AVIA SOLUTIONS GROUP AB

Independent Auditor's Report,
Separate and Consolidated Financial Statements,
Consolidated Annual Report
For the Year Ended 31 December 2014

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Independent Auditor's Report

To the shareholders of Avia Solutions Group AB

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of Avia Solutions Group AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 72, which comprise the stand-alone and consolidated balance sheets as of 31 December 2014 and the stand-alone 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 2014, 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.

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Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2014 set out on pages 73 to 97 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 2014.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vytenis Lazauskas
Auditor's Certificate No.000536

Vilnius, Republic of Lithuania
14 April 2015

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Approved by the Annual General Meeting of Shareholders as at ______________________ 2015

		Year ended 31 December			
		GROUP		COMPANY	
	Note	2014	2013	2014	2013
Continuing operations					
Revenue	5, 6	**636 529**	**554 056**	**6 844**	**6 499**
Cost of sales	5, 11	(575 306)	(486 305)	(1 856)	(1 626)
Gross profit	5	**61 223**	**67 751**	**4 988**	**4 873**
General and administrative expenses	11	(61 170)	(61 459)	(8 511)	(8 220)
Other income	7	3 156	1 696	2 258	2 702
Other gains / (losses) – net	10	(3 154)	12 729	1 144	(2 455)
Operating profit (loss)		**55**	**20 717**	**(121)**	**(3 100)**
Finance income	12	164	575	298	15
Finance costs	12	(5 437)	(3 842)	(288)	(23)
Finance costs – net	12	**(5 273)**	**(3 267)**	**10**	**(8)**
Share of profit (losses) of associates	18	(26)	(604)	-	-
Profit (loss) before income tax for continuing operations		**(5 244)**	**16 846**	**(111)**	**(3 108)**
Income tax expense	13	133	(1 556)	225	87
Profit (loss) for the year from continuing operations		**(5 111)**	**15 290**	**114**	**(3 021)**
Discontinued operations					
Profit (loss) for the year from discontinued operations	34	(10 015)	16 162	-	-
Profit (loss) for the year		**(15 126)**	**31 452**	**114**	**(3 021)**
Profit (loss) attributable to:					
Equity holders of the parent					
Profit (loss) for the year from continuing operations		(4 981)	15 232	114	(3 021)
Profit (loss) for the year from discontinued operations		(14 798)	16 393	-	-
Profit (loss) for the year attributable to equity holders of the parent		**(19 779)**	**31 625**	**114**	**(3 021)**
Non-controlling interests					
Profit (loss) for the year from continuing operations		(130)	58	-	-
Profit (loss) for the year from discontinued operations		4 783	(231)	-	-
Profit (loss) for the year attributable to non-controlling interests of the parent		**4 653**	**(173)**	**-**	**-**
		(15 126)	**31 452**	**114**	**(3 021)**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Approved by the Annual General Meeting of Shareholders as at ____________________ 2015

		Year ended 31 December			
		GROUP		COMPANY	
	Note	**2014**	**2013**	**2014**	**2013**
Other comprehensive income					
Continuing operations					
Net gain (loss) on cash flow hedges	2.20, 25	(64)	205	-	-
Income tax effect	2.20, 29	10	(31)	-	-
		(54)	**174**	**-**	**-**
Exchange differences on translation of foreign operations		290	(309)	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods from continuing operations		**236**	**(135)**	**-**	**-**
Discontinued operations					
Exchange differences on translation of foreign operations from discontinued operations		3 387	(205)	-	-
Net other comprehensive income (loss) to be reclassified to profit loss in subsequent periods		**3 623**	**(340)**	**-**	**-**
Total comprehensive income for the year attributable to:					
Equity holders of the parent					
Total comprehensive income (loss) for the year from continuing operations		(4 753)	15 096	114	(3 021)
Total comprehensive income (loss) for the year from discontinued operations		(10 380)	16 191	-	-
Total comprehensive income (loss) for the year attributable to equity holders of the parent		**(15 133)**	**31 287**	**114**	**(3 021)**
Non-controlling interests					
Total comprehensive income (loss) for the year from continuing operations		(122)	59	-	-
Total comprehensive income (loss) for the year from discontinued operations		3 752	(234)	-	-
Total comprehensive income (loss) for the year attributable to non-controlling interests of the parent		**3 630**	**(175)**	**-**	**-**
		(11 503)	**31 112**	**114**	**(3 021)**
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year					
Basic earnings per share					
From continuing operations	14	(0.809)	2.583	0.019	(0.512)
From discontinued operations	14	(2.403)	2.780	-	-
From profit (loss) for the year	14	**(3.212)**	**5.364**	**0.019**	**(0.512)**

The notes on pages 13 to 72 form an integral part of these financial statements. The financial statements on pages 5 to 72 have been approved for issue by the Board as at 14 April 2015 and signed on their behalf by the General Director and the Chief Financial Officer.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

BALANCE SHEETS

Approved by the Annual General Meeting of
Shareholders as at ______________________ 2015

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2014**	**2013**	**2014**	**2013**
ASSETS					
Non-current assets					
Property, plant and equipment	15	83 595	96 065	791	875
Intangible assets	16	6 187	6 943	186	185
Investments in subsidiaries	17	-	-	28 252	23 870
Investments in associates	18, 33	-	-	26	-
Deferred tax assets	29	13 712	11 731	547	322
Trade and other receivables	20	25 268	4 111	47 204	28 744
		128 762	**118 850**	**77 006**	**53 996**
Current assets					
Inventories	19	116 214	125 853	66	29
Trade and other receivables	20	143 593	98 274	36 232	20 015
Amount due from customers for contract work	21	8 998	8 812	-	-
Prepaid income tax		4 719	1 043	-	-
Short-term bank deposit		50	1 506	-	-
Cash and cash equivalents	3.1, 22	23 547	21 678	11 540	3 313
		297 121	**257 166**	**47 838**	**23 357**
Assets of disposal group classified as held for sale	17, 34	**95 365**	**-**	**68**	**-**
Non-current assets classified as held for sale	34	**3 643**	**-**	**-**	**-**
Total assets		**524 891**	**376 016**	**124 912**	**77 353**

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

BALANCE SHEETS (CONTINUED)

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2014**	**2013**	**2014**	**2013**
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	23	7 778	6 058	7 778	6 058
Share premium	24	114 402	64 538	114 402	64 538
Legal reserve	25	274	316	69	69
Merger reserve	25	(1 577)	(1 567)	-	-
Fair value reserve	25	(237)	(183)	-	-
Cumulative translations differences		3 792	(909)	-	-
Retained earnings		63 843	83 319	(2 011)	(2 125)
Equity attributable to equity holders of the parent		**188 275**	**151 572**	**120 238**	**68 540**
Non-controlling interests		20 196	29	-	-
Total equity		**208 471**	**151 601**	**120 238**	**68 540**
LIABILITIES					
Non-current liabilities					
Borrowings	26	30 225	45 222	3 038	-
Government grants		2 707	818	-	-
Security deposits received	28	2 205	2 535	-	-
Trade and other payables	27	1 113	1 445	-	-
Derivative financial instruments	2.20	279	214	-	-
Deferred income tax liabilities	29	237	380	-	-
Financial guarantees	17, 35	-	-	167	294
		36 766	**50 614**	**3 205**	**294**
Current liabilities					
Borrowings	26	79 406	65 095	-	7 027
Trade and other payables	27	103 153	90 160	1 237	1 279
Advances received		11 336	16 147	13	-
Security deposits received	28	829	1 009		-
Current income tax liabilities		350	1 390		-
Government grants		86	-	-	-
Financial guarantees	17, 35	-	-	219	213
		195 160	**173 801**	**1 469**	**8 519**
Total liabilities		**231 926**	**224 415**	**4 674**	**8 813**
Liabilities of disposal group classified as held for sale	34	**84 494**	**-**	**-**	**-**
Total equity and liabilities		**524 891**	**376 016**	**124 912**	**77 353**

The notes on pages 13 to 72 form an integral part of these financial statements.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

STATEMENTS OF CHANGES IN EQUITY

Approved by the Annual General Meeting of Shareholders as at
______________________________ 2015

THE GROUP	Equity attributable to equity holders of the Group									Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total		
Balance at 31 December 2012 / 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 (Note 2.20)	-	-	-	-	-	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 (Note 33)	-	-	-	1 301	(96)	-	-	(1 205)	**-**	**946**	**946**
Purchase of treasury shares (Note 33)	-	-	(1 169)	-	-	-	-	-	**(1 169)**	**-**	**(1 169)**
Disposal of treasury shares (Note 33)	-	-	1 169	-	-	-	-	15	**1 184**	**-**	**1 184**
Transfer to legal reserve (Note 25)	-	-	-	-	156	-	-	(156)	**-**	**-**	**-**
Share emission related to purchase of subsidiary (Note 33)	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**

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Approved by the Annual General Meeting of Shareholders as at
_______________________________ 2015

THE GROUP	Equity attributable to equity holders of the Group									Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total		
Balance at 31 December 2013 / Balance at 1 January 2014	**6 058**	**64 538**	**-**	**(1 567)**	**316**	**(183)**	**(909)**	**83 319**	**151 572**	**29**	**151 601**
Comprehensive income											
Net profit on cash flow hedge (Note 2.20)	-	-	-	-	-	(54)	-	-	**(54)**	-	**(54)**
Currency translation difference from continuing operations	-	-	-	-	-	-	283	-	**283**	7	**290**
Currency translation difference from discontinued operations	-	-	-	-	-	-	4 418	-	**4 418**	(1 031)	**3 387**
(Loss) for the period from continuing operations	-	-	-	-	-	-	-	(4 981)	**(4 981)**	(130)	**(5 111)**
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	-	(14 798)	**(14 798)**	4 783	**(10 015)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(54)**	**4 701**	**(19 779)**	**(15 132)**	**3 629**	**(11 503)**
Transactions with owners											
Increase of share capital (Notes 23, 24)	1 720	49 864	-	-	-	-	-	-	**51 584**	**-**	**51 584**
Transfer to legal reserve (Note 25)	-	-	-	-	1	-	-	(1)	**-**	**-**	**-**
Disposal of interest in subsidiaries without loss of control (Notes 17,33)	-	-	-	(10)	(43)	-	-	(2 038)	**(2 092)**	**2 815**	**724**
Purchase of interest in subsidiaries (buy-back) (Notes 17, 33)	-	-	-	-	-	-	-	2 342	**2 343**	**(3 028)**	**(686)**
Contribution of a non-controlling interest in the share capital of subsidiaries, related to discontinued operations (Note 34)	-	-	-	-	-	-	-	-	**-**	**16 751**	**16 751**
Total transactions with owners	**1 720**	**49 864**	**-**	**(10)**	**(42)**	**-**	**-**	**303**	**51 835**	**16 538**	**68 373**
Balance at 31 December 2014	**7 778**	**114 402**	**-**	**(1 577)**	**274**	**(237)**	**3 792**	**63 843**	**188 275**	**20 196**	**208 471**

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

THE COMPANY	**Share capital**	**Share premium**	**Legal reserve**	**Treasury shares**	**Retained earnings**	**Total equity**
Balance at 31 December 2012 / Balance at 1 January 2013	**5 893**	**58 770**	**-**	**-**	**950**	**65 613**
Net profit - total comprehensive income for the year	**-**	**-**	**-**	**-**	**(3 021)**	**(3 021)**
Transaction with owners						
Transfer to legal reserve (Note 25)	-	-	69	-	(69)	**-**
Increase in share capital (Notes 23, 24)	165	5 768	-	-	-	**5 933**
Disposal of subsidiaries / Purchase of treasury shares (Note 33)	-	-	-	(1 169)	-	**(1 169)**
Disposal of treasury shares (Note 33)	-	-	-	1 169	15	**1 184**
Total transactions with owners	**165**	**5 768**	**69**	**-**	**(54)**	**5 948**
Balance at 31 December 2013 / Balance at 1 January 2014	**6 058**	**64 538**	**69**	**-**	**(2 125)**	**68 540**
Net profit - total comprehensive income for the year	-	-	-	-	114	**114**
Transactions with owners						
Increase in share capital (Notes 23, 24)	1 720	49 864	-	-	-	51 584
Total transactions with owners	**1 720**	**49 864**	**-**	**-**	**-**	**51 584**
Balance at 31 December 2014	**7 778**	**114 402**	**69**		**(2 011)**	**120 238**

The notes on pages 13 to 72 form an integral part of these financial statements.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

STATEMENTS OF CASH FLOWS

Approved by the Annual General Meeting of Shareholders as at ________________ 2015

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2014**	**2013**	**2014**	**2013**
Operating activities					
Profit (loss) for the year, including discontinued operations		(15 126)	31 452	114	(3 021)
Income tax, including discontinued operations	13, 34	(2 739)	1 561	(225)	(87)
Adjustments for:					
Depreciation and amortisation	9,11,15,16	21 818	16 794	438	345
Impairment-related expenses	3.1,5,11,	4 492	12 753	1	1 740
Interest expenses	12	3 566	2 146	288	22
Currency translations differences		1 521	(617)	-	-
Accruals of hangar lease payments, PBH contracts		230	3 155	-	-
Discounting effect on deposits placed	12	57	(357)	-	-
Fair value (profit) loss on derivative financial instruments	2.20	54	(31)	-	-
Share of loss from associates	18	26	604	-	-
Amortisation of government grants	2.21, 7	(697)	-	-	-
(Profit)/loss on disposal of PPE		(1 328)	229	-	-
Interest income	7	(1 463)	(972)	(1 937)	(2 475)
Net fair value of acquiree's net assets over cost	10, 33	-	(13 893)	-	-
Gain on disposal in Group's financial statements (discontinued operations) / Net result of subsidiaries disposal	10, 33	-	(16 162)	(1 190)	(16)
Net fair value loss on investments in associate, classified as held for sale at fair value	10	-	-	-	2 476
Amortisation of intra-group financial guarantees	7, 35	-	-	(312)	(227)
Changes in working capital:					
- Inventories		7 308	(19 678)	(38)	115
- Trade and other receivables		(30 145)	418	2 383	(6 329)
- Short-term bank deposits		1 456	(1 506)	-	-
- Trade and other payables, advances received		11 577	3 286	(341)	346
- Security deposits received		397	2 718	-	-
Cash generated from (used in) operations		**1 004**	**21 900**	**(818)**	**(7 111)**
Interest received		178	740	1 848	2 626
Interest paid		(2 762)	(2 188)	-	-
Income tax paid		(1 603)	(2 500)	-	-
Net cash generated from (used in) operating activities from continuing operations		**(3 183)**	**17 952**	**1 030**	**(4 485)**
Net cash generated from (used in) operating activities from discontinued operations		(45 613)	-	-	-
Net cash generated from (used in) operating activities		**(48 796)**	**17 952**	**1 030**	**(4 485)**

