assets		(17 270)	(28 778)
Proceeds from PPE and intangible assets		2 646	1 643
Purchase of subsidiaries (net of cash acquired)		(26)	(11 461)
Loans granted		(19 354)	(1 042)
Repayments of loans granted		3 937	9 397
Deposits placed		(1 400)	(963)
Repayments of deposits placed		541	261
Purchase of held to maturity investment	11	(21 088)	-
Proceeds from sale of interest in subsidiary with loss of control	17	-	126
Net cash (from) used in investing activities		(52 014)	(30 817)
Net cash generated from (used in) investing activities from discontinued operations		(11 333)	-
Net cash generated from (used in) investing activities		(63 347)	(30 817)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		January – December	
	Notes	2014	2013
Financing activities			
Contribution to share capital in cash	8	1 719	-
Cost directly related to issue of share capital	8	49 864	-
Increase of non-controlling interests		4 457	-
Decrease of non-controlling interests		(4 420)	-
Proceeds on disposal of treasury shares	16	-	1 184
Bank borrowings received		2 136	19 063
Repayments of bank borrowings		(36 319)	(16 333)
Borrowings from related parties received	18	10 768	16 317
Repayments of borrowings from related parties	18	(18 468)	(2 027)
Other borrowings received		34	3
Repayments of lease liabilities		(3 931)	(3 480)
Net cash generated from (used in) financing activities from continuing operations		5 840	14 727
Net cash generated from financing activities from discontinued operations		95 343	-
Net cash generated from financing activities		101 183	14 727
Increase in cash and cash equivalents		(39 098)	1 862
At beginning of period	13	10 775	8 913
Increase (decrease) in cash and cash equivalents		(39 098)	1 862
At end of period	13	(28 323)	10 775

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the year ended 31 December 2014 (hereinafter *The Consolidated Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 „Interim financial reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2013.

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

The consolidated interim financial information for the year ended 31 December 2014 is not audited. Financial Statements for the year ended 31 December 2013 were audited by the external auditor *PricewaterhouseCoopers UAB*.

2 Investments in subsidiaries and associates

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

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2014	31-12-2013	
Avia Solutions Group - Airports Management OOO	Russia	Airport Infrastructure Management (classified as discontinued)	100	-	The subsidiary was established on 14 March 2014 (Notes 16, 17). The company's portfolio includes the development of the Moscow's fourth airport – Ramenskoye International.
Avia Solutions Group B.V.	Netherlands	The associate	30	-	The associate was acquired in the third quarter 2014 (Note 16).
AviationCV.com UAB	Lithuania	Crew Training and Staffing	100	100	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
Baltic Aviation Academy UAB	Lithuania	Crew Training and Staffing	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
Baltic Ground Services Sp.z.o.o.	Poland	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fuelling services in Poland.
Baltic Ground Services s.r.l.	Italy	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in winter of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling services in Italy. The company currently does not conduct any active operations.
Baltic Ground Services UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fuelling services in Lithuania.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Ground Handling CIS UAB. The subsidiary does not conduct active operations.
Ground Handling CIS UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2014	31-12-2013	
FL Technics Jets UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services and sells spare parts in Russia and the CIS.
FL Technics Ulyanovsk OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. The subsidiary does not conduct active operations.
FLT Trading House UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
Globus Distributions OAO	Russia	Airport Infrastructure Management (classified as discontinued)	99.983	-	It is a direct subsidiary of Avia Solutions Group – Airports Management OOO. The subsidiary was established on 30 September 2014. The subsidiary does not conduct any significant active operations (Notes 16, 17).
Helisota UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters (Note 16).
Kauno aviacijos gamykla UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct any significant active operations (Note 16).
Locatory.com UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	The subsidiary was established on 7 December 2010. Starting summer 2011, the company provides on-line platform for the aviation industry to search, buy and sell aviation inventory.
RAMPORT AERO OAO	Russia	Airport Infrastructure Management (classified as discontinued)	75	-	It is a direct subsidiary of Avia Solutions Group – Airports Management OOO. The subsidiary was established on 30 July 2014 (Notes 16, 17).
Small Planet Airlines s.r.l.	Italy	The associate	-	35.5	The subsidiary was established on 17 February 2010. In summer of 2011 the company started charter operations in Italy. On 16 April 2014 the Company sold it's 35.50% stakes in the subsidiary to the third parties (Note 16).
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services.
Verslo skrydžiai UAB	Lithuania	Business charter operations	75	100	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. On 24 January 2014 the Company sold 25 per cent shareholding in the subsidiary (Note 16).

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

3 Segment information

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

- (1) aircraft and helicopter maintenance, repair and overhaul (MRO);
- (2) aircraft ground handling and fuelling;
- (3) crew training and staffing;
- (4) business charter operations;
- (5) unallocated segment;
- (6) airport infrastructure management (new; classified as discontinued; Note 17).

The unallocated sales include sales of management services, which cannot be attributed to the other segments. The management assesses the performance of the Group based on measure of Gross Profit.

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

The following table present sales to external customers, costs of sales and gross profit information according to the Group's business segments for the year ended 31 December 2014:

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Business charter operations	Airport Infra- structure Manage- ment (new)	Unallo- cated	Inter- segment trans- actions	Total
Year ended 31 December 2014								
Revenue								
Sales to external customers	358 965	232 726	30 574	5 851	-	1 134	-	629 250
Inter-segment sales	19 812	18 983	135	107	-	5 711	(44 748)	-
Total revenue	378 777	251 710	30 709	5 957	-	6 844	-	629 250
Cost of sales	(333 162)	(241 974)	(19 418)	(5 640)	-	(1 856)	37 566	(564 484)
Segment gross profit	45 615	9 736	11 291	318	-	4 988	(7 182)	64 766
As at 31 December 2014								
Segment assets	303 246	53 566	15 655	1 956	94 965*	55 994		525 382

* As at the balance date the segment assets are disclosed as held for sale (Note 17).

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

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Business charter operations	Airport Infra- structure Manage- ment (new)	Unallo- cated	Inter- segment trans- actions	Total
Year ended 31 December 2013								
Revenue								
Sales to external customers	318 905	206 367	27 858	-	-	926	-	554 056
Inter-segment sales	20 607	70 152	152	-	-	5 573	(96 484)	-
Total revenue	339 512	276 519	28 009	-	-	6 499	(96 483)	554 056
Cost of sales	(287 281)	(266 754)	(20 385)	-	-	(1 626)	89 741	(486 305)
Segment gross profit	52 232	9 765	7 624	-	-	4 873	(6 742)	67 751
As at 31 December 2013								
Segment assets	297 433	55 571	13 867	104	-	9 041		376 016

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

3 Segment information (continued)

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

	October – December		January – December	
	2014	2013	2014	2013
4 Expense by nature				
Aircraft fuel expenses	41 895	36 017	192 181	166 025
Spare parts and consumables expenses	35 185	43 824	112 034	120 004
Employee related expenses	29 167	23 543	108 379	86 061
Aircraft and helicopter maintenance expenses	13 893	6 625	55 829	16 363
Depreciation and amortisation (Note 10)	5 384	6 229	21 859	16 794
Transportation and related expenses	3 827	3 074	12 635	6 999
Rent and maintenance of premises	3 761	3 338	13 715	11 916
Training and related expenses	3 750	2 467	14 165	14 413
Aircraft servicing and handling expenses	2 965	3 968	10 118	8 228
Business travel expenses	2 238	1 252	6 925	5 614
Cost of services resold	1 778	11 133	51 029	54 023
Impairment-related expenses	1 735	9 756	4 198	12 753
Office administrative expenses	857	1 307	2 091	2 062
Consultation expenses	833	2 648	3 758	6 837
Marketing and sales expenses	745	983	3 665	3 206
Communications expenses	564	429	2 102	1 798
VAT in business use expenses	561	195	1 667	1 011
Insurance expenses	466	476	2 281	1 755
IT expenses	382	214	1 704	1 168
Rent and maintenance of training simulators	334	1 805	1 668	2 374
Audit expenses	250	232	464	331
Employee lease expenses	213	115	765	710
Bank services	186	251	637	715
Other expenses	1 926	2 086	4 763	6 604
Total of cost of sales, general and administrative expenses	152 895	161 967	628 632	547 764
5 Other gains / (losses) – net				
Net gain/(loss) on sales of non-current assets and inventories	44	(118)	1 032	(48)
Net foreign exchange (loss) on operating activities	(2 698)	(587)	(4 910)	1 116
Net gain (loss) on disposal of subsidiary without loss of control (Note 16)	(1 190)	-	-	-
Excess of net fair value of acquiree's net assets over cost (Note 16)	-	13 893	-	13 893
	(3 844)	13 188	(3 878)	12 729