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

STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2014**	**2013**	**2014**	**2013**
Investing activities					
Purchase of PPE and intangible assets		(21 457)	(28 778)	(355)	(476)
Proceeds from PPE and intangible assets		3 509	1 643	-	45
Loans granted		(19 356)	(1 042)	(19 582)	(1 873)
Repayments of loans granted		3 937	9 397	3 959	13 874
Deposits placed		(1 342)	(963)	(34)	(37)
Repayments of deposits placed		541	261	-	-
Purchase of investment in bonds		(21 088)	-	(21 290)	-
Government grants received		2 672			
Purchase of associate	18	(26)	-	(26)	-
Proceeds from sale of interest in subsidiary with loss of control	17,33	-	126	-	126
Purchase of subsidiaries (net of cash acquired)	33	-	(11 461)	-	(12 470)
Establishment of subsidiaries	17	-	-	(94)	(150)
Net cash used in investing activities from continuing operations		**(52 610)**	**(30 817)**	**(37 328)**	**(961)**
Net cash used in investing activities from discontinued operations		(22 137)	-	(68)	-
Net cash used in investing activities		**(74 747)**	**(30 817)**	**(37 396)**	**(961)**
Financing activities					
Proceeds from issuance of ordinary shares	23	1 719	-	1 719	-
Contribution to share premium in cash	24	49 864	-	49 864	-
Acquisition of interest in a subsidiary	17, 33	(4 420)	-	(4 420)	-
Sale of interest in a subsidiary	17, 33	4 458	-	1 419	-
Bank borrowings received		2 135	19 063	-	-
Repayments of bank borrowings		(36 319)	(16 333)	-	-
Borrowings from related parties received		13 104	16 317	3 038	7 027
Repayments of borrowings from related parties		(20 819)	(2 027)	(7 027)	-
Other borrowings received		34	3	-	-
Repayments of lease liabilities		(3 913)	(3 480)	-	-
Proceeds on disposal of treasury shares	33	-	1 184	-	1 184
Net cash generated from financing activities from continuing operations		**5 843**	**14 727**	**44 593**	**-**
Net cash generated from financing activities from discontinued operations		78 592	-	-	-
Net cash generated from financing activities		**84 435**	**14 727**	**44 593**	**-**
Increase in cash and cash equivalents		**(39 108)**	**1 862**	**8 227**	**2 765**
At beginning of year	22	10 775	8 913	3 313	548
Increase (decrease) in cash and cash equivalents		(39 108)	1 862	8 227	2 765
At end of year	22	**(28 333)**	**10 775**	**11 540**	**3 313**

The notes on pages 13 to 72 form an integral part of these financial statements.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Avia Solutions Group AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of Registers of the Republic of Lithuania as at 31 August 2010 (Company code – 302541648). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is as follows: Smolensko 10, LT-03201, Vilnius.

The Company's shares are traded on the Warsaw stock exchange as from 3 March 2011.

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

	2014		2013	
	Number of shares	Percentage owned	Number of shares	Percentage owned
ZIA Valda Cyprus Ltd.	2 290 045	29.44%	1 939 275	32.01%
Vaidas Barakauskas	832 666	10.71%	832 666	13.74%
VGE Investments Limited	785 216	10.10%	-	-
Mesotania Holdings Ltd.	699 115	8.99%	-	-
Harberin Enterprises Limited	605 227	7.78%	606 551	10.01%
ING Otwarty Fundusz Emerytalny	390 000	5.01%	390 000	6.44%
Anatolij Legenzov (the Member of the Board)	73 255	0.94%	73 255	1.21%
Aurimas Sanikovas (the Member of the Board)	60 775	0.78%	22 125	0.37%
Žilvinas Lapinskas (the Member of the Board)	32 960	0.42%	-	-
Daumantas Lapinskas (the Member of the Board)	8 240	0.11%	-	-
Other free float	2 000 278	25.72%	2 194 461	36.22%
Total	**7 777 777**	**100.00%**	**6 058 333**	**100.00%**

The Company's principal activity is the management of its subsidiaries. Companies of the Group operate in the following activity areas: aircraft and helicopter maintenance, repair and overhaul; aircraft ground handling and fuelling; crew training and staffing; business charter operations, airport infrastructure management (classified as discontinued operations).

The number of full time staff from continuing operations employed by the Group at the end of 2014 amounted to 1 534 (2013: 1 342). The number of full time staff employed by the Company at the end of 2014 amounted to 54 (2013: 42).

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

The Group's companies	Country of establishment	Operating segment	Share of equity, % 2014	Share of equity, % 2013	Date of acquiring/establishment and activity
Avia Solutions Group - Airports Management OOO	Russia	Airport Infrastructure Management (classified as discontinued)	100	-	The subsidiary was established on 14 March 2014 (Notes 33, 34). 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 (Notes 18, 33).
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.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 2014	2013	Date of acquiring/establishment and activity
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 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 shareholder initiated the liquidation procedure of the subsidiary.
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.
Laserpas UAB (before Ground Handling CIS UAB)	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in summer is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
FL Technics AB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
FL Technics Jets UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics AB. The company sells aircraft spare parts in Russia and the CIS.
FL Technics Ulyanovsk OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. The subsidiary does not conduct active operations.
FLT Trading House UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
Globus Distribution 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 active operations (Notes 33, 34).
Helisota UAB	Lithuania	Helicopters 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. All information regarding the acquisition of subsidiaries is disclosed in Note 33.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 2014	2013	Date of acquiring/establishment and activity
Kauno aviacijos gamykla UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct active operations. All information regarding the acquisition of subsidiaries is disclosed in Note 33.
Locatory.com UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	95	95	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative tools for aircraft parts procurement.
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 33, 34). Starting autumn 2014 the subsidiary is engaged in construction and development of the Moscow's fourth airport – Ramenskoye International.
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 33).
Storm Aviation Ltd.	The United Kingdom	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.
Verslo skrydžiai UAB	Lithuania	Business charter operations (new business segment)	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 33).

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.

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 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by European Union. The financial statements have been prepared on a going concern basis and under the historical cost convention.

These financial statements include the consolidated financial statements of the Group and stand-alone financial statement of the Company for the year ended 31 December 2014.

2.1 Basis of preparation (continued)

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.

a) New and amended standards and interpretations adopted by the Group and the Company

IFRS 10, Consolidated Financial Statements (effective for periods beginning on or after 1 January 2014). The standard 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 standard did not have any effect on the Group's financial statements.

IFRS 11 Joint Arrangements (effective for periods beginning on or after 1 January 2014). IFRS 11 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 has used equity accounting for the interests in joint ventures already. IFRS 11 had no impact on the Company's and the Group's financial statements for the year ended 31 December 2014.

IFRS 12, Disclosure of Interest in Other Entities (effective for periods beginning on or after 1 January 2014). IFRS 12 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 has no unconsolidated structured entities. As at 31 December 2014 the Group has no subsidiaries with significant non-controlling interests. The guidelines of this standard were adopted in the preparation disclosures in the financial statements.

IAS 27 (revised 2011), Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014). The objective of the revised standard is 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 amendment had no impact on the Company's financial statements for the year ended 31 December 2014.

IAS 28, Investments in Associates and Joint Ventures (effective for periods beginning on or after 1 January 2014), has been replaced by the IFRS 11 and requires joint ventures and investments in associated to be accounted using equity method. The amendment did not have any effect on the Company's and the Group's financial statements.

2.1 Basis of preparation (continued)

Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 1 January 2014, earlier application is required if the underlying standards (IFRSs 10, 11 and 12) are early-adopted). 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 amendment has not any effect to the Company's and Group's financial statements.

Amendment to IAS 32, Financial instruments: Presentation on offsetting financial assets and financial liabilities, (effective for periods beginning on or after 1 January 2014), clarifies that the right to set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, Impairment of assets, (effective for periods beginning on or after 1 January 2014), on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendments did not have any material effect on the Company's and the Group's financial statements.

Amendment to IAS 39, Financial Instruments: Recognition and measurement, (effective for periods beginning on or after 1 January 2014), on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendments did not have any material effect on the Company's and the Group's financial statements.

IFRIC 21, Levies, (effective for periods beginning on or after 17 June 2014), sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not applicable to the Company and the Group.

b) Standards, amendments and interpretations to existing standards that are adopted by EU but are not yet effective and have not been early adopted by the Group and the Company:

Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective for annual periods beginning on or after 1 February 2015). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Company and the Group are currently assessing the impact of the amendments on their financial statements.

2.1 Basis of preparation (continued)

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015). The improvements consist of changes to seven standards:

- IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Company and the Group are currently assessing the impact of the amendments on their financial statements.

Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015). The improvements consist of changes to four standards:

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The Company and the Group are not expected that the impact of the amendments on their financial statements would be material.

2.1 Basis of preparation (continued)

c) *Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Group/Company*

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
- IFRS 9, Financial Instruments: Classification and Measurement
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- IFRS 15, Revenue from Contracts with Customers
- Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements - Amendments to IAS 27
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- Annual Improvements to IFRSs 2014
- Disclosure Initiative – Amendments to IAS 1
- Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28

The Company and the Group are currently assessing the impact of these amendments on their 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/Company.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting 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 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and deviously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between entities included within the consolidated financial statements have been eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2 Consolidation (continued)

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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.

Associates

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. Investments in associates 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 investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. The income statement reflects the share of the results of operations of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the income statement. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.2 Consolidation (continued)

Non-controlling interest

Non-controlling interest is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Lithuanian Litas (LTL), which is the functional currency of the Company and the Group.

The Litas is pegged to the euro at an exchange rate of LTL 3.4528 = EUR 1.

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 statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains / (loss) – net".

Group companies

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:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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 rates prevailing at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of equity.

2.4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Company that makes strategic decisions.

2.5 Property, plant and equipment

Property, plant and equipment consist of buildings and structures, construction in progress, vehicles, machinery, aircraft, aircraft engines and other non-current tangible assets. Property, plant and equipment are carried at their historical cost less any accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

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 profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis to write off the cost of assets to their residual values over their estimated useful life as follows:

Buildings and structures	8 – 22 years
Vehicles	5 – 10 years
Machinery	5 – 10 years
Aircraft	4 – 5 years
Aircraft engines	24 – 39 months
Other non-current tangible assets	3 – 7 years

Major additions, modifications and improvements expenditure relating to flight equipment for aircraft leased are capitalized and depreciated over the remaining lease period of the aircraft. Major improvements performed for leased aircraft are capitalized leasehold improvements and depreciated over the period till the next improvement or during the useful life of certain asset. Leasehold improvements are classified as other non-current tangible assets. The assets' residual value and useful lives are reviewed periodically and adjusted if appropriate.

The residual value of aircraft represents the amount the Management believes the aircraft can be sold or traded for at the end of its useful life, before aircraft heavy maintenance. The residual value of aircraft engines represents the amount the Management believes the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components.

Construction in progress is transferred to appropriate groups of fixed assets when it is completed and ready for its intended use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are included in the profit or loss.

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.

2.6 Intangible assets

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

Licenses	3 - 5 years
Software	3 - 5 years
Web-site costs	5 years
Other non-current intangible assets	1 - 4 years

2.6 Intangible assets (continued)

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Line maintenance approvals and basic licences for B1/B2 courses are recognised by the Group on the acquisition date of the entity on the basis of the costs, and classified as part of commercial license. The cost related to acquiring a basic licence for is based on an estimate provided by Group's Quality Manager of the cost of reaching the status of B1/B2 engineer, including relevant college courses, exams, preparation of application and cost of submission. The cost related to acquiring line maintenance approvals is based on an estimate of the direct costs, including internal audit, application to the authority, travel and external audit and interview costs.

The costs incurred at each stage in development and operation of Group's own web-site is recognised as part of intangible assets. Such expenses include expenses on purchasing or creating content for a web-site, expenses to enable use of the content on the web-site and directly attributable employee related expenses, that have been incurred during the stage of the development of the web-site and additional development of the web-site expenses, that have been incurred during the stage of the operation of the web-site after initial recognition of the intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on a disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2.7 Impairment of non-financial assets

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

2.8 Financial assets

The Group classifies its financial assets into one of four measurement categories: loans and receivables, financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets. 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 the current period the Group did not hold any financial assets at fair value through profit or loss.

2.8 Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet. The Group assesses at each balance sheet date whether there is objective evidence that a financial assets is impaired. Impairment testing of trade receivables is described in Note 3.1.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Investments in subsidiaries and associates in the separate financial statements of the Company

Investments in subsidiaries and associates that are included in the separate financial statements of the Company are accounted at cost less impairment provision. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

2.10 Share-based payments

The Company operates a number of share-based compensation plans, under which the Company receives services from employees, and employees have a choice of settlement, i.e. of receiving share options or cash-settled share appreciation rights. This type of share-based payment is recognised as:

- the fair value of the debt component, accounted for as a cash-settled liability and classified as a „obligations under share-based payments";
- the fair value of the equity component, taking into account that the employee would have to give up the cash element in order to receive the equity shares. The fair value of the equity component is classified as a „share-based payment reserve".

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to liability.

2.11 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

In the consolidated income statement of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

2.11 Non-current assets (or disposal groups) held-for-sale and discontinued operations (continued)

Where a disposal group is still operating, transactions may occur between the disposal group and other companies within the Group. All intra-group balances, intra-group interest income, expenses and other intra-group transactions where goods are sold / purchased between the disposal group and the continuing business are eliminated in full. The principle of elimination of intra-group sales transactions is based on the guidance in IFRS 5 which only allowed expenses to be attributed to the discontinuing operation if they would be eliminated when the operation is disposed of. If the arrangement is expected to continue, the sales and costs are recorded in continuing operations and, therefore, the elimination entries are recorded in discontinued operations.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realizable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. Inventories that are no longer appropriate for sale are written off.

2.13 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against in the profit or loss.

2.14 Cash and cash equivalents

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.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Bank overdrafts are subtracted from the cash and cash equivalents in the consolidated statements of cash flows.