	October – December		January – December	
	2014	2013	2014	2013
6 Finance income and costs				
Fair value adjustment of security deposit received	162	372	-	372
Interest income on cash and cash equivalents	-	8	12	22
Foreign exchange gain on financing activities	-	-	40	115
Other finance income	45	66	317	66
Finance income	207	446	369	575
Late payment interest - costs	(1 784)	(457)	(1 987)	(675)
Foreign exchange loss on financing activities	(1 367)	249	-	-
Interest expenses on borrowings	(650)	(723)	(3 107)	(2 146)
Unwinding of discounted security deposits received	(15)	(41)	(57)	(41)
Provisions: unwinding of discount	-	(967)	-	(967)
Other finance costs	(449)	1 234	(737)	(13)
Finance costs	(4 265)	(705)	(5 888)	(3 842)
Finance costs – net	(4 058)	(259)	(5 519)	(3 267)

7 Income tax and deferred income tax

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in the United Kingdom – 20 per cent, in Russian Federation – 20 per cent, in Ukraine – 19 per cent, in Italy – 27.5 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2013: 15% rate), in Poland - at 19% rate (2013: 19% rate), in the United Kingdom – at 20% rate (2013: 20% rate), in Russian Federation – at 20% rate (2013: 20% rate), Ukraine – at 19% rate (2013: 19% rate), in Italy – at 27.5% rate (2013: 27.5% rate).

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 tax expenses from continuing operations for the period comprise current and deferred tax as follows:

	October – December		January – December	
				2013
Current income tax	944	(1 327)	(1 419)	(4 348)
Deferred income tax	74	2 045	1 904	2 792
Total income tax expenses	1 018	718	485	(1 556)

8 Share capital

On 31 December 2014 the share capital of the Company amounts to LTL 7 777 777 and consists of 7 777 777 ordinary registered shares with a nominal value of one litas each (on 31 December 2013 – 6 058 333 ordinary registered shares). It was increased from LTL 6 058 333 to LTL 7 777 777 by issue of additional 1 719 444 ordinary shares with a par value LTL 1 each. All shares are fully paid up.

Following the increase of the capital, share premium amounts to 114,401,875 litas. Contribution to share premium in cash was 49,863,876 litas (or LTL 29.00 per share).

On 30 December 2014 new shares of the Company were introduced to trading at Warsaw Stock Exchange.

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

9 Earnings per share

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

	<u>October – December</u>		<u>January – December</u>	
	2014		2013	
Profit (loss) attributable to:				
Equity holders of the parent				
Profit (loss) for the year from continuing operations	(8 259)	858	(3 746)	15 232
Profit (loss) for the year from discontinued operations	(13 254)	1 957	(14 857)	16 393
Profit (loss) for the year attributable to equity holders of the parent	(21 513)	2 815	(18 603)	31 625
Weighted average number of ordinary shares (thousand)	5 916	5 917	6 158	5 896
Basic earnings per share				
From continuing operations	(1.1396)	0.145	(0.608)	2.583
From discontinued operations	(2.240)	0.331	(2.413)	2.780
From profit for the period	(3.636)	0.476	(3.021)	5.364

10 Property, plant and equipment, intangible assets

	<u>Property, plant and equipment</u>	<u>Intangible assets</u>
Opening net book amount as at 1 January 2013	64 920	6 904
Acquisition of subsidiaries	6 808	76
Additions	41 033	1 608
Disposals	(1 256)	-
Write-offs	(133)	-
Depreciation charge (Note 4)	(15 142)	(1 652)
Cumulative currency differences	(169)	6
Closing net book amount as at 31 December 2013	96 065	6 943
Opening net book amount as at 1 January 2014	96 065	6 943
Additions (continuing operations)	15 105	1 213
Additions (discontinued operations)	36 517	-
Disposals	(2 248)	-
Reclassifications related to non-current assets held for sale (Note 17)	(3 643)	-
Write-offs	(72)	-
Cumulative currency differences (continuing operations)	(285)	(1)
Cumulative currency differences (discontinued operations)	(7 872)	-
Depreciation charge (continuing operations) (Note 4)	(19 892)	(1 967)
Transferred to assets held for sale (Note 17)	(28 646)	-
Closing net book amount as at 31 December 2014	85 029	6 188

11 Held-to-maturity investments

On 15 December 2014 the Group acquired 75 (seventy five) Bonds of Avia Solutions Group B.V. with subscription price USD 7.5 million. The bonds were transferred by the transferee for purchase price equal to USD 7.6 million (nominal value of 75 Bonds plus interest accrued). The maturity date of the Bonds is 5 (five) calendar years from the issue date, i.e. 20 August 2014. Bonds are classified as investment held-to-maturity.

	31 December 2014	31 December 2013
12 Trade and other receivables		
Trade receivables	100 790	72 523
Less: provision for impairment of trade receivables	(4 363)	(8 030)
Trade receivables – net	96 427	64 493
Loans granted	19 233	3 785
Less: provision for impairment of loans granted	(86)	-
Loans granted - net	19 147	3 785
Prepayments	9 602	12 111
Less: provision for impairment of prepayments	(1 751)	(1 551)
Prepayments – net	7 851	10 560
Other receivables	3 075	2 075
Less: provision for impairment of other receivables	(244)	(182)
Other receivables – net	2 831	1 893
Loans granted to related parties	2 288	2 357
Less: provision for impairment of loans granted to related parties	-	(86)
Loans granted to related parties – net (Note 18)	2 288	2 271
Other receivables from related parties	444	177
Less: provision for impairment of other receivables from related parties	-	(49)
Other receivables from related parties – net (Note 18)	444	128
Receivables from related parties	439	5 889
Less: provision for impairment of trade receivables from related parties	(13)	(1 316)
Receivables from related parties - net (Note 18)	426	4 573
VAT receivables	7 527	9 340
Deferred charges	3 340	2 448
Security deposit – net	3 198	2 714
Deferred charges to related parties (Note 18)	125	180
	143 604	102 385
Less non-current portion :	(4 289)	(4 111)
Current portion :	139 315	98 274
13 Cash and cash equivalents		
Cash and cash equivalents	23 558	21 678
Bank overdraft	(51 881)	(10 903)
	(28 323)	10 775
14 Inventories		
Spare parts and materials – gross amount	99 837	107 875
Less: provision for impairment of inventories	(7 560)	(8 970)
Spare parts and materials	92 277	98 905
Goods for sale – gross amount	20 113	20 294
Less: provision for impairment of inventories	(1 301)	(1 301)
Goods for sale	18 812	18 993
Aircraft fuel	4 374	2 694
Work in progress	182	2 274
Goods in transit	75	1 502
Other inventories	1 763	1 485
	117 483	125 853