2.15 Share capital

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

Where the Company or its subsidiaries purchase the Company's equity share capital (treasury shares), in the Company's and the Group's financial statements the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is included in equity attributable to the Company's equity holders. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 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 profit or loss 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.

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. The capitalising of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

2.18 Borrowings 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.

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

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.20 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its cash flow interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The portion of the gain or loss on the hedging instrument designated as a cash flow hedge is recognised directly in as other comprehensive income in the cash flow hedge reserve.

2.20 Derivative financial instruments and hedge accounting (continued)

Fair value of derivatives in the balance sheet are segregated to long-term and short-term parts:
- long-term part of the financial instrument represent discounted cash flows arising from the financial instrument after 1 year, and
- short-term part of the financial instrument represents discounted cash flows arising from the financial instrument within 1 year.

2.21 Government grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants less any accumulated amortisation. Amortisation is calculated on a straight-line basis over the expected lives of the related assets and is included in "other income"

Grants relating to the expenses are included in non-current liabilities and are credited to the profit or loss on basis to match the appropriate expenses.

2.22 Merger reserve

Merger reserve was formed during business combination (upon pre-IPO Reorganization) in 2010. The merger reserve consists of the difference between the Company purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired.

Recycling of merger reserve arises on disposal of interest in subsidiaries, acquired during above mentioned business combination (upon pre-IPO Reorganization). Recycling or derecognition of merger reserve is recognised directly in profit or loss in the period in which the disposal is recorded.

2.23 Accounting for leases

a) Accounting for leases where the Group is the lessee

Operating leases

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.

Finance leases

Leases of property, plant and equipment where the Group 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.

Finance leasebacks

Transactions, when the Group sells the property, plant and equipment and immediately re-acquires the use of asset by entering into a lease with the buyer, herewith, never disposes of the risks and rewards of ownership of the asset, are classified as finance leasebacks. Any apparent profit, that is the difference between the sale price and the previous carrying value, should be deferred, amortised over the lease term and included as "net losses on sales of non-current assets" in "other gains / (losses) – net".

2.23 Accounting for leases (continued)

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

b) Accounting for leases where the Group is the sub - lessor

Rental income from operating sub – lease is recognized on a straight-line basis over the period of the lease.

c) Accounting for leases where the Group is the lessor

Operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. They are depreciated over their expected useful lives on a basis consistent with similar assets. Lease income is recognised over the term of the lease on a straight-line basis.

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a leasehold-receivable. The difference between the gross receivable and the present value of the receivable is recognised as part of finance income (as *unwinding of discounted leasehold-receivable*).

2.24 Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the profit or loss, 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.

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 financial statements. 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.

Profit for 2014 is taxable at a rate of 15% (2013: 15%) in accordance with Lithuanian regulatory legislation on taxation. Profit for 2014 is taxable at a rate of 19% (2013: 19%) in accordance with Polish regulatory legislation on taxation. Profit for 2014 is taxable at a rate of 19% (2013: 19%) in accordance with Ukrainian regulatory legislation on taxation. Profit for 2014 is taxable at a rate of 20% (2013: 20%) in accordance with United Kingdom regulatory legislation on taxation. Profit for 2014 is taxable at a rate of 20% (2013: 20%) in accordance with Russian regulatory legislation on taxation. Profit for 2014 is taxable at a rate of 27.5% (2013: 27.5%) in accordance with Italian regulatory legislation on taxation.

The current income tax charge is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements and estimates of income tax performed by the management in accordance with legislation on taxation in the country where the Group operates.

According to Lithuanian and British legislation, tax losses accumulated as of 31 December 2014 are carried forward indefinitely; according to Polish legislation, tax losses accumulated as of 31 December 2014 are carried forward during 5 years. According to Lithuanian legislation starting from 1 January 2014 the tax loss carry forward that is deductible cannot exceed 70% of the current financial year taxable profit.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself.

2.24 Current and deferred income tax (continued)

The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue of the Group is shown net of value-added tax, returns, rebates and discounts, sales taxes. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services

Revenue of the Group consists of aircraft and aircraft components maintenance and overhaul, training of aviation specialists, technical consulting, and aircraft ground handling services, into-plane fuelling and web-site subscription services, providing private and corporate charter flights as well as comprehensive aircraft management solutions.

Business charter operations revenue, aircraft ground handling and into-plane fuelling revenue is recognized as earned, - upon completion of the air transportation or upon delivery of services to the customer.

Aircraft and aircraft components maintenance, training and technical consulting, web-site subscription services are provided to the customers on time and material basis or as a fixed-price contract, with contract generally ranging from less than one year (single contract) to the long-term contract. Revenue from fixed-price contracts is recognized under the service period. Under this method, revenue is generally recognized in proportion to each service month. Revenue from fixed-price contracts is recognised under the percentage-of-completion method. Under this method, revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed. Stage of completion is determined with a reference to the proportion that man hours worked to date bear to the estimated total man hours per contract.

Sales of goods

Sales of goods are recognised when goods are delivered to the customer, the customer has full discretion over the use of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group have objective evidence that all criteria for acceptance have been satisfied.

Interest income

Interest income is recognized 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 investments in bonds and loans granted are classified as „other income", while interest income on cash and cash equivalents are classified as „finance income" in the consolidated statement of comprehensive income.

2.26 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 amounting to LTL 21.7 million for the Group and LTL 1.1 million for the Company (2013: LTL 16.2 million for the Group and LTL 0.9 million for the Company) are recognized as an expense on an accrual basis and are included within employee related expenses.

Bonus plans

The Group recognises a liability and an expense for bonuses based on predefined targets. The Group recognises related liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Supplementary health insurance

The Group paid supplementary health insurance contributions to the insurance company on behalf of its employees. Supplementary health insurance for employees is the possibility to get health care and health improvement services in a selected health care institution. The supplementary health insurance contributions are recognized as an expense when incurred.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.27 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts are initially recognised at fair value and subsequently measured at the higher of the expected liability under the guarantee and the amount initially recognised less any cumulative amortisation.

The Company, issuer of an intra-group financial guarantee, recognizes the guarantee liability at its fair value. Where parent entity guarantees the debt of its subsidiary then that transaction is accounted for as an investment in subsidiary as the guarantee is given for the benefit of the subsidiary. Subsequent amortisation and any change in the carrying amount of the liability are recognised in profit or loss.

The fair value of the financial guarantee is determined the estimated amount that would be payable to a third party for assuming the obligation.

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

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, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group.

Risk management is carried out by Group's top management close cooperation with the Board of the Company. Top management meetings are held to discuss overall risk management and analyse each case, as well as actions to cover specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

For calculation of foreign exchange risk's sensitivity trade and other receivables and trade and other payables, denominated at US-dollars are multiplied by reasonably possible change of EUR (to which LTL is pegged) to US dollars. Reasonable possible change is provided in the table below:

	GROUP		Company	
	2014	**2013**	**2014**	**2013**
Reasonably possible change of EUR to US dollars	13%	4%	-	-

At 31 December 2014 the Group's post-tax profit for the year would have been LTL 1 324 thousand (2013: LTL 1 911 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade and other receivables and trade and other payables.

Foreign exchange risk is controlled by monitoring the foreign currency exposure of its purchase contracts and lease commitments. The Group seeks to reduce its foreign rate exchange exposure through a policy of matching possible receipts and payments in each individual currency.

To manage the foreign exchange risk arising from future financial transactions, the Company entered into forward foreign exchange contracts in 2013. The contract was signed by the Company in December 2013 and expired in June 2014. The impact of forward foreign exchange transaction was not significant.

(b) Price risk

The Group is not exposed to price risk of financial instruments since it does not possess any material financial instruments that could be sensitive to such risk.

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term bank borrowings and finance lease liabilities at floating interest rates. The Group is not exposed to fair value interest rate risk as loans granted to related parties and interest free deposit placed as a guarantee for lease of aircraft are accounted at amortized cost and are with fixed interest rate.

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

3.1 Financial risk factors (continued)

To manage the interest rate risk the Group's company entered into interest rate swap in 2012, in which it agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amounts. These swaps are designated to hedge the bank loan.

Borrowings received at variable interest rates and denominated in the EUR and PLN currencies expose the Group to cash flow interest rate risk. As at 31 December 2014 and 2013 Group's non-current borrowings at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR, current borrowings at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR and PLN and finance lease liabilities at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR.

For calculation of interest rate risk sensitivity interest expenses on borrowings, received at variable interest rates, are multiplied by possible interest rate change (hereinafter „reasonable shift"), which are prescribed by the Group. Possible interest rate changes are provided in the table below:

Currency of borrowings	Reasonable shift
LTL	1.00 %
EUR	1.00 %

The presumable interest rate change creates acceptable impact on Group's annual profit as well as equity and makes LTL 1 113 thousand in 2014 (2013: LTL 561 thousand) impact on profit or loss.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, financial institutions, shareholders and their related parties, lessor as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risks are controlled by the application of credit terms and monitoring procedures.

The Group's procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

(a) 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:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Trade receivables (Note 20)	100 324	64 493	47	23
Cash and cash equivalents (Note 22)	23 547	21 678	11 540	3 313
Receivable from investment in bonds(Notes 20, 35)	21 290	-	21 290	-
Loans provided (Note 20)	19 148	3 785	18 939	3 623
Loans provided to related parties (Note 20)	2 290	2 271	33 603	33 296
Leasehold receivables (Note 20)	1 582	-	-	-
Other receivables (Note 20)	1 423	1 893	172	375
Other receivables from related parties (Notes 20, 35)	442	128	1 341	1 002
Trade receivables from related parties (Notes 20, 35)	426	4 573	7 324	9 234
Deposits with bank	50	1 506	-	-
Financial guaranties (Note 35)	-	-	66 086	74 571
	170 522	**100 327**	**160 342**	**125 437**

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

3.1 Financial risk factors (continued)

The maximum exposure to credit risk for trade receivables by geographic region based on customer's incorporation can be specified as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Russia	49 917	32 384	17	-
Belarus	9 132	2 424	9	-
Kyrgyzstan	4 174	2 976	-	-
Other	37 101	26 709	21	23
Total trade receivables	**100 324**	**64 493**	**47**	**23**

The maximum exposure to credit risk for trade receivables by customer can be specified as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Customer E	25 385	7 829	-	-
Customer AD (new)	11 056	1 122	-	-
Customer AE (new)	9 123	2 424	-	-
Customer R	64	8 530	-	-
Other	54 695	44 588	47	23
Total trade receivables	**100 324**	**64 493**	**47**	**23**

(b) Financial assets neither past due nor impaired

Trade receivables and trade receivables from related parties

The Group's customers do not have external credit ratings, however the management of the Group measures credit quality of trade receivables and trade receivables from related parties based on the period of relationship with certain debtor. Two groups are distinguished: new customers/related parties (period of relationship less than 6 months) and old customers/related parties (more than 6 months).

For analysis of credit quality of neither past due not impaired trade receivables and trade receivables from related parties based see the table below:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Group 1: new customers/related parties (less than 6 months)	5 169	1 068	-	-
Group 2: old customers/related parties (more than 6 months)	28 447	30 224	896	716
	33 616	**31 292**	**896**	**716**

Cash and cash equivalents (assessed in accordance with long-term borrowings ratings*)

** - external long term credit ratings set by international agencies Standards & Poor's as at 2014/2015 and Moody's Ratings as at 2014/2015.*

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

3.1 Financial risk factors (continued)

All cash and cash equivalents held by the Group as of the periods presented are neither past due, nor impaired. The Group chooses the banks and financial institutions with a Fitch rating not lower than B.

See the table below for analysis of the Group's cash and cash equivalents according to the credit quality (Note 22).

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
AA-	10 435	4 497	9 132	14
A+	8 020	13 444	2 299	3 134
A-	121	907	57	59
BBB+	2 347	140	-	-
BBB	119	1 396	-	-
BB	-	18	-	106
BB-	1 481	-	52	-
B	181	456	-	-
other	2	54	-	-
Cash on hand	841	766	-	-
	23 547	**21 678**	**11 540**	**3 313**

Security deposit with lessor, loans granted and loans granted to related parties

Security deposit with lessor, loans granted, loans granted to related parties, other receivables and other receivables from related parties held by the Group as of the periods presented are neither past due nor impaired. The Group does not analyse these financial assets according to credit quality.

(c) Financial assets past due but not impaired

Trade receivables that are past due up to 6 months and for which no evident impairment indicator is identified by the Group are classified as past due but not impaired. Trade receivables overdue more than 6 months may be considered as not impaired if the Group has evidence that the amounts due will be repaid. The ageing of past due, but not impaired trade receivables is as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Overdue up to 3 months	44 824	24 498	2 309	1 679
overdue from 4 to 6 months	16 142	6 902	1 605	1 634
overdue over 6 months	6 168	6 374	2 561	5 228
	67 134	**37 774**	**6 475**	**8 541**

d) Impaired financial assets

Trade and other receivables for which the Group has identified evident impairment indicator irrespective of the payment delay period are considered as impaired receivables. Evident impairment indicators include significant financial difficulties of the debtor or other events that significantly increase the risk of default on a receivable amount. The impairment of trade and other receivables is performed going individually through the customers list and assessing the expectation of recovery.

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

3.1 Financial risk factors (continued)

Movements on the provision for impairment of receivable

GROUP	Trade receivables*	Other receivables*	Prepayments	Loans granted*
At 31 December 2012 / At 1 January 2013	**4 125**	**-**	**-**	**-**
Provision for trade receivables impairment (continuing operations)	8 906	231	-	86
Receivables written off during the year as uncollectible	(3 685)	-	-	-
At 31 December 2013 / At 1 January 2014	**9 346**	**231**	**-**	**86**
Provision for trade receivables impairment (continuing operations)	2 883	13	200	-
Unused amounts reversed	(904)			
Reclassification during the period	(241)	241		
Receivables written off during the year as uncollectible	(2 522)	-	-	-
At 31 December 2014 (Note 20)	**8 562**	**485**	**200**	**86**

** - including receivables from related parties*

In 2014 the Group recognised allowance for impairment of non-current and other current assets, prepayments, trade and other receivables in the total amount of LTL 4.5 million (2013: LTL 12.8 million) (Note 11):

- the allowance for impairment of trade receivables for several clients (mainly for MRO business segment' clients, from CIS countries) in the total amount of LTL 1.8 million was recognized due to their insolvency (2013: LTL 7.5 million);
- the allowance for impairment of inventories in the total amount of LTL 2.3 million was recognised to represent their net realisable value (2013: LTL 3.2 million);
- the allowance for impairment of non-current assets in the total amount of LTL 0.1 million (2013: LTL 0.1 million), the allowance for impairment of prepayments in the total amount of LTL 0.2 million and the allowance for impairment of other current assets in the total amount of LTL 0.1 million (2013: LTL 0.2 million) were recognised by a change against current operations for the excess of the carrying amount of an asset over its recoverable amount;
- in 2013 the allowance for impairment of loans granted, trade and other receivables in the total amount of LTL 1.8 million , related to Group's associate operated in charter activity due to its insolvency.

COMPANY	Trade receivables*	Other receivables*	Prepayments	Loans granted*
At 31 December 2012/ At 1 January 2013	**-**	**-**	**-**	**-**
Provision for receivables impairment (continuing operations)	1 424	231	-	86
Receivables written off during the year as uncollectible	-	-	-	-
At 31 December 2013 / At 1 January 2014	**1 424**	**231**	**-**	**86**
Provision for receivables impairment (continuing operations)	-	-	-	-
At 31 December 2014 (Note 20)	**1 424**	**231**	**-**	**86**

** - including receivables from related parties*

In 2014 the Company did not recognise allowance for impairment of trade and other receivables.

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

3.1 Financial risk factors (continued)

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through other group companies. Liquidity risk is managed by the General Managers of entities of the Group in close cooperation with the Company to maintain a minimum required liquidity position.

As at 31 December 2014 current liabilities in thirteen subsidiaries of the Group exceeded the current assets. Management of the Group believes that this will not have any impact on the ability of subsidiaries of the Group to continue as going concern. In addition the parent company – *Avia Solutions Group AB* – is able to provide financial support to enable subsidiaries to continue operations for at least twelve months from the date of approval of the financial statements, if needed.

The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these. The table below allocates 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 are the contractual undiscounted cash flows. Trade and other payables and deposits received due within/after 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP	Less than 1 year	Between 1 - 5 years	Over 5 years
31 December 2014			
Trade and other payables	78 956	-	-
Bank overdraft (Notes 22, 26)	51 880	-	-
Bank loans	17 953	24 572	-
Borrowings from related parties	7 315	-	-
Finance lease liabilities	3 935	7 243	-
Security deposits received (Note 28)	829	2 205	-
Derivative financial instruments	-	279	-
Other borrowings	46	-	-
	160 914	**34 299**	**-**
31 December 2013			
Trade and other payables	60 950	-	-
Bank loans	38 247	39 971	-
Borrowings from related parties	14 920	-	-
Bank overdraft (Notes 22, 26)	10 903	-	-
Finance lease liabilities	3 476	8 169	-
Security deposits received (Note 28)	1 009	2 907	-
Derivative financial instruments	-	214	-
Other borrowings	10	-	-
	129 515	**51 261**	**-**

COMPANY	Less than 1 year	Between 1 - 5 years	Over 5 years
31 December 2014			
Borrowings from related parties	133	3 123	-
Financial guaranties (Note 35)	43 837	22 249	-
Trade and other payables	608	-	-
	44 578	**25 372**	**-**

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

3.1 Financial risk factors (continued)

COMPANY	Less than 1 year	Between 1 - 5 years	Over 5 years
31 December 2013			
Borrowings from related parties	7 267	-	-
Financial guarantees	46 286	28 285	-
Trade and other payables	415	-	-
	53 968	**28 285**	**-**

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. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

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 25% to 40%.

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Total borrowings (Note 26)	109 631	110 317	3 038	7 027
Less: cash and cash equivalents (Note 22)	(23 547)	(21 678)	(11 540)	(3 313)
Net debt	86 084	88 639	(8 502)	3 714
Total equity	208 471	151 601	120 238	68 540
Total capital	**294 555**	**240 240**	**111 736**	**72 254**
Gearing ratio	29%	37%	-	-

The decrease in the gearing ratio during 2014 resulted primarily due to increase in share capital and share premium after an issue of additional 1 719 444 ordinary shares.

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 shareholders' equity should not be lower than 50 per cent of the entity's registered share capital. As at 31 December 2014 six Group companies did not comply with these requirements.

According to the Lithuanian Law on Companies, a general meeting of shareholders to rectify the situation must be convened. In the case, if the general meeting of shareholders did not rectify the situation within six months, an application to the court to reduce the authorised capital must be filed.

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.

Fair value of interest free security deposit with the client approximates its carrying value which was calculated discounting nominal value of deposit using market interest rate (at 4.1%, Note 28). Loans to third and related parties were granted at market interest rates, therefore, their carrying value approximate fair value.

The fair value of bank borrowings and finance lease with variable rates approximates their carrying amount.

4 Critical Accounting Estimates and Significant Judgements

Estimates and judgments 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 judgments 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 judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments 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) Provision for impairment of accounts receivable

Impairment loss of accounts receivable was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables. This determination requires significant judgement. Judgement is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. Current estimates of the management could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable. For further details, see Note 3.

(b) Allowances for inventories

The Group has a material inventory balance and performs testing whether inventory balance is properly accounted for at the lower of cost and net realisable value by estimating allowance for slow moving or obsolete inventory. For this estimation the Group reviews major inventory items and establishes net realisable values based on the best estimate of the selling prices of each inventory item, taking into account management's experience and market conditions. Deviations of management estimated selling prices from actual prices at which inventory items may be sold may lead to a material impact on the Group's profit or loss.

(c) Accruals for "power-by-the hour" aircraft maintenance contracts

Under the terms of "power by the hour" (PBH) aircraft maintenance contracts, the Group (supplier) has the obligation at its expense to repair and administer the Components' Pool for the Customer's aircraft fleet. For this estimation the Group reviews accruals for PBH contracts based on best estimates of the repair or/and maintenance of each component item, taking into account management's experience and market conditions. Deviations of management estimated components' repair and maintenance expenses from actual expenses at which component item may be repaired or/and maintained should not lead to any material impact on the Group's profit or loss.

4 Critical Accounting Estimates and Significant Judgements (continued)

(d) Income taxes

Tax authorities have a right to examine accounting records of the Group at any time during the 5 year period after the current tax year and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances that might result in a potential material liability in this respect to the Group. The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(e) Impairment losses on investments and loans provided to subsidiaries

The Company tests investments and loans provided to finance its subsidiaries for impairment when impairment indicators are identified. The Company establishes recoverable amount of investments and loans provided to subsidiary companies based on discounted future estimated net cash flows to be earned by a subsidiary. Future net cash flows to be earned by subsidiaries in start-up phase that do not have sufficient historical performance information are based on best estimate of cash-flows to be generated by a subsidiary in implementing the development strategy approved by the management. Discount rates are based on current cost of capital used for investments in these subsidiaries. The Company's management applies judgement in estimating cash flows and discount rates used in impairment testing. If actual performance of subsidiaries would be worse than estimated by the management this may lead to a material impairment amount to be recognised for investments and loans provided to subsidiary companies.

(f) Property, plant and equipment

Estimates concerning useful lives of property, plant and equipment may change due to constant technology advancement. Useful lives of property, plant and equipment are disclosed Note 2.5 and depreciation charge for the year is disclosed in Note 15. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge. The useful lives of property, plant and equipment are determined by the management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Most of property, plant and equipment of the Group comprise machinery, buildings and vehicles. The residual value of aircraft represents the amount the Management believes, based on historical experience, the aircraft can be sold or traded for at the end of its useful life, before aircraft heavy maintenance. The residual value of aircraft engines represents the amount the Management believes, based on historical experience, the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components (Note 2.5).

(g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in the note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

4 Critical Accounting Estimates and Significant Judgements (continued)

(h) Put option provided in exchange of acquisition of new subsidiary

According to the acquisition agreement, signed at the end of 2013, two private investors have acquired a put option, i.e. a right to redeem the acquired shares (through share-exchange transaction) of *Avia Solutions Group AB* during the three years period at a pre-determined fixed price, if the Management of *Helisota UAB* achieves appointed EBT targets (Note 33). The Management of the Group believes that it is highly unlikely that the EBT targets mentioned in the option agreements will be met and shares will have to be repurchased at prices described in option agreements. Based on this consideration, no liability for the option redemption amount has been recognised in the financial statements.

5 Segment information

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

Aircraft Maintenance, Repair and Overhaul (MRO)
The aircraft maintenance, repair and overhaul (MRO) segment is involved in aircraft and aircraft components' maintenance, repair, overhaul, engineering, spare parts and consumable sale, technical personnel training.

Aircraft Ground Handling and Fuelling
The aircraft ground handling and fuelling segment is involved aircraft handling, passengers servicing, tickets sale and into-plane fuelling.

Crew Training and Staffing
The crew training and staffing segment is involved in full scope of integrated flight training solutions.

Business Charter Operations
The business charter operations segment includes carriage of passengers by private and corporate charter flights.

Unallocated Sales
The Unallocated sales include sales of management services, which cannot be attributed to the other segments.

Airport infrastructure management
The airport infrastructure management segment includes the development of the Moscow's fourth airport – Ramenskoye International – and other airport projects with the current focus into Russian Federation market.

Airport infrastructure managements segment was reclassified to assets held for sale in the financial statements for the year ended 31 December 2014.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The segment performance is analysed on monthly basis based on internal reports provided to the chief operating decision maker of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Management analyses the activities of the Group both from geographic and business perspective. From business perspective the Management used to analyse the Group sales volume and gross profit (loss) based on businesses the Group is involved in (according to the Group companies' activities), referred to as segments. Gross profit (loss) is a measure of segment profit or loss for management analysis purposes.

5 Segment information (continued)

Expenses, which are directly related to the operating segments (including employee related expenses, rent and maintenance of premises, depreciation and amortization of non-current assets, impairment of inventories business travel expenses, related to sales, consultation expenses and others), referred to as *cost of sales*, and the amount of impairment losses, recognised in profit or loss during the period, are allocated to the particular segments.

Other operating expenses, indirectly related to the operating segments (including administration employee related expenses, rent and maintenance of administration premises, depreciation and amortization of non-current assets, used for administrative purposes, business travel expenses, related to sales, consultation expenses, office administrative expenses and others), are not allocated to the operating segments. Financial activities and income taxes are managed on a Group level and are not allocated to the operating segments as well.

Management also regularly reviews capital investments on segment basis therefore additions to non-current assets has been separately disclosed according to each operating segment.

Geographically, Management separately considers operations in Lithuania, Russian Federation, Italy, Poland and the Great Britain by sales volume depending on where the Group's companies are located.

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

5 Segment information (continued)

The following table presents revenues and profit (loss) from continuing operations and assets and liabilities 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	Crew Training and Staffing	Business charter operations	Airport Infra-structure Management (discontinued operations)*	Unallocated	**Inter-segment transactions**	**Total operations**
Year ended 31 December 2014								
Continuing operations								
Revenue								
Sales to external customers	366 208	232 819	30 517	5 851	-	1 134	-	636 529
Inter-segment sales	12 954	18 891	135	107	-	5 711	(37 798)	-
Total revenue	**379 162**	**251 710**	**30 653**	**5 957**	**-**	**6 844**	**(37 798)**	**636 529**
Cost of sales	(335 636)	(242 055)	(20 847)	(5 640)	-	(1 856)	30 728	(575 306)
Gross profit from continuing operations	**43 525**	**9 656**	**9 805**	**318**	**-**	**4 988**	**(7 069)**	**61 223**
Impairment-related expenses, excluding impairment of inventories	(1 613)	(3 164)	(190)	-	-	(1)	2 776	(2 192)
Other income (Note 7)								3 156
General and administrative expenses, excluding impairment of receivables (see details in the table below)								(58 978)
Other gains/(losses) – net (Note 10)								(3 154)
Operating profit from continuing operations								**55**
Finance costs - net (Note 12)								(5 273)
Share of profit of associates (Note 18)								(26)
Profit before income tax from continuing operations								**(5 244)**
Income tax (Note 13)								133
Net profit for the period from continuing operations								**(5 111)**
As at 31 December 2014								
Segment assets	301 996	54 129	15 608	1 956	95 365*	55 837		**524 891**
Segment liabilities	187 243	30 287	11 362	1 838	84 494*	1 196		**316 420**
Acquisition of non-current assets (Note 15,16)	11 264	1 940	2 678	52	36 966*	428		**53 328**
Depreciation and amortization (only continuing operations, Note 11,15,16)	(15 484)	(4 114)	(1 774)	(8)	-	(438)		**(21 818)**

**As at the balance date the segment assets and liabilities are disclosed as held for sale (Note 34)*

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

5 Segment information (continued)

The following table presents revenues and profit (loss) from continuing operations and assets and liabilities 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	Crew Training and Staffing	Business charter operations	Airport Infra-structure Management (discontinued operations)*	Unallo-cated	**Inter-segment trans-actions**	**Total continuing operations**
Year ended 31 December 2013								
Continuing operations								
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**
Impairment-related expenses (Note 11)	(10 500)	(269)	(244)	-	-	(1 740)	-	(12 753)
Other income (Note 7)								1 696
General and administrative expenses, excluding impairment-related expenses (see details in the table below)								(48 706)
Other gains/(losses) – net (Note 10)								12 729
Operating profit								**20 717**
Finance costs - net (Note 12)								(3 267)
Share of profit of associates								(604)
Profit before income tax								**16 846**
Income tax (Note 13)								(1 556)
Net profit for the period from continuing operations								**15 290**
As at 31 December 2013								
Segment assets	297 433	55 571	13 867	104	-	9 041		**376 016**
Segment liabilities	175 345	30 663	10 183	26	-	8 198		**224 415**
Acquisition of non-current assets (Note 15,16)	40 914	5 236	2 899	-	-	476		**49 525**
Depreciation and amortization (only continuing operations, Note 11,15,16)	(11 296)	(3 408)	(1 745)	-	-	(345)		**(16 794)**

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

5 Segment information (continued)

The Group's other operating expenses indirectly related to the operating segments detailed below:

	GROUP	
	2014	**2013**
Administration employee related expenses	27 991	21 365
Consultation expenses	2 999	3 135
Rent and maintenance of administration premises	3 693	2 910
Depreciation and amortisation of assets, related to administration	4 080	3 494
Other operating expenses indirectly related to the operating segments	20 215	17 802
General and administrative expenses, excluding impairment expense	**58 978**	**48 706**

The Group's revenue from external customers by geographical location of subsidiaries on 31 December 2014 and 31 December 2013 detailed below:

Lithuania	507 712	427 055
Poland	91 468	80 073
Great Britain	25 833	25 469
Russian Federation	7 491	17 323
Italy	3 214	2 660
Cyprus	811	1 476
	636 529	**554 056**

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):

	GROUP	
	2014	**2013**
The aircraft maintenance, repair and overhaul (MRO) segment		
Customer E	39 855	35 374
Other customers	326 353	283 531
	366 208	**318 905**
The aircraft ground handling and fuelling segment		
Customer Y	53 801	9 035
Customer T	39 652	31 679
Other customers	139 366	165 653
	232 819	**206 367**
The crew training and staffing segment		
Customer F	1 688	1 848
Other customers	28 829	26 010
	30 517	**27 858**
The business charter operations segment		
Customer AA	1 899	-
Customer AB	748	-
Customer AC	739	-
Other customers	2 465	-
	5 851	**-**

The Group's sales to external customers in 2014 and in 2013 are not derived from the single customers.