	31 December 2014	31 December 2013
15 Trade and other payables		
Trade payables	75 442	58 335
Accruals for hangar lease payments, PBH contracts and other accrued expenses	16 317	22 629
Salaries and social security payable	6 078	5 616
Deferred revenue	1 889	1 797
Amounts payable to related parties (Note 18)	1 034	574
Provisions	825	613
Other payables	2 286	2 041
Other payables to related parties (Note 18)	2	-
	103 853	91 605
Less: non-current portion	(1 113)	(1 445)
Current portion	102 740	90 160

16 Business combination and disposals

Disposals in 2014

On 24 January 2014, the Group sold 25% of the share capital of the subsidiary *Verslo skrydžiai UAB* to *Small Planet Airlines UAB*. Sales proceeds from the disposal of a 25 per cent shareholding in *Verslo skrydžiai UAB* amounted to LTL 37.5 thousand.

In February 2014 *Avia Solutions Group AB* signed the agreement for sale 49% stakes in *Baltic Aviation Academy UAB* to third party. On 15 April 2014 the first stage of sale transaction was completed: *Avia Solutions Group AB* sold it's 23.09% stakes in *Baltic Aviation Academy UAB* to the third party. On 26 June 2014 the Group completed the sale of 49 percent of shares of its subsidiary – *Baltic Aviation Academy UAB*. Sales proceeds from the disposal of a 49 percent shareholding in *Baltic Aviation Academy UAB* amounted to EUR 1.28 million. Following the sale *Avia Solutions Group AB* remained the major shareholder of *Baltic Aviation Academy UAB* with a 51 per cent shareholding.

On 16 April 2014 the Group sold it's 35.50% stake in *Small Planet Airlines s.r.l.* (Italy) to the third parties.

Acquisition in 2014

In September 2014 *Avia Solutions Group AB* completed a buy-back of 49% of the share capital in *Baltic Aviation Academy UAB* from an unrelated third party. In June 2014 the Seller purchased 49 percent stake in the Subsidiary, however was unable to fulfil certain condition subsequent relating to business development. As a result the Company exercised call option and bought back entire shareholding in *Baltic Aviation Academy* at consideration received during the sale of the entity that amounted to EUR 1.28 million.

In the third quarter 2014, the Company acquired a 30% of the share capital in *Avia Solutions Group B.V.* The investment in the associate was EUR 7.5 thousand. The Group's investments in its associate as at 31 December 2014 amounted to LTL 0 thousand through post-acquisition changes in the Group's share of net assets of the associate.

Establishments in 2014

On 14 March 2014, the Company established the subsidiary *Avia Solutions Group – Airports Management OOO*. The investment in the subsidiary was RUB 1 million, forming 100% of the share capital of the subsidiary. On 30 July 2014, *Avia Solutions Group – Airports Management OOO* established the subsidiary *RAMPORT AERO OAO*. The investment in the subsidiary was RUB 1 000 million, forming 75% of the share capital of the subsidiary. On 30 September 2014, *Avia Solutions Group – Airports Management OOO* established the subsidiary *Globus Distributions OAO*. The investment in the subsidiary was RUB 10 million, forming 99.983% of the share capital of the subsidiary.

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

16 Business combination and disposals (continued)

The assets and liabilities related to *Avia Solutions Group – Airports Management OOO* and its subsidiaries have been presented as held for sale on the 31 December 2014 balance sheet (Note 17).

On 9 October 2013, the Company established the subsidiary *Verslo skrydžiai UAB*. The investment in the subsidiary was LTL 150 thousand.