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

		GROUP		COMPANY	
6	**Revenue**	**2014**	**2013**	**2014**	**2013**
	MRO business segment revenue				
	Spare parts and consumable sales	123 169	143 417	-	-
	Engine management services	68 360	58 022	-	-
	Base maintenance services	59 207	43 858	-	-
	Line maintenance services	36 415	37 236	-	-
	Helicopter MRO	31 036	-	-	-
	Engineering services	19 917	14 947	-	-
	Business jet MRO	19 903	14 442	-	-
	Technical training and consulting services	7 017	4 287	-	-
	Other MRO services	1 184	1 140	-	-
	Components management*	-	1 556	-	-
	Aircraft GH & fuelling business segment revenue				
	Aircraft fuel revenue	201 497	178 308	-	-
	Aircraft ground handling services	31 322	28 059	-	-
	Crew training and staffing business segment revenue				
	Crew training and staffing revenue	30 517	27 858	-	-
	Business charter operations segment revenue				
	Business charter operations revenue	5 851	-	-	-
	Unallocated business segment revenue				
	Sales commissions and fees	1 134	926	6 844	6 499
		636 529	**554 056**	**6 844**	**6 499**

** - Starting from 2014 components management sub-business unit was joined with spare parts and consumable sales sub-business unit*

		GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
7	**Other income**				
	Interest income on loans	1 463	972	1 937	2 475
	Late payment and other penalties	996	724	9	-
	Amortisation of government grants (Note 2.21)	697	-	-	-
	Amortisation of financial guarantees (Note 35)	-	-	312	227
		3 156	**1 696**	**2 258**	**2 702**

		GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
8	**Employee related expenses**				
	Wages and salaries (Note 11)	86 776	69 901	3 903	3 060
	Social insurance expenses (Note 11)	21 696	16 160	1 093	918
		108 472	**86 061**	**4 996**	**3 978**
	Number of full time employees at the end of year (Note 1)	**1 534**	**1 342**	**54**	**42**

In 2014 employee related expense from discontinued operations LTL 690 thousand (2013: LTL 2 378 thousand).

		GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
9	**Depreciation and amortization**				
	Depreciation of tangible assets (Note 15)	19 851	15 142	337	270
	Amortisation of intangible assets (Note 16)	1 967	1 652	101	75
		21 818	**16 794**	**438**	**345**

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

	GROUP		COMPANY	
10 Other gain / (losses) – net	**2014**	**2013**	**2014**	**2013**
Net gain/(loss) on sales of non-current assets	1 160	(4)	12	13
Net gain/(loss) on sales of inventory and other current assets	110	(44)	-	-
Net foreign exchange (loss) on operating activities	(4 424)	(1 116)	(58)	(8)
Excess of net fair value of acquiree's net assets over cost (Note 33)	-	13 893	-	-
Net gain on sales of interests in subsidiaries (Note 17)	-	-	1 190	16
Impairment of investments in associates classified as held for sale (Note 34)	-	-	-	(2 476)
	(3 154)	**12 729**	**1 144**	**(2 455)**

Sales proceed from the Company's disposal of interest in *Baltic Aviation Academy UAB* (Note 17) amounted to LTL 1 381 thousand while the cost of the investment sold was LTL 191 thousand. Sales proceed from the Company's disposal of interest in *Verslo skrydžiai UAB* (Note 17) amounted to LTL 38 thousand while the cost of the investment sold was LTL 38 thousand as well.

11 Expense by nature

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

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Aircraft fuel expenses	192 320	166 025	-	-
Spare parts and consumables expenses	119 567	120 004	-	-
Employee related expenses (Note 8)	108 472	86 061	4 996	3 978
Aircraft and helicopter maintenance expenses	55 917	16 363	-	-
Cost of services resold	50 285	54 023	-	-
Depreciation and amortisation (Notes 5, 9, 15, 16)	21 818	16 794	438	345
Training and related expenses	14 089	14 413	27	8
Rent and maintenance of premises	13 722	11 916	731	502
Transportation and related expenses	12 562	6 999	596	493
Aircraft servicing and handling expenses	10 913	8 228	-	-
Business travel expenses	6 939	5 614	314	277
Impairment-related expenses (Notes 3.1)	4 492	12 753	1	1 740
Consultation expenses	3 899	6 837	1 003	603
Marketing and sales expenses	3 694	3 206	1 544	1 280
Insurance expenses	2 238	1 755	20	12
Office administrative expenses	2 095	2 062	172	144
Communications expenses	2 082	1 798	275	238
IT expenses	1 704	1 168	78	83
Rent and maintenance of training simulators	1 668	2 374	-	-
VAT in business use expenses	1 667	1 011	-	-
Employee lease expenses	795	710	-	-
Rent of aircraft and equipment	756	2 622	-	-
Bank services	638	715	14	9
Audit expenses	464	331	106	59
Other expenses	3 680	3 982	52	75
Total of cost of sales, general and administrative expenses	**636 476**	**547 764**	**10 367**	**9 846**

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

	GROUP		COMPANY	
12 Finance income and costs	**2014**	**2013**	**2014**	**2013**
Interest income on cash and cash equivalents	12	22	3	8
Fair value adjustment of security deposit received	-	372	-	-
Foreign exchange gain on financing activities	-	115	247	7
Other finance income	152	66	48	-
Finance income	**164**	**575**	**298**	**15**
Interest expenses on borrowings	3 566	2 146	288	22
Foreign exchange loss on financing activities	609	-	-	-
Brokerage charges	155	967	-	-
Fair value adjustment of leasehold	75	-	-	-
Unwinding of discounted security deposits received	57	41	-	-
Other finance costs	975	688	-	1
Finance costs	**5 437**	**3 842**	**288**	**23**
Finance costs – net	**(5 273)**	**(3 267)**	**10**	**(8)**

13 Income tax

Continuing operations				
Current income tax	(1 991)	(4 348)	-	-
Deferred income tax (Note 29)	2 124	2 792	225	87
Total income tax expenses	**133**	**(1 556)**	**225**	**87**

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit (loss) before tax from continuing operations	**(5 244)**	**16 846**	**(111)**	**(3 108)**
Tax calculated at a tax rate 15 % in Lithuania	(60)	(1 044)	17	466
Tax calculated at a tax rate 19 % in Poland	766	822	-	-
Tax calculated at a tax rate 19 % in Ukraine	11	7	-	-
Tax calculated at a tax rate 20 % in Russia	679	(109)	-	-
Tax calculated at a tax rate 20 % in Great Britain	(175)	-	-	-
Tax calculated at a tax rate 27,5 % in Italy	33	486	-	-
Tax calculated at a tax rate 20 % in Cyprus	(20)	-	-	-
Tax effects of:				
- Expenses non-deductible for tax purposes	(1 258)	(1 353)	(51)	(153)
- Write off of previously recognised deferred tax assets	(582)	(677)	-	-
- Deferred tax assets not recognised on tax losses	150	40	-	(191)
- Non-taxable incomes	590	241	259	(35)
- Adjustment in respect of prior year	-	31	-	-
- Effect of changes of tax rate	-	-	-	-
Total income tax expenses	**133**	**(1 556)**	**225**	**87**

14 Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There were no dilutive instruments, thus earnings per share equals diluted earnings per share as at 31 December 2014.

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Profit (loss) attributable to:				
Equity holders of the parent				
Profit (loss) for the year from continuing operations	(4 981)	15 232	114	(3 021)
Profit (loss) for the year from discontinued operations	(14 798)	16 393	-	-
Profit (loss) for the year attributable to equity holders of the parent	**(19 779)**	**31 625**	**114**	**(3 021)**
Weighted average number of ordinary shares (thousand)	**6 158**	**5 896**	**6 158**	**5 896**
Basic earnings per share				
From continuing operations	(0.809)	2.583	0.019	(0.512)
From discontinued operations	(2.403)	2.780	-	-
From profit (loss) for the year	**(3.212)**	**5.364**	**0.019**	**(0.512)**

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

15 Property, plant and equipment

THE GROUP	Buildings and structures	Machi-nery	Vehicles	Other tangible fixed assets	Leasehold improve-ments	Prepayments to tangible assets	Aircraft	Aircraft engines	Construc-tion in progress	**Total**
Net book amount at 31 December 2012 / Opening net book amount as at 1 January 2013	**15 186**	**29 922**	**10 284**	**6 736**	**526**	**864**	**1 402**	**-**	**-**	**64 920**
Acquisition of subsidiaries (Notes 5, 33)	4 932	538	395	584	-	-	-	-	359	**6 808**
Additions (Note 5)	662	4 963	1 003	5 594	164	2 385	2 240	2 839	21 183	**41 033**
Disposals	-	(324)	(93)	(23)	-	-	(816)	-	-	**(1 256)**
Reclassifications	(915)	(13 329)	-	9	-	51	-	13 317	867	**-**
Write-offs	(99)	(46)	(6)	18	-	-	-	-	-	**(133)**
Cumulative currency differences	(73)	(20)	(80)	(8)	1	13	-	2	-	**(169)**
Depreciation charge (Note 9)	(1 349)	(3 230)	(1 572)	(2 752)	(121)	-	(407)	(5 711)	-	**(15 142)**
Closing net book amount as at 31 December 2013	**18 344**	**18 473**	**9 931**	**10 158**	**570**	**3 313**	**2 419**	**10 447**	**22 409**	**96 065**
At 31 December 2013										
Cost	29 562	37 633	14 927	21 073	691	3 313	2 788	17 391	22 409	**149 787**
Accumulated depreciation	(11 218)	(19 160)	(4 996)	(10 915)	(121)	-	(369)	(6 943)	-	**(53 722)**
Net book amount at 31 December 2013 / Opening net book amount as at 1 January 2014	**18 344**	**18 473**	**9 931**	**10 158**	**570**	**3 313**	**2 419**	**10 447**	**22 409**	**96 065**
Additions (continuing operations, Note 5)	2 273	3 016	966	4 309	-	-	2 117	2 469	-	**15 150**
Disposals	(414)	(1 512)	(917)	(168)	-	-	1	(759)	-	**(3 769)**
Reclassifications	22 448	277	-	2 136	-	(2 809)	-		(22 050)	**2**
Reclassifications related to non-current assets held for sale (Note 34)	-	-	-	-	-	-	-	(3 643)	-	**(3 643)**
Write-offs	-	-	-	(113)	-	-	-	-	-	**(113)**
Cumulative currency differences (continuing operations)	(167)	(1)	(65)	7	(1)	(20)	1	1	-	**(245)**
Depreciation charge (continuing operations, Notes 5, 9)	(2 717)	(3 973)	(1 962)	(4 681)	(109)	-	(524)	(5 885)	-	**(19 851)**
Closing net book amount as at 31 December 2014	**39 767**	**16 280**	**7 953**	**11 648**	**460**	**484**	**4 014**	**2 630**	**359**	**83 595**
At 31 December 2014										
Cost	53 694	36 493	13 820	26 280	690	484	4 905	6 332	1 987	**144 685**
Accumulated depreciation	(13 927)	(20 213)	(5 867)	(14 632)	(230)	-	(891)	(3 702)	(1 628)	**(61 090)**
Net book amount at 31 December 2014	**39 767**	**16 280**	**7 953**	**11 648**	**460**	**484**	**4 014**	**2 630**	**359**	**83 595**

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

15 Property, plant and equipment (continued)

As at 31 December 2014 buildings of the Group with the carrying amounts of LTL 32 million (as at 31 December 2013: LTL 11.2 million), machinery, vehicles and aircraft of the Group with the carrying amounts of LTL 5.4 million (as at 31 December 2013: 6.1 million) were pledged to the bank as collateral for borrowings (Note 26).

THE COMPANY	Vehicles	Other tangible fixed assets	**Total**
Opening net book amount as at 1 January 2013	**267**	**551**	**818**
Additions (Note 5)	95	277	**372**
Disposals	(40)	(5)	**(45)**
Write-offs	-	-	**-**
Depreciation charge (Note 9)	(55)	(215)	**(270)**
Closing net book amount as at 31 December 2013	**267**	**608**	**875**
At 31 December 2013			
Cost	369	1 020	**1 389**
Accumulated depreciation	(102)	(412)	**(514)**
Net book amount	**267**	**608**	**875**
Opening net book amount as at 1 January 2014	**267**	**608**	**875**
Additions (Note 5)		326	**326**
Disposals	(72)		**(72)**
Write-offs		(1)	**(1)**
Depreciation charge (Note 9)	(53)	(284)	**(337)**
Closing net book amount as at 31 December 2014	**142**	**649**	**791**
At 31 December 2014			
Cost	279	1 334	**1 613**
Accumulated depreciation	(137)	(685)	**(822)**
Net book amount	**142**	**649**	**791**

Capital expenditure contracted at the end of the reporting period but not yet incurred amounted to LTL 0.1 million related to other tangible fixed assets. Capital expenditure, contracted at the end of 2013 but not yet incurred amounted to LTL 2.4 million, is related to aircraft maintenance and ground handling business segment.

During 2014 the Group has capitalised borrowing costs amounting to LTL 64 thousand (2013: LTL 111 thousand) on construction in progress group of assets. Borrowing costs were capitalised at the weighted average rate of its bank borrowings of 2.16% (2013: 2.11%).

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

	GROUP		**COMPANY**	
	2014	**2013**	**2014**	**2013**
Cost – capitalised finance lease				
Vehicles	6 732	9 178	-	-
Machinery	13 628	7 554	-	-
Aircraft	3 710		-	-
Other tangible fixed assets	59	59	-	-
	24 129	**16 791**	**-**	**-**

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

15 Property, plant and equipment (continued)

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Accumulated depreciation				
Vehicles	(2 030)	(1 028)	-	-
Machinery	(4 566)	(1 475)	-	-
Aircraft	(499)	-		
Other tangible fixed assets	(5)	(2)		
	(7 100)	**(2 505)**	**-**	**-**
Net book value	**17 029**	**14 286**	**-**	**-**

16 Intangible assets

THE GROUP	Licences	Goodwill	Software	Website	Other intangible assets	Prepayments relating to intangible assets	**Total**
Opening net book amount as at 1 January 2013	**3 192**	**2 426**	**1 104**	**132**	**-**	**50**	**6 904**
Acquisition of subsidiaries (Notes 5, 33)	-	-	3	-	73	-	**76**
Additions (Note 5)	674	-	775	79	-	80	**1 608**
Reclassifications	-	-	50	-	-	(50)	**-**
Cumulative currency differences	48	-	(48)	7	-	-	**6**
Depreciation charge (Note 9)	(943)	-	(660)	(49)	-	-	**(1 652)**
Closing net book amount as at 31 December 2013	**2 971**	**2 426**	**1 224**	**169**	**73**	**80**	**6 943**
At 31 December 2013							
Cost	5 069	2 762	3 650	238	390	80	**12 190**
Accumulated amortisation and impairments losses	(2 098)	(336)	(2 426)	(69)	(317)	-	**(5 246)**
Net book amount	**2 971**	**2 426**	**1 224**	**169**	**73**	**80**	**6 943**
Opening net book amount as at 1 January 2014	**2 971**	**2 426**	**1 224**	**169**	**73**	**80**	**6 943**
Additions (Note 5)	341	-	477	353	1	40	**1 212**
Reclassifications	14	-	-	66	-	(80)	**-**
Cumulative currency differences	(272)	272	(1)	-	-	-	**(1)**
Depreciation charge (Note 9)	(847)	(272)	(638)	(137)	(73)	-	**(1 967)**
Closing net book amount as at 31 December 2014	**2 207**	**2 426**	**1 062**	**451**	**1**	**40**	**6 187**
At 31 December 2014							
Cost	3 302	16 309	3 936	744	391	40	**24 722**
Accumulated amortisation and impairments losses	(1 095)	(13 883)	(2 874)	(293)	(390)	-	**(18 535)**
Net book amount	**2 207**	**2 426**	**1 062**	**451**	**1**	**40**	**6 187**

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

16 Intangible assets (continued)

The goodwill was tested for impairment as 31 December 2014. For the purpose of impairment testing, goodwill is allocated to group's cash-generating unit (CGU). As of 31 December 2014, there was one cash generating unit identified, which comprises goodwill from Storm Aviation Ltd. acquisition (amounted to LTL 2 426 thousand). The recoverable amount of CGU has been determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management for the five-year period. Management budgeted profit before tax is based on past performance, available line maintenance approvals and basic licences, valued contracts with customers, and its expectations of market development. Based on analysis performed, the Management concluded that no impairment charge is needed as at 31 December 2014 (2013: no impairment loss).

THE COMPANY	Licences	Software	Prepayments relating to intangible assets	**Total**
Opening net book amount as 1 January 2013	**9**	**97**	**50**	**156**
Additions (Note 5)	49	55	-	**104**
Reclassification	50	-	(50)	**-**
Amortisation charge (Note 9)	(28)	(47)	-	**(75)**
Closing net book amount as at 31 December 2013	**80**	**105**	**-**	**185**
At 31 December 2013				
Cost	116	175	-	**291**
Accumulated amortisation	(36)	(70)	-	**(106)**
Net book amount	**80**	**105**	**-**	**185**
Opening net book amount as 1 January 2014	**80**	**105**	**-**	**185**
Additions (Note 5)	82	20	**-**	**102**
Reclassification	-	-	**-**	**-**
Amortisation charge (Note 9)	(39)	(62)	**-**	**(101)**
Closing net book amount as at 31 December 2014	**123**	**63**	**-**	**186**
At 31 December 2014				
Cost	199	194	**-**	**393**
Accumulated amortisation	(76)	(131)	**-**	**(207)**
Net book amount	**123**	**63**	**-**	**186**

17 Investments in subsidiaries

	COMPANY	
	2014	**2013**
At the beginning of the period	**23 870**	**4 936**
Purchase of interest in subsidiary (Notes 10, 33)	4 420	-
Fair value of intra-group financial guarantees (Note 35)	190	381
Subsidiary established (Notes 1, 33, 34)	68	150
Transferred to the assets classified as held for sale (Note 34)	(68)	--
Disposal of interest in subsidiary without loss of control (Note 33)	(228)	-
Acquisition of subsidiary (Note 33)	-	18 403
At the end of the period	**28 252**	**23 870**

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

17 Investments in subsidiaries (continued)

Disposals and acquisitions 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 38 thousand (Note 10).

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. Sales proceed of 23.09% stakes amounted to LTL 1 381 thousand (Note 10).
- In June 2014 the Company completed the sale of rest 25.91% of *Baltic Aviation Academy UAB* shares after third party' direct contribution to subsidiary's share capital that amounted to LTL 3 039 thousand.

Total sales proceed from the disposal of a 49 percent shareholding in *Baltic Aviation Academy UAB* amounted to LTL 4 420 thousand. Due to non-compliance with agreed condition related to business development, in September 2014 the Company exercised call option and bought back entire shareholding in Baltic Aviation Academy from above mentioned third party at consideration received during the sale of the entity that amounted to LTL 4 420 thousand.

On 14 March 2014, the Company established the subsidiary *Avia Solutions Group – Airports Management OOO*. The investment in the subsidiary was LTL 68 thousand, 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 billion (equivalent to USD 26.8 million at the date of share capital' formation), forming 75% of the share capital of the subsidiary. On 30 September 2014, *Avia Solutions Group – Airports Management OOO* established the subsidiary *Globus Distribution OAO*. The investment in the subsidiary was RUB 10 million (equivalent to USD 261 thousand at the date of share capital' formation), forming 99.983% of the share capital of the subsidiary. 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 34).

Acquisitions in 2013

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

On 16 December 2013, the Company acquired 100% of the share capital of *Helisota UAB* from third parties at a consideration of LTL 18 403 thousand (Note 33).

18 Investment in associates

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 LTL 26 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.

Nature of investment in associates 2014:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
Avia Solutions Group B.V.	Netherlands	30	Equity

The associate is a private company and there is no quoted market place available for its shares.

There are no contingent liabilities relating to the group's interest in the associate.

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

18 Investment in associates (continued)

Set out below is the summarized financial information for *Avia Solutions Group B.V.* which is accounted for using the equity method:

Balance sheet

ASSETS	**31 December 2014**
Non-current assets	
Loan to related party	78 983
Loan to related party-accrued interest	1 380
	80 363
Current assets	
Other receivables	96
Cash at bank	2 706
Total current assets	**2 802**
Total assets	**83 165**
LIABILITIES	
Non-current liabilities	
Bonds payables	81 824
Bonds payable-accrued interest	1 446
	83 270
Current liabilities	
Other payables	11
	11
Total liabilities	**83 281**
Net assets	**(116)**

Statement of comprehensive income	**January-December**
	2014
Revenue	-
Cost of sales	-
Gross profit	**-**
General and administrative expenses	(128)
Operating (loss)	**(128)**
Finance costs - net	(74)
(Loss) before income tax	**(202)**
Income tax expense	-
(Loss) for the period	**(202)**

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates in consolidated financial statements:

	GROUP
	2014
Opening net assets as at 21 March (Note 1)	**86**
(Loss) for the period	(202)
Closing net assets at 31 December	**(116)**
Interest in the associate (30%)	(35)
Investment in the associate (Note 17)	26
Carrying value at 31 December	**-**

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

18 Investment in associates (continued)

As at 31 December 2013 the Company's investments in associate *Small Planet Airlines S.r.l.* have been presented as held for sale in the Company and in the Group balance sheet, as a result of the Group's disposal programme following the *Charter Operations business segment* (Note 33). The carrying amount of the investments in associate held for sale, in the Company balance sheet is EUR 1 (Note 10, 33). The Group's investments in its associates at 31 December 2013 amounted to LTL 0 thousand through post-acquisition changes in the Group's share of net assets of the associate. On 16 April 2014 the Group sold it's 35.50% stake in its associate *Small Planet Airlines s.r.l. (Italy)* to the third parties. Sales proceed from the disposal of a 35.50 per cent shareholding in *Small Planet Airlines s.r.l.* amounted to LTL 3.45.

	GROUP		COMPANY	
19 Inventories	**2014**	**2013**	**2014**	**2013**
Spare parts and materials – gross amount	97 469	102 071	-	-
Less: provision for impairment of inventories from continuing operations	(6 331)	(3 166)	-	-
Spare parts and materials	**91 138**	**98 905**	**-**	**-**
Goods for sale	18 571	18 993	-	
Aircraft fuel	4 370	2 694	-	-
Goods in transit	201	1 502	-	-
Work in progress	182	2 274	-	-
Other inventories	1 752	1 485	66	29
	116 214	**125 853**	**66**	**29**

As at 31 December 2014 spare parts and materials of the Group with the carrying amounts of LTL 24 million (as at 31 December 2013: LTL 23 million), aircraft fuel of the Group with the carrying amounts of LTL 2.7 million (as at 31 December 2013: LTL 2 million), goods for sale and other inventories of the Group with carrying amounts of LTL 15.5 million (as at 31 December 2013: LTL 0.5 million) were pledged to the bank as collateral for borrowings (with carrying amounts of LTL 34 million as at 31 December 2014 and LTL 23 million as at 31 December 2013) and for bank overdraft (with carrying amounts of LTL 38 million as at 31 December 2014 and LTL 3 million as at 31 December 2013) (Note 26).

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

		GROUP		COMPANY	
20	**Trade and other receivables**	**2014**	**2013**	**2014**	**2013**
	Trade receivables	108 873	72 330	1 470	1 426
	Less: provision for impairment of trade receivables from continuing operations (Note 3.1)	(8 549)	(7 837)	(1 423)	(1 403)
	Trade receivables – net	**100 324**	**64 493**	**47**	**23**
	Receivables from related parties	439	5 889	7 324	9 255
	Less: provision for impairment of trade receivables from related parties (Note 3.1)	(13)	(1 316)	-	(21)
	Receivables from related parties – net (Note 35)	**426**	**4 573**	**7 324**	**9 234**
	Security deposit with lessor	3 198	2 714	104	71
	Discounting of security deposit	-	-	-	-
	Security deposit – net	**3 198**	**2 714**	**104**	**71**
	Other receivables	1 908	2 075	403	557
	Less: provision for impairment of other receivables (Note 3.1)	(485)	(182)	(231)	(182)
	Other receivables - net	**1 423**	**1 893**	**172**	**375**
	Prepayments	8 202	10 560	465	1 022
	Less: provision for impairment of prepayments from acquisitions (Note 3.1)	(200)	-	-	-
	Prepayments - net	**8 002**	**10 560**	**465**	**1 022**
	Other receivables from related parties	442	177	1 341	1 051
	Less: provision for impairment of other receivables from related parties (Note 3.1)	-	(49)	-	(49)
	Other receivables from related parties – net (Note 35)	**442**	**128**	**1 341**	**1 002**
	Loans granted	19 234	3 785	19 025	3 623
	Less: provision for impairment of loans granted	(86)	-	(86)	-
	Loans granted - net	**19 148**	**3 785**	**18 939**	**3 623**
	Loans granted to related parties	2 290	2 357	33 603	33 382
	Less: provision for impairment of loans granted to related parties (Note 3.1)	-	(86)	-	(86)
	Loans granted to related parties – net (Note 35)	**2 290**	**2 271**	**33 603**	**33 296**
	Leasehold receivables	1 507	-	-	-
	Discounting of leasehold receivables	(75)	-	-	-
	Leasehold receivables - net	**1 582**	**-**	**-**	**-**
	Receivable from investment in bonds	21 290	-	21 290	-
	VAT receivables	7 261	9 340	45	28
	Deferred charges	3 350	2 448	95	75
	Deferred charges to related parties (Note 35)	125	180	1	-
	Prepayments from related parties (Note 35)	-	-	10	10
		168 861	**102 385**	**83 436**	**48 759**
	Less non-current portion:	(25 268)	(4 111)	(47 204)	(28 744)
	Current portion:	**143 593**	**98 274**	**36 232**	**20 015**

All non-current receivables are due until 2020. The fair values of trade and other receivables are approximate to their carrying values. The weighted average interest rate of loans granted to third parties was 4.02% (2013: 4.97%). The weighted average interest rate of loans granted to related parties was 4.66% (2013: 4.48%).

As at 31 December 2014 trade receivables of the Group with the carrying amounts of LTL 26 million (as at 31 December 2013: LTL 21.3 million) were pledged to the bank as collateral for bank borrowings and overdraft (Note 26).

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

20 Trade and other receivables (continued)

The carrying amounts of the Group's trade receivables and trade receivables from related parties are denominated in the following currencies:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
EUR	43 333	32 267	676	68
US dollars	51 420	14 854	12	2
LTL	2 321	13 616	6 665	9 187
PLN	134	118	-	-
Other	3 542	8 211	18	-
	100 750	**69 066**	**7 371**	**9 257**

21 Contracts in progress

Contract costs incurred and recognised profits (less losses) to date	15 938	14 105	-	-
Advances received on contracts in progress	(6 940)	(5 293)	-	-
Amounts due from customers on contracts in progress	**8 998**	**8 812**	**-**	**-**

The carrying amounts of the Group's amounts due from customers on contracts in progress are denominated in Litas.

22 Cash and cash equivalents

Cash in bank	22 706	20 912	11 540	3 313
Cash on hand	841	766	-	-
Cash and cash equivalents	**23 547**	**21 678**	**11 540**	**3 313**
Bank overdraft (Note 26)	(51 880)	(10 903)	-	-
	(28 333)	**10 775**	**11 540**	**3 313**

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies (Note 3.1):

US dollars	1 808	7 103	1	-
LTL	13 476	6 920	10 847	3 134
EUR	6 315	5 816	515	14
RUB	1 176	1 437	120	106
PLN	432	212	57	59
GBP	275	190	-	-
Other	65	-	-	-
	23 547	**21 678**	**11 540**	**3 313**

23 Share capital

On 31 December 2014 the share capital of the Company amounts to 7 777 777 litas and consists of 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 6 058 333 litas to 7 777 777 litas by issue additional 1 719 444 ordinary shares with a par value LTL 1 each (Notes 24). All shares are fully paid up.