Disposal in 2013

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

	<i>Small Planet Airlines UAB - disposal's carrying amount</i>	<i>Small Planet Airlines Sp.z.o.o. – disposal's carrying amount</i>	Inter-company transactions of disposal group	Total disposal's carrying amount
Property, plant and equipment	156	93	-	249
Intangible assets	34	1 125	-	1 159
Deferred income tax assets	-	918	-	918
Inventories	560	3	-	563
Receivables	14332	8 157	(2 112)	20 377
Loans granted	3 003	-	(2 419)	584
Security deposits placed	3 660	4 862	-	8 522
Cash and cash equivalents	561	98	-	659
Deferred income tax liabilities	(58)	(473)	-	(531)
Financial guarantees	(86)	-	86	-
Payables	(21 790)	(13 636)	2 112	(33 314)
Borrowings	(9 866)	(2 419)	2 419	(9 866)
Security deposits received	(1 941)	(8 403)	-	(10 344)
Net assets disposed	(11 435)	(9 675)	86	(21 024)
NCI based on proportionate share of net assets (4.5%)	515	435	(4)	947
Group's net assets attributed to equity holders of the parent	(10 920)	(9 240)	82	(20 078)
Proceeds from sale of interest in subsidiaries				1 024
Other items: exchange differences on translation of foreign operations				202
Gain on disposal, directly recognised in Group's profit or loss (discontinued operations):				21 304
Deferred consideration (treated as interest free loan for two years)				500
Share-exchange consideration				524
Sales price				1 024

Deferred consideration relates to a loan provided to one of the new shareholders of *Small Planet Airlines* for purchase of the shares. During the disposal of subsidiaries to Mr. Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of the Company from him.

These shares of the Company owned by Mr. Vytautas Kaikaris were considered to be treasury shares and directly deducted from shareholders' equity in the Company's and Group's balance sheets at the market price of the date of the transaction, i.e. at total purchase cost of LTL 1 169 thousand. LTL 524 thousand of the shares acquired was a consideration received for the shares of *Small Planet Airlines* and LTL 645 thousand relates to a repayment of the loan by Mr Kaikaris.

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

16 Business combination and disposals (continued)

Treasury shares were sold on 21 May 2013. Sales proceeds from the disposal of treasury shares of the Company amounted to LTL 1 184 thousand. After the treasury stock sale, the Company's retained earnings were increased by LTL 15 thousand. Details of revenue, cost of sales and income tax expenses of disposal group (charter operations business segment) classified as discontinued operations are as follows:

	October – December		January – December	
	2014	2013	2014	2013
Discontinued operations				
Revenue	-	-	-	19 745
Cost of sales	-	-	-	(22 346)
Gross profit (loss)	-	-	-	(2 601)
(Loss) before income tax from operating activities	-	-	-	(5 137)
Income tax expense	-	-	-	(5)
(Loss) from operating activities, net of tax	-	-	-	(5 142)
Gain on sale of discontinued operations (see before)	-	1 958	-	21 304
Net profit (loss) for the period from discontinued operations	-	1 958	-	16 162

Acquisition in 2013

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

	<i>Helisota UAB</i> - acquiree's carrying amount	<i>Kauno aviacijos gamykla UAB</i> - acquiree's carrying amount	Fair value adjustment / reclassification*	Inter-company transactions of acquiree's	Fair values recognised on acquisition
Inventories (Note 18)	38 912	17	(4 951)	-	33 978
Receivables	7 839	30	1 094*	(26)	8 937
Property, plant and equipment (Note 15)	2 395	4 439	(26)	-	6 808
Investments in subsidiaries	1 992	-	-	(1 992)	-
Short-term bank deposits	1 506	-	-	-	1 506
Cash and cash equivalents	991	18	-	-	1 009
Deferred income tax assets (Note 28)	774	75	583	-	1 432
Loans granted	130	-	-	(130)	-
Intangible assets (Note 16)	76	-	-	-	76
Borrowings	(7 549)	(130)	-	130	(7 549)
Payables	(13 806)	(120)	-	26	(13 900)
Total identifiable net assets	33 260	4 329	(3 300)	(1 992)	32 297
Total identifiable net assets acquired					32 297
Purchase consideration - paid in cash					(12 470)
Purchase consideration - share-exchange (Notes 22, 23)					(5 933)
Excess of fair value of acquiree's net assets over cost (recognised directly in profit)					13 893
Analysis of cash flows on acquisition:					
Consideration paid in cash					(12 470)
Cash acquired with the subsidiary					1 009
Acquisition of subsidiaries, net of cash acquired					(11 461)

16 Business combination and disposals (continued)

Details of purchase consideration are presented in the audited financial statements for the year ended 31 December 2013.

17 Non-current assets held for sale and discontinued operations

Further stages of development of *Airport Infrastructure Development and Management* activity through Group's subsidiary – *Avia Solutions Group – Airports Management OOO* will require additional equity in the Project. The decision to attract additional equity partners and the expected dilution resulted assets and associated liabilities, related to *Avia Solutions Group – Airports Management OOO* companies, to be presented as held for sale in the consolidated balance sheet as at 31 December 2014. The carrying amount of the assets held for sale is LTL 94 965 thousand and associated liabilities amounted to LTL 84 155 thousand. The completion date for the transaction is expected by September 2015.

GROUP

	31 December 2014
(a) Assets of disposal group classified as held for sale	
Property, plant and equipment	28 646
Deferred income tax assets	5 409
Inventory	1
Trade receivables	2 474
Short-term bank deposits	54 365
Cash and cash equivalents	4 070
Total, excluding IC transactions with the Group	94 965
IC transactions with the Group	-
Total, including IC transactions with the Group	94 965
(b) Liabilities of disposal group classified as held for sale	
Non-current liabilities	78 592
Deferred income tax liabilities	3 748
Trade and other payables	2 496
Total, excluding IC transactions with the Group	84 836
IC transactions with the Group	(681)
Total, including IC transactions with the Group	84 155

(c) Revenue, cost of sales and income tax expenses of disposal group classified as held for sale

	October – December		January – December	
	2014	2013	2014	2013
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit (loss) from discontinued operations	-	-	-	-
(Loss) before income tax for the year from discontinued operations	(11 358)	-	(12 607)	-
Income tax expense	2 264	-	2 513	-
(Loss) for the year from discontinued operations	(9 094)	-	(10 094)	-

17 Non-current assets held for sale and discontinued operations (continued)

(d) Non-current assets classified as held for sale

During November 2014 the subsidiary decided to sell four aircraft engines and on 30 November 2014 it met the conditions to be classified as held for sale:

	30 November 2014
Cost of asset	10 504
Accumulated depreciation	(6 861)
Net book value of non-current assets held for sale	3 643

18 Related party transactions

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

	January – December	
	2014	2013
Sales of assets to:		
Entities having significant influence	5	2
Other related parties	1 729	-
	1 734	2
Sales of services to:		
Entities having significant influence	6	2
Other related parties	13 085	15 639
	13 091	15 641
Total sales of assets and services	14 825	15 643
Purchases of assets from:		
Other related parties	400	478
	400	478
Purchases of services from:		
Entities having significant influence	132	101
Other related parties	5 807	6 994
	5 939	7 095
Total purchases of assets and services	6 339	7 573
	31 December 2014	31 December 2013
Trade receivables from related parties		
Trade receivables from other related parties (Note 12)	423	4 571
Loans provided to other related parties (Note 12)	2 288	2 271
Other trade receivables from related parties (Note 12)	444	128
Trade receivables from entities having significant influence (Note 12)	3	2
Deferred charges from other related parties (Note 12)	125	180
	3 283	19 216

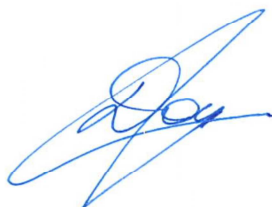
18 Related party transactions (continued)

	31 December 2014	31 December 2013
Payables and advances received from related parties		
Loans received from other related parties	7 072	-
Advances received from other related parties	480	1 528
Advances received from entities having significant influence	5	
Trade payables to other related parties (Note 15)	1 017	566
Trade payables to entities having significant influence (Note 15)	17	8
Other payables to other related parties (Note 15)	2	
	8 593	2 102

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, We, Linas Dovydenas, General Director of *Avia Solutions Group AB*, and, Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the unaudited *Avia Solutions Group AB* Interim Consolidated Financial Information for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group of undertakings.

General Director
Linas Dovydenas



Chief Financial Officer
Aurimas Sanikovas

17 February, 2015