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

24 Share premium

On 10 December 2014 the Company issued additional 1 719 444 ordinary shares with a par value LTL 1 each for issue price of LTL 29.00. Following the increase of the capital, share premium amounts to LTL 114 401 875. On 30 December 2014 newly issued additional shares of the Company were introduced to trading at Warsaw Stock Exchange.

The balance of share premium as at 31 December 2013	**64 538**
Contribution to share premium by share-issue (LTL 28 per share)	49 864
The balance of share premium as at 31 December 2014	**114 402**

25 Reserves

The merger reserve consists of the difference between the *Avia Solutions Group AB* purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired (Note 2.22).

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The amount of the legal reserve surplus which exceeds the size of legal reserve required by the legislation can be added to retaining earnings for the profit distributing purpose.

Fair value reserves comprise changes in fair value of cash flow hedge (Note 2.20).

26 Borrowings

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Non-current				
Bank borrowings	23 500	37 765	-	-
Finance lease liabilities	6 725	7 457	-	-
Borrowings from related parties	-	-	3 038	-
	30 225	**45 222**	**3 038**	**-**
Current				
Bank overdraft (Note 22)	51 880	10 903	-	-
Bank borrowings	16 863	36 770	-	-
Borrowings from related parties	7 072	14 335	-	7 027
Finance lease liabilities	3 546	3 075	-	-
Other current borrowings	45	10	-	-
	79 406	**65 095**	**-**	**7 027**
Total borrowings	**109 631**	**110 317**	**3 038**	**7 027**

Some of the Group's loan agreements (classified as non-current during the year) are subjected to covenant clauses, whereby the Group is required to meet certain key financial ratios. One of the Group's subsidiaries did not fulfil the debt/EBITDA ratio as required in the contract for a bank loan of LTL 8.2 million. Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of LTL 8.2 million. The outstanding balance is presented as a current liability as at 31 December 2014.

As at 31 December 2014 buildings and machinery (Note 15), inventories (Note 19) and trade receivables (Note 20) of the Group with the carrying amounts of LTL 118.6 million were pledged to the bank as collateral for bank borrowings. As at 31 December 2013 buildings and machinery (Note 15), inventories (Note 19) and trade receivables (Note 20) of the Group with the carrying amounts of LTL 64.1 million were pledged to the bank as collateral for bank borrowings. These bank borrowings are secured under the Surety ship of the Company as well (Note 35).

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

26 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
EUR	100 751	93 898	3 038	-
US dollars	7 017	14 294	-	7 027
GBP	602	1 236	-	-
LTL	103	826	-	-
Other currency	1 158	63	-	-
	109 631	**110 317**	**3 038**	**7 027**

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

Less than 1 year	79 406	65 095	-	7 027
Between 1 and 5 years	30 225	45 222	3 038	-
	109 631	**110 317**	**3 038**	**7 027**

Bank overdraft amounting to LTL 52 million is extended every 12 months according to the agreements with the bank.

The weighted average interest rates (%) at the balance sheet date (excluding finance lease) were as follows.

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Bank overdraft	2.15%	2.09%	-	-
Finance lease liabilities	3.23%	3.46%	-	-
Borrowings from related parties	7.04%	7.09%	4.38%	7.00%
Bank borrowings	2.43%	2.38%	-	-

As at 31 December 2014 borrowings from related parties are not pledged.

Finance lease liabilities – minimum lease payments:

Not later than 1 year	3 935	3 476	-	-
After 1 year but not later than 5 years	7 242	8 169	-	-
Less: future finance lease charges	(906)	(1 113)	-	-
Present value of finance lease liabilities	**10 271**	**10 532**	**-**	**-**
Present value of finance lease liabilities:				
Not later than 1 year	3 546	3 075	-	-
After 1 year but not later than 5 years	6 725	7 457	-	-
	10 271	**10 532**	**-**	**-**

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

	GROUP		COMPANY	
27 Trade and other payables	**2014**	**2013**	**2014**	**2013**
Trade payables	75 174	49 066	368	176
Accruals for hangar lease payments, PBH contracts and other accrued expenses	16 545	22 629	492	501
Salaries and social security payable	6 083	5 616	137	363
Other payables	2 223	2 041	57	131
Deferred revenue	1 857	1 797	-	-
Amounts payable to related parties (Note 35)	1 034	574	183	108
Provisions	825	613	-	-
Payable for PPE	523	9 269	-	-
Other payables to related parties (Note 35)	2	-	-	-
	104 266	**91 605**	**1 237**	**1 279**
Less: non-current portion	(1 113)	(1 445)	-	-
Current portion	**103 153**	**90 160**	**1 237**	**1 279**

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

US dollars	61 556	32 911	147	22
LTL	30 779	47 216	970	1 123
EUR	8 395	4 447	21	4
GBP	2 841	3 230	20	4
PLN	289	1 519	33	102
RUB	82	2 272	46	24
Other currencies	324	10	-	-
	104 266	**91 605**	**1 237**	**1 279**

28 Security deposits received

Security deposits repayable after one year at nominal value	2 505	3 916	-	-
Less: discounting effect (at 4.10%)	(300)	(372)	-	-
Security deposits repayable after one year	2 205	2 535	-	-
Security deposits repayable within one year	829	1 009	-	-
	3 034	**3 544**	**-**	**-**

29 Deferred income taxes

The gross movement in deferred income tax assets and deferred income tax liabilities accounts is as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Deferred tax assets				
At beginning of the period	**11 731**	**7 631**	**322**	**235**
(Charged) credited to the income statement (continuing operations, Note 13)	1 981	2 747	225	87
Acquisition of subsidiaries (Note 33)	-	1 432	-	-
(Charged) credited directly to the equity (Notes 2.20, 25)	10	(31)	-	-
Currency translation differences	(10)	(108)	-	-
At end of year	**13 712**	**11 731**	**547**	**322**

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

29 Deferred income taxes (continued)

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Deferred tax liabilities				
At beginning of the period	**380**	**388**	**-**	**-**
Charged (credited) to the income statement (continuing operations)	(143)	(45)	-	-
Currency translation differences	-	37	-	-
At end of year	**237**	**380**	**-**	**-**

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

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Deferred tax assets				
Deferred income tax to be recovered within 1 year	3 064	2 279	309	50
Deferred income tax to be recovered after 1 year	10 648	9 452	238	272
	13 712	**11 731**	**547**	**322**
Deferred tax liabilities				
Deferred income tax to be recovered within 1 year	234	293	-	-
Deferred income tax to be recovered after 1 year	3	87	-	-
	237	**380**	**-**	**-**

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.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2014 the Group recognised deferred income tax assets from all tax loss carry-forwards, in 2013 the Group did not recognise deferred tax assets of LTL 0.8 million in respect of losses amounting to LTL 4.7 million that can be carried forward against future taxable income. Losses amounting to LTL 6.6 million expire in 2015 – 2018.

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

GROUP - deferred tax assets	Accumulated taxable losses	Impairment of assets	Discounting effect	Accruals for unused vacation	Other accrued expenses	Accelerated tax depreciation	Fair value loss	**Total**
At 31 December 2012 / At 1 January 2013	**6 334**	**473**	**-**	**194**	**567**	**-**	**63**	**7 631**
Reclassifications	-	-	-	-	(145)	145	-	**-**
(Charged) credited to the income statement (continuing operations, Note 13)	321	763	(54)	12	1 165	540	-	**2 747**
Acquisition of subsidiaries (Note 33)	29	1 348	-	26	29	-	-	**1 432**
Currency translation differences	(154)	46	-	26	(14)	-	-	**(37)**
(Charged) credited directly to the equity (Notes 2.20, 25)	-	-	-	-	-	-	(31)	**(108)**
At 31 December 2013 / At 1 January 2014	**6 578**	**2 630**	**(54)**	**258**	**1 602**	**685**	**32**	**11 731**
Credited to the income statement (continuing operations, Note 13)	825	669	50	25	67	345	-	**1 961**
Currency translation differences	154	-	-	-	(159)	(5)	-	**(10)**
Credited directly to the equity (Notes 2.20, 25)	-	-	-	-	-	-	10	**10**
At 31 December 2014	**7 557**	**3 299**	**(4)**	**283**	**1 510**	**1 025**	**42**	**13 712**

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

29 Deferred income taxes (continued)

GROUP - deferred tax liabilities	**Accelerated tax depreciation**	**Other accrued expenses**	**Total**
At 31 December 2012 / At 01 January 2013	**-**	**388**	**388**
Reclassifications	332	(332)	**-**
Currency translation differences	-	37	**37**
Charged (credited) to the income statement (continuing operations) (Note 13)	(48)	3	**(45)**
At 31 December 2013 / At 01 January 2014	**284**	**96**	**380**
Currency translation differences	-	-	**-**
(Credited) to the income statement (continuing operations) (Note 13)	(50)	(93)	**(143)**
At 31 December 2014	**234**	**3**	**237**

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

COMPANY - deferred tax assets	Accruals for unused vacation	Impairment of receivables	Accumulated taxable losses	**Total**
At 31 December 2012	**10**	**-**	**225**	**235**
Credited (charged) to the profit or loss (Note 13)	6	238	(157)	**87**
At 31 December 2013	**16**	**238**	**68**	**322**
Credited (charged) to the profit or loss (Note 13)	(1)	-	226	**225**
At 31 December 2014	**15**	**238**	**295**	**547**

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. 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 Great Britain – at 20% rate (2013: 20% rate), in Russia – at 20% rate (2013: 20% rate), in Ukraine – at 19% rate (2013: 19% rate), in Italy - at 27.5% rate (2013: 27.5% rate).

	GROUP		**COMPANY**	
30 Financial instruments by category	**2014**	**2013**	**2014**	**2013**
Category – Loans and receivables				
Trade receivables (Note 20)	100 324	64 493	47	23
Cash and cash equivalents (Note 22)	23 547	21 678	11 540	3 313
Receivable from investment in bonds (Note 35)	21 290	-	21 290	-
Trade receivables from related parties (Notes 20,35)	426	4 573	7 324	9 234
Loans provided (Note 20)	19 148	3 785	18 939	3 623
Amount due from customers for contract work (Note 21)	8 998	8 812	-	-
Security deposit with lessor (Note 20)	3 198	2 714	104	71
Loans provided to related parties (Notes 20, 35)	2 290	2 271	33 603	33 296
Leasehold receivables (Note 20)	1 582	-	-	-
Other receivables (Note 20)	1 423	1 893	172	375
Other receivables from related parties (Notes 20, 35)	442	128	1 341	1 002
Deposits with bank	50	1 506	-	-
	182 718	**109 139**	**94 360**	**50 937**

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

	GROUP		COMPANY	
30 Financial instruments by category (continued)	**2014**	**2013**	**2014**	**2013**
Category – financial liabilities measured at amortised cost				
Bank loans (Note 26)	40 363	74 535	-	-
Trade payables (Note 27)	75 174	49 066	368	176
Borrowings from related parties (Note 26, 35)	7 072	14 335	3 038	7 027
Bank overdraft (Notes 22, 26)	51 880	10 903	-	-
Finance lease liabilities (Note 26)	10 271	10 532	-	-
Other payables (Note 27)	2 223	2 041	57	131
Trade payables to related parties (Notes 27, 35)	1 034	574	183	108
Payable for PPE (Note 27)	523	9 269	-	-
Other borrowings (Note 26)	45	10	-	-
Other payables to related parties (Notes 27, 35)	2	-	-	-
Financial guarantees (Note 35)	-	-	386	507
	188 587	**171 265**	**4 032**	**7 949**

31 Operating lease

The Group leases two aircraft hangars, training building, flight simulator, premises and commercial vehicles under operating lease agreements. The lease terms are between one and fifteen years, and the majority of lease agreements are renewable at the end of this lease period at market value. The Group also leases two aircraft – Bombardier CL-600-2B19 aircraft 7617 and Bombardier CL-600-2B19 aircraft 7248. The lease is valid until one part terminates the contract. The operating lease expenditure charged to the income statement during the year are as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Premises	4 311	3 764	386	304
Aircraft hangars	3 267	3 286	-	-
Flight simulator	1 498	2 244	-	-
Aircraft	788			
Warehouse	179	-	-	-
Commercial vehicles	119	161	-	-
	10 162	**9 455**	**386**	**304**

The future aggregate minimum lease payments under operating leases are as follows:

Not later than 1 year	7 817	8 399	300	385
Later than 1 year but not later than 5 years	19 887	19 536	167	143
Later than 5 years	4 979	13 009	-	-
	32 683	**40 944**	**467**	**528**

32 Management compensation

Following the acquisition of Storm Aviation Ltd. in September 2011 some members of the management of the subsidiary have disposed their shares at discounted value. According to the acquisition agreement, the difference between the fair value of the shares disposed by the members of the subsidiary's management and their discounted value at the acquisition date would be recognized as post-combination employee services in profit or loss during the three years period, i.e. till the end of 2014, if the Management of subsidiary achieve appointed EBITDA targets. If targets would have been achieved, the least effect on profit or loss during the whole period would be LTL 140 thousand (2013: LTL 140 thousand). The targets were not achieved, therefore the above-mentioned agreement did not have any effect on the Group's profit or loss.

33 Business combination and disposal

Disposals and acquisitions 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. Details of sales proceed from the disposal are disclosed in Note 17.

In February 2014 Avia Solutions Group AB signed the agreement for sale 49% stakes in Baltic Aviation Academy UAB to third party, and in September 2014 the Company completed a buy-back of the same stake in Baltic Aviation Academy UAB. Details of these transactions are disclosed in Note 17.

On 16 April 2014 the Group sold it's 35.50% stake in the associate Small Planet Airlines s.r.l. (Italy) to the third parties. Details of sales proceed from the disposal are disclosed in Note 18.

On 22 August 2014 the Company acquired a 30% of the share capital in Avia Solutions Group B.V. The investment in the associate was LTL 26 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 (Note 18).

Establishments in 2014

On 14 March 2014, the Company established the subsidiary Avia Solutions Group – Airports Management OOO. On 30 July 2014, Avia Solutions Group – Airports Management OOO established the subsidiary RAMPORT AERO OAO. On 30 September 2014, Avia Solutions Group – Airports Management OOO established the subsidiary Globus Distribution OAO. Details of investments in subsidiaries are disclosed in Note 17. 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 34).

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.

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.

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.

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

33 Business combination and disposal (continued)

Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	Small Planet Airlines UAB - disposal's carrying amount	*Small Planet Airlines Sp.z.o.o. –* disposal's carrying amount	Inter-company transactions of disposal group	**Total disposal's carrying amount**
Receivables	14 332	8 157	(2 112)	20 377
Security deposits placed	3 660	4 862	-	8 522
Loans granted	3 003	-	(2 419)	584
Cash and cash equivalents	561	98	-	659
Inventories	560	3	-	563
Property, plant and equipment	156	93	-	249
Intangible assets	34	1 125	-	1 159
Deferred income tax assets	-	918	-	918
Deferred income tax liabilities	(58)	(473)	-	(531)
Financial guarantees	(86)	-	86	-
Security deposits received	(1 941)	(8 403)	-	(10 344)
Borrowings	(9 866)	(2 419)	2 419	(9 866)
Payables	(21 790)	(13 636)	2 112	(33 314)
Total identifiable net assets	**(11 435)**	**(9 675)**	**86**	**(21 024)**
NCI based on proportionate share of net assets (4.5%)	515	435	(4)	**946**
Group's net assets / (liabilities) 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				**21 304**
Deferred consideration (treated as interest free loan for two years)				500
Share-exchange consideration				524
Sales price				**1 024**

Revenue, cost of sales and income tax expenses of disposal group, related to Charters operations business segment, classified as held for sale:

	January – December 2013
Revenue	19 745
Cost of sales	(22 346)
Gross profit (loss) from discontinued operations	**(2 601)**
(Loss) before income tax for the year from discontinued operations	**(5 137)**
Income tax expense	(5)
(Loss) for the year from discontinued operations	**(5 142)**
Gain on sale of discontinued operations	21 304
Net profit (loss) for the year from discontinued operations	**16 162**

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

33 Business combination and disposal (continued)

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:

	Helisota UAB - acquiree's carrying amount	*Kauno aviacijos gamykla UAB* - acquiree's carrying amount	Fair value adjustment / reclassification*	Inter-company transactions of acquiree's	**Fair values recognised on acquisition**
Inventories	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	774	75	583	-	**1 432**
Loans granted	130	-	-	(130)	**-**
Intangible assets	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	(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)**

The group recognised a gain of LTL 13.9 million arising from the acquisition as a result of successful negotiation with non-controlling interests of Helisota UAB. The gain is included in other gain / (losses) – net in the Group's statement of comprehensive income for the year ended 31 December 2013.

Purchase consideration – share-exchange relates to additional 165,000 shares issued by the Company and related share premium resulting from measurement of the share emission at the closing price of the Company's shares on the WSE on the trading day immediately preceding the day of the transaction. This new share emission was used to pay for the shares of *Helisota UAB* in addition to cash payment. The total purchase consideration in share exchange amounted in LTL 5.9 million.

According to the acquisition agreement, signed at the end of 2013, two private investors have acquired a put option, i.e. a right to redeem the acquired shares (through share-exchange transaction) of *Avia Solutions Group AB* during the three years period at a pre-determined fixed price, if the Management of *Helisota UAB* achieves appointed EBT targets. If the highest EBT target is reached the maximum put option amount would be PLN 18.8 million, if the lowest EBT target is reached the put option amount would be PLN 14.2 million. The Management of the Group believes that it would be highly unlikely that the EBT targets mentioned in the option agreements could be met and shares will have to be repurchased at prices described in option agreements (see Note 4).

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

34 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 shareholders to this Group's subsidiary has resulted, that assets and 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 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	28 984
Deferred income tax assets	5 403
Inventory	1
Trade receivables	2 537
Short-term bank deposits	54 370
Cash and cash equivalents	4 070
Total, excluding IC transactions with the Group	**95 365**
IC transactions with the Group	-
Total, including IC transactions with the Group	**95 365**
(b) Liabilities of disposal group classified as held for sale	
Non-current liabilities	78 592
Income tax liabilities	3 669
Trade and other payables	2 914
Total, excluding IC transactions with the Group	**85 175**
IC transactions with the Group	(681)
Total, including IC transactions with the Group	**84 494**

Deferred income tax assets are recognised for tax loss carry-forwards, generated primarily from foreign exchange loss on financing activities, relating to borrowings denominated in the US dollar, to the extent that the realisation of the related tax benefit through future taxable profits, directly relating to holding activity, is probable. Income tax liabilities are calculated primarily from foreign exchange profit on financing activities, relating to short-term bank deposits denominated in US dollar as well.

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

Revenue	-
Cost of sales	-
Gross profit (loss) from discontinued operations	**-**
(Loss) before income tax for the year from discontinued operations	**(12 621)**
Income tax expense	2 606
(Loss) for the year from discontinued operations	**(10 015)**

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

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

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

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

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

COMPANY	2014	2013
(a) Assets of disposal group classified as held for sale		
Investments in subsidiary classified as held for sale (Note 17)	68	-
Investments in associate classified as held for sale (Note 18)	-	2 476
Net fair value loss of investments in associate classified as held for sale through profit or loss (Note 10)	-	(2 476)
Assets of disposal group classified as held for sale	**68**	**-**

35 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:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Sales of assets:				
Subsidiaries of the Group		-	83	-
Entities having significant influence	5	2	-	-
Other related parties	1 729	-	-	-
	1 734	**2**	**83**	**-**
Sales of services to:				
Entities having significant influence	6	2	6	2
Subsidiaries of the Group	-	-	5 711	5 618
Associates of the Group	-	1 374	-	7
Other related parties	13 085	14 265	638	652
	13 091	**15 641**	**6 355**	**6 279**
Total sales of assets and services	**14 825**	**15 643**	**6 438**	**6 279**

In year 2014 amount of sales of consulting and management services from the Company to its related parties was LTL 6 355 thousand (2013: LTL 6 279 thousand). In year 2014 amount of sales of aircraft maintenance services from the Group to companies of *AviaAM Leasing AB* Group was LTL 13 061 thousand (2013: LTL 13 582 thousand).

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Purchases of assets from:				
Subsidiaries of the Group	-	-	-	27
Other related parties	400	478	6	-
	400	**478**	**6**	**27**
Purchases of services from:				
Entities having significant influence	132	101	94	65
Subsidiaries of the Group	-	-	211	93
Other related parties	5 807	6 994	86	24
	5 939	**7 095**	**391**	**182**
Total purchases of assets and services	**6 339**	**7 573**	**397**	**209**

In year 2014 amount of purchases of premises lease services from *VA Reals AB* was LTL 5 626 thousand (in 2013: LTL 5 644 thousand).

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

		GROUP		COMPANY	
35	**Related party transactions (continued)**	**2014**	**2013**	**2014**	**2013**
	Trade receivables from related parties:				
	Trade receivables from entities having significant influence	3	2	1	-
	Trade receivables from subsidiaries of the Company	-	-	7 244	9 165
	Trade receivables from other related parties	423	4 571	79	69
	Trade receivables from related parties – net (Note 20)	**426**	**4 573**	**7 324**	**9 234**
	Deferred charges to other related parties (Note 20)	125	180	1	-
	Other receivables from subsidiaries of the Company (Note 20)	-	-	900	990
	Other receivables from related parties (Note 20)	442	128	441	12
	Prepayments from subsidiaries of the Group (Note 20)	-	-	10	10
		993	**4 881**	**8 676**	**10 246**
	Payables and advances received from related parties:				
	Amounts payable to entities having significant influence (Note 27)	19	8	5	2
	Amounts payable to subsidiaries of the Company (Note 27)	-	-	54	105
	Amounts payable to other related parties (Note 27)	1 017	566	124	1
	Advances received from other related parties	480	1 528	5	-
	Advances received from entities having significant influence	5	-	-	-
		1 521	**2 102**	**188**	**108**
	Loans granted to related parties:				
	Beginning of the period	**2 399**	**3 025**	**34 297**	**47 509**
	Reclassification of loans advanced to subsidiaries of the Group to loans advanced	-	-	-	(8 931)
	Loans advanced to subsidiaries of the Group	-	-	636	919
	Loans advanced to other related parties	19	1 005	19	951
	Loans advanced to the associate	-	-	-	-
	Loan repayments received/set-offs from subsidiaries of the Group	-	-	(348)	(4 791)
	Loan repayments received from other related parties (set-offs)	-	(375)	-	(29)
	Reclassification of loans advanced to other related parties to loans advanced	-	(598)	-	(598)
	Loan repayments received/set offs from associate	-	(605)	-	(605)
	Impairment of loan to associate (Note 3.1)	-	(86)	-	(86)
	Interest charged to subsidiaries of the Group	-	-	1 718	1 920
	Interest charged to other related parties	102	133	46	5
	Interest received/set-offs from subsidiaries of the Group	-	-	(1 722)	(1 902)
	Interest received/set-offs from other related parties	(2)	(11)	(2)	(2)
	Reclassification of interest from other related parties to interest from third parties	-	(40)	-	(40)
	Impairment of interest from associate	-	(49)	-	(23)
	End of the period	**2 518**	**2 399**	**34 644**	**34 297**
	Less non-current portion:	(2 138)	(2 138)	(29 536)	(28 598)
	Current portion (including accrued interest income):	**380**	**261**	**5 108**	**5 699**

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

35 Related party transactions (continued)	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Loans received from related parties:				
Beginning of the period	**14 335**	**41**	**7 027**	**-**
Reclassification of interest from other related parties to interest from third parties	-	(13)	-	-
Loans received from other related parties	8 218	16 375	-	7 027
Currency translations differences	437	-	-	-
Loans repayments to other related parties / set-offs	(15 918)	(2 068)	(7 027)	-
Interest on loans charged (2014 - at 7%)	661	136	261	22
Interest on loans repaid / set-offs	(574)	(136)	(261)	(22)
End of the period	**7 159**	**14 335**	**-**	**7 027**
Less: non-current portion	-	-	-	-
Current portion (including accrued interest expense):	**7 159**	**14 335**	**-**	**7 027**

On 15 December 2014 the Group acquired 75 (seventy five) Bonds of its associate *Avia Solutions Group B.V.* with subscription price LTL 21 290 thousand. The bonds were transferred by the transferee for purchase price equal to USD 7.6 million (equivalent to LTL 21 290 thousand, 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 in trade and other receivables as *investment in bonds*.

On 8 August 2014 the Company concluded the development and management service agreement with the service provider, related to the Key Management of the Group. According to this service agreement the Company is entitled to pay the success fee to the service provider, if appointed targets, directly related to the development of the Moscow's fourth airport – Ramenskoye International, would have been achieved. The Management of the Group believes that it is not probable that appointed targets mentioned in the service agreement will be met. Based on this consideration, no liability for the success fee amount has been recognised in the financial statements.

On 30 December 2013 the Company granted a loan to the employee, related the Key Management of the Group, in amount of LTL 1 million (at the interest rate of 4.5%) for purchasing shares of *Avia Solutions Group AB*. According to this loan agreement the employee has the right to put back the shares to the Company in a period from 31 March 2014 to 31 December 2018, if the Group achieves appointed EBT targets or if the Company's share price declines 10 or more percent compared to their acquisition price. On 28 November 2014 the Company signed additional two put option agreements with the employees, related to the Key Management of the Group, which give a right to put back the newly issued shares of the Company during a period from 1 January 2015 to 31 December 2018 under similar conditions as those outlined above. The management of the Group has evaluated that the above mentioned option agreements made with the members of the Key Management of the Group do not have a material impact on these financial statements.

On 23 January 2008 the subsidiary of the Group issued a guarantee securing the performance of obligations of *flyLAL – Lithuanian Airlines AB* in the amount of LTL 4 million. Under this guarantee, the subsidiary is jointly and severally liable to the Ministry of Finance of the Republic of Lithuania if the recourse rights under the guarantee issued by the Ministry of Finance for the performance of obligations of *flyLAL – Lithuanian Airlines AB*, which is currently undergoing bankruptcy procedures, arose towards Nordea Bank Finland Plc Lithuanian Branch. However, there is also additional security – a mortgage of the building located at Gustaičio str. 4, Vilnius, the Republic of Lithuania that would be first applied before enforcing the guarantee issued by the subsidiary. Considering the values of the additional security, the Management of the Group believes that it is not probable that an outflow of resources from the subsidiary owing to the theoretical enforcement of the above-mentioned guarantee will occur therefore no liability related to this guarantee has been recognised in the financial statements.

Intra – group financial guarantees provided on behalf of a Subsidiary of the Company

Date of issue	Issued to	On behalf of	Valid till	Amounts as at 2014.12.31
2011.09.30	The Bank	The Subsidiary	2017.08.31	LTL 13 065 thousand
2013.04.08	The Bank	The Subsidiary	2018.03.20	LTL 15 219 thousand
2014.06.18	The Bank	The Subsidiary	2015.08.18	LTL 37 802 thousand

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

35 Related party transactions (continued)

Intra – group financial guarantees provided on behalf of a Subsidiary of the Company

Over the 2011-2014 period the Company issued three intra-group financial guarantees on behalf of its subsidiaries for bank overdraft and bank loans amounting to LTL 66.1 million as at 31 December 2014 (LTL 74.6 million as at 31 December 2013), related towards financing of working capital, refinancing of existing financial obligations, financing of costs related to the aviation hangar construction. The liabilities secured by these guarantees were also secured by pledge of spare parts, buildings, aviation hangar, hangar's equipment, lease right regarding the land plot, and other fixed assets owned by subsidiaries (Note 26).

36 Remuneration of the Group's and the Company's key management

Key management includes General Directors of the Group companies, Chief Financial Officer, Financial Directors of the Group companies, Directors of main units and departments. Transactions with Group's key management are as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
Salaries including termination benefits	9 947	6 435	854	712
Social insurance expenses	2 481	1 783	214	221
Bonuses	385	280		-
	12 813	**8 498**	**1 068**	**933**
The number of key management at the end of year	61	50	3	3

37 Events after the balance sheet date

1 January 2015 is the day of introduction of EUR in the Republic of Lithuania, therefore as at this day the functional currency of the Company changes accordingly. The exchange rate of LTL 3.45280 for 1 EUR which was irrevocably set by the Council of Europe is applied while converting LTL to EUR.

CONFIRMATION OF RESPONSIBLE PERSONS

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

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas